

MINUTES OF BUDGET AND CONTROL BOARD MEETING

NOVEMBER 26 1973

Nov 26, 1973  
(Meeting II)

At 4:00 p.m. the Budget and Control Board met in Governor West's private office for a briefing by Mr. P. C. Smith. The following members were in attendance.

Governor John C. West  
Senator Rembert C. Dennis  
Mr. R. J. Aycock  
Mr. Henry Mills  
Mr. Grady L. Patterson, Jr.

Mr. Smith presented the Board with a list of the various agencies of the State Government and the amount of the equipment for which State funds would probably be appropriated for the fiscal year 1974-75. The figures showed that the total which could be expected to be spent for equipment would amount to approximately \$22,164,000.

The Board accepted the figures furnished by Mr. Smith as information and agreed to act upon the matter in an open meeting to follow.

A copy of the data furnished by Mr. Smith has been retained in these files and is identified as Exhibit I.

At this point the Board members moved to the Conference Room of the Governor's Office to hold a formal meeting which would be open to the press.

The following business was conducted.

BUDGET 1974-75 - Board members unanimously agreed to pay for identifiable equipment items out of surplus and to recommend that the savings in operating revenue be used to provide base salary increases of approximately four percent to State employees and teachers. It was also agreed that the recommendation of annual salaries for State Legislators should be set at \$7,000. The Board reaffirmed its previous statement of intent to implement the consultants' report with respect to equalizing

the pay for State employees.

The Board members unanimously agreed to recommend that the percentage of income taxes returned to the counties should be set at four percent rather than seven and one-half percent.

It was agreed that \$285,000 should be inserted in the budget for operating expenses for the Railway Commission.

Senator Dennis and Mr. Aycock agreed that they should each appoint a subcommittee to study the effects of a reduction in State aid to the counties.

INDUSTRIAL REVENUE BONDS - The Board approved a Petition from Williamsburg County for the issuance of \$600,000 of Industrial Revenue Bonds on behalf of Mistee Lingerie, Inc.

ELECTION COMMISSION - TRAINING - The Budget and Control Board took note of the fact that the Election Commission desires to conduct a training program for election workers and approved the advancing of approximately \$20,000 from the Civil Contingent Fund for this purpose. It was understood that the Election Commission would request a supplemental appropriation for this amount to be refunded to the Civil Contingent Fund.

DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL - SALARY INCREMENT - The Budget and Control Board approved a request of the Department of Health and Environmental Control that the annual salary of Dr. E. K. Aycock be increased by \$1,200 and that this increase be made effective as of the date upon which the consolidation of the State Board of Health and the Pollution Control Authority was accomplished.

There being no further business, the meeting was adjourned at 5:00 p.m.



1973-74

## BUDGET REQUEST AND RECOMMENDATIONS

BUDGET OPTION 10

EQUIPMENT

PAGE LINE NO. (1)	DETAIL OF EXPENDITURES ITEMIZATION (4)	1972-73			1973-74			REQUESTED: 1974-75			RECOMMENDED: 1974-75		
		ACTUAL TOTAL FUNDS (5)	ESTIMATED TOTAL FUNDS (6)	APPROPRIATED STATE FUNDS (7)	ESTIMATED TOTAL FUNDS (8)	APPROPRIATED STATE FUNDS (9)	CHANGE STATE FUNDS (10)	ESTIMATED TOTAL FUNDS (11)	APPROPRIATED STATE FUNDS (12)	CHANGE STATE FUNDS (13)	ESTIMATED TOTAL FUNDS (11)	APPROPRIATED STATE FUNDS (12)	CHANGE STATE FUNDS (13)
	LEGISLATIVE DEPARTMENT	5,682	3,318		2,750			2,750			2,750		
	JUDICIAL DEPARTMENT	47,709	70,200	70,200	100,200	100,200		71,700	71,700		71,700	71,700	1,500
	GOVERNORS OFFICE	827,278	366,394	327,195	495,036	414,906	87,711	495,036	414,906		495,036	414,906	87,711
	LIEUTENANT GOVERNORS OFFICE	3,552											
	SECRETARY OF STATES OFFICE	4,539	8,500	8,500	5,500	5,500	3,000	5,500	5,500		5,500	5,500	3,000
	COMPTROLLER GENERALS OFFICE	11,822	7,000	7,000	7,000	7,000		7,000	7,000		7,000	7,000	
	STATE TREASURERS OFFICE	9,810	7,000	7,000	8,100	8,100	1,100	8,100	8,100		8,100	8,100	1,100
	ATTORNEY GENERALS OFFICE	13,204	9,912	9,912	20,000	20,000	10,088	17,000	17,000		17,000	17,000	7,088
	ADJUTANT GENERALS OFFICE	15,038	14,163	7,292	20,800	17,350	10,058	20,800	17,350		20,800	17,350	10,058
	STATE ELECTION COMMISSION	2,841	2,500	2,500	13,375	13,375	10,875	4,500	4,500		4,500	4,500	2,000
	BUDGET AND CONTROL BOARD	235,037	321,275	120,925	355,648	133,565	12,640	351,648	129,565		351,648	129,565	8,640
	COMMISSION ON HIGHER EDUCAT	3,831	4,000	4,000	1,000	1,000	3,000						
	UNIVERSITY OF SOUTH CAROLIN	3,520,011	4,389,942	3,391,508	7,337,508	6,216,427	2,824,919						
	USC AUXILIARY SERVICES	122,062	146,393		160,270			160,270			160,270		
	CLEMSON UNIVERSITY	980,352	3,506,863	2,705,931	3,398,801	2,668,864	37,067	25,315			25,315		
	CLEMSON UNIV. AUXILIARY SER	157,639	21,963		25,315								
	MEDICAL UNIVERSITY OF S. C.	1,804,213	1,924,549	1,402,671	2,461,798	1,656,835	254,164	2,461,798	1,656,835		2,461,798	1,656,835	254,164
	THE CITADEL	230,724	297,459	242,373	311,949	256,480	14,107	40,220			40,220		
	CITADEL AUXILIARY SERVICES	38,997	45,600		40,220								
	WINTHROP COLLEGE	290,620	408,540	296,345	540,583	450,251	153,906						
	WINTHROP AUXILIARY SERVICES	6,385	6,750		6,250			6,250			6,250		
	S. C. STATE COLLEGE	1,365,325	709,490	641,230	757,906	703,015	61,785	35,878			5,861,510 (Univs. & Colls)		
	S. C. STATE AUXILIARY SERVI	36,772	33,246		35,878								
	FRANCIS MARION COLLEGE	463,122	549,153	421,504	489,015	275,958	145,546						
	COLLEGE OF CHARLESTON	600,271	753,524	582,474	1,031,901	845,623	263,149	14,000			14,000		
	COLL. OF CHARLESTON AUX. SV	18,720	24,800		14,000								
	LANDER COLLEGE		241,196	120,724	468,697	356,816	236,092	20,690			20,690		
	LANDER AUXILIARY SERVICES		17,850		20,690								
	COASTAL CAROLINA REG. CAMPU	378,133	747,036	588,059	447,867	338,076	249,983				7,600,000		
	DEPARTMENT OF EDUCATION	8,289,079	8,227,279	6,857,997	10,183,599	9,965,517	3,107,520	500			1,128,517		
	NO RECORD FOUND--INVALID CO	1,092	300		500								
	TECH. AND COMP. EDUCATION	1,730,205	1,289,586	1,057,200	2,220,737	2,071,780	1,014,580	837,100	837,100		837,100	837,100	
	EDUCATIONAL TELEVISION COMM	406,733	545,450	837,100	860,100	860,100	23,000	10,762	4,287		10,762	4,287	412
	S. C. OPPORTUNITY SCHOOL	10,209	74,350	3,875	10,762	4,287	412	83,246	73,196		83,246	73,196	33,876
	SCH. FOR THE DEAF & THE BLI	55,830	49,370	39,320	83,246	73,196	33,876	68,550	66,550		68,550	66,550	12,000
	DEPT. OF ARCHIVES & HISTORY	68,211	56,550	54,550	68,550	66,550	12,000	550			550		
	CONFEDERATE RELIC ROOM	400	550	550	550	550							
	S. C. STATE LIBRARY	49,736	105,017	105,017	101,403	101,403	3,614	101,403	101,403		101,403	101,403	3,614
	S. C. ARTS COMMISSION	2,900	13,960	13,960	37,360	37,360	23,400	19,460	19,460		19,460	19,460	5,500
	HEALTH & ENVIRONMENTAL CONT	850,650	666,930	335,752	1,598,249	1,261,113	925,361	672,888	335,752		672,888	335,752	
	DEPT. OF MENTAL HEALTH	441,559	570,085	438,023	761,329	624,123	186,100	686,702	549,496		686,702	549,496	111,473
	DEPT. OF MENTAL RETARDATION	473,099	425,313	283,435	661,797	524,303	240,868	550,554	413,160		550,554	413,160	129,725
	COMMISSION ON ALCOHOLISM	32,252	9,552	3,950	6,096	4,150	200	5,896	3,950		5,896	3,950	
	DEPT. OF SOCIAL SERVICES	260,323	1,060,353	470,708	439,263	176,613	294,090	439,263	176,613		439,263	176,613	294,090
	VOCATIONAL REHABILITATION	203,694	102,016	15,635	71,460	14,378	1,257	71,460	14,378		71,460	14,378	1,257
	JOHN DE LA HOWE SCHOOL	49,101	22,050	10,450	22,050	10,450		22,050	10,450		22,050	10,450	
	CHILDRENS BUREAU	3,823	4,500	4,500	4,500	4,500		4,500	4,500		4,500	4,500	
	COMMISSION FOR THE BLIND	285,487	144,000	47,757	233,750	59,969	12,212	233,750	59,969		233,750	59,969	12,212
	COMMISSION ON AGING	10,915	3,000	193	1,750	875	682	1,750	875		1,750	875	682
	STATE HOUSING AUTHORITY	11,886			6,310	6,310	6,310	2,251	2,251		2,251	2,251	2,251
	COMMISSION ON HUMAN AFFAIRS	2,441	12,862	12,862	5,785	5,785	7,077	5,785	5,785		5,785	5,785	7,077
	DEPARTMENT OF CORRECTIONS	423,519	415,800	369,574	588,650	539,154	169,580	462,550	413,054		462,550	413,054	43,480

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BUDGET REQUEST AND RECOMMENDATIONS		1973-74		1974-75		1974-75	
DETAIL OF EXPENDITURES	1972-73	ESTIMATED	APPROPRIATED	ESTIMATED	APPROPRIATED	CHANGE	RECOMMENDED
ITEMIZATION	ACTUAL	FUNDS	STATE	TOTAL	STATE	STATE	TOTAL
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
PROB. PAROLE AND PARDON BO	5,346	4,500	4,500	19,500	19,500	15,000	12,000
DEPARTMENT OF YOUTH SERVICE	183,242	142,450	79,000	179,370	121,380	42,880	123,317
JUVENILE PLACEMENT & AFTERC	1,660	2,517	2,100	3,000	3,000	900	3,000
LAW ENFORCE. TRAINING COUNC	40,488	84,000	2,400	77,000	9,300	6,900	4,000
WATER RESOURCES COMMISSION	11,095	4,600	12,335	10,600	79,100	62,765	12,335
STATE LAND RES. CONSERV. CO	8,651	12,335	12,335	75,100	509,447	130,653	830,963
STATE FORESTRY COMMISSION	785,853	811,727	378,794	385,470	51,000	7,500	49,500
DEPARTMENT OF AGRICULTURE	53,611	51,605	43,500	57,000	51,000		4,530
AGRICULTURAL MARKETING COM	6,535	9,980	415	4,530	415		415
CLEASON UNIVERSITY (PSA)	736,761	863,175	661,246	1,209,462	1,055,466	394,220	823,342
MILDLIFE & MARINE RESOURCES	699,830	786,518	325,643	1,152,082	808,700	483,057	489,646
PARKS, RECREATION AND TOURI	303,383	306,004	95,600	442,154	182,000	26,582	404,404
STATE DEVELOPMENT BOARD	252,134	68,905	68,905	42,322	42,322		33,450
PATRIOTS POINT DEVEL. AUTH.		1,000	1,000	2,000	2,000	1,000	2,000
PUBLIC SERVICE COMMISSION	20,752	200,638	195,198	19,422	15,922	179,276	19,422
INDUSTRIAL COMMISSION	28,348	12,700	9,700	11,800	10,300	600	11,800
INSURANCE DEPARTMENT	9,409	10,500	10,500	7,500	7,500	3,000	7,500
BOARD OF BANK CONTROL	2,110	3,000	3,000	3,500	3,500	500	3,500
STATE DAIRY COMMISSION	2,340	700	700	800	800	100	800
DEPARTMENT OF LABOR	43,551	50,976	30,700	54,670	37,835	7,135	54,670
AFRIANAUTICS COMMISSION	26,669	68,200	68,200	102,200	102,200	34,000	102,200
CONTRACTORS LICENSING BOARD	983	1,000	1,000	1,000	1,000		1,000
STATE TAX COMMISSION	16,989	139,720	139,720	64,720	64,720	75,000	64,720
ALCOHOLIC BEVERAGE CONTROL	69,018	42,300	42,300	45,800	45,800	3,500	45,800
DISASTER PREPAREDNESS AGENC	9,905	18,775	14,525	64,500	44,875	30,350	59,047
DEPARTMENT OF VETERANS AFFA	2,277	2,400	2,400	2,400	2,400		2,400
EMPLOYMENT SECURITY COMMISS	53,647	55,256		61,914			61,914
HIGHWAY DEPARTMENT	2,424,740	4,586,800		4,898,500			4,898,500
GRAND TOTAL STATE	30,656,744	37,582,583	24,113,132	46,044,225	34,118,795	10,005,603	16,232,340

42,164,884

OPERATING BUDGETS

1973-74: Original and Revised  
1974-75: Under Consideration by Budget & Control Board

	<u>1973-74</u>			<u>1974-75</u>
	<u>Original</u>	<u>Revision</u>	<u>As Revised</u>	
<u>Sources of Funds</u>				
Balance from Year Before (to cover appropriations brought forward)	10 025 259	-	10 025 259	-
Recurring Sources -				
General Fund Revenue (Est.)	718 005 929	16 547 071	734 553 000	809 292 000
Annual Revenue Sharing	27 000 000	-	27 000 000	28 715 000
Non-Recurring Sources -				
General Fund Surplus	16 450 499	-	16 450 499	-
"Windfall" Revenue Sharing	6 610 729	-	6 610 729	-
Total Funds	778 092 416	16 547 071	794 639 487	838 007 000
<u>Appropriations</u>				
Brought Forward from Year Before	10 025 259	-	10 025 259	-
General Fund Appropriations	757 319 416	2 223 109	759 542 525	845 452 659
Appropriations from Non-Recurring Funds	23 061 228	-	23 061 228	-
Total Appropriations	790 405 903	2 223 109	792 629 012	845 452 659
Less: Allowance for Salary Lapses	-	-	-	7 600 000
Total (Net) Appropriations	790 405 903	2 223 109	792 629 012	837 852 659
Balance	( 12 313 487)	14 323 962	2 010 475	154 341



November 26, 1973

SURPLUS FUNDS

I. GENERAL FUND SURPLUS

<u>Balance</u> , beginning of 1973-74		85 576 411
<u>Less:</u> Appropriations, 1973 Regular Session	28 211 563	
Appropriations, 1973 Extra Session	<u>7 500 000</u>	<u>35 711 563</u>
		49 864 848
<u>Add:</u> Reimbursements for 1972-73, Revised after close of year	1 413 033	
Projected Operating Balance, End of 1973-74	<u>2 010 475</u>	<u>3 423 508</u>
<u>Projected Balance</u> , End of 1973-74		53 288 356

II. "WINDFALL" REVENUE SHARING FUNDS

<u>Receipts</u>		
Federal Government	38 266 341	
Investment Earnings (Through October, 1973)	<u>1 146 820</u>	<u>39 413 161</u>
<u>Appropriations</u>		
Regular Session, 1973		<u>35 000 000</u>
<u>Balance</u> (As of October 31, 1973)		<u>4 413 161</u>
Total Surplus Funds		<u>57 701 517</u>

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## RECOMMENDED BUDGET FOR 1974-75

Agency	1973 - 74 Appropriation	Request	Recommended	1974 - 1975 Change Recommended			No. of New Positions Recommended
				Classified	Other	Total	
				Plan			
Legislative Department							
Senate	837,492	938,333	936,433		98,941	98,941	12
House of Representatives	1,404,915	1,581,849	1,562,849		157,934	157,934	-17
Legislative Council	655,300	681,544	479,012		-176,288	-176,288	
Special Services	55,052	56,864	56,864		1,812	1,812	
Projects and Committees	157,684				-157,684	-157,684	
Total Legislative Department	3,110,443	3,258,590	3,035,158		-75,285	-75,285	-5
Judicial Department	1,625,448	2,092,284	1,817,108	18,943	172,717	191,660	1
Executive and Administrative Division							
Governor's Office							
Executive Control of the State	433,294	440,224	440,224	10,357	-3,427	6,930	
Law Enforcement	3,205,460	3,930,581	3,855,581	86,605	563,516	650,121	-6
Division of Administration	4,516,953	2,934,129	2,934,129	11,721	-1,594,545	-1,582,824	-15
Mansions and Grounds	133,356	135,647	135,647	1,740	551	2,291	
Total Governor's Office	8,289,063	7,440,581	7,365,581	110,423	-1,033,905	-923,482	-21
Lieutenant Governor's Office	49,822	54,800	54,800		4,978	4,978	
Secretary of State's Office	237,803	265,085	263,585	13,828	11,954	25,782	1
Comptroller General's Office	1,257,737	1,404,741	1,404,741	39,163	107,841	147,004	8
State Treasurer's Office	860,826	933,079	933,079	22,161	50,092	72,253	3
Attorney General's Office	1,174,122	1,733,574	1,342,121	47,769	120,230	167,999	8
Adjutant General's Office	521,029	676,461	634,771	7,734	106,008	113,742	16
State Election Commission	556,742	1,548,857	1,517,457	2,824	957,891	960,715	4
Budget and Control Board							
Finance Division	1,660,661	1,993,942	1,993,942	67,698	265,583	333,281	11
Research and Statistics	194,960	228,669	226,340	5,448	25,932	31,380	1
General Services	2,983,286	3,347,142	3,303,840	47,833	272,721	320,554	12
Retirement	857,517	960,668	950,326	15,234	77,575	92,809	3
Personnel	788,222	1,342,831	1,033,145	21,062	223,861	244,923	5
State Employee Benefits	77,310,442	86,352,300	86,683,300		9,372,858	9,372,858	
Title I HEA Act 1965	0	12,500	0	0	0	0	
Higher Education Facilities	0	0	0	0	0	0	
Total Budget and Control Board	83,795,088	94,238,052	94,190,893	157,275	10,238,530	10,395,805	32
Total Executive & Administrative Division	96,742,232	108,295,230	107,707,028	401,177	10,563,619	10,964,796	51

Agency	1 9 7 3 - 7 4 Appropriation	Request	Recommended	1 9 7 4 - 1 9 7 5 C h a n g e R e c o m m e n d e d		Total	No. of New Positions Recommended
				Classified Plan	Other		
<u>Educational Division</u>							
Commission on Higher Education	1,100,179	1,622,460	1,157,169	6,655	50,335	56,990	0
Higher Education Tuition Grants	4,000,000	8,500,000	6,180,000	0	2,180,000	2,180,000	4
University of South Carolina	33,747,160	46,693,017	37,855,875	245,898	3,862,817	4,108,715	289
Clemson University	21,336,935	23,845,284	21,706,906	186,543	183,428	369,971	114
Medical University of S. C.	31,156,731	35,617,555	35,508,199	744,338	3,607,130	4,351,468	247
The Citadel	4,878,883	5,223,818	4,916,281	123,259	-85,861	37,398	2
Winthrop College	5,013,691	7,005,314	5,581,243	53,085	514,467	567,552	39
S. C. State College	5,484,341	6,522,421	5,849,125	81,903	282,881	364,784	51
Francis Marion College	2,459,357	3,055,847	2,903,055	26,186	417,512	443,698	26
College of Charleston	4,388,124	6,021,308	5,630,897	72,331	1,170,442	1,242,773	84
Lander College	948,442	2,092,839	1,988,197	65,487	974,268	1,039,755	30
USC Regional Campus	5,169,012	5,033,653	3,952,889	13,591	-1,229,714	-1,216,123	45
Department of Education	273,378,203	319,787,818	282,123,904	337,081	8,408,620	8,745,701	6
Adv. Council on Voc. & Tech. Ed.	0	15,000	15,000	0	15,000	15,000	1
Technical & Comprehensive Education	21,245,778	27,089,946	23,826,467	194,340	2,386,349	2,580,689	202
Educational Television Commission	5,890,035	7,454,965	6,183,087	71,519	221,533	293,052	4
S. C. Opportunity School	591,485	588,765	576,135	13,742	-29,092	-15,350	-1
School for the Deaf & the Blind	2,725,307	3,457,531	3,021,751	66,369	230,075	296,444	7
Department of Archives and History	974,795	1,320,050	1,239,716	63,780	201,141	264,921	16
Confederate Relic Room	38,581	40,924	39,924	1,143	200	1,343	
S. C. State Library	1,569,967	1,606,284	1,602,284	6,906	25,411	32,317	1
S. C. Arts Commission	360,896	1,395,536	567,792	10,541	196,355	206,896	2
State Museum Commission	50,000	50,000	50,000				
Total Educational Division	426,507,902	514,040,335	452,475,896	2,384,697	23,583,297	25,967,994	1,169
<u>Health Division</u>							
Health & Environmental Control	23,533,418	29,765,646	23,033,418	810,205	-1,310,205	-500,000	
Department of Mental Health	30,814,961	43,100,521	34,629,961	1,199,801	2,615,199	3,815,000	188
Department of Mental Retardation	19,907,490	25,004,834	21,968,760	582,792	1,478,478	2,061,270	109
Commission on Alcoholism	384,682	652,637	569,333	17,572	167,079	184,651	
Total Health Division	74,640,551	98,523,638	80,201,472	2,610,370	2,950,551	5,560,921	297

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Agency	1 9 7 3 - 7 4 Appropriation	Request	Recommended	1 9 7 4 - 1 9 7 5		Total	No. of New Positions Recommended	
				Change				
				Classified Plan	Other			
<u>Social Rehabilitation Services Division</u>								
Department of Social Services	47,810,752	63,149,851	49,865,581	436,984	1,617,845	2,054,829	1371	
Vocational Rehabilitation	3,599,488	5,190,193	4,599,488	56,058	943,942	1,000,000		
John de la Howe School	593,581	625,736	620,288	13,981	12,726	26,707		
Children's Bureau	420,618	451,405	445,100	10,109	14,373	24,482		
Commission for the Blind	1,243,913	1,265,993	1,252,493	14,800	-6,220	8,580		21
Commission on Aging	92,496	445,253	160,169	4,065	63,608	67,673		
State Housing Authority	286,182	587,514	370,348	8,804	75,362	84,166		
Commission on Human Affairs	185,937	356,236	247,753	11,412	50,404	61,816		
Total Social Rehabilitation Services Div.	54,232,967	72,072,181	57,561,220	556,213	2,772,040	3,328,253	22	
<u>Correctional Division</u>								
Department of Corrections	10,272,015	14,158,519	12,383,353	444,295	1,667,043	2,111,338	241	
Probation, Parole and Pardon Board	1,523,211	2,235,968	1,971,833	168,712	279,910	448,622	35	
Department of Youth Services	4,748,191	5,942,070	5,201,177	139,334	313,652	452,986	-26	
Juvenile Placement and Aftercare	323,656	459,877	397,449	21,179	52,614	73,793		
Law Enforcement Training Council	0	0	0	0	0	0		
Total Correctional Division	16,867,073	22,796,434	19,953,812	773,520	2,313,219	3,086,739	250	
<u>Conservation, Nat. Res., &amp; Development Div.</u>								
Water Resources Commission	533,560	698,366	589,693	7,610	48,523	56,133		
State Land Resources Conservation Commission	520,248	1,288,653	524,186	10,785	-6,847	3,938		
State Forestry Commission	5,043,492	5,447,109	5,267,171	126,127	97,552	223,679		
Department of Agriculture	2,136,896	2,341,555	2,213,753	47,896	28,961	76,857		
Agricultural Marketing Commission	127,201	103,361	103,361	1,160	-25,000	-23,840		
Clemson University - P. S. A.	9,831,249	12,434,870	10,377,418	142,902	403,267	546,169		
Wildlife and Marine Resources	2,295,536	4,108,025	2,085,592	37,124	-247,068	-209,944		
Parks, Recreation and Tourism	4,094,129	4,575,520	4,209,247	113,411	1,707	115,118	12	
State Development Board	2,045,668	2,282,715	2,178,183	55,355	77,160	132,515	1	
Patriot's Point Development Authority	79,850	100,000	100,000		20,150	20,150		
Total Conserv., Nat. Res., & Development	26,707,829	33,380,174	27,648,604	542,370	398,405	940,775	13	

Agency	1973 - 74 Appropriation	Request	Recommended	1974 - 1975 Change Recommended			No. of New Positions Recommended
				Classified Plan	Other	Total	
<u>Regulatory Division</u>							
Public Service Commission	1,537,407	1,463,706	1,443,706	10,717	-104,418	-93,701	1
Industrial Commission	781,300	1,326,528	838,030	19,826	36,904	56,730	1
Insurance Department	1,441,414	1,604,425	1,578,251	14,618	122,219	136,837	6
Board of Bank Control	522,528	547,753	543,256	11,722	9,006	20,728	-1
State Dairy Commission	152,205	165,564	161,406	2,914	6,287	9,201	
Department of Labor	1,034,157	1,218,224	1,131,677	32,583	64,937	97,520	2
Aeronautics Commission	1,054,474	793,192	728,526	11,001	-336,949	-325,948	
Contractors' Licensing Board	76,957	93,718	92,218	1,419	13,842	15,261	2
State Tax Commission	7,296,963	7,624,137	7,659,794	205,597	157,234	362,831	
Alcoholic Beverage Control Commission	678,034	708,613	709,063	16,414	14,615	31,029	
Disaster Preparedness Agency	195,411	235,338	228,692	6,032	27,249	33,281	
Department of Veterans Affairs	528,714	587,566	570,966	6,252	36,000	42,252	1
Employment Security Commission	37,245	58,000	40,155	2,910		2,910	
Total Regulatory Division	15,336,809	16,426,764	15,725,740	342,005	46,926	388,931	12
Debt Service	16,999,008	20,609,956	20,609,956		3,610,948	3,610,948	
<u>Miscellaneous Division</u>							
Miscellaneous Appropriations	616,506	502,923	485,900		-130,606	-130,606	
Contributions Division	292,265	292,765	292,765		500	500	
Aid to Subdivisions	63,274,500	67,391,000	57,938,000		-5,336,500	-5,336,500	
Total Miscellaneous Division	64,183,271	68,186,688	58,716,665		-5,466,606	-5,466,606	
Total General Fund	796,953,533	959,682,274	845,452,659	7,629,295	40,869,831	48,499,126	1,810

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EXHIBIT II

\$600,000

WILLIAMSBURG COUNTY, SOUTH CAROLINA  
FIRST MORTGAGE INDUSTRIAL REVENUE  
BONDS, SERIES 1973-A (LESSEE -  
MISTEE LINGERIE, INC.) (GUARANTOR -  
UNIVERSAL CONTAINER CORPORATION)

(PLATE 2)



EXHIBIT II

NOV. 26, 1973

\$600,000

WILLIAMSBURG COUNTY, SOUTH CAROLINA  
FIRST MORTGAGE INDUSTRIAL REVENUE  
BONDS, SERIES 1973-A (LESSEE -  
MISTEE LINGERIE, INC.) (GUARANTOR-  
UNIVERSAL CONTAINER CORPORATION)

(MEETING II)

FOR MSD TESTING PURPOSES ONLY

1373

Columbia, South Carolina

December , 1973

The State Budget and Control Board of South Carolina (the "Board") convened in called session at the regular meeting place of the Board at the State Auditor's Office, in the Wade Hampton Office Building, in the City of Columbia, South Carolina, at \_\_\_\_\_ o'clock P.M., on \_\_\_\_\_, 1973, with the following members present:

John C. West	Governor of the State of South Carolina and Chairman of the Board
Grady L. Patterson, Jr.	Treasurer of the State
John Henry Mills	Comptroller General
Rembert C. Dennis	Chairman, Senate Finance Committee
Robert J. Aycock	Chairman, House Ways and Means Committee

Absent: None

There was also present P. C. Smith, State Auditor and Secretary to the Board.

After the meeting had been duly called to order by the Chairman and the roll called with the above result, and after the minutes of the preceding meeting had been read and approved, the Chairman announced that one purpose of the meeting was to consider the adoption of a resolution approving the proposed issuance by Williamsburg County, South Carolina, of \$600,000 principal amount First Mortgage Industrial Revenue Bonds, Series 1973-A (Mistee Lingerie, Inc. - Lessee).

