

AGENDA MATERIALS
AND SUPPORTING DOCUMENTS
FOR THE MEETING OF
NOVEMBER 21, 1967

*3 P.M.
Reamer Property*

SOUTH CAROLINA BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES

inter 11-21-67

AGENDA

- I. The recent study of the State Insurance Program contained a recommendation that tighter procedures be developed in the investigation of payment of claims. It is recommended that the Division be authorized to engage the services of T. M. Mayfield Company, Adjustors, for losses of \$5,000 or more and that the cost be charged directly to the Insurance Sinking Fund.
- II. Request for budget adjustment - Department of Labor
For the rental of office space at 1710 Cervais Street.
- III. The Board authorized State Treasurer Patterson to negotiate with USC for purchase of Reamer property at 1507 Pendleton St. with Foundation Funds to be purchased by State of S. C. upon Legislation approval.

INTERIM ACTION

Sale and exchange of vehicles

Clemson University - Trade 53 1967 Fury II, 4-door sedans for 70 1968 Middle-Line 4-door sedans... Most efficient and economical method of providing travel to University personnel

1967 Oldsmobile
Clemson University - Trade 1959 Chevrolet for one 1968 Oldsmobile 4-door sedan... Travel required as Chief Executive Officer at the University

Clemson University - Trade 1959 Chevrolet 9-passenger station wagon for one 1968 Plymouth Fury Custom Suburban Station Wagon... Transportation of guests and luggage to and from railroad stations and airports. In emergencies, used to secure articles & provisions for hotel operations.

Department of Corrections - Purchase one 1968 Chevrolet 4-door sedan Impala... Vehicle assigned to the Warden of Central Correctional Institution in connection with his official duties. He is on call 24 hours a day and it is essential that he has adequate means of transportation.

S. C. ETV - Trade 1966 Chevrolet for one 1968 Plymouth... Present car driven by Gen. Manager will be turned over to the motor pool where it is badly needed.

S. C. Commission on Higher Education - Purchase one 1968 Chevrolet Impala... Car assigned to Dr. Frank Kinard, Executive Director

Department of Corrections - Purchase one 1968 4-door BelAir Chevrolet... Car assigned to Ralph M. Odorn, Ass't. Director for Inmate Training. Car needed for weekly visits to three farms and the six schools under the Education Program at each of the Institutions around the State.

John G. Richards School - Purchase one 1968 Chevrolet 4-door Impala... Sell one 1964 Chevrolet Impala that is in bad condition.

Letter of permit placed to S. C. Elec. & Gas Co. for shrubbery & undergrowth clearance on State owned land on Platt Springs Road.

Page 2

S. C. State Development Board - Trade one 1963 Oldsmobile 98 for one 1968
Buick Electra or Oldsmobile 98

Horry-Marion-Georgetown Education Center - Purchase one Model 320 Offset
Duplicator and one Model 1-3390 Cabinet with large top. . . Requires bond
approval

Pat,

This corrected
resolution should be
attached to the
minutes of the B+C
Board for Nov. 21,
1967.

WFP

261

THE STATE OF SOUTH CAROLINA.

As an incident to the adoption of this Resolution, the State Budget and Control Board of South Carolina (the State Board) acting pursuant to the authorizations of Chapter 2, Title 22, Volume 6, Code of Laws of South Carolina, 1962, as amended, finds as follows:

1. Applications have been made to the State Board for the issuance of State Institution Bonds pursuant to Chapter 2, Title 22, Code of Laws of South Carolina, 1962, as amended, by the following State Institutions, for the following amounts and for the following purposes:

(a) The University of South Carolina, in Columbia, for \$995,000 of State Institution Bonds, the proceeds of which are required for the permanent improvements described in the application.

(b) Clemson University, in Clemson, for \$2,250,000 of State Institution Bonds, the proceeds of which are required for the permanent improvements described in the application.

(c) Winthrop College for \$400,000 of State Institution Bonds, the proceeds of which are required for the permanent improvements described in the application.

2. The State Board has duly and carefully considered the applications and has determined that they should be approved, inasmuch as it has been determined that an immediate need exists

for the permanent improvements set forth in the several applications.

On the basis of the foregoing, the State Board adopts this Resolution for the purpose of making the findings required of it by Section 22-25, Code of Laws of South Carolina, 1962, as amended, and in order to make formal request to the Governor and State Treasurer pursuant to Section 22-26, Code of Laws of South Carolina, 1962, as amended, for the issuance of \$3,645,000 of State Institution Bonds pursuant to Chapter 2, Title 22, Code of Laws of South Carolina, 1962, as amended.

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

I

The State Board has ascertained and hereby determines:

(1) That a definite and immediate need exists for permanent improvements at the State Institutions, whose applications have been approved, as hereinafter in Paragraph (2) set forth.

(2) That there are definite and immediate needs as follows:

(a) For The University of South Carolina:

Additional cost for Capstone House

Site development for Carolina Coliseum

Land acquisition lower Main Street

Land acquisition South Campus

Total amount required\$995,000

(b) For Clemson University:

To pay a portion of the cost of an
Arts & Sciences Classroom Building

To pay a portion of the cost of an
Engineering Research Building

Total amount required\$2,250,000

(c) For Winthrop College:

Major repairs and renovations to
Tillman Hall and the building known
as Winthrop Training School

Major repairs and renovations to
steam, water, electrical lines and
to the sanitary sewer system

Air conditioning of academic buildings
and the Crawford Infirmary

Purchase of real estate for addition
to campus

Total amount required\$ 400,000

(3) That it is desirable that the State Budget and Control Board of South Carolina, as Trustee of the funds of the South Carolina Retirement System, acquire all of the bonds to be issued pursuant to this Resolution. Such bonds shall be dated as of December 1, 1967, shall bear interest at the rate of six per centum per annum, payable on the first days of June and December of each year, commencing June 1, 1968 and computed from the actual date of delivery of the bonds, and shall be subject to redemption in whole or in part, but if in part, in multiples of \$10,000, in the inverse order of their maturity, on all interest payment dates, upon payment of the principal amount redeemed, plus accrued interest to the

date of redemption.

(4) That a satisfactory and proper schedule of tuition fees is in effect at each of said State Institutions as follows:

A. For The University of South Carolina:

| <u>TYPE OF STUDENT</u> | <u>TUITION FEES FOR ACADEMIC YEAR</u> |
|------------------------|---|
| Resident Academic | \$150 |
| Non-resident Academic | \$350 |
| Resident Law | \$160 |
| Non-resident Law | \$360 |

B. For Clemson University:

| <u>TYPE OF STUDENT</u> | <u>TUITION FEES FOR ACADEMIC YEAR</u> |
|------------------------|---|
| Resident | \$160 |
| Non-resident | \$410 |

C. For Winthrop College:

| <u>TYPE OF STUDENT</u> | <u>TUITION FEES FOR ACADEMIC YEAR</u> |
|------------------------|---|
| Resident | \$155 |
| Non-resident | \$405 |

(5) That the aggregate of tuition fees received by the several State Institutions for the 12 calendar months preceding the month in which such applications were made, viz., the twelve months ended October 31, 1967, will, if multiplied by the number of years for which bonds issued pursuant to Chapter 2, Title 22, Code of Laws of South Carolina, 1962, as amended, shall be out-

standing, result in the production of a sum equal to not less than 150% of the aggregate principal and interest requirements of all State Institution Bonds issued for such Institutions to be outstanding following the approval of their respective applications.

The aggregate tuition fees received by the several State Institutions for the twelve calendar months beginning November 1, 1966 and ending October 31, 1967, are as follows:

| <u>NAME OF INSTITUTION</u> | <u>TUITION FEES RECEIVED</u> |
|----------------------------------|------------------------------|
| The University of South Carolina | \$1,680,284.12 |
| Clemson University | \$1,172,442.80 |
| Winthrop College | \$ 511,060.15 |

(6) The respective Boards of Trustees of the said Institutions have agreed that such schedules of tuition fees in effect at such Institutions may be revised from time to time and whenever necessary to provide not less than the sum needed to pay the principal and interest requirements of the proposed bonds for each of said Institutions.

(7) The State Board has made the findings required of it by Section 22-25, Code of Laws of South Carolina, 1962, as amended, and hereby approves the applications of the several Institutions above referred to, none of which have been modified.

II

In order to comply with the provisions of Chapter 2, Title 22, Code of Laws of South Carolina, 1962, as amended, the State Board hereby sets forth the following:

(1) The names of the State Institutions seeking funds and the amount of each respective application are as follows:

- | | |
|--|-------------|
| A. For the <u>University of South Carolina</u> | \$ 995,000 |
| B. For <u>Clemson University</u> | \$2,250,000 |
| C. For <u>Winthrop College</u> | \$ 400,000 |

(2) The annual principal and interest requirements of all outstanding bonds issued for such Institutions, the proposed maturity schedule of the bonds now sought to be issued, the anticipated interest cost for each year during the life of the bonds now sought to be issued (computed at 6%), and the aggregate annual principal and interest requirements of the bonds now sought to be issued, are set forth in Schedules 1 through 3, inclusive. Such schedules likewise set forth the sum received by each such Institution from tuition fees for the 12 calendar months preceding the month in which the application of such institution was dated, and further establishes that the coverage test prescribed by Section 22-25, Code of Laws of South Carolina, 1962, as amended, has been met.

III

The State Board finds that the total aggregate principal requirements of all State Institution Bonds to be outstanding, following the issuance of the State Institution Bonds sought to be issued, will be the sum of \$36,575,000. As of the date of the adoption of this Resolution, the cash value of funds held by the State Treasurer pursuant to Section 22-38 of the Code, in the

special fund for the payment of the principal and interest of bonds issued pursuant to Chapter 2, Title 22, of the Code, as amended, amounts to \$2,379,416.01, and accordingly, the amount of bonds to be outstanding, following the issuance of the bonds for which the applications have been granted, is within the statutory limit prescribed by Section 22-29 of the Code, as amended, as shown by the summary set forth in Schedule 4.

IV

State Institution Bonds, in the aggregate principal amount of \$3,645,000 should be issued. Such issue shall be comprised as follows:

(1) For the University of South Carolina:

A single fully registered Bond, Series A, numbered R-1, in the principal amount of \$995,000, bearing interest at the rate of 6% per annum. Said bond shall be dated as of December 1, 1967 and shall mature on December 1 in the years and amounts as follows:

\$30,000 in each of the years
1968 to 1971, inclusive;
\$40,000 in each of the years
1972 to 1975, inclusive;
\$50,000 in each of the years
1976 to 1979, inclusive;
\$60,000 in each of the years
1980 to 1983, inclusive;
\$70,000 in each of the years
1984 to 1986, inclusive; and
\$65,000 in the year 1987.

(2) For Clemson University:

A single fully registered Bond, Series B, numbered R-1, in the principal amount of \$2,250,000, bearing interest at the rate of 6% per annum. Said bond shall be dated as of December 1, 1967 and shall mature on December 1 in the years and amounts as follows:

\$ 75,000 in each of the years
1968 to 1972, inclusive;
\$100,000 in each of the years
1973 to 1975, inclusive;
\$150,000 in each of the years
1976 to 1978, inclusive; and
\$125,000 in each of the years
1979 to 1987, inclusive.

(3) For Winthrop College:

A single fully registered Bond, Series D, numbered R-1, in the principal amount of \$400,000, bearing interest at the rate of 6% per annum. Said bond shall be dated as of December 1, 1967 and shall mature on December 1 in the years and amounts as follows:

\$10,000 in each of the years
1968 to 1975, inclusive;
\$20,000 in each of the years
1976 to 1979, inclusive; and
\$30,000 in each of the years
1980 to 1987, inclusive.

V

The form of the bonds to be issued on behalf of the University of South Carolina, Clemson University, and Winthrop College shall be in the forms set forth as "Exhibit A", "Exhibit B," and "Exhibit C," respectively, attached hereto.

VI

All bonds shall be duly executed in the manner prescribed by Section 22-33, Code of Laws of South Carolina, 1962.

VII

All of the bonds shall be subject to redemption, at the option of the State of South Carolina, in whole or in part, but if in part, in multiples of \$10,000 and in the inverse order of maturity, on all interest payment dates, at par, plus accrued interest to the date of redemption, and if such option shall be exercised, written notice thereof shall be given to the registered

holder thereof, at least thirty days prior to the redemption date by mailing to such registered holder a notice prescribing such redemption date and the amount of principal to be prepaid.

Payment of interest and installments of principal of said fully registered bonds, and portions thereof (if the privilege of redemption be exercised), shall be effected by check or draft drawn by the State Treasurer to the order of the registered holder. All payments of principal shall be duly endorsed upon the Payment Record attached to each of said Registered Bonds.

VIII

Pursuant to the authorization of Section 22-36, Code of Laws of South Carolina, 1962, the State Board approves the private placement of the said fully registered bonds hereby authorized, said bonds to bear interest at the rate of 6% per annum from the date of the delivery of the said bonds (as established by the certification endorsed thereon), payable on June 1 and December 1 of each year, commencing June 1, 1968. Such registered bonds shall be sold to the State Budget and Control Board of South Carolina, as Trustee of the funds of the South Carolina Retirement System.

IX

The State Board does hereby direct that formal request be made of the Governor and the State Treasurer to make provision for the issuance of State Institution Bonds herein described. Such request shall be evidenced by the delivery to each of the Governor and the State Treasurer of a copy of this Resolution, duly certified by the Secretary of this Board.

Schedule 1 - University of South Carolina

Page 1

| CALENDAR YEAR | DEBT SERVICE OF OUTSTANDING BONDS | DEBT SERVICE OF PROPOSED ISSUE | TOTAL |
|------------------|--------------------------------------|-----------------------------------|------------------------------|
| 1968 | \$ 1,315,800 | \$ 89,700 | \$ 1,405,500 |
| 1969 | 1,286,550 | 87,900 | 1,374,450 |
| 1970 | 1,257,300 | 86,100 | 1,343,400 |
| 1971 | 1,228,050 | 84,300 | 1,312,350 |
| 1972 | 1,198,800 | 92,500 | 1,291,300 |
| 1973 | 1,169,550 | 90,100 | 1,259,650 |
| 1974 | 1,141,300 | 87,700 | 1,229,000 |
| 1975 | 1,113,050 | 85,300 | 1,198,350 |
| 1976 | 1,084,800 | 92,900 | 1,177,700 |
| 1977 | 1,056,550 | 89,900 | 1,146,450 |
| 1978 | 1,028,300 | 86,900 | 1,115,200 |
| 1979 | 999,650 | 83,900 | 1,083,550 |
| 1980 | 970,750 | 90,900 | 1,061,650 |
| 1981 | 441,850 | 87,300 | 529,150 |
| 1982 | 429,050 | 83,700 | 512,750 |
| 1983 | 266,250 | 80,100 | 346,350 |
| 1984 | 258,125 | 86,500 | 344,625 |
| 1985 | -- | 82,300 | 82,300 |
| 1986 | -- | 78,100 | 78,100 |
| 1987 | -- | 68,900 | 68,900 |
| | <u>\$16,245,725</u> ===== | <u>\$1,715,000</u> ===== | <u>\$17,960,725</u> ===== |

CALCULATION ESTABLISHING COMPLIANCE WITH THE PROVISIONS OF
SECTION 22-25(3), CODE OF LAWS OF SOUTH CAROLINA, 1962, AS AMENDED.

| | |
|---|------------------------|
| 1. Debt Service Requirements (from Page 1) | \$17,960,725.00 |
| 2. <u>Less</u> Sinking Fund | <u>\$ 1,029,114.67</u> |
| 3. Net Debt | \$16,931,610.33 |
| 4. 150% of Item 3 above | \$25,397,415.50 |
| 5. Tuition fees for 12 calendar months preceding application | \$ 1,680,284.12 |
| 6. Product of \$1,680,284.12 x 20 (the years in which the Institution Bonds are to be outstanding, viz., from December 1, 1967 to December 1, 1987 | \$33,605,682.40 |
| 7. Less - Item 4 above | <u>\$25,397,415.50</u> |
| 8. Margin | \$ 8,208,266.90 |

The policy of the State Budget and Control Board prescribes that tuition fees for the twelve calendar months used in the preceding calculation equal or exceed 110% of the maximum annual debt service requirements for bonds to be outstanding.

Tuition fees for such twelve calendar months amounted to \$1,680,284.12 which indicates a margin over 110% of maximum annual debt service on bonds to be outstanding, which occurs in the year 1968, and amounts to \$1,405,500.

Schedule 2 - Clemson University

Page 1

| CALENDAR YEAR | DEBT SERVICE OF OUTSTANDING BONDS | DEBT SERVICE OF PROPOSED ISSUE | TOTAL |
|------------------|--------------------------------------|-----------------------------------|------------------------------|
| 1968 | \$ 948,040 | \$ 210,000 | \$ 1,158,040 |
| 1969 | 927,240 | 205,500 | 1,132,740 |
| 1970 | 956,440 | 201,000 | 1,157,440 |
| 1971 | 934,015 | 196,500 | 1,130,515 |
| 1972 | 961,590 | 192,000 | 1,153,590 |
| 1973 | 937,540 | 212,500 | 1,150,040 |
| 1974 | 914,240 | 206,500 | 1,120,740 |
| 1975 | 890,940 | 200,500 | 1,091,440 |
| 1976 | 867,640 | 244,500 | 1,112,140 |
| 1977 | 844,340 | 235,500 | 1,079,840 |
| 1978 | 821,040 | 226,500 | 1,047,540 |
| 1979 | 697,440 | 192,500 | 889,940 |
| 1980 | 576,720 | 185,000 | 761,720 |
| 1981 | 219,300 | 177,500 | 396,800 |
| 1982 | 212,900 | 170,000 | 382,900 |
| 1983 | 206,500 | 162,500 | 369,000 |
| 1984 | - | 155,000 | 155,000 |
| 1985 | - | 147,500 | 147,500 |
| 1986 | - | 140,000 | 140,000 |
| 1987 | - | 132,500 | 132,500 |
| | <u>\$11,915,925</u> ===== | <u>\$3,793,500</u> ===== | <u>\$15,709,425</u> ===== |

CALCULATION ESTABLISHING COMPLIANCE WITH THE PROVISIONS OF
SECTION 22-25(3), CODE OF LAWS OF SOUTH CAROLINA, 1962, AS AMENDED.

| | |
|---|------------------|
| 1. Debt Service Requirements | \$ 15,709,425.00 |
| 2. <u>Less</u> Sinking Fund | \$ 940,180.57 |
| 3. Net Debt | \$ 14,769,244.43 |
| 4. 150% of Item 3 above | \$ 22,153,866.65 |
| 5. Tuition fees for 12 calendar months preceding application | \$ 1,172,442.80 |
| 6. Product of \$1,172,442.80 x 20 (the years in which the Institution Bonds are to be outstanding, viz., from December 1, 1967 to December 1, 1987 | \$23,448,856.00 |
| 7. <u>Less</u> Item 4 above | \$22,153,866.65 |
| 8. Margin | \$ 1,294,989.35 |

The policy of the State Budget and Control Board prescribes that tuition fees for the twelve calendar months used in the preceding calculation equal or exceed 110% of the maximum annual debt service requirements for bonds to be outstanding.

Tuition fees for such twelve calendar months amounted to \$1,172,442.80 which indicated a margin over 110% of maximum annual debt service on bonds to be outstanding, which occurs in the year 1968, and amounts to \$1,158,040.

Schedule 3 - Winthrop College

Page 1

| CALENDAR YEAR | DEBT SERVICE OF OUTSTANDING BONDS | DEBT SERVICE OF PROPOSED ISSUE | TOTAL |
|------------------|--------------------------------------|-----------------------------------|--------------------|
| 1968 | \$ 406,200 | \$ 34,000 | \$ 440,200 |
| 1969 | 394,875 | 33,400 | 428,275 |
| 1970 | 393,550 | 32,800 | 426,350 |
| 1971 | 311,900 | 32,200 | 344,100 |
| 1972 | 304,775 | 31,600 | 336,375 |
| 1973 | 397,650 | 31,000 | 428,650 |
| 1974 | 387,900 | 30,400 | 418,300 |
| 1975 | 378,150 | 29,800 | 407,950 |
| 1976 | 368,400 | 39,200 | 407,600 |
| 1977 | 358,650 | 38,000 | 396,650 |
| 1978 | 298,900 | 36,800 | 335,700 |
| 1979 | 290,450 | 35,600 | 326,050 |
| 1980 | 232,000 | 44,400 | 276,400 |
| 1981 | 225,800 | 42,600 | 268,400 |
| 1982 | 219,400 | 40,800 | 260,200 |
| 1983 | 213,000 | 39,000 | 252,000 |
| 1984 | 206,500 | 37,200 | 243,700 |
| 1985 | -- | 35,400 | 35,400 |
| 1986 | -- | 33,600 | 33,600 |
| 1987 | -- | 31,800 | 31,800 |
| | <u>\$5,388,100</u> | <u>\$709,600</u> | <u>\$6,097,700</u> |
| | ===== | ===== | ===== |

CALCULATION ESTABLISHING COMPLIANCE WITH THE PROVISIONS OF
SECTION 22-25(3), CODE OF LAWS OF SOUTH CAROLINA, 1962, AS AMENDED.

| | |
|---|------------------------|
| 1. Debt Service Requirements (from Page 1) | \$ 6,097,700.00 |
| 2. <u>Less</u> Sinking Fund | <u>\$ 410,120.77</u> |
| 3. Net Debt | \$ 5,687,579.23 |
| 4. 150% of Item 3 above | \$ 8,531,368.84 |
| 5. Tuition fees for 12 calendar months preceding application | \$ 511,060.15 |
| 6. Product of \$511,060.15 x 20 (the years in which the Institution Bonds are to be outstanding, viz., from December 1, 1967 to December 1, 1987 | \$10,221,203.00 |
| 7. <u>Less</u> Item 4 above | <u>\$ 8,531,368.84</u> |
| 8. Margin | \$ 1,689,834.16 |

The policy of the State Budget and Control Board prescribes that tuition fees for the twelve calendar months used in the preceding calculation equal or exceed 110% of the maximum annual debt service requirements for bonds to be outstanding.

Tuition fees for such twelve calendar months amounted to \$511,060.15 which indicated a margin over 110% of maximum annual debt service on bonds to be outstanding, which occurs in the year 1968, and amounts to \$440,200.

Schedule 4

SCHEDULE SHOWING COMPLIANCE WITH STATUTORY DEBT LIMITATION SET BY
SECTION 22-29, CODE OF LAWS OF SOUTH CAROLINA, 1962, AS AMENDED.
PREPARED AS OF DECEMBER 2, 1967

Total State Institution Bonds
previously issued:

| | |
|--|------------------------|
| Issue of 12-1-65 | \$20,000,000.00 |
| Issue of 4-1-66 | \$ 500,000.00 |
| Issue of 4-1-67 | <u>\$15,700,000.00</u> |
| Total | \$36,200,000.00 |
| Bonds paid to date | <u>\$ 3,270,000.00</u> |
| Balance outstanding | \$32,930,000.00 |
| Bonds now proposed to be issued | <u>\$ 3,645,000.00</u> |
| Total to be outstanding | \$36,575,000.00 |
| <u>Less Sinking Funds as of December 2, 1967</u> | <u>\$ 2,379,416.01</u> |
| | \$34,195,583.99 |
| Statutory Debt Limit | \$35,000,000.00 |
| Margin (After issue of bonds proposed herein) | \$ 804,416.01 |

EXHIBIT A

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
STATE INSTITUTION BOND
SERIES A

(ISSUED ON BEHALF OF THE UNIVERSITY OF SOUTH CAROLINA)

Number R-1

\$995,000

The STATE OF SOUTH CAROLINA hereby acknowledges itself indebted, and for value received, promises to pay to the

STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA,
as Trustee of the funds of the South Carolina Retirement System, or
its registered assigns, the principal sum of

NINE HUNDRED NINETY-FIVE THOUSAND DOLLARS

on the first day of December in the years and amounts as follows:

| <u>Year</u> | <u>Principal Amount</u> | <u>Year</u> | <u>Principal Amount</u> |
|-------------|-----------------------------|-------------|-----------------------------|
| 1968 | \$ 30,000 | 1978 | \$ 50,000 |
| 1969 | 30,000 | 1979 | 50,000 |
| 1970 | 30,000 | 1980 | 60,000 |
| 1971 | 30,000 | 1981 | 60,000 |
| 1972 | 40,000 | 1982 | 60,000 |
| 1973 | 40,000 | 1983 | 60,000 |
| 1974 | 40,000 | 1984 | 70,000 |
| 1975 | 40,000 | 1985 | 70,000 |
| 1976 | 50,000 | 1986 | 70,000 |
| 1977 | 50,000 | 1987 | 65,000 |

and to pay to the registered holder hereof interest on the balance of said principal sum from time to time remaining unpaid, at the rate of six per centum (6%) per annum, from the date of the delivery hereof (as established by the certification endorsed hereon), payable on June 1 and December 1 of each year, commencing June 1, 1968, until

the principal amount hereof has been fully paid. Both the principal of and interest on this Bond are payable in any coin or currency of the United States which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts by check or draft issued by the State Treasurer of the State of South Carolina to the registered holder hereof.

THIS BOND is issued pursuant to and in accordance with the Constitution and Laws of the State of South Carolina, including particularly the provisions of Chapter 2, Title 22, Volume 6, Code of Laws of South Carolina, 1962, as amended, for the purpose of financing permanent improvements at the University of South Carolina.

In addition to the installments of principal required to be paid as hereinabove set forth, the right is reserved to the State of South Carolina to prepay, on all interest payment dates, all principal installments of this Bond, in whole or in part, but if in part, in the inverse order of their maturity, in multiples of \$10,000, plus accrued interest to the date fixed for such prepayment.

Notice of such optional prepayment shall be given at least thirty days prior to the prepayment date by mailing to the registered holder of this Bond a notice fixing such prepayment date and the amount of principal to be prepaid.

THIS BOND may be assigned and upon such assignment the assignor shall promptly notify the State Treasurer in the City of Columbia, South Carolina, by registered mail, and upon the surrender

of this Bond to the State Treasurer, either in exchange for a new fully registered bond or for transfer on the registration records and verification of the endorsements made on the Payment Record attached hereto of the portion of the principal amount hereof and interest hereon paid or prepaid, and every such assignee shall take this Bond subject to such condition.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts and things required by the Constitution or Statutes of the State of South Carolina to exist, be performed, or happen precedent to or in the issuance of this Bond, exist, have happened and have been performed, and that the amount of this Bond, together with all other indebtedness of the State of South Carolina, does not exceed any limit prescribed by such Constitution or Statutes.

The full faith, credit and taxing power of the State of South Carolina are hereby pledged for the payment of the principal of and interest on this Bond, and in addition thereto, but subject to the provisions of the statute law above referred to, all tuition fees at the University of South Carolina.

IN WITNESS WHEREOF, the STATE OF SOUTH CAROLINA has caused this Bond to be signed by the Governor of South Carolina and by the State Treasurer of South Carolina, and has caused the Great Seal of the State to be affixed hereto or impressed hereon, and attested by the Secretary of State, and this Bond to be dated as of the first

day of December, A. D. 1967.

(SEAL)

Governor

Attest:

State Treasurer

Secretary of State

FORM OF ASSIGNMENT

(A form similar to this but not attached to the within Bond may also be used)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within Bond of the State of South Carolina, and hereby irrevocably constitutes and appoints _____, Attorney, to transfer the same on books of the State Treasurer, with full power of substitution in the premises:

Dated: _____, 19____.

| DATE OF REGISTRATION | NAME OF REGISTERED HOLDER | SIGNATURE OF STATE TREASURER OR HIS DEPUTY |
|-------------------------|--|--|
| December 1, 1967 | State Budget and Control Board of South Carolina, as Trustee | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

THIS BOND delivered at Columbia, South Carolina, this
_____ day of April, 1968. Interest hereon accrues from the
said date.

State Treasurer.

PAYMENT RECORD

| Due Date | Principal Payment | Principal Balance Due | Interest Payment 6% | Date Paid | Signature of State Treasurer or his Deputy |
|--------------|-------------------|-----------------------|---------------------|-----------|--|
| June 1, 1968 | : | : | : | : | : |
| Dec. 1, 1968 | : \$30,000 | : | : | : | : |
| June 1, 1969 | : | : | : | : | : |
| Dec. 1, 1969 | : \$30,000 | : | : | : | : |
| June 1, 1970 | : | : | : | : | : |
| Dec. 1, 1970 | : \$30,000 | : | : | : | : |
| June 1, 1971 | : | : | : | : | : |
| Dec. 1, 1971 | : \$30,000 | : | : | : | : |
| June 1, 1972 | : | : | : | : | : |
| Dec. 1, 1972 | : \$40,000 | : | : | : | : |
| June 1, 1973 | : | : | : | : | : |
| Dec. 1, 1973 | : \$40,000 | : | : | : | : |
| June 1, 1974 | : | : | : | : | : |
| Dec. 1, 1974 | : \$40,000 | : | : | : | : |
| June 1, 1975 | : | : | : | : | : |
| Dec. 1, 1975 | : \$40,000 | : | : | : | : |
| June 1, 1976 | : | : | : | : | : |
| Dec. 1, 1976 | : \$50,000 | : | : | : | : |
| June 1, 1977 | : | : | : | : | : |
| Dec. 1, 1977 | : \$50,000 | : | : | : | : |

PAYMENT RECORD

| Due Date | Principal Payment | Principal Balance Due | Interest Payment 6% | Signature of State Treasurer or his Deputy |
|--------------|-------------------|-----------------------|---------------------|--|
| June 1, 1978 | : | : | : | : |
| Dec. 1, 1978 | : \$50,000 | : | : | : |
| June 1, 1979 | : | : | : | : |
| Dec. 1, 1979 | : \$50,000 | : | : | : |
| June 1, 1980 | : | : | : | : |
| Dec. 1, 1980 | : \$60,000 | : | : | : |
| June 1, 1981 | : | : | : | : |
| Dec. 1, 1981 | : \$60,000 | : | : | : |
| June 1, 1982 | : | : | : | : |
| Dec. 1, 1982 | : \$60,000 | : | : | : |
| June 1, 1983 | : | : | : | : |
| Dec. 1, 1983 | : \$60,000 | : | : | : |
| June 1, 1984 | : | : | : | : |
| Dec. 1, 1984 | : \$70,000 | : | : | : |
| June 1, 1985 | : | : | : | : |
| Dec. 1, 1985 | : \$70,000 | : | : | : |
| June 1, 1986 | : | : | : | : |
| Dec. 1, 1986 | : \$70,000 | : | : | : |
| June 1, 1987 | : | : | : | : |
| Dec. 1, 1987 | : \$65,000 | : | : | : |

EXHIBIT B

UNITED STATES OF AMERICA
 STATE OF SOUTH CAROLINA
 STATE INSTITUTION BOND
 SERIES B
 (ISSUED ON BEHALF OF CLEMSON UNIVERSITY)

Number R-1

\$2,250,000

The STATE OF SOUTH CAROLINA hereby acknowledges itself
 indebted, and for value received, promises to pay to the

STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA,
 as Trustee of the funds of the South Carolina Retirement System, or
 its registered assigns, the principal sum of

TWO MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS

on the first day of December in the years and amounts as follows:

| <u>Year</u> | <u>Principal Amount</u> | <u>Year</u> | <u>Principal Amount</u> |
|-------------|-----------------------------|-------------|-----------------------------|
| 1968 | \$ 75,000 | 1978 | \$150,000 |
| 1969 | 75,000 | 1979 | 125,000 |
| 1970 | 75,000 | 1980 | 125,000 |
| 1971 | 75,000 | 1981 | 125,000 |
| 1972 | 75,000 | 1982 | 125,000 |
| 1973 | 100,000 | 1983 | 125,000 |
| 1974 | 100,000 | 1984 | 125,000 |
| 1975 | 100,000 | 1985 | 125,000 |
| 1976 | 150,000 | 1986 | 125,000 |
| 1977 | 150,000 | 1987 | 125,000 |

and to pay to the registered holder hereof interest on the balance
 of said principal sum from time to time remaining unpaid, at the
 rate of six per centum (6%) per annum, from the date of the delivery
 hereof (as established by the certificate endorsed hereon), payable
 on June 1 and December 1 of each year, commencing June 1, 1968, until

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the principal amount hereof has been fully paid. Both the principal of and interest on this Bond are payable in any coin or currency of the United States which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts by check or draft issued by the State Treasurer of the State of South Carolina to the registered holder hereof.

THIS BOND is issued pursuant to and in accordance with the Constitution and Laws of the State of South Carolina, including particularly the provisions of Chapter 2, Title 22, Volume 6, Code of Laws of South Carolina, 1962, as amended, for the purpose of financing permanent improvements at Clemson University.

In addition to the installments of principal required to be paid as hereinabove set forth, the right is reserved to the State of South Carolina to prepay, on all interest payment dates, all principal installments of this Bond, in whole or in part, but if in part, in the inverse order of their maturity, in multiples of \$10,000, plus accrued interest to the date fixed for such prepayment.

Notice of such optional prepayment shall be given at least thirty days prior to the prepayment date by mailing to the registered holder of this Bond a notice fixing such prepayment date and the amount of principal to be prepaid.

THIS BOND may be assigned and upon such assignment the assignor shall promptly notify the State Treasurer in the City of

Columbia, South Carolina, by registered mail, and upon the surrender of this Bond to the State Treasurer, either in exchange for a new fully registered bond or for transfer on the registration records and verification of the endorsements made on the Payment Record attached hereto of the portion of the principal amount hereof and interest hereon paid or prepaid, and every such assignee shall take this Bond subject to such condition.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts and things required by the Constitution or Statutes of the State of South Carolina to exist, be performed, or happen precedent to or in the issuance of this bond, exist, have happened and have been performed, and that the amount of this Bond, together with all other indebtedness of the State of South Carolina, does not exceed any limit prescribed by such Constitution or Statutes.

The full faith, credit and taxing power of the State of South Carolina are hereby pledged for the payment of the principal of and interest on this Bond, and in addition thereto, but subject to the provisions of the statute law above referred to, all tuition fees at Clemson University.

IN WITNESS WHEREOF, the STATE OF SOUTH CAROLINA has caused this Bond to be signed by the Governor of South Carolina and by the State Treasurer of South Carolina, and has caused the Great

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Seal of the State to be affixed hereto or impressed hereon, and attested by the Secretary of State, and this Bond to be dated as of the first day of December, A. D. 1967.

(SEAL)

Governor

State Treasurer

Attest:

Secretary of State

FORM OF ASSIGNMENT

(A form similar to this but not attached to the within Bond may also be used).

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within Bond of the State of South Carolina, and hereby irrevocably constitutes and appoints _____ Attorney, to transfer the same on books of the State Treasurer, with full power of substitution in the premises:

Dated: _____, 19____

| DATE OF REGISTRATION | NAME OF REGISTERED HOLDER | SIGNATURE OF STATE TREASURER OR HIS DEPUTY |
|-------------------------|---|--|
| <u>December 1, 1967</u> | <u>State Budget and Control Board of South Carolina, as Trustee</u> | |
| | | |
| | | |
| | | |
| | | |

THIS BOND delivered at Columbia, South Carolina, this _____
day of April, 19 68. Interest hereon accrues from the
said date.

