

AGENDA MATERIALS
AND SUPPORTING DOCUMENTS
FOR THE MEETING OF
JANUARY 29, 1969

3.00 Wed 1-29-69

Ad Mtg

Guoife

All Present

AGENDA

MEETING OF BUDGET AND CONTROL BOARD

3:00 P. M., WEDNESDAY, JANUARY 29

CONFERENCE ROOM, GOVERNOR'S OFFICE

- o -

1. MENTAL HEALTH COMMISSION

Dr. Hall's office has given us the attached map indicating the particular area of the property proposed to be annexed to the City of Columbia. You will note that this is a part of the main tract on which the old State Hospital unite of the Mental Health Commission is located here in Columbia and borders on the City Limit boundry.

The City of Columbia has requested that this area be included within the City Limits. The Mental Health Commission has concurred in the request.

2. DEPARTMENT OF EDUCATION

The department has requested the Board's approval of the issuance of \$675,000.00 of Rental Textbook Notes to finance the purchase of textbooks for the rental system this year. This request is in accord with standard procedure and authorization by law.

Of this proposed issue, \$375,000.00 will mature in one year and the remaining \$300,000.00 in two years.

3. AGRICULTURE DEPARTMENT

Commissioner Harrelson is requesting the Board to approve a transfer of \$30,000.00 from the appropriation for "Promotion and Expansion of Agricultural Products" to cover mailing costs of the Market Bulletin for the remainder of this fiscal year.

Mr. Harrelson recently appeared before the Ways and Means Committee advising them that the Bulletin has been reclassified for postal purposes and that whereas mailing costs have heretofore averaged about \$750.00 per month the new rate will be approximately \$7,000.00. The new classification is effective immediately.

- 2 -

Conditional - *PCS*

4. STATE COLLEGE

Attached is a copy of a letter from Mr. James Rogers, Chairman of the Board of Trustees of State College, asking the Board's approval to expend \$48,000.00 of their current operating funds for the purchase of property adjoining the present campus of the College.

5. CIVIL CONTINGENT FUND

The following requests for allocations from the Civil Contingent Fund have been received:

1. Development Board - A request for \$7,077.00 to match Federal Funds in the operation of the Appalachian Program. *- to Govt + PCS*

✓ 2. Public Service Commission - A request for \$4,000.00 to employ an additional Court Reporter for the remainder of this fiscal year.

3. Attorneys' Fees - Statements from Messrs. Heyward Belser and E. P. Riley, Attorneys in the Capital Improvement Bond case, have been received and approved for payment by the Attorney General as follows:

Over

Belser	-	\$ 5,973.82
Riley	-	5,083.88

In both instances the base fee is \$5,000.00 with expenses added.

It is understood that a further statement will be received from Sinkler, Gibbs and Simons.

6. HIGHER EDUCATION COMMISSION *Over*

The Commission has requested the Board to approve a 3% increase in the salaries of Dr. Marshall Brown (now \$15,100.00) and his secretary (\$3,193.00), effective July 1, 1968.

✓ 7. INDUSTRIAL REVENUE BONDS

The Board has been requested to approve petitions for the issuance of Industrial Revenue Bonds, as follows:

1. Dillon County - On September 13, 1968 the Board approved the issuance of \$1,000,000.00 of Dillon County Industrial Revenue Bonds for the Duplan Corporation, a textile firm.

It is now proposed that the issue be increased to \$4,000,000.00 so as to include the financing of machinery and equipment as well as building construction.

2. Florence County - On November 19, 1968 the Board approved the issuance of \$1,600,000.00 of Florence County Industrial Revenue Bonds for the LA-Z-BOY Chair Company. It is now proposed that this issue be reduced to \$1,300,000.00 so as to eliminate certain items that might adversely affect the tax exempt status of these bonds.

3. Bamberg County - The petition proposes the issuance of \$500,000.00 of Bamberg County Industrial Revenue Bonds to finance construction of facilities for Rockland-Bamberg Industries, Inc., a textile finishing plant.

Each of the above bond issues has been handled by Sinkler, Gibbs and Simons.

✓ 8. BOND ANTICIPATION NOTE

Mr. Patterson will present a resolution providing for the issuance of a \$5,000,000.00 Bond Anticipation Note to finance projects for which Capital Improvement Bonds were authorized in the 1968 Act establishing procedure for the issuance of these bonds.

3:00
1-29-69
9m ofc

SOUTH CAROLINA STATE BUDGET & CONTROL BOARD

AGENDA

I. Purchase of Vehicle

It is recommended that the Division of General Services be authorized to purchase a vehicle from the Insurance Sinking Fund for use of one of the field agents. The vehicle will be transferred to the motor pool to provide for recovery of depreciation and operating expenses.

II. Cape Romain

The Wildlife Resources Department, Game Division, requests custody of naturally formed islands in the Cape Romain area and spoil islands in the Charleston Harbor as fishing and camping areas for the general public. It is recommended that the Wildlife Resources Department be asked to coordinate their requests with Parks, Recreation and Tourism and resubmit a mutually agreeable plan for use of these islands.

III. Cape Romain

The State recently reacquired from the Federal Government 213.88 acres in the Cape Romain area of Charleston County. The Wildlife Commission has requested assignment of this property for use as a wildlife refuge. It is recommended that the Board make this assignment for the purpose requested.

IV. Disposition of Records

The following agencies have requested authorization to destroy records as indicated below. These requests have been reviewed by the agency, the Records Center and the Archives Department. It is recommended that authorization be granted.

Department of Education	144 Cubic Feet
Department of Corrections	48.5 " "
Employment Security Comm.	146 " "

V. Clemson Sewage Treatment Plant

Interim Action

It is recommended that the following actions be approved:

Extension of Notes -

- ✓ A. Columbia Hospital has requested a 90 day extension on their note due December 22, 1968 in the amount of \$ 152,000.
- ✓ B. Jasper County has requested extension of 60 days on their \$ 27,500 note due December 20, 1968.

Leases-

- ✓ A. The Department of Public Welfare has leased 1,982 square feet of storage space at the rate of \$.76 per square foot.
- ✓ B. The Highway Department and the Division of General Services have leased a 300 space parking lot on Park Street between Pendleton and College. This space is provided to relieve congestion resulting from construction at the Highway Department and forthcoming construction in the Capital Complex.

Purchase & Trade of Vehicles - - Interim Action

✓ Info

Industrial Commission

Trade one 1967 Pontiac for one 1969 Pontiac. Vehicle assigned to Louise B. Wideman, Commissioner. Travel exceeds 20,000 miles per year.

Pollution Control Authority

Trade one 1966 Chevrolet station wagon for one 1969 Ford 4-door station wagon. Vehicle to be used for collection of water samples from the Piedmont area of the State and other official duties involved in the operation of the Greenville Lab.

Trade one 1965 Chevrolet station wagon for one 1969 4-door Ford station wagon. Vehicle to be used for collection of water samples from the Charleston area of the State and other official duties involved in the operation of the Charleston Lab.

Purchase one 1969 Ford 4-door station wagon. Car assigned to Charles R. Jeter, Chemist, to be used for collection of water samples from the Columbia area of the State and other official duties involved in the operation of the Columbia Lab.

State Board of Health

Trade one 1967 Buick 4-door Electra 225 for one 1969 4-door Buick Electra 225. Vehicle assigned to Dr. E. Kenneth Aycock.

Purchase two 1969 Chevrolet Station wagons. Vehicles to be used in transporting easily damaged electronic equipment throughout the State to train food service establishment workers.

Purchase one 1969 Ford 4-door station wagon. Vehicle assigned to General Administration and Supply.

Clemson University

Purchase one 1969 Chevrolet Suburban Carryall. Vehicle will be used for agricultural research field work at Clemson and branch experiment stations.

Trade one 1968 Plymouth Fury II (in accident) for one 1969 Chevrolet Bel Air or equivalent.

Trade seven 1967 Plymouth Fury II 9-passenger wagons for ten Chevrolet Kingswood wagons or equivalent. Vehicles to be used by students, faculty and staff for group travel.

Winthrop College

Trade one 1967 Buick Electra for one 1969 Oldsmobile 98. Vehicle assigned to Dr. Charles S. Davis, President.

S. C. State Ports Authority

Trade one 1967 Ford 4-door Galaxie 500 for one 1969 Ford 4-door Galaxie 500. Old vehicle has been wrecked, insurance proceeds for wrecked vehicle \$ 1,645.

State College

Trade one 1964 Chevrolet Bel Air for one 1969 Chevrolet Kingswood.

Trade one 1960 Chevrolet Parkwood station wagon for one 1969 Chevrolet Kingswood to be used in transporting medical patients between areas of the Campus and Infirmary or hospital.

Trade one 1964 Chevrolet Bel Air for one 1969 Chevrolet Kingswood.

Trade one 1965 Ford 2-door sedan for one 1969 Ford 4-door sedan. Vehicle is driven more than 12,000 miles per year. Car assigned to Security Police.

Dairy Commission

Trade one 1961 Mercury for one 1969 Dodge Coronet. Vehicle used by Director and supervising auditor.

ABC Commission

Trade one 1967 Oldsmobile 88 4-door for one 1969 Oldsmobile 88 4-door sedan. Vehicle assigned to S. J. Pratt, Commissioner. Present auto has 57,000 miles.

Trade one 1967 Oldsmobile 88 4-door for one 1969 Oldsmobile 88 4-door sedan. Vehicle assigned to W. W. Lewis, Commissioner. Present auto has 40,000 miles.

Industrial Commission

Trade one 1967 Buick LeSabre for one 1969 Buick LeSabre. Vehicle assigned to Holmes C. Dreher, Commissioner. Position includes travel in excess of 20,000 miles per year.

Trade one 1967 Pontiac for one 1969 Pontiac. Vehicle assigned to J. Dawson Addis, Commissioner. Position includes travel in excess of 20,000 miles per year.

Department of Corrections

Trade one 1963 Chevrolet for one 1969 Chevrolet Bel Air. Vehicle used for transportation of inmates and other official duties at Manning Correctional Institute.

University of South Carolina

Trade seven used vehicles for seven new 1969 sedans.

Trade four used station wagons and purchase one new station wagon to the fleet. Fifth car needed badly.

Purchase one 1969 Plymouth Fury III 4-door or equal. Vehicle needed to meet the demands of the motor pool.

Trade one 1962 Falcon wagon for one 1969 Ford or Chevrolet (Falcon or equal) wagon.

Purchase one 1969 Fiat wagon. Vehicle to be used by supervisors of the Janitorial Section at the University.

University of South Carolina

Trade one 1966 Chevy II for one 1969 Chevy II. Vehicle to be used by the Campus Police Department.

Purchase one 1969 Ford, Chevrolet or Plymouth station wagon. Vehicle to be used by acting and assistant provost for travel to and from all campuses.

Whitten Village

Trade one 1966 Chevrolet van for one 1969 Ford, Chevrolet or Dodge club wagon. Vehicle used for transportation of children from Whitten Village to and from their employment in Clinton.

Trade one 1965 Oldsmobile 98 for one 1969 Oldsmobile 98. Vehicle assigned to Dr. Roy B. Suber, State Commissioner.

Purchase one 1969 Ford, Chevrolet or Dodge ranch wagon for primarily use of the administration personnel.

Highway Department

Trade 78 (1960-1965) model 4-door sedans for 78 (1969) 4-door sedans. All units exceed 12,000 miles per year on official business.

Parks, Recreation & Tourism

Purchase one 1969 Ford station wagon. Vehicle to be used by construction engineer. Travel to be in excess of 20,000 miles per year.

John G. Richards School For Boys

Purchase one 1969 Chevrolet station wagon. Vehicle will be used by social worker and staff members in transporting boys to doctors, dentists, etc.