Thereupon the following resolution was introduced in written form by Mr. \_\_\_\_\_, was read in full, and after due discussion, pursuant to motion made by Mr. \_\_\_\_\_ and seconded by Mr. \_\_\_\_\_, was adopted by the following vote:



Aye:

Nay:

The resolution was thereupon signed by the Chairman in evidence of his approval, was attested by the Secretary and was declared to be effective. The resolution is as follows:

County      A RESOLUTION approving the issuance by Williamsburg County, South Carolina, of \$600,000 principal amount First Mortgage Industrial Revenue Bonds, Series 1973-A (Mistee Lingerie, Inc. - Lessee) pursuant to the provisions of Act No. 103 of the Acts of the General Assembly of the State of South Carolina for 1976, as amended (Chapter 8, Title 14, Code of Laws of South Carolina, 1962).

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WHEREAS, the Board of County Commissioners of Williamsburg County, South Carolina (the "County Board") has heretofore, by submitting a Petition under and pursuant to the provisions of Section 14 of Act No. 103 of the Acts of the General Assembly of the State of South Carolina for 1967, as amended (Chapter 8, Title 14, Code of Laws of South Carolina, 1962) (the "Act"), requested the approval by the State Budget and Control Board of the issuance by Williamsburg County (the "County") pursuant to the Act of its First Mortgage Industrial Revenue Bonds, Series 1973-A (Mistee Lingerie, Inc., - Lessee) in the aggregate principal amount of \$600,000 (the "Bonds"); and

WHEREAS the County proposes to issue approximately \$600,000 principal amount of industrial revenue bonds of Williamsburg County (the "County") pursuant to the Act and use their proceeds to acquire a building for the manufacturing and processing of clothing apparel, suitable or useful for such purpose (the "Project") to be leased to Mistee Lingerie, Inc. a Pennsylvania corporation (the "Lessee") and a wholly-owned subsidiary of Universal Container Corporation, a Kentucky corporation (the "Guarantor"); and

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WHEREAS, the Project is to be leased to Mistee Lingerie, Inc., a Pennsylvania corporation, at a rental sufficient to pay the principal of and interest on the Bonds and the costs and expenses related to the issuance of the Bonds; and

WHEREAS, it is proposed that the Bonds will be secured by a pledge of the revenues to be derived from the leasing of the Project, a pledge of the Lease of the Project, a first mortgage on the real property and improvements constituting the Project; a Guaranty Agreement, whereby Universal Container Corporation, a Kentucky corporation, unconditionally guarantees to the Trustee the full and prompt payment when due of an amount equal to the principal and interest on the Bonds and a policy of Lease Rental Guaranty Insurance issued by the Commercial Loan Insurance Corporation, a wholly-owned subsidiary of MGIC Investment Corporation, Milwaukee, Wisconsin; and

WHEREAS, the County has submitted with said Petition, for review by the State Budget and Control Board, (i) an Inducement Resolution dated May 3, 1973, by and between the County and Mistee Lingerie, Inc. and (ii) a certified copy of a resolution adopted by the Board of County Commissioners of Williamsburg County on November 20, 1973, and this Board has reviewed and considered each of said documents in its consideration of said Petition by the County;

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

Section 1. That this Board has made an independent investigation of the matters set forth in the Petition of the County Board, referred to in the preamble hereto, and on the basis of such investigation it is hereby found, determined and declared:

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

(b) That the Petition filed by the County Board

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contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 14 of the Act; and

(c) That the Project referred to in the Petition of the County Board and in the preamble hereto is intended to promote the purposes of the Act and is reasonably anticipated to effect such result.

Section 2. That in consequence of the foregoing, the proposal of the County to acquire a building for the manufacturing and processing of clothing apparel, the site thereto, and improvements and equipment deemed necessary, suitable or useful for such purpose to be leased to Mistee Lingerie, Inc., and to finance the cost thereof and expenses incidental thereto by the issuance of Bonds secured by a pledge of the revenues to be derived from the leasing of the project, a pledge of the Lease of the Project, a first mortgage on the real property and improvements constituting the Project, a Guaranty Agreement, whereby Universal Container Corporation, a Kentucky Corporation, unconditionally guarantees to the Trustee the full and prompt payment when due of an amount equal to the principal and interest on the Bonds, and a policy of Lease Rental Guaranty Insurance issued by the Commercial Loan Insurance Corporation, a wholly-owned subsidiary of MGIC Investment Corporation, Milwaukee, Wisconsin; be and the same is hereby in all respects approved.

Section 3. That the Secretary of the State Budget and Control Board is hereby directed to publish one time in THE STATE a newspaper having general circulation in Williamsburg County, the following notice of approval by this Board:

NOTICE PURSUANT TO ACT NO. 103 OF THE ACTS  
OF THE GENERAL ASSEMBLY OF THE STATE OF  
SOUTH CAROLINA FOR 1967 AS AMENDED (CHAPTER 8,  
TITLE 14, CODE OF LAWS OF SOUTH CAROLINA, 1962)



Notice is hereby given pursuant to the provisions and requirements of Section 14 of Act No. 103 of the Acts of the General Assembly of the State of South Carolina for 1967, as amended (Chapter 8, Title 14, Code of Laws of South Carolina, 1962), that the State Budget and Control Board of South Carolina, pursuant to Petition filed by the Williamsburg County Board of Commissioners, has given its approval to the following undertaking by Williamsburg County, South Carolina.

The issuance by Williamsburg County of \$600,000 aggregate principal amount of its First Mortgage Industrial Revenue Bonds Series 1973-A (Mistee Lingerie, Inc. - Lessee) to acquire a building for the manufacturing and processing of clothing apparel, the site thereto, and improvements and equipment deemed necessary, suitable or useful for such purpose (the "Project") to be leased to Mistee Lingerie, Inc. a Pennsylvania corporation (the "Lessee") and a wholly-owned subsidiary of Universal Container Corporation, a Kentucky corporation (the "Guarantor"), to be located within the County of Williamsburg. Mistee Lingerie, Inc. will unconditionally covenant to pay rentals sufficient to pay the principal of, premium, if any, and interest on the Bonds. The Bonds will be payable solely and exclusively out of revenues to be derived from the leasing or sale of the Project to Mistee Lingerie, Inc. and are to be additionally secured by a pledge of the Lease of the Project, a first mortgage on the Project real property, a Guaranty Agreement, whereby Universal Container Corporation, a Kentucky corporation, unconditionally guarantees to the Trustee the full and prompt payment when due of an amount equal to the principal and interest on the Bonds, and a policy of Lease Rental Guaranty Insurance issued by the Commercial Loan Insurance Corporation, a wholly-owned subsidiary of MGIC Investment Corporation, Milwaukee, Wisconsin.

In addition, Mistee Lingerie, Inc. has agreed to pay,

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as additional rentals, to Williamsburg County, the school district or school districts, 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 Williamsburg County, said school district or school districts and other political units wherein the Project is located, if the Project were owned by Mistee Lingerie, Inc., but with appropriate reductions similar to the tax exemptions if any, which would be afforded to Mistee Lingerie, Inc. if it were the owner of the Project.

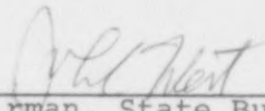
Notice is further given that any interested party may at any time within twenty (20) days after the date of the publication of this notice, challenge the validity of the State Budget and Control Board's approval of the Project and the issuance of the Bonds by Williamsburg County to finance the same, by action de novo instituted in the Court of Common Pleas for Williamsburg County, South Carolina.

STATE BUDGET AND CONTROL BOARD

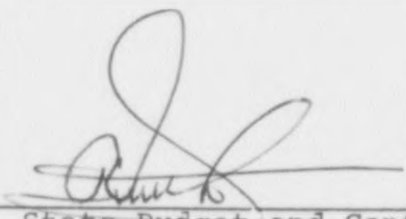
By: P. C. Smith, Secretary

Section 4. That all orders and resolutions and parts thereof in conflict herewith are to the extent of such conflict hereby repealed, and this resolution shall take effect and be in full force from and after its passage and approval.

Passed and approved December \_\_\_\_\_, 1973.

  
Chairman, State Budget and  
Control Board

ATTEST:

  
Secretary, State Budget and Control Board

(Other business not pertinent to the above appears in the minutes of the meeting.)

Pursuant to motion duly made and carried, the meeting was adjourned.

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Will Kent  
Chairman

ATTEST:

[Signature]  
Secretary

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STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF RICHLAND )

I, P. C. Smith, do hereby certify that I am the duly qualified and acting Auditor of the State of South Carolina and Secretary to the State Budget and Control Board. I further certify, according to the records of said Board in my official possession, as follows:

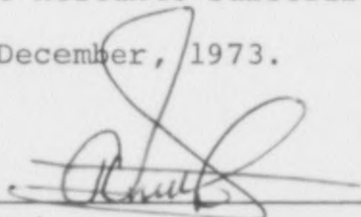
1. That the above and foregoing constitutes a true and correct copy of excerpts from the minutes of a meeting of the State Budget and Control Board held on December , 1973, and of a resolution adopted at said meeting, as said minutes and resolution officially of record in my possession.

2. That attached hereto is a true and correct copy of a Petition filed with the State Budget and Control Board by the Board of County Commissioners of Williamsburg County, South Carolina, which Petition is the same Petition referred to in the foregoing resolution of the State Budget and Control Board.

3. That the names of the members of the State Budget and Control Board, in office on the date of adoption of the foregoing resolution and on the date hereof, are as follow:

<u>NAME</u>	<u>OFFICE</u>
John C. West	Governor of the State of South Carolina and Chiarmen of the Board
Grady L. Patterson, Jr.	State Treasurer and Member of the Board
John Henry Mills	Comptroller General of South Carolina and Member of the Board
Rembert C. Dennis	Chairman of the Senate Finance Committee and Member of the Board
Robert J. Aycock	Chairman of the House Ways and Means Committee and Member of the Board

In WITNESS WHEREOF, I have hereunto subscribed my official signature this \_\_\_\_ day of December, 1973.

  
Secretary



STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF WILLIAMSBURG )

TO: THE STATE BUDGET AND CONTROL )  
BOARD OF SOUTH CAROLINA ) PETITION

Statement of Facts

1. Jurisdiction of State Budget and Control Board.

Williamsburg County, South Carolina (the "County"), acting by and through its Board of County Commissioners (the "County Board") respectfully submits this Petition to the State Budget and Control Board of South Carolina (the "State Board") under and pursuant to the provisions and requirements of Act No. 103 of the Acts of the General Assembly of the State of South Carolina for 1967 as amended (Chapter 8, Title 14, Code of Laws of South Carolina, 1962) (the "Act") and in particular Section 14 thereof, and respectfully requests the approval by the State Board of the issuance of the County of its First Mortgage Industrial Revenue Bonds, Series 1973-A (Mistee Lingerie, Inc. - Lessee) in an aggregate principal amount of \$600,000 (the "Series 1973-A Bonds").

The following documents are submitted herewith as exhibits to the Petition:

EXHIBIT 1. Inducement Resolution (the "Inducement Resolution") dated November 21, 1972, by and between the County and Mistee Lingerie, Inc.

EXHIBIT 2. Resolution of the County Board (the "Resolution") adopted November 20, 1973.

It is expected that the transaction as finally consummated will conform in all substantive respects with the summary thereof contained herein, subject to such changes as may be agreed to between the County and the Lessee that would not substantially

modify the transaction. As described more fully herein, the County and the Lessee may fix the aggregate principal amount of the Series 1973-A Bonds in an amount of \$600,000.

2. The County and its Governing Body. The County is a body politic and corporate and a political subdivision of the State of South Carolina. The County Board is the governing body of County, and, as such, is the "County Board" referred to and defined in Section 2(2) of the Act.

3. Statutory Authority. The County, subject to the approval of the State Board and to compliance in all other respects with the terms and provisions of the Act, is authorized and empowered by the Act to acquire and lease industrial development "projects" and to issue revenue bonds to defray cost of construction or purchase of such projects.

4. In furtherance of the stated purposes of the Act, the County Board proposes to issue approximately \$600,000 principal amount of industrial revenue bonds of Williamsburg County (the "County") pursuant to the Act and use their proceeds to acquire a building for the manufacturing and processing of clothing apparel, the site thereto, and improvements and equipment deemed necessary, suitable or useful for such purpose (the "Project") to be leased to Mistee Lingerie, Inc., a Pennsylvania corporation (the "Lessee"), and a wholly-owned subsidiary of Universal Container Corporation, a Kentucky corporation (the "Guarantor").

5. In connection with undertaking the Project the County Board, by resolution adopted November 20, 1973, has found and determined as follows:

- (a) The Project will subserve the purposes of the Act;
- (b) The Project will give rise to no pecuniary liability of the County or a charge against its general credit or taxing power;
- (c) The amount of bonds of the County required to finance the Project is \$600,000;

(d) The proposed Lease Agreement obligates Lessee unconditionally to pay the amount necessary to provide the annual payments of principal and interest to become due on the Bonds and to pay other costs in connection therewith and contains an appropriate provision requiring Lessee to pay in lieu of taxes, such amounts as would otherwise be paid if Lessee owned the Project.

(e) It is deemed advisable to establish a reserve fund in an amount equal to three months' interest on the bonds in connection with the retirement of the proposed bonds and the maintenance of the Project payable from the proceeds of the bonds; and

(f) The terms under which the Project is to be leased provide that the Lessee shall maintain the Project and carry all proper insurance with respect thereto.

6. As provided in the proposed Lease Agreement, the Project will consist of a building for the manufacturing and processing of clothing apparel, the site thereto, and improvements and equipment deemed necessary, suitable or useful for such purpose. The Project is located in Williamsburg County, and the Lessee, pursuant to inducements made by the County with respect to the financing of the Project, is presently occupying and doing business at the Project.

7. The County Board has determined that the acquisition of the Project will have a beneficial effect upon the economy of Williamsburg County and of the areas adjacent thereto in that, among other things, it is estimated that the County's inducement of the Lessee to locate at the Project has increased employment by not less than 200 persons.

8. A reasonable estimate of the cost of the Project, including site acquisition and financing costs, is \$600,000.



9. The following is a general summary of the terms of the proposed Lease Agreement between the County and the Lessee, the proposed Guaranty by the Guarantor, the proposed Trust Indenture securing the bonds and the proposed form of lease guaranty insurance to be issued by Commercial Loan Insurance Corporation:

Lease Agreement. Concurrently with the making of the Trust Indenture, the County and the Lessee will enter into a Lease and Agreement (the "Lease") substantially in the form of agreement attached hereto as Exhibit A. In the Lease, the County will agree to lease and rent the Project to the Lessee and the Lessee will agree to lease and rent the same from the County. The term of the leasehold estate will commence on the date on which title to the Project is conveyed and transferred to the County and will continue at least to the date of final maturity of the bonds, unless the Lessee deposits with the Trustee an amount which will be sufficient to pay, retire and redeem all the outstanding bonds in accordance with the Trust Indenture. No further payments of such rents need be made when and so long as the amount in the Bond Fund (the "Bond Fund") is sufficient to pay the interest on and principal of the bonds. Rents will be paid by the Lessee directly to the Trustee for deposit in the Bond Fund. Amounts in the Bond Fund will be used pursuant to the Trust Indenture solely for the payment of the bonds and the interest thereon.

The Lease will provide that the Lessee will keep the Project in good repair at its own cost. The Lessee will also be required to take out and maintain at its own expense insurance against fire and certain other risks. In the event of damage to or destruction of the Project the Lessee's obligation to pay rent will not be abated in any respect, but the Lessee will be

entitled to the Net Proceeds of insurance for reimbursement of repairs made by it required in the Lease Agreement. In the event the Project is taken or condemned under power of eminent domain in whole or in part, the Lessee's obligation to pay rent will not be abated in any respect. The County shall cause the Net Proceeds received by them from eminent domain proceedings to be applied to either the restoration of improvements on the site of the Project or to the redemption of bonds.

The Lessee shall have the option to purchase the Project prior to the payment of the outstanding bonds if there is damage or destruction to the extent defined in the Lease Agreement or condemnation or changes in law as provided in the Lease Agreement at a price necessary to retire and redeem all the then outstanding bonds plus \$1.

In compliance with Section 6 of the Act, Section 6.3 of the Lease Agreement provides that the Lessee is required to make payments to the County, school district or districts, and other political units wherein the Project is located in lieu of taxes, in such amounts as would result from taxes levied on the Project by such County, districts or political units, if the Project were owned by the Lessee, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to the Lessee if it were the owner of the Project. The basis for such payment of sums in lieu of taxes as required by the Act is stated in said Section 6.3 of the Lease Agreement attached hereto and reference is made thereto.

Trust Indenture. The Trust Indenture authorizing and providing for the issuance of the bonds will be entered into by the County substantially in the form of indenture attached hereto as Exhibit B. Under the Trust Indenture the bonds are secured by a pledge of all revenues from or in connection with the leasing

of the Project. Neither the bonds nor the interest coupons appertaining thereto will constitute an indebtedness of the County within the meaning of any provision of the State Constitution or any statutory limitation, and will never constitute or give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

In addition to the bonds to be initially issued, the Trust Indenture will authorize a limited principal amount of additional parity bonds to finance additions, extensions and improvements to the Project. The Trust Indenture establishes the Bond Fund and provides for the payment therefrom of amounts necessary for principal of and interest on the bonds when due. The Trust Indenture contains customary covenants on the part of the County with respect to payment of principal and interest, inspection of Project books, and related matters, as well as customary provisions for bondholders' remedies, trustees' duties and amendment of the Trust Indenture.

Guaranty. The Guaranty will be executed substantially in the form of Guaranty attached hereto as Exhibit C. The Guarantor unconditionally guarantees to the Trustee the full and prompt payment when due of an amount equal to the principal of and interest on the bonds. The Guaranty will remain in full force and effect until the Lessee shall have discharged all of its obligations under the Lease Agreement including payment of rent until the bonds have been fully paid.

The bonds are further secured by a policy of lease rental guaranty insurance (the "Lease Guarantee Insurance Policy") issued by the Commercial Loan Insurance Corporation ("CLIC"), a wholly-owned subsidiary of MGIC Investment Corporation, Milwaukee, Wisconsin. The Lease Guarantee Insurance Policy guarantees payment by the Lessee of rental under the Lease Agreement, subject to the provisions of the Lease Guaranty Insurance Policy. See Exhibit D. The aggregate amount of guaranteed rental is



\$1,191,128.00. Nothing contained in the Lease Guarantee Insurance Policy shall be taken as a limitation of the Lessee's obligations under the Lease Agreement, including without limitation the obligation of the Lessee to pay rentals under the Lease Agreement when due.

Under the terms of the Lease Guarantee Insurance Policy, in the event of default in payment of rent by the Lessee, which results in a demand for possession of the premises pursuant to the terms of the Lease Agreement, CLIC (except for default in rent caused by loss of use of the Project resulting from casualty loss or condemnation) is obligated, subject to the provisions of the Lease Guarantee Insurance Policy, to pay the insured portion of the Lessee's rental obligations. The aggregate amount of guaranteed rental to be provided to the County by CLIC is reduced by a deductible amount equal to three months' of fixed rentals. This amount is included in the principal amount of the bond issue and will be set aside by the Trustee in a Reserve Fund.

Certain financial statements of the Lessee, the Guarantor and CLIC are attached hereto as Exhibit E.

Request for Approval

10. WHEREFORE, The County Board respectfully prays:

1. That the State Board accept the filing of this Petition;

2. That thereafter, as soon as may be practicable, the State Board make such independent investigation as it deems advisable;

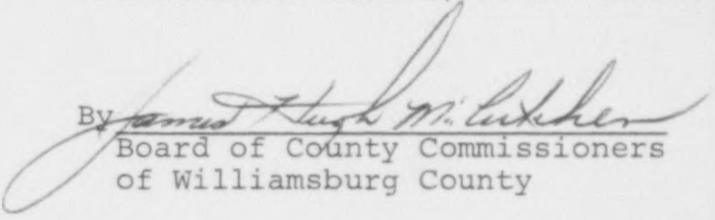
3. That, on the basis of such investigation and the information submitted herewith, the State Board make a finding that the Project is intended to promote the purposes of the Act and is reasonably anticipated to effect such result, and that the State Board, on the basis of such finding, issue its Order approving the Project and the proposal of the County Board to issue the Series 1973-A Bonds; and

4. That the State Board cause notice of its approval to be published in the manner specified in Section 14 of the Act.

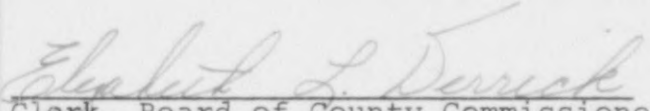
Respectfully submitted,

WILLIAMSBURG COUNTY, SOUTH CAROLINA

By

  
Board of County Commissioners  
of Williamsburg County

ATTEST:

  
Clerk, Board of County Commissioners  
of Williamsburg County

(SEAL)

11-14-73

EXHIBIT A

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COUNTY OF WILLIAMSBURG, SOUTH CAROLINA

and

MISTEE LINGERIE, INC.

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LEASE AGREEMENT

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Dated as of October 1, 1973

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## LEASE AGREEMENT

THIS LEASE AGREEMENT, made and entered into as of the 1st day of October, 1973, by and between the County of Williamsburg, a body politic and corporate organized and existing under the laws of the State of South Carolina (hereinafter defined as the "County"), and Mistee Lingerie, Inc., a corporation organized and existing under the laws of the State of South Carolina (hereinafter defined as the "Lessee"),

### WITNESSETH:

WHEREAS, the Industrial Revenue Bond Act, being Act No. 103 of the General Assembly of South Carolina enacted at the 1967 Regular Session (hereinafter referred to as the "Act"), empowers each county in the State of South Carolina, among other things, to acquire, enlarge, improve and expand, whether by construction, purchase, gift, or lease, one or more projects which shall be deemed necessary, suitable or useful by an enterprise for the manufacturing or processing of manufactured products; and

WHEREAS, the Act further authorizes each such county to lease its projects, to charge and collect rent therefor, to issue revenue bonds for the purpose of defraying the cost of acquiring or improving any project and, as security for the payment of the principal and interest on any such revenue bonds,

to pledge the revenues from which such bonds shall be payable, to provide a trust indenture and mortgage covering all or any part of the project and to pledge the lease of such project; and

WHEREAS, the County proposes to acquire, construct and lease a project to the Lessee and the Lessee desires to lease and rent from the County said project upon the terms and conditions as hereinafter in this Lease Agreement set forth; and

WHEREAS, the County has determined that such project will subserve the purposes of the Act, that such project will give rise to no pecuniary liability of the County or a charge against its general credit or taxing power, the amount of bonds required to finance the amount necessary in each year to pay the principal of and the interest on the bonds proposed to be issued to finance said project; and

WHEREAS, the County filed a petition with the State Budget and Control Board as required by the Act, and, after making its independent investigation, said board approved the issuance of bonds proposed to be issued to finance said project and published notice of such approval in the manner required by the Act; and

WHEREAS, the Lessee is a wholly owned subsidiary of the Guarantor, and to induce the County to enter into this agreement and to cause the purchaser or purchasers of the bonds to purchase said bonds, the Guarantor will contemporaneously execute a Guaranty Agreement pursuant to which such Guarantor

will unconditionally guarantee the obligations of the Lessee under this agreement,

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto formally covenant, agree and bind themselves as follows, to wit:



ARTICLE I  
DEFINITIONS

"Act" shall mean Act No. 103 of the General Assembly of South Carolina enacted at the 1967 Regular Session, as amended, the Industrial Revenue Bond Act, as amended and supplemented.

"Authorized County Representative" means the person at the time designated to act in behalf of the County by written certificate furnished to the Lessee and the Trustee containing the specimen signature of such person and signed on behalf of the County by such person or persons as may be authorized to sign such certificate by resolution of the County. Such certificate may designate an alternate or alternates. Any such person shall be satisfactory to the Lessee and shall be replaced promptly by the County upon the written request of the Lessee.

"Authorized Lessee Representative" means the person at the time designated to act in behalf of the Lessee by written certificate furnished to the County and the Trustee containing the specimen signature of such person and signed on behalf of the Lessee by the president or any vice president of the Lessee. Such certificate may designate an alternate or alternates.

"Bonds" means the First Mortgage Industrial Revenue Bonds, Series A (Mistee Lingerie Project) of the County issued pursuant to the Indenture, and any additional Bonds authorized by Section 210 thereof.

"Bond Fund" means the fund created in Section 501 of the Indenture.

"Building" means those certain buildings and all other structures and facilities forming a part of the Project and not constituting part of the Leased Equipment, which are required by Section 4.1(a) hereof to be acquired or constructed on the Leased Land, as they at any time may exist.

"Completion Date" means the date of completion of the construction of the Building and the installation of the Leased Equipment as that date shall be certified as provided in Section 4.5 hereof.

"Construction Fund" means the fund created in Section 602 of the Indenture.

"Construction Period" means the period between the beginning of construction or the date on which Bonds are first delivered to the purchasers thereof (whichever is earlier) and the Completion Date.

"Engineer" means an engineer or engineering firm registered and qualified to practice the profession of engineering under the laws of South Carolina or such other person who may or may not be a full time employee of either the County, the Lessee or the Guarantor and who shall be reasonably satisfactory to the Lessee and the Trustee.

"Guarantor" means Universal Container Corporation, a corporation organized under the laws of the State of Kentucky,

the owner of 100% of the stock of the Lessee and the successor to

"Guaranty Agreement" means the guaranty agreement, of even date herewith, by and between Universal Container Corporation, as Guarantor, and the Trustee.

"Indenture" means the Mortgage and Indenture of Trust, including any indentures supplemental thereto as therein permitted, between the County and , as Trustee of even date herewith, pursuant to which the Bonds are authorized to be issued.

"Independent Counsel" means an attorney duly admitted to practice law before the highest court of any state and not an officer or full time employee of the County or the Lessee.

"Lease Guarantee Insurance" means

"Lease Term" means the duration of the leasehold estate created in this Lease Agreement as specified in Section 5.1 hereof.

"Leased Equipment" means those items of machinery, equipment and related property required herein to be acquired and installed in the Building or elsewhere on the Leased Land with the proceeds from the sale of the Bonds or the proceeds of any payment by the Lessee pursuant to Section 4.6 hereof, and any item of machinery, equipment and related property acquired



and installed in the Building or elsewhere on the Leased Land in substitution therefor pursuant to the provisions of Section 4.1(b) and 6.2(a) hereof, but not including Lessee's own machinery and equipment installed under the provisions of Sections 6.1 and 9.6 hereof.

"Leased Land" means the real estate leased under this Lease Agreement and more particularly described in Exhibit A hereto, together with all additions thereto and substitutions therefor.

"Lessee" means (i) Mistee Lingerie, Inc., and its successors and assigns, and (ii) any surviving, resulting or transferee corporations as provided in Section 8.3 hereof.

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

"Permitted Encumbrances" means, as of any particular time, (i) the Indenture and this Lease Agreement, (ii) utility, access and other easements and rights of way, restrictions and exceptions that an Engineer certifies will not interfere with or impair the operations being conducted in the Building (or, if no operations are being conducted therein, the operations for which the Building was designed or last modified), (iii) mechanics',

materialmen's, warehousemen's, carriers' and other similar liens to the extent permitted in Section 6.1 hereof, (iv) easements and other rights permitted to be granted by the Lessee pursuant to the provisions of Section 8.6 hereof, and (v) such minor defects, irregularities, encumbrances, easements, rights of way, and clouds on title as normally exist with respect to properties similar in character to the Project and as do not materially impair the property affected thereby for the purpose for which it was acquired or is held by the County.

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

"Project Manager" means the project manager or alternate project manager, who at the time shall have been designated as such in or pursuant to the provisions of Section 4.7 hereof.

"State" means the State of South Carolina.

"Trustee" means the trustee at the time serving as such under the Indenture.

ARTICLE II  
REPRESENTATIONS

Section 2.1. REPRESENTATIONS BY THE COUNTY. The County makes the following representations as the basis for the undertakings on its part herein contained:

(a) The County is a body politic and corporate duly organized and existing under the provisions of the laws of South Carolina. Pursuant to the provisions of the Act, the County has the power to enter into the transactions contemplated by this Lease Agreement and to carry out its obligations hereunder. The Project constitutes and will constitute a "Project" as defined in the Act. By proper County action, the County has duly authorized the execution and delivery of this Lease Agreement.

(b) The County has acquired the Leased Land and shall acquire the Building thereon and proposes to acquire the Leased Equipment in the Building or elsewhere on the Leased Land, proposes to acquire, install and construct all real and personal property deemed necessary in connection with the Project, and proposes to lease the Project to the Lessee and to sell the interest of the County in the Project to the Lessee at the expiration or sooner termination of the Lease Term, if the Lessee shall elect to purchase the same, or if the Lessee elects to renew the Lease Term, to renew the same, all for the purpose of promoting industrial



development of the State by inducing the Lessee to locate the Project in the State. The County agrees to use its best efforts to procure from the appropriate State, county, municipal and other authorities and corporations, connection and discharge arrangements for the supply of water, gas, electricity and other utilities and sewage and industrial waste disposal for the operation of the Project.