State Treasurer

PAYMENT RECORD

| Due Date | Principal Payment | Principal Balance Due | Interest Payment 6% | Date Paid | Signature of State Treasurer or his Deputy |
|----------------|-------------------|-----------------------|---------------------|-----------|--|
| : | : | : | : | : | : |
| June 1, 1968 : | : | : | : | : | : |
| : | : | : | : | : | : |
| Dec. 1, 1968 : | \$ 75,000 | : | : | : | : |
| : | : | : | : | : | : |
| June 1, 1969 : | : | : | : | : | : |
| : | : | : | : | : | : |
| Dec. 1, 1969 : | \$ 75,000 | : | : | : | : |
| : | : | : | : | : | : |
| June 1, 1970 : | : | : | : | : | : |
| : | : | : | : | : | : |
| Dec. 1, 1970 : | \$ 75,000 | : | : | : | : |
| : | : | : | : | : | : |
| June 1, 1971 : | : | : | : | : | : |
| : | : | : | : | : | : |
| Dec. 1, 1971 : | \$ 75,000 | : | : | : | : |
| : | : | : | : | : | : |
| June 1, 1972 : | : | : | : | : | : |
| : | : | : | : | : | : |
| Dec. 1, 1972 : | \$ 75,000 | : | : | : | : |
| : | : | : | : | : | : |
| June 1, 1973 : | : | : | : | : | : |
| : | : | : | : | : | : |
| Dec. 1, 1973 : | \$100,000 | : | : | : | : |
| : | : | : | : | : | : |
| June 1, 1974 : | : | : | : | : | : |
| : | : | : | : | : | : |
| Dec. 1, 1974 : | \$100,000 | : | : | : | : |
| : | : | : | : | : | : |
| June 1, 1975 : | : | : | : | : | : |
| : | : | : | : | : | : |
| Dec. 1, 1975 : | \$100,000 | : | : | : | : |
| : | : | : | : | : | : |
| June 1, 1976 : | : | : | : | : | : |
| : | : | : | : | : | : |
| Dec. 1, 1976 : | \$150,000 | : | : | : | : |
| : | : | : | : | : | : |
| June 1, 1977 : | : | : | : | : | : |
| : | : | : | : | : | : |
| Dec. 1, 1977 : | \$150,000 | : | : | : | : |

| PAYMENT RECORD | | | | | |
|----------------|----------------------|-----------------------------|---------------------------|--------------|--|
| Due Date | Principal Payment | Principal Balance Due | Interest Payment 6% | Date Paid | Signature of State Treasurer or his Deputy |
| June 1, 1978 | : | : | : | : | : |
| Dec. 1, 1978 | \$150,000 | : | : | : | : |
| June 1, 1979 | : | : | : | : | : |
| Dec. 1, 1979 | \$125,000 | : | : | : | : |
| June 1, 1980 | : | : | : | : | : |
| Dec. 1, 1980 | \$125,000 | : | : | : | : |
| June 1, 1981 | : | : | : | : | : |
| Dec. 1, 1981 | \$125,000 | : | : | : | : |
| June 1, 1982 | : | : | : | : | : |
| Dec. 1, 1982 | \$125,000 | : | : | : | : |
| June 1, 1983 | : | : | : | : | : |
| Dec. 1, 1983 | \$125,000 | : | : | : | : |
| June 1, 1984 | : | : | : | : | : |
| Dec. 1, 1984 | \$125,000 | : | : | : | : |
| June 1, 1985 | : | : | : | : | : |
| Dec. 1, 1985 | \$125,000 | : | : | : | : |
| June 1, 1986 | : | : | : | : | : |
| Dec. 1, 1986 | \$125,000 | : | : | : | : |
| June 1, 1987 | : | : | : | : | : |
| Dec. 1, 1987 | \$125,000 | : | : | : | : |

EXHIBIT C

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
STATE INSTITUTION BOND
SERIES D
(ISSUED ON BEHALF OF WINTHROP COLLEGE)

Number R-1

\$400,000

The STATE OF SOUTH CAROLINA hereby acknowledges itself indebted, and for value received, promises to pay to the

STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA, as Trustee of the funds of the South Carolina Retirement System, or its registered assigns, the principal sum of

FOUR HUNDRED THOUSAND DOLLARS

on the first day of December in the years and amounts as follows:

| <u>Year</u> | <u>Principal Amount</u> | <u>Year</u> | <u>Principal Amount</u> |
|-------------|-----------------------------|-------------|-----------------------------|
| 1968 | \$ 10,000 | 1978 | \$ 20,000 |
| 1969 | 10,000 | 1979 | 20,000 |
| 1970 | 10,000 | 1980 | 30,000 |
| 1971 | 10,000 | 1981 | 30,000 |
| 1972 | 10,000 | 1982 | 30,000 |
| 1973 | 10,000 | 1983 | 30,000 |
| 1974 | 10,000 | 1984 | 30,000 |
| 1975 | 10,000 | 1985 | 30,000 |
| 1976 | 20,000 | 1986 | 30,000 |
| 1977 | 20,000 | 1987 | 30,000 |

and to pay to the registered holder hereof interest on the balance of said principal sum from time to time remaining unpaid, at the rate of six per centum (6%) per annum, from the date of the delivery hereof (as established by the certificate endorsed hereon), payable on June 1 and December 1 of each year, commencing June 1, 1968, until

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the principal amount hereof has been fully paid. Both the principal of and interest on this Bond are payable in any coin or currency of the United States which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts by check or draft issued by the State Treasurer of the State of South Carolina to the registered holder hereof.

THIS BOND is issued pursuant to and in accordance with the Constitution and Laws of the State of South Carolina, including particularly the provisions of Chapter 2, Title 22, Volume 6, Code of Laws of South Carolina, 1962, as amended, for the purpose of financing permanent improvements at Winthrop College.

In addition to the installments of principal required to be paid as hereinabove set forth, the right is reserved to the State of South Carolina to prepay, on all interest payment dates, all principal installments of this Bond, in whole or in part, but if in part, in the inverse order of their maturity, in multiples of \$10,000, plus accrued interest to the date fixed for such prepayment.

Notice of such optional prepayment shall be given at least thirty days prior to the prepayment date by mailing to the registered holder of this Bond a notice fixing such prepayment date and the amount of principal to be prepaid.

THIS BOND may be assigned and upon such assignment the assignor shall promptly notify the State Treasurer in the City of

Columbia, South Carolina, by registered mail, and upon the surrender of this Bond to the State Treasurer, either in exchange for a new fully registered bond or for transfer on the registration records and verification of the endorsements made on the Payment Record attached hereto of the portion of the principal amount hereof and interest hereon paid or prepaid, and every such assignee shall take this Bond subject to such condition.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts and things required by the Constitution or Statutes of the State of South Carolina to exist, be performed, or happen precedent to or in the issuance of this bond, exist, have happened and have been performed, and that the amount of this Bond, together with all other indebtedness of the State of South Carolina, does not exceed any limit prescribed by such Constitution or Statutes.

The full faith, credit and taxing power of the State of South Carolina are hereby pledged for the payment of the principal of and interest on this Bond, and in addition thereto, but subject to the provisions of the statute law above referred to, all tuition fees at Winthrop College.

IN WITNESS WHEREOF, the STATE OF SOUTH CAROLINA has caused this Bond to be signed by the Governor of South Carolina and by the State Treasurer of South Carolina, and has caused the Great Seal of the State to be affixed hereto or impressed hereon, and attested by

the Secretary of State, and this Bond to be dated as of the first day of December, A. D. 1967.

Governor

(SEAL)

State Treasurer

Attest:

Secretary of State

FORM OF ASSIGNMENT

(A form similar to this but not attached to the within Bond may also be used).

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within Bond of the State of South Carolina, and hereby irrevocably constitutes and appoints _____ Attorney, to transfer the same on books of the State Treasurer, with full power of substitution in the premises:

Dated: _____, 19____

| DATE OF REGISTRATION | NAME OF REGISTERED HOLDER | SIGNATURE OF STATE TREASURER OR HIS DEPUTY |
|-------------------------|---|--|
| <u>December 1, 1967</u> | <u>State Budget and Control Board of South Carolina, as Trustee</u> | |
| | | |
| | | |
| | | |
| | | |

THIS BOND delivered at Columbia, South Carolina, this _____
day of April, 19 68. Interest hereon accrues from the said
date.

State Treasurer

PAYMENT RECORD

| Due Date | Principal Payment | Principal Balance Due | Interest Payment 6% | Date Paid | Signature of State Treasurer or his Deputy |
|----------------|----------------------|-----------------------------|---------------------------|--------------|--|
| : | : | : | : | : | : |
| June 1, 1968 : | : | : | : | : | : |
| : | : | : | : | : | : |
| Dec. 1, 1968 : | \$ 10,000 | : | : | : | : |
| : | : | : | : | : | : |
| June 1, 1969 : | : | : | : | : | : |
| : | : | : | : | : | : |
| Dec. 1, 1969 : | \$ 10,000 | : | : | : | : |
| : | : | : | : | : | : |
| June 1, 1970 : | : | : | : | : | : |
| : | : | : | : | : | : |
| Dec. 1, 1970 : | \$ 10,000 | : | : | : | : |
| : | : | : | : | : | : |
| June 1, 1971 : | : | : | : | : | : |
| : | : | : | : | : | : |
| Dec. 1, 1971 : | \$ 10,000 | : | : | : | : |
| : | : | : | : | : | : |
| June 1, 1972 : | : | : | : | : | : |
| : | : | : | : | : | : |
| Dec. 1, 1972 : | \$ 10,000 | : | : | : | : |
| : | : | : | : | : | : |
| June 1, 1973 : | : | : | : | : | : |
| : | : | : | : | : | : |
| Dec. 1, 1973 : | \$ 10,000 | : | : | : | : |
| : | : | : | : | : | : |
| June 1, 1974 : | : | : | : | : | : |
| : | : | : | : | : | : |
| Dec. 1, 1974 : | \$ 10,000 | : | : | : | : |
| : | : | : | : | : | : |
| June 1, 1975 : | : | : | : | : | : |
| : | : | : | : | : | : |
| Dec. 1, 1975 : | \$ 10,000 | : | : | : | : |
| : | : | : | : | : | : |
| June 1, 1976 : | : | : | : | : | : |
| : | : | : | : | : | : |
| Dec. 1, 1976 : | \$ 20,000 | : | : | : | : |
| : | : | : | : | : | : |
| June 1, 1977 : | : | : | : | : | : |
| : | : | : | : | : | : |
| Dec. 1, 1977 : | \$ 20,000 | : | : | : | : |

PAYMENT RECORD

| Due Date | Principal Payment | Principal Balance Due | Interest Payment 6% | Date Paid | Signature of State Treasurer or his Deputy |
|----------------|-------------------|-----------------------|---------------------|-----------|--|
| June 1, 1978 : | : | : | : | : | : |
| Dec. 1, 1978 : | \$ 20,000 | : | : | : | : |
| June 1, 1979 : | : | : | : | : | : |
| Dec. 1, 1979 : | \$ 20,000 | : | : | : | : |
| June 1, 1980 : | : | : | : | : | : |
| Dec. 1, 1980 : | \$ 30,000 | : | : | : | : |
| June 1, 1981 : | : | : | : | : | : |
| Dec. 1, 1981 : | \$ 30,000 | : | : | : | : |
| June 1, 1982 : | : | : | : | : | : |
| Dec. 1, 1982 : | \$ 30,000 | : | : | : | : |
| June 1, 1983 : | : | : | : | : | : |
| Dec. 1, 1983 : | \$ 30,000 | : | : | : | : |
| June 1, 1984 : | : | : | : | : | : |
| Dec. 1, 1984 : | \$ 30,000 | : | : | : | : |
| June 1, 1985 : | : | : | : | : | : |
| Dec. 1, 1985 : | \$ 30,000 | : | : | : | : |
| June 1, 1986 : | : | : | : | : | : |
| Dec. 1, 1986 : | \$ 30,000 | : | : | : | : |
| June 1, 1987 : | : | : | : | : | : |
| Dec. 1, 1987 : | \$ 30,000 | : | : | : | : |

Pub. Mtg

~~9/15/47~~

11/21/57

N S C - P 9

1) Energy Fac - ^[E-1] for Heat & A.C.
Bldgs on South Side Rd. area
Buck Branch.

2) Land acquisition [E-11]

To \$10,000 - 200,000 (90,000 inc)

For South Campus area

Buck Branch.



Am. Mfg.

11/21/67

Gen. Cong. Ofc.

All Present

Quintile [2nd report]

Rev. Death Benefit - (to business)

Equipment auto benefit - 7-1-68

" auto cost - 9-1-69

1 yr. salary

1,000,000 - 1,200,000 yrs.
cost.

Info.

M = Each

(14)

Re: Clinton Settlements - Spec. Prop.

* Outlined in recent survey report

Re: Employ T M Mayfield Co
as adjuster - claims \$000
to 150,000

* Info.

Re: Leban Dept. - Spec. Prop.

Re: Spec. in new bldg.

(OK) 4,789 CC7 last quarter

Re: Pepper Pay -
1509 Condition St.

40,000

u/ Pay through USC Corp.

Re: Cap. Corp. Plan
Brady for Report
Info.

①
Re Budget

Mavis Re: to. Antbook

Atty Fees CCF

MH - Med Case in
P.D. Fdr

CCF -

Inc Ant - 15,000

CCF

Fed Hx Mc Bond

637 00

303

Salary List - Info.

Hyston

Second Resolution

(OK)

Clemson

Resolutions Re:

2,300,000 Pub. Prds. (D)

2,200,000 " (E)

Domestic - possibly approved

Pub. System - 5 1/2 %

5:45 304

THE STATE OF SOUTH CAROLINA.

WHEREAS, pursuant to the authorizations of Act No. 456 of the Acts of the General Assembly of the State of South Carolina for the year 1961, entitled "AN ACT TO AUTHORIZE THE BOARD OF TRUSTEES OF THE CLEMSON AGRICULTURAL COLLEGE OF SOUTH CAROLINA TO ACQUIRE ADDITIONAL STUDENT AND FACULTY HOUSING FACILITIES; TO EMPOWER THE BOARD OF TRUSTEES TO EFFECT LOANS FOR SUCH PURPOSES, THROUGH THE ISSUANCE OF REVENUE BONDS AND ALSO FOR THE PURPOSE OF REFUNDING OUTSTANDING BONDS PAYABLE FROM THE REVENUES DERIVED FROM STUDENT AND FACULTY HOUSING FACILITIES, THROUGH THE MEANS OF THE AUTHORIZATIONS OF THIS ACT; TO DEFINE THE PROCEDURE BY WHICH SUCH LOANS MAY BE EFFECTED AND THE COVENANTS AND UNDERTAKINGS TO SECURE THE LOANS; TO MAKE PROVISION FOR THE PAYMENT OF LOANS; AND TO DECLARE VALID CERTAIN BONDS HERETOFORE ISSUED FOR ANY OF SUCH PURPOSES," Approved the 29th day of March, 1961, as amended, the Trustees of Clemson University (Clemson) are empowered to issue bonds for the purpose of providing funds for the acquisition of additional facilities, and

WHEREAS, pursuant to the authorizations of said Act the Trustees of Clemson (the Trustees) have adopted:

(a) A resolution entitled "A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF STUDENT AND FACULTY HOUSING REVENUE BONDS OF CLEMSON UNIVERSITY, AND OTHER MATTERS RELATING THERETO," (the RESOLUTION OF 1966);

(b) A Supplemental Resolution to the RESOLUTION OF 1966 making provision for the issuance of \$2,300,000 Clemson University Student and Faculty Housing Revenue Bonds, Series D, which are to be used for the purpose of meeting the cost of constructing the third dormitory described in Paragraph 7 of Section 1.01 of the RESOLUTION OF 1966; and

(c) A Supplemental Resolution to the RESOLUTION OF 1966 making provision for the issuance of \$2,200,000 Clemson University Student and Faculty Housing Revenue Bonds, Series E, which are to be used for the purpose of meeting the cost of constructing and equipping a highrise dormitory to provide student housing facilities; and

WHEREAS, Clemson has an immediate need for the moneys to meet the costs of the additional facilities above described,

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA that its approval be, and the same is hereby given to the sale by Clemson to this Board, in its capacity as Trustee of the funds of the South Carolina Retirement System, of the issues described in the recitals hereof, at and for a price of par and accrued interest from the date of delivery as set forth in each of the registered bonds.

BE IT FURTHER RESOLVED BY THE STATE BUDGET AND CONTROL BOARD, in its capacity as Trustee of the funds of the South Carolina Retirement System, and in pursuance of the powers vested in it by Section 61-91, Code of Laws of South Carolina, 1962, that the proposal of the Trustees of Clemson to sell to said Budget and Control Board, in its capacity as Trustee aforesaid, at a price of par and accrued interest from the actual date of delivery of said bonds, an issue of \$2,300,000 Clemson University Student and Faculty Housing Revenue Bonds, Series D, dated as of July 1, 1967, issued in the form of a single fully registered bond, and an issue of \$2,200,000 Clemson University Student and Faculty Housing Revenue Bonds, Series E, dated as of July 1, 1967, issued in the form of a single fully registered bond, and having such maturities and terms and conditions as are set forth in the

resolutions of the Trustees; said issues to be secured in the manner set forth in the resolutions adopted by the Trustees on the 17th day of November, 1967, be and the same is hereby accepted.

BE IT FURTHER RESOLVED that upon the delivery of the said bonds to the State Treasurer of the State of South Carolina, for the account of this Board, in its capacity as Trustee aforesaid, payment of the purchase price therefor, viz., par and accrued interest from the date of the delivery of said bonds as established by the certification endorsed thereon, be immediately made without further action of this Board.

Prv Mtg
4-21-67
Ar info

A PRE-RETIREMENT DEATH BENEFIT PROPOSAL

During the past several years there has been increasing emphasis on the provisions of death benefits to members of state retirement systems.

This emphasis reflects the fact that industry in general has for many years offered death benefit protection as part of a well-rounded package of fringe benefits. Since the State, counties, municipalities, and other political subdivisions must compete with industry in attracting and retaining competent employees, experience shows that governmental units have been at a disadvantage in the absence of death benefit protection (to teachers and employees).

The fact that there is not a death benefit provision in the Retirement Act is a great deficiency. If we are to compete on an equal basis with industry and other states, we must include such provision in the law. Consequently, I urge the Board to approve the attached provision.

In order to finance the proposed death benefit, contributions to the System would change as follows:

| <u>For</u> | <u>Employer Contribution</u> <u>As Percentage of Covered Compensation</u> | |
|---------------------|--|-----------|
| | <u>From</u> | <u>To</u> |
| Class Two - State | 7.50% | 8.00% |
| Class Two - Others | 6.50% | 7.00% |
| Class One Employers | 3.98% | 4.48% |

The effective date of the Pre-Retirement Death Benefit amendment would be July 1, 1968, however, the slight increase in the employer contribution would not become effective before July 1, 1969.

SOUTH CAROLINA RETIREMENT SYSTEM

Draft of Amendments
to System to provide
a pre-retirement
death benefit

1. Amend the System by adding a new Section 61-93 to read as follows:

"§ 61-93 Revised Rates to cover Death Benefit. -
Notwithstanding any other provisions of law, effective
July 1, 1968, the rates of employer contributions shall
be revised on the basis of actuarial valuation to reflect
the additional cost resulting from the amendment adding a
death benefit provision effective on July 1, 1968."

2. Amend the System by adding a new Section 61-123 to read as follows:

"§ 61-123 Death Benefit. - Effective July 1, 1968, upon
receipt of proof, satisfactory to the Board, of the death,
in service, of a member who had completed at least one full
year of membership in the System, there shall be paid to
such person as he shall have nominated by written designa-
tion duly acknowledged and filed with the Board, if such
person is living at the time of the member's death, other-
wise to the member's legal representatives, a death benefit
equal to the annual earnable compensation of the member at
the time his death occurs. Such death benefit shall be
payable apart and separate from the payment of the member's
accumulated contributions on his death pursuant to the

- 2 -

provisions of Section 61-114. For purposes of this Section 61-123, a member shall be deemed to be in service at the date of his death if his last day of actual service occurred not more than 90 days before the date of his death; provided that he shall not have retired or applied for a refund of contributions."

The State of South Carolina



Attorney General
DANIEL R. MCLEOD

Attorney General
Columbia

October 19, 1967

af
11/21/67

Honorable P. C. Smith
State Auditor
Hampton Office Building
Columbia, South Carolina

Dear Mr. Smith:

I am enclosing herewith bills for legal services in the amount of \$1,014.40, submitted by Messrs. Belser, Belser & Baker, Attorneys at Law, Columbia, and in the amount of \$1,009.28, submitted by Messrs. Marchant, Bristow & Bates of Columbia.

These bills were submitted in connection with the litigation recently decided by the Supreme Court of South Carolina upholding the validity of the Industrial Bond Act. The State Development Board undertook the procurement of these services and has submitted the bill to me for proof. It is herewith given and is noted on the face of the bills.

The Development Board has heretofore made arrangements for the payment of these bills through the Budget and Control Board.

Very truly yours,

Daniel R. McLeod

Daniel R. McLeod
Attorney General

DRM/mn

Enclosures

SINKLER, GIBBS & SIMONS
ATTORNEYS & COUNSELLORS AT LAW

TELEPHONE 722-3367
AREA CODE 803

HUGER SINKLER
CHARLES H. GIBBS
ALBERT SIMONS, JR.
THEODORE B. GUERARD
G. DANA SINKLER
THOMAS O. BUIST
RUTH WILLIAMS

2 PRIOLEAU STREET
CHARLESTON, S. C. 29402

November 9, 1967

The Honorable Grady L. Patterson, Jr.
Treasurer of The State of South Carolina
122 Hampton Office Building
Columbia, South Carolina

Dear Grady:

Re: \$500,000 Greenville County, South Carolina
Industrial Revenue Bonds-Series 1967 (OX)

I enclose herein a Resolution which I trust will be adopted in connection with the issuance of the above bonds by Oxford Industries, Inc. I would like to have five certified copies of the Resolution following its adoption.

I am also enclosing a copy of the Petition of Greenville County seeking the approval of the State Board. This Resolution will be adopted at a meeting of the Greenville County Board of Commissioners at 2 PM on Friday, November 10th. The fact that the meeting of the State Board takes place at 3:30 PM on the same day makes it impossible for us to get you executed copies of the Resolution in time for your meeting. In due course, duly executed copies will be forwarded.

If the State Board will adopt this Resolution I will take no action thereunder until I have been formally advised by Mr. Riley that the Greenville action was duly taken earlier.

With kind regards,

Sincerely,

Huger

HS:evd

encs.

cc: E. P. Riley, Esquire

1. 312

SINKLER, GIBBS & SIMONS
ATTORNEYS & COUNSELLORS AT LAW

HUGER SINKLER
CHARLES H. GIBBS
ALBERT SIMONS, JR.
THEODORE B. GUERARD
O. DANA SINKLER
THOMAS G. BUIST
RUTH WILLIAMS

TELEPHONE 722-3367
AREA CODE 803

2 PRIOLEAU STREET
CHARLESTON, S. C. 29402

December 21, 1967

Honorable P. C. Smith
State Auditor
Hampton Office Building
Columbia, South Carolina

Dear Pat:

Re: \$500,000 Greenville County
Industrial Revenue Bonds,
Series of 1967 - Oxford

The State Board was very kind to approve the above project on my undertaking to file with you prior to the delivery of the bonds drafts of the Lease and the Indenture. These documents are in conventional form, requiring sufficient rent to discharge the County's obligation on the bonds and to provide for payment in lieu of taxes.

Please file these documents (enclosed herewith) with the Oxford papers.

With best wishes,

Sincerely yours,

Huger

HS:mw
Encs.

original

RESOLUTION

STATE OF SOUTH CAROLINA BUDGET AND CONTROL BOARD

WHEREAS, heretofore the County Board of Commissioners of Greenville County (the County Board), did, pursuant to Act No. 103 of the General Assembly of the State of South Carolina for the year 1967 (the Act), petition the State Budget and Control Board of South Carolina (the State Board) seeking the approval of the State Board to an undertaking by the County Board pursuant to the Act, and

WHEREAS, the proposed undertaking consists of the acquisition from Oxford Industries, Inc. (Oxford) of a parcel of land, aggregating approximately 4.78 acres in Greenville County, located on Green Heron Road near Woodruff Road, together with a warehouse and distribution facility thereon situated, (the Project); and

WHEREAS, the Project is to be leased to Oxford at a rental sufficient to provide for the payment of the bonds of Greenville County hereafter referred to, and costs and expenses resulting from the issuance thereof, and

WHEREAS, in order to finance the Project the County Board proposes to provide for an issue of \$500,000 of Greenville County Industrial Revenue Bonds payable from the rentals derived from Oxford and additionally secured by a Trust Indenture, and

WHEREAS, drafts of the Lease Agreement and Trust Indenture between Greenville County and Oxford have been submitted and considered by this Board,

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

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

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

(b) That the County Board has filed a proper petition to the State Board establishing a reasonable estimate of the cost of the Project, a general summary of the terms and conditions of the Lease and the Trust Indenture to be made by the County Board and has established that Oxford will pay as additional rentals, in lieu of taxes, the sums prescribed by Section 6 of the Act,

(c) That the Project will provide employment in its operation, and will be of benefit to Greenville County and adjoining areas,

(d) That the Project is intended to promote the purposes of the Act and is reasonably anticipated to effect such results.

2. On the basis of the foregoing findings the proposed undertaking of the County Board to acquire the Project, to lease

the same to Oxford and to finance the cost thereof through the issuance of Bonds payable from the revenues to be derived from the operation of the Project and additionally secured by the said Trust Indenture, be and the same is hereby approved.

3. Notice of the action of the State Board in giving approval to the undertaking of Greenville County above-described shall be published in the Greenville News, which is a newspaper having general circulation in Greenville County.

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

NOTICE PURSUANT TO ACT NO. 103 OF
THE ACTS OF THE GENERAL ASSEMBLY
OF SOUTH CAROLINA FOR THE YEAR 1967

Notice is hereby given that following the filing of a Petition by the County Board of Commissioners of Greenville 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, viz.:

The acquisition by the County Board from Oxford Industries, Inc. (Oxford) of a parcel of land, aggregating approximately 4.78 acres in Greenville County; located on Green Heron Road near Woodruff Road, together with a warehouse and distribution facility/^{thereon situated} (the Project). The Project will be leased by the County Board to Oxford. To finance the cost of the acquisition of the Project, the County Board will issue \$500,000 of Greenville County Industrial Revenue Bonds. The bonds of Greenville County will be payable solely from the rentals to be paid to the County by Oxford which has irrevocably covenanted and agreed to pay when due, all sums required for the principal and interest thereon, and such bonds will be additionally secured by a Trust Indenture.

In addition Oxford has agreed to pay as additional rentals to Greenville County, the School District, and all other political units wherein the Project is located, in lieu of taxes, such amounts as would result from taxes levied on the Project by Greenville

County, the said School District, and the said other political units wherein the Project is situate, if the Project were owned by Oxford but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to Oxford if it were the owner of the Project.

Notice is further given that any interested party may at any time within twenty (20) days after the date of the publication of this notice, challenge the validity of the action of the State Board in approving the undertaking of the County Board by action de novo instituted in the Court of Common Pleas for Greenville County.

THE STATE BUDGET AND CONTROL BOARD

BY P. C. SMITH
Secretary

PUBLICATION DATE:

Tuesday, November 14, 1967

SINKLER, GIBBS & SIMONS
ATTORNEYS & COUNSELLORS AT LAW

TELEPHONE 722-3367
AREA CODE 803

HUGER SINKLER
CHARLES H. GIBBS
ALBERT SIMONS, JR.
THEODORE B. GUERARD
D. DANA SINKLER
THOMAS G. BUIST
RUTH WILLIAMS

2 PRIOLEAU STREET
CHARLESTON, S. C. 29402

November 9, 1967

The Honorable Grady L. Patterson, Jr.
Treasurer of The State of South Carolina
122 Hampton Office Building
Columbia, South Carolina

Dear Grady:

Re: \$6,300,000 Greenville County, South Carolina
Industrial Revenue Bonds-Series 1967 (PH)

I enclose herein a Resolution which I trust will be adopted in connection with the issuance of the above bonds by Phillips Fibers Corporation. I would like to have five certified copies of the Resolution following its adoption.

I am also enclosing a copy of the Petition of Greenville County seeking the approval of the State Board. This Resolution will be adopted at a meeting of the Greenville County Board of Commissioners at 2 PM on Friday, November 10th. The fact that the meeting of the State Board takes place at 3:30 PM on the same day makes it impossible for us to get you executed copies of the Resolution in time for your meeting. In due course, duly executed copies will be forwarded.

If the State Board will adopt this Resolution I will take no action thereunder until I have been formally advised by Mr. Riley that the Greenville action was duly taken earlier.

With kind regards,

Sincerely,

Huger

HS:evd
encs.

cc: E. P. Riley, Esquire

319

original

RESOLUTION

STATE OF SOUTH CAROLINA BUDGET AND CONTROL BOARD

WHEREAS, heretofore the County Board of Commissioners of Greenville County (the County Board), did, pursuant to Act No. 103 of the General Assembly of the State of South Carolina, for the year 1967, (the Act), petition the State Budget and Control Board of South Carolina (the State Board) seeking the approval of the State Board to an undertaking by the County Board pursuant to the Act, and

WHEREAS, the proposed undertaking consists of the acquisition from Phillips Fibers Corporation (Phillips) of parcels of land, aggregating approximately 4.3 acres, with rights appurtenant thereto, in Greenville County, now owned by Phillips, together with an industrial manufacturing and research building and other facilities, equipment and improvements situate thereon, together with an office building to be constructed thereon (the Project). The Project is located on I-85 and Ridge Road and near the southwestern intersection of I-85 and U. S. Highway 276; and

WHEREAS, the Project is to be leased to Phillips at a rental sufficient to provide for the payment of the bonds of Greenville County hereafter referred to, and costs and expenses resulting from the issuance thereof, and

WHEREAS, in order to finance the Project the County Board proposes to provide for an issue of \$6.3 million of Greenville County Industrial Revenue Bonds payable from the rentals derived from Phillips and additionally secured by a Trust Indenture with provisions in the proceedings which would permit the issuance of additional bonds, under the conditions therein prescribed, and

WHEREAS, drafts of the Lease Agreement between Greenville County and Phillips, a certain Guaranty Agreement by which Phillips Petroleum Company will unconditionally guarantee the obligations of Phillips, and a Trust Indenture which would be given to further secure the Bonds, have been submitted and considered by this Board,

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

1. It has been found and determined by the State Board:
 - (a) That the statement of facts set forth in the recitals of this Resolution are in all respects true and correct,
 - (b) That the County Board has filed a proper petition to the State Board establishing a reasonable estimate of the cost of the Project, a general summary of the terms and conditions of the Lease and the Trust Indenture to be made by the County Board and has established that Phillips will pay as additional rentals, in lieu of taxes, the sums prescribed by Section 6 of the Act,

(c) That the Project will provide considerable employment in its operation, and will be of benefit to Greenville County and adjoining areas,

(d) That the Project is intended to promote the purposes of the Act and is reasonably anticipated to effect such results.

2. On the basis of the foregoing findings the proposed undertaking of the County Board to acquire and construct the Project, to lease the same to Phillips and to finance the cost thereof through the issuance of Bonds payable from the revenues to be derived from the operation of the Project and additionally secured by the said Trust Indenture, be and the same is hereby approved.

3. Notice of the action of the State Board in giving approval to the undertaking of Greenville County above-described shall be published in the Greenville News, which is a newspaper having general circulation in Greenville County.

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

NOTICE PURSUANT TO ACT NO. 103 OF
THE ACTS OF THE GENERAL ASSEMBLY
OF SOUTH CAROLINA FOR THE YEAR 1967

Notice is hereby given that following the filing of a Petition by the County Board of Commissioners of Greenville 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, viz.:

The acquisition by the County Board from Phillips Fibers Corporation (Phillips) of parcels of land, aggregating approximately 4.3 acres, with rights appurtenant thereto, in Greenville County, now owned by Phillips, together with an industrial manufacturing and research building and other facilities, machinery, equipment and improvements situate thereon, together with an office building to be constructed thereon, (the Project). The Project is located on I-85 and Ridge Road and near the southwestern intersection of I-85 and U. S. Highway 276. The Project will be leased by the County Board to Phillips. To finance the cost of the acquisition and construction of the Project, the County Board will issue \$6.3 million of Greenville County Industrial Revenue Bonds. The proceedings so taken will authorize the issuance of additional bonds under the conditions set forth in said proceedings.. The bonds of Greenville County will be payable solely from the rentals to be paid to the County by Phillips which has irrevocably covenanted and agreed

to pay when due, all sums required for the principal and interest thereon, and such bonds will be additionally secured by a Trust Indenture.

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

All obligations of Phillips have been unconditionally guaranteed by Phillips Petroleum Company.

Notice is further given that any interested party may at any time within twenty (20) days after the date of the publication of this notice, challenge the validity of the action of the State Board in approving the undertaking of the County Board by action de novo instituted in the Court of Common Pleas for Greenville County.

THE STATE BUDGET AND CONTROL BOARD

By P. C. Smith
Secretary

PUBLICATION DATE:

Tuesday, November 14, 1967

THEODORE S. CHAPMAN (1877-1948)
HENRY E. CUTLER (1878-1989)

LAW OFFICES OF
CHAPMAN AND CUTLER

111 WEST MONROE STREET

CHICAGO 60603

RANDOLPH 6-6130

AREA CODE 312

December 4, 1967

AMOS H. WATTS
RALPH F. HUCK
PAUL W. CUTLER
FREDERICK O. DICUS
ROSCOE C. NASH
WILLIAM H. SHORT
ROBERT S. BURROWS
LYMAN L. MITCHELL
JOHN A. VANDER VRIES
JOHN A. CUTLER
BRUCE L. MOORE
NORMAN R. GENUINO
DEY W. WATTS
JOHN A. MORRIS
FRANK J. MOONEY

KEVIN LANDIS
MARTIN W. HUMFORD
WILFRED A. MOLDENHAUER
WILLIAM C. WELCH
ROBERT W. SHARP
GEORGE D. RAMSPECK
PETER F. COLADARO
JAMES K. ZARTMAN
RICHARD G. FORWARD
JOHN B. HUCK
DAVID TALLANT, JR.
DAVID H. NELSON
ABBEY BLATTBERG
DONALD H. MURPHY
PHILLIP H. HOLM

WILBERT R. SCHULTZ
WALTER C. ANUTSON
HERBERT H. HANSEN
WALLACE BECKER
THOMAS W. KEENAN
LEE A. BOYE
JERRY M. REINSDORF
KENNETH J. VAUGHAN
JAMES A. MALAND
WILLIAM H. TAYLOR
JESS K. WELLS
JOHN B. KEMP
MARVIN W. LEITER
GEORGE PITT
HOWARD H. HUSH
DUNCAN J. LANUM

CHARLES R. CARLSON
LARRY ELKINS
ROBERT V. LEWIS
DAVID G. WILLIAMS
STEVEN T. ANDERSON
GERALD M. PENNER
DANIEL J. KUCERA
JOHN M. DIXON
KENNETH R. M. THOMPSON
RICHARD W. VETTER
JOHN A. WARD
MICHAEL W. FORD
C. ROBERT FOLTZ
VOYLE C. WILSON
JOHN R. MONSON

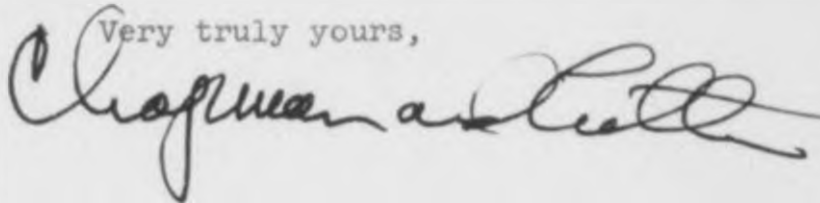
P.
Mr. C. Smith, State Auditor
State of South Carolina
Wade Hampton Office Building
Columbia, South Carolina

Re: Greenville County, South Carolina
\$6,300,000 County Industrial Building
Revenue Bonds, Series 1967 (Phillips)

Dear Mr. Smith:

At the request of Huger Sinkler of Sinkler, Gibbs
& Simons, we enclose one copy each of the forms of lease and
trust indenture.

Very truly yours,



HHHansen/cjm
Encs.
Air Mail

CC: Huger Sinkler, Attorney at Law
Sinkler, Gibbs & Simons
2 Prioleau Street
Charleston, South Carolina 29402

GREENVILLE COUNTY, SOUTH CAROLINA

TO

PHILLIPS FIBERS CORPORATION

LEASE

DATED AS OF NOVEMBER 1, 1967

I N D E X

ARTICLE I Definitions

1.01

ARTICLE II Use of Leased Premises and Compliance with Laws

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2.02. Compliance with Laws

2.03. Permitted Contests

ARTICLE III Term

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3.02. Renewal Option

3.03. Issuance of the Series 1967 Bonds

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4.02. Advance Payment of Rent

4.03. Additional Rent

4.04. Net Lease

ARTICLE V Rent Absolute; State of Title

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5.02. No Termination for Insolvency, etc., of Lessor

5.03. Waiver of Rights by Lessee

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5.05. No Conveyance of Title by Lessor

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6.02. Taxes and Other Governmental Charges

6.03. Utility Services

6.04. Fees and Expenses of Trustee

ARTICLE VII Indemnification and Non-Liability of Lessor

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- 8.01. Insurers
- 8.02. Fire and Extended Coverage
- 8.03. Boiler Coverage
- 8.04. Public Liability
- 8.05. Loss Payable; Modification of Policies
- 8.06. Evidence of Existence
- 8.07. Adjustment of Claims
- 8.08. Blanket Policies

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- 9.01. Maintenance of Facilities
- 9.02. Lessor not Required to Repair

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- 10.02. Proceeds, Awards Assigned to Trustee
- 10.03. Lessee to Rebuild or Repair
- 10.04. Lessee may Terminate Lease and/or Purchase Leased Premises.
- 10.05. Condemnation of Less Than Material Part of Leased Premises
- 10.06. Amounts Remaining Paid to Trustee or Lessee

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- 11.01. Additions, Alterations, Improvements and New Construction
- 11.02. Additions, Alterations to Become Property of Lessor
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- 12.02. Merger, Consolidation or Transfer of Assets by Lessee
- 12.03. Collection of Rent from Others No Release of Lessee

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Permitted Contests

- 13.01. Performance of Lessee's Obligations by Lessor
- 13.02. Permitted Contests

ARTICLE XIV Events of Default; Termination

- 14.01.

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- 15.01.

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- 16.01.