Aeronautics Commission

Trade one 1964 Dodge and one 1962 Chevrolet for two 1969 Plymouth Fury IIs. Vehicles for John F. Barry, Assistant Director and Charles B. Smoak, General Aviation Safety Officer.

Division of General Services

Purchase six 4-door 1969 automobiles. Vehicles to be placed in Motor Pool, where they will be assigned either on temporary or permanent basis.

Trade one 1965 Chevrolet for one 1969 Plymouth Fury III. Present vehicle has 61,000 miles and is on permanent assignment to Parks, Recreation & Tourism.

Trade one 1966 Ford for one 1969 Plymouth Fury III. Present vehicle has 71,000 miles and is on permanent assignment to the Attorney General's Office.

Trade one 1965 Ford for one 1969 Plymouth Fury III. Present vehicle has 63,000 miles and is on permanent assignment to the Insurance Department.

Trade one 1965 Ford for one 1969 Plymouth Fury III. Present vehicle has 65,000 miles and is on permanent assignment to the State Development Board.

Department of Mental Health

Purchase one 1969 Ford station wagon. Vehicle assigned to Columbia Area Mental Health Center.

Office of Economic Opportunity

Purchase one 1969 Plymouth Fury III. Vehicle to be assigned to J. Lee Spratt, Director. Car will be available for office employees' official errands.

Personnel Division

Purchase one 1969 Plymouth Fury III. Vehicle to be assigned to F. E. Ellis, Director.

Vocational Rehabilitation

Purchase one 1969 Ford station wagon. Vehicle to be assigned to the Vocational Rehabilitation Alcoholic Center in Greenville.

ETV

Purchase one 1969 Chevrolet 6-passenger station wagon. Vehicle needed due to added personnel for coordinating educational television programming.

Purchase one 1969 Chevrolet 6-passenger station wagon. The 1963 station wagon was wrecked and partially replaced by the insurance company.

Printing Co.
Committee for Technical Education

Purchase the following for Tri-County TEC, Pendleton, S. C.:

- 1 A. B. Dick Offset Machine, Model 321
- 1 Work Light Model 1-3582
- 1 Work Organizer Model 1-3281
- 1 Cabinet Model 1-3390
- 1 Exposure Frame Model 1051
- 1 Model 1051 Plate File Cabinet
- 1 Strip-printer
- 1 Model 52 Folding Machine

Highway Department

Purchase one Model 2650 Multilith Offset and one Model 2000 A-M Electrostatic Master Maker. Use of this machine is badly needed for MVD License Registration book. New equipment will result in a net savings in production cost of about \$6,000 per year in cost of duplicating masters, and reduction in 2400 Xerox rental.

Addendum

S. C. State College

Trade one 1960 Chevrolet 18-passenger coach for one 1969 International Travelall 18-passenger coach. Vehicle to be used for transporting large groups such as athletic teams, choral organizations, academic organizations, etc.

(over)

Re: Corp Complex

- Acq. of property - 704 block
- Appraisals rec'd

Info

- Negotiations in progress

Re: Elec. Power Rates

- Rutledge, Archibair, Library Bldg
- Can save by central metering
- 22,000 to construct " ^{arrangement}
- Will be covered in 5 yrs.

Info - No Act now

Re: Conf Museum

- Report on Relocation
- to W mem bldg - H & C Complex
- Lem. agreements

Info



SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION

RUTLEDGE BUILDING
1429 SENATE STREET
COLUMBIA, S. C. 29201

JAMES A. MORRIS
COMMISSIONER

TELEPHONE
803 / 758-2407

January 10, 1968

M. Brown
Betty Janlt

#15.100
3.193

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

Dear Pat:

You will recall that I mentioned to you the other day that the Advisory Committee of the Higher Education Facilities Commission had delegated me to request a five percent salary increase for Marshall Brown and his secretary, effective July 1, 1968. Apparently, neither of them received salary adjustments last year, and the Commission felt it desirable for them to receive raises. Please let me know if anything can be done about this.

With warm personal regards.

Yours sincerely,

James A. Morris
Commissioner

btj

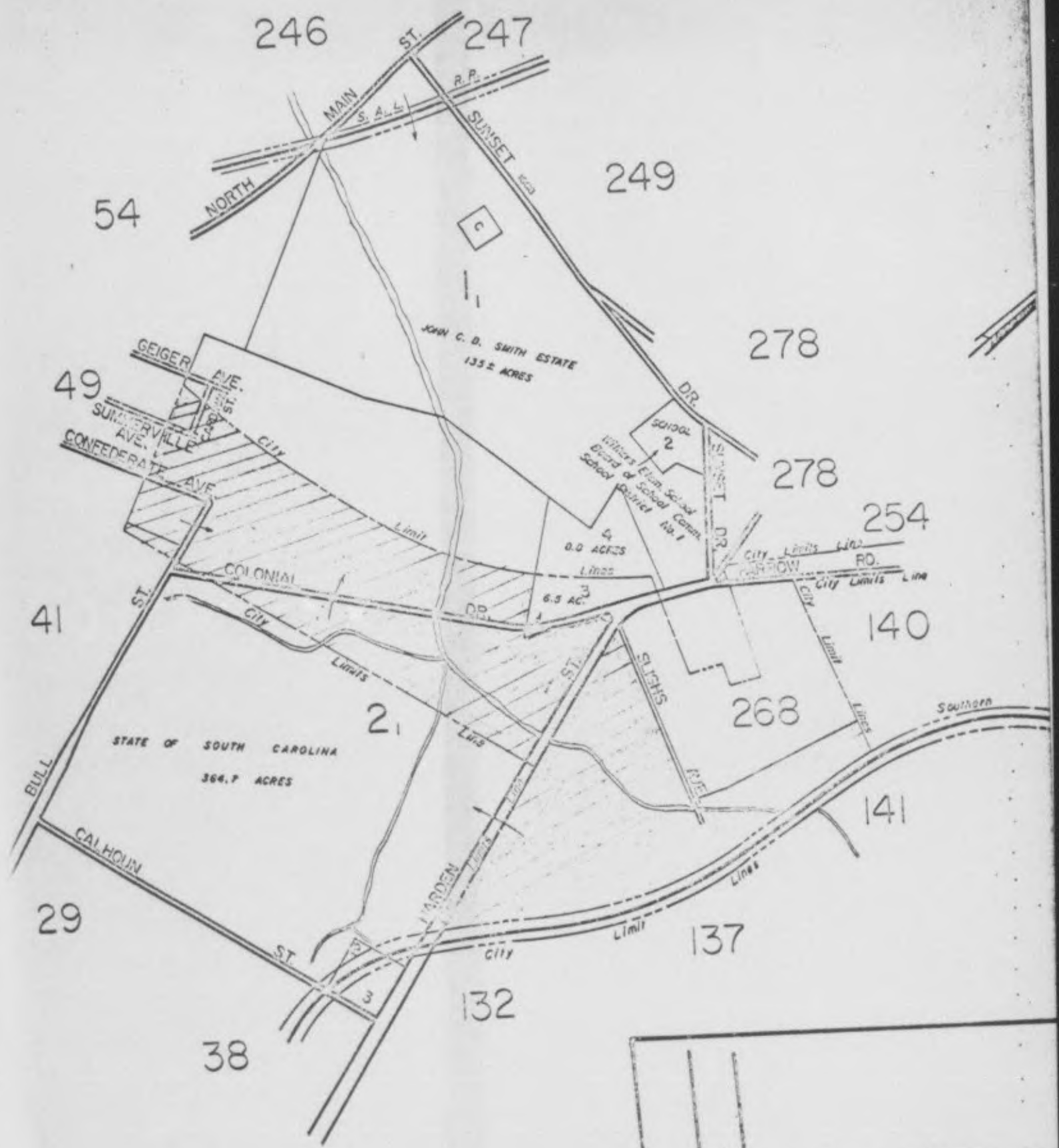
I had -

What are the salaries of these two men?

B C Rd 1/29

NO

464



L 465

ROAD	174.6	100	100
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Florence Morning News

FLORENCE, SOUTH CAROLINA

JAMES A. ROGERS
EDITOR

December 30, 1968

Mr. P. C. Smith, Secretary
State Budget and Control Board
Columbia, S. C.

Dear Mr. Smith:

At a meeting of the Executive Committee of S. C. State College Board of Trustees, it was decided to ask the Budget and Control Board for permission to use from its operational funds the amount of \$48,000 for the purchase of approximately five acres of land from the Orangeburg City School System. Our justification for this request is as follows:

The action of the Budget and Control Board in approving the issuance of a tuition bond in the amount of \$250,000 recently is only sufficient to purchase properties having previously been approved by the Board of Trustees and necessary for the immediate expansion of our building program. At present with the negotiations and options which we now hold, there will be no surplus from these funds.

The land which we wish to purchase from the School Board of Orangeburg joins the property of South Carolina State College and is presently occupied by the Sharperson Junior High School, which is to be abolished by the city school system since a new junior high school has been constructed.

There is interest in this land by both Claflin College and South Carolina State College and we are of the opinion that it would be advantageous to the State and to the College of South Carolina State College were in position to purchase it. If we can move hastily, we would have the inside track.

Florence Morning News
FLORENCE, SOUTH CAROLINA

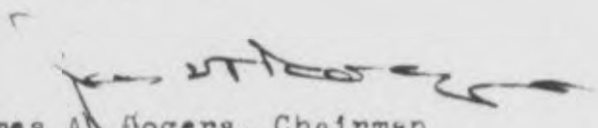
JAMES A. ROGERS
EDITOR

Page 2

If such permission is given the funds could be made available from our general operation revenue without undue hardship on the operation of the College. As was agreed by the Executive Committee, the purchase price is well within the accepted range of property cost in this area and would be very beneficial to this institution as well as allowing us not to be boxed in by Claflin College on the northern side of our main campus.

We solicit favorable action by the Budget and Control Board in respect to this request.

Sincerely yours,


James A. Rogers, Chairman
S. C. Board of Trustees

JAR/fse

\$ 4,000,000

Industrial Revenue
Bond Issue

Dillon County

Approved by B+C B

1/29/69

468

Budget and
Control Board
Recommendation

Joint Bond
Committee
Report

Ways & Means
Committee
Bill

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468-9

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In Re

THE DUPLAN CORPORATION,
DUPLAN FABRICS, INC.,

Debtors.

In Proceedings for
the Reorganization
of a Corporation
76 B 1967 (KTD)
76 B 1968

NOTICE OF A HEARING

NOTICE IS HEREBY GIVEN that a hearing will be held before the Honorable Kevin T. Duffy, United States District Judge, in Room 128 of the United States Courthouse, Foley Square, New York, New York on the 28th day of September, 1979 at 9:30 A.M., or as soon thereafter as counsel can be heard, at which time and place the Court will consider the application of Alfred P. Slaner, as Reorganization Trustee (the "Trustee") of The Duplan Corporation ("Duplan") and Duplan Fabrics, Inc., dated August 30, 1979 (the "Application") for an order:

(1) authorizing and empowering the Trustee, to sell, assign, transfer and convey all of his right, title and interest in and to Duplan's commission texturizing business which is being conducted at its plant located in Dillon County, South Carolina (the "Dillon Plant"), consisting primarily of twelve (12) Scragg Super Drawset Two Draw Texturizing Machines as converted with Positorq Friction Texturizing Conversion Kits (the "Scragg Machines") and Duplan's leasehold interest in the Dillon Plant (the "Lease") (the Scragg Machines and the Lease, collectively, the "Assets"), to Dillon Yarn Corporation (the "Purchaser") a corporation, 50% of which stock is owned by Robert A. Levinson, the Chairman of the Board of Duplan, for the sum of \$1,000,000, in accordance with the terms of the Agreement dated August 23, 1979, a copy of which is annexed as Exhibit "A" to the Application, free and clear of all liens, claims, encumbrances, security interests and other charges, if any, or to such other party or parties making a higher or better offer or offers for the Assets, or any portions thereof, on such terms and conditions as may ultimately be determined herein;

(2) providing that all liens, claims, encumbrances, security interests and other charges, if any, on the Scragg Machines, be satisfied or transferred to the net proceeds to be received by the Trustee, subject to the further order of this Court;

(3) authorizing and empowering the Trustee to assume and thereafter assign the Lease to the Purchaser, in accordance with Section 70b of the Bankruptcy Act in accordance with the terms and conditions of the Agreement which provides for the Purchaser to assume all remaining obligations under the Lease and to pay \$600,000 with respect to certain past due obligations under the Lease; and

(4) granting the Trustee such other and further relief as to the Court may seem just and proper.