(c) To finance the cost of the Project the County proposes to issue \$600,000 aggregate principal amount of its Bonds which will mature, bear interest, be redeemable and have the other terms and provisions set forth in the Indenture, pursuant to which the County's interest in this Lease Agreement and the revenues and receipts derived by the County from the leasing or sale of the Project will be pledged, and the interest of the County in the Project will be pledged, to the Trustee as security for payment of the principal of and interest on the Bonds. Additional Bonds may be issued under the provisions of the Indenture.

(d) The County, based upon the representation by the Lessee and upon its application, has found that the Project will subserve the purposes of the Act, that the Project will give rise to no pecuniary liability of the County or a charge against its general credit or taxing power, the amount necessary each year to pay the principal of and interest on the Bonds, and that no reserve funds are deemed necessary or advisable to be established.

Section 2.2. REPRESENTATIONS BY THE LESSEE. The Lessee makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Lessee is a corporation duly incorporated under the laws of Pennsylvania, is in good standing under its certificate of incorporation and the laws of Pennsylvania, is duly qualified to do business as a domestic corporation in the State of South Carolina, has power to enter into this Lease Agreement and by proper corporate action has been duly authorized to execute and deliver this Lease Agreement.

(b) The Lessee intends to operate the Project as a manufacturing enterprise as authorized by the Act from the Completion Date to the expiration or sooner termination of the Lease Term as provided herein.

## ARTICLE III

## DEMISING CLAUSES AND WARRANTY OF TITLE

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

Section 3.2. WARRANTY OF TITLE. The County warrants that it has acquired or will acquire good and marketable title to the Leased Land, free from all encumbrances other than Permitted Encumbrances, and the County will promptly obtain title insurance in the form of an owner-mortgagee-lessee policy in the face amount of \$ with an option to increase such insurance up to the full value of the Project if the Lessee shall so direct. The premiums for such insurance shall be paid by the Lessee as provided in Section 4.3 hereof. The Net Proceeds of such insurance, if received during the Construction Period, shall be paid into the Construction Fund and, if received thereafter, shall be paid into the Bond Fund.



## ARTICLE IV

COMMENCEMENT AND COMPLETION OF THE  
PROJECT; ISSUANCE OF THE BONDS

Section 4.1. AGREEMENT TO ACQUIRE BUILDING AND EQUIP  
THE BUILDING ON THE LEASED LAND. Subject to the provisions of  
Section 4.6 hereof, the County agrees that:

(a) It will acquire the Building on the Leased Land,  
wholly within the boundary lines thereof, and will construct,  
acquire or install other facilities and real and personal  
property deemed necessary by the Lessee for the operation  
of the Project.

(b) It will acquire the Leased Equipment in the  
Building or elsewhere on the Leased Land for use of the  
Lessee, to consist of the machinery, equipment and related  
property described in the general list thereof in Exhibit B  
attached hereto, and such other items of machinery and  
equipment, including any structure essentially such an  
item, used as an integral part of the Project, which in  
Lessee's judgment may be necessary for operation of the  
Project and as shall be specified in written orders from  
the Lessee to the County given from time to time prior to  
the Completion Date, all of which acquisitions and installations  
shall be made in accordance with the Lessee's specifications  
and directions.

The County agrees that only such changes (other than those requested by the Lessee, which shall be made as requested) will be made in the said specifications as may be specified by the Project Manager and approved by the Lessee. The County agrees that it will enter into, or accept the assignment of, such contracts or bills of sale as the Lessee may request in order to effectuate the purpose of this Section but that it will not execute any other contract or give any order for such acquisition and installation of Leased Equipment unless and until the Project Manager and the Lessee shall have approved the same in writing.

Section 4.2. AGREEMENT TO ISSUE BONDS; APPLICATION OF BOND PROCEEDS. In order to provide funds for payment of the costs of acquisition and installation of the Project, the County agrees that it will sell and cause to be delivered to the purchasers thereof \$600,000 aggregate principal amount of Bonds initially issued under the Indenture bearing interest and maturing as set forth in the Indenture and it will thereupon (i) deposit in the Bond Fund a sum equal to the accrued interest on the Bonds paid by the purchasers of such Bonds, (ii) deposit in the Bond Reserve Fund a sum equal to three months' interest on such Bonds, (iii) deposit in the Redemption Premium Account in the Bond Fund a sum equal to \$ , and (iv) deposit in the Construction Fund the balance of the proceeds received from the sale of the Bonds.

Section 4.3. DISBURSEMENTS FROM THE CONSTRUCTION FUND.

The County will in the Indenture authorize and direct the Trustee to use or direct the use of the moneys in the Construction Fund for the following purposes (but, in accordance with the provisions of Section 4.9 hereof, for no other purposes):

(a) Payment of the fees for recording this Lease Agreement, any other agreements contemplated hereby and any title curative documents needed to perfect or protect the title of the County to the Leased Land and the fees and expenses in connection with any actions or proceedings that the Lessee may deem desirable to bring in order to perfect or protect the title of the County to the Leased Land including the expenses in connection with the title insurance policies required to be provided by Section 3.2 hereof.

(b) Payment to the Lessee, the Guarantor or the County, as the case may be, of such amounts, if any, as shall be necessary to reimburse the Lessee, the Guarantor and the County in full for all advances and payments made by them or any of them or for their accounts at any time prior to or after the delivery of the Bonds for expenditures in connection with the acquisition by the County of title to the Leased Land (including the cost of rights of way for the purpose of providing access to and from the Leased Land), clearing the Leased Land, the

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preparation of plans and specifications for the Project (including any preliminary study or planning of the Project or any aspect thereof), the acquisition and construction of the Building, the acquisition and installation of the Leased Equipment, and the construction, acquisition and installation necessary to provide utility services or other facilities including trackage to connect the Project with public transportation facilities, if required, and all real or personal properties deemed necessary in connection with the Project, or any one or more of said expenditures (including architectural, engineering and supervisory services with respect to any of the foregoing); provided, that each payment shall be made only upon receipt by the Trustee of a statement therefor approved in writing by the Authorized County Representative and the Authorized Lessee Representative and also approved in writing by the Project Manager.

(c) Payment of the initial or acceptance fee of the Trustee, legal, underwriting and accounting fees, and expenses and printing and engraving costs, incurred in connection with the authorization, sale and issuance of the Bonds, the Indenture, this Lease Agreement and all other documents in connection therewith and payment of all fees, costs and expenses for the preparation of this Lease Agreement and in connection with the acquisition of title to the Leased

Land; provided, that each such payment shall be made only upon receipt by the Trustee of a statement therefor approved in writing by the Authorized County Representative and the Authorized Lessee Representative, together with a bill therefor.

(d) Payment for labor, services, materials and supplies used or furnished in site improvement and in the construction of the Building, all as provided in the specifications therefor, payment for the costs of the acquisition of the Leased Equipment and the installation thereof, payment for the cost of the construction, acquisition and installation of utility services or other facilities, including trackage to connect the Project with public transportation facilities, if required, and all real and personal property deemed necessary in connection with the Project and payment for the miscellaneous expense incidental to any thereof including the premium on each surety bond required to be deposited with the Trustee under any of the provisions of the Indenture which relate to the Project; provided, that each such payment shall be made only upon a written order by the Project Manager, accompanied by an estimate or bill in the amount specified in said order approved in writing by the Project Manager.

(e) Payment of the fees, if any, for architectural, engineering and supervisory services with respect to the Project; provided, that each such payment shall be made only upon a written order of the Project Manager, accompanied by a bill in the amount specified in said order approved in writing by the Project Manager.

(f) Payment, as such payments become due, of the fees and expenses of the Trustee and of any paying agent properly incurred under the Indenture that may become due during the Construction Period.

(g) To the extent not paid by a contractor or sub-contractor for construction or installation with respect to any part of the Project, payment of the premiums on all insurance required to be taken out and maintained during the Construction Period under this Lease Agreement, or reimbursement thereof if paid by the Lessee under Section 6.4 hereof.

(h) Payment of the taxes, assessments and any other charges referred to in Section 6.3 hereof that may become payable during the Construction Period.

(i) Payment of expenses incurred with approval of the Lessee in seeking to enforce any remedy against



any contractor, subcontractor or supplier in respect of any default under a contract or order relating to the Project.

(j) Payment of any other costs and expenses relating to the acquisition or construction of the Project or the issuance and sale of the Bonds that may be approved in writing by the Authorized County Representative and Authorized Lessee Representative and also approved in writing by the Project Manager.

(k) All moneys remaining in the Construction Fund after the Completion Date and after payment or provision for payment of all other items provided for in the preceding subsections (a) to (j), inclusive, of this Section shall be paid into the Bond Fund, except for amounts retained by the Trustee with the approval of the Authorized County Representative and the Authorized Lessee Representative for payment of Project costs not then due and payable, any balance remaining of such retained funds after full payment of all such Project costs to be paid into the Bond Fund.

The Trustee may advance moneys from the Construction Fund (including amounts retained under the preceding subsection (k) of this Section) to the County or a contractor or sub-contractor acting as agent of the County for use by the County or such agent in making

any of the payments referred to in the preceding subsections (d), (e) and (j) of this Section, if there is furnished to the Trustee an agreement satisfactory to the Trustee executed by the Lessee indemnifying the Trustee against any loss occasioned by the failure of the Project Manager to certify on or before the Completion Date that the amounts so advanced have been used to make payments referred to in said subsections (d), (e) and (j) or are being retained in accordance with said subsection (k) to make such payments.

Before any of the payments referred to in the preceding subsections (d), (e) and (j) of this Section may be made, the Project Manager shall certify with respect to each such payment, and before any of the payments specified in the preceding subsections (g), (h) and (i) may be made, the Authorized Lessee Representative shall certify with respect to each such payment: (i) that none of the items for which the payment is proposed to be made has formed the basis for any payment theretofore made from the Construction Fund and (ii) that each item for which the payment is proposed to be made is or was necessary or appropriate in connection with the Project. In the case of any contract providing for the retention by the County of a portion of the contract price, there shall be paid from the Construction Fund only the net amount remaining after deduction of any such portion.

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Section 4.4. OBLIGATION OF THE PARTIES TO COOPERATE IN FURNISHING DOCUMENTS TO TRUSTEE. The Lessee agrees to cooperate with the County in furnishing to the Trustee the documents referred to in Section 4.3 hereof that are required to effect payments out of the Construction Fund, and the County agrees to cause such orders to be directed by the Authorized County Representative to the Trustee as may be necessary to effect payments out of the Construction Fund in accordance with Section 4.3 hereof. Such obligation of the County is subject to any provisions of the Indenture requiring additional documentation with respect to payments and shall not extend beyond the moneys in the Construction Fund available for payment under the terms of the Indenture.

Section 4.5. ESTABLISHMENT OF COMPLETION DATE. The Completion Date shall be evidenced to the Trustee by a certificate signed by the Project Manager stating that, except for amounts retained by the Trustee for Project costs not then due and payable as provided in Section 4.3(k), (i) acquisition of the Building has been completed and all labor, services, materials and supplies used in connection with such acquisition have been paid for, (ii) all other facilities necessary in connection with the Project have been acquired and installed in accordance with the specifications therefor and all costs and expenses incurred in connection therewith have been paid and



(iii) the Leased Equipment has been installed to his satisfaction, the Leased Equipment so installed is suitable and sufficient for the efficient operation of the Project and all costs and expenses incurred in the acquisition and installation of the Leased Equipment have been paid. Notwithstanding the foregoing, such certificate shall be and shall state (a) that it is given without prejudice to any rights of the County, the Lessee or the Guarantor against third parties which exist at the date of such certificate or which may subsequently come into being, and (b) that it is given only for the purposes of this Section 4.5 and that no person other than the Trustee or the County may benefit therefrom. The County and the Lessee agree to cooperate one with the other in causing such certificate to be furnished to the Trustee.

Section 4.6. LESSEE REQUIRED TO PAY ACQUISITION AND EQUIPMENT COSTS IN EVENT CONSTRUCTION FUND INSUFFICIENT. In the event that moneys in the Construction Fund available for payment of the cost of the Project should not be sufficient to pay the costs thereof in full, the Lessee agrees to complete the Project and to pay to the persons entitled thereto all that portion of the costs of the Project as may be in excess of the moneys available therefor in the Construction Fund. The County does not make any warranty, either express or implied, that the moneys which will be paid into the Construction Fund and which, under the provisions of this Lease Agreement, will be available for payment of the costs of the Project, will be sufficient to pay all the

costs which will be incurred in that connection. The Lessee agrees that if after exhaustion of the moneys in the Construction Fund the Lessee should pay any portion of the costs of the Project pursuant to the provisions of this Section, it shall not be entitled to any reimbursement therefor from the County or from the Trustee or from the holders of any of the Bonds, nor shall it be entitled to any diminution of the rents payable under Section 5.3.

Section 4.7. PROJECT MANAGER.

is hereby designated as the Project Manager for the purpose of taking all actions and making all certificates required to be taken and made by the Project Manager under the provisions of this agreement; and is hereby designated as alternate Project Manager to take any such action or make any such certificate if the same is not taken or made by the Project Manager. In the event either of said persons, or any successor appointed under the provisions of this Section, should be removed by Lessee or should become unavailable or unable to take any action or make any certificate provided for in this agreement, another Project Manager or alternate Project Manager shall thereupon be appointed by the Lessee. If the Lessee fails to make such designation within 15 days following the date when the then incumbent becomes unavailable or unable to take any of the said actions, the Trustee may then appoint as a successor any architect or engineer licensed under the laws of the State of South Carolina.

Section 4.8. COUNTY TO PURSUE REMEDIES AGAINST CONTRACTORS, SUBCONTRACTORS AND SUPPLIERS AND THEIR SURETIES. In the event of default of any contractor, subcontractor or supplier under any contract or order made by it in connection with the Project, the County will promptly proceed (subject to the Lessee's advice to the contrary), either separately or in conjunction with others, to exhaust the remedies of the County against the contractor, subcontractor or supplier so in default and against each surety for the performance of such contract. The County agrees to advise the Lessee of the steps it intends to take in connection with any such default. If the Lessee shall so notify the County, the Lessee may, in its own name or in the name of the County prosecute or defend any action or proceeding or take other action involving any such contractor, subcontractor, supplier or surety which the Lessee deems reasonably necessary, and in such event the County hereby agrees to cooperate fully with the Lessee and to take all action necessary to effect the substitution of the Lessee for the County in any such action or proceeding. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing prior to the Completion Date shall be paid into the Construction Fund and after the Completion Date shall be paid into the Bond Fund.

SECTION 4.9. INVESTMENT OF MONEYS IN THE CONSTRUCTION AND BOND FUNDS. Any moneys held as a part of the Construction Fund or Bond Fund, shall be invested or reinvested by the Trustee



at the written direction of the Lessee (provided, however, that no major portion of the proceeds derived from the sale of the Bonds shall be used, directly or indirectly, in such manner as to cause any Bond to be an "arbitrage bond" within the meaning of Section 103(d)(2) of the Internal Revenue Code of 1954, as amended) in direct obligations of or obligations guaranteed by the United States of America; obligations issued by any of the following Federal agencies: Federal National Mortgage Association which are guaranteed by the Government National Mortgage Association, Bank for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Bank System or Federal Land Banks; direct and general obligations of any state of the United States, or any political subdivision thereof, provided that all the taxable real property within such political subdivision shall be subject to taxation thereby to pay such obligations and the interest thereon, or time deposits or negotiable or non-negotiable certificates of deposit issued by any bank, trust company or national banking association which is a member of the Federal Reserve System, having a capital stock and surplus aggregating at least \$15,000,000, which have maturity dates, or are subject to redemption by the holder, at the option of the holder, on or prior to the dates the funds invested therein will be needed for the purposes of such funds or account. The Trustee may at any time, and to the extent required for payments from the Construction Fund or the Bond Fund shall, sell any of such investments, and

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the proceeds of such sale, and of all payments at maturity and upon redemption of such investments, shall be held in the Construction Fund or the Bond Fund, as the case may be. Interest and other income received on moneys or securities in the Construction Fund or the Bond Fund shall be credited to the Construction Fund or the Bond Fund, as the case may be, and applied as provided in Section 701 of the Indenture.

Section 4.10. ISSUANCE OF ADDITIONAL BONDS. Without detracting from the obligations of the Lessee, hereunder, Lessee may request that the County finance the cost of constructing and installing additions, extensions and improvements to the Project and, if the County can provide moneys to pay for the cost thereof by the issuance of Bonds, on a parity with the original Bonds referred to in Section 4.2 hereof, payable solely from lease rentals as increased, and the County and the Lessee can agree on other necessary amendments to this Lease Agreement, the County will undertake to finance such costs, and the rent for the remainder of the Lease Term shall be increased by the amount required to amortize in full the principal of and interest on such additional Bonds and any other costs associated with such additional Bonds, including, but not limited to, costs similar to those mentioned in Section 5.3.

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## ARTICLE V

EFFECTIVE DATE OF THIS LEASE AGREEMENT;  
DURATION OF LEASE TERM; RENTAL PROVISIONS

Section 5.1. EFFECTIVE DATE OF THIS LEASE AGREEMENT; DURATION OF LEASE TERM. This Lease Agreement shall become effective upon its delivery, and the leasehold estates created in this Lease Agreement and the Lease Term shall then begin, and, subject to the provisions of this Lease Agreement (including particularly Articles X and XI hereof), shall expire October 1, 1993, or if all of the Bonds have not then been fully paid and retired (or provision for such payment made as provided in the Indenture), on such date as such payment or provision shall have been made.

Section 5.2. DELIVERY AND ACCEPTANCE OF POSSESSION. The County agrees to deliver to the Lessee sole and exclusive possession of the Project (subject to the right of the County and the Trustee to enter thereon for inspection purposes and to the other provisions of Section 8.2 hereof) on the Completion Date and the Lessee agrees to accept possession of the Project upon such delivery; provided, however, that the Lessee shall be permitted such possession of the Project prior to such date for delivery of sole and exclusive possession as shall not interfere with the construction of the Building or installation of the Leased Equipment.

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Section 5.3. RENTS AND OTHER AMOUNTS PAYABLE.

(a) On the first day of every calendar month until 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 Mortgage, the Lessee shall pay as rent for the Project an amount such that, if the same amount is so paid on the same day of each succeeding calendar month thereafter prior to the next succeeding May 1 and November 1, the aggregate amount in the Bond Fund will be equal to the amount payable as principal (whether at maturity or by Sinking Fund redemption as provided in Section 306 of the Mortgage) and interest on the Bonds on such next succeeding May 1 or November 1 as the case may be.

If at any interest payment date the balance in the Bond Fund is insufficient to make required payments of principal and interest on the Bonds, as above provided, on such date the Lessee will forthwith pay any deficiency to the Trustee for deposit in the Bond Fund; provided that any amount at any time held by the Trustee in the Bond Fund, other than monies held in the Redemption Premium Account, for the payment of the Bonds shall, at the election of the Lessee, be credited against the aforesaid

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rent obligations next required to be met by the Lessee, to the extent such amount is in excess of the amount required for payment of (i) any Bonds theretofore matured or called for redemption plus (ii) past due interest, in all cases where such Bonds or coupons have not been presented for payment; and provided further, that if at any time the amount held by the Trustee in the Bond Fund, including monies in the Redemption Premium Account, shall be sufficient to pay at the times required the principal of and interest and redemption premium, if any, on all of the Bonds then remaining unpaid, the Lessee shall not be obligated to make any further rental payments under the provisions of this subsection (a).

(b) The Lessee further agrees to pay all taxes and assessments, general or special, concerning or in any way related to the Project, or any part thereof, during the Lease Term or any renewal thereof, and any other governmental charges and impositions whatsoever, including all payments in lieu of taxes and all utility and other charges and assessments, in the manner, at the times and under the conditions more specifically provided in Section 6.3 hereof.

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(c) The Lessee agrees to pay to the Trustee commencing with the Completion Date, and continuing until the principal of and interest and any redemption premium on all of the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the provisions of the Indenture, (i) the annual fee of the Trustee for the ordinary services of the Trustee rendered and its ordinary expenses incurred under the Indenture, (ii) the reasonable fees and charges of the Trustee and any paying agents on the Bonds for acting as paying agents as provided in the Indenture, as and when the same become due, and (iii) the reasonable fees and charges of the Trustee for extraordinary services rendered by it and extraordinary expenses incurred by it for said Bonds under the Indenture, as and when the same become due; provided, that the Lessee may, without creating a default hereunder, contest in good faith the necessity for any such extraordinary services and extraordinary expenses and the reasonableness of any such fees, charges or expenses.

The Lessee also agrees to pay the reasonable out-of-pocket expenses of the County related to the Project not otherwise required to be paid by the Lessee under the terms of this Lease Agreement.

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(d) In the event the Lessee should fail to make any of the payments required in this Section, the item or installment so in default shall continue as an obligation of the Lessee until the amount in default shall have been fully paid, and the Lessee agrees to pay the same with interest thereon at the rate of            per annum until paid.

Section 5.4. PAYEES OF RENTAL PAYMENTS. The rent provided for in Section 5.3(a) hereof shall be paid directly to the Trustee for the account of the County and shall be deposited in the Bond Fund as provided in Section 5.3(a) hereof. The additional payments provided for in Section 5.3(b) hereof shall be paid directly to such taxing authorities or other public or private bodies as are entitled to receive such amounts. The additional payments to be made to the Trustee under Section 5.3(c) hereof shall be paid directly to the Trustee for its own use or for disbursement to the paying agents, as the case may be. The payments to be made for expenses of the County under Section 5.3(c) hereof shall be paid directly to the County.

Section 5.5. OBLIGATIONS OF LESSEE HEREUNDER UNCONDITIONAL. The obligations of the Lessee to make the payments required in Section 5.3 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional subject to the Lessee's right to contest such payments as therein specifically provided and until such time

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as the principal of and interest and any redemption premium on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Lessee (i) will not suspend or discontinue any payments provided for in Section 5.3 hereof, (ii) will perform and observe all of its other agreements contained in this Lease Agreement and (iii) except as provided in Section 11.1 and Section 11.2 will not terminate the Lease Term for any cause including, without limiting the generality of the foregoing, failure of the County to complete the Project, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, failure to receive payments under the Lease Guarantee Insurance Policy, any change in the tax or other laws of the United States of America or of the State of South Carolina or any political subdivision of either thereof or any failure of the County to perform and observe any agreement, whether express or implied or any duty, liability or obligation arising out of or connected with this agreement, including the Lease Guarantee Insurance Policy. Nothing contained in this Section shall be construed to release the County from the performance of any of the agreements on its part herein contained; and in the event the County should fail to perform any such agreement on its part, the Lessee may institute such action against the County as the Lessee may deem necessary to compel performance or recover its damages for non-performance so long as such action shall not do violence to the agreements on the part of

the Lessee contained in the first sentence of this Section 5.5. The Lessee may, however, at its own cost and expense and in its own name or in the name of the County, prosecute or defend any action or proceeding or take any other action involving third persons which the Lessee deems reasonably necessary in order to secure or protect its right of possession, occupancy and use hereunder, and in such event the County hereby agrees to cooperate fully with the Lessee and to take all action necessary to effect the substitution of the Lessee for the County in any such action or proceeding if the Lessee shall so request.



## ARTICLE VI

## MAINTENANCE, TAXES AND INSURANCE

Section 6.1. MAINTENANCE AND MODIFICATIONS OF PROJECT BY LESSEE. The Lessee agrees that during the Lease Term or any renewal thereof it will at its own expense (i) keep the Project in as reasonably safe condition as its operations shall permit and (ii) keep the Building and the Leased Equipment and all other improvements forming a part of the Project in good repair and in good operating condition, making from time to time all necessary repairs thereto and renewals and replacements thereof. The Lessee shall have the right, at its own expense, to place a sign or signs in or on the Leased Land or the Building or the Leased Equipment identifying the Project and its operations therein and thereon as its corporate enterprise and under its corporate or other lawful name. The Lessee may, also at its own expense, make from time to time any additions, modifications or improvements to the Project it may deem desirable for its business purposes that do not adversely affect the structural integrity of the Building. All such additions, modifications and improvements so made by the Lessee shall become a part of the Project: provided, that any real or personal property, machinery, equipment, furniture or fixtures installed by the Lessee as part of the Project without expense to the County and not constituting a part of the Leased Equipment may be removed by the Lessee at any time and from time to time while it is not in default under this Lease Agreement; and provided

further, that any damage to the Project occasioned by such removal shall be repaired by the Lessee at its own expense. The Lessee will not permit any mechanics' or other liens to be established or remain against the Project for labor or materials furnished in connection with any additions, modifications, improvements, repairs, renewals or replacements made by it; provided, that the Lessee may in good faith contest any mechanics' or other liens filed or established against the Project, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the County or the Trustee shall notify the Lessee (and which notice shall be reasonable) that by non-payment of any such items the lien of the Indenture as to any part of the Project will be materially endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event the Lessee shall promptly pay and cause to be satisfied and discharged all such unpaid items or secure such payment by posting a bond, in form satisfactory to the County, with the Trustee. The County will cooperate fully with the Lessee in any such contest.

Section 6.2. REMOVAL OF LEASED EQUIPMENT. The County shall not be under any obligation to renew, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary Leased Equipment. In any instance where the Lessee in its sound discretion, determines that any items of Leased Equipment have become inadequate, obsolete, worn out, unsuitable,

further, that any damage to the Project occasioned by such removal shall be repaired by the Lessee at its own expense. The Lessee will not permit any mechanics' or other liens to be established or remain against the Project for labor or materials furnished in connection with any additions, modifications, improvements, repairs, renewals or replacements made by it; provided, that the Lessee may in good faith contest any mechanics' or other liens filed or established against the Project, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the County or the Trustee shall notify the Lessee (and which notice shall be reasonable) that by non-payment of any such items the lien of the Indenture as to any part of the Project will be materially endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event the Lessee shall promptly pay and cause to be satisfied and discharged all such unpaid items or secure such payment by posting a bond, in form satisfactory to the County, with the Trustee. The County will cooperate fully with the Lessee in any such contest.

Section 6.2. REMOVAL OF LEASED EQUIPMENT. The County shall not be under any obligation to renew, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary Leased Equipment. In any instance where the Lessee in its sound discretion, determines that any items of Leased Equipment have become inadequate, obsolete, worn out, unsuitable,



undesirable or unnecessary, the Lessee may remove such items of Leased Equipment from the Building and the Leased Land and (on behalf of the County) sell, trade in, exchange or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the County or the Trustee therefor, provided that the Lessee shall either:

(a) Substitute (either by direct payment of the cost thereof or by advancing to the County the funds necessary therefor) and install anywhere in the Building or on the Leased Land other machinery, equipment or related property having equal or greater utility (but not necessarily having the same function) in the operation of the Building as a manufacturing or other industrial enterprise (provided such removal and substitution shall not impair operating unity), all of which substituted machinery, equipment or related property shall be free of all liens and encumbrances (other than Permitted Encumbrances) and shall become a part of the Leased Equipment; or

(b) Not make any such substitution and installation, provided (i) that in the case of the sale of any such machinery, equipment or related property leased by the Lessee from the County to anyone other than itself or in the case of the scrapping thereof, the Lessee shall pay into the Bond Fund the proceeds from such sale or the scrap value thereof, as the case may be, (ii) that in the

case of the trade-in of such machinery, equipment or related property for other machinery, equipment or related property not to be installed in the Building or on the Leased Land the Lessee shall pay into the Bond Fund the fair market value of such trade-in and (iii) that in the case of the sale of any such machinery, equipment or related property to the Lessee or in the case of any other disposition thereof the Lessee shall pay into the Bond Fund an amount equal to the original cost thereof less depreciation at rates calculated in accordance with generally accepted accounting practice.

In the event that the Lessee prior to such removal of items of Leased Equipment from the Project has acquired and installed machinery or equipment with its own funds which has become part of the Leased Equipment, the Lessee may take credit to the extent of the amount so spent by it less any accumulated depreciation against the requirement that it either substitute and install other machinery and equipment having equal or greater value or that it make payment into the Bond Fund, providing that the provisions of this sentence shall not relieve the Lessee of its obligations under the first sentence of Section 6.1 hereof.

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

payable under Section 5.3.

The Lessee will promptly report to the Trustee each such removal, substitution, sale and other disposition and will pay to the Trustee such amounts as are required by the provisions of the preceding subsection (b) of this Section to be paid into the Bond Fund promptly after any sale, trade-in or other disposition requiring such payment; provided, that no such report and payment need be made until the amount to be paid into the Bond Fund on account of all such sales, trade-ins or other disposition not previously reported aggregates at least \$50,000. The Lessee will pay any costs (including counsel fees) incurred in subjecting to the Indenture any items of machinery, equipment or related property that under the provisions of this Section are to become a part of the Leased Equipment. The Lessee will not remove, or permit the removal of, any of the Leased Equipment from the Project except in accordance with the provisions of this Section.