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- 18.01. Change in Circumstances
- 18.02. Purchase Price in Certain Events
- 18.03. Option to Purchase by Third Party Beneficiary
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- 19.01. Title
- 19.02. Charges Incident to Conveyance
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- 20.01. Waiver of Statutory Rights
- 20.02. Non-Waiver by Lessor
- 20.03. Remedies Cumulative
- 20.04. Surrender of the Leased Premises
- 20.05 Acceptance of Surrender
- 20.06. Estoppel Certificate by Lessee
- 20.07. No Claims Against Lessor
- 20.08. Applicable Law; Entire Understanding
- 20.09. Severability
- 20.10. Notices and Demands
- 20.11. Headings and References
- 20.12. Successors and Assigns
- 20.13. Multiple Counterparts
- 20.14. No Merger of Estates
- 20.15. Recording
- 20 16. Amendments to Lease

SCHEDULE A

SCHEDULE B

SCHEDULE C

LEASE GUARANTY AGREEMENT

LEASE

This Lease made and entered into as of this 1st day of November, 1967, by and between Greenville County, South Carolina (hereinafter called "Lessor"), and Phillips Fibers Corporation, a corporation organized and existing under the laws of the State of Delaware, with its principal office at Greenville, South Carolina, and duly authorized to conduct business in the State of South Carolina (hereinafter called "Lessee"),

WITNESSETH:

WHEREAS Lessor, pursuant to the provisions of Act No. 103 of the Acts and Joint Resolutions of South Carolina, 1967 (the "Act"), is authorized to acquire, own, lease and dispose of properties in order to promote industry and develop trade by inducing manufacturing and commercial enterprises to locate in or remain in the State of South Carolina and further the use of its manpower, agricultural products and natural resources, and is vested with all powers that may be necessary to enable it to accomplish such purposes, which powers shall in all respects be exercised for the benefit of the inhabitants of the State of South Carolina, for the increase of its commerce and for the promotion of its welfare and prosperity; and

WHEREAS in order to induce Lessee to locate, remain and continue to expand its investments in the State of South Carolina, Lessor will acquire from Lessee, as a part of this same transaction, certain real property in Greenville County, South Carolina, together with an industrial manufacturing and research building and other facilities, machinery, equipment and improvements situated thereon, together with an office building to be constructed thereon, and will lease the real property, buildings, machinery, equipment and other facilities and improvements to Lessee on the terms and conditions hereof; and

WHEREAS to obtain funds for such purposes Lessor will issue and sell Six Million Three Hundred Thousand Dollars (\$6,300,000) principal amount of its County Industrial Building Revenue Bonds, Series 1967 (Phillips), dated as of November 1, 1967 (herein sometimes referred to as the "Series 1967 Bonds"), to be secured by and to contain such terms and provisions as are set forth in that certain Indenture of Mortgage and Deed of Trust (the "Indenture") dated as of November 1, 1967, between Lessor and The South Carolina National Bank of Charleston, as Trustee (the "Trustee"), and the proceeds from the sale of the Bonds shall be deposited with the Trustee and disbursed in the manner and for the purposes set forth in the Indenture, all as more fully provided therein:

NOW, THEREFORE, Lessor for and in consideration of the payments herein stipulated to be made by Lessee, and the covenants and agreements herein contained to be kept and performed by Lessee, does by these presents demise, lease and let unto Lessee, for the term and upon the conditions herein stated, the premises described in Schedule A hereto, together with the industrial research and manufacturing building and other facilities located or to be constructed thereon and appurtenances thereto, including the machinery and equipment installed therein described in Schedule B hereto (provided, that in the performance of the agreements of Lessor herein contained, any obligation it may thereby incur for the payment of money shall not be a general debt on its part or a charge against its general credit or taxing power but shall be payable solely out of the proceeds derived from this agreement, the sale of the bonds referred to in Section 3.03 hereof and the insurance and condemnation awards as herein provided):

ARTICLE I

Definitions

Section 1.01. In addition to the words and terms elsewhere defined in this Lease, the following words and terms as used in this

Lease shall have the following respective meanings unless the context or use requires another or different meaning or intent:

"Act" shall mean Act No. 103 of the Acts and Joint Resolutions of South Carolina, 1967.

"Additions or Alterations" shall mean improvements, replacements, alterations, relocations, additions, enlargements or expansions, in, on or to the Leased Premises and any and all machinery and equipment therefor.

"Basic Rent" shall mean the rent set forth in Schedule C hereto.

"Bonds" shall mean the Bonds of Lessor from time to time issued and outstanding under the Indenture.

"Facilities" shall mean the industrial manufacturing and research building, the office building and the machinery, equipment, improvements and Additions or Alterations from time to time leased hereunder.

"Indenture" shall mean the Indenture of Mortgage and Deed of Trust dated as of November 1, 1967, as from time to time supplemented and amended, entered into by Lessor and The South Carolina National Bank of Charleston, in the City of Columbia, South Carolina.

"Original Term" shall mean the 25 year term described in Section 3.01.

"Series 1967 Bonds" shall mean the \$6,300,000 principal amount of County Industrial Building Revenue Bonds, Series 1967 (Phillips), from time to time issued and outstanding under the Indenture.

"Term" shall mean the Original Term and any additional terms.

"Trustee" shall mean The South Carolina National Bank of Charleston, as Trustee, or its successor, from time to time under the terms of the Indenture.

"Leased Premises" shall mean the Facilities together with the premises described in Schedule A hereto.

ARTICLE II

Use of Leased Premises and Compliance with Laws

Section 2.01. Primary Use. Lessee is granted and shall have the right during the Term to occupy and use the Leased Premises for any lawful purpose. Insofar as it is practicable under existing conditions from time to time during the Term the Leased Premises shall be used primarily for industrial manufacturing, processing, research or related functions. Lessor agrees that it will use all reasonable efforts to insure that such uses are and will continue to be lawful uses under all applicable zoning laws and regulations.

Section 2.02. Compliance with Laws. Subject to the provisions of Section 2.03, Lessee shall, throughout the Term and at no expense to Lessor, promptly comply or cause compliance with all laws, ordinances, orders, rules, regulations and requirements of duly constituted public authorities, which may be applicable to the Leased Premises, the repair and alterations thereof, including, without limitation, the Facilities and the streets, sidewalks and passageways on the Leased Premises, and the use or manner of use of the Leased Premises, whether or not such laws, ordinances, orders, rules, regulations and requirements are foreseen or unforeseen, ordinary or extraordinary, and whether or not they shall involve any change of governmental policy or shall require structural or extraordinary repairs, alterations or additions, irrespective of the cost thereof, provided, however, that if no Bonds of Lessor are outstanding, Lessee, in lieu of compliance with such laws, ordinances, orders, rules, regulations and requirements, or the making of such additions, changes or alterations, may elect to terminate this Lease, and in such event, shall have no further liability hereunder. Lessee accepts the Leased Premises in their condition on the date of the commencement of the Term, and assumes all risks, if any, resulting

from any present or future, latent or patent defects therein or from the failure of the Leased Premises to comply with all requirements applicable thereto.

Section 2.03. Permitted Contests. Lessee shall not be required to comply or cause compliance with such laws, ordinances, orders, rules, regulations or requirements if, in the good faith opinion of Lessee, the Leased Premises are in no danger of being forfeited or lost by such failure to comply, so long as Lessee shall in good faith, after prior written notice to Lessor, at Lessee's expense, contest the same or the validity thereof by appropriate proceedings and shall make such arrangements as, in the opinion of Lessor, will adequately secure Lessor against loss by reason of such failure to comply; provided, that Lessee shall diligently prosecute such contest and at all times effectively stay or prevent any forfeiture or loss of the Leased Premises. Such contest may be made by Lessee in the name of Lessor or of Lessee, or of any sub-lessee of Lessee, or any or all of them, as Lessee shall determine, and Lessor agrees that it will at Lessee's expense, cooperate with Lessee in any such contest to such extent as Lessee may reasonably request. It is understood, however, that Lessor shall not be subject to any liability for the payment of any costs or expenses in connection with any such proceeding brought by Lessee, and Lessee covenants to save Lessor harmless from any such costs or expenses, and Lessee shall promptly comply with any valid final judgment enforcing any such law, ordinance, rule, regulation or requirement.

ARTICLE III

Term

Section 3.01. Original Term. Subject to the provisions herein contained, this Lease shall be in full force for an Original Term of twenty-five (25) years, commencing on the first day of November, 1967, and ending at midnight on October 31, 1992.

Section 3.02. Renewal Option. This Lease shall, upon the expiration of the Original Term, be automatically renewed or extended for not exceeding ten (10) additional terms of five years each unless notice be given in writing by Lessee at least 180 days before the end of the Original Term, or any renewal term, of its intention to terminate the Lease at the end of such term, in which event this Lease shall terminate in accordance with such notice. All such renewal terms shall be upon the terms and conditions herein specified except that the rental shall be paid on November 1 of each year during any such renewal term and the amount to be paid on each such rental payment date shall be \$135,000.

Section 3.03. Issuance of the Series 1967 Bonds. Upon the execution of this Lease, Lessor shall enter into the Indenture with the Trustee and forthwith issue its Series 1967 Bonds as provided therein. The proceeds from the sale of the Series 1967 Bonds shall be deposited with and held and disbursed by the Trustee in accordance with the Indenture.

ARTICLE IV

Rent

Section 4.01. Basic Rent. Lessee will pay to the Trustee for the account of Lessor the Basic Rent for the periods, in the amounts and at the times set forth in Schedule C. The Basic Rent shall be absolutely net to Lessor, free of any taxes, costs, liabilities, or other deduction whatsoever with respect to the Leased Premises and the maintenance, repair, rebuilding, use or occupation thereof, or of any portion thereof, so that this Lease shall yield the Basic Rent net to Lessor throughout the Original Term.

Section 4.02. Advance Payment of Rent. Lessee may, at any time, at its option, pay in advance any instalment or instalments of Basic Rent to come due hereunder. The entire amount of any such advance payments shall at the request of Lessee (but not otherwise) be used by Lessor on the next succeeding redemption date or dates at which Bonds may be redeemed at the option of Lessor, to redeem such outstanding Bonds at the principal amount thereof, accrued interest to the date

or dates of redemption and the premium or premiums applicable in the case of the redemption of such Bonds at the option of Lessor. If less than all of the Bonds outstanding and unpaid at the time of such redemption shall be redeemed, the Basic Rent to be paid by Lessee over the remainder of the Original Term shall be reduced as provided in Schedule C. Upon retirement of all of the Bonds both as to principal and interest, the remaining portion of the Original Term shall be regarded as the "paid up period" thereof, and Lessee shall have no further obligation to pay Basic Rent during such paid up period of the Original Term. When all of the Bonds shall have been paid in full, any money remaining in the various accounts created by the Indenture shall be paid to Lessee as an adjustment of rentals if it shall then be in good standing under the Lease with respect to the payment of rent and all other sums due and owing hereunder.

Section 4.03. Additional Rent. Lessee will pay, as additional rent, all other amounts, liabilities and obligations which Lessee herein assumes or agrees to pay, except that the liquidated damages referred to in Sections 17.02 and 17.03 shall not constitute additional rent. In the event of any failure on the part of Lessee to pay any such amounts, liabilities or obligations, Lessor shall have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of the Basic Rent.

Section 4.04. Net Lease. This Lease is a "net lease" and the Basic Rent, additional rent and all other sums payable hereunder to or for the account of Lessor, whether as the purchase price for the Leased Premises or otherwise, shall be paid, without notice or demand and without set-off, counterclaim, abatement, suspension, deduction, diminution or defense.

ARTICLE V

Rent Absolute; State of Title

Section 5.01. No Termination or Abatement for Damage or Destruction, Etc. Except as otherwise expressly provided herein this

Lease shall not terminate, nor shall Lessee have any right to terminate this Lease or be entitled to the abatement of any rent or any reduction thereof, nor shall the obligations hereunder of Lessee be otherwise affected by reason of any damage to or the destruction of all or any part of the Leased Premises from whatever cause, the loss or theft of the Facilities or any part thereof, the taking of the Leased Premises or any portion thereof by condemnation or otherwise, the prohibition, limitation or restriction of Lessee's use of the Leased Premises, or the interference with such use by any private person or corporation, or by reason of any eviction by paramount title or otherwise, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding.

Lessee acknowledges that Lessor has made no representations as to the condition or manner of construction of the Facilities. Lessee also agrees that it will at its expense observe all requirements of all instruments recorded at date of the commencement of the Term and in any instrument recorded thereafter lawfully affecting the Leased Premises. This Lease shall not terminate, nor shall Lessee have any right to terminate this Lease, or be entitled to the abatement of any rent or any reduction thereof, nor shall the obligations hereunder of Lessee be otherwise affected by reason of the condition of the Leased Premises, or by reason of any failure to complete the construction and equipment of the Facilities. As provided by the Act, Lessee agrees, at its own expense and without diminution of the rents and other amounts required to be paid by the Lessee hereunder, to effect the completion of the Facilities if the proceeds of the Series 1967 Bonds prove insufficient therefor.

The obligations of Lessee to make the payments required in Article IV shall be absolute and unconditional. Until such time as the principal of and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, Lessee (1) will not suspend or discontinue any payments provided for in Article IV hereof, (11) will perform

all of its other agreements contained in this Lease and (iii) except as provided in Articles X and XVIII will not terminate this Lease for any cause including, without limiting the generality of the foregoing, failure of Lessor to complete the Facilities, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Facilities, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of South Carolina or any political subdivision thereof.

Section 5.02. No Termination for Insolvency, etc., of Lessor.

Lessee covenants that it will remain obligated under this Lease in accordance with its terms, and that Lessee will not take any action to terminate, rescind or avoid this Lease, notwithstanding the bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding-up or other proceeding affecting Lessor or any assignee of Lessor in any such proceeding, notwithstanding any action with respect to this Lease which may be taken by any trustee or receiver of Lessor or of any assignee of Lessor in any such proceeding, or by any court in any such proceeding.

Section 5.03. Waiver of Rights by Lessee. So long as any part of the Bonds is outstanding and unpaid, Lessee waives all rights now or hereafter conferred by law (i) to quit, terminate or surrender this Lease or the Leased Premises or any part thereof, or (ii) to any abatement, suspension, deferment or reduction of the Basic Rent or additional rent or any other sums payable under this Lease, except as otherwise expressly provided herein, regardless of whether such rights shall arise from any present or future constitution, statute or rule of law.

Section 5.04. Title. The Leased Premises are leased subject to the existing state of the title thereof on the first day of the Term. Lessee is familiar with the state of the title of the Leased Premises and accepts the same subject to all matters and conditions affecting the same.

Section 5.05. No Conveyance of Title by Lessor. Lessor covenants and agrees during the Term that it will not convey or suffer or permit the conveyance of, by any voluntary act on its part, its title to the Leased Premises or any interest therein, without the written consent of Lessee, and irrespective of whether any such conveyance or attempted conveyance shall recite that it is expressly subject to the terms of this Lease; provided, however, that nothing herein shall restrict the transfer of the Leased Premises in accordance with any terms of the Indenture.

ARTICLE VI

Taxes and Other Charges

Section 6.01. Payment by Lessee - General. Lessee agrees, subject to Section 13.02, to pay as additional rent when due each and every cost and obligation of every nature, foreseen or unforeseen, and all taxes, assessments and charges of any kind or nature, for the payment of which Lessor or Lessee shall become liable by reason of estate or interest in the Leased Premises or any portion thereof, or in any manner connected with the maintenance, repair, rebuilding, use or occupancy of the Leased Premises or in any manner related to this transaction or any document to which Lessee is a party creating or transferring an interest or an estate in the Leased Premises. Lessee further agrees to save Lessor harmless from and to indemnify it against any and all such costs, obligations, taxes, assessments and charges.

Section 6.02. Taxes and Other Governmental Charges. In addition, Lessee shall make payments to Greenville County, South Carolina and to the school district or school districts and other political units wherein the Leased Premises are located in lieu of taxes, in such amounts as would result from taxes levied on the Leased Premises by such county, school district or school districts, and other political units if the Leased Premises were owned by Lessee,

but with appropriate reductions similar to the tax exemptions, if any, which would be afforded Lessee if it were the owner of the Leased Premises. For the sole purpose of enabling Lessee to comply with the aforesaid obligation it is agreed that Lessor in cooperation with Lessee (i) shall cause the Leased Premises to be valued as if privately owned as aforesaid for purposes of the said taxes by the appropriate officer or agency; (ii) shall cause to be appropriately applied to the valuation or valuations so determined the respective rate or rates of such taxes that would be applicable to the Leased Premises if owned by Lessee; and (iii) shall cause the respective appropriate officer or officers charged with the duty of levying and collecting such taxes to submit to Lessee, when the respective levies are made for purposes of such taxes upon property privately owned as aforesaid, a statement specifying the amount and due date or dates of such taxes which the county, school district and other political units would receive if such property were so privately owned. Lessee agrees to pay to the aforesaid taxing authorities annually when due, as additional rent, the sums hereinabove required to be paid to the aforesaid taxing authorities, subject in each case to Lessee's rights as set forth in Section 13.02 to contest the validity or amount of Lessee's obligation to make such payments.

Section 6.03. Utility Services. Lessee shall pay all utility and other charges in connection with the Leased Premises.

Section 6.04. Fees and Expenses of Trustee. Lessee shall pay all of the fees and expenses of the Trustee and any paying agents acting under the Indenture.

ARTICLE VII

Indemnification and Non-Liability of Lessor

Section 7.01. Lessee agrees that it will at all times protect and hold Lessor harmless against claims for losses, damages

or injury, including death of or injury to the person or damage to the property of others, arising during the Term upon the Leased Premises; and Lessor shall not be liable for any damage or injury arising during the Term to the person or property of Lessee or its officers, agents, servants or employees or any other person who or which may be upon the Leased Premises, due to any act or negligence of any person other than Lessor, its officers, agents, servants and employees.

ARTICLE VIII

Insurance

Section 8.01. Insurers. All insurance provided for in this Article shall be effected under valid and enforceable policies issued by insurers of recognized responsibility.

Section 8.02. Fire and Extended Coverage. Lessee shall, at its expense, keep the Facilities insured against loss or damage by fire, lightning, windstorm, explosion, aircraft, smoke damage, vehicle damage, sprinkler leakage and such other risks as are covered under uniform standard extended coverage endorsement in amounts that are not less than the full insurable value of the Facilities. The term "full insurable value", as used in this Lease, means the actual replacement value less actual physical depreciation. Any such policy may provide that the insurer is not liable to the extent of the first \$100,000 of any loss.

Section 8.03. Boiler Coverage. Lessee shall, at its expense, maintain steam boiler explosion insurance in an amount at least equal to \$200,000 (with deductible provisions not to exceed \$25,000 for each loss or casualty) with respect to all boilers installed in the Facilities.

Section 8.04. Public Liability. Lessee shall, at its expense, maintain general public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Leased

Premises and the adjoining streets, sidewalks and passageways, such insurance to afford protection to Lessor with limits of liability of \$300,000 with respect to bodily injury or death to any one person, \$1,000,000 with respect to any one accident, and \$100,000 with respect to property damage. Any such policy may provide that the policy does not cover the first \$100,000 of liability.

Section 8.05. Loss Payable; Modification of Policies. Except as provided in Section 8.06, all policies of insurance required by Sections 8.02 and 8.03 shall provide that the proceeds of such insurance shall be payable to Lessor and Lessee as their respective interests may appear, provided, however, that notwithstanding the provisions hereinafter set forth, in the case of any particular casualty resulting in loss or damage not exceeding \$100,000 in the aggregate, the proceeds of such insurance shall in all such cases be payable to Lessee. The policies of insurance required by this Article shall contain an undertaking by the respective insurers, to the extent obtainable, that such policies shall not be modified or canceled without at least 10 days' prior written notice to Lessor and Lessee. Not less than 10 days prior to the expiration dates of the policies, certificates of insurance from the insurers evidencing the existence of renewal policies shall be deposited with the Trustee, or in lieu thereof, Lessee may elect to supply Lessor with a written statement executed by a Vice President of Lessee confirming the existence of such renewal policies and the coverage, expiration dates and policy numbers thereof.

Section 8.06. Evidence of Existence. So long as any part of the Bonds remains outstanding and unpaid, the policies of insurance described in Sections 8.02 and 8.03 shall be payable to the Trustee under the Indenture as the interest of such Trustee may appear, subject to the provisions in Section 8.05 that the proceeds of such insurance shall be payable to Lessee in the case of any particular

casualty resulting in loss or damage not exceeding \$100,000 in the aggregate. Certificates from the insurers evidencing the existence of all policies required by this Article shall be filed with the Trustee, or in lieu thereof, Lessee may elect to supply Lessor with a written statement executed by a Vice President of Lessee confirming the existence of such policies and the coverage, expiration dates and policy numbers thereof. All such policies shall contain provisions for notice to the Trustee prior to modification or cancelation thereof similar to that required by Section 8.05, and shall, to the extent obtainable, provide that any loss shall be payable to the Trustee notwithstanding any act or negligence of Lessee which might otherwise result in a forfeiture of said insurance.

Section 8.07. Adjustment of Claims. Any claims under the policies of insurance described in this Article shall be adjusted by and at the cost of Lessee, provided that Lessor shall have the right to join Lessee in adjusting any such claims.

Section 8.08. Blanket Policies. Nothing in this Article shall prevent Lessee from including the insurance required by the provisions of this Article within one or more "blanket" policies of insurance; provided, however, that either (i) any such policy of "blanket" insurance shall specify therein, or (ii) Lessee shall furnish the Trustee with a written statement executed by a Vice President of Lessee specifying therein the amount and type of the total insurance allocated to the Facilities; and provided further, that in no event shall the insurance coverage provided under any such "blanket" policy and applicable to the Facilities be less than the amount and type of coverage otherwise hereinabove required to be provided by Lessee pursuant to the provisions of this Article.

ARTICLE IX

Maintenance and Repair

Section 9.01. Maintenance of Facilities. Lessee at its expense will keep and maintain the Facilities in good and lawful order and condition, wear and tear from reasonable use excepted.

Section 9.02. Lessor Not Required to Repair. Lessor shall not be required to rebuild or to make any Additions or Alterations of any nature or description to the Leased Premises or to make any expenditure whatsoever in connection with this Lease or to maintain the Leased Premises in any way. Lessee expressly waives the right contained in any law now or hereafter in effect to make any repairs at the expense of Lessor.

Lessee will not create or permit to be created any nuisance in, upon or about the Leased Premises and will not cause or permit or suffer any waste thereto.

Lessee, by keeping and performing the covenants and agreements on its part herein contained, shall at all times during the Term, peaceably and quietly, have, hold and enjoy the Leased Premises without suit, trouble or hindrance from Lessor or its successors or assigns.

ARTICLE X

Casualty; Condemnation

Section 10.01. No Abatement of Rent. In the event of damage to or destruction of all or any part of the Leased Premises or the taking of all or part of such premises by the exercise of eminent domain or condemnation during the Original Term hereof, there shall be no abatement or reduction in the Basic Rent or other obligations of Lessee, except as herein expressly provided.

Section 10.02. Proceeds, Awards Assigned to Trustee. Subject to the provisions of Section 8.05, Lessor and/or Lessee will pay over or cause to be paid over to the Trustee, promptly when collected or

received, any insurance proceeds and the entire amount of the award or compensation or damages recovered on account of each and every such taking or condemnation, (which shall include any portion of any award that shall be made to Lessee by reason of its leasehold estate) less any expenses, including counsel fees, incurred by Lessor and Lessee in litigating, arbitrating, compromising or settling any claims arising out of such condemnation.

Section 10.03. Lessee to Rebuild or Repair. Subject to the provisions of Sections 10.04 and 10.05, Lessee shall rebuild, reconstruct, restore, replace and repair the Leased Premises so as to restore, insofar as may be practicable, the same to substantially the same condition as existed immediately prior to such event of casualty or condemnation. In such event the money received by the Trustee as proceeds of any insurance carried upon the Facilities or the net proceeds of any award or compensation for the damages recovered on account of such taking or condemnation shall be paid over to Lessee, at Lessee's election, either upon completion of repairs, restoration, reconstruction, or re-equipping of the Facilities or periodically as same progresses (but limited to the then cost thereof) to reimburse or pay Lessee for expenditures made for the purpose of rebuilding, reconstructing, restoring, replacing and repairing the Facilities or for the purpose of reconstructing or replacing any of the Facilities, suitable for the needs and use of Lessee as it may elect, upon compliance with the provisions of Section 6.01 of the Indenture and the receipt by the Trustee of the certificates and instruments provided for in said Section 6.01; provided, however, that the sums so paid by the Trustee shall in no event exceed the total cost of such repair, restoration, reconstruction, re-equipping, construction or replacements, nor shall they exceed the aggregate amount received by the Trustee as net proceeds of any insurance or condemnation award. Such certificates shall confirm that there are or will be no liens or encumbrances on the Leased Premises as a result of such repair, restoration, reconstruction,

re-equipping, construction or replacements after such payments shall have been received by Lessee.

Section 10.04. Lessee May Terminate Lease and/or Purchase Leased Premises. In lieu of the obligation of Lessee to restore the Leased Premises, Lessee may elect to receive credit for the entire net award in condemnation or the entire insurance proceeds paid to Lessor and the Trustee by having the same applied as advance payment of Basic Rent on the terms set forth in Section 4.02, but such election shall be available to Lessee only if the net amount of condemnation award or casualty insurance proceeds to be so applied, together with other advance payments by Lessee under Section 4.02 then on deposit in accounts created under the Indenture, shall equal the entire principal amount of the Bonds then outstanding together with interest accrued and to accrue thereon to the next succeeding redemption date or dates on which the Bonds may be redeemed at the option of Lessor, plus all applicable redemption premiums; and if Lessee shall then be in good standing hereunder with respect to the payment of rent, and has paid Lessor and the Trustee all other sums due and owing hereunder, Lessee shall have the further rights arising from such advance payment either to give notice of termination of this Lease effective on such redemption date or to purchase the Leased Premises and receive credit for such advance payment against the purchase price referred to in Section 18.02 effective on such redemption date, and thereupon Lessee shall be entitled to conveyance of any of the Leased Premises which shall not have been taken or destroyed.

Section 10.05. Condemnation of Less than Material Part of Leased Premises. In the event that any portion of the Leased Premises shall be taken by condemnation and the taking thereof does not in the sole judgment of Lessee interfere with the operations then being

performed on the Leased Premises by Lessee and does not impair the capacity or design of same, the net proceeds of any such award, at the election of Lessee, shall be deposited with the Trustee under the Indenture and used for the retirement of Bonds prior to maturity, and in such event, Lessee shall not have any duty to rebuild, reconstruct, restore, replace and repair the Leased Premises, notwithstanding the provisions of Section 10.03 hereof.

Section 10.06. Amounts Remaining Paid to Trustee or Lessee.

If after completion of restoration as provided by Section 10.03 there remains any portion of casualty insurance proceeds or condemnation award not required for the reimbursement of Lessee, the balance shall be transferred to the Bond Redemption Account in the manner and amounts provided in Section 5.01 of the Indenture; provided, however, that notwithstanding any other provision of this Article, in any event of damage or destruction or condemnation when no Bonds are then outstanding and unpaid there shall be no obligation on the part of Lessee to restore or repair the Leased Premises, and any such award or insurance proceeds shall, after payment of collection expenses, be paid over to Lessee if Lessee is then in good standing with respect to the payment of rent hereunder and shall have paid Lessor and the Trustee all other sums due and owing hereunder.

ARTICLE XI

Additions, Alterations, Improvements, Replacements and New Construction; Improvement Bonds

Section 11.01. Additions, Alterations, Improvements and New Construction. Lessee shall not make any changes in the exterior walls, foundations or structural components of the Facilities that in the good faith opinion of Lessee will materially damage the basic structure or materially lessen the value of the Facilities; provided, that subject to such restriction and the other provisions of this Lease, Lessee

shall have the right at its own expense during the Term to make Additions or Alterations of or to the Facilities and to erect or install in or on the Facilities any structures, equipment, machinery or other apparatus. Lessee shall have the right at any time and from time to time during the term of this Lease to make Additions or Alterations to the Leased Premises, structural or otherwise, and to erect any additional building or buildings and to remodel the Facilities from time to time as it in its discretion may determine to be desirable for its uses and purposes, provided that such remodeling shall not damage the basic structure of the then existing Facilities or materially decrease their value, with no obligation to restore or return the Facilities to their initial condition, but the cost of such new building or buildings and Additions and Alterations and remodeling shall be paid for by it and upon the expiration or termination of this Lease shall belong to and be the property of Lessor, subject, however, to the right of Lessee to remove from the Leased Premises at any time before the expiration or termination of this Lease and while it is in good standing with reference to the payment of rent and the performance of its other obligations hereunder all Additions or Alterations which can be removed without material damage to the Facilities or if they cannot be removed without such damage then provided that Lessee repairs any damage caused by such removal. Lessee shall repair all damage caused by changes or removals pursuant to this Article.

Section 11.02. Additions, Alterations to Become Property of Lessor. All Additions or Alterations introduced upon the Leased Premises by Lessee that are not removed by Lessee prior to expiration of this Lease as provided in Section 11.01 shall become the property of Lessor and shall be surrendered to Lessor upon any termination of the Term unless an option to purchase has been exercised pursuant to the provisions of this Lease.

Section 11.03. Removals, Replacements and Substitutions.

Lessee may remove from the Leased Premises from time to time any improvements (which term for the purposes of this Lease shall include without limiting the generality of such term, roads, streets, sidings, foundations, tanks, structures, pipes, pipelines, reservoirs, utilities, materials, equipment, fixtures, machinery, furniture, furnishings, and other improvements, instrumentalities and other real, personal and mixed property of every kind except land or interests therein, whether above or below ground level) and thereby acquire ownership thereof free and clear of this Lease in any case where (i) such improvements are replaced, or substitution therefor is made directly or indirectly, by improvements then having equivalent or greater value, utility or efficiency, or (ii) such improvements are, in the opinion of Lessee, worn out, unserviceable, undesirable or not useful in the operation of the Leased Premises so that the removal thereof, after giving effect to any replacement or substitution therefor, will not materially impair the efficiency of the Leased Premises or reasonable ingress and egress in connection therewith. Such reasonable ingress and egress shall include, without limiting the generality of such terms, reasonable ingress and egress for persons, trucks, and vehicles. Not later than 60 days following the making of each Basic Rent payment during the Original Term, Lessee shall furnish to Lessor and the Trustee a written report of a qualified engineer (who may be an employee of Lessee) selected by Lessee and approved by Lessor and the Trustee (which approvals shall not be unreasonably withheld) summarizing the action taken by Lessee pursuant to this Section 11.03 during the period covered by such payment and such report shall be accompanied by appropriate documents conveying title to the substituted property to Lessor subject, however, to

the provisions of this Lease. In the event such removal causes damage to existing buildings or structures not being removed, restoration and repair of such damage shall be made at the cost and expense of Lessee.

Section 11.04. Improvement Bonds. Subject to the obligations of Lessor under the Indenture, Lessor and Lessee may hereafter negotiate one or more amendments to this Lease pertaining to an increase in the obligations of both of said parties upon an undertaking of Lessor to provide Additions or Alterations for the Facilities through the issuance of additional Bonds pursuant to Section 3.03 of the Indenture; provided, that no obligation is imposed on Lessor by this Section 11.04 to enter into any such amendment and no such amendment is permitted hereunder which would result either in the breach of Lessor's agreements pursuant to the Indenture or in the reduction of Lessee's obligations pursuant to this Lease.

ARTICLE XII

Subletting, Assignments and Mortgaging

Section 12.01. Continuing Obligation of Lessee. Lessee may assign this Lease or sublet the Leased Premises or any part thereof upon written notice to Lessor and the Trustee provided that no assignment, transfer or sublease shall affect or reduce any of the obligations of Lessee hereunder, but all obligations of Lessee hereunder shall continue in full force and effect as the obligations of a principal and not of a guarantor or surety. So long as any Bonds of Lessor are outstanding and unpaid either as to principal or interest, neither this Lease nor the Term hereby let and demised shall be mortgaged, nor shall Lessee mortgage, assign or pledge the interest of Lessee in and to any sublease or the rentals payable thereunder, unless such mortgage, assignment or pledge is made expressly subject to the terms of this Lease and the Indenture.

Section 12.02. Merger, Consolidation or Transfer of Assets by Lessee. In the event Lessee shall merge or consolidate with any other corporation or transfer all or substantially all of its business and assets to another corporation, which in any such case succeeds to all or substantially all of the business and assets of Lessee, such successor corporation shall succeed to and be substituted for Lessee with the same effect as if it had been named herein as Lessee.

Section 12.03. Collection of Rent from Others no Release of Lessee. If this Lease be assigned or transferred, or if the Leased Premises or any part thereof be sublet or occupied by anybody other than Lessee, Lessor may, after default by Lessee, collect rent from the assignee, transferee, subtenant, or similar occupant, and apply the net amount collected to the Basic Rent and any other amounts reserved hereunder, but no such assignment, transfer, subletting, occupancy or collection shall be deemed the acceptance of the assignee, transferee, subtenant or similar occupant as tenant, or a waiver or release of Lessee from the performance of the terms, covenants and conditions of this Lease to be performed by Lessee. Any violation of any provision of this Lease, whether by act or omission, by an assignee, transferee, subtenant, or similar occupant, shall be deemed a violation of such provision by Lessee, it being the intention of the parties hereto that Lessee shall assume and be liable to Lessor for all and any acts and omissions of any and all assignees, transferees, subtenants and similar occupants.

ARTICLE XIII

Performance of Lessee's Obligations by Lessor; Permitted Contests

Section 13.01. Performance of Lessee's Obligations by Lessor.
If Lessee at any time shall fail to make any payment or perform any act on its part to be made or performed under this Lease then, subject

to the provisions of Section 13.02, Lessor may (but shall not be obligated to), upon 10 days' prior written notice to Lessee and without waiving or releasing Lessee from any obligations or default of Lessee hereunder, make any such payment or perform any such act for the account and at the expense of Lessee, and may enter upon the Leased Premises for the purpose and take all such action thereon as may be reasonably necessary therefor. No such entry shall be deemed an eviction of Lessee. All sums so paid by Lessor and all necessary and incidental costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection with the performance of any such act by Lessor, together with interest at the rate of 6% per annum from the date of the making of such payment or the incurring of such costs and expenses by Lessor, shall be deemed additional rent hereunder and shall be payable by Lessee to Lessor on demand, and Lessee covenants to pay any such sum or sums with interest as aforesaid.

Section 13.02. Permitted Contests. Lessee shall not be required to pay, discharge or remove any tax, lien or assessment, or any mechanic's, laborer's or materialman's lien, or any other lien or encumbrance, or any other imposition or charge against the Leased Premises or any part thereof, so long as Lessee shall, after prior written notice to Lessor, at Lessee's expense, contest the same or the validity thereof in good faith, by appropriate proceedings which would, if successful, operate to prevent the collection of the tax, lien, assessment, encumbrance, imposition or charge so contested and the sale of said Leased Premises or any part thereof to satisfy the same. Such contest may be made by Lessee in the name of Lessor or of Lessee, or both, as Lessee shall determine, and Lessor agrees that it will, at Lessee's expense, cooperate with Lessee in any such contest to such extent as Lessee may reasonably request. It is

understood, however, that Lessor shall not be subject to any liability for the payment of any costs or expenses in connection with any such proceeding brought by Lessee, and Lessee covenants to pay, and to indemnify and save harmless Lessor from, any such costs or expenses. Pending the final outcome of any such proceeding Lessor shall not have the right to pay, remove or cause to be discharged the tax, lien, assessment, encumbrance, imposition or charge thereby being contested, provided, that Lessee shall have given such security as may be required in the proceeding and such reasonable security as may be demanded by Lessor to insure such payment and prevent any sale or forfeiture of the Leased Premises or any part thereof by reason of such nonpayment, and provided further that Lessor would not be in substantial danger of civil or any danger of criminal liability by reason of such nonpayment.

ARTICLE XIV

Events of Default; Termination

Section 14.01. If any one or more of the following events (herein called "Events of Default") shall happen:

(a) If default shall be made in the due and punctual payment of any Basic Rent, additional rent or other amount payable to Lessor hereunder, for more than five days after the same has become due and payable;

(b) If Lessee shall assign, mortgage or encumber this Lease, or sublet the whole or any part of the Leased Premises, otherwise than as expressly permitted hereunder, or if this Lease or the estate of Lessee hereunder shall be transferred, passed to or devolved upon, any person, firm or corporation other than Lessee herein named, except in the manner permitted hereunder;

(c) If default shall be made by Lessee in the due performance of or compliance with any of the terms hereof other

than those referred to in the foregoing subdivisions (a) and (b), and such default shall continue for 15 days after Lessor shall have given Lessee written notice of such default (or in the case of any such default which cannot with due diligence be cured within such 15-day period, if Lessee shall fail to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence, it being intended in connection with any default not susceptible of being cured with due diligence within the 15 days that the time of Lessee within which to cure the same shall be extended for such period as may be necessary to complete the curing of the same with all due diligence);

(d) If Lessee shall file a voluntary petition in bankruptcy, or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking any reorganization, composition, readjustment, liquidation or similar relief for itself under any present or future statute, law or regulation, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Lessee or of all or any substantial part of its properties or of the Leased Premises, or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due;

(e) If a petition shall be filed against Lessee seeking any reorganization, composition, readjustment, liquidation or similar relief under any present or future statute, law or regulation, and shall remain undismissed or unstayed for an aggregate of 60 days (whether or not consecutive), or if any trustee, receiver or liquidator of Lessee or of all or

any substantial part of its properties or of the Leased Premises shall be appointed without the consent or acquiescence of Lessee and such appointment shall remain unvacated or unstayed for an aggregate of 60 days (whether or not consecutive);

(f) If Lessee shall abandon the Leased Premises and the same shall remain uncared for and unoccupied for more than 180 days;

then in any such event (regardless of the pendency of any proceeding which has or might have the effect of preventing Lessee from complying with the terms of this Lease) Lessor at any time thereafter and while such Event of Default shall continue may give a written termination notice to Lessee, which notice shall specify the nature of the Event of Default and a date of termination of this Lease, not less than 10 days after the giving of such notice, and, subject to the provisions of Section 17.01 relating to the survival of Lessee's obligations and unless such Event of Default shall have been cured prior to the expiration of the period fixed by said notice, the Term shall expire and all rights of Lessee under this Lease shall cease on such date.

ARTICLE XV

Repossession

Section 15.01. At any time after the expiration of the Term pursuant to Section 14.01, Lessor without further notice may enter upon and repossess the Leased Premises and may remove Lessee and all other persons and any and all property from the Leased Premises. If an Event of Default occurs and shall be continuing, and Lessor shall not have waived in writing the default giving rise to such Event of Default, Lessor shall also have the right of entry,

repossession, and removal, after not less than 10 days' prior written notice to Lessee of its intent to exercise such right and specifying the nature of the Event of Default, prior to the expiration of the Term and without any obligation on the part of Lessor to terminate this Lease, provided that such right shall not be in contravention of the laws of the jurisdiction in which the Leased Premises are located. In the event of the exercise of such right, without termination of this Lease, the Lease shall continue in full force and effect for the balance of the then current term except that Lessee shall have no right of possession from the date of the exercise of such right; provided that the exercise of such right shall not preclude the subsequent exercise of any other right under this Lease, including the right of termination pursuant to Section 14.01. Lessor shall be under no liability for or by reason of any such entry, repossession or removal.