PLEASE TAKE FURTHER NOTICE, that said hearing will be held pursuant to an order entered by the Honorable Kevin T. Duffy, United States District Judge on September 4, 1979, based upon the Application. A copy of said order, the Application and the exhibits annexed thereto are on file with the Motion Clerk, United States Courthouse, Foley Square, New York, New York, and at the offices of counsel for the Trustee, and may be examined by any interested party at any time during regular business hours.

PLEASE TAKE FURTHER NOTICE, that the hearing described above may be adjourned from time to time without further notice to creditors or interested parties other than the announcement of the adjourned date or dates at said hearing.

PLEASE TAKE FURTHER NOTICE, that all interested parties wishing to present a higher and/or better offer for the Assets, or any portions thereof, should submit a written proposal containing the terms of the prospective offer to counsel for the Trustee, Shea Gould Climenko & Casey, 330 Madison Avenue, New York, New York, by noon of the business day preceding the aforesaid hearing. If any proposals, offers or bids are received subsequent thereto (or at the hearing), the Trustee reserves the right to seek an adjournment of the hearing pending a review and analysis of said proposal, offer or bid.

PLEASE TAKE FURTHER NOTICE, that the Court shall retain jurisdiction to determine matters arising out of or relating to the proposed sales, and all persons or corporations, by submitting an offer at the hearing, shall be governed by the conditions set by the Court herein and such persons or corporations shall, upon becoming an offeror at the hearing, subject himself or itself to the summary jurisdiction of the Court in reference to all matters arising out of their offer and consummation thereof and all matters related thereto.

Dated: New York, New York
September 4, 1979

Yours, etc.

SHEA GOULD CLIMENKO & CASEY
Attorneys for Reorganization Trustee
330 Madison Avenue
New York, New York 10017
(212) 661-3200

TO: ALFRED P. SLANER, Trustee
c/o The Duplan Corporation
1430 Broadway
New York, New York 10018
(212) 354-8500

Com

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SYSTEMS



PRESENT TENANTS

International Brotherhood of
Electrical Workers
Leon Jones, Integon
Timothy McConnell, C.P.A.
Prudential Insurance
Company

George Nesmith, C.P.A.
Transearch, Inc.
Spectrum, Inc.
South Carolina Human
Affairs Commission



RICHLAND BUILDING
Office Space Available

Leasing and management by Gordon-Gallup. 254-1868.

Invest In Money Market Savings Certificates

• Term: 182 days.

• Minimum Deposit: \$10,000

• Current Yield:

10.294%

September 13-September 19, 1979

STANDARD SAVINGS

AND LOAN ASSOCIATION

Columbia • Newberry • Orangeburg • Sumter • Charleston • Myrtle Beach • Mt. Pleasant

This is an annual yield; however, it is subject to change at renewal.
Federal regulations prohibit compounding of interest during the term of this account.

Substantial interest penalty required for early withdrawal. Member FDIC. Savings insured to \$40,000.

470

SINKLER, GIBBS & SIMONS
ATTORNEYS & COUNSELLORS AT LAW

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

GEORGE C. EVANS

1/29/69
TELEPHONE 722-3367
AREA CODE 803

2 PRIOLEAU STREET
CHARLESTON, S. C. 29402

January 15th, 1969

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

Re: \$4,000,000 Dillon County, South Carolina
First Mortgage Industrial Revenue Bonds,
Series 1969 - Duplan

Dear Pat:

Enclosed you will find 12 copies of a Resolution to be considered by the State Board approving the Petition of the County Board relating to the issuance of the captioned bonds. When this Resolution has been adopted please return 11 certified copies thereof to us.

Very truly yours,

Sinkler Gibbs & Simons

TBG/bhs
Enclosures

cc: J. B. Gibson, Esq.
106 West Harrison Street
P. O. Box 511
Dillon, South Carolina 29536

cc: William J. McLeod, Esq.
Attorney at Law
Dillon, South Carolina

cc: John McKinnon, Esq.
P. O. Box 2398
Winston-Salem, North Carolina

cc: Philip D. Corsi, Esq.
Willkie Farr Gallagher Walton &
1 Chase Manhattan Plaza
New York, N. Y. 10005
FitzGibbon

cc: Thomas H. Kepley, Esq.
McCarley & Company, Inc.
Suite 709, Security Fed. Bldg.
Columbia, South Carolina

cc: Carl Lowenstein, Esq.
Assistant Investment Officer
Franklin National Bank
130 Pearl Street
New York, N. Y.

471

LAW OFFICES
OF
J. B. GIBSON
DILLON, SOUTH CAROLINA

J. B. GIBSON

January 9, 1969

J. B. GIBSON, SR. (1879-1934)

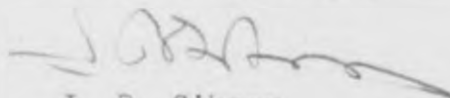
Mr. C. P. Smith, State Auditor
200 Hampton Office Building
Columbia, South Carolina

Re: \$4,000,000.00 Dillon County, South
Carolina First Mortgage Industrial
Revenue Bonds, Series 1969- Duplan

Dear Mr. Smith:

Enclosed is original Petition of the County Board of
Commissioners of Dillon County seeking the State Board's
approval of the above entitled matter.

Yours very truly,



J. B. Gibson
Attorney for Dillon County

JBG:cc

Encl.

CC: William J. McLeod, Esq.
Attorney at Law
Dillon, South Carolina 29536

Philip D. Corsi, Esq.
Willkie Farr Gallagher Walton
& FitzGibbon
1 Chase Manhattan Plaza
New York, N. Y. 10005

Thomas H. Kepley, Esq.
McCarley & Company, Inc.
Suite 709 Security Federal Bldg.
Columbia, South Carolina

John McKinnon, Esq.
P. O. Box 2898
Winston-Salem, North Carolina

Messrs. Sinkler, Gibbs & Simons
2 Prioleau Street
Charleston, S. C. 29402

DILLON COUNTY, SOUTH CAROLINA

to

FRANKLIN NATIONAL BANK
as Trustee

Trust Indenture

Dated as of April 1, 1969

DILLON COUNTY, SOUTH CAROLINA

Reconciliation and Tie Between Indenture dated as of April 1, 1969
and the Trust Indenture Act of 1939. This Reconciliation Table
does not constitute part of the Indenture.

Trust Indenture Section	Indenture Section
310(a)(1)	1415, 1416, 1106
(a)(2)	1415
(a)(3)	1113
(a)(4)	Not Applicable
(b)	1414, 1416, 1106
(c)	Not Applicable
311(a)	1417(a)(c)
(b)	1417(b)
(c)	Not Applicable
312(a)	1409, 1409(a)
(b)	1407(c)
(c)	1407(d)
313(a)	1409(a)
(b)(1)	1409(b)
(b)(2)	1409(b)
(c)	1409(c)
(d)	1409(d)
314(a)(1)	1408(a)
(a)(2)	1408(b)
(a)(3)	1408(c)
(b)	1418
(c)	1408(b), 1405
(d)	1406
(e)	1405
315(a)(1)	1412(a)(1)
(a)(2)	1412(a)(2)
(b)	1410
(c)	1412(a)(1)
(d)	1412(a)(2)
(e)	1411
316(a)	1501(e)
316(a)(1)(A)	1005
(a)(1)(B)	1012
(a)(2)	Not Included
(b)	1010
317(a)(1)	1014
(a)(2)	1014
(b)	1404
318(a)	1402
319(a)(2)	1417(e)

TABLE OF CONTENTS*

	PAGE
Parties	1
Recitals	1
Form of Bond, Coupon and Authentication	3
Granting Clauses	10
ARTICLE I	
Definitions	13
ARTICLE II	
THE BONDS	
SECTION 201. Restriction on Issuance of Bonds	15
SECTION 202. Issuance of Bonds	15
SECTION 203. Execution; Limited Obligation	16
SECTION 204. Authentication	17
SECTION 205. Form of Bonds	17
SECTION 206. Delivery of Bonds	17
SECTION 207. Mutilated, Lost, Stolen or Destroyed Bonds or Coupons	18
SECTION 208. Registration of Bonds; Persons Treated As Owners	18
ARTICLE III	
REDEMPTION OF BONDS BEFORE MATURITY	
SECTION 301. Redemption Dates and Prices	20
SECTION 302. Notice of Redemption	21
SECTION 303. Cancellation	22
SECTION 304. Unpaid Coupons	22
SECTION 305. Sinking Fund	22
SECTION 306. Purchase of Bonds	24
ARTICLE IV	
GENERAL COVENANTS	
SECTION 401. Condition of County's Obligation; Payment of Principal and Interest	24
SECTION 402. Performance of Covenants; Authority of County ..	24
SECTION 403. Ownership; Instruments of Further Assurance	25
SECTION 404. Payment of Taxes, Charges, Etc.	26
SECTION 405. Maintenance and Repair	26

* Table of Contents is not a part of the Indenture.

TABLE OF CONTENTS—Continued

	PAGE
SECTION 406. Inspection of Project Books	26
SECTION 407. Rights Under Lease Agreement	26
SECTION 408. No Vacancy In Office of Trustee	27
SECTION 409. Recording and Filing	27

ARTICLE V

REVENUES AND FUNDS

SECTION 501. Source of Payment of Bonds	27
SECTION 502. Creation of the Bond Fund	28
SECTION 503. Payments into the Bond Fund	28
SECTION 504. Use of Moneys in the Bond Fund	29
SECTION 505. Custody of the Bond Fund	29
SECTION 506. Non-presentment of Bonds or Coupons	29
SECTION 507. Trustee's and Paying Agents' Fees, Charges and Expenses	30
SECTION 508. Moneys to be Held in Trust	30
SECTION 509. Insurance and Condemnation Proceeds	30
SECTION 510. Repayment to the Lessee from the Bond Fund	31

ARTICLE VI

CUSTODY AND APPLICATION OF PROCEEDS OF BONDS

SECTION 601. Deposits in the Bond Fund	31
SECTION 602. Construction Fund; Disbursements	31
SECTION 603. Completion of the Project	31

ARTICLE VII

INVESTMENTS

SECTION 701. Investment of Construction Fund Moneys	32
SECTION 702. Investment of Bond Fund Moneys	32

ARTICLE VIII

POSSESSION, USE AND PARTIAL

RELEASE OF LEASED PROPERTY

SECTION 801. Subordination to Rights of the Lessee	33
SECTION 802. Release of Leased Land	33
SECTION 803. Release of Leased Equipment	33
SECTION 804. Granting of Easements	34