SECTION 6.3. TAXES, OTHER GOVERNMENTAL CHARGES AND UTILITY CHARGES. The Lessee will pay, as the same respectively become due, all taxes and governmental charges of any kind whatsoever, including ad valorem taxes, that may at any time be lawfully assessed or levied against or with respect to the Project or any machinery, equipment or other property installed or brought by the Lessee therein or thereon (including, without limiting the generality of the foregoing, all payments in lieu of taxes required to be paid and any taxes levied upon or with respect to



the income or profits of the County from the Project which, if not paid, would become a lien on the Project prior to or on a parity with the lien of the Indenture or a charge on the revenues and receipts therefrom prior to or on a parity with the charge under the Indenture thereon and the pledge or assignment thereof to be created and made in the Indenture), all utility and other charges and assessments incurred in the operation, maintenance, use, occupancy and upkeep of the Project and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by lien on the Project; provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Lessee shall be obligated to pay only such installments as are required to be paid during the Lease Term or any renewal thereof.

It is recognized that under the provisions of the third paragraph of Section 6 of the Act when any project is leased by a county pursuant to the Act the lessee thereof shall be required to make payments to the county, school district or school districts, and other political units wherein the project shall be located in lieu of taxes, in such amounts as would result from taxes levied on the project by such county, school district or school districts, and other political unit or units, if the project were owned by the lessee, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to the lessee if it were the owner of the project. For the sole purpose of enabling the Lessee to comply with the aforesaid obligation, it is agreed

(subject to the provisions of this Lease Agreement) that the County in cooperation with the Lessee and at the Lessee's request (i) shall cause the Project to be valued as if privately owned as aforesaid for purposes of the said taxes by the State Tax Commission of South Carolina or such other appropriate officer or officers as may from time to time be charged with responsibility for making such valuations; (ii) shall cause to be appropriately applied to the valuation or valuations so determined the respective rate or rates of such taxes, that would be applicable to the Project if so privately owned; (iii) shall cause the County Auditor and the County Treasurer or other appropriate officers charged with the duty of levying and collecting such taxes, respectively, to submit to the 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 having taxing powers would receive if such property were so privately owned; and (iv) shall file any accounts or tax returns required with the appropriate officer or officers. The Lessee shall pay to the aforesaid taxing authorities when due all such payments in lieu of taxes with respect to the Project required by Section 6 of the Act to be paid to the aforesaid taxing authorities, subject in each case to the Lessee's right to obtain exemptions (and discounts, if any) therefrom which would be afforded to a private owner of the Project and to seek to obtain a refund of any such payments made. The Lessee's obligation to make such additional payments shall continue only

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so long as and to the extent the Lessee is required by law to pay the aforesaid amounts in lieu of taxes.

The Lessee may, without being in default hereunder, at its expense and in its own name and behalf, or in the name and on behalf of the County, in good faith contest the amount of such taxes, assessments and other charges, including but not limited to payments in lieu of taxes, and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the County or the Trustee shall notify the Lessee (and which notice shall be reasonable) that by non-payment of any such items the lien of the Indenture as to any part of the Project will be materially endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event such taxes, assessments or charges shall be paid promptly or secured by posting a bond, in form satisfactory to the County, with the Trustee. The County will cooperate fully with the Lessee in any such contest. In the event that the Lessee shall fail to pay any of the foregoing items required by this Section to be paid by the Lessee, the County or the Trustee may (but shall be under no obligation to) pay the same, unless same are being contested by the Lessee in compliance with all of the foregoing requirements herein relating to such contest, and any amounts so advanced therefor by the County or the Trustee shall



become an additional obligation of the Lessee to the one making the advance, which amounts, together with interest thereon at the rate of 8% per annum from the date thereof, the Lessee agrees to pay. The County shall cooperate with the Lessee in connection with any administrative or judicial proceedings for determining the validity or amount of any payments in lieu of taxes and appoint the Lessee to take all action which the County may lawfully take in respect of such payments and all matters relating thereto and the Lessee shall bear and pay all costs and expenses of the County thereby incurred at the request of the Lessee or by reason of any such action taken by the Lessee in behalf of the County. The Lessee may at its expense and in its own name and behalf or in the name and behalf of the County apply for any tax exemption allowed by the State of South Carolina or any political or taxing subdivision thereof under any existing or future provision of law which grants or may grant such tax exemptions.

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

Section 6.4. INSURANCE REQUIRED. During the Construction Period and throughout the Lease Term, the Lessee shall keep the Project continuously insured against such risks both as to type and limits of coverage as are customarily insured against by businesses of like size and type, paying, except as provided in Section 4.3(g) hereof, as the same be-

come due and payable all premiums with respect thereto, including but not necessarily limited to:

(a) Insurance upon an actual cash value basis (or such lesser amount as would be required to meet the cost of paying or redeeming all Bonds from time to time outstanding) against loss or damage by fire and lightning, with uniform standard extended coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at the time in use in the State of South Carolina.

(b) Insurance to the extent of \$300,000 per accident against liability for bodily injury including death resulting therefrom, and to the extent of \$100,000 per accident against liability for damage to property including loss of use thereof, occurring on or in any way related to the Project or any part thereof.

(c) Workmen's compensation insurance, disability benefits insurance and such other form of insurance which the Lessor or the Lessee is required by law to provide, covering loss resulting from injury, sickness, disability or death of employees.

Section 6.5 APPLICATION OF NET PROCEEDS OF INSURANCE. The Net Proceeds of the insurance carried pursuant to the provisions of Section 6.4 hereof shall be applied as follows: (i) the Net Proceeds of the insurance required in Section 6.4(a) hereof shall be applied as provided in Section 7.1 hereof and (ii) the Net Proceeds of the insurance required in Section 6.4(b) and (c) hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such in-

insurance proceeds may be paid.

Section 6.6. ADDITIONAL PROVISIONS RESPECTING INSURANCE. All insurance required in Section 6.4 hereof shall be taken out and maintained with generally recognized responsible insurance companies selected by the Lessee and acceptable to the Trustee, and may be written with deductible amounts comparable to those on similar policies carried by other companies engaged in businesses similar in size, character and other respects to those in which the Lessee is engaged. The policies required by Section 6.4(a) shall provide for payment of the losses on the Project to the County, the Guarantor, the Lessee and the Trustee as their respective interest may appear, and shall contain standard mortgagee clauses requiring that all Net Proceeds of insurance resulting from any claim in excess of \$100,000 for loss or damage covered thereby be paid to the Trustee; provided, however, that all claims regardless of amount may be adjusted by the Lessee with the insurers, subject to approval of the Trustee as to settlement of any claim in excess of \$100,000.

All such policies or a certificate or certificates of the insurers that such insurance is in force and effect, shall be deposited with the Trustee and the Lessee will furnish to the Trustee a certificate reciting that the amounts and types of insurance evidenced by such policies comply with the requirements of Section 6.4 hereof; and prior to expiration of any such policy, the Lessee shall furnish the Trustee with evidence satisfactory to the latter, that the policy has been renewed or replaced or is no longer required by this Lease Agreement.



Section 6.7. ADVANCES BY COUNTY OR TRUSTEE. In the event the Lessee shall fail to maintain the full insurance coverage required by this Lease Agreement or shall fail to keep the Project in as reasonably safe condition as its operating conditions will permit, or shall fail to keep the Building and the Leased Equipment in good repair and good operating condition, the County or the Trustee may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or make the required repairs, renewals and replacements; and all amounts so advanced therefor by the County or the Trustee shall become an additional obligation of the Lessee to the one making the advance, which amounts, together with interest thereon at the rate of 8% per annum from the date thereof, the Lessee agrees to pay.

## ARTICLE VII

## DAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.1. DAMAGE AND DESTRUCTION. Unless the Lessee shall have elected to exercise its option to purchase pursuant to the provisions of Section 11.2(a) hereof, if prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Mortgage) the Project is destroyed or damaged (in whole or in part) by fire or other casualty to such extent that the claim for loss resulting from such destruction or damage is not greater than \$100,000, the Lessee, or the County at the Lessee's direction, (i) will promptly repair, rebuild or restore the property damaged or destroyed to substantially the same condition as existed prior to the event causing such damage or destruction with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not impair operating unity or productive capacity or the character of the Building as a manufacturing plant or other industrial enterprise, permitted by the Act, and (ii) will apply for such purpose so much as may be necessary of any Net Proceeds of insurance resulting from claims for such losses, as well as any additional moneys of the Lessee necessary therefor. All Net Proceeds of insurance resulting from claims for such losses not in excess of \$100,000 shall be paid to the Lessee.

If prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions

of the Indenture) the Project is destroyed or damaged (in whole or in part) by fire or other casualty to such extent that the claim for loss resulting from such destruction or damage is in excess of \$100,000 the Lessee shall promptly give written notice thereof to the Trustee. All Net Proceeds of insurance, resulting from claims for such losses in excess of \$100,000 shall be paid to and held by the Trustee, whereupon, unless the Lessee shall have elected to exercise its option to purchase pursuant to the provisions of Section 11.2 (a) hereof, (i) the Lessee, or the County at the Lessee's direction, will promptly repair, rebuild or restore the property damaged or destroyed to substantially the same condition as existed prior to the event causing such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and will not impair operating unity or productive capacity or (ii) the Trustee, upon receipt of a certificate of the Authorized Lessee Representative that such payment is required for such purpose, will apply so much as may be necessary of the Net Proceeds of such insurance to payment of the costs of such repair, rebuilding or restoration, either on completion thereof or as the work progresses. In the event said Net Proceeds are not sufficient to pay in full the costs of such repair, rebuilding or restoration, the Lessee will nonetheless complete the work thereof and will pay that portion of the costs thereof in excess of the amount



of said Net Proceeds or will advance to the County and the Trustee the moneys necessary to complete said work, in which case the County will proceed so to complete said work.

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

Any balance of such Net Proceeds remaining after payment of all the costs of such repair, rebuilding or restoration shall be paid into the Bond Fund. If the Lessee shall so direct the County in writing within 90 days following the payment of any such Net Proceeds into the Bond Fund, the County shall cause such funds, or such part thereof as the Lessee shall direct, to be applied by the Trustee to the redemption at the earliest practicable date of Bonds at the principal amount thereof plus accrued interest to the redemption date.

If the Bonds have been fully paid or provision for the payment thereof has been made in accordance with the provisions of the Indenture, all such Net Proceeds shall be paid to the Lessee.

Section 7.2. CONDEMNATION. Unless the Lessee shall exercise its option to purchase pursuant to the provisions of Section 11.2(b) hereof, in the event that title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under

governmental authority, the Lessee shall be obligated to continue to make the rental payments specified in Section 5.3 hereof. The County shall cause the Net Proceeds received by them, from any award made in such eminent domain proceedings, to be applied in one or more of the following ways as shall be directed in writing by the Lessee:

(a) The restoration of the improvements located on the Leased Land to substantially the same condition as they existed prior to the exercise of the said power of eminent domain.

(b) The acquisition, by construction or otherwise, by the County of other improvements suitable for the Lessee's operations at the site of the Project (which improvements shall be deemed a part of the Project and available for use and occupancy by the Lessee without the payment of any rent other than herein provided to the same extent as if such other improvements were specifically described herein and demised hereby); provided, that such improvements acquired by the County shall not be subject to any liens or encumbrances prior to the Indenture, other than Permitted Encumbrances.

(c) The redemption of the principal of any of the Bonds together with accrued interest thereon to the date of redemption; provided, that no part of any such condemnation award may be applied for such redemption unless (i) all of the Bonds are to be redeemed in accordance with the

Indenture upon exercise of the option to purchase provided for by Section 11.2(b) hereof or (ii) in the event that less than all of the Bonds are to be redeemed, the Lessee shall furnish to the County and the Trustee a certificate of an Engineer acceptable to the County and the Trustee stating (1) that the property forming a part of the Project that was taken by such condemnation proceedings is not essential to the Lessee's use or occupancy of the Project, or (2) that the Project has been restored to a condition substantially equivalent to its condition prior to the taking by such condemnation proceedings or (3) that improvements have been acquired which are suitable for the Lessee's operation at the Project as contemplated by the foregoing subsection (b) of this Section.

Within 90 days from the date of entry of a final order in any eminent domain proceedings granting condemnation the Lessee shall direct the County and the Trustee in writing as to which of the ways specified in this Section the Lessee elects to have the condemnation award applied.

Any balance of the Net Proceeds of the award in such eminent domain proceedings shall be paid into the Bond Fund. If the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Indenture) all such Net Proceeds shall be paid to the Lessee.

The County shall cooperate fully with the Lessee in the handling and conduct of any prospective or pending condemnation



proceeding with respect to the Project or any part thereof and will, to the extent it may lawfully do so, permit the Lessee to litigate in any such proceeding in the name and behalf of the County. In no event will the County voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Project or any part thereof without the written consent of the Lessee.

Section 7.3. CONDEMNATION OF LESSEE-OWNED PROPERTY.

The Lessee shall also be entitled to the Net Proceeds of any condemnation award or portion thereof made for damages to or takings of its own property.

ARTICLE VIII  
SPECIAL COVENANTS

Section 8.1. NO WARRANTY OF CONDITION OR SUITABILITY BY THE COUNTY. The County makes no warranty, either express or implied, as to the condition of the Project or that it will be suitable for the Lessee's purposes or needs. The Lessee releases the County from, agrees that the County shall not be liable for and agrees to hold the County harmless against, any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project or the use thereof; provided, that the indemnity in this sentence shall be effective only to the extent of any loss that may be sustained by the County in excess of the Net Proceeds received from any insurance carried with respect to the loss sustained and provided further, that the benefits of this Section shall not inure to any person other than the County.

Section 8.2. RIGHT OF ACCESS TO THE PROJECT. The Lessee agrees that the County, the Trustee and their or either of their duly authorized agents shall have the right at all reasonable times to enter upon the Leased Land and to examine and inspect the Project, other than areas thereof, the examination of which in the reasonable judgment of the Lessee, would result in the disclosure of trade secrets. The Lessee further agrees that the County and its duly authorized agents shall have such rights of access to the Project as may be reasonably

necessary to cause to be completed the construction and installation thereof, as provided for in Sections 4.1 and 5.2 hereof, and thereafter for the proper maintenance of the Project in the event of failure by the Lessee to perform its obligations under Section 6.1 hereof.

Section 8.3. LESSEE TO MAINTAIN ITS CORPORATE EXISTENCE; CONDITIONS UNDER WHICH EXCEPTIONS PERMITTED; ACCOUNTING STATEMENTS. The Lessee agrees that during the Lease Term it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided that the Lessee may, without violating the agreement contained in this Section, consolidate with or merge into another domestic corporation, i.e. a corporation incorporated under the laws of one of the states of the United States of America, or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another domestic corporation all or substantially all of its assets as an entirety and thereafter dissolve, provided the surviving, resulting or transferee corporation, as the case may be, assumes in writing all of the obligations of the Lessee herein and qualifies to do business in the State of South Carolina. No such consolidation, merger or transfer of assets shall be permitted if such action will cause the Lessee (or any assignee or successor of the Lessee, as the case may be) to cease existence



as a separate legal entity or cause the Guaranty Agreement not to be a separate legal obligation of the Guarantor.

The County agrees to cause and direct the Trustee to furnish the Lessee annually, and at such other times as the Lessee may reasonably request, an accounting of any fund held by the Trustee or any depository under the Indenture.

Section 8.4. QUALIFICATION IN SOUTH CAROLINA. The Lessee represents and warrants that it is and throughout the Lease Term it will continue to be duly qualified to do business in the State of South Carolina.

Section 8.5. RELEASE OF CERTAIN LAND. Notwithstanding any other provisions of this Lease Agreement, the parties hereto, with the consent of Guarantor, reserve the right at any time and from time to time to amend this Lease Agreement for the purpose of effecting the release of and removal from this Lease Agreement and the leasehold estates created hereby (i) of any unimproved part of the Leased Land (on which neither the Building nor any part of the Leased Equipment is situated) on which the County then proposes to construct improvements for lease to a lessee under another and different lease agreement or (ii) of any part of the Leased Land with respect to which the County proposes to grant an easement or convey fee title to a railroad, public utility or public body in order that railroad or utility services or roads may be provided for the Project; provided, that if at the time any such amendment is made any of the Bonds are outstanding and unpaid there shall be deposited with the Trustee

the following:

(a) A copy of the said amendment as executed.

(b) A resolution of the County (i) stating that the County is not in default under any of the provisions of the Indenture and the Lessee is not to the knowledge of the County in default under any of the provisions of this Lease Agreement, (ii) giving an adequate legal description of that portion of the Leased Land to be released, (iii) stating the purpose for which the County desires the release, and (iv) instructing the Trustee to accept said amendment and release such property from the lien of the Indenture.

(c) Resolutions of the boards of directors of the Lessee and the Guarantor approving such amendment and stating that the Lessee is not in default under any of the provisions of this Lease Agreement.

(d) A copy of the agreement between the County and such lessee wherein the County agrees to construct improvements on the portion of the Leased Land so requested to be released and agrees to lease the same to such lessee, and wherein such lessee agrees to lease the same from the County or a copy of the instrument granting the easement or conveying the interest of the County to a railroad, public utility or public body.

(e) A certificate of an Engineer who is acceptable to the Trustee dated not more than 60 days prior to the date of the release stating that, in the opinion of the

person signing such certificate, the release proposed to be made will not impair the usefulness of the Building as a manufacturing plant or other industrial enterprise, permitted by the Act and will not destroy the means of ingress thereto and egress therefrom.

Any consideration received by the Lessee in connection with the foregoing shall be retained by the Lessee. No conveyance or release effected under the provisions of this Section shall entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof.

Section 8.6. GRANTING OF EASEMENTS. If no event of default under this Lease Agreement shall have happened and be continuing, the Lessee may, with the consent of the Guarantor, at any time or times (i) grant easements, licenses, rights of way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property included in the Project, free from the Indenture, or (ii) release existing easements, licenses, rights of way and other rights or privileges, all with or without consideration and upon such terms and conditions as the Lessee shall determine, and the County agrees that it will execute and deliver and will cause and direct the Trustee to execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right of way or other right or privilege or any such agreement or other arrangement, upon receipt by the County and the Trustee of: (i) copy of the instrument of grant



or release or of the agreement or other arrangement, (ii) a written application signed by an officer of the Lessee requesting such instrument and (iii) a certificate executed by an officer of the Lessee stating (1) that such grant or release is not detrimental to the proper conduct of the business of the Lessee, and (2) that such grant or release will not impair the effective use or interfere with the efficient and economical operation of the Project and will not weaken, diminish or impair the security intended to be given by or under the Indenture. If the instrument of grant shall so provide, any such easement or right and the rights of such other parties thereunder shall be superior to the rights of the County and the Trustee under this Lease Agreement and the Indenture and shall not be affected by any termination of this Lease Agreement or default on the part of the Lessee hereunder. If no event of default shall have happened and be continuing, any payments or other consideration received by the Lessee for any such grant or with respect to or under any such agreement or other arrangement shall be and remain the property of the Lessee but, in the event of the termination of this Lease Agreement or default of the Lessee, all rights then existing of the Lessee with respect to or under such grant shall inure to the benefit of and be exercisable by the County and the Trustee.

## ARTICLE IX

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

Section 9.1. ASSIGNMENT AND SUBLEASING. This Lease Agreement may be assigned with the consent of the Guarantor, in whole or in part, and the Project may be subleased as a whole or in part, by the Lessee without the necessity of obtaining the consent of either the County or the Trustee, subject, however, to each of the following conditions:

(a) No assignment (other than pursuant to Section 8.3 hereof) shall relieve the Lessee from primary liability for any of its obligations hereunder, and in the event of any such assignment the Lessee shall continue to remain primarily liable for payment of the rents specified in Section 5.3 and Section 10.2(a) hereof and for performance and observance of the other agreements on its part herein provided to be performed and observed by it.

(b) The assignee or sub-lessee shall assume the obligations of the Lessee hereunder to the extent of the interest assigned or subleased.

(c) The Lessee shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the County and to the Trustee a true and complete copy of each such assignment or sublease, as the case may be.

(d) No such assignment or subletting shall be permitted if such action will cause the Lessee (or any assignee or

successor of the Lessee, as the case may be) to cease existence as a separate legal entity or cause the Guaranty not to be a separate legal obligation of the Guarantor.

Operation of the Project by the Guarantor shall not be deemed to be an assignment or subletting under the terms of this section.

Section 9.2. MORTGAGING OF PROJECT BY COUNTY. The County shall mortgage the Project, and shall assign its interest in and pledge any moneys receivable under this Lease Agreement, to the Trustee pursuant to the Indenture as security for payment of the principal of and the interest and any redemption premium on the Bonds, but any such mortgage, assignment or pledge shall be subject and subordinate to this Lease Agreement.

Section 9.3. RESTRICTIONS ON SALE OF PROJECT BY COUNTY. During the Lease Term or any extension thereof, the County agrees that, except as provided in Section 9.2 hereof, it will not sell, assign, mortgage, transfer or convey the Project.

Section 9.4. REDEMPTION OF BONDS. If the Lessee is not in default in the payment of rent under Section 5.3 hereof, the County, at the request of the Lessee, at any time the aggregate moneys in the Bond Fund are sufficient to effect such redemption and if the same are then redeemable under the provisions of Section 301 of the Indenture, shall forthwith take all steps that may be necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the then outstanding Bonds as may be specified by the Lessee, on such redemption date as may be specified by the Lessee.



Section 9.5. PREPAYMENT OF RENTS. There is expressly reserved to the Lessee the right, and the Lessee is authorized, at any time it may choose, to prepay any part of the rents payable under Section 5.3 hereof, and the County agrees that the Trustee may accept such prepayment of rents when the same are tendered by the Lessee. All rents so prepaid shall be deposited in the Bond Fund and credited on the rental payments specified in Section 5.3 hereof in the order of their due dates, and at the election of the Lessee shall be used for the redemption or purchase of outstanding Bonds in the manner and to the extent provided in the Indenture. The payments made under Section 8.8 hereof may at the Lessee's option be deemed to be a prepayment of rentals.

Section 9.6. INSTALLATION OF LESSEE'S OWN MACHINERY AND EQUIPMENT. In addition to the machinery and equipment installed by the Lessee under the provisions of Section 6.1 hereof, which does not become part of the Leased Equipment thereunder, the Lessee may from time to time, in its sole discretion and at its own expense, install additional machinery and equipment in the Building or on the Leased Land. All machinery and equipment so installed by the Lessee shall, if tagged or otherwise suitably identified as the Lessee's own property, remain the sole property of the Lessee in which neither the County nor the Trustee shall have any interest.

Section 9.7. REFERENCES INEFFECTIVE AFTER BONDS PAID. Upon payment in full of the Bonds (or provision for payment

thereof having been made in accordance with the provisions of the Indenture) and all fees and charges of the Trustee, the paying agents and the County, all references in this Lease Agreement to the Bonds and the Trustee shall be ineffective and neither the Trustee nor the holder of any of the Bonds shall thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested.

## ARTICLE X

## EVENTS OF DEFAULT AND REMEDIES

Section 10.1. EVENTS OF DEFAULT DEFINED. The following shall be "events of default" under this Lease Agreement and the terms "event of default" or "default" shall mean, whenever they are used in this Lease Agreement, any one or more of the following events:

(a) Failure by the Lessee to pay or cause to be paid the rent required to be paid under Section 5.3 hereof at the time specified therein and (i) continuation of said failure for a period of 5 business days after receipt by Lessee of notice by telegram or, if telegraphic service is not available, after such notice by other means received by Lessee from either the Trustee or the County that such rent has not been received, or (ii) continuation of the failure to pay rentals required to be paid for a period of 15 days.

(b) Failure by the Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsection (a) of this Section, for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, given to the Lessee by the County or the Trustee, unless the County and the Trustee (with any required consent of bondholders under the provisions of the Indenture) shall agree in writing to an extension of such time prior to its expiration, provided that if such failure to observe or



perform said covenant or condition cannot be corrected within 30 days, it shall not constitute an event of default if corrective action is instituted by the Lessee within such period and diligently pursued.

(c) The dissolution or liquidation of the Lessee or the filing by the Lessee of a voluntary petition in bankruptcy, or failure by the Lessee within 60 days to institute and diligently pursue appropriate legal action to remove any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Project, or the commission by the Lessee of any act of bankruptcy, or adjudication of the Lessee as a bankrupt, or assignment by the Lessee for the benefit of its creditors, or the entry by the Lessee into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Lessee in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act which may hereafter be enacted. The term "dissolution or liquidation of the Lessee", as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Lessee resulting either from a merger or consolidation of the Lessee into or with another corporation or a dissolution or liquidation of the Lessee following a transfer of all or substantially all of its assets as an entirety, under the

conditions permitting such actions contained in Section 8.3 hereof.

The foregoing provisions of this Section are subject to the following limitations: If by reason of force majeure the Lessee is unable in whole or in part to carry out the agreements on its part herein contained other than the obligations on the part of the Lessee contained in Article V and Sections 6.3 and 6.4 hereof, the Lessee shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall include, without limitation, acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States of America or of the State of South Carolina or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots, epidemics; landslides; lightning; earthquake; fire; hurricanes; tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within control of the Lessee. The Lessee agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the Lessee from carrying out its agreements; provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Lessee, and the Lessee shall not be required to make settlement of strikes, lockouts and other industrial disturbances by

acceding to the demands of the opposing party or parties when such course is in the judgment of the Lessee unfavorable to the Lessee.

Section 10.2. REMEDIES ON DEFAULT. Whenever any event of default referred to in Section 10.1 hereof shall have happened and be continuing, the County, or the Trustee where so provided, may take any one or more of the following remedial steps:

(a) The County or the Trustee as provided in the Indenture may, at its option, declare all installments of rent payable under Section 5.3 hereof for the remainder of the Lease Term, to be immediately due and payable, whereupon the same shall become immediately due and payable.

(b) The County, with the prior written consent of the Trustee, may re-enter and take possession of the Project without terminating this Lease Agreement, and sublease the Project for the account of the Lessee, holding the Lessee liable for the difference in the rent and other amounts payable by the lessee in such subleasing and the rents and other amounts payable by the Lessee hereunder.

(c) The County, with the prior written consent of the Trustee, may terminate the Lease Term, exclude the Lessee from possession of the Project, subject to the right of the Lessee to remove the Lessee's property identified pursuant to Section 9.6 herein, and use its best efforts to lease



the Project to another party for the account of the Lessee, holding the Lessee liable for all rent and other amounts due under this Lease Agreement and not paid by such other party.

(d) The County or the Trustee may take whatever action at law or in equity which may appear necessary or desirable to collect the rent then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Lessee under this Lease Agreement.

Any amounts collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture, or, if the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Indenture) to the County unless all sums owing hereunder by the Lessee to the County shall have been paid, in which case such amounts shall be paid to the Lessee.

Section 10.3. NO REMEDY EXCLUSIVE. No remedy herein conferred upon or reserved to the County or trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be

construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the County or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 10.4. AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES. In the event the Lessee should default under any of the provisions of this Lease Agreement and the County or the Trustee should employ attorneys or incur other expenses for the collection of rent or the enforcement of performance or observance of any obligation or agreement on the part of the Lessee herein contained, the Lessee agrees that it will on demand therefor pay to the County or the Trustee the reasonable fee of such attorneys and such other expenses so incurred.

Section 10.5. NO ADDITIONAL WAIVER IMPLIED BY ONE WAIVER. In the event any agreement contained in this Lease Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

## ARTICLE XI

## OPTIONS IN FAVOR OF LESSEE

Section 11.1. OPTIONS TO TERMINATE. The Lessee shall have the following options to cancel or terminate the Lease Term:

(a) At any time prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), the Lessee may terminate the Lease Term by paying to the Trustee, for the account of the County, for deposit in the Bond Fund an amount which, when added to the amount on deposit in the Bond Fund will be sufficient to pay, retire and redeem all the outstanding Bonds in accordance with the provisions of the Indenture (including, without limiting the generality of the foregoing, principal, interest to maturity or redemption date specified by the Lessee, as the case may be, premium, if any, expenses of redemption and Trustee's and paying agents' fees and expenses), and in case of redemption making arrangements satisfactory to the Trustee for the giving of the required notice of redemption.

(b) At any time after full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), the Lessee may terminate the Lease Term by giving the County notice in writing of such termination and such termination shall forthwith



become effective.

Upon compliance with the foregoing and the giving of notice to the County in writing of such termination, such termination shall forthwith become effective.