ARTICLE XVI

Reletting

Section 16.01. If the Term shall have expired pursuant to Section 14.01, or if Lessor shall have exercised its right of entry, repossession and removal pursuant to Section 15.01, Lessor will use its best efforts to relet the Leased Premises or any part thereof for the account and benefit of Lessee for such rental terms, to such persons, firms or corporations and for such period or periods as may be fixed and determined by Lessor and approved by the Trustee; provided, however, that Lessor shall not unreasonably refuse to accept or receive any suitable occupant or tenant offered by Lessee, and the Trustee shall not unreasonably withhold its approval of such occupant or tenant. Lessor shall not otherwise be required to do any act or exercise any diligence to mitigate the damages to Lessee and, subject to the foregoing provisions, Lessor shall not be responsible or liable for any failure to relet the Leased Premises or any portion thereof.

ARTICLE XVII

Survival of Lessee's Obligations; Damages

Section 17.01. Lessee's Obligations to Survive Expiration or Repossession. No expiration of the Term pursuant to Section 14.01 or repossession of the Leased Premises pursuant to Section 15.01 shall relieve Lessee of its liability and obligations hereunder, all of which shall survive any such expiration or repossession.

Section 17.02. Amounts Payable by Lessee on Expiration by Default. In the event of the expiration of the Term pursuant to Section 14.01, Lessee shall pay to Lessor the Basic Rent and all additional rent and other charges required to be paid and not theretofore paid under this Lease or otherwise, by Lessee up to the time of such expiration; and thereafter Lessee, until the end of what would have been the then current term of this Lease in the absence of such expiration and whether or not the Leased Premises or any part thereof shall have been relet, shall be liable for and shall pay to Lessor, as and for liquidated and agreed current damages for Lessee's default;

(i) the Basic Rent and all additional rent and other charges which would be payable under this Lease by Lessee if the then current term of this Lease had not so expired, less

(ii) the net proceeds, if any, of any reletting effected pursuant to the provisions of Section 16.01, after deducting all Lessor's necessary and incidental expenses in connection with such reletting, including without limitation, all repossession costs, brokerage commissions, legal expenses, attorneys' fees and expenses, employees' expenses, reasonable alteration costs, and expenses of preparation for such reletting.

Lessee shall pay such current damages on the days on which the Basic Rent would have been payable under this Lease if the then current term

hereof had not so expired, and Lessor shall be entitled to recover the same from Lessee on each such day.

The liability and obligations of Lessee as set forth in this Section 17.02 shall be the same if Lessor shall exercise its right of entry, repossession or removal without termination of this Lease as provided in Section 15.01.

Section 17.03. Optional Recovery by Lessor on Expiration by Default. At any time after the expiration of the Term pursuant to Section 14.01, whether or not Lessor shall have collected any current damages as aforesaid, Lessor shall, at its option, be entitled to recover from Lessee, and Lessee will pay to Lessor on demand, as and for liquidated and agreed final damages for Lessee's default and in lieu of all current damages as set forth in Section 17.02 beyond the date of such demand, an amount equal to the greater of:

(i) the Basic Rent and additional rent and other charges which would be payable under this Lease from the date to which Lessee shall have satisfied in full its obligations hereunder to the end of what would be the then unexpired term of this Lease if the same had not so expired, less the then fair net rental value of the Leased Premises for the same period, or

(ii) all unpaid instalments of rent as defined in Section 18.02 hereof if any Bonds are then outstanding and unpaid.

Section 17.04. Rights and Obligations on Default Unchanged by Non-termination. The right of recovery of Lessor and the obligation of Lessee to pay the amount set forth in Section 17.03 shall be the same if Lessor shall exercise its right of entry, repossession or removal without termination of this Lease as provided in Section 15.01.

Section 17.05. Law Affecting Liquidated Damages. If any statute or rule of law shall validly limit the amount of such liquidated final damages to less than the amount agreed upon in Section 17.03, Lessor shall be entitled to the maximum amount allowable under such statute or rule of law.

ARTICLE XVIII

Purchase and Purchase Prices

Section 18.01. Change in Circumstances. If during the Term as a result of changes in the Constitution of the United States of America or of the Constitution of the State of South Carolina or legislative or administrative action (state or federal) or a final decree, judgment or order of any court of competent jurisdiction entered after Lessee's contest thereof in good faith, this Lease shall have become void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties hereto as expressed in this Lease, or unreasonable burdens or excessive liabilities shall have been imposed on either of the parties hereto; then in any such event, Lessee shall have an option to purchase the Leased Premises as of the first day of the first month occurring subsequent to 120 days after the effective date of the event which gave rise to the right of Lessee to purchase the Leased Premises. To exercise such option to purchase, Lessee shall deliver to Lessor at least 40 days before the proposed date of purchase a certificate, signed by a Vice President of Lessee, specifying the event which has occurred which gave rise to the right of Lessee to purchase the Leased Premises under this Section 18.01 and certifying that the Board of Directors of Lessee has determined in

good faith that such event has occurred. On the proposed date of purchase and upon payment of the purchase price, in cash, Lessor shall convey the Leased Premises to Lessee subject and pursuant to Article XIX.

Section 18.02. Purchase Price in Certain Events. Lessee has an option to purchase the remainder of the Leased Premises under the provisions of Sections 10.04, 18.04, and 18.01. Unless otherwise specified, the purchase price for any such purchase shall be an amount equal to all unpaid instalments of rent. The term "all unpaid instalments of rent" shall mean an amount equal to the entire principal amount of the then outstanding Bonds, together with any applicable redemption premiums and all interest accrued or to accrue on and prior to the next succeeding redemption date or dates on which Bonds can be redeemed at the option of Lessor after giving notice to the holders thereof as required by the Indenture, less moneys available for such purpose then held by the Trustee, and any additional rental due or to become due hereunder prior to the time that the Bonds are paid in full and the trust established by the Indenture is terminated, including, without limitation, any unpaid fees and expenses of the Trustee which are then due or will become due prior to such time.

Section 18.03. Option to Purchase by Third Party Beneficiary. As a part of the consideration for the execution of this Lease by Lessee, Reproco, Inc. (Hereinafter called "Reproco"), a Delaware corporation with an office at 129 South State Street, Dover, Delaware (all of the stock of which is owned by First National City Bank, New York, New York), is hereby granted, as a third party beneficiary to this Lease, the option to purchase the Leased Premises (excluding, however, any unimproved land which shall have theretofore been purchased by Lessee under Section 18.05 hereof) on November 1, 1977 or on May 1 or November 1 of any year thereafter for an amount equal to all unpaid instalments of rent as defined in Section 18.02 hereof plus the

sum of \$1.00, provided no event of default has occurred and is continuing hereunder. To exercise such option, Reproco shall deliver to Lessor at least 120 days before the proposed date of purchase a notice signed by the President or a Vice President of Reproco stating that Reproco desires to exercise its option to purchase under the provisions of this Section 18.03. On the proposed date of purchase and upon payment of the purchase price in cash, Lessor shall convey the Leased Premises to Reproco subject and pursuant to the method provided in Article XIX, i.e., in the same manner as if Reproco were substituted for Lessee in said Article XIX. In lieu of exercising the option to purchase granted by this Section 18.03 in its own name, Reproco may assign said option to another party to hold such option by filing with Lessor a written copy of such assignment executed by the President or a Vice President of Reproco, and thereupon Reproco's assignee or any subsequent assignee shall have the right to exercise such option upon the same terms and conditions provided herein for an exercise thereof by Reproco. In the event such option to purchase is exercised, this Lease shall terminate on the effective date of such purchase, upon conveyance of the Leased Premises and the payment of the purchase price therefor in cash.

Notwithstanding any provision in this Lease to the contrary, the above option given to Reproco is given subject to, and is subordinate to, the options to purchase granted to Lessee, by Sections 10.04, 18.01 and 18.04 of this Lease. Therefore, if any of the events occur which are conditions precedent to Lessee's exercise of any option given by Sections 10.04, 18.01 and 18.04, and if Lessee elects to exercise such an option, the option to purchase granted to Reproco by this Section 18.03 shall terminate and be of no effect. Further, the option to purchase granted to Reproco in this Section 18.03 shall expire upon termination of this Lease.

Section 18.04. Economic Unfeasibility; Lessee's Option to Purchase. If, at any time, (1) changes in the economic availability of raw materials, operating supplies, or facilities (including, but

not limited to, facilities in connection with the disposal of industrial wastes) necessary for the operation of the Leased Premises for the purposes specified in this Lease shall have occurred or (ii) technological advances or other changes shall have occurred which in Lessee's reasonable judgment shall have rendered the Leased Premises unfeasible or uneconomical to operate for such purposes, Lessee shall have an option to purchase the Leased Premises and the purchase price shall be determined as set forth in Section 18.02. In the event Lessee determines to exercise said option, it shall give not less than 60 days' written notice to Lessor and the Trustee. Such notice shall certify that one or more of the events giving rise to such election have occurred and shall state the date upon which Lessee elects to close such purchase. Further, such notice shall be signed by a Vice President of Lessee, and shall be conclusive that such event or events have, in fact, occurred. Upon the giving of such notice and the tendering to the Trustee of a certified check or checks in the full amount of such purchase price the exercise of such option shall be complete, and Lessor shall convey the Leased Premises to Lessee subject and pursuant to the method provided in Article XIX.

Section 18.05. Purchase of Unimproved Land. Lessee, or its designees, shall have, and is hereby granted, the option to purchase any unimproved part of the Leased Premises (on which none of the Facilities is located, but on which transportation, parking, or utility facilities may be located) at any time and from time to time at and for a purchase price equal to the cost thereof to Lessor provided that it furnishes Lessor with the following:

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

(b) A certificate of an engineer (who may be an engineer in the sole employ of Lessee) who is acceptable to the Trustee, dated not more than 90 days prior to the date of the purchase and stating that, in the opinion of the person signing such certificate, (i) the portion of the Leased Premises with respect to which the option is exercised is not needed for the operation of the Leased Premises for the purposes hereinabove stated and (ii) the purchase will not impair the usefulness of the Facilities as an industrial manufacturing and research building and will not destroy the means of ingress thereto and egress therefrom.

(c) An amount of money equal to the purchase price computed as provided in this Section 18.05.

Lessor agrees that upon receipt of the notice, certificate and money required in this Section 18.05 to be furnished to it by Lessee, or its designees, Lessor will promptly deliver the same to the Trustee for deposit in the Bond Redemption Account created under the Indenture and secure from the Trustee a release from the lien of the Indenture of such portion of the Leased Premises with respect to which Lessee shall have exercised the option granted to it in this Section 18.05. In the event Lessee shall exercise the option granted to it under this Section 18.05, Lessor shall convey title to such unimproved premises to Lessee and Lessee shall not be entitled to any abatement or diminution of the rents payable hereunder except as may otherwise be provided in Schedule C hereto, and if such option relates to Leased Premises on which transportation or utility facilities are located, Lessor shall retain an easement to use such transportation or utility facilities to the extent necessary for the efficient operation of the Leased Premises. Upon written demand, Lessor shall furnish to Lessee a certificate as to the original purchase price of such unimproved land.

Notwithstanding any provisions in this Lease to the contrary, the foregoing option to purchase unimproved land shall expire upon termination of the Lease or upon receipt by Lessor of notice from Reproco that it intends to exercise its option to purchase under Section 18.03, whichever is earlier.

Section 18.06. Granting of Easements. From time to time during the Term Lessee shall have the right (i) to grant easements affecting the Leased Premises, (ii) to dedicate or convey, as required, portions of the Leased Premises for road, highway and other public purposes, and (iii) to execute petitions to have the Leased Premises or portions thereof annexed to any municipality or included within any utility, highway or other improvement or service district, provided that prior to the exercise of any of the powers granted by this Section 18.06: (a) Lessee shall notify Lessor in writing of the action to be taken, (b) Lessee shall furnish Lessor with a certificate executed by a Vice President of Lessee certifying that the action to be taken will neither adversely affect the market value of the Leased Premises nor the use of the Leased Premises in Lessee's business, and (c) Lessee shall furnish Lessor an undertaking authorized by the Board of Directors of Lessee to the effect that Lessee shall remain obligated under the terms of the Lease to the same extent as if the action being taken had not taken place and that Lessee shall, if necessary, restore and rebuild the Leased Premises to good condition and repair. Upon compliance with the provisions hereof Lessor shall, to the extent necessary, execute and deliver all such documents as are necessary to effectuate the intent of this Section 18.06.

ARTICLE XIX

Payment and Title Upon Purchase

Section 19.01. Title. In the event of any purchase of the Leased Premises or the remaining portion or remainder of the Leased Premises by Lessee pursuant to any provision of this Lease, Lessor shall convey merchantable title thereto to Lessee free and clear of the Indenture, but Lessor shall not otherwise be obligated to give

or assign any better title to Lessee than existed on the first day of the Term. Lessee shall accept such title, subject, however, to (i) any liens, encumbrances, charges, exceptions and restrictions not created or caused by Lessor, and (ii) any laws, regulations and ordinances. Although Lessor shall be obligated to convey title to the Leased Premises as aforesaid on the date of purchase upon receipt of the purchase price therefor or on a date fixed for the redemption of Bonds, Lessor shall nevertheless have such additional time as is reasonably required by Lessor to deliver or cause to be delivered to Lessee all instruments and documents reasonably required by Lessee and necessary to remove from record or otherwise discharge any liens, encumbrances, charges or restrictions in order that Lessor may convey title as aforesaid. To the extent that it may be lawful to do so, Lessor covenants that it will not adopt any law, regulation or ordinance which would adversely affect the title of Lessee.

Section 19.02. Charges Incident to Conveyance. Upon the date fixed for the purchase of the Leased Premises or the remainder of the Leased Premises by Lessee, Lessee, shall tender the purchase price therefor to Lessor, and Lessor shall deliver a deed conveying such property to Lessee. Lessee shall pay all charges incident to any conveyance, including any escrow fees, recording fees, title insurance premiums and any applicable federal, state or local taxes(except state and local income taxes) and the like, including federal documentary and local taxes.

Section 19.03. Time of Payment of Purchase Price. Notwithstanding any other provision hereof this Lease shall not terminate on the date on which Lessee shall be obligated to purchase (whether or not any delay in the completion of such purchase shall be the fault of Lessor), nor shall Lessee's obligations hereunder cease under any termination provision hereof until Lessee shall have paid the purchase price then payable for the Leased Premises, without set-off, counter-claim, abatement, suspension, deduction, diminution, or defense for any

reason whatsoever, and until Lessee shall have discharged or made provision satisfactory to Lessor for the discharge of, all of its obligations under this Lease, which obligations have arisen on or before the termination date or the date for the purchase of the Leased Premises, including the obligation to pay the Basic Rent due and payable on such date.

ARTICLE XX

Miscellaneous

Section 20.01. Waiver of Statutory Rights. This Lease shall not be affected by any laws, ordinances or regulations, whether federal, state, county, city, municipal or otherwise, which may be enacted or become effective from and after the date of this Lease affecting or regulating or attempting to affect or regulate (i) the Basic Rent and other amounts herein reserved or (ii) the continuing in occupancy of Lessee or any sublessees, transferees or assignees of Lessee's interest in the Leased Premises beyond the date of termination of their respective leases, or otherwise.

Section 20.02. Non-Waiver by Lessor. No failure by Lessor or any assignee to insist upon the strict performance of any term hereof or to exercise any right, power or remedy consequent upon a breach thereof, and no acceptance of the Basic Rent, in full or in part, during the continuance of such breach, shall constitute a waiver of such breach or of such term. No waiver of any breach shall affect or alter this Lease or constitute a waiver of a then existing or subsequent breach.

Section 20.03. Remedies Cumulative. Each right, power and remedy of Lessor provided for in this Lease shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, in any jurisdiction where

such rights, powers and remedies are sought to be enforced, and the exercise or beginning of the exercise by Lessor of any one or more of the rights, powers or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by Lessor of any or all such other rights, powers or remedies.

Section 20.04. Surrender of the Leased Premises. Except as otherwise provided in this Lease, Lessee shall, upon the expiration or termination of this Lease for any reason whatsoever, surrender the Leased Premises to Lessor in good order, condition and repair, except for reasonable wear and tear.

Section 20.05. Acceptance of Surrender. No surrender to Lessor of this Lease or of the Leased Premises or any part thereof or of any interest therein shall be valid or effective unless agreed to and accepted in writing by Lessor and the Trustee; and no act by any representative or agent of Lessor, and no act by Lessor, other than such a written agreement and acceptance by Lessor, shall constitute an acceptance of any such surrender.

Section 20.06. Estoppel Certificate by Lessee. Lessee agrees at any time and from time to time, upon not less than 10 days' prior written request by Lessor or Trustee to execute, acknowledge and deliver to Lessor and Trustee a statement in writing certifying that this Lease is unmodified and is in full force and effect (or if there have been modifications that the same is in full force and effect as modified and stating the modifications) and the date to which the Basic Rent and other charges have been paid in advance, if any.

Section 20.07. No Claims Against Lessor. Nothing contained in this Lease shall constitute any consent or request by Lessor, expressed or implied, for the performance of any labor or services or the furnishing of any materials or other property in respect of the

Leased Premises or any part thereof, nor give Lessee any right, power or authority to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any claim against Lessor. Lessor shall have the right to post and keep posted at all reasonable times on the Leased Premises any notices which Lessor shall be required by law to post for the protection of Lessor and the Leased Premises from any lien.

Section 20.08. Applicable Law; Entire Understanding. This Lease shall be governed exclusively by the provisions hereof and by the applicable laws of the State of South Carolina. This Lease expresses the entire understanding and all agreements of the parties hereto with each other and neither party hereto has made or shall be bound by any agreement or any representation to the other party which is not expressly set forth in this Lease as such Lease may from time to time be amended and supplemented in accordance with the provisions hereof.

Section 20.09. Severability. In the event that any clause or provision of this Lease shall be held to be invalid by any court of competent jurisdiction, the invalidity of such clause or provision shall not affect any of the remaining provisions hereof.

Section 20.10. Notices and Demands. All notices, demands, requests, consents, approvals and other similar instruments under this Lease shall be in writing and shall be deemed to have been properly given if sent by United States certified or registered mail, postage prepaid, (a) if to Lessee, addressed to Lessee at 16th Floor, Daniel Building, Greenville, South Carolina 29601, Attention: President, or at such other address as Lessee from time to time may have designated by written notice to Lessor and any assignee, (b) if to Lessor, addressed to County Board of Commissioners, Greenville County, County

Courthouse, Greenville, South Carolina, or at such other address as Lessor may have designated, from time to time, by written notice to Lessee and any assignee, and (c) if to any assignee, to such assignee at such address as such assignee shall have designated by written notice to Lessor and Lessee.

Section 20.11. Headings and References. The headings in this Lease are for convenience of reference only and shall not define or limit the provisions hereof. Unless otherwise specified, all references in this Lease to particular Sections are references to Sections of this Lease.

Section 20.12. Successors and Assigns. The terms and provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, devisees, trustees, successors and assigns.

Section 20.13. Multiple Counterparts. This Lease may be executed in several counterparts, each of which shall be an original, but all of which shall constitute but one and the same instrument.

Section 20.14. No Merger of Estates. It is recognized that Lessee is the owner in fee simple of the servient estate over which various easements and rights of way (more fully described in Schedule A hereto) have been leased to Lessee. It is hereby expressly declared that the ownership by Lessee of both such servient estate and such leasehold interest in such easements shall not result in a merger of such interests.

Section 20.15. Recording. This Lease and every supplement, assignment and modification hereof shall be recorded in the office of the Register of Mesne Conveyances for Greenville County, South Carolina, or in such other office as may be at the time provided by law as the proper place for the recordation thereof. This Lease as originally executed shall be so recorded prior to the recordation of the Indenture.

Section 20.16. Amendments to Lease. This Lease may be amended by Lessee and Lessor in accordance with the provisions hereof and the provisions of Section 6.13 of the Indenture.

IN WITNESS WHEREOF Greenville County, South Carolina, has executed this Lease by causing its name to be hereunto subscribed by the Chairman of its County Board of Commissioners and its official seal to be impressed hereon and attested by the Secretary of said Board; and Phillips Fibers Corporation has executed this Lease by causing its corporate name to be hereunto subscribed by its _____ President and its corporate seal to be impressed hereon and attested by its _____ Secretary, all being done as of the day and year first above written.

GREENVILLE COUNTY, SOUTH CAROLINA

(SEAL)

By _____
Chairman, County Board of
Commissioners

Attest:

Secretary, County Board
of Commissioners

Signed, sealed and delivered in the
presence of:

PHILLIPS FIBERS CORPORATION

(SEAL)

By _____

President

Attest:

Secretary

Signed, sealed and delivered in the
presence of:

[- 371

SCHEDULE A

LEASE DATED AS OF NOVEMBER 1, 1967 BETWEEN
GREENVILLE COUNTY, SOUTH CAROLINA, AND
PHILLIPS FIBERS CORPORATION

PARCEL A

Four tracts of land in Greenville County, South Carolina, being portions of that certain 78.93 acre tract of land according to plat of survey dated June 18, 1966, certified by R. K. Campbell, R.L.S., as revised June 6, 1967 by H. C. Clarkson, Jr., R.L.S., and recorded in the R.M.C. office for Greenville County in Plat Book PPP at Page 133, the said four tracts of land being hereinafter referred to as the "Premises" and being more particularly described as follows:

TRACT I (PLANT, LAB & ADM. BLDG.)

Beginning at an iron pin marking the most southwesterly corner of the Greenville Leasing Company property and being also an interior corner of the Phillips Fibers Corporation 78.93 acre tract;

Thence N 55° 27' 30" W 1028.5 feet to the north corner and true point of beginning of the herein described parcel of land;

Thence S 35° 48' E 81.2 feet; Thence N 54° 12' E 9.0 feet; Thence S 35° 48' E 12.7 feet; Thence S 54° 12' W 8.8 feet; Thence S 35° 48' E 131.3 feet; Thence S 54° 12' W 112.3 feet; Thence S 35° 48' E 7.7 feet; Thence S 54° 12' W 38.0 feet; Thence N 35° 48' W 8.0 feet; Thence S 54° 12' W 206.6 feet; Thence S 35° 48' E 4.0 feet; Thence S 54° 12' W 17.8 feet; Thence S 35° 48' E 23.3 feet; Thence S 54° 12' W 40.0 feet; Thence N 35° 48' W 39.0 feet; Thence S 54° 12' W 78.0 feet; Thence N 35° 48' W 81.0 feet; Thence N 54° 12' W, at 73.5 feet pass the south corner of a 0.057 acre easement granted to Duke Power Company by Phillips Fibers Corporation by instrument dated March 29, 1967, and continue along the southeasterly line of said easement for a total distance of 123.5 feet to the east corner thereof, being also 12 feet southwesterly, measured at right angles from the face of an existing plant building;

Thence N 35° 48' W, along the northeasterly line of the said easement and 12.0 feet southwesterly from and parallel with the said plant building for a distance of 50.0 feet to the north corner of the said easement;

Thence N 54° 12' E 11.0 feet to a point S 54° 12' W, 1.0 feet from the west corner of the said plant building;

Thence N 35° 48' W, parallel with and 1.0 feet southwesterly from the northwesterly extension of the southwesterly line of the said plant building, a distance of 2.6 feet;

Thence N 54° 12' E, parallel with and 2.6 feet northwesterly from the said plant building for a distance of 187.7 feet; Thence N 35° 48' W 79.4 feet; Thence N 54° 12' E 170.0 feet to the true point of beginning of the herein described parcel containing 79,312 square feet (1.821 acres), more or less.

TRACT II (EMPLOYEE PARKING LOT)

Beginning at the north corner of the above described Parcel I; Thence S $35^{\circ} 48'$ E with the northeast line of Parcel I, 78.6 feet and N $54^{\circ} 12'$ E, perpendicular to the northeast line of Parcel I, 71.0 feet to the west corner and true point of beginning of the herein described parcel of land;

Thence continuing N $54^{\circ} 12'$ E 194.0 feet to a point, the north corner of this parcel;

Thence S $35^{\circ} 48'$ E 455.0 feet to a point, the east corner of this parcel;

Thence S $54^{\circ} 12'$ W 194.0 feet to a point, the south corner of this parcel;

Thence N $35^{\circ} 48'$ W 455.0 feet to the true point of beginning and containing 2.026 acres more or less.

TRACT III (VISITOR PARKING LOT)

Beginning at the north corner of the above described Parcel I, thence S $54^{\circ} 12'$ W, with a northwest line of Parcel I, 36.6 feet and N $35^{\circ} 48'$ W, perpendicular to the northwest line of Parcel I, 49.4 feet to the east corner and true point of beginning of the herein described parcel of land;

Thence S $54^{\circ} 12'$ W 100.0 feet to a point, the easterly south corner of this parcel;

Thence N $35^{\circ} 48'$ W 10.0 feet to a point, an interior corner of this parcel;

Thence S $54^{\circ} 12'$ W 20.0 feet to a point, the westerly south corner of this parcel;

Thence N $35^{\circ} 48'$ W 80.0 feet to a point, the southerly west corner of this parcel;

Thence N $54^{\circ} 12'$ E 20.0 feet to a point, an interior corner of this parcel;

Thence N $35^{\circ} 48'$ W 10.0 feet to a point, the northerly west corner of this parcel;

Thence N $54^{\circ} 12'$ E 100.0 feet to a point, the north corner of this parcel;

Thence S $35^{\circ} 48'$ E 100.0 feet to the true point of beginning and containing 0.266 acres more or less.

TRACT IV (CORPORATE OFFICE)

Beginning at the north corner of the above described Parcel I, Thence S 54° 12' W, with a northwest line of Parcel I, 206.6 feet and N 35° 48' W, perpendicular to the northwest line of Parcel I, 106.4 feet to the east corner and the true point of beginning of the herein described parcel of land.

Thence S 54° 12' W 92.0 feet to a point, the south corner of this parcel;

Thence N 35° 48' W 98.0 feet to a point, the west corner of this parcel;

Thence N 54° 12' E 92.0 feet to a point, the north corner of this parcel;

Thence S 35° 48' E 98.0 feet to the true point of beginning and containing 0.207 acres more or less.

PARCEL B

All right, title and interest of Lessor in and to those certain perpetual easements or rights-of-way, as appurtenant to the Premises and for the benefit of the Premises and the owner or owners and occupant or occupants of the Premises and their respective lessees, employees, agents and invitees, over and across the following described real estate:

All that parcel or tract of land on the Southern side of U. S. Interstate Highway 85 near its intersection with U. S. Highway 29 (Laurens Road) in the County of Greenville, State of South Carolina, containing 78.93 acres according to plat of survey dated June 18, 1966, certified by R. K. Campbell, R.L.S., as revised June 6, 1967 by H. C. Clarkson, Jr., R.L.S., and recorded in the R.M.C. office for Greenville County in Plat Book PPP at Page 133, and being more particularly described as follows:

BEGINNING at a concrete monument at the Southeastern corner of the intersection of U. S. Highway I-85 and Ridge Road and running thence along the Southern side of Highway I-85 on a curving line, the chord thereof being N. 60-06 E. 1002' to an iron pin; thence continuing with said curving line on a chord N. 73-30 E. 275.2' to an iron pin at the corner of lands of Greenville Leasing Co., Inc.; thence with said property line S. 29-48 E. 1333.9' to an iron pin; thence N. 39-56 E. 296' to an iron pin at the corner of lands of The Shore Company; thence S. 25-36 E. 294.5' to an iron pin; thence S. 30-07 E. 73.8' to an iron pin; thence S. 34-17 E. 116' to an iron pin; thence S. 49-33 E. 187.9' to an iron pin; thence S. 51-00 E. 108.2' to an iron pin; thence S. 51-00 E. 160.1' to an iron pin; thence S. 38-41 W. 2045.2' to an iron pin at the intersection of Fairforest Way and Ridge Road; thence N. 1-37 W. 407'; thence N. 11-37 W. 329.1'; thence N. 20-37 W. 463.1'; thence N. 28-48 W. 365.8'; thence N. 39-40 W. 906.8' to a R.R. spike; thence N. 45-00 E. 33' to a concrete monument; thence N. 41-12 W. 214.8' to a concrete monument; thence N. 53-35 E. 18' to a concrete monument; thence continuing along the Eastern side of the right of way of Ridge Road on a curving line the chord of which is N. 33-09 W. 344.8' to an iron pin at the intersection of said Ridge Road and I-85, the point of beginning (excepting therefrom that part thereof described above as Parcel A).

Subject to the public rights of way for the roadways designated as Fairforest Way and Ridge Road and Frontage Road (generally parallel to U. S. Highway I-85) as conveyed to the South Carolina Highway Department, and further subject to the utility lines shown on said plat.

reasonably necessary for (a) pedestrian and vehicular access to and from the Premises and to and from and between each tract comprising the Premises, including, without limitation, the right to construct driveways, service areas and walks thereon or to use any driveway or walk now or hereafter constructed thereon and with the right to cut and remove such trees, bushes or other vegetation as may be reasonably required incident to such construction, (b) construction, operation, maintenance, repair, replacement, relocation and removal of any and all underground or overhead utilities whether now or hereafter constructed (including, without limitation, electric, telephone, water, gas, storm and sanitary sewers, together with all necessary and convenient services and pipes, connections and appurtenances) necessary to service the Premises and each tract comprising the Premises, including the right to use and enjoy any such utilities now or hereafter constructed thereon, and including the right of access to the same for any of said purposes and the right to trim and cut and remove from time to time such trees, bushes or other vegetation as may be reasonably required incident to the construction and maintenance of such facilities, (c) maintenance of the exterior of the buildings and improvements situated on the Premises, and (d) such other lawful uses as shall at any time and from time to time be necessary to service, operate and maintain the Premises; Provided that such easements and rights of way are subject to all easements, if any, now existing over, across and upon the real estate described above; and further subject to the right of the owner of such real estate, at its sole cost and expense, to relocate or cause to be relocated any such roadways, walks or utilities servicing the Premises upon having first constructed or provided for comparable means of ingress to or egress from and utility services to the Premises and to and from and between each tract comprising the Premises so that ingress and egress and utility services to the Premises and to and from and between each tract comprising the Premises shall not unreasonably be interfered with or interrupted, all as more fully provided in the deed of Phillips Fibers Corporation to Greenville County, South Carolina, dated December __, 1967, and recorded in the R.M.C. Office for Greenville County in Deed Book _____ at Page _____.

The foregoing real estate described above in Parcels A and B being that conveyed to Phillips Fibers Corporation (except for rights of way conveyances by said Phillips Fibers Corporation to the South Carolina Highway Department) by deed of The Citizens & Southern National Bank of South Carolina (Greenville, S.C. Branch) as Trustee under written Agreement with James G. Bannon dated March 4, 1966, and as Trustee under written Agreement with Virginia P. Bannon dated March 4, 1966, a banking corporation organized under the laws of the United States, said deed dated July 22, 1966 and recorded in the R.M.C. Office for Greenville County in Deed Book 802 at page 519.

PARCEL C

The right to use and enjoy in common with Phillips Fibers Corporation and the owners from time to time of the real estate described above in Parcel B the rights, easements and rights of way provided for under the terms of that certain agreement between James G. Bannon, et al., and Greenville Leasing Co., Inc., recorded in the R.M.C. Office for Greenville County, S.C., in Deed Book 754 at page 212, and under the terms of that certain agreement between Greenville Leasing Co., Inc. and Phillips Fibers Corporation recorded in the R.M.C. Office for Greenville County, S.C., in Deed Book 802 at page 212.

SCHEDULE B

LEASE DATED AS OF NOVEMBER 1, 1967 BETWEEN
GREENVILLE COUNTY, SOUTH CAROLINA, AND
PHILLIPS FIBERS CORPORATION

Description of Machinery and Equipment:

Administration and Plant-Lab Building

| <u>Quantity</u> | <u>Type</u> |
|-----------------|--|
| 1 | Trane PCV-5F contravac refrigeration machine with a total cooling capacity of 496 tons when chilling 1488 GPM from 50° to 42° F. |
| 2 | Air washers - Conventional two bank opposed spray type with inlet baffles and eliminators. Air and Refrigeration Corporation Model 25. |
| 1 | Stainless steel factory insulated and weatherproofed articulated capillary unit for melt-spin-takeup air system with a 1-1/2 HP TEFC 1800 RPM fan motor and an Ingersoll-Rand direct connected 3600 RPM recirculating spray water pump. |
| 1 | Stainless steel factory insulated and weatherproofed articulated capillary unit for melt-spin-quench air system with a 7-1/2 HP TEFC 3600 RPM motor and an Ingersoll Rand direct connected 3600 RPM recirculating spray water pump. |
| 1 | 48" MB vaneaxial fan with 15 HP TEFC motor rating, 43,000 CFM at 1/2" SP, 870 RPM, 11.0 BHP at 70°F. |
| 1 | 48" MB vaneaxial fan with 10 HP TEFC motor. Rating 38,000 CFM at 5/8" SP, 810 RPM, 9.35 BHP at 70°F. |
| 2 | Supply air fans size 1085 BL, D.W. D.T., Class 1 complete with adjustable V-belt drives and 40 HP TEFC motors. |
| 2 | Return air fans, size 60" MB vaneaxial with adjustable V-belt drives and 20 HP O.D.P. motors. |
| 6 | Air handling units with insulated cabinets, adjustable V-belt drives, rubber in shear vibrating isolators, internal face and by-pass dampers, 5-J non-freeze coils with copper tubes and aluminum fins; filters, filter sections and mixing boxes. |
| 1 | Springfield Model "Delta 34" packaged steam boiler 20,000 #/Hr. at 280#. |
| 1 | 10,000 Bbl. plant water and firewater storage tank. |
| 2 | 15,000 gal. underground fuel oil storage tanks. |
| 1 | Worthington Corporation Model #12L-4 standard fitted communitor. |

| <u>Quantity</u> | <u>Type</u> |
|-----------------|--|
| 1 | Hale model 5 Fire (32 engine driven fire pump). |
| 1 | Ingersoll-Rand 4X9 SB, 750 GPM at 125 PSIG electric driven fire pump. |
| 2 | Goulds Pumps, Inc. model 3 316, size 2 x 3-11 boiler feed pumps. |
| 2 | Layne condenser water pumps, vertical type 1680 GPM at 77 feet TDH. |
| 1 | Layne chilled water pump, vertical type 1488 GPM at 122 feet TDH. |
| 1 | Return air fan; 37,500 CFM at 5/8" Ext. S.P. 10 HP, 800 RPM, top speed 10,000, 440/3/60, vane-axial, suspension clips, based on Buffalo type HP, 48" diameter. |
| 9 | Motor control centers. |
| 1 | Low voltage metal enclosed switchgear. |
| 1 | Lot of laboratory fixtures. |
| 1 | Model IR-1836 cross-flow redwood cooling tower with 25 HP, 1800 RPM, 460 volt, 3 phase, 60 cycle driver. |
| 2 | 66" diameter x 216" air storage tanks design pressure 150 psig, design temperature 200F, operating press. 125 psig, operating temp. 100 F. |
| 1 | Cochrane #6418-B condensate receiver tank 15 psi ASME code construction, 4'-0" Dia. x 9'-3" overheads. |
| 1 | Wildt Mellog Bromley, Type 8/RJ rib jacquard outer wear machine, 30" diameter - 24 feeders 18 cuf. |
| 1 | Combination paddle beck unit with accessories. |
| 1 | Cissell Tumbler Dryer 42" x 42" rated at 1000 lbs. |
| 1 | Lot of miscellaneous office furniture & fixtures. |
| 1 | MARK II Line, including prodex extruder and central panel, retaining draw section, radiant heat zone and accessories. |
| 1 | Monofilament line including radiant heat zone, 30 position hupp winder and accessories. |
| 1 | Compounding line, including extruder and central panel, and quench tank. |
| 1 | MARK I Line including extruder and take-up, Rieter SS Draw-Twister and 3 (959) winders. |
| 14 | (959) Winders. |

| <u>Quantity</u> | <u>Type</u> |
|-----------------|---|
| 1 | Lot furniture and office equipment. |
| 1 | Lot used lab equipment. |
| 1 | Lot - Miscellaneous plant lab equipment including heavy denier carpet yarn spinning machine. |
| 1 | Lot - Minor equipment items including but not limited to piping, electrical, instruments, and controls. |
| 1 | No. 44 Leesona Roto-Coner winding machine of 20 spindles with accessories. |
| 1 | J5/10A 24 Spindle, 180 MM gauge, American Rieter spinning frame. |
| 1 | J5/10 24 Spindle, 180 gauge, American Rieter spinning frame. |
| 1 | Acme jumbo double deck uptwister with accessories. |
| 1 | 500# Batch casting machine. |
| 1 | 50 cu. ft. working capacity, jacketed vacuum dryer with accessories. |
| 1 | Spinner pack preheating oven complete with accessories. |
| 1 | Cocker YP multi-purpose warper with accessories. |
| 1 | Tricot knitter 84", 3 bar, 28 Ga. to 32 Ga. with accessories. |
| 1 | Fiber analysis knitter with accessories. |
| 1 | Draper 50" loom X-3 with accessories. |
| 1 | S-6 loom, 60" B.S. with a 2 HP diehl drive, #452 adjustable slide temples, yardage counter, extra cloth rolls and 26" diameter LOK-ring beams with extra heavy pipe barrels. |
| 2 | Hankison Corp. Model F-100 refrigifilter non-cycling refrigerated dryers. |
| 1 | Floor mounted laboratory electric grinder with accessories. |
| 1 | Autoclave, horizontal type with accessories. |
| 1 | Laboratory wringer with accessories. |
| 1 | Model No. 7-5S-2-TMHT "Two Package" laboratory dyeing machine with displacement do-nut cylinder to permit dyeing two 5" diameter packages or two 7" diameter packages when cylinder is removed. |