TABLE OF CONTENTS—Continued

ARTICLE IX

DISCHARGE OF LIEN

PAGE

SECTION 901.	Discharge of Lien of the Indenture	34
--------------	--	----

ARTICLE X

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

SECTION 1001.	Defaults; Events of Default	35
SECTION 1002.	Acceleration	35
SECTION 1003.	Surrender of Possession of Mortgaged Property; Rights and Duties of Trustee in Possession; Other Remedies	36
SECTION 1004.	Rights of Bondholders	37
SECTION 1005.	Right of Bondholders to Direct Proceedings	37
SECTION 1006.	Appointment of Receivers	38
SECTION 1007.	Foreclosure of Indenture	38
SECTION 1008.	Application of Moneys	38
SECTION 1009.	Remedies Vested in Trustee	40
SECTION 1010.	Rights and Remedies of Bondholders	40
SECTION 1011.	Termination of Proceedings	41
SECTION 1012.	Waivers of Events of Default	41
SECTION 1013.	Notice of Defaults; Opportunity of the County and Lessee to Cure Defaults	42
SECTION 1014.	Powers of Trustee Upon Event of Default Under Lease Agreement or in Payment of Bonds	43

ARTICLE XI

THE TRUSTEE

SECTION 1101.	Acceptance of the Trusts	44
SECTION 1102.	Fees, Charges and Expenses of Trustee	47
SECTION 1103.	Intentionally Left Blank	47
SECTION 1104.	Intervention by Trustee	47
SECTION 1105.	Successor Trustee	48
SECTION 1106.	Resignation by the Trustee	48
SECTION 1107.	Removal of the Trustee	48
SECTION 1108.	Appointment of Successor Trustee by the Bond- holders; Temporary Trustee	48
SECTION 1109.	Concerning Any Successor Trustees	49
SECTION 1110.	Right of Trustee to Pay Taxes and Other Charges ..	49

TABLE OF CONTENTS—Continued

		PAGE
SECTION 1111.	Trustee Protected in Relying Upon Resolutions, etc.	50
SECTION 1112.	Successor Trustee as Trustee of Bond Fund and Construction Fund, Paying Agent and Bond Registrar	50
SECTION 1113.	Trust Estate May be Vested in Separate or Co-Trustee	50

ARTICLE XII

SUPPLEMENTAL INDENTURES

SECTION 1201.	Supplemental Indentures Not Requiring Consent of Bondholders	51
SECTION 1202.	Supplemental Indentures Requiring Consent of Bondholders	52

ARTICLE XIII

AMENDMENT OF LEASE AGREEMENT

SECTION 1301.	Amendments, etc., to Lease Agreement Not Requiring Consent of Bondholders	54
SECTION 1302.	Amendments, etc., to Lease Agreement Requiring Consent of Bondholders	54

ARTICLE XIV

CERTAIN TRUST INDENTURE ACT AND OTHER PROVISIONS RELATING TO LEASE AGREEMENT

SECTION 1401.	Purpose of Article	55
SECTION 1402.	Trust Indenture Act Provisions Control	55
SECTION 1403.	Definitions	55
SECTION 1404.	Agreement of Paying Agent	56
SECTION 1405.	Certificate and Opinions	57
SECTION 1406.	Certificate Upon Release of Lien of Indenture	58
SECTION 1407.	Bondholder Lists and Communications With Bondholders	59
SECTION 1408.	Reports to Securities and Exchange Commission ..	61
SECTION 1409.	Reports of Trustee	62
SECTION 1410.	Notice of Default	64
SECTION 1411.	Undertaking to Pay Costs	65

TABLE OF CONTENTS—Continued

	PAGE
SECTION 1412. Trustee's Duties in Event of Default Under Lease Agreement	65
SECTION 1413. Rights of Trustee to Rely on Certain Data	66
SECTION 1414. Disqualification of Trustee	67
SECTION 1415. Qualifications of Trustee	73
SECTION 1416. Resignation or Removal of Trustee	74
SECTION 1417. Duties of Trustee if a Creditor of Lessee	74
SECTION 1418. Opinions of Counsel	79

ARTICLE XV

MISCELLANEOUS

SECTION 1501. Consents, etc., of Bondholders	79
SECTION 1502. Limitation of Rights	81
SECTION 1503. Severability	81
SECTION 1504. Notices	82
SECTION 1505. Trustee as Paying Agent and Registrar	82
SECTION 1506. Payments Due on Sundays and Holidays	82
SECTION 1507. Counterparts	82
SECTION 1508. Laws Governing Indenture and Situs and Administration of Trust	82
Testimonium	82
Signatures and Seals	83, 84, 85, 86
Exhibit A	87
Exhibit B	87
Approval of Lease by The Duplan Corporation	88

TRUST INDENTURE

THIS TRUST INDENTURE made and entered into as of the first day of April, 1969, by and between DILLON COUNTY, a body politic and corporate and a political subdivision of the State of South Carolina (hereinafter sometimes referred to as the "County"), as party of the first part, and Franklin National Bank, New York, New York, a national banking association duly organized, existing and authorized to accept and execute trusts of the character herein set out, under and by virtue of the laws of the United States, as Trustee, party of the second part;

WITNESSETH:

WHEREAS the County is authorized and empowered by the provisions of Act No. 103 of the Acts and Joint Resolutions enacted at the 1967 Session of the General Assembly of the State of South Carolina, approved by the Governor of South Carolina on March 21, 1967 and appearing as Article 2.1, Chapter 8, Title 14, Code of Laws of South Carolina, 1962, 1968 Cumulative Supplement (the "Act") to acquire, own, lease, dispose of, and mortgage the properties hereinafter described in order that the industrial development of South Carolina will be promoted and trade developed by inducing manufacturing enterprises to locate in South Carolina and thus utilize and employ manpower and other resources of South Carolina; 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 the County has made the necessary arrangements with The Duplan Corporation, a corporation organized and existing under the laws of the State of Delaware, and duly authorized to conduct business in the State of South Carolina (hereinafter sometimes referred to as the "Lessee"), for the acquisition and construction of a manufacturing and processing plant for the manufacture and processing of (i) stretch yarns or (ii) such other products as the Lessee may deem appropriate, including the necessary land, easements, buildings, machinery, equipment and other facilities (hereinafter sometimes re-

ferred to as the "Project") which will be of the character and accomplish the purpose provided by the Act, and the County has further entered into a Lease Agreement with the Lessee specifying the terms and conditions of the acquisition of the Project and the leasing of the same to the Lessee; and

WHEREAS the execution and delivery of this Trust Indenture (hereinafter sometimes referred to as the "Indenture") have been authorized by Resolutions duly adopted by the County Board of Commissioners of Dillon County (hereinafter sometimes referred to as the "County Board") which is the governing body of the County, as constituted by Article 2, Chapter 33, Title 14, Code of Laws of South Carolina, 1962, and the County in accordance with the requirements of Section 14 of the Act has submitted its Petition to the State Budget and Control Board of South Carolina, including a general summary of the terms and conditions of the Indenture, and the State Budget and Control Board of South Carolina has duly approved the Project in accordance with the provisions of the Act and thereby authorized the County Board to proceed with the acquisition and financing of the Project. Notice of the approval was duly published in a newspaper having general circulation in Dillon County and notwithstanding more than twenty days have elapsed from the date of the publication of such notice, no challenge was made to the validity of such approval as provided in the Act; and

WHEREAS it has been determined that the estimated amount necessary to finance the cost of the Project, including necessary expenses incidental thereto, will require the issuance, sale and delivery of Bonds designated as First Mortgage Industrial Revenue Bonds, Series 1969 (The Duplan Corporation—Lessee) in the aggregate principal amount of \$4,000,000, as hereinafter provided; and

WHEREAS the issuance of such Bonds under the Act has been in all respects duly and validly authorized by resolutions duly passed and approved by the County Board; and

WHEREAS the \$4,000,000 aggregate principal amount of Bonds to be issued, the interest coupons to be attached thereto, and the Trustee's Certificate of Authentication to be endorsed on such Bonds, are all to be in substantially the following form, to wit:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
DILLON COUNTY

FIRST MORTGAGE INDUSTRIAL REVENUE BOND, SERIES 1969
(THE DUPLAN CORPORATION—LESSEE)

Number..... \$5,000

KNOW ALL MEN BY THESE PRESENTS that Dillon County, a body politic and corporate, and a political subdivision of the State of South Carolina (hereinafter called the "County"), for value received promises to pay, but only from the source and as hereinafter provided, to bearer, or, if this Bond be registered, to the registered holder hereof, on October 1, 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 centum (..%) per annum on October 1, 1969, and semi-annually thereafter on April 1 and October 1 of each year until said principal sum is paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may become applicable hereto, principal of, premium, if any, and interest on this Bond being payable in lawful money of the United States of America at the corporate trust office of Franklin National Bank, in the City of New York, New York, or its successor in trust, or at the option of the holder at the principal office of Wachovia Bank & Trust Company, N. A. in the City of Winston-Salem, North Carolina.

This Bond is one of an authorized issue of Bonds limited to the aggregate principal amount of \$4,000,000 issued for the purpose of acquiring land, buildings, equipment, machinery and other facilities in connection therewith, and leasing the same to The Duplan Corporation, a Delaware corporation (hereinafter referred to as the "Lessee") (such land, buildings, equipment, machinery and other facilities being hereinafter called the "Project") and paying necessary expenses incidental thereto so as to thereby promote industry and develop trade in South Carolina. Said Bonds are issued under and are to be equally and ratably secured and entitled to the protection given by a Trust Indenture (hereinafter called the "Indenture"), dated as of April 1, 1969, duly executed and delivered by the County to Franklin National Bank, as Trustee (the term "Trustee" where used herein referring collectively to said

Trustee or its successors in said trust), and reference is hereby made to the Indenture and to all indentures supplemental thereto for a description of the security, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the County, the Trustee and the holders of the Bonds and the coupons appertaining thereto and the terms upon which the Bonds are issued and secured.

This Bond and appurtenant coupons are fully negotiable and shall pass by delivery, but this Bond may be registered as to principal only on the registration books of the County at the corporate trust office of the Trustee as Bond Registrar, upon presentation hereof at such office and the notation of such registration endorsed hereon by the Bond Registrar, and this Bond may thereafter be transferred on such books at the written request of the registered holder or by his legal representative, evidence of such transfer to be in like manner endorsed hereon. Such transfer may be to bearer, and thereby transferability by delivery shall be restored, subject, however, to successive registrations and transfers as before. The principal of this Bond, if registered, unless registered to bearer, shall be payable only to or upon the order of the registered holder or his legal representative. Interest accruing on this Bond will be paid only on presentation and surrender of the attached interest coupons as they respectively become due, and registration of this Bond as to principal as aforesaid will not affect the transferability by delivery of such coupons; provided, that if upon registration of this Bond, or at any time thereafter while this Bond is registered in the name of the holder, the unmatured coupons attached evidencing interest to be thereafter paid hereon shall be surrendered to said Bond Registrar, a statement to that effect will be endorsed hereon by the Bond Registrar and thereafter interest evidenced by such surrendered coupons will be paid by check or draft by the Bond Registrar at the times provided herein to the registered holder of this Bond by mail to the address shown on the registration books. This Bond when so converted into a Bond registered as to both principal and interest may be reconverted into a coupon Bond at the written request of the registered holder and upon presentation at the office of said Bond Registrar. Upon such reversion 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 thereon by the Bond Registrar in the registration blank on the back of this Bond as to whether it is then registered as to principal alone or payable to bearer.