Section 11.2. OPTION TO PURCHASE PROJECT PRIOR TO PAYMENT OF THE BONDS. The Lessee shall have, and is hereby granted, the option to purchase the Project prior to the full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), if any of the following shall have occurred:

(a) The Building or the Leased Equipment shall have been damaged or destroyed as set forth in Section 7.1 hereof to such extent that, in the opinion of the board of directors of the Lessee expressed in a resolution and of an Engineer expressed in a certificate in each case filed with the County and the Trustee, (i) it cannot be reasonably restored within a period of four months to the condition thereof immediately preceding such damage or destruction, or (ii) the Lessee is thereby prevented or likely to be prevented from carrying on its normal operations of the Project for a period of four months, or (iii) the cost of restoration thereof would exceed the Net Proceeds of insurance carried thereon pursuant to the requirements of Section 6.4 hereof, plus the amounts for which the Lessee is self-insured with respect to deductible amounts

permitted under Section 6.6 hereof.

(b) Title to, or the temporary use of, all or substantially all the Project shall have been taken under the exercise of the power of eminent domain by any governmental authority, or person, firm or corporation acting under governmental authority (including such a taking or takings as results or, in the opinion of the Board of Directors of the Lessee expressed in a resolution and of an Engineer expressed in a certificate in each case filed with the County and the Trustee, is likely to result in the Lessee being thereby prevented from carrying on its normal operations therein for a period of four months).

(c) As a result of any changes in the Constitution of South Carolina or the Constitution of the United States of America or as a result of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Lessee in good faith, this Lease Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties, or been declared to be unlawful, or unreasonable burdens or excessive liabilities shall have been imposed on the County or the Lessee.

To exercise such option, the Lessee shall, within six months fol-

lowing the event authorizing the exercise of such option, or such shorter period as shall be required by the provisions of Section 7.2 hereof, give written notice to the County, and to the Trustee if any of the Bonds shall then be unpaid and provision for the payment thereof has not been made in accordance with the provisions of the Indenture, and shall specify therein the date of closing such purchase, which date shall be not less than 45 nor more than 90 days from the date such notice is mailed, and in case of a redemption of the Bonds in accordance with the provisions of the Indenture shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption. The purchase price payable by the Lessee in the event of its exercise of the option granted in this Section shall be the sum of the following:

(1) an amount of money to be paid into the Bond Fund which, when added to the amount then on deposit in the Bond Fund for payment of the Bonds, will be sufficient to retire and redeem all the then outstanding Bonds on the first interest payment date succeeding the closing date, on which such bonds may be redeemed or paid at maturity, including without limitation, principal, all interest to accrue to said interest date, and redemption expenses, plus

(2) an amount of money equal to the Trustee's and paying agents' fees and expenses under the Indenture and the expenses of the County accrued and to accrue until such



final payment and redemption of the Bonds, plus

(3) the sum of One Dollar (\$1).

In the event the Lessee elects to exercise such option, the Lessee may direct the Trustee to pay into the Bond Fund any Net Proceeds of insurance or condemnation award which the Trustee may then hold. Upon the date of closing such purchase as provided in this Section the Lease Term shall thereupon be terminated but the Lessee shall be entitled to retain possession. At the closing of the foregoing purchase, the County will deliver to the Lessee the documents referred to in Section 11.5 hereof.

Section 11.3. OPTION TO PURCHASE PROJECT OR ANY PART THEREOF SUBSEQUENT TO PAYMENT OF THE BONDS. The Lessee shall have, and is hereby granted, the option to purchase, and the County hereby agrees to sell the Project or any part thereof for \$1 at the expiration or sooner termination of the Lease Term, and at any time during any extended Lease Term as provided in Section 11.6 hereof following full payment of the Bonds or provision for payment thereof having been made in accordance with the provisions of the Indenture, and payment of an amount of money equal to the Trustee's and paying agents' fees and expenses under the Indenture and the expenses of the County accrued to such full payment of the Bonds. Such option, as to the Project, shall be deemed to be automatically exercised by Lessee at the expiration of the Lease Term, including any extended Lease Term, unless Lessee shall give County written notice of its intention not to exercise

such option. At the closing of the foregoing purchase, the City will deliver to the Lessee the documents referred to in Section 11.5 hereof.

Section 11.4. OPTION TO PURCHASE LAND. The Lessee shall have, and is hereby granted, the option to purchase any part of the Leased Land (on which neither the Building nor any Leased Equipment is located but upon which any transportation or utility facilities may be located) at any time and from time to time at and for a purchase price equal to the cost thereof to the County, provided that it furnishes the County with the following:

(a) A notice in writing containing (i) an adequate legal description of that portion of the Leased Land with respect to which such option is to be exercised, and (ii) a statement that the Lessee intends to exercise its option to purchase such portion of the Leased Land on a date stated, which shall not be less than 45 nor more than 90 days from the date of such notice and (iii) a statement that the use to which the Lessee or any assignee of the Lessee intends to devote such portion of the Leased Land will further industrial development in the State of South Carolina.

(b) A certificate of an Engineer 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 Land with respect to which the

option is exercised is not needed for the operation of the Project for the purposes hereinabove stated and (ii) the purchase will not impair the usefulness of the Building as a manufacturing plant or other industrial enterprise permitted by the Act and will not destroy the means of ingress thereto and egress therefrom.

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

The County agrees that upon receipt of the notice, certificate and money required in this Section to be furnished to it by the Lessee, the County will promptly deliver the same to the Trustee for deposit of such money in the Construction Fund or the Bond Fund, as specified by the Lessee, and secure from the Trustee a release from the Indenture of such portion of the Leased Land with respect to which the Lessee shall have exercised the option granted to it in this Section. In the event the Lessee shall exercise the option granted to it under this Section the Lessee shall not be entitled to any abatement or diminution of the rents payable under Section 5.3 hereof and if such option relates to Leased Land on which transportation or utility facilities are located, the County shall retain an easement to use such transportation or utility facilities to the extent necessary for the efficient operation of the Project.

Section 11.5. CONVEYANCE ON EXERCISE OF OPTION TO PURCHASE. At the closing of any purchase pursuant to any option



to purchase granted herein, the County will upon receipt of the purchase price deliver to the Lessee the following:

(a) If the Indenture shall not at the time have been satisfied in full, a release from the Trustee of the property with respect to which the option was exercised.

(b) Documents conveying to the Lessee good and marketable title to the property being purchased, as such property then exists, subject to the following: (i) those liens and encumbrances (if any) to which title to said property was subject when conveyed to the County; (ii) those liens and encumbrances created by the Lessee or to the creation or suffering of which the Lessee consented; (iii) those liens and encumbrances resulting from the failure of the Lessee to perform or observe any of the agreements on its part contained in this Lease Agreement; (iv) Permitted Encumbrances other than the Indenture and this Lease Agreement; and (v) if the option is exercised pursuant to the provisions of Section 11.2(b) hereof, the rights and title of the condemning authority.

Section 11.6. OPTIONS TO EXTEND TERM. Lessee shall have and is hereby given the rights and options to extend the Lease Term for three (3) consecutive periods of five (5) years each. It is the intention of the parties hereto that Lessee may, at its election, exercise each and all said options to extend the Lease Term severally or may exercise any number of said

options collectively. In the event Lessee exercises any of said options, the terms, covenants, conditions and provisions set forth in this Lease Agreement shall be in full force and effect and binding upon the County and Lessee during said extended terms. Rent during any extended term herein provided for shall be the sum of \$100 per year payable annually in advance on each October 1 of any year during any extended term. Each of said five (5) year options shall be deemed to be automatically exercised by Lessee unless Lessee shall give County written notice of its intention not to exercise any of such options prior to the expiration of the then current term of this Lease Agreement.

Section 11.7. RELATIVE POSITION OF OPTIONS AND INDENTURE. The options granted to the Lessee in this Article shall be and remain prior and superior to the Indenture and, except as respects the options granted under Section 11.4 hereof, may be exercised whether or not the Lessee is in default hereunder, provided that such default will not result in non-fulfillment of any condition to the exercise of any such option.

ARTICLE XII  
MISCELLANEOUS

Section 12.1. SURRENDER OF PROJECT. Except as otherwise expressly provided in this Lease Agreement, at the expiration or sooner termination of the Lease Term, the Lessee agrees to surrender possession of the Project peaceably and promptly to the County in as good condition as at the commencement of the Lease Term, loss by fire or other casualty covered by insurance, condemnation and ordinary wear, tear and obsolescence only excepted.


Section 12.2. NOTICES. All notices, certificates or other communications hereunder shall be sufficiently given and shall (unless otherwise specified) be deemed given when mailed by registered or certified mail, return receipt requested, postage prepaid, addressed as follows: if to the County, to the attention of the County Secretary, ;  
if to the Lessee, at

; if to the Guarantor, at

; and if to the Trustee to the attention of its

. A duplicate copy of each notice, certificate or other communication given hereunder by either the County or the Lessee to the other shall also be given to the Trustee and the Guarantor. The County, the Lessee, the Guarantor and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices,

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certificates or other communications shall be sent.

Section 12.3. BINDING EFFECT. This Lease Agreement shall inure to the benefit of and shall be binding upon the County, the Guarantor, the Lessee and their respective successors and assigns, subject, however, to the limitations contained in Sections 8.3, 9.1, 9.2 and 9.3 hereof.

Section 12.4 SEVERABILITY. In the event any provision of this Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 12.5. AMOUNTS REMAINING IN THE BOND FUND. It is agreed by the parties hereto that any amounts remaining in the Bond Fund, upon expiration or sooner termination of the Lease Term, as provided in this Lease Agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and the fees, charges and expenses of the Trustee and paying agents and the County in accordance with the Indenture shall belong to and be paid to the Lessee by the Trustee as overpayment of rents.

Section 12.6. AMENDMENTS, CHANGES AND MODIFICATIONS. Except as otherwise provided in this Lease Agreement or in the Indenture, subsequent to the issuance of Bonds and prior to the payment in full of the Bonds (or provision for the payment thereof having been made in accordance with the provisions of the

Indenture), this Lease Agreement may not be amended, changed, modified, altered or terminated without the concurring written consent of the Trustee and the Guarantor given in accordance with the provisions of the Indenture. .

Section 12.7. EXECUTION OF COUNTERPARTS. This Lease Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.8. RECORDING. This Lease Agreement and every assignment and modification thereof or an appropriate and sufficient memorandum thereof shall be recorded in the office of the County Clerk of the County of Williamsburg, or in any such other office as may be at the time provided by law as the proper place for the recordation of a deed conveying the Project. This Lease Agreement as originally executed or an appropriate and sufficient memorandum thereof shall be so recorded prior to the recordation of the Indenture or of any other mortgage or deed of trust or trust indenture with respect to the Project.

Section 12.9. GUARANTY. The obligation to pay principal and redemption premium of and interest on the Bonds is guaranteed by the Guarantor pursuant to a Guaranty dated of even date herewith. Performance by the Guarantor of any of the obligations of the Lessee under this Lease Agreement shall be considered performance by the Lessee. All notices required to be given the Lessee hereunder shall also be given

the Guarantor.

IN WITNESS WHEREOF, the County and the Lessee have caused this Lease Agreement to be executed in their respective names and behalf and their respective corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

COUNTY OF WILLIAMSBURG, SOUTH CAROLINA  
(LESSOR)

By \_\_\_\_\_  
Chairman

(SEAL)

Attest:

\_\_\_\_\_  
Secretary

MISTEE LINGERIE, INC. (LESSEE)

By \_\_\_\_\_  
President

(SEAL)

Attest:

\_\_\_\_\_  
Secretary

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[REDACTED]



STATE OF SOUTH CAROLINA )  
 )  
 ) : ss.:  
COUNTY OF WILLIAMSBURG )

On this            day of            , A.D. 19            , before me, a Notary Public, in and for said County, personally appeared            , to me personally known, who being by me duly sworn, did say that he is the Chairman of the County Commission of Williamsburg County, South Carolina, that the seal affixed to said Lease Agreement is the seal of said County, and that said Lease Agreement was signed and sealed on behalf of said County by authority of its County Commission pursuant to a Resolution duly adopted on            ; and the said Chairman acknowledged the execution of said Lease Agreement to be the voluntary act and deed of said County by it voluntarily executed.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this            day of            , 1973.

Notary Public

My commission expires:

STATE OF )  
COUNTY OF ) ss.:

his oath says, that he is President of Mistee Lingerie, Inc., a Pennsylvania corporation, that the seal affixed to said Lease Agreement is the seal of said Mistee Lingerie, Inc., and that said Lease Agreement was signed and sealed on behalf of said Mistee Lingerie, Inc. by authority of its Board of Directors, and the said \_\_\_\_\_ acknowledged the execution of said Lease Agreement to be the voluntary act and deed of said Mistee Lingerie, Inc. by it voluntarily executed.

Subscribed and sworn to before me this                      day of  
 , 1973.

Notary Public

My commission expires:

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11/16/73

EXHIBIT B

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COUNTY OF WILLIAMSBURG, SOUTH CAROLINA

TO

, As Trustee

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MORTGAGE

AND

INDENTURE OF TRUST

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Dated as of October 1, 1973

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MORTGAGE AND INDENTURE OF TRUST

THIS MORTGAGE AND INDENTURE OF TRUST, made and entered into as of the first day of October, 1973, by and between the County of Williamsburg, a body politic and corporate, organized and existing under the laws of the State of South Carolina (hereinafter defined as the "County"), and

, duly organized, existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of , with its principal office in , as Trustee (hereinafter defined as "Trustee").

W I T N E S S E T H :

WHEREAS, the Industrial Revenue Bond Act, being Act No. 103 of the General Assembly of South Carolina enacted at the 1967 Regular Session (the "Act") empowers each county in the State of South Carolina, among other things to acquire, enlarge, improve and expand, whether by construction, purchase, gift, or lease, one or more projects which shall be deemed necessary, suitable or useful by an enterprise for the manufacturing or processing of manufactured products; and

WHEREAS, the Act further authorizes each such county to lease its projects, to charge and collect rent therefor, to issue revenue bonds for the purpose of defraying the cost of acquiring or improving any project, and, as security for the

payment of the principal and interest on any such revenue bonds, to pledge the revenues from which such bonds shall be payable, to provide a mortgage and trust indenture covering all or any part of the Project and to pledge the lease of such project; and

WHEREAS, the County, pursuant to a resolution duly adopted and approved on \_\_\_\_\_, has entered into a Lease Agreement, on even date herewith, with Mistee Lingerie, Inc., a corporation organized and existing under the laws of the Commonwealth of Pennsylvania (hereinafter defined as the "Lessee"), by which the County agrees to lease the Project, as hereinafter defined, to the Lessee in consideration of rentals which, with respect to the rentals to be paid to the County by the Lessee, are to be paid into a Bond Fund sufficient to pay the principal of and the interest on the revenue and refunding bonds issued by the County, as herein recited, to finance the Project; and

WHEREAS, the acquisition and leasing of the Project and the issuance of revenue bonds by the County, as herein recited and provided, 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 Mortgage and Indenture of Trust (hereinafter defined as the "Indenture") and the issuance of the First Mortgage Industrial Revenue Bonds, Series A (Mistee Lingerie, Inc. Project) under the Act have been in all respects duly and validly authorized by a resolution of

the County duly adopted and approved on \_\_\_\_\_ ; and

WHEREAS, under the Lease Agreement the Lessee is to pay sufficient monies each year to pay the principal of and interest on the bonds issued to finance the Project, the cost of maintaining the Project in good repair, the cost of keeping the Project properly insured, and any payments required for taxes or payments in lieu of taxes; and

WHEREAS, the Lessee is a wholly owned subsidiary of the Guarantor, and the Guarantor has executed a Guaranty Agreement dated as of the date hereof pursuant to which the Guarantor unconditionally guarantees the payment of principal of, premium, if any, and interest on the Bonds; and

WHEREAS, it has been determined that the estimated amount necessary to finance the cost of the Project, including expenses incident thereto, will require that revenue bonds of the County in the total principal amount of Six Hundred Thousand Dollars (\$600,000) should be authorized for issuance, sale and delivery, as hereinafter provided; and

WHEREAS, the County filed a petition with the State Budget and Control Board as required by the Act, and, after making its independent investigation, said board approved the issuance of bonds proposed to be issued to finance said project and published notice of such approval in the manner required by the Act; and



WHEREAS, the coupon bonds to be initially issued and secured hereby, the interest coupons to be attached thereto, the provisions for registration to be endorsed thereon, and the Trustee's Authentication Certificate to be endorsed thereon are all to be in substantially the following forms, respectively, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture, to wit:

(Form of Coupon Bond)

UNITED STATES OF AMERICA

STATE OF SOUTH CAROLINA

COUNTY OF WILLIAMSBURG

First Mortgage Industrial Revenue Bond, Series A  
(Mistee Lingerie, Inc. Project)

Number

\$5,000

KNOW ALL MEN BY THESE PRESENTS: that the County of Williamsburg, in the State of South Carolina (hereinafter referred to as the "County"), for value received, promises to pay from the source and as hereinafter provided, to bearer, or, if this bond be registered to the registered owner hereof, on 19 , the principal sum of five thousand dollars and in like manner to pay interest on said sum from the date hereof at the rate of per cent ( %) per annum on 19 and semi-annually thereafter on and

of each year until said principal sum is paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may 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

, in the City of , , or  
its successor in trust.

This bond is one of an authorized issue of First Mortgage Industrial Revenue Bonds (Mistee Lingerie, Inc. Project) (hereinafter called the "Bonds"), issued and authorized to be issued for the purpose of acquiring land and acquiring industrial buildings, equipment and other improvements therein and facilities in connection therewith (all hereinafter referred to as the "Project") and leasing the same to Mistee Lingerie, Inc., a Pennsylvania corporation (hereinafter referred to as the "Lessee"), under and pursuant to a Lease Agreement, made and entered into as of the first day of October, 1973, by and between the County and the Lessee, and paying necessary expenses incidental to all thereof. Said Bonds are all issued under and are equally and ratably secured and entitled to the protection given by a Mortgage and Indenture of Trust (hereinafter called the "Indenture"), dated as of October 1, 1973, duly executed and delivered by the County to , as Trustee (the term "Trustee" where used herein refers collectively to said Trustee or its successors in said trust), which Indenture

is recorded in the office of the County Clerk of Williamsburg County, and reference is hereby made to the Indenture and to all amendments and supplements 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 or may be issued and secured. The payment of principal of, premium, if any, and interest on the Bonds is additionally guaranteed pursuant to a Guaranty Agreement dated as of October 1, 1973 by Universal Container Corporation, as Guarantor.

This bond and appurtenant coupons are transferable by delivery, 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 only on such books, by the registered owner in person or by duly authorized attorney, and evidence of such transfer shall be in like manner endorsed hereon. Such registration 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 owner 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 owner, 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 owner 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 owner 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 stating whether it is then registered as to principal alone or payable to bearer.

The Bonds are non-callable for redemption prior to except (1) in the event of damage to or destruction of the Project or any part thereof or condemnation of the Project or any part thereof, to the extent provided in Article VII of the Lease Agreement, or (2) in the event of exercise by the Lessee of its option to purchase the Project as provided in Section 11.2 of the Lease Agreement. If called for redemption in such events, such Bonds shall be subject to redemption by the County at any time, in whole or in part by lot in the manner provided in Article III of the Indenture, at the principal amount thereof plus accrued interest to the redemption date.

The Bonds maturing on \_\_\_\_\_ are also subject to redemption by the County at a price equal to 100% of the principal amount thereof, on \_\_\_\_\_, and on each \_\_\_\_\_ thereafter, in accordance with the sinking fund provisions of Section 306 of the Indenture, in part by lot in the manner provided in Article III of the Indenture, and any of the Bonds maturing on \_\_\_\_\_, are also subject to redemption by the County prior to maturity on any interest payment date on and after \_\_\_\_\_ in whole or in part by lot in the manner provided in Article III of the Indenture, at the redemption prices (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date:

Redemption Dates  
(Both Dates Inclusive)

Redemption Price

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 one time in a financial newspaper of general circulation in the City of New York, New York, 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, upon mailing a copy of the redemption notice by first class mail at least thirty days prior to the date fixed for redemption to the registered owner 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 first class mail to the owner or owners 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 or securities in which such funds are invested for their redemption are on deposit at the place of payment at that time, and shall no longer be secured 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 publication 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 issue of Bonds of which it forms a part 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 General Assembly of South Carolina enacted at the 1967 Regular Session, as amended and supplemented, and pursuant to a resolution adopted and approved by the County, 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 thereto are limited obligations of the County and are payable solely from revenues and other amounts derived from the leasing, sale or other disposition 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 shall never constitute a pecuniary liability of the County of Williamsburg or a charge against its general credit or taxing powers of said County. Rental payments sufficient for the prompt payment when due of the interest on and principal of said Bonds are to be paid directly to the Trustee by the Lessee for the account of the County and deposited in a fund created by the County and designated "County of Williamsburg Revenue Bond Fund--Mistee Lingerie, Inc. Project" and have been duly pledged for that purpose, and in addition the Project has been mortgaged under the Indenture to secure the payment of such principal and interest.

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.

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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; and that the issuance of this bond and the issue of which it forms a part, together with all other obligations of the County, does not exceed or violate any constitutional or statutory limitation.

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, the County of Williamsburg has caused this bond to be executed in its name by the manual or facsimile signature of the Chairman of its County Commission and attested by the manual or facsimile signature of the Secretary of its County Commission thereunto duly authorized, and its corporate seal to be imprinted or affixed hereto or imprinted hereon, and has caused the interest coupons attached hereto to be executed by the facsimile signature of said Chairman, all as of the 1st day of October, 1973.

COUNTY OF WILLIAMSBURG, SOUTH CAROLINA

(SEAL)

Attest:

By

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Secretary

1488



## (Form of Interest Coupon)

No. \_\_\_\_\_

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

On the first day of \_\_\_\_\_, 19\_\_\_\_, the County of Williamsburg, South Carolina (unless the bond to which this coupon appertains shall have been duly called for previous redemption), will pay to bearer, subject to the provisions of the Indenture and upon presentation and surrender of this coupon at the principal office of \_\_\_\_\_, in the City of \_\_\_\_\_, State of \_\_\_\_\_, or its successor in trust, the amount shown hereon, as provided in and being semi-annual interest then due on its First Mortgage Industrial Revenue Bond, Series A (Mistee Lingerie, Inc. Project), dated \_\_\_\_\_, 1973, numbered \_\_\_\_\_

(Facsimile)

(Facsimile)

## PROVISION FOR REGISTRATION

This bond may be registered in the name of the holder on books kept by the Trustee, as to principal only, such registration being noted hereon by the Trustee in the registration blank below, after which no transfer shall be valid unless made on said books by the registered holder or attorney duly authorized and similarly noted in the registration blank below, but it may be discharged from registration by being transferred to bearer, after which it shall be transferable by delivery, but it may be again registered as before. The registration of this bond as to principal shall not restrain the negotiability of the coupons by delivery, but the coupons may be surrendered and the interest made payable only to the registered holder, in which event the Trustee shall note in the registration blank below that the bond is registered as to interest, as well as principal. At the request of the registered holder, this bond, if converted into a bond registered as to both principal and interest may be reconverted into a coupon bond and such coupon bond may again be converted into a bond registered as to both principal and interest as hereinabove provided. Upon reversion of this bond, if registered as to principal and interest, into a coupon bond, coupons representing the interest to accrue hereon to date of maturity shall be attached hereto by the Trustee and the Trustee shall note in the registration blank below whether the bond is registered as to principal only or payable to bearer.

## FORM FOR REGISTRATION

Date of Registration	In Whose Name Registered	Manner of Registration	Registrar
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(To Be Endorsed on All Bonds)

(Form of Trustee's Certificate of Authentication)

This bond is one of the Bonds of the issue described  
in the within mentioned Mortgage and Indenture of Trust.

, as Trustee

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



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 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 delivery of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

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

That the County, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the holders and owners thereof, and of the sum of one dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable considerations, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of and interest on the Bonds according to their tenor and effect and the performance and observance by the County of all the covenants expressed or implied herein and

in the Bonds, does hereby, subject to the terms and provisions of the Lease Agreement, grant, bargain, sell, convey, mortgage, assign and pledge unto , and unto its successors in trust, and to its assigns forever, for the securing of the performance of the obligations of the County hereinafter set forth:

A. The real estate and premises situate in the County of Williamsburg, State of South Carolina, described in Exhibit A attached hereto and constituting a part of the Project, with all buildings, additions and improvements now or hereafter located thereon or therein and with the tenements, hereditaments, appurtenances, rights, privileges and immunities thereunto belonging or appertaining, and the County warrants the title to the same, subject to Permitted Encumbrances.

B. The Leased Equipment constituting a part of the Project, and substitutions or replacements therefor and in general all machinery and equipment acquired by the County with the proceeds of the Bonds issued under and secured by this Indenture, subject to Permitted Encumbrances.

C. The Lease Agreement and the rights of the County under and pursuant to the Lease Agreement. All lease rentals, revenues and receipts receivable by the County from the Project including, without limitation, all rentals to be received by the County from the leasing of the Project and in particular the rentals to be received under and pursuant to and subject to the

provisions of the Lease Agreement, and pursuant to the terms of which rent is to be paid directly to the Trustee at the principal office of the Trustee for the account of the County and deposited in a fund created by the County and designated "County of Williamsburg Revenue Bond Fund--Mistee Lingerie, Inc. Project".

D. The Guaranty Agreement, together with the right, title and interest of the County therein, provided that the assignment made by this clause shall not impair or diminish any obligation of the County under said Guaranty Agreement.

E. Any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specially mortgaged, pledged, or hypothecated, as and for additional security hereunder by the County or by anyone in its behalf or with its written consent in favor of the Trustee which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

UPON THE TERMS herein set forth for the equal and proportionate benefit, security and protection of all holders and owners of the Bonds and interest coupons thereto attached issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds or coupons thereto attached over any other of the Bonds;



TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors in said Trust and to it and its assigns forever;

PROVIDED, HOWEVER, that if the County, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of the Bonds and the interest due or to become due thereon, at the times and in the manner mentioned in the Bonds and the interest appertaining to the Bonds, respectively, according to the true intent and meaning thereof, and shall cause the payments to be made into the Bond Fund as required under Article V hereof or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture to be and remain in full force and effect.

THIS MORTGAGE AND INDENTURE 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 said 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 101. DEFINITION OF TERMS. In addition to the words and terms elsewhere defined in this Indenture, the following words and terms as used in this Indenture shall have the following meanings unless the context or use indicates another or different meaning or intent:

"Act" shall mean Act No. 103 of the General Assembly of South Carolina enacted at the 1967 Regular Session, the Industrial Revenue Bond Act, as amended and supplemented.

"Bonds" means the First Mortgage Industrial Revenue Bonds (Mistee Lingerie, Inc. Project) of the County to be issued hereunder, and any additional Bonds authorized by Section 210 herein.

"Bond Fund" means the County of Williamsburg Revenue Bond Fund--Mistee Lingerie, Inc. Project created in Section 501 hereof.

"Bond Reserve Fund" means the County of Williamsburg Bond Reserve Fund--Mistee Lingerie, Inc. Project created in Section 501 hereof.

"Bondholder" or "Holder of Bonds" shall mean any person who shall be the bearer or registered owner of any Bond or Bonds.

"Building" means those certain buildings and all other structures forming a part of the Project and leased hereunder



(and not constituting part of the Leased Equipment), which are required by Section 4.1(a) of the Lease Agreement to be constructed on the Leased Land, as they may at any time exist.

"Construction Fund" means the County of Williamsburg Construction Fund--Mistee Lingerie, Inc. Project created by Section 602 hereof.

"County Commission" or "County Board" means the legally constituted governing body of the County of Williamsburg, South Carolina.

"Coupon" means any of the coupons issued hereunder evidencing the right of the holder to receive semi-annual installments of interest on the applicable coupon Bond or Bonds.

"Guarantor" means Universal Container Corporation, a corporation organized under the laws of the State of Kentucky, the owner of 100% of the stock of the Lessee and the successor to

"Guaranty" means the Guaranty Agreement, of even date herewith by and between the Guarantor and the Trustee.

The term "event of default" means those defaults specified in and defined by Section 1001 hereof.

"Extraordinary Services" and "Extraordinary Expenses" mean all services rendered and all expenses incurred by the Trustee under the Indenture other than Ordinary Services and Ordinary Expenses.

"Indenture" means these presents as supplemented by any supplemental indentures executed by the County and the Trustee in pursuance hereof.

"Lease Agreement" means the Lease Agreement executed by and between the County and the Lessee of even date herewith and more particularly described in the preambles hereof.

"Leased Equipment" means those items of machinery, equipment and related property defined as "Leased Equipment" in the Lease Agreement.

"Lease Guarantee Insurance" means the policy of leased rental guarantee insurance issued to the Lessor and the Lessee by Commercial Loan Insurance Corporation, pursuant to a Commitment for Lease Guarantee Insurance dated ..

"Leased Land" means the real estate leased under the Lease Agreement and more particularly described in Exhibit A attached hereto, together with all additions thereto and substitutions therefor.