| <u>Quantity</u> | <u>Type</u> |
|-----------------|--|
| 1 | Laboratory dyeing machine as manufactured by Gubelein Inst. |
| 1 | Benz lab dye jig for 18" width x 4 yds. fabric. |
| 1 | Cochrane Model M-180 UNI-PAC Model M mixed bed demineralizer and Cochrane vacuum dearator. |
| 1 | Model 13-1/2/8-1/2 x 7 YBB - 2 air compressor - 600 RPM 498 SCFM at 14.65 PSIG and 60°f. |
| 1 | Draw winder - 24 position, 180 MM gauge with accessories. |
| 1 | 8 spindle down twisting machine complete with accessories. |
| 1 | #512 Heavy duty ring twister with all features, accessories and parts. |
| 1 | U.S. Textile double twister with accessories. |
| 1 | Leesona #555 stretch yarn machine of 36 spindles with accessories. |
| 4 | No. 50 Leesona precision winding machines of six spindles each, 11" spacing with 33" legs. Complete with accessories. |
| 1 | High speed horizontal spooler, 7" traverse, 12" spacing, 12 spindle machine. |
| 1 | Leesona #861 Jumbo cone winder 6 position with accessories. |
| 1 | 6 spindle, single sided, Schweiter automatic filling winder, type HSK-V with accessories. |
| 1 | Vertical domestic hot water storage generator J. J. Finnigan Co. #FV-25G with heating element No. FC-630. |
| 4 | Model BFS240 fiber meter automatic weighing feeders completely equipped. |
| 1 | Toledo hanging scale complete with equipment accessories. |
| 1 | Type ST-1 "H W" conditioner with accessories. |
| 1 | Leesona #791 Unifil loom winder complete with magazines and strippers, motor drives and switches. |
| 1 | Henriksen VH-Super-600-1800 MM (71") face roll jig with accessories. |
| 1 | 84" Burlington spreader beck with spreader and centering controls, heating coils in upper hood heavy duty for handling 40" wide carpeting. |

| <u>Quantity</u> | <u>Type</u> |
|-----------------|--|
| 1 | Fletcher centrifugal extruder for 100 lb. dry load with baskets for packages and skeins, 40" extractor. |
| 1 | Uster yarn evenness tester and integrator. |
| 1 | Fidelity skein reeler with accessories. |
| 1 | Scott IP-4 tensilgraph tester with accessories. |
| 1 | Catalog 60-400 Elmendorf tearing tester (capacity 6400 grams) fitted with Natural Bureau of Standards augmenting attachment and textile augmenting weight and complete broad type sample cutter. |
| 1 | Diaphragm burst tester with accessories. |
| 1 | Model 25/18-Wt combination weather-ometer with automatic temperature and humidity controls. |
| 1 | Rhodiaceta thermotest scorch tester with accessories. |
| 1 | Random tumble pilling tester with accessories. |
| 1 | Hot heat flat bed press with accessories. |
| 1 | Lot of Dye house drug room equipment. |
| 2 | Goulds Model 3755 2X3-7 200 GPM booster pumps. |
| 1 | Smith & Loveless complete package, duplex, factory built, automatic, underground pumping station. |
| 1 | Milton Roy Model #MR1-88-140-SM, simplex pump for demineralized water. |
| 1 | Goulds pump Model #3755 size 4X6-11H chilled water pump. |
| 1 | Goulds pump Model #3755 size 3X4-11 chilled water pump. |
| 1 | 50 Ton hydraulic press. |
| 2 | Salt storage tanks 2000 gal. SS steam heat coil - insulated. |
| 1 | 125 gal. Type 304 SS salt holding tank. |
| 1 | 250 gal type 304 SS salt storage tank. |
| 1 | 125 gal type 304 SS salt metering tank. |
| 1 | 500 lb. batch capacity autoclave with accessories. |
| 1 | 50 lb. dry load pressure dye unit 250°F for batch dyeing of packages and skeins with pumps, piping and controls. |

| <u>Quantity</u> | <u>Type</u> |
|-----------------|--|
| 1 | 86" wide Van Vlaanderen Type 805-5 combination examining and tubing machine equipped with lighting arrangement. |
| 1 | Rebuilt Saco-Lowell card machine. |
| 1 | 2 delivery of DE-7C Versa-Matic drawing frame. |
| 1 | 16 Spindle roving frame. |
| 1 | Finishing range for processing woven and knitted goods. |
| 1 | Macbeth Super Skylight Model BX-848A with foot switch and ultraviolet illumination. |
| 1 | Style 70-Y3B Merrow multiple stitching sewing machine. |
| 1 | 15 GPM leaf filter precoat SS filter with accessories. |
| 1 | Custom 40" one beater single process synthetic picker. |
| 1 | 2" 300# 304 SS flgd. line type steam separator. Peerless Model 11-106. |
| 1 | Lindberg burn-off furnace with accessories. |
| 1 | Rhodiaceta Type 9A fine denier multi-filament, yarn melt spinning machine having one position of 4 spinnerets complete with grid melters Type A, B, C and all accessories. |
| 1 | Rhodiaceta, SVAT Type continuous heavy denier carpet yarn production line having one position of 2 spinnerets. |
| 1 | Spinomatic spinning frame (96 spindle) Model SCL-15 H, 30-1/2" wide. |
| 1 | Model M-1 Roberts arrow spinning frame (96 spindle). |
| 1 | 125 gallon Evaporator with stabilizer, evaporator condenser, condensate cooler and condensate receiver. |
| 1 | Brown Fintube Model 80-1A040-017 Reboiler preheater for demineralized water. |
| 1 | Disler Model 17/30-120, 665,000 BTU/Hr. Type 304 SS reboiler for demineralized steam. |
| 1 | Dowtherm heating system consisting of two heaters, two circulating pumps and two expansion tanks. |
| 1 | Research Type, P. H. meter, Beckman Bulletin #7049. |
| 1 | Lindberg Furnace and Control. |
| 1 | Projectina, Model 4014/BA, macro and micro projector and microscope, complete with binocular tubes and 10X eyepieces with standard accessories. |

| <u>Quantity</u> | <u>Type</u> |
|-----------------|---|
| 1 | Knit shrinkage gauge - Model 7374 dimension 24" x 24" x 5" high. |
| 1 | Microscope and illuminator. |
| 1 | Large sphere color eye with accessories. |
| 1 | Model CS-157 ATLAB static testing device to operate on 110/120 volt, 60 cycle, single phase AC. |
| 1 | Vista-matic laboratory dyeing machine with accessories. |
| 1 | Cumberland 7" stair-step dyeing machine, equipped with 12 - seat rotor with 12 knives installed with accessories. |
| 1 | 7 GPM steel Dowtherm transfer pump, Chem Pump Model GAT-1K-751H-3T. |
| 2 | Goulds Model 3196, size 1 x 2-8ADS condensate pump. |
| 1 | 1000# 1 Hr. Type 304 SS deaerating feed water heater. |
| 1 | Chicago Model #TC-30 tray type deaerating feed water heater. |
| 1 | 7000 Gal. type 304 demineralized water storage tank. |
| 1 | 1000 Lb. platform scale with accessories. |
| 1 | Model 2081 Toledo bench scale dial LR with SS pivots and bearings and adjustable wheeled stand. |
| 1 | Bench type scale with accessories. |
| 1 | Suspended hopper scale with accessories. |
| 1 | Ultrasonic cleaner with accessories. |

Office Building

| | |
|---|---------------------------------------|
| 1 | Lot of miscellaneous office furniture |
|---|---------------------------------------|

SCHEDULE C

LEASE DATED AS OF NOVEMBER 1, 1967 BETWEEN
GREENVILLE COUNTY, SOUTH CAROLINA AND
PHILLIPS FIBERS CORPORATION

Section 1. Schedule C of Basic Rent Payments applicable to \$6,300,000 County Industrial Building Revenue Bonds, Series 1967, of Greenville County, South Carolina. This Schedule is made pursuant to Section 4.01 of the Lease (the "Lease") between Greenville County and Phillips Fibers Corporation. Phillips Fibers Corporation shall pay the Basic Rent for the periods and in the amounts listed below as Total Annual Basic Rent Payment. Basic Rent shall be payable in semi-annual instalments at the times (Payment Dates) and in the amounts listed below as Semi-Annual Basic Rent Instalments.

| <u>Payment Periods</u> | <u>Payment Dates</u> | <u>Semi-Annual Basic Rent Instalments</u> | <u>Total Annual Basic Rent Payment</u> |
|-----------------------------|----------------------|---|--|
| Nov. 1, 1968-April 30, 1969 | April 20, 1969 | \$155,907.50 | |
| May 1, 1969-Oct. 31, 1969 | Oct. 20, 1969 | 295,907.50 | \$451,815 |
| Nov. 1, 1969-April 30, 1970 | April 20, 1970 | 152,757.50 | |
| May 1, 1970-Oct. 31, 1970 | Oct. 20, 1970 | 297,757.50 | 450,515 |
| Nov. 1, 1970-April 30, 1971 | April 20, 1971 | 149,495.00 | |
| May 1, 1971-Oct. 31, 1971 | Oct. 20, 1971 | 304,495.00 | 453,990 |
| Nov. 1, 1971-April 30, 1972 | April 20, 1972 | 146,007.50 | |
| May 1, 1972-Oct. 31, 1972 | Oct. 20, 1972 | 311,007.50 | 457,015 |
| Nov. 1, 1972-April 30, 1973 | April 20, 1973 | 142,295.00 | |
| May 1, 1973-Oct. 31, 1973 | Oct. 20, 1973 | 317,295.00 | 459,590 |
| Nov. 1, 1973-April 30, 1974 | April 20, 1974 | 138,357.50 | |
| May 1, 1974-Oct. 31, 1974 | Oct. 20, 1974 | 318,357.50 | 456,715 |
| Nov. 1, 1974-April 30, 1975 | April 20, 1975 | 134,082.50 | |
| May 1, 1975-Oct. 31, 1975 | Oct. 20, 1975 | 324,082.50 | 458,165 |
| Nov. 1, 1975-April 30, 1976 | April 20, 1976 | 129,570.00 | |
| May 1, 1976-Oct. 31, 1976 | Oct. 20, 1976 | 329,570.00 | 459,140 |
| Nov. 1, 1976-April 30, 1977 | April 20, 1977 | 124,820.00 | |
| May 1, 1977-Oct. 31, 1977 | Oct. 20, 1977 | 334,820.00 | 459,640 |
| Nov. 1, 1977-April 30, 1978 | April 20, 1978 | 119,832.50 | |
| May 1, 1978-Oct. 31, 1978 | Oct. 20, 1978 | 339,832.50 | 459,665 |
| Nov. 1, 1978-April 30, 1979 | April 20, 1979 | 114,607.50 | |
| May 1, 1979-Oct. 31, 1979 | Oct. 20, 1979 | 344,607.50 | 459,215 |
| Nov. 1, 1979-April 30, 1980 | April 20, 1980 | 109,145.00 | |
| May 1, 1980-Oct. 31, 1980 | Oct. 20, 1980 | 354,145.00 | 463,290 |
| Nov. 1, 1980-April 30, 1981 | April 20, 1981 | 103,020.00 | |
| May 1, 1981-Oct. 31, 1981 | Oct. 20, 1981 | 358,020.00 | 461,040 |
| Nov. 1, 1981-April 30, 1982 | April 20, 1982 | 96,645.00 | |
| May 1, 1982-Oct. 31, 1982 | Oct. 20, 1982 | 361,645.00 | 458,290 |
| Nov. 1, 1982-April 30, 1983 | April 20, 1983 | 89,887.50 | |
| May 1, 1983-Oct. 31, 1983 | Oct. 20, 1983 | 369,887.50 | 459,775 |
| Nov. 1, 1983-April 30, 1984 | April 20, 1984 | 82,747.50 | |
| May 1, 1984-Oct. 31, 1984 | Oct. 20, 1984 | 377,747.50 | 460,495 |
| Nov. 1, 1984-April 30, 1985 | April 20, 1985 | 75,225.00 | |
| May 1, 1985-Oct. 31, 1985 | Oct. 20, 1985 | 385,225.00 | 460,450 |
| Nov. 1, 1985-April 30, 1986 | April 20, 1986 | 67,320.00 | |
| May 1, 1986-Oct. 31, 1986 | Oct. 20, 1986 | 397,320.00 | 464,640 |
| Nov. 1, 1986-April 30, 1987 | April 20, 1987 | 58,905.00 | |
| May 1, 1987-Oct. 31, 1987 | Oct. 20, 1987 | 398,905.00 | 457,810 |
| Nov. 1, 1987-April 30, 1988 | April 20, 1988 | 50,235.00 | |
| May 1, 1988-Oct. 31, 1988 | Oct. 20, 1988 | 400,235.00 | 450,470 |
| Nov. 1, 1988-April 30, 1989 | April 20, 1989 | 41,310.00 | |
| May 1, 1989-Oct. 31, 1989 | Oct. 20, 1989 | 416,310.00 | 457,620 |
| Nov. 1, 1989-April 30, 1990 | April 20, 1990 | 31,747.50 | |
| May 1, 1990-Oct. 31, 1990 | Oct. 20, 1990 | 426,747.50 | 458,495 |
| Nov. 1, 1990-April 30, 1991 | April 20, 1991 | 21,675.00 | |
| May 1, 1991-Oct. 31, 1991 | Oct. 20, 1991 | 431,675.00 | 453,350 |
| Nov. 1, 1991-April 30, 1992 | April 20, 1992 | 11,220.00 | |
| May 1, 1992 Oct. 31, 1992 | Oct. 20, 1992 | 451,220.00 | 462,440 |

Section 2. Upon retirement of any of the Bonds in advance of maturity, Lessor and Lessee shall enter into a written supplement to this Lease correspondingly adjusting the remaining installments of rent to be paid under Section 1 above to amounts necessary to enable the Trustee to pay the principal of, premium, if any, and interest, when due, on the remaining unredeemed Bonds.

Section 3. Any interest, profit or loss on the investment of funds by the Trustee pursuant to Section 4.07 of the Indenture shall be credited or charged, as the case may be, against rental in the manner provided in Section 4.07 of the Indenture. The Lessor agrees to cause the Trustee to invest funds upon the written request of the Lessee to the Trustee in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America or as and to the extent directed by the Lessee, but only as may from time to time be permitted by South Carolina law, in:

(a) obligations of the Federal National Mortgage Association;

(b) obligations of the Federal Intermediate Credit Corporation;

(c) obligations of Federal Banks for Cooperatives;

(d) obligations of Federal Land Banks;

(e) obligations of Federal Home Loan Banks;

(f) certificates of deposit of any United States Bank or Trust Company having a combined capital and surplus of at least \$20,000,000 (including certificates of deposit of the Trustee); or

(g) prime commercial paper.

The Lessee agrees to reimburse Lessor for any losses incurred as a result of such investments.

STATE OF SOUTH CAROLINA
COUNTY OF GREENVILLE

} SS

Personally appeared before me _____,
who, being duly sworn, says that he saw the official seal of (GREENVILLE
COUNTY, South Carolina, affixed to the foregoing instrument (Lease) a
and that he also saw _____, Chairman, and _____
_____, Secretary of the County Board of Commis-
sioners of said GREENVILLE COUNTY, SOUTH CAROLINA, sign and attest
the same, and that he and _____ witnessed the execu-
tion and delivery thereof as the act and deed of said GREENVILLE COUNTY,
SOUTH CAROLINA.

Witness

Sworn to before me this _____ day of _____, 1967,

_____, Notary Public for _____.

A Notary Public

My commission expires: _____

STATE OF _____ }
COUNTY OF _____ } SS

Personally appeared before me _____,
who, being duly sworn, says that he saw the corporate seal of PHILLIPS
FIBERS CORPORATION, a Delaware corporation, affixed to the foregoing
instrument (Lease) and that he also saw _____,
President, and _____, Secretary, of
said PHILLIPS FIBERS CORPORATION, sign and attest the same, and that
he and _____ witnessed the execution and delivery
thereof as the act and deed of said PHILLIPS FIBERS CORPORATION.

Witness

Sworn to before me this _____ day of _____, 1967

_____, Notary Public for _____.

A Notary Public

My commission expires: _____

LEASE GUARANTY AGREEMENT

FOR VALUE RECEIVED, and as an inducement to and as part of the consideration for the execution and delivery by Greenville County, South Carolina (the "Lessor") of the foregoing Lease (the "Lease") dated as of November 1, 1967, between said Lessor and Phillips Fibers Corporation (the "Lessee") and the leasing by the Lessor of any property thereunder, and as an inducement to and as part of the consideration for the issuance, execution, sale, delivery and purchase of \$6,300,000 County Industrial Building Revenue Bonds, Series 1967 (Phillips) (the "Series 1967 Bonds") described in the Lease, by the purchasers thereof, and the assignment by the Lessor of all its right, title and interest in, to and under the Lease by the Indenture dated as of November 1, 1967 between the Lessor and The South Carolina National Bank of Charleston, Columbia, South Carolina, as Trustee (the "Trustee"), to provide for the acquisition and/or construction of the leased property the undersigned Phillips Petroleum Company, a Delaware corporation (the "Company"), guarantees to the Lessor and the Trustee or assigns the full and prompt payment when due and at all times thereafter of each and all of the rents and other sums required to be paid by the Lessee to the Lessor or the Trustee under the terms of the Lease, as amended or supplemented by any instrument amending or supplementing the Lease (as from time to time amended or supplemented being hereinafter called the "Lease") and the full and prompt performance and observance by the Lessee of each and all of the covenants and agreements required to be performed and observed by the Lessee under the terms of the Lease. Company further agrees to pay all expenses and charges, legal or otherwise (including court costs and attorneys' fees), paid or incurred by the Lessor, its successors or assigns, in realizing upon any of the payments or

enforcing covenants hereby guaranteed or in enforcing this Lease Guaranty Agreement (sometimes referred to as the "Agreement").

Each and every default by the Lessee under the terms of the Lease shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises.

This Agreement shall remain in full force and effect until the Lessee shall have fully and satisfactorily discharged all of its obligations to the Lessor under the Lease, irrespective of the genuineness, validity, regularity or enforceability of said Lease or any assignment thereof, or the bankruptcy, insolvency, reorganization or dissolution of the Lessor or Lessee, or the assignment for benefit of creditors by the Lessor or Lessee.

This Agreement and the liability hereunder shall in no wise be affected or impaired by (and the Lessor, its successors or assigns are hereby expressly authorized to make from time to time without notice to anyone) any compromise, settlement or release of any of the obligations and liabilities of the Lessee under the Lease, or by any redelivery, repossession, surrender or destruction of the leased property in whole or in part, or by any failure, neglect or omission on the part of the Lessor, its successors or assigns, to realize upon any obligations or liabilities of the Lessee, or to give notice to the Company of the occurrence of any default under the Lease.

The obligations, covenants, agreements and duties of Company under this Agreement shall not be affected or impaired by reason of the happening from time to time of any of the following with respect to the Lease or said assignment thereof or this Agreement or the assignment hereof to the Trustee, although without notice to or consent of Company: (a) any assignment or mortgaging or the purported assignment or mortgaging of all or any part of the interest of Lessee in the Lease or in said property; (b) the waiver by Lessor or the Trustee of

the performance or observance by Lessee or by Company of any of the agreements, covenants, terms or conditions contained in any of such instruments; (c) the extension of the time for payment by Lessee or Company of any rents or other sums or any part thereof owing or payable under any of such instruments or of the time for performance by Lessee or Company of any other obligations under or arising out of any of such instruments or the extension or the renewal of any thereof; (d) the modification (whether material or otherwise) of any duty, agreement or obligation of Lessee set forth in any such instrument; (e) the taking or the omission of any of the actions referred to in any of such instruments; (f) any failure, omission, delay or lack on the part of the Lessor or the Trustee to enforce, assert or exercise any right, power or remedy conferred on Lessor or the Trustee in any of such instruments, or any action on the part of Lessor or the Trustee granting indulgence or extension in any form; (g) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceeding affecting, Lessee or any of its assets, or the disaffirmance of the Lease in any such proceeding; (h) the release or discharge of Lessee from the performance or observance of any agreement, covenant, term or condition contained in any of such instruments by operation of law; (i) the release, substitution or replacement in accordance with the terms of the Lease of any property subject thereof; or (j) the receipt and acceptance by Lessor or the Trustee of notes, checks or other instruments for the payment of money made by Lessee and extensions and renewals thereof.

Without limiting the foregoing, it is specifically understood that any modification, limitation or discharge of the Lessee's liability under the Lease arising out of or by virtue of any bankruptcy arrangement, reorganization or similar proceeding for relief of debtors under federal or state law hereinafter initiated by or against the Lessee shall not affect, modify, limit or discharge the liability of the Company in any manner whatsoever and this Agreement shall remain and continue in full force and effect and shall be enforceable against the Company to the same extent and with the same force and effect as if any such proceedings had not been instituted; and it is the intent and purpose of this Agreement that the Company shall and does hereby waive all rights and benefits which might accrue to it by reason of any such proceeding and that it shall be liable for the full amount of rent and other sums, including all damages imposed, or payable under the terms of the Lease, irrespective and without regard to any modification, limitation or discharge of the liability of the Lessee that may result from any such proceeding.

No act of commission or omission of any kind or at any time upon the part of the Lessor, its successors or assigns, in respect of any matter whatsoever shall in any way affect or impair the rights of the Lessor or any successor or assignee of the Lessor to enforce any right, power or benefit of the Lessor under this Agreement, and no set-off, claim, reduction, or diminution of an obligation, or any defense of any kind or nature which the Company has or may have against the Lessor or any assignee or successor thereof shall be available to or against any assignee or successor of the Lessor.

The Lessor may without any notice whatsoever to anyone sell, assign or transfer all of its right, title and interest as Lessor under the Lease or all of its right, title and interest in and to the rents and other sums at any time due and to become due thereunder, to the Trustee, or the Trustee's successors or assigns and in such event each and every immediate and successive assignee or transferee of the right, title and interest of the Lessor shall have all of the rights, powers and benefits of the Lessor under this Agreement, including, without limitation, the right to enforce this Agreement by suit or otherwise for the benefit of such assignee or transferee as fully as if such assignee or transferee were herein by name specifically given all of such rights, powers and benefits.

Upon the happening of an Event of Default, as defined in the Lease, the Lessor, its successors and assigns, in its or their sole discretion, shall have the right to proceed first and directly against the Company, its successors and assigns, under this Agreement without proceeding against or exhausting its remedies against the Lessee, its successors or assigns, and without resorting to any other security held by the Lessor or its successors or assigns.

The Company will keep and will cause each of its consolidated subsidiaries to keep proper books of record and account in accordance with generally accepted principles of accounting and will furnish to the Lessor such information respecting the business affairs, operations and financial condition of the Company and such subsidiaries as may be reasonably requested; and without any request will furnish to the Trustee described in the Lease in triplicate:

- (a) As soon as available and in any event at the time the same are made available to stockholders of the Company, copies of all quarterly and other interim financial statements as the Company shall furnish to its stockholders;

- (b) As soon as available and in any event within 150 days after the close of each fiscal year of the Company a copy of the annual audit report (including balance sheets, profit and loss and surplus statements) of the Company and its consolidated subsidiaries for such fiscal year, all as prepared and certified by independent public accountants of recognized standing; provided, however, that if the annual report of the Company to its stockholders shall contain financial statements of substantially similar detail and similarly prepared and certified, copies of such annual report may be delivered in lieu of the copies of the audit report referred to herein.

This Agreement and every part thereof shall be binding upon the Company and its successors and assigns and shall inure to the benefit of the Lessor and its successors and assigns including the Trustee. Company is advised that the rights of Lessor under this Agreement are about to be assigned to the Trustee, and upon such assignment and so long as any Series 1967 Bonds shall be unpaid in whole or in part, all rights against Company arising under this Agreement shall be for the sole benefit of the Trustee and the holders of the Series 1967 Bonds, and the Trustee shall be entitled to bring any suit, action or proceeding against Company for the enforcement of any provisions of this Agreement in its name as Trustee, and it shall not be necessary in any such suit, action or proceeding to make Lessor a party thereto; and this Agreement may not be modified or amended without the prior written consent of the Trustee, and any attempted modification or amendment without such consent shall be void. The terms of this Agreement may be enforced as to any one or more breaches either separately or cumulatively. Notice of acceptance of this Agreement and notice of the execution and delivery of the Lease by Lessee and of the assignment thereof and of this Agreement to the Trustee are waived by Company.

IN WITNESS WHEREOF the Company has caused this instrument

to be executed by a Vice President and its corporate seal to be hereunto affixed and attested by an Assistant Secretary as of the first day of November, 1967, but actually this ____ day of _____, 1967.

PHILLIPS PETROLEUM COMPANY

(Corporate Seal)

By _____
Vice President

Attest:

Assistant Secretary

Executed in the presence of:

STATE OF SOUTH CAROLINA
COUNTY OF GREENVILLE

}
}

Personally appeared before me _____, who
being duly sworn, says he saw the official seal of GREENVILLE COUNTY,
SOUTH CAROLINA, affixed to the foregoing instrument (Indenture of
Mortgage and Deed of Trust) and that he also saw _____,
Chairman, and _____, Secretary, of the County
Board of Commissioners of said GREENVILLE COUNTY sign and attest
the same, and that he and _____ witnessed the
execution and delivery thereof as the act and deed of said
GREENVILLE COUNTY.

Witness

Sworn to before me this _____ day of _____,
1967, _____, Notary Public for _____
_____.

Notary Public

My commission expires:

GREENVILLE COUNTY, SOUTH CAROLINA

TO

THE SOUTH CAROLINA NATIONAL BANK OF CHARLESTON

TRUSTEE

INDENTURE OF MORTGAGE AND DEED OF TRUST

DATED AS OF NOVEMBER 1, 1967

RELATING TO COUNTY INDUSTRIAL BUILDING REVENUE BONDS
OF GREENVILLE COUNTY, SOUTH CAROLINA

THIS INDENTURE OF MORTGAGE AND DEED OF TRUST made and entered into as of the 1st day of November, 1967, by and between GREENVILLE COUNTY, a political subdivision of the State of South Carolina (herein called the "County"), party of the first part, and The South Carolina National Bank of Charleston, as Trustee, a corporation organized and existing under and by virtue of the laws of the United States of America and being duly qualified to accept and administer the trusts hereby created (hereinafter called the "Trustee"), and having its principal place of business in the City of Columbia, State of South Carolina, party of the second part;

W I T N E S S E T H :

WHEREAS the County is a political subdivision of the State of South Carolina and is authorized by Act No. 103 of the Acts and Joint Resolutions of South Carolina, 1967 (hereinafter sometimes referred to as the "Act") to acquire land within its corporate limits and to acquire and construct buildings and improvements thereon and to acquire and install machinery and equipment therein and to lease the same as a project for the purpose of securing and developing industry within the County in order to create jobs and employment opportunities and to improve the economic welfare of the people of the County and of the State of South Carolina; and

WHEREAS the County is authorized by the Act to issue Industrial Building Revenue Bonds secured by a mortgage on the project and payable solely from the revenues derived from leasing or other disposition of the project thus acquired or constructed through the issuance of such revenue bonds; and

WHEREAS the County has made necessary arrangements with Phillips Fibers Corporation, a Delaware corporation, duly qualified and authorized to do business in the State of South Carolina (hereafter sometimes referred to as "Lessee"), for the location of

a substantial industry within the County (hereinafter sometimes referred to as the "Project"), which industry will employ substantial numbers of people from the County and elsewhere in said area with a resulting alleviation of unemployment, and a substantial increase in payrolls and other public benefits flowing from the conducting of industrial operations; and

WHEREAS the County, pursuant to resolution of the County Board of Commissioners adopted and approved on the _____ day of _____, 1967, authorized the County to enter into a Lease with the Lessee, which Lease has been duly recorded in the office of the Register of Mesne Conveyances of Greenville County, and to which Lease reference may be made by any interested person for the rental, terms, conditions and obligations of the parties thereto (hereinafter sometimes referred to as the "Lease"); and

WHEREAS the acquisition and leasing of the Project and the issuance of revenue bonds by the County as herein recited and provided has been duly approved by the State Budget and Control Board of South Carolina and will serve the intended accomplishments and in all respects conform to the provisions and requirements of the Act; and

WHEREAS the execution and delivery of this Indenture of Mortgage and Deed of Trust (hereinafter sometimes referred to as the "Indenture") and the issuance of the Industrial Building Revenue Bonds under the Act have been in all respects duly and validly authorized by resolution of the County Board of Commissioners of the County, duly adopted and approved on the _____ day of _____, 1967; and

WHEREAS it has now been determined that the amount necessary to finance the cost of the Project, including necessary expenses incidental thereto, will require the issuance, sale and delivery of such Industrial Building Revenue Bonds, Series 1967 (Phillips)(hereinafter called the "Series 1967 Bonds"), in the principal amount of Six Million Three Hundred Thousand Dollars, as hereinafter provided; and

WHEREAS the Trustee has accepted the trusts created by this Indenture, and in evidence thereof has joined in the execution hereof; and

WHEREAS the Six Million Three Hundred Thousand Dollars aggregate principal amount of Bonds to be issued, the interest coupons to be attached thereto and the Trustee's certificate of authentication to be endorsed on such Bonds are all to be in substantially the following form, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture, to wit:

(Form of Bond)

UNITED STATES OF AMERICA

STATE OF SOUTH CAROLINA

COUNTY OF GREENVILLE

COUNTY INDUSTRIAL BUILDING REVENUE BOND

SERIES 1967 (PHILLIPS)

NO. _____

\$5,000

KNOW ALL MEN BY THESE PRESENTS that Greenville County, South Carolina, for value received, promises to pay from the source and as hereinafter provided, to bearer, or, if this Bond be registered, to the registered holder hereof, on November 1, 19 __, the principal sum of Five Thousand Dollars and to pay interest on said sum from the date hereof at the rate of _____ per cent per annum on May 1, 1968 and semiannually thereafter on May 1 and November 1 of each year until said principal sum is paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be and become applicable hereto, both principal of and interest on this Bond being payable in lawful money of the United States of America at the principal office of the Trustee (The South Carolina National Bank of Charleston, in the City of Columbia, South Carolina) or its successor in trust.

This Bond is one of an authorized series of Bonds numbered consecutively from 1 to 1260, inclusive, aggregating Six Million Three Hundred Thousand Dollars principal amount issued for the purpose of acquiring land and acquiring an industrial manufacturing and reasearch building thereon consisting of buildings, improvements, machinery, equipment and real and personal properties in connection therewith (hereinafter called the "Project") and leasing the same to Phillips Fibers Corporation, a Delaware corporation (hereinafter referred to as the "Lessee") and paying necessary expenses incidental thereto so as thereby to secure and develop industry and trade by inducing the location in said County of a manufacturing and research enterprise. Said bonds are issued under and are to be equally and ratably secured and entitled to protection given by an Indenture of Mortgage and Deed of Trust (hereinafter called the "Indenture"), dated as of November 1, 1967, duly executed and delivered by said County to The South Carolina National Bank of Charleston, in the City of Columbia, South Carolina, as Trustee (the term "Trustee" where used herein referring to said The South Carolina National Bank of Charleston or its successor in said trust), which Indenture is recorded in the office of the Register of Mesne Conveyances of Greenville County and reference is hereby made to the Indenture and to all indentures supplemental thereto for a description of the property mortgaged, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of said County, the Trustee and the holders of the Bonds and the terms upon which the Bonds are issued and secured, to all of the provisions of which Indenture each holder by the acceptance hereof, assents. As provided in said Indenture, Bonds of other series ranking

equally with the Bonds of the series of which this is one may be issued and such Bonds may vary in such manner as is provided and permitted in the Indenture.

This Bond and appurtenant coupons are to be construed as negotiable instruments under the laws of the State of South Carolina, but this Bond may be registered as to principal on the registration books of the County in the office of the Trustee as Bond Registrar, upon presentation hereof at such office and the notation of such registration endorsed hereon by the Bond Registrar, and this Bond may thereafter be transferred on such books by the registered holder in person or by duly authorized attorney, evidence of such transfer to be in like manner endorsed hereon. Such transfer may be to bearer, and thereby transferability by delivery shall be restored, subject, however, to successive registrations and transfers as before. The principal of this Bond, if registered, unless registered to bearer, shall be payable only to the registered holder or his legal representative. Interest accruing on this Bond will be paid only on presentation and surrender of the attached interest coupons as they respectively become due, and registration of this Bond as to principal as aforesaid will not affect the transferability by delivery of such coupons; provided, that if upon registration of this Bond, or at any time thereafter while this Bond is registered in the name of the holder, the unmatured coupons attached evidencing interest to be thereafter paid hereon shall be surrendered to said Bond Registrar a statement to that effect will be endorsed hereon by the Bond Registrar and thereafter interest evidenced by such surrendered coupons will be paid by check or draft of the Bond Registrar at the times provided herein to the registered holder of this Bond by mail to the address shown on the registration books. This Bond when so converted into a Bond registered as to both principal and interest may be reconverted

into a coupon Bond at the written request of the registered holder and upon presentation at the office of said Bond Registrar. Upon such reconversion the coupons representing the interest to become due thereafter to the date of maturity will again be attached to this Bond and a statement will be endorsed hereon by the Bond Registrar in the registration blank on the back of this Bond whether it is then registered as to principal alone or payable to bearer.

The Bonds of this series are subject to redemption by the County at any time as a whole, but not in part (unless called for redemption pursuant to Section 10.05 of the Lease between the County and the Lessee dated as of November 1, 1967, in which event such Bonds may also be called in part in inverse order of maturity and within each maturity by lot in such manner as may be designated by the Trustee) in the event of (1) condemnation of any part of the Project to the extent provided in Section 10.05 of said Lease or (2) exercise by the Lessee of its option to terminate the Lease or purchase the Project in the event of condemnation or casualty as provided in Section 10.04 of said Lease or (3) exercise by the Lessee of its option to purchase the Project as provided in Section 18.01 of said Lease, at a redemption price of 101-1/2% of the principal amount thereof plus accrued interest to the redemption date.

Such Bonds are also subject to redemption by the County at any time as a whole, but not in part, in the event of exercise by the Lessee of its option to purchase the Project as provided in Section 18.04 of said Lease, at a redemption price of 104% of the principal amount thereof plus accrued interest to the redemption date if redeemed prior to November 1, 1977 and at the redemption prices (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date if redeemed on November 1, 1977 or thereafter.

Any of such Bonds that may be outstanding are subject to redemption prior to maturity on any interest payment date on or after November 1, 1977, in whole or in part in the inverse order of their maturity (less than all of such Bonds of a single maturity to be selected by lot in such manner as may be designated by the Trustee), at the redemption prices (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date:

| <u>Redemption Date (dates inclusive)</u> | <u>Redemption Price</u> |
|--|-----------------------------|
| November 1, 1977 to October 31, 1982 | 104% |
| November 1, 1982 to October 31, 1987 | 103% |
| November 1, 1987 to October 31, 1990 | 102% |
| Thereafter at | 101% |

In the event any of the Bonds are called for redemption as aforesaid, notice thereof identifying the Bonds to be redeemed will be given by publication at least twice in a newspaper or financial journal of general circulation published in the City of New York, New York, the first of which shall be published not less than thirty days prior to the redemption date, and in the case of the redemption of Bonds at the time registered as to principal (except to bearer) or both principal and interest, by mailing a copy of the redemption notice by registered or certified mail at least thirty days prior to the date fixed for redemption to the registered holder of each Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing or any defect therein, shall not affect the validity of any proceeding for the redemption of Bonds. If all of the Bonds to be redeemed are at that time registered as to principal (except to bearer), notice by

mailing given by registered or certified mail to the holder or holders thereof not less than thirty days prior to the date fixed for redemption shall be sufficient and published notice of the call for redemption need not be given. All Bonds so called for redemption will cease to bear interest on the specified redemption date provided funds for their redemption are on deposit at the place of payment at that time, and shall no longer be protected by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture. If, because of the temporary or permanent suspension of the publication or general circulation of any newspaper or financial journal or for any other reason, it is impossible or impractical to publish such notice of call for redemption in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice.

This Bond and the series of which it forms a part as may be outstanding from time to time are issued pursuant to and in full compliance with the Constitution and laws of the State of South Carolina, particularly Act No. 103 of the Acts and Joint Resolutions of South Carolina, 1967, and pursuant to resolution of the County Board of Commissioners of said County adopted and approved on the ____ day of _____, 1967, which resolution authorizes the execution and delivery of the Indenture. This Bond and the issue of which it forms a part and the interest coupons appertaining hereto are special obligations and shall never constitute an indebtedness of the County within the meaning of any state constitutional or statutory provision or limitation, but are payable solely out of the revenues and other amounts derived from the leasing of the Project financed through the issuance of the Bonds and which has been leased to the Lessee. The Bonds and the interest coupons appertaining thereto do

not now and shall never constitute nor give rise to a pecuniary liability of said County or a charge against its general credit or taxing powers. Rental payments sufficient for the prompt payment when due of the interest on and principal of said Bonds are to be paid to the Trustee for the account of the County and deposited in a special account created by the County and have been duly pledged for that purpose. In addition, the Bonds are secured by a mortgage on the real property and improvements acquired with the proceeds of the Bonds.

The holder of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; that the issuance of this Bond and the series of which it forms a part, together with all other obligations of the County, does not exceed or violate any constitutional or statutory limitation; and that the lease rentals and revenues pledged to the payment of the principal of and interest on this Bond and the series of which it forms a part, as the same become due, will be sufficient in amount for that purpose.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

IN WITNESS WHEREOF, Greenville County has caused this Bond to be executed in its name by the signature of the Chairman of its County Board of Commissioners, and attested by the Secretary of said board and the corporate seal of said County to be impressed hereon, and has caused the interest coupons attached hereto to be executed by the facsimile signatures of said officers, all as of the first day of November, 1967.