The Bonds of this issue are noncallable for redemption prior to October 1, 1974, except in the event of (1) condemnation of the Project or any part thereof to the extent provided in Section 7.2 of the Lease Agreement between the County and the Lessee dated as of April 1, 1969, (herein referred to as the "Lease Agreement"), (2) exercise by the Lessee of its options to purchase the Project as provided in Section 11.2 of the Lease Agreement, (3) purchase of the Project by the Lessee pursuant to the requirements of Section 12.4 of the Lease Agreement, or (4) purchase of the Project by the Lessee upon the happening of any one of the events set forth in Section 12.2 of the Lease Agreement. If called for redemption in any of such events, such Bonds shall be subject to redemption by the County at any time, in whole or (in the case of redemption pursuant to Section 7.2 of the Lease Agreement) in part in the inverse order of their maturity (less than all of said Bonds of a single maturity to be selected in such equitable manner as may be designated by the Trustee), at the principal amount thereof plus accrued interest to the redemption date and, but only in the event of redemption as a result of the mandatory purchase of the Project upon the happening of any one of the events set forth in Section 12.2 of the Lease Agreement, a redemption premium of 10% of the principal amount of each Bond redeemed. If it shall occur that any Bonds shall have been paid or retired subsequent to any violation of Section 8.10 (2) of the Lease Agreement, but prior to the mandatory purchase of the Project by the Lessee pursuant to Section 12.2 of the Lease Agreement, then in such event those who shall have been the holders of such Bonds on the occasion of their payment or retirement shall be entitled to receive from the Trustee from the purchase price to be paid by the Lessee pursuant to Section 12.2 of the Lease Agreement a premium equal to 10% of the principal amount of the Bonds so paid or retired (less, in the case of any Bond redeemed pursuant to the optional redemption provisions hereinafter set forth, any optional redemption premium paid).

Any of such Bonds maturing on October 1, 1988, as may be outstanding on or after October 1, 1974, are also subject to redemption by the County prior to maturity on any interest payment date on or after October 1, 1974, in whole or in part (less than all of such Bonds to be selected in such equitable manner as may be designated by the Trustee), at the redemption prices (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date.

Redemption Dates	Redemption Price
October 1, 1974 and April 1, 1975	107.00%
October 1, 1975 and April 1, 1976	106.50%
October 1, 1976 and April 1, 1977	106.00%
October 1, 1977 and April 1, 1978	105.50%
October 1, 1978 and April 1, 1979	105.00%
October 1, 1979 and April 1, 1980	104.50%
October 1, 1980 and April 1, 1981	104.00%
October 1, 1981 and April 1, 1982	103.50%
October 1, 1982 and April 1, 1983	103.00%
October 1, 1983 and April 1, 1984	102.50%
October 1, 1984 and April 1, 1985	102.00%
October 1, 1985 and April 1, 1986	101.50%
October 1, 1986 and April 1, 1987	101.00%
October 1, 1987 and April 1, 1988	100.50%

In addition, Bonds maturing on October 1, 1988, are subject to mandatory redemption prior to maturity, in accordance with the sinking fund requirements of Section 305 of the Indenture, in part (selected in such equitable manner as may be designated by the Trustee), at the principal amount thereof plus accrued interest to the redemption date, in the following principal amounts and on the dates set forth below:

October 1 of the Year	Principal Amount	October 1 of the Year	Principal Amount
1974.....	\$250,000	1981.....	\$200,000
1975.....	250,000	1982.....	150,000
1976.....	250,000	1983.....	150,000
1977.....	200,000	1984.....	150,000
1978.....	200,000	1985.....	150,000
1979.....	200,000	1986.....	150,000
1980.....	200,000	1987.....	150,000

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 not less than thirty days and not more than sixty days prior to the redemption date in a newspaper or financial journal of general circulation published in the City of New York, New York, 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 holder of

each Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds. If all of 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 registered holder or holders thereof, at the addresses shown on the registration books, not less than thirty days prior to the date fixed for redemption as aforesaid shall be sufficient and published notice of the call for redemption need not be given and failure duly to give such notice by mailing, or any defect in the notice, to the registered holder of any Bond designated for redemption shall not affect the validity of the proceedings for the redemption of any other Bond. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit with the Trustee and shall no longer be protected by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture. If, because of the temporary or permanent suspension of the publication or general circulation of any newspaper or financial journal or for any other reason, it is impossible or impractical to publish such notice of call for redemption in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice.

This Bond and the issue of which it forms a part are issued pursuant to the authorization of and for the purposes prescribed by Act No. 103 of the Acts and Joint Resolutions enacted at the 1967 Session of the General Assembly of the State of South Carolina, approved by the Governor of South Carolina on March 21, 1967, and pursuant to resolutions duly adopted by the County Board of Commissioners of Dillon County and with the approval of the State Budget and Control Board of South Carolina. This Bond and the issue of which it forms a part and the interest coupons appertaining hereto are limited obligations of the County and are payable solely out of the lease rentals, revenues and receipts (excluding amounts paid by the Lessee to local taxing authorities in lieu of taxes, pursuant to Section 5.5 of the Lease Agreement) derived from the leasing or sale of the Project, which has been financed through the issuance of the Bonds and leased to the Lessee. Under the Lease Agreement the Lessee must pay to the County such rentals as will be fully sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same mature and become due, and under said Lease Agreement it is the obligation of the Lessee to

pay the costs of maintaining the Project in good repair and to keep it properly insured.

This Bond and the interest coupons appertaining hereto, are not and shall never constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

Pursuant to the Lease Agreement, rental payments sufficient for the prompt payment when due of the principal of, premium, if any, and interest on the Bonds are to be paid to the Trustee for the account of the County and deposited in a special account created by the County and designated "Dillon County Industrial Revenue Bond Fund—Duplan Project" and have been pledged for that purpose, and in addition the Project has been subjected to the lien of the Indenture to secure payment of such principal and interest and premium.

The holder of this Bond and the bearers of the coupons appertaining hereto 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 of the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; 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 and the interest coupons appertaining hereto shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Trustee's certificate of authentication hereon shall have been duly executed by the Trustee.

IN WITNESS WHEREOF, Dillon County, South Carolina, has caused this Bond to be executed by the Chairman of its County Board of Commissioners, by his manual signature, and its corporate seal or a facsimile thereof to be reproduced hereon, and attested by the Clerk of its County Board of Commissioners, by his manual signature, and has caused the interest coupons attached hereto to be executed by the facsimile signatures of said Chairman and said Clerk, all as of the first day of April, 1969.

DILLON COUNTY, SOUTH CAROLINA

By
Chairman of the County Board
of Commissioners of Dillon
County

Attest:

.....
Clerk of the County
Board of Commissioners
of Dillon County

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

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

FRANKLIN NATIONAL BANK, *Trustee*

By
Authorized Signature

(FORM OF INTEREST COUPON)

No. \$.....

On the first day of, 19.., Dillon County, South Carolina (unless the Bond to which this coupon appertains shall have been duly called for previous redemption and payment of the redemption price made or provided for) will pay to bearer, subject to the provisions of the Indenture and upon presentation and surrender of this coupon at the corporate trust office of the Trustee, Franklin National Bank, in the City of New York, New York, or its successor in trust, or, at the option of the holder hereof, at the principal office of Wachovia Bank & Trust Company, N. A., in the City of Winston-Salem, North Carolina, the

amount shown hereon in lawful money of the United States of America, as provided in and being semi-annual interest then due on its First Mortgage Industrial Revenue Bond, Series 1969 (The Duplan Corporation—Lessee), dated April 1, 1969, numbered

DILLON COUNTY, SOUTH CAROLINA

By
Chairman of the County Board
of Commissioners of Dillon
County

.....
Clerk of the County Board
of Commissioners of Dillon
County

CERTIFICATE OF REGISTRATION

(There must be no writing in the space below
except by the Bond Registrar)

Date of Registration	Name of Registered Holder	Manner of Registration	Signature of Bond Registrar
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

and;

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

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS TRUST INDENTURE 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, premium, if any, 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, pledge and assign unto Franklin National Bank, New York, New York, as Trustee, 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, the following:

I

The real property and interest therein situated in Dillon County, State of South Carolina, described in Exhibit A attached hereto, with all buildings, additions, improvements and fixtures now or hereafter located thereon or therein and with the tenements, hereditaments, servitudes, appurtenances, rights, privileges and immunities thereunto be longing or appertaining which may from time to time be owned by the County.

II

The machinery, equipment or other property described in Exhibit B attached hereto, and substitutions or replacements therefor; all machinery, equipment or other property acquired by the County with the proceeds from the Bonds issued under and secured by this Indenture, and substitutions or replacements therefor; all machinery, equipment or other property which under the terms of the Lease Agreement is to become the property of the County or subjected to the lien of this Indenture; and, without limiting the foregoing, all of the property of the County at any time installed or located on the land described in Exhibit A attached hereto.

III

All right, title and interest of the County in and to the Lease Agreement, dated as of April 1, 1969, between the County and The Duplan Corporation and all lease rentals, revenues and receipts received or to be received under said Lease Agreement, except amounts paid by the Lessee thereunder to the County and other local taxing authorities in lieu of taxes pursuant to Section 5.5 thereof.

IV

All lease rentals, revenues and receipts arising out of or in connection with the ownership of the Project, except amounts paid under Section 5.5 of the aforementioned Lease Agreement.

V

Any and all other property from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by the County or by anyone on its behalf or with its written consent to 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.

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 them and their assigns forever.

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all holders and owners of the Bonds and interest coupons thereto appertaining issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds or interest coupons thereto appertaining over any of the others of the Bonds or interest coupons;

PROVIDED, HOWEVER, that if the County shall pay or cause to be paid to the holders and owners of the Bonds and bearers of interest coupons the principal, interest and premium, if any, to become due thereon at the times and in the manner stipulated therein and herein, 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, or if the issuance of the Bonds is not made within the time provided in Section 4.2 of the Lease Agreement, then these presents and the estate and rights hereby granted shall, at the option of the County, cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the County such instruments in writing as shall be requisite to satisfy the lien hereof, and re-convey to the County the estate hereby conveyed, and assign and deliver to the County any property at the time subject to the lien of this Indenture which may then be in its possession, except amounts in the Bond Fund required to be paid to the Lessee under Section 510 hereof

and except cash held by the Trustee for the payment of interest on and retirement of the Bonds; otherwise this Indenture to be and remain in full force and effect.

THIS TRUST INDENTURE FURTHER WITNESSETH, and it is expressly declared, that 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 and the bearers of the interest coupons thereto appertaining, or any part thereof, as follows, that is to say:

ARTICLE I

DEFINITIONS

SECTION 101 The terms defined in this Section 101 (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section 101. All other terms used in this Indenture which are defined in the Trust Indenture Act of 1939, as amended, or which are by reference therein defined in the Securities Act of 1933, as amended, shall (except as herein otherwise expressly provided or unless the context otherwise requires) have the meanings assigned to such terms in said Trust Indenture Act and in said Securities Act as in force at the date of this Indenture as originally executed.

"Act" means Act No. 103 of the Acts and Joint Resolutions enacted at the 1967 Session of the General Assembly of South Carolina, approved by the Governor of South Carolina on March 21, 1967, and appearing as Article 2.1, Chapter 8, Title 14, Code of Laws of South Carolina, 1962, 1968 Cumulative Supplement.

"Bond" or *"Bonds"* means the First Mortgage Industrial Revenue Bonds, Series 1969 (The Duplan Corporation—Lessee) of the County to be issued hereunder.

"Bond Fund" or *"Dillon County Industrial Revenue Bond Fund—Duplan Project"* means the fund created in Section 502 hereof.

"Bondholder" or *"holder"* or *"owner of the Bonds"* means the bearer of any Bond not registered as to principal otherwise than to

bearer and the person in whose name any Bond shall be registered as to principal.

"*Construction Fund*" or "*Dillon County Industrial Construction Fund—Duplan Project*" means the fund created by Section 602 hereof.