"Mortgaged Property" means the properties comprising the Project as more particularly described in the Granting Clauses hereof, as well as all properties which, under the terms hereof, subsequently becoming subject to this Indenture, but excluding all property owned by the Lessee and title to which remains in the Lessee under the terms of the Lease Agreement.

"Opinion of Counsel" means an opinion of counsel who may be counsel to the County or to the Lessee.

"Ordinary Services" and "Ordinary Expenses" mean those services normally rendered and those expenses normally incurred by a trustee under instruments similar to this Indenture.

The term "outstanding" or "Bonds outstanding" means all Bonds which have been authenticated and delivered by the Trustee under this Indenture, except:

(a) Bonds cancelled by the Trustee because of payment or redemption prior to maturity;

(b) Bonds for the payment or redemption of which funds or securities in which such funds are invested shall have been theretofore deposited 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 or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee, shall have been filed with the Trustee; and

(c) Bonds in lieu of which others have been authenticated under Section 208 hereof.

"Paying Agent" shall mean any paying agent for the Bonds, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Indenture.



"Permitted Encumbrances" means, as of any particular time, (i) the Indenture and the Lease Agreement, (ii) utility, access and other easements and rights of way, restrictions and exceptions that an Engineer, as defined in the Lease Agreement, certifies will not interfere with or impair the operations being conducted in the Building (or, if no operations are being conducted therein, the operations for which the Building was designed or last modified), (iii) mechanics', materialmen's, warehousemen's, carriers', and other similar liens to the extent permitted in Section 6.1 of the Lease Agreement, (iv) easements and other rights permitted to be granted by the Lessee pursuant to the provisions of Section 8.6 of the Lease Agreement, and (v) such minor defects, irregularities, encumbrances, easements, rights of way, and clouds on title as normally exist with respect to properties similar in character to the Project and as do not materially impair the property affected thereby for the purpose for which it was acquired or is held by the County.

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

"Project" means the land, building, machinery, equipment and other facilities acquired or constructed out of the proceeds of the Bonds or any part thereof and leased under the Lease Agreement.

"Trust Estate" means the Mortgaged Property.

"Trustee" means

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.

## ARTICLE II

## THE BONDS

Section 201. AUTHORIZED AMOUNT OF BONDS. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. Except as provided in Section 210 hereof, the total principal amount of Bonds that may be issued hereunder is hereby expressly limited to Six Hundred Thousand Dollars (\$600,000).

Section 202. ISSUANCE OF BONDS. The Bonds initially issued hereunder shall be in the aggregate principal amount of Six Hundred Thousand Dollars (\$600,000), shall each be designated "First Mortgage Industrial Revenue Bond (Mistee Lingerie, Inc. Project)", shall be dated October 1, 1973, and shall bear interest (payable on April 1, 1974 and semi-annually thereafter on April 1 and October 1 of each year) at the rates per annum and shall mature on October 1 in the years and principal amounts set forth in the following table:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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The Bonds initially issued hereunder shall be numbered from 1 consecutively upwards in order of maturity and shall be in the denomination of \$5,000 each. The Bonds and the interest thereon,




except as otherwise provided in the case of registration as provided in Section 209 hereof, shall be payable to bearer upon presentation and surrender of such Bonds or interest coupons as they respectively become due at the principal office of the Trustee, or its successor in trust.

Section 203. EXECUTION; LIMITED OBLIGATIONS. The Bonds shall be executed on behalf of the County with the official manual or facsimile signature of the Chairman of the County Commission and attested with the official manual or facsimile signature of the Secretary, and shall have affixed thereto or imprinted thereon the corporate seal of the County. The coupons attached to the coupon Bonds shall be executed by the facsimile of the official signature of the Chairman of the County Commission and such facsimile shall have the same force and effect as if the Chairman of the County Commission had manually signed each of said coupons. The Bonds, together with interest thereon shall be limited obligations of the County payable solely from the revenues and other amounts derived from the leasing of the Project (but in addition shall be secured by a mortgage on the Project acquired or constructed with the proceeds of the Bonds), which revenues and other amounts are hereby specially mortgaged, pledged and hypothecated 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 or in the Lease Agreement. The Bonds

and interest coupons appertaining thereto shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers of the County. In case any officer whose signature or 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 204. AUTHENTICATION:-- Only such Bonds as shall have endorsed thereon a Trustee's 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 coupon Bond shall be valid or obligatory for any purpose unless and until such Trustee's Certificate of Authentication shall have been duly executed by the Trustee. Such executed Trustee's Certificate of Authentication 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 Trustee's Certificate of Authentication on all of the Bonds issued hereunder. Before authenticating or delivering any coupon Bonds, the Trustee shall detach and cancel all matured coupons, if any (except coupons in



default) appertaining thereto, and such cancelled coupons shall be delivered to the County.

Section 205. FORM OF BONDS. The Bonds issued under this Indenture and the coupons attached thereto shall be substantially in the form hereinbefore set forth with such appropriate variations, omissions and insertions as are permitted or required by this Indenture.

Section 206. DELIVERY OF BONDS. Upon the execution and delivery of this Indenture, the County shall execute and deliver to the Trustee and the Trustee shall authenticate Bonds in the aggregate principal amount of Six Hundred Thousand Dollars (\$600,000) and deliver them to the purchasers as may be directed by the County as hereinafter in this Section 206 provided.

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

1. A copy duly certified by the Secretary of the County Commission of the resolution of the County Commission authorizing the issuance of the Bonds and the execution and delivery of the Lease Agreement and the Indenture.

2. An original executed counterpart of the Lease Agreement or a copy thereof verified to the satisfaction of the Trustee.

3. An original executed counterpart of the Indenture or a copy thereof verified to the satisfaction of the Trustee.



4. A request and authorization to the Trustee on behalf of the County to deliver the Bonds to the purchasers thereof upon payment to the Trustee, for the account of the County, of a sum equal to the purchase price of the Bonds plus accrued interest to the date of delivery thereof.

Section 207. PRIORITY OF INDENTURE. This Indenture is given in order to secure funds to pay for new construction and, by reason thereof, it is intended that this Indenture shall be superior to any laborers', mechanics' or materialmen's liens which may be placed upon the Project.

Section 208. MUTILATED, LOST, STOLEN OR DESTROYED BONDS OR COUPONS. 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, maturity and denomination as the Bond 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 Trustee, 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 substitute 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 209. REGISTRATION OF BONDS; INTERCHANGEABILITY OF BONDS. Each of the Bonds issued hereunder shall be fully negotiable. The County covenants that it will, while any of the Bonds issued hereunder are outstanding, keep at the principal office of the Trustee, books for the registration of Bonds as herein provided, and the Trustee is hereby appointed Registrar of the County for the purpose of registering such Bonds. Bonds issued hereunder may be registered as to principal only or as to both principal and interest in the manner set forth in the registration certificate herein contained pertaining to such Bonds. Bonds subsequently registered as to both principal and interest may be converted into coupon Bonds.

A person in whose name a Bond shall be registered shall, for all purposes of this Indenture, be deemed the absolute owner and, so long as the same shall be registered as to principal and interest, payments of or on account of the principal and interest thereof shall be made only to the registered holder. Payment of the principal of a Bond registered as to principal only shall be made only to the registered holder of such Bond, but the bearer of any coupon appertaining to an unregistered Bond or to a Bond

registered as to principal only shall, for the purposes of this Indenture, be deemed the absolute owner of such coupon, and the bearer of any unregistered Bond shall be deemed the absolute owner of such Bond, and the County, the Trustee, or any Paying Agent shall be fully protected in making payment of such unregistered Bond to the bearer thereof.

In all cases in which the privilege of transferring, registering or reconverting Bonds is exercised, the County or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid by the County or the Trustee in connection therewith, which charge or charges shall be paid by the person requesting such transfer, registration or reconversion.

Section 210. ISSUANCE OF ADDITIONAL BONDS. By mortgage and indenture of trust supplemental hereto the County may from time to time provide for the issuance hereunder of additional Bonds for the purpose of financing the cost of acquiring and constructing additions, extensions and improvements to the Project, and all expenses incidental thereto. Such additional Bonds shall be secured by this Indenture and shall rank on a parity of security in all respects with the Bonds issued and to be issued hereunder.

Such additional Bonds shall have such identifying designation, shall be dated, shall mature at such time or times, shall bear interest at such rate or rates, shall be subject to redemption at such times and prices, shall be executed substantially in the



form and manner hereinabove set forth and shall contain such other provisions not inconsistent with this Indenture as the resolution of the County and the aforesaid supplemental indenture providing for the issuance thereof shall fix and determine.

The County may execute and deliver to the Trustee and the Trustee shall authenticate and deliver additional Bonds upon receipt by the Trustee of the following:

(a) a copy, certified by the Secretary of the County Commission, of a resolution of the County Commission providing for the issuance of such additional Bonds, authorizing the execution of the supplemental indenture and the amendment to the Lease Agreement hereinafter mentioned, awarding said Bonds and directing the authentication and delivery of such Bonds to or upon the order of the purchasers therein named upon payment of the purchase price therein set forth;

(b) an executed counterpart of the supplemental indenture providing for the issuance of said Bonds;

(c) an executed counterpart of an amendment to the Lease Agreement providing for increased rents in accordance with Section 4.10 of the Lease Agreement in an amount sufficient to provide for the payment of the principal of and interest and premium, if any, on all the Bonds then and

thereafter to be outstanding hereunder as and when they become due and payable as well as all other amounts payable under this Indenture and each indenture supplemental thereto;

(d) a certificate of the County stating in substance that the County is not and upon the issuance of the additional Bonds will not be in default in the performance and observance of any of the terms or conditions of this Indenture on its part to be performed or observed and that all conditions precedent provided in this Indenture and each indenture supplemental thereto relating to the issuance of additional Bonds have been complied with;

(e) a certificate of the President or any Vice President and the Secretary or the Treasurer of the Lessee showing that the issuance of the additional Bonds will not cause interest on the Bonds to be subject to federal income taxation and stating in substance that the Lessee is not in default in the performance and observance of any of the terms or conditions of the Lease Agreement on its part to be performed or observed;

(f) an opinion of counsel for the Lessee to the effect that the amendment to the Lease Agreement has been duly authorized by and executed and delivered on behalf of the Lessee and that the Lease Agreement as amended thereby is valid and enforceable in accordance with its terms.



## ARTICLE III

## REDEMPTION OF BONDS BEFORE MATURITY

Section 301. REDEMPTION DATES AND PRICES. The Bonds initially issued hereunder are non-callable for redemption prior to \_\_\_\_\_ except (1) in the event of damage to or destruction of the Project or any part thereof or condemnation of the Project or any part thereof, to the extent provided in Article VII of the Lease Agreement, (2) in the event of exercise by the Lessee of its option to purchase the Project as provided in Section 11.2 of the Lease Agreement, or (3) in the event of the discharge by the Lessee of its obligation to pay advance rentals in accordance with Section 8.8 of the Lease. If called for redemption in such events, such Bonds shall be subject to redemption by the County at any time, in whole or in part by lot, but only to the extent of the funds available therefor as a result of such event, in the manner hereinafter provided in this Article III, at the principal amount thereof plus accrued interest to the redemption date.

The Bonds initially issued hereunder maturing on \_\_\_\_\_, are also subject to redemption by the County at a price equal to 100% of the principal amount thereof, on \_\_\_\_\_ and on each \_\_\_\_\_ thereafter, in accordance with the sinking fund provisions of Section 306 hereof, in part by lot in the manner hereinafter provided in this Article III, and any of the Bonds initially issued hereunder which mature on or after \_\_\_\_\_ are also subject to redemption by the County prior

to maturity on any interest payment date on or after

, in whole or in part by lot in the manner hereinafter provided in this Article III, at the redemption prices (expressed as percentages of principal amount of the Bonds or portions thereof to be redeemed) set forth in the table below plus accrued interest to the redemption date:

Redemption Date  
(Both Dates Inclusive)

Redemption Price

If the Trustee shall hold in the Bond Fund funds available for and sufficient to effect such redemption, Bonds shall be called for redemption by the Trustee as herein provided upon receipt by the Trustee, at least 45 days prior to the redemption date, of a resolution of the County providing for such redemption. Such resolution shall specify the principal amount of Bonds and their maturities so to be called for redemption, the applicable redemption price or prices and the provision or provisions above

specified pursuant to which such Bonds are to be called for redemption. The foregoing provisions of this paragraph shall not apply in the case of any redemption of Bonds pursuant to the sinking fund provided in Section 306 hereof, and Bonds shall be called by the Trustee for redemption pursuant to such sinking fund without the necessity of any action by the County and whether or not the Trustee shall then hold in the Bond Fund moneys available for and sufficient to effect the required redemption.

Section 302. NOTICE OF REDEMPTION. Notice of the call for any such redemption identifying the Bonds to be redeemed shall be given (a) by publication at least one time in a financial newspaper of general circulation in New York City, New York, not less than thirty days prior to the redemption date, and (b) by mailing a copy of the redemption notice by first class mail at least thirty days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing as aforesaid 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 first class mail to the owner or owners 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 or securities in which such funds are invested shall be placed with the Trustee to pay the Bonds called for redemption and accrued interest thereon to the redemption date and the premium, if any. Upon the happening of the above conditions, the Bonds thus called for redemption shall cease to bear interest from and after the redemption date, 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 publication or for any other reason, it is impossible or impractical to publish such notice of call or 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 303. CANCELLATION. All Bonds which have been redeemed, or purchased by the Trustee pursuant to Section 306 hereof, together with the unmatured coupons appertaining thereto, if any, shall not be reissued and they shall be cancelled and delivered to the County.

Section 304. UNPAID COUPONS. All unpaid interest coupons which appertain to coupon 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.

Section 305. PARTIAL REDEMPTION OF BONDS. Except in the case of a redemption of Bonds which mature on

pursuant to the provisions of the sinking fund provided in Section 306 hereof, if less than all of the Bonds at any time outstanding are to be called for redemption prior to maturity, the Trustee shall apportion the funds available for such prior redemption between the Bonds of each of the several maturities then outstanding in proportion, as nearly as may be, that the original principal amount of Bonds of such maturity bore to the original principal amount of all of the Bonds. If less than all of the Bonds of a particular maturity at the time outstanding are to be called for prior redemption, the particular Bonds of such maturity to be redeemed shall be selected by lot by the Trustee in such manner as the Trustee, in its discretion, may determine. The Trustee shall call for redemption in accordance with the foregoing provisions as many Bonds as will, as nearly as practicable, exhaust the moneys available therefor. Particular Bonds shall be redeemed only in the principal amount of \$5,000 each.

No redemption of less than all the Bonds at the time outstanding other than in accordance with the sinking fund provisions of Section 306 hereof, shall be made pursuant hereto unless the total amount of funds available and to be used for such partial redemption is equal to or more than \$50,000.

Section 306. SINKING FUND. As and for a sinking fund for the retirement of the Bonds initially issued hereunder which mature on \_\_\_\_\_, the County shall cause to be deposited in the Bond Fund at least ten days prior to \_\_\_\_\_ and at least ten days prior to each \_\_\_\_\_ thereafter to and including \_\_\_\_\_ out of rental payments under the Lease Agreement an amount sufficient to redeem (after credit as provided below) the following principal amounts of such Bonds on the dates specified at the sinking fund redemption price specified in Section 301:

<u>October 1st</u> <u>of the year</u>	<u>Sinking Fund</u> <u>Requirement</u>	<u>October 1st</u> <u>of the year</u>	<u>Sinking Fund</u> <u>Requirement</u>
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At its option, to be exercised prior to the forty-fifth day next preceding any sinking fund redemption date, the Lessee, as provided in Section 9.5 of the Lease Agreement, may cause to be paid to the Trustee for deposit in the Bond Fund, as an advance payment of rentals, such amount of funds as the Lessee may determine, with written instructions to the Trustee, signed in the name of the Lessee by an officer thereof, to apply such funds prior to said forty-fifth day to the purchase of Bonds which mature on \_\_\_\_\_. The Trustee shall thereupon use all reasonable efforts to expend such funds as



nearly as may be practicable in the purchase of such Bonds, with all unmatured coupons attached, at not exceeding the principal amount thereof plus accrued interest to such sinking fund redemption date on such sinking fund redemption date. Bonds so purchased shall be cancelled by the Trustee as provided in Section 303 hereof. Bonds so purchased shall thereafter be credited, at their principal amount, until the full amount thereof has been so credited, against the next ensuing and future sinking fund payments in chronological order to the extent otherwise payable out of rentals thereafter becoming due under the Lease Agreement. Any such funds not so expended by the Trustee for the purchase of Bonds prior to said forty-fifth day shall be retained in the Bond Fund, shall not thereafter be used for the purchase of Bonds and shall be applied as herein otherwise provided for moneys in the Bond Fund. The provisions of this paragraph are subject to the provisions of Article X hereof.

ARTICLE IV  
GENERAL COVENANTS AND PROVISIONS

Section 401. PAYMENT OF PRINCIPAL AND INTEREST.

The County covenants that it will promptly pay the principal of and interest and premium, if any, on every Bond issued under this Indenture and the sinking fund payments provided in Section 306 at the place, on the dates and in the manner provided herein and in said Bonds and in all coupons appertaining thereto according to the true intent and meaning thereof. The principal, interest and sinking fund payments are payable solely from revenues and other amounts derived from the leasing of the portions of the Project leased by the County to the Lessee, which revenues and other amounts are hereby specifically pledged to the payment thereof in the manner and to the extent herein specified, and nothing in the Bonds or coupons or in this Indenture shall ever be considered or construed as pledging any funds or assets of the County other than those mortgaged hereby.

Section 402. PERFORMANCE OF COVENANTS; AUTHORITY.

The County covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings of its County Board pertaining thereto. The County covenants that it is duly authorized under the Constitution and laws of the State of South Carolina, including, particularly and without limitation,

the Act, to issue the Bonds authorized hereby and to execute this Indenture, to mortgage the property described and mortgaged herein, to pledge the rentals and other amounts receivable by the County from the Project and to assign its rights under and pursuant to the Lease Agreement in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken; and that the Bonds in the hands of the holders and owners thereof are and will be valid and enforceable obligations of the County according to the import thereof.

Section 403. OWNERSHIP; INSTRUMENTS OF FURTHER ASSURANCE. The County covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, mortgaging, pledging and hypothecating unto the Trustee all and singular the property herein described and the revenues and receipts pledged hereby to the payment of the principal of and interest and premium, if any, on the Bonds.

Promptly after any re-filing, re-registering or re-recording of this Indenture or the Lease Agreement or any filing, registration, recording, re-filing, re-registration or re-recording of any supplement to either of said instruments, any financing



statement or instrument of similar character relating to any of said instruments or any instrument of further assurance which is required pursuant to the preceding paragraph, the County will deliver to the Trustee an Opinion of Counsel 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.

Section 404. PAYMENT OF TAXES, CHARGES, ETC. Pursuant to the provisions of Section 6.3 of the Lease Agreement, the Lessee has agreed to pay, as the same respectively become due, all taxes and governmental charges at any time lawfully levied or assessed upon or against the Project or any part thereof.

Section 405. MAINTENANCE, REPAIR AND INSURANCE. Pursuant to the provisions of Section 6.1 of the Lease Agreement, the Lessee has agreed at its own expense to cause the Project to be maintained, preserved and kept in good condition, repair and working order, and that it will from time to time cause to be made all needed repairs so that the Project shall at all times be kept in good and tenantable condition and repair, and that the Lessee may, at its own expense, make from time to time additions, modifications and improvements to the Project under the terms and conditions set forth in Section 6.1 of the Lease Agreement. Pursuant to Section 6.4 of the Lease Agreement, the Lessee has agreed to keep the Project continuously insured against

such risks as are customarily insured against by businesses of like size and type, paying all premiums with respect thereto as provided therein.

Section 406. RECORDATION OF THE INDENTURE. The County covenants that it will cause this Indenture and all supplements hereto to be kept recorded and filed in such manner and in such places as may be required by law in order to fully preserve and protect the security of the holders and owners of the Bonds and the rights of the Trustee hereunder.

Section 407. INSPECTION OF PROJECT BOOKS. The County covenants and agrees that all books and documents in its possession relating to the Project and the revenues derived by it from the Project shall at all times be open to inspection by such accountants or other agencies as the Trustee may from time to time designate.

Section 408. LIST OF BONDHOLDERS. To the extent that such information shall be made known to the County under the terms of Section 209 and this Section 408, 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.

such risks as are customarily insured against by businesses of like size and type, paying all premiums with respect thereto as provided therein.

Section 406. RECORDATION OF THE INDENTURE. The County covenants that it will cause this Indenture and all supplements hereto to be kept recorded and filed in such manner and in such places as may be required by law in order to fully preserve and protect the security of the holders and owners of the Bonds and the rights of the Trustee hereunder.

Section 407. INSPECTION OF PROJECT BOOKS. The County covenants and agrees that all books and documents in its possession relating to the Project and the revenues derived by it from the Project shall at all times be open to inspection by such accountants or other agencies as the Trustee may from time to time designate.

Section 408. LIST OF BONDHOLDERS. To the extent that such information shall be made known to the County under the terms of Section 209 and this Section 408, 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 have 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 and/or owners (or a designated representative thereof) of twenty-five per cent or more in aggregate 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 409. RIGHTS UNDER LEASE AGREEMENT. The Lease Agreement, a duly executed counterpart of which has been filed with the Trustee, sets forth the covenants, obligations and interests of the County, the Guarantor and the Lessee, including a provision in Section 12.6 thereof that subsequent to the issuance of the Bonds and prior to their payment in full or provision for payment thereof in accordance with the provisions hereof the Lease Agreement may not be effectively amended, changed, modified, altered or terminated (other than as provided therein) without the concurring written consent of the Trustee and the Guarantor, given as hereinafter in Article XIII provided, and reference is hereby made to the Lease Agreement for a detailed statement of said covenants, obligations and interests of the Lessee and Guarantor under or pursuant to the Lease Agreement, and the County agrees that the Trustee as assignee of the Lease Agreement in its name or in the name of the County may

enforce all rights of the County and all obligations and interests of the Guarantor or Lessee under or pursuant to the Lease Agreement for and on behalf of the bondholders, whether or not the County is in default hereunder.

Section 410. DESIGNATION OF ADDITIONAL PAYING AGENTS.

The County hereby covenants and agrees to cause the necessary arrangements to be made through the Trustee and to be thereafter continued whereby funds will be made available for the payment of such of the coupon Bonds and interest coupons as are presented when due at the principal office of the Trustee or at such alternate bank as may be authorized by the County.

Section 411. ENFORCEMENT OF LEASE GUARANTEE INSURANCE.

The Lessor hereby agrees that the Trustee, as assignee of the Lease Guarantee Insurance in its name or in the name of the Lessor may enforce all rights of the Lessor thereunder and do all things necessary as conditions precedent to the obligations of the insurer thereunder to cause payments to be made pursuant thereto in the event of default by the Lessee under the Lease Agreement to pay installments of rents when due. The Net Proceeds paid to the Lessor or to the Trustee pursuant to the Lease Guarantee Insurance shall be deposited in the Bond Fund.

ARTICLE V  
REVENUES AND FUNDS

Section 501. CREATION OF THE BOND FUND. There is hereby created by the County and ordered established with the Trustee a trust fund to be designated "County of Williamsburg Revenue Bond Fund--Mistee Lingerie, Inc. Project" (hereinafter referred to as the "Bond Fund") and a trust fund to be designated "County of Williamsburg Bond Reserve Fund--Mistee Lingerie, Inc. Project" (hereinafter referred to as the "Bond Reserve Fund").

The Project has been leased under the Lease Agreement and the rent payments provided in Section 5.3 of the Lease Agreement are to be remitted directly to the Trustee for the account of the County and deposited in the Bond Fund. The 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 rent payments and all moneys in the Bond Reserve Fund are pledged to the payment of the principal of and interest on the Bonds.

Section 502. PAYMENTS INTO THE BOND FUND. All accrued interest on the Bonds, and, with respect to the Bonds initially issued hereunder, an amount which, when added to such accrued interest, will be sufficient to pay the interest which will become due on such Bonds to and including , paid by the purchasers of the Bonds shall be deposited in the Bond Fund. Additionally, there shall be deposited in the Bond



Fund, as and when received, (a) all rent payments specified in Section 5.3(a) of the Lease Agreement as provided in said Section 5.3(a) of the Lease Agreement and in this Section 502 below; (b) the balance of any Net Proceeds (as defined in the Lease Agreement) of insurance or condemnation award received by the Trustee pursuant to Article VII of the Lease Agreement; (c) payments derived from the proceeds of the Lease Guarantee Insurance as provided in Section 411 hereof; (d) all other moneys received by the Trustee under and pursuant to any of the provisions of the Lease Agreement when accompanied by directions from the Lessee that such moneys are to be paid into the Bond Fund or otherwise received on account of the Project. There shall also be deposited in the Bond Fund all interest and other income received on investments of Bond Fund and Bond Reserve Fund moneys as provided in Section 701 hereof. The County hereby covenants and agrees that so long as any of the Bonds issued hereunder are outstanding it will deposit, or cause to be deposited, in the Bond Fund, for its account sufficient sums from revenues and receipts derived from the Project (whether or not under and pursuant to the Lease Agreement) promptly to meet and pay the principal of and interest and premium, if any, on the Bonds as the same become due and payable and to this end the County covenants and agrees that, so long as any Bonds issued hereunder are outstanding, it will cause the Project to be continuously and sufficiently leased as a revenue and income producing undertaking, and that, should there be a default under the Lease Agree-

ment with the result that the County's right of possession of certain of the leased premises under the Lease Agreement is returned to the County, the County shall fully cooperate with the Trustee and with the bondholders to the end of fully protecting the rights and security of the bondholders and shall diligently proceed in good faith and use its best efforts to secure another tenant for the premises to the end that at all times sufficient revenues and receipts will be derived from the Project promptly to meet and pay the principal of and interest and premium, if any, on the Bonds as the same become due and payable, as well as covering the cost of maintaining and insuring the Project as more particularly provided in the Lease Agreement. Nothing herein shall be construed as requiring the County to operate the Project or to use any funds or revenues from any source other than funds and revenues derived from the Project.

Section 503. USE OF MONEYS IN THE BOND FUND. Except as provided in Section 306, Section 509 and Section 1008 hereof, moneys in the Bond Fund shall be used solely for the payment of the interest on the Bonds and for the payment or redemption of the Bonds.

Whenever the amount in the Bond Fund from any source whatsoever is sufficient to redeem all of the outstanding Bonds and to pay interest to accrue thereon prior to such redemption, the County covenants and agrees, upon request of the Lessee, to take and cause to be taken the necessary steps to redeem all such Bonds on the next succeeding redemption date for which the

required redemption notice may be given or on such later redemption date as may be specified by the Lessee.

Section 504. CUSTODY OF THE BOND FUND. The Bond Fund shall be in the custody of the Trustee but in the name of the County and the County hereby authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay the Bonds and interest thereon as the same become due and payable and to make said funds so withdrawn available to the Trustee and to the paying agents for the purpose of paying said principal and interest and premium, if any, which authorization and direction the Trustee hereby accepts.

Section 505. USE OF MONEYS IN THE BOND RESERVE FUND. Upon the happening of an event of default in the payment of rent under Section 10.1(a) of the Lease Agreement, the Trustee shall withdraw all amounts in the Bond Reserve Fund and deposit said amounts in the Bond Fund for the payment of maturing interest or principal, as the case may be, for the Bonds. If no event of default under Section 10.1(a) of the Lease Agreement shall have previously occurred, the Trustee shall on \_\_\_\_\_, or on such later date as determined by a supplemental mortgage and indenture of trust, in the event of the issuance of Additional Bonds, withdraw the amount on deposit in the Bond Reserve Fund and deposit such amount in the Bond Fund for the payment of the Bonds maturing on \_\_\_\_\_. The Trustee is specifically authorized to make use of the Bond Reserve Fund in the manner required to effectuate payments pursuant to the Lease Guarantee Insurance.



Section 506. NON-PRESENTMENT OF BONDS, COUPONS OR CLAIMS. In the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, or any coupon shall not be presented for payment at the due date thereof, all liability of the County for the payment of such Bond or coupon or claims, as the case may be, shall forthwith cease and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the holder of such Bond, or the bearer of such coupon or such claimant, as the case may be, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on his part under the Indenture or on, or with respect to, said Bond or coupon or claims. Any moneys deposited with the Trustee not so applied to the payment of bonds and coupons, if any, within five years after the date on which the same shall have become due shall be repaid by the Trustee to the Lessee, and thereafter the Bondholders shall be entitled to look only to the Lessee for payment, and then only to the extent of the amount so repaid, and the Lessee shall not be liable for any interest thereon and shall not be regarded as a trustee of such money; provided, however, that the Trustee, if any coupon bonds not registered as to principal are at the time outstanding, before being required to make any such repayment may, at the expense of the Lessee, give notice by publication as specified in the Indenture.