ATTEST:

Chairman

Secretary

(Form of Trustee's Certificate of Authentication)

This Bond is one of the Bonds of the series described in the within mentioned Indenture.

THE SOUTH CAROLINA NATIONAL BANK
OF CHARLESTON, Trustee

By _____
Authorized Officer

(Form of Interest Coupon)

No. _____ \$ _____

On the first day of _____, 19__, Greenville County, South Carolina (unless the Bond to which this coupon appertains shall have been duly called for previous redemption and payment of the principal amount thereof, interest accrued thereon to the date of redemption and any redemption premium duly made or provided for) will

pay to bearer, but solely from the sources and in the manner provided in the Indenture referred to therein, and upon presentation and surrender of this coupon at the principal office of the Trustee (The South Carolina National Bank of Charleston, in the City of Columbia, South Carolina) or its successor in trust the amount shown herein in lawful money of the United States of America, being interest then due on its County Industrial Building Revenue Bond, Series 1967 (Phillips), dated November 1, 1967 and numbered _____.

(Facsimile)
Chairman

(Facsimile)
Secretary

(Form of Registration)

| Date of Registration | Name of Registered Holder | Manner of Registration | Signature of Bond Registrar |
|-------------------------|------------------------------|---------------------------|--------------------------------|
| : | : | : | : |
| : | : | : | : |
| : | : | : | : |
| : | : | : | : |
| : | : | : | : |
| : | : | : | : |

; and

WHEREAS all things necessary to make the Bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligations of the County according to the import thereof, and to constitute this Indenture a valid lien on the properties mortgaged subject to the Lease and a valid pledge of the lease rentals and revenues herein made to the payment of the principal of and interest on the Bonds, have been done and performed, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS
INDENTURE OF MORTGAGE AND DEED OF TRUST FURTHER WITNESSETH:

That in order to secure the payment of the principal of,
premium, if any, and interest upon all Bonds at any time issued and
outstanding under this Indenture, according to their tenor and effect
and to secure the performance and observance of all the covenants and
conditions herein contained, and to declare the terms and conditions
upon which Bonds are or shall be issued, received and held, in con-
sideration of the premises and of the purchase and the acceptance of
Bonds by the holders thereof, and in consideration of the acceptance
by the Trustee of the trusts hereby created and for other good and
valuable considerations to it hereunto moving, receipt whereof is
hereby acknowledged, the County does hereby grant, bargain, sell,
warrant, convey, confirm, assign, transfer in trust, pledge, mortgage
and set over unto the Trustee, and to its successors in the trusts
hereby created, subject to the rights of Phillips Fibers Corporation,
its successors and assigns, under the Lease, all and singular the
real property of the County hereinafter described, to wit:

DIVISION I

The parcels of real estate located in Greenville County, South Carolina, specifically described in Schedule A attached hereto and hereby made a part hereof, together with all right, title and interest of the County in and to all buildings, structures and improvements now standing, or at any time hereafter constructed or placed upon said property or any part thereof, including all right, title and interest of the County, if any, in and to all building material, plants and fixtures of every kind and nature whatsoever on said premises or in any building now or hereafter standing on said property, or any part thereof, and the reversion or reversions, remainder or remainders, in and to said property and each and every part thereof, and together with the entire interest of the County in and to all and singular the tenements, hereditaments, easements, rights, privileges and appurtenances to said property belonging or in any way appertaining thereto, and all right, title and interest of the County in and to any streets, ways, alleys or strips of land adjoining said property or any part thereof, and all the estate, right, title, interest, claim or demand whatsoever of the County either in law or in equity, in possession or expectancy, of, in and to said property.

DIVISION II

All right, title and interest of the County, as Lessor, in, under and to the Lease, dated as of November 1, 1967 (which Lease is described in the fourth WHEREAS clause of this Indenture and referred to as the "Lease") between the County, as Lessor, and Phillips Fibers Corporation, a Delaware corporation, as Lessee, covering the property described in Division I, all right, title and interest of the County in, under and to the Lease Guaranty Agreement executed by Phillips Petroleum Company, dated as of November 1, 1967 and attached to the Lease, and all rents, issues, profits, income and other sums due and to become due under and pursuant to or by reason of the Lease and the Lease Guaranty Agreement, it being the intent and purpose hereof that the assignment and transfer to the Trustee of the rents and other sums due and to become due under the Lease and the Lease Guaranty Agreement shall be effective and operative immediately and shall continue in force and effect, and the Trustee shall have the right to collect and receive said rents and other sums for application in accordance with the provisions hereof, at all times during the period from and after the date of this Indenture until the obligations hereby secured shall have been fully paid and discharged, including without limitation at all times after the institution and during the pendency of foreclosure proceedings and after any sale on foreclosure. The County, however, is to remain liable to observe and perform all the conditions and covenants in said Lease provided to be observed and performed by it.

DIVISION III

All rights, privileges, licenses, permits, immunities and easements of every kind and nature appurtenant to the properties and estates described in Divisions I and II hereof or appurtenant to any property covered by any instrument at any time hereafter conveying, mortgaging, pledging or assigning any property of any kind to the Trustee hereunder to be held as part of the mortgaged property; and also all and singular the tenements, hereditaments or appurtenances

belonging to said properties or any part thereof or in any wise appertaining thereto and the reversions, remainders, rents, issues and profits thereof (including, but without limitation of the present assignment, pledge and transfer of the rents, income and other sums due and to become due under and pursuant to the Lease which is provided for in Division II hereof, the rents, issues and profits during any period allowed by law for the redemption of the mortgaged property after any foreclosure or other sale); and all the estate, right, title and claim whatsoever, at law as well as in equity, which the County now has or may hereafter acquire in and to the property and estate described in Divisions I and II hereof or any part thereof, whether now owned or hereafter acquired.

DIVISION IV

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

SUBJECT, HOWEVER, to the following:

- (a) The lien of current taxes and assessments not in default;
- (b) The liens, restrictions, exceptions or reservations, if any, set forth in Schedule A attached hereto;
- (c) All rights, title and interest of Phillips Fibers Corporation, its successors and assigns, under the Lease; and
- (d) Easements, restrictions, exceptions or reservations in or affecting the real property described in Schedule A attached hereto for the purpose of roads, streets and similar purposes or for the joint or common use of properties, facilities and fixtures; and defects and irregularities in the title to said real property which do not materially impair the use or value of said real property for the purposes for which said real property is held by the County.

TO HAVE AND TO HOLD, all and singular, the trust estate, including all additional property which by the terms hereof has or may become subject to the encumbrance of this Indenture, unto the Trustee and its successors and assigns, forever, subject, however (1) to the restrictions or encumbrances set forth on Schedule A following the description of the real estate and (ii) to the rights, title and interest of Phillips Fibers Corporation, its successors and assigns, under the Lease.

IN TRUST, however, for the equal and proportionate benefit and security of the holders from time to time of the Bonds (and their

appurtenant coupons) authenticated and delivered hereunder and issued by the County and outstanding, without preference, priority or distinction as to lien or otherwise of any one of said Bonds over any other or others of said Bonds to the end that each holder of such Bonds has the same rights, privileges and lien under and by virtue of this Indenture; and conditioned, however, that if the County shall well and truly pay or cause to be paid fully and promptly when due all sums, liabilities and obligations at any time secured hereby, including interest and attorneys' fees, and shall promptly, faithfully and strictly keep, perform and observe or cause to be kept, performed and observed all of its covenants, warranties and agreements contained herein, then and in such event this Indenture shall be and become void and of no further force and effect, otherwise the same shall remain in full force and effect, and upon the trust and subject to the covenants and conditions hereinafter set forth.

THIS INDENTURE OF MORTGAGE AND DEED OF TRUST FURTHER WITNESSETH that, and it is expressly declared, all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all lease rentals, revenues and receipts hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the County has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective holders and owners, from time to time, of the said Bonds or coupons, or any part thereof, as follows, that is to say:

ARTICLE I

Definitions

Section 1.01. In addition to the words and terms elsewhere defined in this Indenture, the following words and terms shall have the following meanings unless the context or use indicates another or different meaning or intent:

"Bond" or "Bonds" means the County Industrial Building Revenue Bonds of the County of all series from time to time authenticated and delivered under this Indenture.

"Bondholder" or "holder" or "owner" or "owner of the Bonds" shall mean the bearer of any Bond not registered as to principal and the registered holder of any Bond registered as to principal.

"Bond Redemption Account" shall mean the account by that name referred to in Section 5.01 hereof.

"Certified Resolution" with reference to the County means a copy of a resolution certified by the Secretary of the County Board of Commissioners of the County to have been duly passed and adopted by said board at a meeting duly called and convened.

"County" means Greenville County, South Carolina, and its lawful successors.

"Indenture" shall mean this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto.

"Independent Architect" or "Independent Engineer" means an architect or firm of architects or a registered engineer, firm of engineers or engineering corporation acceptable to the Trustee and to Lessee so long as it is not in default under the Lease.

"Interest Account" shall mean the account by that name referred to in Article IV hereof.

"Lease" shall mean the Lease dated as of November 1, 1967 executed by the County, as Lessor, and Phillips Fibers Corporation, as Lessee, as from time to time amended and supplemented.

"Lease Guaranty Agreement" shall mean the instrument by that name executed by Phillips Petroleum Company, dated as of November 1, 1967 and attached to the Lease.

"Lessee" shall mean Phillips Fibers Corporation and its successors and assigns and any surviving, resulting or transferee corporation as provided in Section 12.02 of the Lease.

"Opinion of Counsel" means a written opinion of counsel (who may be counsel for the County).

"Outstanding", when used with reference to Bonds, shall, subject to the provisions of Section 9.04, mean as of any particular time all the Bonds authenticated and delivered by the Trustee under this Indenture, except -

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee cancelled or for cancellation;

(b) Bonds for the payment or redemption of which moneys in the necessary amount shall have been deposited in trust with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds), provided that if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as provided in Article V or provision satisfactory to the Trustee shall have been made for giving such notice; and

(c) Bonds in substitution for which other Bonds shall have been authenticated and delivered pursuant to the terms of Section 2.06.

"Person" means natural persons, firms, associations, corporations and public bodies.

"Phillips Petroleum Company" shall mean Phillips Petroleum Company, a Delaware corporation, and its successors and assigns as provided in the Lease Guaranty Agreement.

"Project" shall mean the land and interests therein, buildings, structures, improvements, machinery, equipment and other facilities from time to time leased under the Lease.

"Qualified Investments" shall mean the obligations specified in Schedule C to the Lease.

"Responsible Officers" of the Trustee or any separate trustee or co-trustee hereunder shall mean the chairman of the board of directors, the president, every vice president, every assistant vice president, the cashier, every assistant cashier, the secretary, every

assistant secretary, every trust officer, and every officer and assistant officer of such trustee, other than those specifically above mentioned, to whom any corporate trust matter is referred because of his knowledge of, and familiarity with, a particular subject.

"Revenue Account" shall mean the account by that name referred to in Article IV hereof.

"Series 1967 Bonds" shall mean the \$6,300,000 principal amount of County Industrial Building Revenue Bonds, Series 1967 (Phillips) from time to time issued and outstanding under this Indenture.

"Trustee" means The South Carolina National Bank of Charleston, the party of the second part hereto, and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee hereunder.

"Trust Estate, "trust estate" or "mortgaged property" shall mean the property of the County which is subject to the lien of this Indenture.

ARTICLE II

Execution, Authentication, Maturity, Form and Registration of Bonds

Section 2.01. The Bonds authorized to be issued under this Indenture shall be designated as "County Industrial Building Revenue Bonds". The Series 1967 Bonds shall be issuable in the denomination specified in Section 3.01 hereof and Bonds of other series shall be issuable in the denomination or denominations specified in the supplemental indenture creating such series.

Section 2.02. The principal of, premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts, and such principal, premium, if any, and interest, shall be payable at the office of the Trustee (The South Carolina National Bank of Charleston, in the City of Columbia, South Carolina) or its successor in trust.

Except as otherwise provided in the case of registration as provided in Section 2.07 hereof, payment of the interest on the Bonds shall be made only upon presentation and surrender of the coupons representing such interest as the same respectively falls due.

Section 2.03. Only such Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinabove set forth duly executed by the Trustee shall be entitled to any right or benefit under this Indenture. No Bond and no coupon appertaining to any Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder. Before authenticating or delivering any Bonds, the Trustee shall detach and cancel all matured coupons, if any, appertaining thereto, and such cancelled coupons shall be cremated by the Trustee.

Section 2.04. All Bonds issued and to be issued under this Indenture shall be executed on behalf of the County by the signature of the Chairman of the County Board of Commissioners and attested by the Secretary of said board and shall have impressed thereon the corporate seal of the County. The coupons attached to the Bonds shall be executed by the facsimile signatures of said Chairman and Secretary, which facsimiles on the coupons shall have the same force and effect as if said officers had manually signed each of said coupons. The Bonds, together with interest thereon, shall be special obligations of the County payable from the funds on deposit in the various

accounts created by this Indenture and shall be a valid claim of the respective holders thereof only against such funds and the revenues and receipts from the leasing of the Project pledged to such accounts (but in addition shall be secured by a mortgage lien on the real property and improvements), which revenues and receipts are hereby pledged and mortgaged for the equal and ratable payment of the Bonds and shall be used for no other purpose than to pay the principal of and interest on the Bonds, except as may be otherwise expressly authorized in this Indenture. The Bonds and interest coupons shall never constitute an indebtedness of the County within the meaning of any state constitutional or statutory provision or 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. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds or coupons shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery.

Section 2.05. The Bonds issued under this Indenture and the coupons attached thereto shall be substantially in the form hereinabove set forth with such appropriate variations, omissions and insertions as are permitted or required by this Indenture.

Section 2.06. In the event any Bond is mutilated, lost, stolen or destroyed, the County may execute and the Trustee may authenticate a new Bond of like date, number, maturity and denomination as that mutilated, lost, stolen or destroyed, which new Bond shall have attached thereto coupons corresponding in all respects to those (if any) on the Bond mutilated, lost, stolen or destroyed;

provided that, in the case of any mutilated Bond, such mutilated Bond together with all coupons (if any) appertaining thereto shall first be surrendered to the County, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the County and the Trustee evidence of such loss, theft or destruction satisfactory to the County and the Trustee, together with indemnity satisfactory to them. In the event any such Bond or coupon shall have matured, instead of issuing a duplicate Bond or coupon the County may pay the same without surrender thereof. The County and the Trustee may charge the holder or owner of such Bond with their reasonable fees and expenses in this connection.

Section 2.07. Each of the Bonds issued hereunder shall be fully negotiable and pass by delivery but shall be subject to registration (as hereinafter provided) as to principal only or as to both principal and interest in the name of the holder on registration books to be provided for that purpose by the County at the principal office of the Trustee, as Bond Registrar. Upon presentation at said office any of the Bonds may be registered as to principal only and such registration shall be evidenced by notation to that effect by the Bond Registrar in the registration blank on the reverse side thereof, after which no transfer thereof shall be valid unless made at the written request of the registered holder or his legal representative, on said registration books and similarly endorsed thereon. Such registered Bonds may be thus transferred to bearer whereupon transferability by delivery shall be restored but the Bonds may again, from time to time, be registered or transferred to bearer as before. Such registration of any of the Bonds shall not affect the transferability by delivery only of the interest coupons thereunto appertaining, provided, that if upon registration of any such Bond, or at any time thereafter while registered in the name of the holder, the unmatured

coupons attached evidencing interest to be thereafter paid thereon shall be surrendered to said Bond Registrar a statement to that effect will be endorsed thereon and thereafter interest evidenced by such surrendered coupons will be paid by check or draft by said Bond Registrar at the times provided therein to the registered holder by mail to the address shown on the registration books. Each of the Bonds when converted as aforesaid into a Bond registered as to both principal and interest may be reconverted into a coupon Bond at the written request of the registered holder and upon presentation at the office of said Bond Registrar. Upon such reconversion the coupons representing the interest to become due thereafter to the date of maturity will be attached to the Bond and a statement will be endorsed thereon by said Bond Registrar in the registration blank on the back of the Bond whether it is then registered as to principal alone or payable to bearer. No charge shall be made to any bondholder for the privilege of registration and transfer hereinabove granted, but any bondholder requesting any such registration or transfer shall pay any tax or other governmental charge required to be paid with respect thereto. As to any Bond registered as to principal, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of or on account of the principal of any such Bond shall be made only to or upon the order of the registered owner thereof, or his legal representative, and neither the County, the Trustee, nor the Bond Registrar shall be affected by any notice to the contrary, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. The County and the Trustee may deem and treat the bearer of any Bond which shall not at the time be registered as to principal (except to bearer), and the bearer of

any coupon appertaining to any Bond, whether such Bond be registered as to principal or not, as the absolute owner of such Bond or coupon, as the case may be, whether such Bond or coupon shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and neither the County nor the Trustee shall be affected by any notice to the contrary.

ARTICLE III

The Series 1967 Bonds and Bonds of Other Series

Section 3.01. The first series of Bonds to be issued hereunder shall be entitled "County Industrial Building Revenue Bonds, Series 1967 (Phillips)", and shall be in the aggregate principal amount of Six Million Three Hundred Thousand Dollars (\$6,300,000). The Series 1967 Bonds shall be issuable as coupon Bonds, in the denomination of \$5,000, shall be dated November 1, 1967 and shall bear interest from such date payable semi-annually on the first days of May and November of each year with the first interest payments to be made May 1, 1968. The Series 1967 Bonds, the interest coupons to be annexed thereto, and the Trustee's Certificate of Authentication shall be substantially in the forms, and be of the tenor and purport, respectively, hereinbefore set forth. The Series 1967 Bonds shall be numbered consecutively from 1 upward, shall mature in numerical order on November 1 of each of the years and shall bear interest as follows:

| <u>Year</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|-------------|-------------------------|----------------------|
| 1969 | \$140,000 | 4-1/2% |
| 1970 | 145,000 | 4-1/2% |
| 1971 | 155,000 | 4-1/2% |
| 1972 | 165,000 | 4-1/2% |
| 1973 | 175,000 | 4-1/2% |
| 1974 | 180,000 | 4-3/4% |
| 1975 | 190,000 | 4-3/4% |
| 1976 | 200,000 | 4-3/4% |
| 1977 | 210,000 | 4-3/4% |
| 1978 | 220,000 | 4-3/4% |
| 1979 | 230,000 | 4-3/4% |
| 1980 | 245,000 | 5% |
| 1981 | 255,000 | 5% |
| 1982 | 265,000 | 5.10% |
| 1983 | 280,000 | 5.10% |
| 1984 | 295,000 | 5.10% |
| 1985 | 310,000 | 5.10% |
| 1986 | 330,000 | 5.10% |
| 1987 | 340,000 | 5.10% |
| 1988 | 350,000 | 5.10% |
| 1989 | 375,000 | 5.10% |
| 1990 | 395,000 | 5.10% |
| 1991 | 410,000 | 5.10% |
| 1992 | 440,000 | 5.10% |

Section 3.02. (a) The Trustee, forthwith upon the execution and delivery of this Indenture or from time to time thereafter upon the execution and delivery to it by the County of the Series 1967 Bonds and without any further action on the part of the County, shall authenticate Series 1967 Bonds in the aggregate principal amount of not to exceed Six Million Three Hundred Thousand Dollars (\$6,300,000) and shall deliver them to or upon the written request of the County, and in accordance with the terms and conditions of such written request.

(b) Prior to the delivery by the Trustee of any of the Bonds there shall be filed with the Trustee:

(1) Copies duly certified by the Secretary of the County Board of Commissioners of the County, of the resolution adopted and approved on _____, 1967 authorizing the execution and delivery of the Lease, and the resolution adopted and approved on _____, 1967 authorizing the execution and delivery of this Indenture and the issuance of the Bonds.

(2) An original executed counterpart of each of the Lease and Lease Guaranty Agreement.

(3) The written opinion of counsel for the County or other counsel satisfactory to the Trustee expressing the conclusion that upon payment of the purchase price and acceptance of the instruments of conveyance, all as theretofore agreed upon, the County will have acquired title to the Project as it then exists, subject only to exceptions acceptable to the County.

(4) A request and authorization to the Trustee on behalf of the County and signed by the Chairman of its County Board of Commissioners and the Secretary of said board to authenticate and deliver the Bonds to be issued in the aggregate principal amount of Six Million Three Hundred Thousand Dollars to the purchasers therein identified upon payment to the Trustee but for account of the County of a specified sum plus accrued interest. The proceeds of the Bonds shall be paid over to the Trustee and deposited or disbursed by the Trustee as hereinafter in this Section 3.02 provided.

(c) The County shall simultaneously deposit with the Trustee all of the proceeds from the sale of the Series 1967 Bonds (including accrued interest on the Series 1967 Bonds from their date to the date of their delivery to the purchasers) as set forth in the written request of the County and the Trustee shall out of such proceeds:

(1) Deposit to the credit of the Interest Account established under Article IV hereof the accrued interest on the Series 1967 Bonds from their date to the date of their delivery, together with a sufficient portion of the proceeds equal in the aggregate to the amount of interest to accrue on the Series 1967 Bonds to November 1, 1968.

(2) Deposit to the credit of an Expense Account the sum of \$124,500 and to pay out of such Expense Account upon the written request of the County and (so long as the Lessee is not in default under the Lease) of the Lessee,

any legal and fiscal fees and expenses, recording expenses, trustee's and depository's fees or title insurance costs incurred in connection with the issuance and sale of the Series 1967 Bonds. At such time as the County and the Lessee furnish the Trustee with a letter that all such fees and expenses have been paid, the Trustee shall transfer any moneys remaining in such account to the Project Acquisition Account hereinafter created.

(3) There is hereby created and established with the Trustee a trust fund to be designated "Greenville County Industrial Development Project Acquisition Account - Phillips Project" (which is sometimes herein referred to as the "Project Acquisition Account"). The balance of the proceeds of the sale of the Series 1967 Bonds after the payment or provision for payment of expenses as hereinabove provided, shall be deposited in the Project Acquisition Account and shall be expended by the Trustee to pay to the Lessee from time to time the actual costs incurred by the Lessee in connection with the Project, provided that (i) the Trustee shall not be obligated to make any such payment (except for the final payment) in an amount less than \$50,000, (ii) with respect to each such payment the Lessee shall furnish a certificate executed by a Vice President of the Lessee showing in reasonable detail the actual costs so incurred to a date specified in such certificate and not covered by any prior certificate and (iii) with respect to each such payment the Lessee shall furnish to the County and the Trustee an Opinion of Counsel who shall be satisfactory to the Trustee stating that the County has acquired title to the Project as it then exists, subject only to

exceptions acceptable to the County, or in the event such an opinion has already been delivered in connection with a prior payment, a supplemental Opinion of Counsel confirming that the County has title to the Project as it exists as the date of such supplemental opinion, subject only to exceptions acceptable to the County. The Trustee is hereby authorized and directed to issue its checks on the Project Acquisition Account for each payment required by this subparagraph (3). The Trustee shall keep and maintain adequate records pertaining to the Project Acquisition Account and all payments therefrom.

All moneys remaining in the Project Acquisition Account after all payments have been made pursuant to this subparagraph (3) shall, at the direction of the Lessee, be (a) used by the Trustee for purchase of Bonds in the open market for the purpose of cancellation, at the best price or prices obtainable not exceeding the principal amount thereof plus accrued interest thereon to the date of such purchase or (b) paid into the Revenue Account and credited against the next succeeding payment or payments of rental to be made by the Lessee to the Trustee.

Section 3.03. Subject to the provisions of Section 3.04, one or more series of Bonds in addition to the Series 1967 Bonds may be authenticated and delivered from time to time when authorized by resolution or resolutions of the County Board of Commissioners of the County which shall specify:

(a) The authorized principal amount of such series, the designation and denomination or denominations thereof and the directions for the authentication and delivery of the Bonds upon payment of the purchase price therein set forth.

(b) The purposes for which such series is being issued.

(c) The date of such series and maturity dates and amounts of the Bonds thereof.

(d) The interest rate or rates of such Bonds and the interest payment dates therefor, provided that the interest rate or rates shall be identical for all Bonds of a like maturity of the same series and the interest payment dates shall be semi-annual and shall be identical for all Bonds of the same series.

(e) The redemption premium and redemption terms, if any, for such Bonds.

(f) Any other matters deemed appropriate or necessary by the County Board of Commissioners of the County and not inconsistent with the provisions of this Indenture.

Section 3.04. The Bonds of each series other than Series 1967 Bonds shall be executed by the County and delivered to the Trustee, and thereupon shall be authenticated by the Trustee and delivered to or upon the written request of the County for the purpose of constructing or acquiring additions or improvements to the Project including additional real property and equipment therefor, but only upon receipt by the Trustee of:

(a) A copy of the resolution or resolutions referred to in Section 3.03 hereof and of a resolution or resolutions of the County Board of Commissioners of the County authorizing or ratifying the supplemental instrument referred to in paragraph (b) of this Section 3.04, certified by the Secretary of the County Board of Commissioners, and a Certified Resolution of the County authorizing or ratifying a supplemental indenture authorizing the new series and pledging and assigning the additional rents for such series to the Trustee.

(b) An executed counterpart of a supplemental instrument relating to such new series executed by the County and the Lessee pursuant to Section 11.04 of the Lease containing a schedule of payments of rents which are not less than the payments of principal and interest, when due, for such series.

(c) An executed counterpart of a supplemental indenture authorizing the new series subjecting to the lien hereof any and all real property paid for with the proceeds of such new series of Bonds, assigning all of the right, title and interest of the County in and to the supplemental instrument referred to in subparagraph (b) of this Section 3.04 and pledging and assigning the additional rents, subject to the rights of the Lessee under the Lease.

(d) An executed counterpart of a supplemental instrument under the terms of which Phillips Petroleum Company guarantees the obligations of the Lessee under the supplemental instrument referred to in subparagraph (b) of this Section 3.04.

(e) An Opinion of Counsel satisfactory to the Trustee to the effect that (i) such Bonds are valid and binding obligations of the County and enforceable in accordance with their terms and the terms of this Indenture; (ii) such Bonds have been duly and validly authorized and issued in accordance with law and this Indenture; (iii) the Lease has been effectively supplemented by the supplemental instrument referred to in subparagraph (b) of this Section 3.04 and the Lease as supplemented is valid and binding on the County and the Lessee, subject to bankruptcy and insolvency laws; (iv) the supplemental instrument of guaranty referred to in the preceding subparagraph (d) is valid, binding and enforceable against Phillips Petroleum Company in

accordance with its terms; and (v) the Indenture constitutes a valid first mortgage lien on the real property and improvements described in the granting clauses thereof, as supplemented and amended, subject only to the rights of the Lessee under the Lease and to encumbrances, rights and interests which will not weaken, diminish or impair the security intended to be given by or under this Indenture and will not interfere with the use and operation of the Project; and all rents payable under the Lease as so supplemented, are effectively assigned to the Trustee for the security of the Bonds issued hereunder, and the payments thereof are effectively guaranteed to the Trustee for the security of the Bonds issued hereunder.

(f) A certificate of the Chairman and Secretary of the County Board of Commissioners of the County stating that no Bonds have been theretofore issued on the basis of the supplemental instrument referred to in subparagraph (b) of this Section 3.04 and that on the date of the authentication and delivery of such Bonds neither the County, the Lessee nor Phillips Petroleum Company is in default in the performance or observance of any of the covenants, conditions, agreements or provisions of this Indenture, the Lease or the Lease Guaranty Agreement.

(g) A copy of the resolution or resolutions of the Lessee, authorizing or ratifying the supplemental instrument referred to in subparagraph (b) of this Section 3.04 certified by the Secretary or an Assistant Secretary of the Lessee.

(h) A certificate of the President or a Vice President and Secretary or an Assistant Secretary of the Lessee that such corporation approves the issuance of the Bonds of the new series and is not in default in the performance or observance of any of the covenants, conditions, agreements or provisions of the Lease.

(i) A certificate of the President or a Vice President and Secretary or an Assistant Secretary of Phillips Petroleum Company that such corporation approves the issuance of the Bonds of the new series and is not in default in the performance or observance of any of the covenants, conditions, agreements or provisions of the Lease Guaranty Agreement.

(j) The purchase price of the Bonds being delivered as stated in the resolution referred to in Section 3.03 hereof.

(k) A written request of the County for the authentication and delivery of such Bonds and directing the disbursement of the proceeds by the Trustee.

The net proceeds from the sale of a series shall be the purchase price thereof less such of the following as shall be approved by the Lessee: legal fees and expenses, recording expenses, escrow and title insurance costs, insurance during construction, underwriting or dealer's commissions or fees, depository's fees, interest during construction and one year thereafter and other reasonable fees and expenses pertaining to the issuance and sale of the Bonds of such series and the financing of the construction.

Such Bonds may be authenticated, delivered and paid for in installments of less than the total authorized principal amount of a series from time to time as the County may direct in its written request.

Section 3.05. All Bonds of all series from time to time authenticated and delivered under this Indenture shall be equally and ratably secured both as to principal, premium, if any, and interest by this Indenture.

ARTICLE IV

Accounts and Investments of Funds

Section 4.01. The following accounts are hereby created and the funds deposited therein shall be held by the Trustee in trust for the purposes set forth in this Article:

- (a) Revenue Account.
- (b) Interest Account.
- (c) Bond Retirement Account.

Section 4.02. The Bonds herein authorized and all payments by the County hereunder are not general obligations of the County but are special obligations payable solely from revenues and receipts derived from the Project as authorized by the Act and as provided herein. The Bonds are secured by a mortgage lien on the lands, buildings and improvements constituting the mortgaged property and acquired or constructed with the proceeds of the Bonds.

The Project has been leased under the Lease; and the Basic Rent to be paid by the Lessee pursuant to the terms thereof is assigned hereunder by the County to the Trustee and shall be remitted by the Lessee directly to the Trustee for the account of the County and deposited in the Revenue Account. The said Basic Rent payments are sufficient in amount to insure the prompt payment of the principal of and interest on the Bonds, and the entire amount of said Basic Rent payments is pledged to the payment of the principal of and interest on the Bonds.

The Basic Rent payments specified in Schedule C to the Lease are to commence prior to May 1, 1969, and prior to that time there will have been deposited in the Interest Account funds which will be sufficient when added to accrued interest received from the sale of the Series 1967 Bonds to pay all interest to accrue on the Series 1967 Bonds to November 1, 1968.

Section 4.03. The Basic Rent to be paid by the Lessee pursuant to the terms of the Lease is assigned hereunder by the County to the Trustee so that such moneys shall be paid by the Lessee direct to the Trustee and the Trustee shall credit the Basic Rent paid pursuant to Article IV of the Lease to the Revenue Account.

Section 4.04. The Trustee shall transfer from the Revenue Account in the following order the following amounts at the times and in the manner hereinafter provided for, to wit:

(a) Interest Account. The Trustee shall upon receipt, but not less than three business days prior to each interest payment date, deposit in the Interest Account an amount which, together with such other money as may be on deposit in such Account, will be equal to the interest becoming due and payable on the outstanding Bonds on said interest payment date. Moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to this Indenture).

(b) Bond Retirement Account. The Trustee shall upon receipt but not less than three business days prior to each date when Bonds of any series shall become due by their terms, deposit in the Bond Retirement Account the principal amount of the Bonds of such series becoming so due. In the case of the Series 1967 Bonds such dates and amounts shall be as follows:

| <u>Date</u> | <u>Amount</u> | <u>Date</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|
| 1969 | \$140,000 | 1981 | \$255,000 |
| 1970 | 145,000 | 1982 | 265,000 |
| 1971 | 155,000 | 1983 | 280,000 |
| 1972 | 165,000 | 1984 | 295,000 |
| 1973 | 175,000 | 1985 | 310,000 |
| 1974 | 180,000 | 1986 | 330,000 |
| 1975 | 190,000 | 1987 | 340,000 |
| 1976 | 200,000 | 1988 | 350,000 |
| 1977 | 210,000 | 1989 | 375,000 |
| 1978 | 220,000 | 1990 | 395,000 |
| 1979 | 230,000 | 1991 | 410,000 |
| 1980 | 245,000 | 1992 | 440,000 |

Moneys in the Bond Retirement Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds as it shall become due and payable at stated maturity.

Section 4.05. Moneys deposited in the Project Acquisition Account not required for the purposes specified therein, shall, so long as the Trustee shall not have knowledge of a default by the Lessee under the Lease, be deposited by the Trustee in the Revenue Account if directed by the Lessee pursuant to Section 3.02 hereof.

Section 4.06. All moneys received by the Trustee under the provisions of this Indenture shall be trust funds under the terms hereof and shall not be subject to lien or attachment of any creditor of the County or the Lessee. Such moneys shall be held in trust and applied in accordance with the provisions of this Indenture.

Section 4.07. Substantially all moneys in any of the accounts to be established by the Trustee pursuant to Article IV of this Indenture shall be invested and reinvested by the Trustee in Qualified Investments (as defined in Section 1.01 hereof) if and to the extent requested so to do by the written request of the Lessee, so long as the Trustee shall not have knowledge of a default under the Lease, which written request shall state generally that the Trustee may invest such moneys in Qualified Investments to be determined by the Trustee or shall specify the issuer or obligor, principal amount, maturity date and interest rate of or on such investment and shall state which subparagraph of the definition of "Qualified Investments" permits such investment. The Trustee shall be fully protected in acting upon any such written request and the Trustee, in the latter case, shall have no duty, responsibility or obligation to determine whether a requested investment is a "Qualified Investment", which determination shall be made solely by the Lessee and the Trustee shall have no duty whatsoever after the making of any investment to determine whether such investment continues to meet the requirements of the definition of "Qualified Investments". Any interest, profit or loss on investments made pursuant to this

Section 4.07 shall be credited or charged to the Revenue Account and so long as the Trustee shall not have knowledge of a default by the Lessee under the Lease, moneys so credited to the Revenue Account are to constitute a credit to the Lessee which shall reduce the next succeeding payment or payments of rental to be made by the Lessee to the Trustee. Any profit or loss on any investment shall only arise on the maturity, exchange or sale of such investment. Prior thereto for the purposes of any valuation of any investment, the purchase price (including any amount paid as accrued interest at the time of such purchase until the payment of such interest on the next interest payment date) of such investment shall be considered to be the amount at which such investment shall be valued. Further, pursuant to Schedule C of the Lease any losses on such investments are to be made up by the Lessee and any moneys paid to the Trustee by the Lessee for such purpose shall be deposited in the account or accounts with respect to which, and to the extent that, such losses were incurred. If the Trustee shall have knowledge that the Lessee is in default under the Lease, substantially all moneys in any of the accounts to be established by the Trustee pursuant to this Article IV of this Indenture shall be invested and reinvested by the Trustee in Qualified Investments if and to the extent requested so to do by the written request of the County, which written request shall specify the issuer or obligor, principal amount, maturity date and interest rate of or on such investment and shall state which subparagraph of the definition of "Qualified Investments" permits such investment. The Trustee shall be fully protected in acting upon any such written request and the Trustee shall have no duty, responsibility or obligation to determine whether a requested investment is a "Qualified Investment", which determination shall be made solely by the County, and the Trustee shall have no duty whatsoever after the making of any investment to

determine whether such investment continues to meet the requirements of the definition of "Qualified Investments". The Trustee shall sell or present for redemption any investment whenever it shall be necessary in order to provide money to meet any payment hereunder and the Trustee shall not be liable or responsible for any loss resulting from such sale.

ARTICLE V

Redemption of Bonds Before Maturity

Section 5.01. There is hereby created a Bond Redemption Account and any and all moneys deposited therein shall be held by the Trustee in trust for the purpose of redeeming Bonds when redeemable. Moneys paid to the Trustee under the terms of Section 4.05 of this Indenture and of Sections 4.02, 10.04, 10.05, 10.06, 18.01, 18.02, 18.03, 18.04 and 18.05 of the Lease shall be used for the purpose of redeeming Bonds when redeemable. The County covenants that any and all such moneys received by it which are to be used to redeem Bonds shall be paid to the Trustee under this Indenture and in such event, the Trustee shall use any and all such moneys to redeem Bonds when and as the Bonds shall in accordance with their terms be redeemable.

If moneys received by the Trustee are not sufficient to pay principal of and interest (and premium if any) on Bonds of all series until the next succeeding redemption date on which Bonds of such series may be redeemed and to redeem all of the Bonds of such series on such redemption date, the Trustee shall, upon receipt, allocate such moneys among the various series of Bonds outstanding pro rata on the basis of the aggregate principal amount of the Bonds of each series then

outstanding. The Trustee shall apply such moneys so allocated to the redemption of Bonds of each such series on the next succeeding date on which Bonds of such series may be redeemed in accordance with the terms thereof. Any redemption premium shall be paid out of such moneys but accrued interest on such Bonds redeemed shall be paid out of the Interest Account. Any unapplied balance of such moneys so allocated to any series shall be held by the Trustee and applied to the next redemption of Bonds of such series hereunder. Moneys so held by the Trustee shall be invested and reinvested by the Trustee in direct obligations of the United States of America maturing not later than the date on which Bonds of the series for which such moneys are held are redeemable, and interest, profit, or loss on such investments shall be credited or charged to the Revenue Account. So long as the Trustee shall not have knowledge of a default by the Lessee under the Lease, moneys so credited to the Revenue Account are to constitute a credit to the Lessee and shall reduce the next succeeding payment or payments of rental to the Trustee.