"*County*" means Dillon County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina, and its successors and assigns.

"*County Board*" means the County Board of Commissioners of the County, and any successor body.

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

"*Extraordinary Services*" and "*Extraordinary Expenses*" means all services rendered and all expenses incurred under the Indenture other than Ordinary Services and Ordinary Expenses.

"*Indenture*" means these presents and other indentures supplemental hereto with the Trustee in pursuance hereof.

"*Lease Agreement*" means the Lease Agreement executed by and between the County and the Lessee dated as of April 1, 1969, and any amendments or supplements thereto.

"*Lessee*" means The Duplan Corporation and its successors and assigns and any surviving, resulting or transferee corporation as provided in Section 8.3 of the Lease Agreement.

"*Mortgaged Property*" means the properties conveyed as security hereunder in paragraphs I, II, III, IV and V of the granting clause preceding this Article.

"*Ordinary Services*" and "*Ordinary Expenses*" means 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 duly authenticated and delivered by the Trustee under this Indenture, except:

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

(b) Bonds for the payment or redemption of which cash funds 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 207 hereof, unless proof satisfactory to the Trustee is presented to the Trustee that any such Bonds are held by bona fide purchasers as that term is defined in Article 8 of the South Carolina Uniform Commercial Code, as amended, in which case the Bonds so substituted and replaced and the Bond or Bonds authenticated and delivered therefor shall be deemed outstanding.

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

"Project" means the land, buildings, machinery, equipment and other facilities leased under the Lease Agreement.

"Trust estate" means the Mortgaged Property.

"Trustee" means Franklin National Bank, New York, New York, the party of the second part hereto, and any successor trustee pursuant to Sections 1105, 1108 or 1416 hereof at the time serving as successor trustee hereunder.

"Trust Indenture Act of 1939" (except as herein otherwise expressly provided) shall mean the Trust Indenture Act of 1939, as amended, as in force at the date of this Indenture as originally executed.

ARTICLE II

THE BONDS

SECTION 201 *Restriction on Issuance of Bonds.* No Bonds may be issued under provisions of this Indenture except in accordance with this Article.

The total principal amount of Bonds that may be issued is hereby expressly limited to \$4,000,000.

SECTION 202 *Issuance of Bonds.* The Bonds in the aggregate principal amount of \$4,000,000, dated April 1, 1969, shall be designated "First Mortgage Industrial Revenue Bonds, Series 1969 (The Duplan Corporation—Lessee)." They shall bear interest from the date thereof at the respective rates per annum as set forth in the following schedule, payable October 1, 1969, and semi-annually thereafter on April 1 and October 1 of each year. They shall be in the denomination of \$5,000 each, and shall be numbered consecutively from 1 upward and shall mature in numerical order on October 1 in each of the years set forth

in and in the principal amount set opposite each year in the following schedule:

Year	Principal Amount	Interest Rate
1969	\$ 250,000	5.00%
1970	250,000	5.10%
1971	250,000	5.20%
1972	250,000	5.30%
1973	250,000	5.40%
1988	2,750,000	6.50%

The interest on the Bonds, when issued, shall be evidenced by coupons. The principal of, premium, if any, and interest on the Bonds, except as otherwise provided in the case of registration of Bonds as provided in Section 208 hereof, shall be payable to bearer upon presentation and surrender of the Bonds or coupons as they respectively become due at the corporate trust office of the Trustee. Payment as aforesaid shall be made in lawful money of the United States of America.

SECTION 203 *Execution; Limited Obligation.* The Bonds shall be executed on behalf of the County by the Chairman of the County Board and the corporate seal of the County or a facsimile thereof shall be reproduced thereon and attested by the Clerk of the County Board, provided that at least one of said signatures shall be a manual signature. The coupons attached to the Bonds shall be executed by the facsimiles of the official signatures of said Chairman and Clerk and such facsimiles shall have the same force and effect as if said Chairman and Clerk had manually signed each of the coupons. The Bonds, together with interest thereon, shall be limited obligations of the County payable from the Bond Fund and shall be a valid claim of the respective holders thereof only against such fund and the lease rentals, revenues and receipts from the leasing or sale of the Project pledged to such fund (but in addition shall be secured by the lien of the Indenture on the Project), which lease rentals, revenues and receipts (except amounts paid by the Lessee to local taxing authorities in lieu of taxes pursuant to Section 5.5 of the Lease Agreement) are hereby pledged and assigned for the equal and ratable payment of the Bonds and the coupons and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in this Indenture. The Bonds and coupons do not now and shall never constitute an indebtedness of the County within the meaning of any state con-

stitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

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

SECTION 205 *Form of Bonds.* The Bonds issued under this Indenture and the coupons attached thereto shall be substantially in the form hereinabove set forth with such appropriate variations, omissions and insertions as are permitted or required by this Indenture.

SECTION 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 the Bonds in the aggregate principal amount of \$4,000,000 and deliver them to the purchaser as may be directed by the County as hereinafter in this Section 206 provided.

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

1. A copy, duly certified by the Clerk of the County Board, of the resolution of the County Board authorizing the execution and delivery of the Lease Agreement.
2. An original executed counterpart of the Lease Agreement.

3. A copy, duly certified by the Clerk of the County Board, of the resolution of the County Board authorizing the execution and delivery of this Indenture and the issuance of the \$4,000,000 aggregate principal amount of the Bonds.

4. The written opinion of counsel for the County, or other counsel satisfactory to the Trustee, expressing the conclusion that upon payment of the purchase price of the lands described in Exhibit A attached hereto and acceptance of the instruments of conveyance, all as theretofore agreed upon, the County will have title free and clear of liens and encumbrances upon said lands (except for Permitted Encumbrances as defined in the Lease Agreement).

5. A Mortgagee Title Insurance Policy (or an appropriate Binder) meeting the requirements of Section 3.3 of the Lease Agreement.

6. A request and authorization to the Trustee on behalf of the County Board and signed by the Chairman and Clerk of the County Board to authenticate and deliver the Bonds in the aggregate principal amount of \$4,000,000 to the purchasers therein identified upon payment to the Trustee but for account of the County of a sum specified in such request and authorization plus accrued interest thereon to the date of delivery. Such proceeds shall be paid over to the Trustee and deposited to the credit of the Bond Fund and Construction Fund as hereinafter provided under Article VI hereof.

SECTION 207 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 that mutilated, lost, stolen or destroyed, which new Bond shall have attached thereto coupons corresponding in all respects to those (if any) on the Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond together with all coupons (if any) appertaining thereto shall first be surrendered to the County, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the County and the Trustee evidence of such loss, theft or destruction satisfactory to the County and the Trustee, together with indemnity satisfactory to them. In the event any such Bond or coupon shall have matured, instead of issuing a duplicate Bond or coupon the County may pay the same without surrender thereof. The County and the Trustee may charge the holder or owner of such Bond with their reasonable fees and expenses in this connection.

SECTION 208 Registration of Bonds; Persons Treated As Owners. Each of the Bonds issued hereunder shall be fully negotiable and pass

by delivery but shall be subject to registration (as hereinafter provided) as to principal only or as to both principal and interest in the name of the owner on registration books to be provided for that purpose by the County at the corporate trust office of the Trustee, as Bond Registrar. Upon presentation at said office, any of the Bonds may be registered as to principal only and such registration shall be evidenced by notation to that effect by the Bond Registrar in the registration blank on the reverse side thereof, after which no transfer thereof shall be valid unless made at the written request of the registered owner or his legal representative, on said registration books and similarly endorsed thereon. Such registered Bonds may be thus transferred to bearer whereupon transferability by delivery shall be restored but the Bonds may again, from time to time, be registered or transferred to bearer as before. Such registration of any of the Bonds shall not affect the transferability by delivery only of the coupons thereunto appertaining, provided, that if upon registration of any such Bond, or at any time thereafter while registered in the name of the owner, the unmatured coupons attached evidencing interest to be thereafter paid thereon shall be surrendered to said Bond Registrar a statement to that effect will be endorsed thereon and thereafter interest evidenced by such surrendered coupons will be paid by check or draft by said Bond Registrar at the times provided therein to the registered owner by mail to the address shown on the registration books. Each of the Bonds when converted as aforesaid into a Bond registered as to both principal and interest may be reconverted into a coupon Bond at the written request of the registered owner and upon presentation at the office of said Bond Registrar. Upon such reversion the coupons representing the interest to become due thereafter to the date of maturity will be attached to the Bond and a statement will be endorsed thereon by said Bond Registrar in the registration blank on the back of the Bond as to whether it is then registered as to principal alone or payable to bearer. No charge shall be made to any Bondholder for the privilege of registration and transfer hereinabove granted, but any Bondholder requesting any such registration or transfer shall pay any tax or other governmental charge required to be paid with respect thereto. As to any Bond registered as to principal, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of or on account of the principal of any such Bond shall be made only to or upon the order of the registered owner thereof, or his legal representative, and neither the County, the Trustee, any paying agent nor the Bond Registrar shall be affected by any notice to the contrary, but such

registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. The County, the Trustee, the Bond Registrar and any paying agent may deem and treat the bearer of any Bond which shall not at the time be registered as to principal (except to bearer), and the bearer of any coupon appertaining to any Bond, whether such Bond be registered as to principal or not, as the absolute owner of such Bond or coupon, as the case may be, whether such Bond or coupon shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and neither the County, the Bond Registrar, any paying agent nor the Trustee shall be affected by any notice to the contrary.

ARTICLE III

REDEMPTION OF BONDS BEFORE MATURITY

SECTION 301 *Redemption Dates and Prices.* The \$4,000,000 in aggregate principal amount of Bonds are noncallable for redemption prior to October 1, 1974, except in the event of (1) condemnation of the Project or any part thereof to the extent provided in Section 7.2 of the Lease Agreement, (2) exercise by the Lessee of its options to purchase the Project as provided in Section 11.2 of the Lease Agreement, (3) purchase of the Project by the Lessee pursuant to the requirements of Section 12.4 of the Lease Agreement, or (4) purchase of the Project by the Lessee upon the happening of any one of the events set forth in Section 12.2 of the Lease Agreement. If called for redemption in any of such events, such Bonds shall be subject to redemption by the County at any time, in whole or (in the case of redemption pursuant to Section 7.2 of the Lease Agreement) in part in the inverse order of their maturity (less than all of said Bonds of a single maturity to be selected in such equitable manner as may be designated by the Trustee), at the principal amount thereof plus accrued interest to the redemption date and, but only in the event of redemption as a result of the mandatory purchase of the Project upon the happening of any one of the events set forth in Section 12.2 of the Lease Agreement, a redemption premium of 10% of the principal amount of the Bonds outstanding on the occasion of the violation of the covenant set forth in Section 8.10(2) of the Lease Agreement.]

Any of such Bonds maturing on October 1, 1988, as may be outstanding on or after October 1, 1974, are also subject to redemption by the County prior to maturity on any interest date on or after October 1, 1974 in whole or in part (less than all of such Bonds to be selected

in such equitable manner as may be designated by the Trustee), at the redemption prices (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date:

Redemption Dates	Redemption Price
October 1, 1974 and April 1, 1975	107.00%
October 1, 1975 and April 1, 1976	106.50%
October 1, 1976 and April 1, 1977	106.00%
October 1, 1977 and April 1, 1978	105.50%
October 1, 1978 and April 1, 1979	105.00%
October 1, 1979 and April 1, 1980	104.50%
October 1, 1980 and April 1, 1981	104.00%
October 1, 1981 and April 1, 1982	103.50%
October 1, 1982 and April 1, 1983	103.00%
October 1, 1983 and April 1, 1984	102.50%
October 1, 1984 and April 1, 1985	102.00%
October 1, 1985 and April 1, 1986	101.50%
October 1, 1986 and April 1, 1987	101.00%
October 1, 1987 and April 1, 1988	100.50%

Bonds maturing on October 1, 1988, are also subject to mandatory redemption prior to maturity in specified annual amounts pursuant to the terms of the sinking fund provided in Section 305 hereof at 100% of the principal amount thereof plus accrued interest to the redemption date.