Section 507. TRUSTEE'S AND PAYING AGENTS' FEES, CHARGES AND EXPENSES. Pursuant to the provisions of Section 1530

5.3(c) of the Lease Agreement the Lessee has agreed to pay to the Trustee, commencing with the Completion Date (as defined in the Lease Agreement) and continuing until 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 provisions of this Indenture: (i) an amount equal to the annual fee of the Trustee for the Ordinary Services of the Trustee rendered and its Ordinary Expenses incurred under this Indenture, (ii) the reasonable fees and charges of the Trustee and the paying agents for acting as paying agents as herein provided, and (iii) the Extraordinary Services and Extraordinary Expenses of the Trustee under this Indenture, as and when the same become due. It is further understood and agreed that the initial or acceptance fees of the Trustee and the fees, charges and expenses of the Trustee referred to in the preceding sentence which become due prior to the time the Lessee begins to pay the same, will be paid to the Trustee from the Construction Fund as and when the same shall become due. The Lessee may, without creating a default hereunder, contest in good faith the necessity for any such Extraordinary Services and Extraordinary Expenses and the reasonableness of any of the fees or charges referred to herein.

Section 508. MONEYS TO BE HELD IN TRUST. All moneys required to be deposited with or paid to the Trustee or any other depositary designated herein for the account of the Bond Fund or the Construction Fund under any provision of this Indenture, or received by the Trustee under Section 508 hereof, shall be held by the Trustee in trust, and except for moneys deposited with or paid to the Trustee for the redemption of

Bonds, notice of the redemption of which has been duly given, shall, while held by the Trustee or any such depository, constitute part of the trust estate and be subject to the lien hereof.

Section 509. INSURANCE AND CONDEMNATION PROCEEDS.

Reference is hereby made to Sections 7.1, 7.2 and 11.2 of the Lease Agreement whereunder it is provided that under certain circumstances the net proceeds of insurance and condemnation awards are to be paid to the Trustee and to be disbursed and paid out as therein provided. The Trustee hereby accepts and agrees to perform the duties and obligations therein specified.

Section 510. REPAYMENT TO THE LESSEE FROM THE

BOND FUND. After payment in full of the Bonds and the fees, charges and expenses of the Trustee and the paying agents and other amounts required to be paid hereunder, and the fees, charges and expenses of the County and any other amounts required to be paid to the County under the Lease Agreement, all amounts remaining in the Bond Fund shall be paid to the Lessee upon the expiration or sooner termination of the term of the Lease Agreement as provided in Section 12.5 of the Lease Agreement.



## ARTICLE VI

## CUSTODY AND APPLICATION OF PROCEEDS OF BONDS

Section 601. DEPOSITS IN THE BOND FUND AND BOND RESERVE FUND. From the proceeds of issuance and sale of the Bonds there shall be deposited in the Bond Fund (a) a sum equal to the accrued interest paid by the purchasers of the Bonds in the manner provided in Section 502 hereof, and into the Bond Reserve Fund a sum equal to \$ .

Section 602. CONSTRUCTION FUND; DISBURSEMENTS. There is hereby created and established with the Trustee a trust fund in the name of the County to be designated "County of Williamsburg Construction Fund--Mistee Lingerie, Inc. Project" (herein referred to as the "Construction Fund"). The balance of the proceeds of the issuance and sale of the Bonds remaining after the deduction provided by Section 601 hereof has been made shall be deposited in the Construction Fund and shall be expended in accordance with the provisions of the Lease Agreement, and particularly Section 4.3 thereof.

The County covenants and agrees to take all necessary and appropriate action promptly in approving and ordering all such disbursements. The Trustee is hereby authorized and directed to issue checks for each disbursement required by the aforesaid provisions of the Lease Agreement.

The Trustee shall keep and maintain adequate records pertaining to the Construction Fund and all disbursements therefrom, and after the Project has been completed and a certificate of payment of all costs filed as provided in Section 604, the Trustee shall file a statement of income and disbursements with respect thereto with the County and with the Lessee.

Section 603. COMPLETION OF THE PROJECT. The Completion of the Project and payment of all costs and expenses incident thereto shall be evidenced by the filing with the Trustee of (i) the certificate of the Project Manager required by the provisions of Section 4.5 of the Lease Agreement and (ii) a certificate signed by such other person as may be designated for such purpose by resolution of the County and by the Lessee by its President or one of its Vice-Presidents, which certificate shall state that all obligations and costs in connection with the Project and payable out of the Construction Fund have been paid and discharged except for amounts retained by the Trustee with the approval of the Lessee and the County for the payment of costs of the Project not then due and payable as provided in the Lease Agreement. As soon as practicable and in any event after sixty days from the date of the certificate referred to in sub-section (ii) of the preceding sentence any balance remaining in the Construction Fund (other than the amounts retained by the Trustee referred to in the preceding sentence) shall without further authorization be deposited in the Bond Fund.

Section 604. SUPPLEMENTAL INDENTURE AFTER COMPLETION.

The County covenants and agrees that it will deliver to the Trustee within 180 days after the completion or reconstruction of any additional Project, other than the Project financed by the Bonds initially issued hereunder, a description of the machinery, equipment and other property, if any, then constituting a part of the Project and not specifically described in the Granting Clauses of this Indenture, as then supplemented. Such description shall be sufficiently detailed so as to enable counsel to render the Opinion of Counsel referred to in subsection 4 of the next succeeding sentence. Within 60 days after delivery to the Trustee of such description the County covenants that it will —

1. Prepare and execute a supplemental indenture containing a description of the machinery, equipment and other property not specifically described in the Granting Clauses of this Indenture, as then supplemented and subjecting such machinery, equipment and other property to this Indenture.

2. Deliver the supplemental mortgage to the Trustee for execution.

3. Deliver the fully executed supplemental indenture to counsel for recording and filing in all places required by the Opinion of Counsel referred to in subsection 4 below.

4. Deliver to the Trustee a written Opinion



of Counsel addressed to the Trustee to the effect that the descriptions of the Mortgaged Property contained in this Indenture, as supplemented, are adequate for all purposes hereof and include descriptions of the entire Project; that this Indenture and all supplemental indentures have been recorded and filed in all places where such recordation or filing is necessary; and that this Indenture, as supplemented, constitutes a legally valid lien on the interest of the County in the Project, subject to rights and interests permitted by this Indenture.

ARTICLE VII  
INVESTMENTS

Section 701. INVESTMENT OF CONSTRUCTION FUND, BOND FUND AND BOND RESERVE FUND MONEYS. Any moneys held in the Construction Fund, the Bond Fund and the Bond Reserve Fund shall, pursuant to written direction of the Lessee, signed by its President or a Vice-President or its Treasurer, be separately invested and reinvested by the Trustee in accordance with the provisions of Section 4.9 of the Lease Agreement. Any such investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund in which such moneys are originally held and the interest accruing to the Bond Fund and or the Construction Fund and any profit realized from such investments shall be credited to such fund, and any loss resulting from such investments shall be charged to such fund. Any profit realized from the investment or deposit of the Bond Reserve Fund shall be paid to the Bond Fund and credited to the next installment of rent payable by the Lessee, provided that the amount remaining in the Bond Reserve Fund shall not be reduced below the amount required by the Lease Guarantee Insurance. The Trustee shall sell and reduce to cash funds a sufficient amount of such investments whenever the cash balance in such fund or account is insufficient for the purposes of such fund or account. Any investment herein authorized is subject to the condition that no major portion of the proceeds derived from the sale of the Bonds shall be used, directly or indirectly, in such manner as to cause any Bond to be an "arbitrage bond" within the meaning of Section 103(d)(2) of the Internal Revenue Code of 1954, as amended.

The Trustee may make any and all investments permitted by the provisions of this Section 701 through its own Bond Department.

## ARTICLE VIII

## POSSESSION, USE AND PARTIAL RELEASE OF MORTGAGED PROPERTY

## Section 801. SUBORDINATION TO RIGHTS OF THE LESSEE.

This Indenture and the rights and privileges hereunder of the Trustee and the holders of the Bonds are specifically made subject and subordinate to the rights and privileges of the Lessee set forth in the Lease Agreement including, particularly, but not by way of limitation, any grant, release, agreement, or other arrangement made pursuant to Sections 8.5 and 8.6 thereof. So long as not otherwise provided in this Indenture the County shall be suffered and permitted to possess, use and enjoy the Mortgaged Property and appurtenances so as to carry out its obligations under the Lease Agreement.

Section 802. RELEASE OF MORTGAGED LAND. Reference is made to the provisions of the Lease Agreement, including without limitation Sections 8.5 and 11.4 thereof, whereby the County and the Lessee have reserved the right to withdraw certain portions of the Leased Land upon compliance with the terms and conditions of the Lease Agreement. The Trustee shall release from this Indenture any such Leased Land upon compliance by the parties with the provisions of the Lease Agreement.

Section 803. RELEASE OF MORTGAGED EQUIPMENT. Reference is made to the provisions of the Lease Agreement, including without limitation Section 6.2 thereof, whereby the Lessee may



withdraw certain items of Leased Equipment upon compliance by the parties with the terms and conditions of the Lease Agreement. The Trustee shall at the request of the County or the Lessee confirm that any such Leased Equipment is no longer subject to this Indenture upon compliance by the parties with the provisions of the Lease Agreement and receipt by the Trustee of a certificate of the President or any Vice-President of the Lessee that such provisions have been complied with.

Section 804. GRANTING OF EASEMENTS. Reference is made to the provisions of the Lease Agreement, including without limitation Section 8.6 thereof, whereby the Lessee may grant easements, enter into certain agreements or other arrangements and take other action upon compliance by the parties with the terms and conditions of the Lease Agreement. The Trustee shall execute or confirm the grants or releases of easements, licenses, rights of way and other rights and privileges permitted by Section 8.6 thereof upon compliance by the parties with the provisions of the Lease Agreement.

## ARTICLE IX

## DISCHARGE OF INDENTURE

Section 901. DISCHARGE OF THE INDENTURE. If, when the Bonds secured hereby shall have become due and payable in accordance with their terms or otherwise as provided in this Indenture or shall have been duly called for redemption or irrevocable instructions to call the Bonds for redemption shall have been given by the County to the Trustee, the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the Bonds and coupons then outstanding shall be paid or sufficient moneys or obligations in which such moneys may be invested shall be held by the Trustee or the paying agents for such purpose, and provision shall also be made for paying all other sums payable hereunder, and if the County shall keep, perform and observe all and singular the covenants and promises in the Bonds and in this Indenture expressed as to be kept, performed and observed by it or on its part, then these presents and the rights hereby granted shall cease, determine and be void, and thereupon the Trustee shall cancel and discharge this Indenture, and execute and deliver to the County and the Lessee such instruments in writing as shall be requisite to cancel the lien hereof, and assign and deliver to the County any property at the time subject to this Indenture which may then be in its possession, except amounts in the Bond Fund required to

2280

1540

be paid to the Lessee under Section 509 hereof and except funds or securities in which such funds are invested held by the Trustee for the payment of interest on and principal of the Bonds.

Bonds and coupons for the payment or redemption of which funds or securities in which such funds are invested shall have been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds) shall be deemed to be paid and no longer outstanding; provided, however, that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or arrangements satisfactory to the Trustee shall have been made for the giving thereof.



## ARTICLE X

## DEFAULT PROVISIONS AND REMEDIES OF TRUSTEES AND BONDHOLDERS

Section 1001. DEFAULTS; EVENTS OF DEFAULT. If any of the following events occur, subject to the provisions of Section 1013 hereof, it is hereby defined as and declared to be and to constitute an "event of default":

(a) Default in the due and punctual payment of any interest on any Bond;

(b) Default in the due and punctual payment of the principal of or redemption premium, if any, on any Bonds, whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon the maturity thereof by declaration;

(c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the County in this Indenture or in the Bonds contained, or default on the part of the Lessee in connection with the matters referred to in Sections 404, 405 and 506 hereof, and the continuance thereof for a period of thirty days after written notice given to the County by the Trustee or to the Trustee and the County by the holders of not less than twenty-five per cent in aggregate principal amount of Bonds then outstanding.

Section 1002. ACCELERATION. Upon the occurrence of

an event of default which is then continuing the Trustee may, and upon the written request of the holders of not less than twenty-five per cent (25%) in aggregate principal amount of Bonds then outstanding shall, by notice in writing delivered to the County and the Lessee, declare the principal of all Bonds then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

Section 1003. SURRENDER OF POSSESSION OF MORTGAGED PROPERTY; RIGHTS AND DUTIES OF TRUSTEE IN POSSESSION. Upon the occurrence of an event of default which is then continuing the County, upon demand of the Trustee, shall forthwith surrender the possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the Mortgaged Property, subject to the Lease Agreement, together with the books, papers and accounts of the County pertaining thereto, and including the rights and the position of the County under the Lease Agreement and to hold, operate and manage the same, and from time to time make all needful repairs and improvements as by the Trustee shall be deemed wise; and the Trustee may lease the Project or any part thereof, in the name and for account of the County and collect, receive and sequester the rents, revenues, issues, earnings, income, products and profits therefrom, and out of the same and any moneys received from any receiver of any part thereof pay,

and/or set up proper reserves for the payment of all proper costs, and expenses of so taking, holding and managing the same, including reasonable compensation to the Trustee, his agents and counsel, and any charges of the Trustee hereunder, and any taxes and assessments and other charges prior to the lien of this Indenture which the Trustee may deem it wise to pay, and all expenses of such repairs and improvements, and apply the remainder of the moneys so received in accordance with the provisions of Section 1008 hereof. Whenever all that is due upon the Bonds shall have been paid and all defaults made good, the Trustee shall surrender possession to the County, its successors or assigns; the same right of entry, however, to exist upon any subsequent event of default.

While in possession of such property the Trustee shall render annually to the County and the Lessee and also to the bondholders, at their addresses set forth in the list required by Section 408 hereof and to the holders of all Bonds then registered at their addresses shown by the registration books, a summarized statement of income and expenditures in connection therewith.

Upon the occurrence of an event of default which is then continuing the lien on the Project created and vested by this Indenture may be foreclosed either by sale at public auction or by proceedings in equity and the Trustee or the holder or holders of any of the Bonds then outstanding, whether or not then in default of payment of principal or interest, may become



the purchaser at any foreclosure sale if the highest bidder.

Section 1004. OTHER REMEDIES. No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the bondholders hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or event of default shall impair any such right or power or shall be construed to be a waiver of any such default or event of default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or event of default hereunder, whether by the Trustee pursuant to the provisions of Section 1012 hereof, or by the bondholders, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereon.

Section 1005. RIGHT OF BONDHOLDERS TO DIRECT PROCEEDINGS. If an event of default shall have occurred and then be continuing, and if requested so to do by the holders of twenty-five per cent in aggregate principal amount of Bonds then outstanding and indemnified as provided in subsection (m) of Section 1101 hereof, the Trustee shall be obliged to exercise such one or more

of the rights and powers conferred by Section 1003 as the Trustee, being advised by counsel, shall deem most expedient in the interests of the bondholders.

Anything in this Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Bonds then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture, and provided further, that the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability.

Section 1006. APPOINTMENT OF RECEIVERS. Upon the occurrence of an event of default which is then continuing, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the bondholders under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Mortgaged Property and of the rents, revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 1007. WAIVER OF APPRAISAL RIGHTS. Upon the occurrence of an event of default which is then continuing, to the extent that such rights may then lawfully be waived, the County shall not set up, claim, or seek to take advantage of any appraisement, valuation, stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement of this Indenture or a foreclosure under this Indenture, but the County hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all rights of appraisement and redemption to which it may be entitled under the laws of the State of South Carolina.

Section 1008. APPLICATION OF MONEYS. All moneys received by the Trustee with respect to the Project pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys so deposited in the Bond Fund and all moneys held or deposited in the Bond Fund during the continuance of an event of default and available for payment of the Bonds under the provisions of Section 503 hereof shall (after payment of the fees and expenses of the Trustee) be applied as follows:

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



moneys shall be applied:

FIRST - To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND - To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal

and interest then due and unpaid upon all of the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be

paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the holder of any unpaid coupon or any Bond until such coupon or such Bond and all unmatured coupons, if any, appertaining to such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all of the Bonds and interest thereon have been paid under the provisions of this Section 1008 and all expenses and charges of the Trustee have been paid, any balance remaining in the Bond Fund shall be paid to the Lessee as provided in Section 509 hereof.

Section 1009. REMEDIES VESTED IN TRUSTEE. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds or coupons may be enforced by the Trustee without the possession of any of the Bonds or coupons or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any holders of the Bonds, and any recovery of judgment shall, subject to the provisions of Section 1008 hereof, be for the equal benefit of the holders of the outstanding Bonds and coupons.



## Section 1010. RIGHTS AND REMEDIES OF BONDHOLDERS.

No holder of any Bond or coupon shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred of which the Trustee has been notified as provided in subsection (h) of Section 1101, or of which by said subsection it is deemed to have notice, nor unless also such default shall have become an event of default and the holders of twenty-five per cent in aggregate principal amount of Bonds then outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in Section 1101 nor unless the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its, his or their own name or names; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more holders of the Bonds or coupons

shall have any right in any manner whatsoever to affect, disturb or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the holders of all Bonds then outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any bondholder to payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the County to pay the principal of and interest and premium, if any, on each of the Bonds issued hereunder to the respective holders thereof at the time, place, from the source and in the manner herein and in said Bonds and the appurtenant coupons expressed.

Section 1011. TERMINATION OF PROCEEDINGS. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the County, the Lessee and the Trustee shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 1012. WAIVERS OF EVENTS OF DEFAULT. The Trustee shall waive any event of default hereunder and its con-

sequences and rescind any declaration of maturity of principal upon the written request of the holders of (1) one-half in aggregate principal amount of all the Bonds then outstanding in respect of which default in the payment of principal and/or interest exists, or (2) one-half in aggregate principal amount of all Bonds then outstanding in the case of any other default; provided, however, that there shall not be waived without the consent of the holders of all the Bonds outstanding (a) any event of default in the payment of the principal of any outstanding Bonds at the date of maturity specified therein or (b) any default in the payment when due of the interest on any such Bonds unless, prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of interest in respect of which such default shall have occurred, or all arrears of payments of principal when due, as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the County, the Trustee and the bondholders shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.



Section 1013. NOTICE OF DEFAULTS; OPPORTUNITY OF LESSEE TO CURE DEFAULTS. Anything herein to the contrary notwithstanding, no default in the case of a default specified in Section 1001(c) on the part of the County or the Lessee shall constitute an event of default until actual notice of such default by registered or certified mail return receipt requested shall be given by the Trustee to the Lessee, and the Lessee shall have had thirty days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within such period; provided, however, if any default specified in Section 1001(c) shall be such that it cannot be corrected within such period, it shall not constitute an event of default if corrective action is instituted by the Lessee within such period and diligently pursued until the default is corrected; and provided further if any default specified in Section 1001(c) should occur by reason of the failure of the Lessee to perform any covenant, condition or agreement on its part contained in the Lease Agreement which failure would not constitute an event of default under Section 10.1 of the Lease Agreement by reason of force majeure as defined therein, then such default shall not constitute an event of default under Section 1001(c) hereof.

With regard to any alleged default concerning which notice is given to the Lessee under the provisions of this Sec-

tion 1013, the County hereby grants the Lessee full authority for account of the County to perform any covenant or obligation the non-performance of which is alleged in said notice to constitute a default, in the name and stead of the County with full power to do any and all things and acts to the same extent that the County does and perform any such things and acts and with power of substitution.

ARTICLE XI  
THE TRUSTEE

Section 1101. ACCEPTANCE OF THE TRUSTS. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(a) The Trustee, prior to the occurrence of an event of default and after the curing of all events of default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an event of default has occurred (which has not been cured) the Trustee shall exercise such of the 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.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to act upon the opinion or advice of its counsel concerning all



matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trust hereof. The Trustee may act upon advice of Counsel and shall not be responsible for any loss or damage resulting from any action or non-action by it taken or omitted to be taken in good faith in reliance upon such advice of Counsel.

(c) The Trustee shall not be responsible for any recital herein or in the Bonds (except in respect to the certificate of the Trustee endorsed on the Bonds), or for the recording or re-recording, filing or re-filing of this Indenture, or for insuring the property herein conveyed or collecting any insurance moneys, or for the validity of the execution by the County of this Indenture or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value or title to the property herein conveyed or otherwise as to the maintenance of the security hereof and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the County or on the part of the Lessee, in connection with the matters referred to in Sections 404, 405 and 506 hereof, except as hereinafter set forth; but the

Trustee may require of the County or the Lessee full information and advice as to the performance of the covenants, conditions and agreements aforesaid as to the condition of the property herein conveyed. The Trustee shall have no obligation to perform any of the duties of the County as lessor under the Lease Agreement; and the Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 701.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Trustee may become the owner of Bonds and coupons secured hereby with the same rights which it would have if not Trustee.

(e) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed on behalf of the County by its Chairman or such other person as may be designated for such purpose by resolution of said County and attested by the County Secretary as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (h) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful default.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the County to cause to be made any of the payments to the Trustee required to be made by Article V hereof unless the Trustee shall be specifically notified in writing of such default by the County or by the holders of at least twenty-five



per cent in aggregate principal amount of Bonds then outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee, must, in order to be effective, be delivered at the principal office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

(i) All moneys received by the Trustee or any paying agent shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Indenture or law. Neither the Trustee nor any paying agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(j) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right, but shall not be required, to inspect any and all of the property herein mortgaged, including all books, papers and records of the County pertaining to the Project and the Bonds, and to take such memoranda from and in regard thereto as may be desired.

(k) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

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(1) Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the County to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(m) Before taking any action under this Section 1101 the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default, by reason of any action so taken.

Section 1102. FEES, CHARGES AND EXPENSES OF TRUSTEE.

The Trustee shall be entitled to payment and/or reimbursement for reasonable fees for its Ordinary Services rendered hereunder and all advances, counsel fees and other Ordinary Expenses reasonably and necessarily made or incurred by the Trustee in connection with such Ordinary Services and, in the event that it should become

necessary that the Trustee perform Extraordinary Services, it shall be entitled to reasonable extra compensation therefor, and to reimbursement for reasonable and necessary Extraordinary Expenses in connection therewith; provided, that if such Extraordinary Services or Extraordinary Expenses are occasioned by the neglect or misconduct of the Trustee, it shall not be entitled to compensation or reimbursement therefor. The Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as paying agent for the Bonds and coupons as hereinabove provided. The Trustee shall have a right of payment prior to payment on account of interest or principal of any Bond, but subject to the provisions of the Lease Agreement, upon the Mortgaged property for the foregoing advances, fees, costs and expenses incurred.

Section 1103. NOTICE TO BONDHOLDERS IF DEFAULT OCCURS. If a default occurs of which the Trustee is by subsection (h) of Section 1101 hereof required to take notice or if notice of default be given as in said subsection (h) provided, then the Trustee shall give written notice thereof by first class mail to the last known owners of all Bonds then outstanding shown by the list of bondholders required by the terms of Section 408 hereof to be kept at the office of the Trustee.

Section 1104. INTERVENTION BY TRUSTEE. In any judicial proceeding to which the County is a party and which in the opinion of the Trustee and its counsel has a substantial



bearing on the interests of owners of the Bonds, the Trustee may intervene on behalf of bondholders and shall do so if requested in writing by the owners of at least twenty-five per cent of the aggregate principal amount of Bonds then outstanding, provided that the Trustee shall first have been offered such reasonable indemnity as it may require against the costs, expenses and liabilities which it may incur in or by reason of such proceeding. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction.

Section 1105. SUCCESSOR TRUSTEE. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor Trustee hereunder and vested with all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 1106. RESIGNATION BY THE TRUSTEE. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving thirty days' written notice to the County

and by first class 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 408 hereof to be kept by the Trustee, and such resignation shall take effect at the end of such thirty days, or upon the earlier appointment of a successor Trustee by the bondholders or by the County. Such notice to the County may be served personally or sent by registered mail.

Section 1107. REMOVAL OF THE TRUSTEE. The Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Trustee and to the County, and signed by the Lessee and the owners of a majority in aggregate principal amount of Bonds then outstanding.

Section 1108. APPOINTMENT OF SUCCESSOR TRUSTEE BY THE BONDHOLDERS; TEMPORARY TRUSTEE. In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of Bonds then outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys in fact, duly authorized which appointment shall have been concurred in by the Lessee which shall not be unreasonably withheld; provided, nevertheless, that in case of such vacancy the County by an instru-

ment executed and signed by its Chairman and attested by the County Secretary under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the bondholders in the manner above provided; and any such temporary Trustee so appointed by the County shall immediately and without further act be superseded by the Trustee so appointed by such bondholders. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank in good standing within or outside the State of South Carolina having a reported capital and surplus of not less than twenty-five million dollars, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Section 1109. CONCERNING ANY SUCCESSOR TRUSTEES.

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the County an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the County execute and deliver an instrument transferring to such successor Trustee all the properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its



successor. Should any instrument in writing from the County be required by any successor Trustee for more fully and certainly vesting in such successor the properties, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the County. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article shall be filed and/or recorded by the successor Trustee in each recording office where the Indenture shall have been filed and/or recorded.

Section 1110. RIGHT OF TRUSTEE TO PAY TAXES AND OTHER CHARGES. In case any tax, assessment or governmental or other charge upon any part of the property herein conveyed is not paid as required herein, including all payments in lieu of taxes the Trustee may pay such tax, assessment or governmental charge, without prejudice, however, to any rights of the Trustee or the bondholders hereunder arising in consequence of such failure; and any amount at any time so paid under this Section, with interest thereon from the date of payment at the rate of six per cent per annum, shall become so much additional indebtedness secured by this Indenture, and the same shall be given a preference in payment over any of the Bonds, and shall be paid out of the proceeds of revenues collected from the property herein conveyed, if not otherwise caused to be paid; but the Trustee shall be

under no obligation to make any such payment unless it shall have been requested to do so by the holders of at least twenty-five per cent of the aggregate principal amount of Bonds then outstanding and shall have been provided with adequate funds for the purpose of such payment.

Section 1111. TRUSTEE PROTECTED IN RELYING UPON RESOLUTIONS, ETC. The resolutions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for the release of property and the withdrawal of cash hereunder.

Section 1112. SUCCESSOR TRUSTEE AS CUSTODIAN OF BOND FUND AND PAYING AGENT. In the event of a change in the office of Trustee the predecessor Trustee which has resigned or been removed shall cease to be custodian of the Bond Fund and paying agent for principal and interest of the Bonds and the successor Trustee shall become such custodian and paying agent.

Section 1113. MORTGAGE ESTATE MAY BE VESTED IN CO-TRUSTEE. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State of South Carolina) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or the Lease Agreement, and in

particular in case of the enforcement of either on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section 1113 are adapted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, title, interest and lien expressed or intended by this Indenture to be exercised by the Trustee with respect thereto shall be exercisable by such separate or co-trustee but only to the extent necessary to enable the co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any deed, conveyance or instrument in writing from the County be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request, be executed,



acknowledged and delivered by the County. In case any separate trustee or co-trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

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ARTICLE XII  
SUPPLEMENTAL INDENTURES

Section 1201. SUPPLEMENTAL INDENTURES NOT REQUIRING CONSENT OF BONDHOLDERS. The County and the Trustee may without the consent of, or notice to, any of the bondholders, enter into an indenture or indentures supplemental to this Indenture as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission in this Indenture;

(b) To grant to or confer upon the Trustee for the benefit of the bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the bondholders or the Trustee or either of them;

(c) To subject to this Indenture additional revenues, properties or collateral; and

(d) To provide for the issuance of additional Bonds in accordance with this Indenture.

The County and the Trustee shall without the consent of, or notice to, any of the bondholders enter into an indenture or indentures supplemental to this Indenture (i) to the extent necessary with respect to the Leased Equipment so as to more precisely identify the same or to substitute or add additional machinery and equipment acquired with the proceeds of the Bonds in accordance

with the provisions of Section 4.1(b) of the Lease Agreement and (ii) with respect to the machinery, equipment and other property as provided in Section 604 hereof or additional real estate which pursuant to the Lease Agreement is to become part of the Leased Land, as defined in the Lease Agreement, so as to subject the same to the lien hereof.

Section 1202. SUPPLEMENTAL INDENTURES REQUIRING CONSENT OF BONDHOLDERS. Exclusive of supplemental indentures covered by Section 1201 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the holders of not less than two-thirds in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the County and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the County for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing in this Section contained shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond issued hereunder, or (b) a reduction in the principal amount of any Bond or the rate of interest thereon, or (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the



aggregate principal amount of the Bonds required for consent to such supplemental indenture.

If at any time the County shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be published as shall be requested by the County and in any event one time in a financial journal published in the City of New York, New York. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal office of the Trustee for inspection by all bondholders. If, within sixty days or such longer period as shall be prescribed by the County following the final publication of such notice, the holders of not less than two-thirds in aggregate principal amount of the Bonds outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the County from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be

modified and amended in accordance therewith.