Section 5.02. The Series 1967 Bonds are subject to redemption by the County at any time as a whole, but not in part (unless called for redemption pursuant to Section 10.05 of the Lease, in which event such Bonds may also be called in part in inverse order of maturity and within each maturity by lot in such manner as may be designated by the Trustee) in the event of (1) condemnation of any part of the Project to the extent provided in Section 10.05 of the Lease or (2) exercise by the Lessee of its option to terminate the Lease or purchase the Project in the event of condemnation or casualty as provided in Section 10.04 of the Lease or (3) exercise by the Lessee of its option to purchase the Project as provided in Section 18.01 of the Lease, at a redemption price of 101-1/2% of the principal amount thereof plus accrued interest to the redemption date.

Such Bonds are also subject to redemption by the County at anytime as a whole, but not in part, in the event of exercise by the Lessee of its option to purchase the Project as provided in Section 18.04 of the Lease, at a redemption price of 104% of the principal amount thereof plus accrued interest to the redemption date if redeemed prior to November 1, 1977 and at the redemption prices (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date if redeemed on November 1, 1977 or thereafter.

Any of such Bonds that may be outstanding are subject to redemption prior to maturity on any interest payment date on or after November 1, 1977, in whole or in part in the inverse order of their maturity (less than all of such Bonds of a single maturity to be selected by lot in such manner as may be designated by the Trustee), at the redemption prices (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date:

| <u>Redemption Date (dates inclusive)</u> | <u>Redemption Price</u> |
|--|-----------------------------|
| November 1, 1977 to October 31, 1982 | 104% |
| November 1, 1982 to October 31, 1987 | 103% |
| November 1, 1987 to October 31, 1990 | 102% |
| Thereafter at | 101% |

Bonds of each other series are redeemable in the manner, at the time or times and at the premiums, if any, specified in the supplemental indenture relating to such series.

Section 5.03. Notice of the call for any such redemption identifying the Bonds to be redeemed shall be given by publication at least twice in a newspaper or financial journal of general

circulation published in the City of New York, New York, the first of which shall be published not less than thirty days prior to the redemption date, and in the case of the redemption of Bonds at the time registered as to principal (except to bearer) or both principal and interest, by mailing a copy of the redemption notice by registered or certified mail at least thirty days prior to the date fixed for redemption to the registered holder of each Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds. If all of said Bonds to be redeemed are at that time registered as to principal (except to bearer), notice by mailing given by registered or certified mail to the holder or holders thereof not less than thirty days prior to the date fixed for redemption shall be sufficient and published notice of the call for redemption need not be given.

Prior to the date fixed for redemption, funds shall be placed with the Trustee to pay the Bonds called and accrued interest thereon to the redemption date and the premium, if any. Upon the happening of the above conditions, the Bonds thus called shall not thereafter bear interest, shall no longer be protected by this Indenture and shall not be deemed to be outstanding under the provisions of this Indenture.

If, because of the temporary or permanent suspension of the publication or general circulation of any newspaper or financial journal or for any other reason, it is impossible or impractical to publish such notice of call for redemption in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice.

Section 5.04. All Bonds which have been redeemed shall be cancelled by the Trustee together with the unmatured coupons appertaining thereto and shall not be reissued.

Section 5.05. All unpaid interest coupons which appertain to Bonds so called for redemption and which shall have become payable on or prior to the date fixed for redemption shall continue to be payable to the bearers severally and respectively upon the presentation and surrender of such coupons.

ARTICLE VI

Covenants of the County and Release of Property

Section 6.01. (A) The County agrees to procure and maintain (or cause the Lessee to procure and maintain) insurance of the type required to be procured and maintained by the Lessee under Article VIII of the Lease. Insurance of the type required by Sections 8.02 and 8.03 of the Lease shall be payable to the Trustee as provided in the Lease. All such insurance moneys received by the Trustee shall be held by it

as a part of the mortgaged property and shall be used by it in the manner provided in this Section 6.01. Certificates from insurers or Officers' Certificates of the Lessee evidencing the existence of all policies required by Article VIII of the Lease shall be filed with the Trustee to the extent required by Section 8.06 of the Lease.

If all or any part of the Project shall be damaged or destroyed or taken by the exercise of the power of eminent domain or condemnation and the Lessee rebuilds, reconstructs, restores, replaces or repairs the Project pursuant to the provisions of Section 10.03 of the Lease, the Trustee shall pay to the Lessee the insurance proceeds or condemnation award received and held by it on account of such damage, destruction or taking upon receipt of the following:

(1) A certificate of a Vice President of the Lessee accompanied by an approving certificate of an engineer or architect employed by the Lessee or the County stating that the Lessee has rebuilt, reconstructed, restored, replaced or repaired the Project in such manner as to restore the Project, or portion thereof, insofar as may be practicable, to substantially the same condition as existed immediately prior to such damage, destruction or taking, that such rebuilding, reconstruction, restoration, replacement and repair has been completed, or a portion thereof has been completed, that the cost thereof was the amount stated in such certificate and that the Lessee is not in default under the Lease; and

(2) The instruments of further assurance and supplemental indenture, if any, specified in the opinion of counsel referred to in the following clause (3); and

(3) An Opinion of Counsel who shall be satisfactory to the Trustee specifying the instruments of further assurance and supplemental indenture, if any, which

will be sufficient to subject to the direct lien of this Indenture (so far as permitted by law) all of the County's right, title and interest in and to the real property included in the rebuilt, reconstructed, restored, replaced or repaired Project and stating that the instruments and supplemental indenture, if any, have been recorded or filed in such manner so as to constitute this Indenture as supplemented and amended a valid first mortgage lien upon all of the County's right, title and interest in and to all such real property as against all creditors and subsequent purchasers, subject to the rights of the Lessee under the Lease and to rights and interests which in the opinion of such counsel will not weaken, diminish or impair the security intended to be given by or under this Indenture and will not interfere with the use and operation of the Project.

After the payments above required by this Section 6.01(A) have been made, the Trustee shall apply the balance, if any, of such insurance proceeds or condemnation award to the redemption of Bonds in accordance with the provisions of Article V hereof.

If, while any Bonds are outstanding, the entire Project or any part thereof which is sufficient to render the remaining portion unsatisfactory for the Lessee's business purposes shall be damaged or destroyed or taken by condemnation or sold under threat of condemnation and if, in any such event, the Lessee delivers to the Trustee a certificate signed by a Vice President of the Lessee stating that the Lessee elects to exercise its option to terminate the Lease or purchase the Project as provided in Section 10.04 of the Lease, the Trustee shall, after payment of collection expenses, apply any insurance proceeds or condemnation award received and held by it on account of such damage, destruction or taking, together with such other sums as shall then be on deposit with the Trustee in accounts created in this

Indenture and available for such purpose, to the redemption of Bonds in accordance with the provisions of Article V hereof.

(B) If, while any Bonds remain outstanding, a portion of the Project is taken by condemnation or sold under threat of condemnation and the taking thereof does not in the sole judgment of the Lessee interfere with the operations then being performed on the Project and does not impair the capacity or design of the Project, the Trustee shall be furnished with the following:

(1) A certificate signed by a Vice President of the Lessee stating that the Lessee has elected not to rebuild, reconstruct, restore, replace or repair the Project in accordance with Section 10.03 of the Lease, and that the Lessee has made the necessary adjustments in the Project suitable for its business purposes, or stating that no adjustments were required, as the case may be; and

(2) A certificate signed in the name of the County by the Chairman or Secretary of the County Board of Commissioners of the County stating either that the County has incurred expenses in collecting the award and the amount of such expenses or that no such expenses have been incurred; and

(3) The instruments of further assurance and supplemental indenture, if any, specified in the opinion of counsel referred to in the following clause (4); and

(4) An Opinion of Counsel specifying the instruments of further assurance and supplemental indentures, if any, which will be sufficient to subject to the direct lien of this Indenture (so far as permitted by law) all of the County's right, title and interest in and to the real property included in the Project, and stating that the instruments and supplemental indenture, if any, have been recorded or filed in such a manner so as to constitute this Indenture as supplemented and

amended a valid first mortgage lien upon all of the County's right, title and interest in and to such real property as against all creditors and subsequent purchasers, subject to the rights of the Lessee under the Lease and to rights and interests which in the opinion of such counsel will not weaken, diminish or impair the security intended to be given by or under this Indenture and will not interfere with the use and operation of the Project.

Upon receiving such items the Trustee shall, out of any condemnation award received and held by it on account of such taking:

(a) pay to the County the amount of any expenses stated in the Officer's Certificate of the County to have been incurred by the County in collecting such award; and

(b) apply the balance, if any, to the redemption of Bonds in accordance with the provisions of Article V hereof.

Section 6.02. Release of Mortgaged Property. Reference is made to the provisions of the Lease, including without limitation Section 11.03 thereof, whereby the Lessee may withdraw certain items of property referred to in this Indenture and forming a part of the Trust Estate upon compliance with the terms and conditions of the Lease. The Trustee shall at the request of the County or the Lessee release and confirm that any part of the mortgaged property withdrawn pursuant to the provisions of Section 11.03 of the Lease is no longer subject to the lien of this Indenture upon compliance with the provisions of the Lease.

Section 6.03. Subject to the provisions of Section 12.08 hereof, the County covenants that it will promptly pay the principal of, premium, if any, and the interest on every Bond issued under the provisions of this Indenture at the place, on the dates and in the manner provided herein and in said Bonds and in the coupons thereto appertaining.

Section 6.04. In order to prevent any accumulation of coupons after maturity, the County covenants that it will not directly or indirectly, extend or assent to the extension of the time for the payment of any coupon or any claim for interest on any of the Bonds, and will not, directly or indirectly, be a party to or approve of any such arrangement by purchasing or funding such coupons or claims or in any other manner.

Section 6.05. It is hereby expressly declared by the County that each and every covenant made by the County in this Article VI is subject to the provisions of Section 12.08 hereof.

Section 6.06. (a) The Trustee shall execute and deliver a release of any unimproved portion (as defined in Section 18.05 of the Lease) of the Trust Estate from the lien of this Indenture, but only pursuant to the provisions of said Section 18.05, upon receipt by the Trustee of the following, all in form and substance satisfactory to the Trustee:

- (i) cash equal to the purchase price for the portion to be released as provided for in Section 18.05 of the Lease;
- (ii) a certificate signed by a Vice President of the Lessee stating that no improvements will be undertaken upon the released portion of the premises which would reduce the value of the remainder of the Trust Estate; and
- (iii) the request of the County for such release accompanied by a form of release to be so executed and delivered by the Trustee.

Payments received by the Trustee pursuant to this Section 6.06(a) shall become part of the Trust Estate and shall be disposed of by the Trustee in accordance with the provisions of Article V hereof.

(b) If no event of default shall have happened and be continuing hereunder, the County may at any time or times grant easements affecting, dedicate or convey and execute petitions with respect to, any portion or portions of any property included in the Trust Estate

free from the lien of this Indenture but only as provided in and subject to the provisions of Section 18.06 of the Lease, and the Trustee shall execute and deliver a release of said portion from the lien of this Indenture upon receipt by the Trustee of:

(i) an opinion of counsel, who shall be satisfactory to the Trustee, to the effect that the action taken or proposed to be taken by the County and the Lessee is in conformity with Section 18.06 of the Lease relating to such property;

(ii) a certificate signed by a Vice President of the Lessee stating that the conveyance of said portion does not adversely affect the market value of the remaining portion thereof, nor the use of such remaining portion in the Lessee's business; and

(iii) an undertaking of the Lessee authorized by its Board of Directors, in form and substance satisfactory to the Trustee, to the effect that the Lessee shall remain obligated under the terms of the Lease to the same extent as if said conveyance had not been made and that the Lessee shall, if necessary, restore and rebuild said property to good condition and repair.

Section 6.07. The County covenants that while any Bonds are outstanding hereunder, it will use its best efforts so that moneys received by it from rentals under the Lease and from all services rendered by the County in connection with the operation of the Project will, in aggregate, produce revenues which will be sufficient (i) to pay all expenses (except those assumed by a tenant) of proper operation, maintenance and repair of the Project without any allowance or deduction for interest or depreciation, and (ii) to make all payments which the Trustee is obligated to set aside in the various accounts established under Article IV.

Section 6.08. The County covenants and agrees and hereby appoints the Trustee to keep or cause to be kept proper books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of the revenues accruing to the Trust Estate and amount thereof forwarded to the Trustee, and such books shall be available for inspection by the holder of any of the Bonds at reasonable hours and under reasonable conditions.

Section 6.09. Within two months after the close of each fiscal year, the County shall, but at the expense of the Lessee, cause the Trustee to prepare a statement for such fiscal year of all transactions relating to the operation of the Trust Estate and the application and allocation of the revenues thereof. Not more than two months after the close of each fiscal year of the County, the County agrees to cause the Trustee to furnish to each holder of any of the Bonds, who may so request, a complete financial statement covering receipts, disbursements, allocation and application of revenues for such fiscal year accruing to the Trust Estate and dates and amount thereof forwarded to the Trustee for such fiscal year and, if requested in writing by the holders of not less than forty per cent (40%) of the Outstanding Bonds, certified as of the end of such fiscal year by reputable certified public accountants. The Trustee shall at all times have access to the books and records of the County. Also, the records of the Trustee pertaining to the issue shall be available to and open for inspection by the Lessee and any Bondholder at all times, and the County covenants that it shall promptly furnish the Trustee such additional information as is deemed necessary by the Trustee to carry out the provisions of this Indenture and the trust created hereby. The fiscal year of the County shall commence on July 1 of each year and end on June 30 of the next succeeding year.

Section 6.10. The County covenants that all charges made by the Trustee and any Paying Agents for services rendered and for payment of principal of and interest on the Bonds (not paid by the Lessee), will be paid by the County from revenues of the trust estate and will not be required to be paid by the holders of the bonds or coupons.

Section 6.11. The County covenants that it has acquired or will acquire and, so long as any Bonds are outstanding hereunder, will retain good title to the trust estate and that it will use its best efforts to assure that the Project is fully and continuously occupied by a responsible tenant or responsible tenants.

Section 6.12. The County covenants that there shall be no default hereunder but until default shall be made by the County, as provided for herein, the County shall, subject to the Lease, be entitled to possess, manage, operate, use and enjoy the facilities and property herein encumbered. The County covenants and agrees that it will not sell, transfer, assign or otherwise dispose of all or any part of the Project (other than to the Trustee hereunder) or assign, transfer or hypothecate (other than to the Trustee hereunder) any Basic Rent Payment then due or to accrue in the future under the Lease. The County further covenants and agrees that it will not create or consent to the creation or existence of any mortgage or lien to secure the payment of indebtedness upon the Lessor's interest under the Lease or the leasehold estate created thereby or any part thereof.

Section 6.13. The County covenants that it is, at the date of the execution and delivery of this Indenture and will be so long as any Bonds are outstanding hereunder, lawfully possessed of the trust estate; that the Lease is at the date of the execution and delivery of this Indenture valid and subsisting demise for the terms

therein set forth of the property which it purports to demise; that the Lease was lawfully made by the Lessee; that the covenants contained in the Lease are valid and binding; and that the County has good right, full power and lawful authority to grant, bargain and assign, and to transfer in trust, convey and pledge the trust estate in the manner and form herein provided.

The County and the Trustee may, without the consent of or notice to the Bondholders, consent to any amendment, change or modification of the Lease as may be required (a) by the provisions of the Lease and this Indenture; (b) for the purpose of curing any ambiguity or formal defect or omission; (c) in connection with the machinery and equipment described in Schedule B to the Lease so as more precisely to identify the same or substitute or add additional machinery and equipment, or (d) in connection with any other change therein which in the judgment of the Trustee is not to the prejudice of the Trustee or the holders of the Bonds. The County and the Lessee may enter into any amendment, change or modification of the Lease consented to by the County and the Trustee in accordance with the provisions of this paragraph.

The County further covenants that, except as provided in the next preceding paragraph hereof, it will not without the written consent of the holders of not less than sixty-six and two-thirds per cent ($66\frac{2}{3}\%$) of the Outstanding Bonds alter, modify or cancel, or agree or consent to alter, modify or cancel the Lease except as therein specifically provided. With such written consent the County may consent to alterations or modifications thereof provided that no such alterations or modifications will decrease the amounts available for payment of the Bonds except as permitted by the terms of the Lease or will render the income of the County or the interest on the Bonds taxable to the recipient.

therein set forth of the property which it purports to demise; that the Lease was lawfully made by the Lessee; that the covenants contained in the Lease are valid and binding; and that the County has good right, full power and lawful authority to grant, bargain and assign, and to transfer in trust, convey and pledge the trust estate in the manner and form herein provided.

The County and the Trustee may, without the consent of or notice to the Bondholders, consent to any amendment, change or modification of the Lease as may be required (a) by the provisions of the Lease and this Indenture; (b) for the purpose of curing any ambiguity or formal defect or omission; (c) in connection with the machinery and equipment described in Schedule B to the Lease so as more precisely to identify the same or substitute or add additional machinery and equipment, or (d) in connection with any other change therein which in the judgment of the Trustee is not to the prejudice of the Trustee or the holders of the Bonds. The County and the Lessee may enter into any amendment, change or modification of the Lease consented to by the County and the Trustee in accordance with the provisions of this paragraph.

The County further covenants that, except as provided in the next preceding paragraph hereof, it will not without the written consent of the holders of not less than sixty-six and two-thirds per cent (66-2/3%) of the Outstanding Bonds alter, modify or cancel, or agree or consent to alter, modify or cancel the Lease except as therein specifically provided. With such written consent the County may consent to alterations or modifications thereof provided that no such alterations or modifications will decrease the amounts available for payment of the Bonds except as permitted by the terms of the Lease or will render the income of the County or the interest on the Bonds taxable to the recipient.

Section 6.14. To the extent that such information shall be made known to the County under the terms of this Section 6.14, it will keep on file at the principal office of the Trustee a list of names and addresses of the last known holders of all Bonds payable to bearer and believed to be held by each of such last known holders. Any Bondholder may request that his name and address be placed on said list by filing a written request with the County or with the Trustee, which request shall include a statement of the principal amount of Bonds held by such holder and the numbers of such Bonds. The Trustee shall be under no responsibility with regard to the accuracy of said list. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by the Lessee or by the holders or owners (or a designated representative thereof) of twenty-five per cent (25%) or more in principal amount of Bonds then outstanding, such ownership and the authority of any such designated representative to be evidenced to the satisfaction of the Trustee.

Section 6.15. The County covenants that it will in all respects promptly and faithfully keep, perform and comply with all the terms, provisions, covenants, conditions and agreements of the Lease to be kept, performed and complied with by it. The County further covenants that it will not do or permit anything to be done or omit or refrain from doing anything in any case where any such act done, or permitted to be done, or any such omission of or refraining from action would or might be a ground for declaring a forfeiture of the Lease. Pursuant to the provisions of Sections 6.01 and 6.02 of the Lease, the Lessee has agreed to pay all lawful taxes, assessments and charges at any time levied or assessed upon or against the Project or any part thereof, which might impair or prejudice the lien and priority of this Indenture; provided, however, that nothing contained in this Indenture shall require the payment of any such taxes, assessments or charges if the same are not required to be paid under the provisions of Section 6.01 or 6.02 of the Lease.

Section 6.16. Pursuant to the provisions of Section 9.01 of the Lease, the Lessee has agreed at its own expense to keep and maintain the Project in good and lawful order and condition, wear and tear from reasonable use excepted. Pursuant to the provisions of Section 11.01 of the Lease, the Lessee may, at its own expense, make improvements, replacements, alterations, relocations, additions, enlargements or expansions in, on or to the Project.

Section 6.17. The County will, without expense, to the Trustee or the holders of the Bonds, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all and every such further acts, deeds, conveyances, mortgages, assignments, transfers and assurances as the Trustee shall require, for the better assuring, conveying, mortgaging, assigning and confirming unto the Trustee all and singular the Trust Estate hereby mortgaged, conveyed or assigned or intended so to be, or which the County may be or may hereafter become bound to mortgage, convey or assign to the Trustee or for carrying out the intention or facilitating the performance of the terms of this Indenture or the Lease.

Section 6.18. The County, forthwith upon the execution and delivery of this Indenture and thereafter from time to time, will cause this Indenture, and each supplement hereto, to be filed,

registered and recorded and re-filed, re-registered and re-recorded as a mortgage upon the Trust Estate, in such manner and in such places as may be required by any present or future law in order to publish notice of and fully protect the lien hereof upon, and the title of the Trustee to, the Trust Estate and in order to entitle the Bonds then outstanding to the benefits and security of this Indenture, and will cause the Lease and any supplement thereto, to be filed, registered or recorded and re-filed, re-registered or re-recorded in such manner and in such places as may be required by law in order to publish notice and fully protect the validity thereof, and from time to time will perform or cause to be performed any other act as provided by law and will execute or cause to be executed any and all further instruments which may be necessary for such publication, protection and entitlement. The County will pay or cause to be paid all filing, registration and recording taxes and fees incident to such filing, re-filing, registration, re-registration, recording and re-recording and all expenses incidental to the preparation, execution and acknowledgment of this Indenture, the Lease, any instrument of further assurance and any supplements to any of said instruments and all federal or state stamp taxes and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Indenture, the Lease, the Bonds, any instrument of further assurance, and any supplements to any of said instruments.

Section 6.19. Promptly after any filing, registration or recording or any re-filing, re-registration or re-recording of this Indenture or the Lease or any filing, registration, recording, re-filing, re-registration or re-recording of any supplement to any of said instruments, or any instrument of further assurance which is required pursuant to Section 6.18, the County will deliver to the Trustee an Opinion of Counsel satisfactory to the Trustee to the effect that such filing, registration, recording, re-filing; re-registration or re-recording has been duly accomplished and setting forth the particulars thereof.

ARTICLE VII

Events of Default; Remedies

Section 7.01. If one or more of the following events (herein called "events of default") shall happen, that is to say,

(a) if default shall be made in the due and punctual payment of the principal of, or interest or premium (if any) on any Bond when and as the same shall become due and payable, whether by declaration or otherwise, and such default shall have continued for a period of thirty (30) days;

(b) if default shall be made by the County in the performance or observance of any other of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, and such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the County by the Trustee, or to the County and the Trustee by the holders of not less than twenty-five per cent (25%) in aggregate principal amount of the Bonds at the time outstanding; or

(c) if the Lessee shall default in any of its obligations under the Lease and such default shall not have been remedied within the applicable period of time for remedy therein expressed;

then and in each and every case during the continuance of such event of default unless cured by the County or the Lessee within 30 days after written notice thereof and, unless the principal of all the Bonds shall have already become due and payable, the Trustee, by notice in writing to the County, may, and upon the written request of the holders of not

less than twenty-five per cent (25%) in principal amount of the Bonds at the time then outstanding shall, declare the principal of all the Bonds then outstanding hereunder, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding.

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the County or the Lessee shall pay to or shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest at the rate of six per cent (6%) per annum on such overdue principal and premium, if any, and (to the extent legally enforceable) on such overdue installments of interest and the reasonable expenses of Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured or provisions adequate shall have been made therefor, then, and in every such case, the holders of at least sixty-six and two-thirds per cent ($66\frac{2}{3}\%$) in aggregate principal amount of the Bonds then outstanding, by written notice to the County and to the Trustee, may, on behalf of the holders of all the Bonds, rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Section 7.02. The Trustee, in case of the happening of an event of default specified in Section 7.01 hereof, may, and upon the written request of the holders of not less than a majority in principal amount of the Bonds then outstanding, and upon being indemnified to its satisfaction, shall, to the extent as may now or hereafter be permitted by law, exercise any or all of the following remedies:

A. The Trustee, personally or by its agents or attorneys, may enter into and take possession of all the mortgaged property and forthwith operate and manage the same and exercise all rights, powers and franchises of the County in respect thereof, collect the earnings and income therefrom, pay all principal charges, including taxes and assessments levied thereon and operating and maintenance expenses and all disbursements and liabilities of the Trustee hereunder and apply the net proceeds arising from any such operation of the mortgaged property as provided in Section 7.03 hereof, in respect to the proceeds of a sale of the mortgaged property.

B. The Trustee may proceed to protect and enforce its rights and the rights of the holders of the Bonds under this Indenture by a suit or suits in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid of the execution of any power herein granted, or for the foreclosure of this Indenture, or for the enforcement of any other appropriate legal or equitable remedy, as the Trustee, being advised by counsel, may deem most effectual to protect and enforce any of the rights or interests under the Bonds or this Indenture. All rights of action under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof on any trial or other proceeding relative thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee, and any recovery of judgment shall be for the ratable

benefit of the holders of the Bonds.

C. The Trustee may, with or without entry, sell the mortgaged property at public auction at such place or places as may be required by law, having first given notice of such sale by publication or otherwise, as may be required by law and upon such sale may make and deliver to the purchaser a good and sufficient deed or deeds or assignment or assignments for the same. The Trustee and its successors are hereby irrevocably appointed the true and lawful attorney of the County, in its name and stead, to execute and deliver all necessary deeds, assignments and transfers, the County hereby ratifying and confirming all that its said attorneys shall lawfully do by virtue hereof.

D. The Trustee, upon the bringing of a suit to foreclose this Indenture, as a matter of right, without notice and without giving bond to the County or anyone claiming under it, may have a receiver appointed of all the mortgaged property and of the earnings, income, rents, issues and profits thereof pending such proceedings, with such powers as the court making such appointment shall confer, including such powers as may be necessary or usual in such cases for the protection, possession, control, management and operation of the mortgaged property, and the County does hereby irrevocably consent to such appointment.

E. The Trustee is hereby appointed, and the successive respective holders of the Bonds by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee, the true and lawful attorney-in-fact of the respective holders of the Bonds, with authority to make or file, in the respective names of the holders of the Bonds or in behalf of all holders of the Bonds, as a class, any proof of debt, amendment to proof of debt, petition or other document; to receive payment of all sums becoming distributable on account thereof; to execute any other papers and documents

and to do and perform any and all acts and things for and in behalf of all holders of the Bonds as a class, as may be necessary or advisable in the opinion of the Trustee, in order to have the respective claims of the holders of the Bonds against the County allowed in any equity receivership, insolvency, liquidation, bankruptcy or other proceedings to which the County shall be a party. The Trustee shall have full power of substitution and delegation in respect of any such powers. Upon the occurrence of an event of default under the Lease the Trustee may enforce any and all rights of the Lessor thereunder.

F. In the event of any sale to enforce the security of this Indenture, any and all real estate, buildings, and improvements mortgaged and pledged hereunder may be sold as an entirety or in such lots or parcels as the Trustee, in its discretion, shall determine.

Section 7.03. The proceeds or avails of any sale shall be paid to and applied by the Trustee as follows:

(1) To the payment of costs and expenses of foreclosure or suit, if any, and of such sale and the reasonable compensation of the Trustee, its agents, attorneys and counsel, and of all proper expenses, liabilities and advances incurred or made hereunder by the Trustee or by any holder or holders of the Bonds, and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior liens subject to which said sale may have been made; then

(2) To the payment of the whole amount then owing or unpaid upon the Bonds for principal and interest, together, if and to the extent permitted by law, with interest at the

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rate of six per cent (6%) per annum on overdue principal, premium, if any, and interest; and in case such proceeds shall be insufficient to pay the whole amount so due and unpaid on the Bonds then to the payment of such principal, premium, if any, and interest, without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest, ratably, in proportion to the aggregate of such principal and accrued and unpaid interest; and then

(3) To the payment of the surplus, if any, to the County, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

Section 7.04. The County, for it and for all who may claim through or under it, hereby expressly waives and releases all rights to have the property covered by the lien of this Indenture marshalled upon any foreclosure sale (the Trustee or any court in which the foreclosure of this Indenture is sought shall have the right to sell the mortgaged property as an entirety in a single parcel in the discretion of the Trustee) and the County covenants that (to the extent permitted by law) it will not at any time insist upon or plead, claim or take any benefit or advantage of any stay or extension law or laws providing for the valuation or appraisal of the mortgaged property prior to any sale or sales thereof nor after any such sale or sales claim or exercise any right to redeem the property so sold and the County (to the extent permitted by law) hereby expressly waives for itself and on behalf of each and every person claiming by, through or under the County all benefit and advantage of any such law or laws.

Section 7.05. No delay or omission of the Trustee or of any holder of any of the Bonds 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 Trustee or Bondholders 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. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing.

Section 7.06. No Bondholder shall have any right to institute or prosecute any suit or proceeding at law or in equity for the foreclosure hereof, for the appointment of a receiver of the County, for the enforcement of any of the provisions hereof or of any remedies hereunder in respect to the mortgaged property unless the Trustee after request in writing by the holders of twenty-five per cent (25%) in aggregate principal amount of the Bonds then outstanding, provided, that the holders of the Bonds shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, shall have neglected for sixty (60) days to take such action; provided, however, that the right of any holder of any Bond to receive payment of the principal thereof or interest thereon on or after the respective due dates expressed therein or to institute suit for the enforcement of any such payment shall not be impaired or affected without the consent of such holder.

ARTICLE VIII

Concerning the Trustee

Section 8.01. The Trustee shall, prior to an event of default as defined in Section 7.01, and after the curing of all such events of default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture. The Trustee shall, during existence of any such event of default (which has not been cured), exercise such rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own misconduct, except that,

(a) prior to such an event of default hereunder and after the curing of all such events of default which may have occurred:

(1) The duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) In the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee;

(b) at all times, regardless of whether or not any such event of default shall exist:

(1) The Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(2) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority (or such lesser or greater percentage as is specifically required or permitted by this Indenture) in aggregate principal amount of all Bonds at the time outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

Section 8.02. Except as otherwise provided in Section 8.01,

(a) the Trustee may rely upon the authenticity of, and the truth of the statements and the correctness of the opinions expressed in, and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, notarial seal, stamp, acknowledgement, verification, request, consent, order, Bond, coupon or other paper or document believed by it to be genuine and to have been signed or affixed or presented by the proper party or parties;

(b) any notice, request, direction, election, order or demand of the County mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the County by the Chairman or Secretary of the County Board of Commissioners of the County (unless other evidence in respect thereof be herein specifically prescribed), and any resolution of the County Board of Commissioners of the County may be evidenced to the Trustee by a Certified Resolution;

(c) in the administration of the trusts of this Indenture, the Trustee may execute any of the trusts or powers hereof directly or through its agents or attorneys and the Trustee may consult with counsel (who may be counsel for the County) and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel;

(d) whenever in the administration of the trusts of this Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a certificate signed in the name of the County by the Chairman or Secretary of the County Board of Commissioners of the County; and such certificate shall, in the absence of negligence or bad faith on the part of the Trustee, be full warrant to the Trustee for any action taken or suffered by it under the

provisions of this Indenture upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such matter or may require such further or additional evidence as it may deem reasonable;

(e) the recitals herein and in the Bonds (except the Trustee's certificate of authentication thereon) shall be taken as the statements of the County and shall not be considered as made by, or imposing any obligation or liability upon, the Trustee. The Trustee makes no representations as to the value or condition of the trust estate or any part thereof, or as to the title of the County, or as to the security afforded thereby or hereby, or as to the validity of this Indenture or of the Bonds or coupons issued hereunder, and the Trustee shall incur no liability or responsibility in respect of any of such matters;

(f) the Trustee shall not be personally liable, in case of entry by it upon the trust estate, for debts contracted or liability or damages incurred in the management or operation of the trust estate. The Trustee shall not in any event be required to take, defend or appear in any legal action or proceeding hereunder or to exercise any of the trusts or powers hereof unless it shall first be adequately indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred thereby. Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section;

(g) the Trustee shall not be required to ascertain or

inquire as to the performance or observance of any of the covenants or agreements herein or in the Lease, the Lease Guaranty Agreement or any contracts or securities assigned or conveyed to or mortgaged with the Trustee hereunder contained to be performed or observed by the County or any party to the Lease, the Lease Guaranty Agreement or such contracts or securities; nor shall the Trustee have any obligation, duty or liability under any of such agreements. The Trustee shall not be required to take notice or be deemed to have notice or actual knowledge of any default or event of default hereunder or thereunder unless the Trustee shall receive from the County or the holder of any Bond written notice stating that a default or event of default hereunder or thereunder has occurred and specifying the same, and in the absence of such notice the Trustee may conclusively assume that there is no such default or event of default. Every provision contained in this Indenture or in the Lease or any such contract or security wherein it is provided that the duty of the Trustee to take action or omit to take action or to permit the County or any party to any such agreement to do any act or thing depends on the occurrence and continuance of such default or event of default hereunder or thereunder shall be subject to the provisions of this subsection (g);

(h) no duty with respect to effecting or maintaining insurance shall rest upon the Trustee and the Trustee shall not be responsible for any loss by reason of want or insufficiency of insurance or by reason of the failure of any insurer in which the insurance is carried to pay

the full amount of any loss against which it may have insured the County or any other person;

(i) it shall be no part of the duty of the Trustee to see to any recording, filing or registration of this Indenture, the Lease, the Lease Guaranty Agreement, any contracts or securities assigned or conveyed to or mortgaged with the Trustee hereunder, any instrument of further assurance, or any supplement to any of said instruments, or to see to the payment of any fees, charges or taxes in connection therewith, or to give any notice thereof, or be under any duty in respect of any tax or assessment or other governmental charge which may be levied or assessed on the Trust Estate or any part thereof or against the County. The Trustee shall be under no obligation to see to the payment or discharge of any liens upon the Trust Estate;

(j) the Trustee shall be under no duty to confirm or verify any financial or other statements or reports or certificates furnished pursuant to any provision hereof, and shall be under no other duty in respect of the same except to retain the same in its files and permit the inspection of the same at reasonable times by the holders of any Bond;

(k) the Trustee shall not be under any obligation to give any consent, enter into any agreement, release any property or to take any other action which is discretionary with the Trustee under the provisions hereof except on written request of the holders of not less than any applicable specified percentage provided for in this Indenture or if no percentage is specified then 66-2/3% in principal amount of the Bonds outstanding hereunder; and

(1) none of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it.

Section 8.03. The Trustee makes no representations as to the validity or sufficiency of this Indenture, Lease, or Lease Guaranty Agreement or of the Bonds or coupons. The Trustee shall not be accountable for the use or application by the County of any of the Bonds authenticated or delivered hereunder or of the proceeds of such Bonds.

Section 8.04. The Trustee and its officers and directors may acquire and hold, or become the pledgee of, Bonds and coupons and otherwise deal with the County in the manner and to the same extent and with like effect as though it were not Trustee hereunder.

Section 8.05. All moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any moneys received by it hereunder except such as it may agree with the County to pay thereon. All interest allowed on any such moneys shall be paid from time to time into the Revenue Account.

Section 8.06. The County covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties hereunder of the Trustee,

which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust, and the County will pay or reimburse the Trustee upon its request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ), except any such expense, disbursement or advance as may arise from its negligence or bad faith. If any property, other than cash, shall at any time be held by the Trustee subject to this Indenture, or any supplemental indenture, as security for the Bonds, the Trustee, if and to the extent authorized by a receivership, bankruptcy or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Indenture as such security for the Bonds, shall be entitled to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The County also covenants to indemnify the Trustee for, and to hold it harmless against, any loss, liability, expense or advance incurred or made without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance of this trust, including the costs and expenses of defending itself against any claim of liability in the premises. The obligations of the County under this Section 8.06 to compensate the Trustee for services and to pay or reimburse the Trustee for expenses, disbursements, liabilities and advances shall, subject to Section 12.08, constitute an additional obligation hereunder. Such additional obligation shall have priority over the Bonds in respect of all property and funds held or collected by the Trustee as such.

Section 8.07. There shall at all times be a trustee hereunder which shall be a corporation organized and doing business under the laws of the United States or any State authorized under such laws to exercise corporate trust powers, having its principal office and place of business in any State, having a combined capital and surplus of at least Twenty Million Dollars (\$ 20,000,000), and subject to supervision or examination by federal or state authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 8.07 the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 8.07, the Trustee shall resign immediately in the manner and with the effect specified in Section 8.08.

Section 8.08. (a) The Trustee may at any time resign by giving thirty days' written notice (served personally or sent by registered mail) to the County and by registered or certified mail to each registered owner of Bonds then outstanding and to each holder of Bonds as shown by the list of Bondholders required by Section 6.14 hereof to be kept by the Trustee. Upon receiving such notice of resignation, the County shall promptly appoint a successor trustee by an instrument in writing executed by order of its County Board of Commissioners. If no successor trustee shall have been so appointed and have accepted appointment within such thirty (30) day period, the resigning trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Bondholder who has been a bona fide holder of a Bond or Bonds for

at least six months may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time any of the following shall occur:

(1) The Trustee shall cease to be eligible in accordance with the provisions of Section 8.07 and shall fail to resign after written request therefor by the County or by any Bondholder who has been a bona fide holder of a Bond or Bonds for at least six months, or

(2) The Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, the County may remove the Trustee and appoint a successor trustee by an instrument in writing executed by order of its County Board of Commissioners, or any such Bondholder may, on behalf of himself and all other bondholders similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(c) The holders of a majority in aggregate principal amount of all the Bonds at the time outstanding may at any time remove the Trustee and appoint a successor trustee by an instrument or concurrent instruments in writing signed by such Bondholders.

(d) Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions of this Section 8.08 shall become effective upon acceptance of appointment by the successor trustee as provided in Section 8.09.

Section 8.09. Any successor trustee appointed as provided in Section 8.08 shall execute, acknowledge and deliver to the County and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusts hereunder, with like effect as if originally named as trustee herein; but, nevertheless, on the written request of the County or the request of the successor trustee, the Trustee ceasing to act shall execute and deliver an instrument transferring to such successor trustee, upon the trusts herein expressed, all the rights, powers and trusts of the Trustee so ceasing to act. Upon request of any such successor trustee, the County shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights, powers and duties. Any trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such trustee to secure the amounts due it as compensation, reimbursement, expenses and indemnity afforded to it by Section 8.06.