If it shall occur that any Bonds have been paid or retired subsequent to a violation of Section 8.10(2) of the Lease Agreement and prior to the mandatory purchase of the Project by the Lessee, then in such event the person who shall have been the holder of any such Bond on the occasion of its payment or retirement, shall be entitled to a premium of 10% (inclusive of any optional redemption premium previously paid) of the principal amount thereof, to be paid from the purchase price paid by the Lessee under Section 12.2 of the Lease Agreement.

SECTION 302 Notice of Redemption. Notice of the call for any such redemption identifying the Bonds to be redeemed shall be given by publication in a newspaper or financial journal of general circulation published in the City of New York, New York, not less than thirty days and not more than sixty 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 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 registered owner or owners at the addresses shown on the registration books not less than thirty days prior to the date fixed for redemption as aforesaid shall be sufficient and published notice of the call for redemption need not be given and failure duly to give such notice by mailing, or any defect in the notice to the registered owner of any Bond designated for redemption shall not affect the validity of the proceedings for the redemption of any other Bond.

Prior to the date fixed for redemption, funds shall be placed with the Trustee to pay the Bonds called and accrued interest thereon to the redemption date and the premium, if any. Upon the giving of such notice and the deposit of such funds, the Bonds thus called shall cease to bear interest on the specified 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 newspapers or financial journals published in the City of New York, New York, or for any other reason, it is impossible or impractical to publish such notice of call for redemption in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice.

SECTION 303 *Cancellation.* All Bonds which have been redeemed shall be cancelled and cremated by the Trustee together with the unmatured coupons appertaining thereto and shall not be reissued and a counterpart of the certificate of cremation evidencing such cremation shall be furnished by the Trustee to the County and the Lessee.

SECTION 304 *Unpaid Coupons.* All unpaid coupons which appertain to Bonds so called for redemption and which shall have become payable on or prior to the date fixed for redemption shall continue to be payable to the bearers thereof severally and respectively upon the presentation and surrender of such coupons.

SECTION 305 *Sinking Fund.* As and for a sinking fund for the retirement of Bonds which mature on October 1, 1988, the rental pay-

ment specified in Section 5.3 of the Lease Agreement which is to be deposited in the Bond Fund on or before the seventh day prior to October 1, 1974, and on or before the seventh day prior to each October 1 thereafter to and including October 1, 1987, shall include an amount sufficient to redeem (after credit as provided below) the following principal amounts of such Bonds:

October 1 of the Year	Principal Amount	October 1 of the Year	Principal Amount
1974.....	\$250,000	1981.....	\$200,000
1975.....	250,000	1982.....	150,000
1976.....	250,000	1983.....	150,000
1977.....	200,000	1984.....	150,000
1978.....	200,000	1985.....	150,000
1979.....	200,000	1986.....	150,000
1980.....	200,000	1987.....	150,000

At its option, to be exercised on or before the forty-fifth day next preceding any such sinking fund payment date, the County may (a) deliver to the Trustee for cancellation such Bonds in any aggregate principal amount desired with all unmatured coupons attached (except as theretofore detached pursuant to Section 208 hereof) or (b) receive a credit in respect of its sinking fund redemption obligation for any such Bonds which prior to said date have been purchased or redeemed (otherwise than through the operation of the sinking fund) and canceled by the Trustee and not theretofore applied as a credit against any sinking fund redemption obligation. Each Bond so delivered or previously purchased or redeemed shall be credited by the Trustee at 100% of the principal amount thereof on the obligation of the County on such sinking fund payment date and any excess shall be credited on future sinking fund redemption obligations in chronological order, and the principal amount of such Bonds to be redeemed by operation of the sinking fund shall be accordingly reduced.

The County shall on or before the forty-fifth day next preceding each sinking fund payment date furnish the Trustee and the Lessee with its certificate indicating whether or not and to what extent the provisions of clauses (a) and (b) of the preceding paragraph are to be availed of with respect to such sinking fund payment and confirm that such funds for the balance of the next succeeding prescribed sinking fund payment will be paid on or before the seventh day prior to the next succeeding October 1.

The Trustee shall redeem, in the manner provided in Section 302 hereof, such an aggregate principal amount of such Bonds at 100% of

the principal amount thereof plus accrued interest to the redemption date as will exhaust as nearly as practicable such cash sinking fund payment. Such redemption shall be in such equitable manner as may be designated by the Trustee.

SECTION 306 *Purchase of Bonds.* The Trustee may at any time purchase Bonds at the written direction of the County upon request of the Lessee at such time, in such manner and at such price as may be specified by the Lessee. The Trustee may so purchase Bonds with any moneys then held by the Trustee and available for the redemption or purchase of Bonds in excess of any amount set aside for payment of Bonds called for redemption; provided, that any limitations or restrictions on such redemption or purchase contained in the Lease Agreement or this Indenture shall be complied with. The expenses of such purchase shall be deemed an expense of the Trustee under Section 1102.

ARTICLE IV

GENERAL COVENANTS

SECTION 401 *Condition of County's Obligation; Payment of Principal and Interest.* Each and every covenant herein made, including all covenants made by the various sections of this Article IV, is predicated upon the condition that any obligation for the payment of money incurred by the County shall not create a pecuniary liability of the County or a charge upon its general credit or against its taxing powers, but shall be payable solely from the lease rentals, revenues and receipts derived from or in connection with the Project, including all moneys received under the Lease Agreement, which are required to be set apart and transferred to the Bond Fund, which lease rentals, revenues and receipts are hereby specifically pledged to the payment thereof in the manner and to the extent in this Indenture specified and nothing in the Bonds or coupons or in this Indenture shall be considered as pledging any other funds or assets of the County.

The County covenants that it will promptly pay the principal of, including any applicable redemption premiums, and interest on every Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in said Bonds, and in the coupons appertaining thereto according to the true intent and meaning thereof.

SECTION 402 *Performance of Covenants; Authority of County.* 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 pertaining thereto. The County covenants that it is duly authorized under the Constitution and laws of the State of South Carolina, to issue the Bonds authorized hereby and to execute this Indenture, to convey the property described in and conveyed hereby and to pledge the lease rentals, revenues and receipts hereby pledged 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 and the coupons appertaining thereto in the hands of the bearers 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 lawfully owns and is lawfully possessed of the lands described in Exhibit A attached hereto and that it has good and indefeasible title and estate therein (except for Permitted Encumbrances as defined in the Lease Agreement), and that it lawfully owns and is lawfully possessed of the equipment and machinery described in Exhibit B attached hereto (or, in the case of any such equipment and machinery not yet acquired, that the same will be acquired by the County from the moneys in the Construction Fund or furnished by the Lessee pursuant to Section 4.6 of the Lease Agreement), and that it will defend the title to the Project and every part thereof to the Trustee, for the benefit of the holders and owners of the Bonds and the bearers of the coupons appertaining thereto against the claims and demands of all persons whomsoever. 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, conveying, pledging, assigning and confirming unto the Trustee all and singular the property herein described and the lease rentals, revenues and receipts pledged hereby to the payment of the principal of and interest and premium, if any, on the Bonds. Any and all property hereafter acquired which is of the kind or nature herein provided to be and become subject to the lien hereof shall ipso facto, and without any further conveyance, assignment or act on the part of the County or the Trustee, become and be subject to the lien of this Indenture as fully and completely as though specifically described herein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the County under this Section 403. The County covenants and agrees that, except as herein

and in the Lease Agreement provided, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Project or the lease rentals, revenues and receipts therefrom or of its rights under the Lease Agreement.

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 all lawful taxes, assessments and charges at any time levied or assessed upon or against the Project, or any part thereof, failure to pay which might impair or prejudice the lien and priority of this Indenture; provided, however, that nothing contained in this Section 404 shall require the payment of any such taxes, assessments or charges if the same are not required to be paid under the provisions of Section 6.3 of the Lease Agreement.

SECTION 405 *Maintenance and Repair.* 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 kept in as reasonably safe condition as its operations shall permit, 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 repair and in good operating condition, 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.

SECTION 406 *Inspection of Project Books.* The County covenants and agrees that all books and documents in its possession relating to the Project and the lease rentals, revenues and receipts derived 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 407 *Rights Under Lease Agreement.* The Lease Agreement, a duly executed counterpart of which has been filed with the Trustee, sets forth the covenants and obligations of the County and the Lessee, including a provision that subsequent to the initial 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 written consent of the Trustee and reference is hereby made to the Lease Agreement for a detailed statement of said covenants and obligations of the Lessee under the Lease Agreement, and the County agrees that the Trustee in its name or in the name of the County may enforce all rights

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

SECTION 408 *No Vacancy In Office of Trustee.* The County, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 1108, a Trustee, so that there shall at all times be a Trustee hereunder.

SECTION 409 *Recording and Filing.* This Indenture shall be recorded and indexed as a mortgage of real property in the office of the Clerk of Court of Dillon County, or in such other office as may be at the time provided by law as the proper place for the recordation thereof. The security interest of the Trustee created by this Indenture in any personal property and fixtures which are to be part of the Project, shall be perfected by the filing in the office of the said Clerk of Court and in the office of the Secretary of State of South Carolina in the City of Columbia, South Carolina, of financing statements which fully comply with the South Carolina Uniform Commercial Code—Secured Transactions. Such financing or continuation statements shall be filed from time to time in said offices of the said Clerk of Court and of the Secretary of State of South Carolina as in the opinion of counsel, as provided in Section 13.5 (a) of the Lease Agreement or otherwise, are necessary to preserve the lien of this Indenture.

ARTICLE V

REVENUES AND FUNDS

SECTION 501 *Source of Payment of Bonds.* The Bonds herein authorized and all payments by the County hereunder are not general obligations of the County but are limited obligations payable solely from the lease rentals, revenues and receipts derived from the Project and as authorized and provided in this Indenture.

The Project has been leased under the Lease Agreement and the rental payments provided for 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. Said rental payments are sufficient in amount to pay the principal of, premium, if any, and interest on the Bonds, and the entire amount of lease rentals, revenues and receipts from said Lease Agreement (except amounts paid by the Lessee to local taxing authorities in lieu of taxes pursuant to Section 5.5 of the Lease Agreement) are pledged to the payment of the principal of,

premium, if any, and interest on the Bonds. The County hereby covenants and agrees that it will not create any lien upon said lease rentals, revenues and receipts or the Project other than the lien hereby created.

SECTION 502 *Creation of the Bond Fund.* There is hereby created by the County and ordered established with the Trustee a trust fund to be designated "Dillon County Industrial Revenue Bond Fund—Duplan Project" (which is sometimes referred to herein as the "Bond Fund"), which shall be used to pay the principal of, premium, if any, and interest on the Bonds.

SECTION 503 *Payments into the Bond Fund.* There shall be deposited into the Bond Fund all accrued interest derived from the sale of the Bonds. In addition, there shall be deposited into the Bond Fund, as and when received (a) any amount remaining in the Construction Fund to the extent provided in Section 4.3(k) of the Lease Agreement except as otherwise directed pursuant to said Section 4.3(k); (b) all rental payments specified in Section 5.3 of the Lease Agreement; and (c) all other moneys received by the Trustee under and pursuant to any of the provisions of the Lease Agreement when accompanied by directions by Lessee that such moneys are to be paid into the Bond Fund. 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 lease rentals, revenues and receipts derived from the Project promptly to meet and pay the principal of, 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 efficiently leased as a revenue and income producing undertaking, and that, should there be a default under the Lease Agreement with the result that the right of possession of the Project 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 the bearers of coupons appertaining to the Bonds 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 lease rentals, revenues and receipts will be derived from the Project promptly to meet and pay the principal of, 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. Nothing herein shall be construed as requiring the County

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to operate the Project or to use any funds or revenues from any source other than lease rentals, revenues and receipts derived from the Project.