If, because of the temporary or permanent suspension of the publication or general circulation of any financial journal or newspaper or for any other reason, it is impossible or impractical to publish such notice of the proposed execution of such supplemental indenture 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 1203. LESSEE'S CONSENT. Anything herein to the contrary notwithstanding, a supplemental indenture under this Article XII shall not become effective unless and until the Lessee shall have consented to the execution and delivery of such supplemental indenture.

## ARTICLE XIII

## AMENDMENT OF LEASE AGREEMENT

## Section 1301. AMENDMENTS, ETC., TO LEASE AGREEMENT

NOT REQUIRING CONSENT OF BONDHOLDERS. The County and the Trustee shall without the consent of or notice to the bondholders consent to any amendment, change or modification of the Lease Agreement as may be required (i) by the provisions of the Lease Agreement and this Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission, (iii) in connection with the Leased Equipment described in Exhibit B hereto so as to more precisely identify the same or substitute or add additional machinery and equipment acquired with the proceeds of the Bonds in accordance with the provisions of Section 4.1(b) of the Lease Agreement, (iv) in connection with additional real estate which pursuant to the Lease Agreement is to become part of the Leased Land, or (v) 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.

## Section 1302. AMENDMENTS, ETC., TO LEASE AGREEMENT

REQUIRING CONSENT OF BONDHOLDERS. Except for amendments, changes or modifications as provided in Section 1301 hereof, neither the County nor the Trustee shall consent to any amendment, change or modification of the Lease Agreement without publication of notice and the written approval or consent of the holders of not less than

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two-thirds in aggregate principal amount of the Bonds at the time outstanding given and procured as in Section 1202 provided. If at any time the County and the Lessee shall request the consent of the Trustee to any such proposed amendment, change or modification of the Lease Agreement, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be published in the same manner as provided by Section 1202 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Trustee for inspection by all bondholders.

ARTICLE XIV  
MISCELLANEOUS

Section 1401. CONSENTS, ETC., OF BONDHOLDERS. Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such bondholders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution.

(b) The fact of the holding by any person of Bonds and/or coupons transferable by delivery and the amounts and numbers of such Bonds, and the date of the holding of same, may be proved by a certificate executed by any trust

company, bank or banker, wherever situated, stating that at the date thereof the party named therein did exhibit to an officer of such trust company or bank or to such banker, as the property of such party, the Bonds and/or coupons therein mentioned if such certificate shall be deemed by the Trustee to be satisfactory. The Trustee may, in its discretion, require evidence that such Bonds have been deposited with a bank, banker or trust company, before taking any action based on such ownership. In lieu of the foregoing the Trustee may accept other proofs of the foregoing as it shall deem appropriate. The fact of ownership by any person of Bonds registered as to principal (except to bearer) shall be proved by the registration books maintained by the Bond Registrar.

For all purposes of this Indenture and of the proceedings for the enforcement hereof, such person shall be deemed to continue to be the holder of such Bond until the Trustee shall have received notice in writing to the contrary.

Section 1402. LIMITATION OF RIGHTS. With the exception of rights herein expressly conferred on the Lessee, the Guarantor and others, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give any person or company other than the parties hereto, and the holders of the Bonds and coupons, any right, remedy or claim under or in respect to this Indenture or any covenants,

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conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the holders of the Bonds and coupons as herein provided.

Section 1403. SEVERABILITY. If any provision of this Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or Sections in this Indenture contained, shall not affect the remaining portions of this Indenture, or any part thereof.

Section 1404. NOTICES. It shall be sufficient service of any notice, request, complaint, demand or other paper on the County if the same shall be duly mailed to the County by registered or certified mail addressed to the attention of the

, South Carolina, or to such address as the County may

from time to time file with the Trustee and the Lessee. It shall be sufficient service of any notice or any other paper on the Trustee if the same shall be duly mailed to it by registered or certified mail to the attention of its

It shall be sufficient service of any notice or other paper on the Lessee or Guarantor if the same shall be duly mailed to it by registered or certified mail return receipt requested and addressed to it at

, or to such other address as the Lessee or Guarantor may from time to time file with the County and the Trustee.

Section 1405. TRUSTEE AS PAYING AGENT AND REGISTRAR.

The trustee is hereby designated and agrees to act as paying agent and Bond Registrar for and in respect of the Bonds.

Section 1406. PAYMENTS DUE ON SUNDAYS AND HOLIDAYS.

In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be a Sunday or a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal (and premium, if any) need not be made on such date in such County but may be made on the next succeeding business day not a Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 1407. CREMATION. Whenever in this Indenture permission is made for the cancellation by the Trustee and the delivery to the County of any Bond or any coupons, the Trustee may, upon the request of the County, in lieu of such cancellation and delivery, cremate such cancelled Bonds and coupons and deliver a certificate of such cremation to the County. The Secretary of the County is authorized to accept the certificate of cremation by the Trustee as evidence of partial satisfaction of this Indenture and upon receipt thereof shall note in the margin of the record of inscription of this Indenture the fact of such partial satisfaction.

Section 1408. COUNTERPARTS. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 1409. NO PECUNIARY LIABILITY ON COUNTY. No provision, covenant or agreement contained in this Indenture or in the Bonds or interest coupons, or any obligations herein or therein imposed upon the County or the breach thereof, shall constitute or give rise to or impose upon the County a pecuniary liability or a charge upon its general credit or taxing powers. In making the agreements, provisions and covenants set forth in this Indenture, the County has not obligated itself except with respect to the Project and the application of the revenues, income and all other property therefrom, as hereinabove provided.



IN WITNESS WHEREOF, the County of Williamsburg in the State of South Carolina has caused these presents to be signed in its name and behalf by the Chairman of its County Commission, and its corporate seal to be hereunto affixed and attested by the Secretary of its County Commission, thereunto duly authorized, and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and behalf by one of its duly authorized Vice Presidents, and its official seal to be hereunto affixed and attested by one of its duly authorized Trust Officers, all as of the 1st day of October, 1973.

COUNTY OF WILLIAMSBURG, SOUTH CAROLINA

(SEAL)

Attest:

By

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Secretary

, Trustee

(SEAL)

Attest:

By

\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Trust Officer

STATE OF SOUTH CAROLINA )  
COUNTY OF WILLIAMSBURG )

On this                day of                , A.D., 19     , before  
me, a Notary Public, in and for said County, personally appeared  
                                , to me personally known, who being by me  
duly sworn, did say that he is the Chairman of the County Commis-  
sion of the County of Williamsburg, that the seal affixed to  
said Mortgage and Indenture of Trust is the seal of said County,  
and that said Mortgage and Indenture of Trust was signed and  
sealed on behalf of said County by authority of its Resolution  
duly adopted on                and the said Chairman acknowledged  
the execution of said Mortgage and Indenture of Trust to be the  
voluntary act and deed of said County by it voluntarily executed.

IN WITNESS WHEREOF, I have hereunto set my hand and  
official seal this      day of                      , 19    .

Notary Public

My commission expires \_\_\_\_\_

STATE OF                    )  
                              : ss.:  
COUNTY OF                 )

On this            day of                    , A.D., 19   , before  
me, a Notary Public, in and for said County, personally appeared  
                              , to me personally known, who being by me  
duly sworn, did say that he is a Vice President of

                              and that the seal affixed to said  
Mortgage and Indenture of Trust is the seal of said Bank, and  
that said Mortgage and Indenture of Trust was signed and sealed  
on behalf of said Bank by authority of its Board of Directors,  
and the said Vice President acknowledged the execution of said  
Mortgage and Indenture of Trust to be the voluntary act and deed  
of said Bank by it voluntarily executed.

IN WITNESS WHEREOF, I have hereunto set my hand and  
official seal this            day of                    , 19   .

\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_

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GUARANTY AGREEMENT

between

UNIVERSAL CONTAINER CORPORATION

and

as Trustee

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Dated as of October 1, 1973

THIS GUARANTY AGREEMENT made and entered into as of October 1, 1973 (the "Guaranty"), by and between Universal Container Corporation, a corporation duly organized and existing under the laws of the State of Kentucky ("Guarantor"), and \_\_\_\_\_, a bank organized and existing under the laws of the \_\_\_\_\_ ("Trustee") together with any successor trustee, at the time serving as such under the Mortgage and Indenture of Trust dated as of the date hereof, by and between the County of Williamsburg (the "County") and the Trustee (the "Mortgage");

WITNESSETH:

WHEREAS, the County of Williamsburg, a body corporate and politic, organized and existing under the laws of the State of South Carolina, intends to issue its First Mortgage Industrial Revenue Bonds Series A (Mistee Lingerie, Inc. Project), in the aggregate principal amount of \$600,000, and may issue Additional Bonds, as defined in and provided for in the Mortgage (said Series A Bonds and Additional Bonds collectively hereinafter referred to as the "Bonds"); and

WHEREAS, the Bonds are to be issued under and pursuant to the Mortgage; and

WHEREAS, the proceeds derived from the issuance of the Bonds are to be applied to the acquisition of industrial facilities consisting of certain real estate, buildings and items of machinery,

equipment and other facilities (the "Project") pursuant to a Lease Agreement of even date herewith by and between the County and Mistee Lingerie, Inc., a wholly owned subsidiary of the Guarantor (the "Lessee") leasing the Project to the Lessee for the benefit of the Lessee; and

WHEREAS, Guarantor is desirous that County issue the Bonds and apply the proceeds as aforesaid and is willing to enter into this Guaranty in order to enhance the marketability of the Bonds and thereby achieve cost and other savings to itself and as an inducement to the purchase of the Bonds by all who shall at any time become holders of the Bonds;

NOW, THEREFORE, in consideration of the premises and in order to enhance the marketability of the Bonds and thereby achieve cost and other savings to the Guarantor and as an inducement to the purchase of the Bonds by all who shall at any time become holders of the Bonds, the Guarantor does hereby, subject to the terms hereof, covenant and agree with the Trustee as follows:



## ARTICLE I

## REPRESENTATIONS AND WARRANTIES OF THE GUARANTOR

Section 1.1. The Guarantor does hereby represent and warrant that it is a corporation duly incorporated and in good standing in the State of Kentucky, is not in violation of any provision of its certificate of incorporation, its by-laws or the laws of the State of Kentucky, has power to enter into this Guaranty, has duly authorized the execution and delivery of this Guaranty by proper corporate action and neither this Guaranty nor the agreements herein contained contravene or constitute a default under any agreement, instrument or indenture or any provision of its certificate of incorporation or any other requirement of law.

ARTICLE II  
COVENANT AND AGREEMENTS

Section 2.1. Guarantor hereby unconditionally guarantees to the Trustee for the benefit of the holders from time to time of the Bonds and of the interest coupons appertaining thereto (a) the full and prompt payment of the principal of and premium, if any, on any Bond when and as the same shall become due, whether at the stated maturity thereof, by acceleration, call for redemption or otherwise, and (b) the full and prompt payment of any interest on any Bond when and as the same shall become due. All payments by Guarantor shall be paid in lawful money of the United States of America. Each and every default in payment of the principal of, premium, if any, or interest on any Bond shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises.

Section 2.2. The obligations of the Guarantor under this Guaranty shall be absolute and unconditional and shall remain in full force and effect until the entire principal of, premium, if any, and interest on the Bonds shall have been paid or provided for, and such payment shall not be affected, modified or impaired upon the happening from time to time of any event, including without limitation any of the following, whether or not with notice to, or the consent of, Guarantor:

(a) the compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the County under the Mortgage or the Lease;

(b) the failure to give notice to the Guarantor of the occurrence of an event of default under the terms and provisions of this Guaranty or the Mortgage or the Lease;

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

(d) the waiver of the payment, performance or observance by the County or the Guarantor of any of the obligations, covenants or agreements of either of them contained in the Mortgage, the Lease or this Guaranty;

(e) the extension of the time for payment of any principal of, premium, if any, or interest on any Bond or under this Guaranty or of the time for performance of any other obligations, covenants or agreements under or arising out of the Mortgage, the Lease or this Guaranty or the extension or the renewal of any thereof;

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

(g) the taking or the omission of any of the actions referred to in the Mortgage or the Lease and any actions



under this Guaranty;

(h) any failure, omission, delay or lack on the part of the County or the Trustee to enforce, assert or exercise any right, power or remedy conferred on the County or Trustee in this Guaranty or the Mortgage or the Lease, or any other act or acts on the part of the County, Trustee or any holders from time to time to the Bonds or of the interest coupons appertaining thereto;

(i) 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 with creditors or readjustment of, or other similar proceedings affecting the Guarantor or the County or any of the assets of either of them, or any allegation or contest of the validity of this Guaranty or the Lease in any such proceeding;


(j) the release or discharge of the Guarantor from the performance or observance of any obligation, covenant or agreement contained in the Lease by operation of law;

(k) to the extent permitted by law, the release or discharge of the Guarantor from the performance or observance of any obligation, covenant or agreement contained in this Guaranty by operation of law; or

(1) the default or failure of the Guarantor fully to perform any of its obligations set forth in this Guaranty or in the Lease.

Section 2.3. No set-off, counterclaim, reduction, or diminution of any obligation, or any defense of any kind or nature which the Guarantor has or may have against the County or the Trustee shall be available hereunder to the Guarantor against the Trustee.

Section 2.4. In the event of a default in the payment of principal of or premium, if any, on any Bond when and as the same shall become due, whether at the stated maturity thereof, by acceleration, call for redemption or otherwise, or in the event of a default in the payment of any interest on any Bond when as the same shall become due, the Trustee may, and if requested so to do by the holders of 25% in aggregate principal amount of the Bonds then outstanding, and upon indemnification as hereinafter provided, shall be obligated to proceed hereunder and the Trustee, in its sole discretion, shall have the right to proceed first directly against the Guarantor under this Guaranty without proceeding against or exhausting any other remedies which it may have and without resorting to any other security held by the County or the Trustee.

Before taking any action hereunder, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses and to protect against all 

liability, except liability which is adjudicated to have resulted from its negligence or willful default by reason of any action so taken.

Section 2.5. The Guarantor hereby expressly waives notice from the Trustee or the holders from time to time of any of the Bonds or of the interest coupons appertaining thereto of their acceptance and reliance on this Guaranty. The Guarantor agrees to pay all costs, expenses and fees, including all reasonable attorneys' fees, which may be incurred by Trustee in enforcing or attempting to enforce this Guaranty following any default on the part of the Guarantor hereunder, whether the same shall be enforced by suit or otherwise.

Section 2.6. The Guarantor agrees that it will maintain its corporate existence, will not dispose of all or substantially all of its assets except to another corporation incorporated and existing under the laws of one of the States of the United States of America, and will not consolidate with or merge into another corporation unless such corporation is incorporated and existing under the laws of one of the States of the United States of America, and unless, in any such case, (a) the corporation surviving such merger (if other than the Guarantor), or resulting from such consolidation, or to which all or substantially all of the assets of the Guarantor are transferred, (i) shall expressly assume in writing all of the obligations of the Guarantor contained in this Guaranty Agreement, and (ii) shall have a net



worth immediately after such merger, consolidation or transfer at least equal to that of the Guarantor immediately prior to such merger, consolidation or transfer.

Section 2.7. This Guaranty is entered into by the Guarantor with the Trustee for the benefit of the holders from time to time of the Bonds and of the interest coupons appertaining thereto all of whom shall be entitled to enforce performance and observance of this Guaranty to the same extent provided for the enforcement of remedies under the Mortgage.

## ARTICLE III

## NOTICE AND SERVICE OF PROCESS, PLEADINGS AND OTHER PAPERS

Section 3.1. The Guarantor covenants that it will be subject to service of process in the State of South Carolina so long as any of the Bonds are outstanding.

ARTICLE IV  
MISCELLANEOUS

Section 4.1. The obligations of the Guarantor hereunder shall arise absolutely and unconditionally when the Bonds shall have been issued, sold and delivered by the County.

Section 4.2. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved to it in this Guaranty, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. In the event any provision contained in this Guaranty should be breached by the Guarantor and thereafter duly waived by the Trustee such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver, amendment, release or modification of this Guaranty shall be established by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by the Trustee.

Section 4.3. This Guaranty constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the



subject matter hereof and may be executed simultaneously in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

Section 4.4. The invalidity or unenforceability of any one or more phrases, sentences, clauses or Sections in this Guaranty shall not affect the validity or enforceability of the remaining portions of this Guaranty, or any part thereof.

IN WITNESS WHEREOF, the Guarantor and the Trustee have caused this Guaranty to be executed in their name and behalf and their corporate seals to be affixed hereto and attested by their duly authorized officers as of the date first above written.

UNIVERSAL CONTAINER CORPORATION

(CORPORATE SEAL)

Attest:

By \_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

(CORPORATE SEAL)

Attest:

By \_\_\_\_\_

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF WILLIAMSBURG )

RESOLUTION

WHEREAS on November 21, 1972, Mr. Merritt Morris of Hemingway, South Carolina and Mr. Wesley M. Pitts of the South Carolina State Development Board entered into negotiations with Boris Pressma of Mistee Lingerie Company-A Division of Universal Container Corporation and as an inducement to having the above company locate in Hemingway, South Carolina, assured Mr. Pressma that the company could use the bond issue in South Carolina in financing for location in Hemingway, South Carolina and

WHEREAS in acting on this inducement the Company did locate in Hemingway, South Carolina, with the anticipation of using the bond issue as provided under the South Carolina law, now

BE IT RESOLVED by the County Commissioners of Williamsburg County that Merritt Morris of Hemingway, South Carolina and Wesley M. Pitts of the South Carolina State Development Board did have the authority on behalf of Williamsburg County on November 21, 1972, to negotiate with Mistee Lingerie Company-A Division of Universal Container Corporation as part of the inducement for said company locating in Hemingway, South Carolina, offer to the company the bond issue as part of their financing to locate in Hemingway, South Carolina.

WITNESS our Hands and Seals this 3rd day of May, 1973.

IN THE PRESENCE OF:

Elizabeth L. Derrick  
James High M. McCutchen

W. P. Wheeler  
T. R. Grier  
Roosevelt Miller  
John A. Mixon

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF WILLIAMSBURG )

Personally appeared before me Elizabeth L. Derrick who, being duly sworn, states that she saw the within named W. P. Wheeler, John A. Mixon, T. R. Grier, Roosevelt Miller and ~~Noise Wilson~~ sign, seal and as their act and deed deliver the within Resolution and that she with James High McCutchen witnessed the due execution thereof.

SWORN to before me this  
3rd day of May, 1973.

Elizabeth L. Derrick

Dwight M. Manning  
My Commission Expires May 2, 1979

1597

Kingstree, South Carolina

November 20, 1973

The Board of County Commissioners of Williamsburg County South Carolina, convened in general session at the regular meeting place of the County Board in the County Courthouse in the City of Kingstree, South Carolina, at 10:00 A.M. on November 20, 1973, with the following present:

James Hugh McCutchen  
T. R. Grier  
Roosevelt Miller  
John A. Mixon  
Moise Wilson

There was also present Elizabeth L. Derrick, Clerk of the County Board.

After the meeting had been duly called to order by the Chairman and the roll called with the above result, the Chairman announced that one of the purposes of the meeting was to consider the adoption of a resolution making application to the State Budget and Control Board of South Carolina of the issuance by Williamsburg County of its First Mortgage Industrial Revenue Bonds, Series 1973-A (Mistee Lingerie, Inc. - Lessee) in the aggregate principal amount of \$600,000.

Thereupon, the following resolution was introduced in written form by Mr. Grier , was read in full, and after due discussion, pursuant to motion made by Mr. Mixon and seconded by Mr. Miller , was adopted by the following vote:

AYE: 5

NAY: 0



The resolution was thereupon signed by the Chairman of the County Board in evidence of his approval, was attested by the Clerk and was declared to be effective. The resolution is as follows:

A RESOLUTION making application to the State Budget and Control Board of South Carolina for the approval by the Board of the issuance by Williamsburg County, South Carolina, of its First Mortgage Industrial Revenue Bonds, Series 1973-A (Mistee Lingerie, Inc. - Lessee) in the aggregate principal amount of \$600,000 pursuant to the provision of Act No. 103 of the Acts of the General Assembly of the State of South Carolina for 1967, as amended (Chapter 8, Title 14, Code of Laws of South Carolina, 1962).

WHEREAS, Williamsburg County, South Carolina (the "County") acting by and through its Board of County Commissioners is authorized and empowered under and pursuant to the provisions of Act No. 103 of the General Assembly for 1967, as amended, (Chapter 8, Title 14, Code of Laws of South Carolina, 1962) (hereinafter referred to as the "Act") to acquire and lease properties through which the industrial development of the State of South Carolina will be promoted and trade developed by inducing manufacturing enterprises to locate in and remain in the State of South Carolina will be promoted and trade developed by inducing manufacturing enterprises to locate in and remain in the State of South Carolina and thus utilize and employ the manpower, agricultural products and natural resources of the State; and

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

WHEREAS, on November 21, 1972, the County and Mistee Lingerie, Inc., a Pennsylvania Corporation, entered into an

Inducement Resolution (the "Inducement Resolution") pursuant to which Mistee Lingerie, Inc. agreed to acquire certain existing manufacturing and production facilities to be used in the manufacturing and processing of wearing apparel, (hereinafter referred to as the "Project"), in Williamsburg County, South Carolina, in reliance upon the agreement of the County to pay the cost incurred by Mistee Lingerie, Inc. in acquiring the Project through the issuance by the County of revenue bonds under and pursuant to the provisions and requirements of the Act and subject to the approval of the State Budget and Control Board of South Carolina; and

WHEREAS, in order to implement the public purposes enumerated in the Act and in furtherance thereof to comply with the undertakings of the County pursuant to the Inducement Resolution, the County proposes to issue \$600,000 aggregate principal amount First Mortgage Industrial Revenue Bonds, Series 1973-A (Mistee Lingerie, Inc. - Lessee) (the "Series 1973-A Bonds") under and pursuant to the Act to finance the costs incurred and to be incurred by Mistee Lingerie, Inc. in acquiring the Project and to lease the Project to Mistee Lingerie, Inc. under and pursuant to the terms of a lease to be entered into between the County and Mistee Lingerie, Inc.; and

WHEREAS, it is now deemed advisable by this County Board to file with the State Budget and Control Board of South Carolina, in compliance with Section 14 of the Act, the Petition of the County requesting approval of the proposed financing by the State Budget and Control Board;

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Williamsburg County, South Carolina, as follows:

Section 1. That it is hereby found, determined and declared by this County Board, as follows:

(a) That the Project will constitute a "project" as said term is referred to and defined in Section 2(3) of the Act, and that the issuance of the Series 1973-A Bonds in the aggregate principal amount of \$600,000 to finance the Project will subserve the purposes and in all respects conform to the provisions and requirements of the Act.

(b) That neither the Project, the Series 1973-A Bonds proposed to be issued by the County to finance the Project nor any documents or agreements entered into by the County in connection therewith will constitute or give rise to any credit or taxing power.

(c) That the issuance of the Series 1973-A Bonds by the County in the aggregate principal amount of \$600,000 will be required to finance the cost of the Project.

(d) That the amount necessary in each year to pay the principal of and interest on the Series 1973-A Bonds proposed to be issued by the County is as follows:

<u>Year</u>	<u>Principal Maturity or Sinking Fund Call</u>	<u>Coupon</u>	<u>Interest Requirement</u>	<u>Total Annual Lease-Rental</u>
1974	\$15,000	6 1/45	\$39,262.50	\$54,262.50
1975	15,000	6 1/4	38,325.00	53,325.00
1976	15,000	6 1/4	37,387.50	52,387.50
1977	20,000	6 3/8	36,450.00	56,450.00
1978	20,000	6 3/8	35,175.00	55,175.00
1979	20,000	6 3/8	33,900.00	53,900.00
1980	25,000	6.40	32,625.00	57,625.00
1981	25,000	6.40	31,025.00	56,025.00
1982	25,000	6.40	29,425.00	54,425.00
1983	25,000	6 5/8	27,825.00	52,825.00
1984	30,000		26,168.75	56,168.75
1985	30,000		24,181.25	54,181.25
1986	35,000		22,193.75	57,193.75
1987	35,000		19,875.00	54,875.00
1988	35,000		17,556.25	52,556.26
1989	40,000		15,237.50	55,237.50
1990	40,000		12,587.50	52,587.50
1991	45,000		9,937.50	54,937.50
1992	50,000		6,956.25	56,956.25
1993	55,000		3,643.75	58,643.75
Total	\$600,000		\$499,737.50	\$1,099,737.50

(e) It is deemed advisable to establish a reserve fund in an amount equal to three months' interest on the bonds in



connection with the retirement of the proposed bonds and the maintenance of the Project payable from the proceeds of the bonds; and

(f) That the Project will be leased by the County to Mistee Lingerie, Inc. upon terms which will require Mistee Lingerie, Inc. at its own expense, to maintain the Project in good repair and to carry all proper insurance with respect thereto, and will require Mistee Lingerie, Inc. to make the payments in lieu of taxes referred to in Section 6 of the Act.

(g) The Project will consist of land, buildings, machinery and equipment constituting a plant for the manufacture and processing of wearing apparel.

(h) A reasonable estimate of the cost of the Project including necessary expenses incident thereto is \$600,000.

(i) It is anticipated that the Project will provide permanent employment for approximately 200 persons from the County and areas adjacent thereto with a resulting alleviation of unemployment, and increase in payrolls and other public benefits incident to the conducting of industrial operations.

Section 2. That there be and there is hereby authorized and directed the submission on behalf of Williamsburg County, of a Petition by this County Board requesting the approval of the proposed financing by the State Budget and Control Board of South Carolina pursuant to the provisions of Section 14 of the Act, said Petition, which constitutes and is hereby made a part of this authorizing resolution, to be in substantially the form attached hereto as Exhibit A.

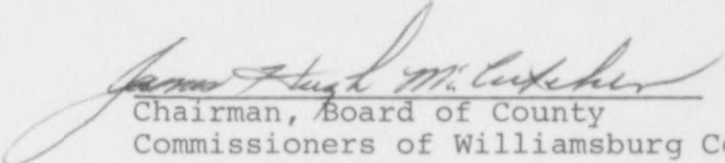
Section 3. That the Chairman of the Board of County Commissioners of Williamsburg County be and is hereby authorized and directed to execute said Petition in the name and on behalf of Williamsburg County; and that the Clerk be and is hereby authorized and directed to affix the seal of Williamsburg County to said Petition and to attest the same and thereafter to submit an executed copy of said Petition, together with a properly certified

1602

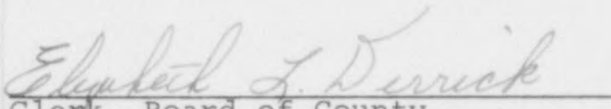
copy of this resolution, to the State Budget and Control Board,  
in Columbia, South Carolina.

Section 4. That all orders and resolutions and  
parts thereof in conflict herewith are to the extent of such  
conflict hereby repealed, and this resolution shall take effect  
and be in full force from and after its passage and approval.

Passed and approved November 20, 1973.

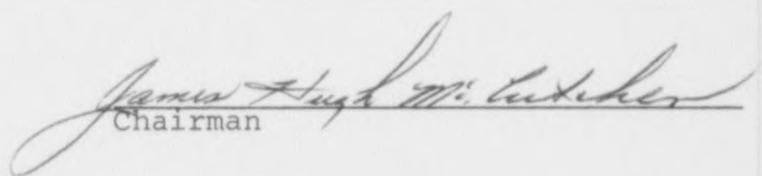
  
Chairman, Board of County  
Commissioners of Williamsburg County

ATTEST:

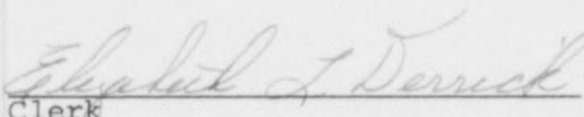
  
Clerk, Board of County  
Commissioners of Williamsburg County

(Other business not pertinent to the above appears  
in the minutes of the meeting.)

Pursuant to motion duly made and carried, the meeting  
was adjourned.

  
Chairman

ATTEST:

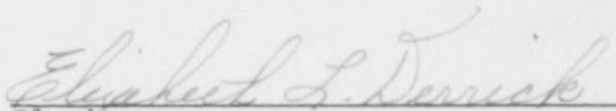
  
Clerk

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF WILLIAMSBURG )

I, Elizabeth L. Derrick, do hereby certify that I am the duly qualified Clerk of the Board of County Commissioners of Williamsburg County, South Carolina.

I further certify that the above and foregoing constitutes a true and correct copy of excerpts from the minutes of a special meeting of the Board of County Commissioners of Williamsburg County held on November 20, 1973, and of a resolution, together with Exhibit A attached thereto, adopted at said meeting, as said minutes, resolution and exhibit are officially of record in my possession.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature and impressed hereon the official seal of the Board of County Commissioners of Williamsburg County this 20<sup>th</sup> day of November, 1973.

  
Clerk

(AFFIX)  
(SEAL )  
(HERE )



E N D

1605