No successor trustee shall accept appointment as provided in this Section 8.09 unless at the time of such acceptance such successor trustee shall be eligible under the provisions of Section 8.07.

Section 8.10. Any corporation into which the Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation succeeding to the business of the Trustee, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor trustee shall be eligible under the provisions of Section 8.07.

Section 8.11. At any time or times, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Estate may at the time be located, the County and the Trustee shall have power to appoint, and, upon the request of the Trustee or of the holders of at least 10% in aggregate principal amount of the Bonds at the time outstanding, the County shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more persons approved by the Trustee either to act as co-trustee, or co-trustees, jointly with the Trustee of all or any part of the Trust Estate, or to act as separate trustee or separate trustees of all or any part of the Trust Estate, and to vest in such person or persons, in such capacity, such title to the Trust Estate or any part thereof, and such rights, powers, duties, trusts or obligations as the County and the Trustee may consider necessary or desirable, subject to the remaining provisions of this Section 8.11.

If the County shall not have joined in such appointment within fifteen (15) days after the receipt by it of a request so to do, or in case an event of default shall have occurred and be continuing, the Trustee alone shall have the power to make such appointment.

The County shall execute, acknowledge and deliver all such instruments as may be required by any such co-trustee or separate trustee for more fully confirming such title, rights, powers, trusts, duties and obligations to such co-trustee or separate trustee.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only be appointed subject to the following terms, namely:

(a) The Bonds shall be authenticated and delivered, and all rights, powers, trusts, duties and obligations by this Indenture conferred upon the Trustee in respect of the custody, control or management of moneys, papers, securities and other personal property shall be exercised, solely by the Trustee.

(b) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Trustee, or by the Trustee and such co-trustee or co-trustees, or separate trustee or separate trustees jointly, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.

(c) Any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee.

(d) Any co-trustee or separate trustee to the extent permitted by law may delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(e) The Trustee at any time, by an instrument in writing, with the concurrence of the County evidenced by a Certified Resolution, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section 8.11, and, in case an event of default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the County. Upon the request of the Trustee, the County shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section 8.11.

(f) No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder.

(g) Any demand, request, direction, appointment, removal notice, consent, waiver or other action in writing executed by the Bondholders and delivered to the Trustee shall be deemed to have been delivered to each such co-trustee or separate trustee.

(h) Any moneys, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it or he shall be vested with such title to the Trust Estate or any part thereof, and with such rights, powers, duties, trusts or obligations, as shall be specified in the instrument of appointment jointly with the Trustee (except insofar as local law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms of this Indenture. Every such acceptance shall be filed with the Trustee.

In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the title to the Trust Estate, and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

Section 8.12. Wherever in this Indenture it is provided that the Trustee shall use or apply moneys on deposit with it for the payment or redemption of Bonds or the payment of interest on Bonds, the Trustee shall pay to the Paying Agent of such Bonds from time to time sufficient amounts to enable the Paying Agent to make the necessary payments.

ARTICLE IX

Evidence of Rights of Bondholders

Section 9.01. Any request, consent or other instrument required by this Indenture to be signed and executed by Bondholders may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Bondholders in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing

appointing any such agent or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the County if made in the manner provided in this Article.

Section 9.02. The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgements of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership such affidavit or certificate shall also constitute sufficient proof of his authority.

Section 9.03. The amount of Bonds transferable by delivery held by any person executing any such request, consent or other instrument or writing as a Bondholder, and the distinguishing numbers of the Bonds held by such person, and the date of his holding the same may be proved by a certificate executed by any trust company, bank, banker, or other depository (wherever situated), showing that at the date therein mentioned such person had on deposit with such depository, or exhibited to it, the Bonds therein described; or such facts may be proved by the certificate or affidavit of the person executing such request, consent or other instrument or writing as a Bondholder, if such certificate or affidavit shall be deemed by the Trustee to be satisfactory. The Trustee and the County may conclusively assume that such ownership continues until written notice to the contrary is served upon the Trustee. The fact and the date of execution of any request, consent or other instrument and the amount and distinguishing numbers of Bonds held by the person so executing such request, consent or other instrument may also be proved

in any other manner which the Trustee may deem sufficient. The Trustee may nevertheless, in its discretion, require further proof in cases where it may deem further proof desirable.

The ownership of Bonds registered as to principal or fully registered shall be proved by the register of such Bonds.

Any request, consent or vote of the holder of any Bond shall bind every future holder of the same Bond and the holder of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the County in pursuance of such request, consent or vote.

Section 9.04. In determining whether the holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned by the County, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by or under common control with the County or any other obligor on the Bonds, shall be disregarded and deemed not to be outstanding for the purpose of any such determination, provided that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver only Bonds which the Trustee knows to be so owned shall be disregarded. Bonds so owned which have been pledged in good faith may be regarded as outstanding for the purposes of this Section 9.04 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by or under common control with the County or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

ARTICLE X

Supplemental Indentures

Section 10.01. The County, when authorized by resolution of its County Board of Commissioners, and the Trustee from time to time and at any time, subject to the conditions and restrictions in this Indenture contained, may enter into an indenture or indentures supplemental hereto, which indenture or indentures thereafter shall form a part hereof, for any one or more or all of the following purposes:

(a) to add to the covenants and agreement of the County in this Indenture contained, other covenants and agreements thereafter to be observed or to surrender any right or power herein reserved to or conferred upon the County;

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the County may deem necessary or desirable and not inconsistent with this Indenture and which shall not adversely affect the interests of the holders of the Bonds;

(c) to subject, describe or redescribe any property subjected or to be subjected to the lien of this Indenture;

(d) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect, and, if they so determine, to add to this Indenture or any indenture supplemental hereto such

other terms, conditions and provisions as may be permitted or required by said Trust Indenture Act of 1939 or similar federal statute; and

(e) to provide for additional series of Bonds to the extent permitted by this Indenture.

Any supplemental indenture authorized by the provisions of this Section 10.01 may be executed by the County and the Trustee without the consent of the holders of any of the Bonds at the time outstanding, notwithstanding any of the provisions of Section 10.02, but the Trustee shall not be obligated to enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 10.02. With the consent (evidenced as provided in Article IX) of the holders of not less than sixty-six and two-thirds per cent (66-2/3%) in aggregate principal amount of the Bonds at the time outstanding the County, when authorized by a resolution of its County Board of Commissioners, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture; provided, however, that no such supplemental indenture shall (1) extend the fixed maturity of the Bonds or reduce the rate of interest thereon or extend the time of payment of interest, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the holder of each Bond so affected, or (2) reduce the aforesaid percentage of holders of Bonds required to approve any such supplemental indenture, or (3) permit the creation of any lien on the properties mortgaged and conveyed hereunder prior to or on a parity with the lien of this Indenture or deprive the holders of the

Bonds of the lien created by this Indenture upon said properties, without the consent of the holders of all the Bonds then outstanding. Upon receipt by the Trustee of a Certified Resolution authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of Bondholders, as aforesaid, the Trustee shall join with the County in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

It shall not be necessary for the consent of the Bondholders under this Section 10.02 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Section 10.03. Upon the execution of any supplemental indenture pursuant to the provisions of this Article X, this Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, duties and obligations under this Indenture of the County, the Trustee and all holders of Bonds outstanding thereunder shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 10.04. Subject to the provisions of Section 8.01 the Trustee may rely on an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant to the provisions of this Article X complies with the requirements of this Article X.

Section 10.05. Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of

this Article X may bear a notation, in form approved by the Trustee, as to any matter provided for in such supplemental indenture and if such supplemental indenture shall so provide, new Bonds, so modified as to conform, in the opinion of the Trustee, to any modification of this Indenture contained in any such supplemental indenture, may be prepared by the County, authenticated by the Trustee and delivered without cost to the holders of the Bonds then outstanding, upon surrender for cancellation of such Bonds with all unmatured coupons and all matured coupons not fully paid, in equal aggregate principal amounts.

ARTICLE XI

Defeasance; Unclaimed Moneys

Section 11.01. If the County shall pay and discharge the entire indebtedness on all Bonds outstanding hereunder in any one or more of the following ways, to wit:

A. By well and truly paying or causing to be paid the principal of (including redemption premium, if any) and interest on Bonds outstanding hereunder, as and when the same become due and payable;

B. By depositing or causing to be deposited with the Trustee, in trust, at or before the date of maturity or redemption, money in the necessary amount to pay or redeem the Bonds outstanding hereunder; or

C. By delivering to the Trustee, for cancellation by it, Bonds outstanding hereunder, together with all unpaid coupons thereto appertaining;

and if the County shall also pay or cause to be paid all other sums payable hereunder by the County, then and in that case this Indenture shall cease, determine, and become null and void, and thereupon the

Trustee shall, upon written request of the County, and upon receipt by the Trustee of a certificate signed in the name of the County by the Chairman or Secretary of the County Board of Commissioners of the County and an Opinion of Counsel, each stating that in the opinion of the signers all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging this Indenture. The satisfaction and discharge of this Indenture shall be without prejudice to the rights of the Trustee to charge and be reimbursed by the County for any expenditures which it may thereafter incur in connection herewith.

The County may at any time surrender to the Trustee for cancellation by it any Bonds previously authenticated and delivered hereunder, together with all unpaid coupons thereto belonging, which the County may have acquired in any manner whatsoever, and such Bonds and coupons, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 11.02. Upon the deposit with the Trustee, in trust, at or before maturity, of money in the necessary amount to pay or redeem Bonds outstanding hereunder (whether upon or prior to their maturity or the redemption date of such Bonds), provided that if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as in Article V provided or provisions satisfactory to the Trustee shall have been made for the giving of such notice, all liability of the County in respect of such Bonds and the coupons appertaining thereto shall cease, determine and be completely discharged and the holders thereof shall thereafter be entitled only to payment out of the money deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 11.03.

Section 11.03. Notwithstanding any provisions of this Indenture, any moneys deposited with the Trustee or any other paying agent in trust for the payment of the principal of, or interest or premium on, any Bonds and remaining unclaimed for fifteen (15) years after the principal of all the Bonds outstanding hereunder has become due and payable (whether at maturity or upon call for redemption or by declaration as provided in this Indenture), shall then be repaid to the County upon its written request, and the holders of such Bonds and coupons shall thereafter be entitled to look only to the County for repayment thereof, and all liability of the Trustee or any other paying agent with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the County as aforesaid, the Trustee or other paying agent, as the case may be, may (at the cost of the County) first publish a notice, in such form as may be deemed appropriate by the Trustee or such paying agent, in respect of the Bonds or coupons so payable and not presented and in respect of the provisions relating to the repayment to the County of the moneys held for the payment thereof. Such notice shall be published at least once in a newspaper or financial journal of general circulation published in the City of New York, New York. In the event of the repayment of any such moneys to the County as aforesaid, the holders of the Bonds and coupons in respect of which such moneys were deposited shall thereafter, subject to Section 12.08, be deemed to be unsecured creditors of the County for amounts equivalent to the respective amounts deposited for the payment of such Bonds and coupons and so repaid to the County (without interest thereon). Notwithstanding the foregoing, the Trustee shall, upon the written request of the County, repay such moneys to the County at any time earlier than fifteen (15) years if failure to repay such moneys to the County within such earlier period shall give rise to the operation of any escheat statute under applicable state law.

ARTICLE XII

Miscellaneous Provisions

Section 12.01. All the covenants, stipulations, promises and agreements in this Indenture contained, by or in behalf of the County, shall bind and inure to the benefit of its successors and assigns, whether so expressed or not.

Section 12.02. Nothing in this Indenture or in the Bonds or coupons expressed or implied is intended or shall be construed to give to any person other than the County, the Trustee, and the holders of the Bonds and coupons issued hereunder, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provisions therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the County, the Trustee and the holders of the Bonds and coupons issued hereunder; provided, however, that nothing in this Section 12.02 shall be deemed to affect or prejudice any rights of the Lessee arising under the Lease or otherwise.

Section 12.03. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 12.04. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the County of any Bonds or any coupons, the Trustee may, upon the written request of the County, in lieu of such cancellation and delivery, cremate such Bonds and coupons, in the presence of an officer of the County (if the County shall so require), and deliver a certificate of such cremation to the County.

Section 12.05. In case any one or more of the provisions contained in this Indenture or in the Bonds or coupons shall for any

reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Indenture, but this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 12.06. Any notice to or demand upon the Trustee may be served, or presented, and such demand, may be made, at the principal office of the Trustee, which is now at Columbia, South Carolina,

Attention: Corporate Trust Department, _____,
_____. Any notice to or demand upon the County shall be deemed to have been sufficiently given or served for all purposes by being deposited, postage prepaid, in a post office letter box addressed to the County at such address as may be filed in writing by the County with the Trustee.

Section 12.07. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the County and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 12.08. Notwithstanding any other term or provision of this Indenture, no recourse under or upon any obligation, covenant or agreement contained in this Indenture, whether or not expressly referring to this Section 12.08, or in any Bond or coupon hereby secured or under any judgment obtained against the County, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of this Indenture, shall be had against any assets or property of the County except the Project and the lease rentals and other revenues assigned and pledged hereunder, nor shall it constitute or give rise to a charge upon the general credit or against the taxing power of the County in any manner or under any circumstances whatsoever.

Section 12.09. This Indenture shall be governed exclusively by the provisions hereof and by the applicable laws of the State of South Carolina.

IN WITNESS WHEREOF, Greenville County, South Carolina, has caused these presents to be signed in its name and behalf by the Chairman of its County Board of Commissioners and its corporate seal to be hereunto affixed and attested by the Secretary of said board and to evidence its acceptance of the trusts hereby created, The South Carolina National Bank of Charleston, has caused these presents to be signed in its name and behalf by one of its duly authorized Trust Officers, and its official seal to be hereunto affixed by him and attested by one of its Assistant Cashiers all as of the first day of November, 1967, but actually on the dates hereinafter indicated.

GREENVILLE COUNTY

ATTEST:

By Chairman, County Board of
Commissioners

Secretary, County Board of
Commissioners

(SEAL)

Signed, sealed and acknowledged in
the presence of:

THE SOUTH CAROLINA NATIONAL BANK
OF CHARLESTON, as Trustee

ATTEST:

By Assistant Trust Officer

Assistant Cashier

(SEAL)

Signed, sealed and acknowledged
in the presence of:

SCHEDULE A

INDENTURE OF MORTGAGE AND DEED OF TRUST
DATED AS OF NOVEMBER 1, 1967 BETWEEN
GREENVILLE COUNTY, SOUTH CAROLINA, AND
THE SOUTH CAROLINA NATIONAL BANK OF
CHARLESTON

PARCEL A

Four tracts of land in Greenville County, South Carolina, being portions of that certain 78.93 acre tract of land according to plat of survey dated June 18, 1966, certified by R. K. Campbell, R.L.S., as revised June 6, 1967 by H. C. Clarkson, Jr., R.L.S., and recorded in the R.M.C. office for Greenville County in Plat Book PPP at Page 133, the said four tracts of land being hereinafter referred to as the "Premises" and being more particularly described as follows:

TRACT I (PLANT, LAB & ADM. BLDG.)

Beginning at an iron pin marking the most southwesterly corner of the Greenville Leasing Company property and being also an interior corner of the Phillips Fibers Corporation 78.93 acre tract;

Thence N 55° 27' 30" W 1028.5 feet to the north corner and true point of beginning of the herein described parcel of land;

Thence S 35° 48' E 81.2 feet; Thence N 54° 12' E 9.0 feet; Thence S 35° 48' E 12.7 feet; Thence S 54° 12' W 8.8 feet; Thence S 35° 48' E 131.3 feet; Thence S 54° 12' W 112.3 feet; Thence S 35° 48' E 7.7 feet; Thence S 54° 12' W 38.0 feet; Thence N 35° 48' W 8.0 feet; Thence S 54° 12' W 206.6 feet; Thence S 35° 48' E 4.0 feet; Thence S 54° 12' W 17.8 feet; Thence S 35° 48' E 23.3 feet; Thence S 54° 12' W 40.0 feet; Thence N 35° 48' W 39.0 feet; Thence S 54° 12' W 78.0 feet; Thence N 35° 48' W 81.0 feet; Thence N 54° 12' W, at 73.5 feet pass the south corner of a 0.057 acre easement granted to Duke Power Company by Phillips Fibers Corporation by instrument dated March 29, 1967, and continue along the southeasterly line of said easement for a total distance of 123.5 feet to the east corner thereof, being also 12 feet southwesterly, measured at right angles from the face of an existing plant building;

Thence N 35° 48' W, along the northeasterly line of the said easement and 12.0 feet southwesterly from and parallel with the said plant building for a distance of 50.0 feet to the north corner of the said easement;

Thence N 54° 12' E 11.0 feet to a point S 54° 12' W, 1.0 feet from the west corner of the said plant building;

Thence N 35° 48' W, parallel with and 1.0 feet southwesterly from the northwesterly extension of the southwesterly line of the said plant building, a distance of 2.6 feet;

Thence N 54° 12' E, parallel with and 2.6 feet northwesterly from the said plant building for a distance of 187.7 feet; Thence N 35° 48' W 79.4 feet; Thence N 54° 12' E 170.0 feet to the true point of beginning of the herein described parcel containing 79,312 square feet (1.821 acres), more or less.

TRACT II (EMPLOYEE PARKING LOT)

Beginning at the north corner of the above described Parcel I; Thence S $35^{\circ} 48'$ E with the northeast line of Parcel I, 78.6 feet and N $54^{\circ} 12'$ E, perpendicular to the northeast line of Parcel I, 71.0 feet to the west corner and true point of beginning of the herein described parcel of land;

Thence continuing N $54^{\circ} 12'$ E 194.0 feet to a point, the north corner of this parcel;

Thence S $35^{\circ} 48'$ E 455.0 feet to a point, the east corner of this parcel;

Thence S $54^{\circ} 12'$ W 194.0 feet to a point, the south corner of this parcel;

Thence N $35^{\circ} 48'$ W 455.0 feet to the true point of beginning and containing 2.026 acres more or less.

TRACT III (VISITOR PARKING LOT)

Beginning at the north corner of the above described Parcel I, thence S $54^{\circ} 12'$ W, with a northwest line of Parcel I, 36.6 feet and N $35^{\circ} 48'$ W, perpendicular to the northwest line of Parcel I, 49.4 feet to the east corner and true point of beginning of the herein described parcel of land;

Thence S $54^{\circ} 12'$ W 100.0 feet to a point, the easterly south corner of this parcel;

Thence N $35^{\circ} 48'$ W 10.0 feet to a point, an interior corner of this parcel;

Thence S $54^{\circ} 12'$ W 20.0 feet to a point, the westerly south corner of this parcel;

Thence N $35^{\circ} 48'$ W 80.0 feet to a point, the southerly west corner of this parcel;

Thence N $54^{\circ} 12'$ E 20.0 feet to a point, an interior corner of this parcel;

Thence N $35^{\circ} 48'$ W 10.0 feet to a point, the northerly west corner of this parcel;

Thence N $54^{\circ} 12'$ E 100.0 feet to a point, the north corner of this parcel;

Thence S $35^{\circ} 48'$ E 100.0 feet to the true point of beginning and containing 0.266 acres more or less.

TRACT IV (CORPORATE OFFICE)

Beginning at the north corner of the above described Parcel I, Thence S 54° 12' W, with a northwest line of Parcel I, 206.6 feet and N 35° 48' W, perpendicular to the northwest line of Parcel I, 106.4 feet to the east corner and the true point of beginning of the herein described parcel of land.

Thence S 54° 12' W 92.0 feet to a point, the south corner of this parcel;

Thence N 35° 48' W 98.0 feet to a point, the west corner of this parcel;

Thence N 54° 12' E 92.0 feet to a point, the north corner of this parcel;

Thence S 35° 48' E 98.0 feet to the true point of beginning and containing 0.207 acres more or less.

PARCEL B

All right, title and interest of the County in and to those certain perpetual easements or rights-of-way, as appurtenant to the Premises and for the benefit of the Premises and the owner or owners and occupant or occupants of the Premises and their respective lessees, employees, agents and invitees, over and across the following described real estate:

All that parcel or tract of land on the Southern side of U. S. Interstate Highway 85 near its intersection with U. S. Highway 29 (Laurens Road) in the County of Greenville, State of South Carolina, containing 78.93 acres according to plat of survey dated June 18, 1966, certified by R. K. Campbell, R.L.S., as revised June 6, 1967 by H. C. Clarkson, Jr., R.L.S., and recorded in the R.M.C. office for Greenville County in Plat Book PPP at Page 133, and being more particularly described as follows:

BEGINNING at a concrete monument at the Southeastern corner of the intersection of U. S. Highway I-85 and Ridge Road and running thence along the Southern side of Highway I-85 on a curving line, the chord thereof being N. 60-06 E. 1002' to an iron pin; thence continuing with said curving line on a chord N. 73-30 E. 275.2' to an iron pin at the corner of lands of Greenville Leasing Co., Inc.; thence with said property line S. 29-48 E. 1333.9' to an iron pin; thence N. 39-56 E. 296' to an iron pin at the corner of lands of The Shore Company; thence S. 25-36 E. 294.5' to an iron pin; thence S. 30-07 E. 73.8' to an iron pin; thence S. 34-17 E. 116' to an iron pin; thence S. 49-33 E. 187.9' to an iron pin; thence S. 51-00 E. 108.2' to an iron pin; thence S. 51-00 E. 160.1' to an iron pin; thence S. 38-41 W. 2045.2' to an iron pin at the intersection of Fairforest Way and Ridge Road; thence N. 1-37 W. 407'; thence N. 11-37 W. 329.1'; thence N. 20-37 W. 463.1'; thence N. 28-48 W. 365.8'; thence N. 39-40 W. 906.8' to a R.R. spike; thence N. 45-00 E. 33' to a concrete monument; thence N. 41-12 W. 214.8' to a concrete monument; thence N. 53-35 E. 18' to a concrete monument; thence continuing along the Eastern side of the right of way of Ridge Road on a curving line the chord of which is N. 33-09 W. 344.8' to an iron pin at the intersection of said Ridge Road and I-85, the point of beginning (excepting therefrom that part thereof described above as Parcel A).

Subject to the public rights of way for the roadways designated as Fairforest Way and Ridge Road and Frontage Road (generally parallel to U. S. Highway I-85) as conveyed to the South Carolina Highway Department, and further subject to the utility lines shown on said plat.

reasonably necessary for (a) pedestrian and vehicular access to and from the Premises and to and from and between each tract comprising the Premises, including, without limitation, the right to construct driveways, service areas and walks thereon or to use any driveway or walk now or hereafter constructed thereon and with the right to cut and remove such trees, bushes or other vegetation as may be reasonably required incident to such construction, (b) construction, operation, maintenance, repair, replacement, relocation and removal of any and all underground or overhead utilities whether now or hereafter constructed (including, without limitation, electric, telephone, water, gas, storm and sanitary sewers, together with all necessary and convenient services and pipes, connections and appurtenances) necessary to service the Premises and each tract comprising the Premises, including the right to use and enjoy any such utilities now or hereafter constructed thereon, and including the right of access to the same for any of said purposes and the right to trim and cut and remove from time to time such trees, bushes or other vegetation as may be reasonably required incident to the construction and maintenance of such facilities, (c) maintenance of the exterior of the buildings and improvements situated on the Premises, and (d) such other lawful uses as shall at any time and from time to time be necessary to service, operate and maintain the Premises; Provided that such easements and rights of way are subject to all easements, if any, now existing over, across and upon the real estate described above; and further subject to the right of the owner of such real estate, at its sole cost and expense, to relocate or cause to be relocated any such roadways, walks or utilities servicing the Premises upon having first constructed or provided for comparable means of ingress to or egress from and utility services to the Premises and to and from and between each tract comprising the Premises so that ingress and egress and utility services to the Premises and to and from and between each tract comprising the Premises shall not unreasonably be interfered with or interrupted, all as more fully provided in the deed of Phillips Fibers Corporation to Greenville County, South Carolina, dated December 1967, and recorded in the R.M.C. Office for Greenville County in Deed Book _____ at Page _____.

The foregoing real estate described above in Parcels A and B being that conveyed to Phillips Fibers Corporation (except for rights of way conveyances by said Phillips Fibers Corporation to the South Carolina Highway Department) by deed of The Citizens & Southern National Bank of South Carolina (Greenville, S.C. Branch) as Trustee under written Agreement with James G. Bannon dated March 4, 1966, and as Trustee under written Agreement with Virginia P. Bannon dated March 4, 1966, a banking corporation organized under the laws of the United States, said deed dated July 22, 1966 and recorded in the R.M.C. Office for Greenville County in Deed Book 802 at page 519.

PARCEL C

The right to use and enjoy in common with Phillips Fibers Corporation and the owners from time to time of the real estate described above in Parcel B the rights, easements and rights of way provided for under the terms of that certain agreement between James G. Bannon, et al., and Greenville Leasing Co., Inc., recorded in the R.M.C. Office for Greenville County, S.C., in Deed Book 754 at page 212, and under the terms of that certain agreement between Greenville Leasing Co., Inc. and Phillips Fibers Corporation recorded in the R.M.C. Office for Greenville County, S.C., in Deed Book 802 at page 212.

SINKLER, GIBBS & SIMONS
ATTORNEYS & COUNSELLORS AT LAW

HUGER SINKLER
CHARLES H. GIBBS
ALBERT SIMONS, JR.
THEODORE E. GUERARD
G. DANA SINKLER
THOMAS G. BUIST
RUTH WILLIAMS

TELEPHONE 722-3367
AREA CODE 803

2 PRIOLEAU STREET
CHARLESTON, S. C. 29402

November 10, 1967

The Hon. Grady L. Patterson, Jr.
State Treasurer of the State
of South Carolina
122 Hampton Office Building
Columbia, South Carolina

In re: Hyston

Dear Grady:

I enclose herein the following:

1. A copy of my letter to Roy McBee Smith of Spartanburg.
2. The original of the Resolution for the State Board mentioned in that letter.
3. Five copies thereof prepared for certification.

I will call you on Monday to discuss this situation to see if I may publish the Notice on Wednesday, November 15.

With kind regards,

Huger

HS:pr

cc: Roy McBee Smith, Esq.
John G. Kuniholm, Esq.
John Goodman, Esq.
L. B. Wragg, Esq.
Francis X. Maloney, Esq.

L- 486

SINKLER, GIBBS & SIMONS
ATTORNEYS & COUNSELLORS AT LAW

TELEPHONE 722-3367
AREA CODE 803

HUGER SINKLER
CHARLES H. GIBBS
ALBERT SIMONS, JR.
THEODORE B. GUERARD
G. DANA SINKLER
THOMAS O. BUIST
RUTH WILLIAMS

2 PRIOLEAU STREET
CHARLESTON, S. C. 29402

November 10, 1967

Roy McBee Smith, Esq.
County Attorney
Suite 312, Montgomery Building
Spartanburg, South Carolina 29301

In re: Hyston

Dear Roy:

In accordance with our conversation of today, I enclose here an "application" to the Budget and Control Board." I have signed this and would appreciate it very much if you would also sign it, place it in the enclosed envelope addressed to Grady Patterson, and thereafter mail it to him.

I also enclose herein a copy of a Resolution (to which is appended a Notice) which will -- hopefully -- be adopted by the State Board.

Finally, I enclose an extra copy of the Notice so that you may publish it in the Spartanburg Daily Herald on Wednesday, November 15, 1967, unless I notify you by telephone on Monday not to publish it.

With kind regards,

HS

HS:pr
Encls.

cc: The Hon. Grady L. Patterson, Jr.
John G. Kuniholm, Esq.
John Goodman, Esq.
L. B. Wragg, Esq.
Francis X. Maloney, Esq.

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SINKLER, GIBBS & SIMONS
ATTORNEYS & COUNSELLORS AT LAW

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Spartanburg, South Carolina
November 11, 1967

The Honorable State Budget and Control
Board of South Carolina (the State Board)
Columbia, South Carolina

Sirs:

The undersigned Roy McBee Smith is attorney for Spartanburg County Board of Control (the County Board) and has been duly authorized to present to the State Board the facts herein set forth and to make this application on behalf of the County Board.

The undersigned Huger Sinkler is acting as attorney for Hystron Fibers Incorporated (Hystron) and has been duly authorized to confirm the facts herein set forth and to join in the application herein made by the County Board, on behalf of Hystron.

Heretofore, under date of August 16, 1967, the County Board made application to the State Board for permission to acquire land now owned by Hystron in Spartanburg County and situate on the North side of Inter-State Highway No. 85 and on the West side of the right of way of Clinchfield Railroad, and to construct thereon facilities designed for the manufacture of synthetic fibers.

In order to finance the undertaking, the County Board sought permission to issue not exceeding \$85 million Industrial Revenue Bonds of Spartanburg County (the Bonds), of which \$75 million were intended to be issued initially.

Thereafter, on September 14, 1967, the State Board granted its approval to the undertaking and in accordance with Section 14 of Act No. R149 of the Acts of the General Assembly of the State of South Carolina for the year 1967 (the Act), notice of such approval was duly published in the Spartanburg Herald under date of September 26, 1967.

Following such action the County Board and Hystron have endeavored to market the Bonds initially contemplated to be issued, but due to constantly deteriorating market conditions, have not been successful in selling bonds at an interest rate which could be regarded as satisfactory. Due to such market conditions, it now appears necessary that the original plans be modified.

The original project contemplated one or more units, each of which was self-sufficient. Work in connection with the first of the units is already under way.

Due to the highly volatile condition of the bond market, it is essential that greater flexibility be granted to the County Board and Hystron. Accordingly, the County Board and Hystron wish the approval of the State Board to:

- (1) The acquisition by the County Board of the land now owned by Hystron, located in Spartanburg County, previously described, and the installation and construction thereon

of facilities designed for the manufacture of synthetic fibers. In lieu of constructing such facilities as a single unit, the facilities to be constructed may consist of one or more self-sufficient units, each of which shall constitute a project under the Act; and

(2) The financing of the cost thereof through the issuance by the County Board, from time to time, as one or more series, Industrial Revenue Bonds of Spartanburg County, in the aggregate principal amount of not exceeding \$85 million, such series to be in such amounts and to be issued and sold on such terms and conditions, and at such time or times, as the County Board in its discretion may determine.

Other units will be undertaken if and when market conditions permit, but no unit will be undertaken unless it can be completed. As to any unit that has been undertaken or as to any unit that may hereafter be undertaken, Hyston will obligate itself to pay the cost of its construction notwithstanding that proceeds of Bonds to be issued by the County Board prove insufficient.

The form and substance of the Lease, the Guaranty Agreement, and the Indenture, heretofore presented to the State Board, as Exhibits to the Petition of the County Board, dated August 16, 1967,

CORRECTION

of facilities designed for the manufacture of synthetic fibers. In lieu of constructing such facilities as a single unit, the facilities to be constructed may consist of one or more self-sufficient units, each of which shall constitute a project under the Act; and

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The Honorable State Budget and Control Board
November 11, 1967
Page 4

will remain in substantially their original form, except that they will be amended so as to reflect the modification of the plan.

It is respectfully requested that favorable action be taken upon this application and that an appropriate resolution be adopted evidencing such action and prescribing a form of amended notice which may be published pursuant to Section 14 of the Act.

Respectfully submitted,

SPARTANBURG COUNTY BOARD OF CONTROL

BY _____
Its Attorney

HYSTRON FIBERS INCORPORATED

BY *Duga Dickler*
Its Attorney

Spartanburg, South Carolina
November 11, 1967

The Honorable State Budget and Control
Board of South Carolina (the State Board)
Columbia, South Carolina

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(2) The financing of the cost thereof through the issuance by the County Board, from time to time, as one or more series, Industrial Revenue Bonds of Spartanburg County, in the aggregate principal amount of not exceeding \$85 million, such series to be in such amounts and to be issued and sold on such terms and conditions, and at such time or times, as the County Board in its discretion may determine.

Other units will be undertaken if and when market conditions permit, but no unit will be undertaken unless it can be completed. As to any unit that has been undertaken or as to any unit that may hereafter be undertaken, Hystron will obligate itself to pay the cost of its construction notwithstanding that proceeds of Bonds to be issued by the County Board prove insufficient.

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The Honorable State Budget and Control Board
November 11, 1967
Page 4

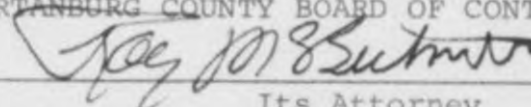
will remain in substantially their original form, except that they will be amended so as to reflect the modification of the plan.

It is respectfully requested that favorable action be taken upon this application and that an appropriate resolution be adopted evidencing such action and prescribing a form of amended notice which may be published pursuant to Section 14 of the Act.

Respectfully submitted,

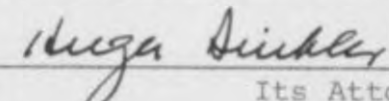
SPARTANBURG COUNTY BOARD OF CONTROL

BY


Its Attorney

HYSTRON FIBERS INCORPORATED

BY


Its Attorney

WHEREAS, heretofore on September 14, 1967 the State Budget and Control Board (the State Board) gave its approval, pursuant to Section 14 of Act No. R149 of the Acts of the General Assembly of the State of South Carolina for the year 1967 (the Act) to an undertaking by Spartanburg County, which involved the acquisition of a tract of land, now the property of Hystron Fibers Incorporated (Hystron), and the construction thereon of facilities for the manufacture of synthetic fibers and other products (the Oroject), and

WHEREAS, the Project as then envisaged contemplated that the facilities would be constructed as a single undertaking and paid for with the proceeds of Industrial Revenue Bonds of Spartanburg County (the Bonds) in the principal amount of not exceeding \$85 million, of which \$75 million would be initially issued, and

WHEREAS, it now develops that it might be advantageous that the undertaking be constructed in one or more stages, with each stage to constitute a self-sufficient unit, which in itself would be a project under the Act, and

WHEREAS, pursuant to the action heretofore taken, notice thereof was duly published, as required by Section 14 of the Act, in the Spartanburg Herald on the 26th day of September, 1967, and

WHEREAS, by reason of the changed circumstances it is necessary that approval to the modified undertaking be given and that notice of such action be published as prescribed by Section 14 of the Act,

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

Approval is hereby given to:

(1) The acquisition by the County Board of land, now owned by Hyston, located in Spartanburg County and situate on the North side of Inter-State Highway No. 85 and on the West side of the right of way of Clinchfield Railroad, and installation and construction thereon of facilities designed for the manufacture of synthetic fibers. The land so acquired and the facilities so constructed will be leased by the County to Hyston. In lieu of constructing such facilities as a single unit, the facilities to be constructed may consist of one or more self-sufficient units, each of which shall constitute a project under Act No. R149 of 1967; and the construction of any single unit may be undertaken without regard as to whether other units are thereafter undertaken.

(2) The financing of the cost thereof through the issuance by the County Board, from time to time, as one or more series, of Industrial Revenue Bonds of Spartanburg County, in the aggregate principal amount of not exceeding

\$85 million (the Bonds); such series shall be in such amounts and shall be issued and sold on such terms and conditions and at such time or times as the County Board in its discretion may determine. The Bonds will be payable solely from the rentals to be paid to the County by Hyston which has irrevocably covenanted and agreed to pay when due all sums required for the principal and interest thereon, and such bonds will be additionally secured by a Trust Indenture.

RESOLVED FURTHER: That notice in the form herewith attached as Exhibit A be published.

AMENDED NOTICE PURSUANT TO ACT NO. R149
OF THE ACTS OF THE GENERAL ASSEMBLY OF
SOUTH CAROLINA FOR THE YEAR 1967

Notice is hereby given that the State Budget and Control Board of South Carolina (the State Board) has given its approval to the Spartanburg County Board of Control (the County Board) to a modified course of procedure in connection with an undertaking of the County Board heretofore approved by the State Board under date of September 14, 1967, and that by reason of such action the County Board is now duly authorized and has been given the approval of the State Board as follows:

(1) The County Board may acquire land, now owned by Hystron Fibers Incorporated (Hystron), located in Spartanburg County and situate on the North side of Interstate Highway No. 85 and on the West side of the right of way of Clinchfield Railroad, and install and construct thereon facilities designed for the manufacture of synthetic fibers. The land so acquired and the facilities so constructed will be leased by the County to Hystron. In lieu of constructing such facilities as a single unit, the facilities to be constructed may consist of one or more self-sufficient units, each of which shall constitute a project under Act No. R149 of 1967; and the construction of any single unit may be undertaken without regard as to whether other units are thereafter undertaken.

(2) To finance the cost thereof the County Board may issue, from time to time, as one or more series, Industrial

Revenue Bonds of Spartanburg County, in the aggregate principal amount of not exceeding \$85 million (the Bonds); such series shall be in such amounts and shall be issued and sold on such terms and conditions and at such time or times as the County Board in its discretion may determine. The Bonds will be payable solely from the rentals to be paid to the County by Hystron which has irrevocably covenanted and agreed to pay when due, all sums required for the principal and interest thereon, and such bonds will be additionally secured by a Trust Indenture.

Hystron has agreed to pay as additional rentals to Spartanburg County, the School District, and all other political units wherein the undertaking is located, in lieu of taxes, such amounts as would result from taxes levied thereon by Spartanburg County, the said School District, and the said other political units if the same were owned by Hystron, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to Hystron if it were the owner thereof.

All obligations of Hystron have been unconditionally, jointly and severally guaranteed by Hercules Incorporated and Farbwerke Hoechst AG vormals Meister Lucius & Brüning.

Notice is further given that any interested party may at any time within twenty days after the date of the publication

of this notice, challenge the validity of the action of the State Board in approving the undertaking of the County Board by action de novo instituted in the Court of Common Pleas for Spartanburg County.

THE STATE BUDGET AND CONTROL BOARD

BY P. C. SMITH
Secretary

PUBLICATION DATE:

NOVEMBER 15, 1967

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