SECTION 504 *Use of Moneys in the Bond Fund.* Except as provided in Section 510 hereof, moneys in the Bond Fund shall be used solely for the payment of the principal of and interest on the Bonds and for the redemption of the Bonds at or prior to maturity. Except as provided in Section 305 hereof, no part of said rental payments in the Bond Fund shall be used to redeem, prior to maturity, a part of the Bonds outstanding; provided, that whenever the amount in the Bond Fund from any source whatsoever is sufficient to redeem all of the Bonds outstanding hereunder and to pay interest to accrue thereon prior to such redemption, the County covenants and agrees to take and cause to be taken the necessary steps to redeem all of said Bonds on the next succeeding redemption date for which the required redemption notice may be given; and provided further that any moneys in the Bond Fund other than rental payments may be used at the request of the County to redeem a part of the Bonds outstanding on the next succeeding redemption date for which the required notice of redemption may be given so long as the Lessee is not in default with respect to any rental payments under the Lease Agreement and to the extent said moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption and past due interest in all cases where such Bonds or coupons have not been presented for payment.

SECTION 505 *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 principal of and interest and premium, if any, on the Bonds as the same become due and payable and to make said funds so withdrawn available to the Trustee and to the paying agent or agents for the purpose of paying said principal and interest, and premium, if any, which authorization and direction the Trustee hereby accepts.

SECTION 506 *Non-presentment of Bonds or Coupons.* In the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, or in the event any coupon shall not be presented for payment at the due date thereof, if funds sufficient to pay such Bonds or coupons shall have been made available to the Trustee for the benefit of the holder or holders thereof, all liability of the County to the holder thereof for the payment of such Bond or

coupon, as the case may be shall forthwith cease, determine 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, 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 this Indenture or on, or with respect to, said Bond or coupon.

SECTION 507 *Trustee's and Paying Agents' Fees, Charges and Expenses.* Pursuant to the provisions of the Lease Agreement, the Lessee has agreed to pay the Trustee, until the principal of, interest and premium, if any, on the Bonds shall have been fully paid: (i) an amount equal to the annual fee of the Trustee for the Ordinary Services of the Trustee rendered, as trustee, and its Ordinary Expenses incurred, as trustee, under this Indenture, as and when the same becomes due, (ii) the reasonable fees and charges of the Trustee, as Bond Registrar and paying agent, and any paying agents for acting as paying agent as and when the same become due, and (iii) the reasonable fees and charges for the necessary 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 and paying agent referred to in the preceding sentence which become due prior to the completion date (as defined in the Lease Agreement) 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, charges or expenses referred to herein.

SECTION 508 *Moneys to Be Held in Trust.* All moneys required to be deposited with or paid to the Trustee for account of the Bond Fund or the Construction Fund under any provision of this Indenture 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, constitute part of the Trust Estate and be subject to the lien hereof.

SECTION 509 *Insurance and Condemnation Proceeds.* Reference is hereby made to Article VII 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 deposited in separate trust accounts and to be disbursed and paid out as therein provided. The Trustee hereby accepts and agrees to perform the duties and obligations as therein specified.

SECTION 510 *Repayment to the Lessee from the Bond Fund.* Any amounts remaining in the Bond Fund after payment in full of the principal of, interest and premium, if any, on Bonds (or provision for payment thereof as provided in this Indenture), the fees, charges and expenses of the Trustee and any paying agents and all other amounts required to be paid hereunder shall be paid to the Lessee upon the expiration or sooner termination of the term of the Lease Agreement as provided in Section 13.8 of the Lease Agreement.

ARTICLE VI

CUSTODY AND APPLICATION OF PROCEEDS OF BONDS

SECTION 601 *Deposits in the Bond Fund.* From the proceeds of the issuance and delivery of Bonds there shall be deposited in the Bond Fund all accrued interest received upon the sale of the Bonds.

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 "Dillon County Industrial Construction Fund—Duplan Project". The balance of the proceeds of the issuance and delivery of Bonds remaining after the deduction provided by Section 601 hereof shall have been made shall be deposited in the Construction Fund. Moneys in the Construction Fund shall be expended in accordance with provisions of the Lease Agreement, and particularly Section 4.3 thereof.

The Trustee is hereby authorized and directed to issue its 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 shall have been completed and a certificate of payment of all costs filed as provided in Section 603 hereof, the Trustee shall, if requested by the Lessee, file an accounting thereof with the County and with the Lessee.

SECTION 603 *Completion of the Project.* The completion of the Project and the payment of all costs and expenses incident thereto shall be evidenced by the filing with the Trustee of (i) the certificate

of the Authorized Lessee Representative required by the provisions of Section 4.5 of the Lease Agreement and (ii) a certificate signed by the Chairman of the County Board and by the Lessee (by one of the authorized officers of the Lessee), 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 Authorized Lessee Representative 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 clause (ii) of the preceding sentence any balance remaining in the Construction Fund (other than the amounts retained by the Trustee and referred to in the preceding sentence) shall without further authorization be deposited in the Bond Fund by the Trustee with advice to the County and to the Lessee of such action unless the Lessee shall have directed the Trustee to purchase Bonds in the open market for the purpose of cancellation in accordance with Section 4.3(k) of the Lease Agreement.

ARTICLE VII

INVESTMENTS

SECTION 701 *Investment of Construction Fund Moneys.* Any moneys held as part of the Construction Fund shall, at the written request of and as specified by the Authorized Lessee Representative (as defined in the Lease Agreement), be 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 Construction Fund and the interest accruing thereon 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. The Trustee is directed to sell and reduce to cash funds a sufficient amount of such investments whenever the cash balance in the Construction Fund is insufficient to pay a requisition when presented.

SECTION 702 *Investment of Bond Fund Moneys.* Any moneys held as part of the Bond Fund shall, at the written request of and as specified by the Authorized Lessee Representative (as defined in the Lease Agreement), be invested or reinvested by the Trustee in any bonds or other obligations which as to principal and interest constitute direct obligations of the United States of America. Any such invest-

ments shall be held by or under control of the Trustee and shall be deemed at all times a part of the Bond Fund and the interest accruing thereon and any profit realized therefrom shall be credited to such fund and any loss resulting from such investments shall be charged to such fund. The Trustee shall sell and reduce to cash funds a sufficient portion of investments under the provisions of this Section 702 whenever the cash balance in the Bond Fund is insufficient to pay the current interest and principal requirements.

ARTICLE VIII

POSSESSION, USE AND PARTIAL RELEASE OF LEASED 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 and bearers of coupons appertaining thereto are specifically made subject and subordinate to the rights and privileges of the Lessee set forth in the Lease Agreement. 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 Leased Land.* Reference is made to the provisions of the Lease Agreement, including without limitation Sections 8.5 and 11.3 thereof, whereby the County and the Lessee have reserved the right to withdraw certain portions of the Leased Land (as defined in the Lease Agreement) upon compliance with the terms and conditions of the Lease Agreement. Upon receipt of the material required by Section 1406 hereof and a written request by the County and the Lessee accompanied by an Opinion of Counsel prepared in accordance with Section 1405 hereof that the land, if released in accordance with such request, will be released in compliance with the provisions of the Lease Agreement, the Trustee shall release from the lien of this Indenture all of its right, title and interest in any such land. The money received by the Trustee or the County for such release shall be deposited in the Bond Fund.

SECTION 803 *Release of Leased 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 equipment constituting Leased Equipment (as defined in the Lease Agreement) upon compliance with the terms and conditions of the Lease Agreement. Upon receipt of the material required by Section 1406 hereof and a written request by the County and the Lessee accompanied

by an Opinion of Counsel prepared in accordance with Section 1405 hereof that the equipment, if released in accordance with such request, will be released in compliance with the provisions of the Lease Agreement, the Trustee shall at the request of the County or the Lessee confirm that any such equipment has become no longer subject to the lien of this Indenture.

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 and take other action upon compliance 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 with the provisions of the Lease Agreement.

ARTICLE IX

DISCHARGE OF LIEN

SECTION 901 *Discharge of Lien of the Indenture.* If the County shall pay or cause to be paid to the holders and owners of the Bonds and bearers of coupons the principal, interest and premium, if any, to become due thereon at the times and in the manner stipulated therein and herein, and shall have paid all fees and expenses of the Trustee and each paying agent, 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, or if the issuance of the Bonds is not made within the time provided in Section 4.2 of the Lease Agreement, then these presents and the estate and rights hereby granted shall, at the option of the County, cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the County such instruments in writing as shall be requisite to satisfy the lien hereof, and re-convey to the County the estate hereby conveyed, and assign and deliver to the County any property at the time subject to the lien of this Indenture which may then be in its possession, except amounts in the Bond Fund required to be paid to the Lessee under Section 510 hereof and except funds held by the Trustee for the payment of principal of, interest and premium, if any, on the Bonds.

Bonds and coupons for the payment or redemption of which moneys 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 within the meaning of this Article; 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 TRUSTEE AND BONDHOLDERS

SECTION 1001 *Defaults; Events of Default.* If any of the following events occur, subject to the provisions of Sections 1012 and 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; or

(b) Default in the due and punctual payment of (i) the principal of any Bonds (or premium thereon, if any), whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon the maturity thereof by declaration or (ii) any sinking fund payment required by Section 305.

(c) The occurrence of an "event of default" under Section 10.1 (a) or (b) of the Lease Agreement.

(d) 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

(e) The occurrence of an "event of default" under Section 10.1 of the Lease Agreement arising out of matters referred to in Sections 404, 405 and 507 hereof.

The term "default" shall mean default by the County in the performance or observance of any of the covenants, agreements or conditions on its part contained in this Indenture or in the Bonds, exclusive of any period of grace required to constitute a default an "event of default" as in this Article X provided and shall mean the occurrence of an "event of default" under Section 10.1 of the Lease Agreement arising out of matters referred to in Sections 404, 405 and 507 hereof.

SECTION 1002 *Acceleration.* Upon the occurrence of an event of default the Trustee may, and upon the written request of the holders of not less than a majority in aggregate principal amount of Bonds then outstanding shall, by notice in writing delivered to the County, 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; Other Remedies.* Upon the occurrence of an event of default 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 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, its 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; 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 1407(b) hereof a summarized statement of income and expenditures in connection therewith.

Upon the occurrence of an event of default the lien on the Project created and vested by this Indenture may be foreclosed either by sale at public outcry 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.

Upon the occurrence of an event of default, Trustee shall have the power to proceed with any right or remedy granted by the Con-

stitution and laws of the State of South Carolina, as it may deem best, including any suit, action or special proceeding in equity or at law for the special performance of any covenant or agreement contained herein or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect the rights aforesaid, insofar as such may be authorized by law, and the right to appointment, as a matter of right and without regard to the sufficiency of the security afforded by the Mortgaged Property, of a receiver for all or any part of the Mortgaged Property and the earnings, rents and income thereof; the rights here specified are to be cumulative to all other available rights, remedies or powers and shall not exclude any such rights, remedies or powers.

SECTION 1004 *Rights of Bondholders.* If an event of default shall have occurred, and if requested so to do by the holders of not less than a majority in aggregate principal amount of Bonds then outstanding and if indemnified as provided in Section 1101 (k) hereof, the Trustee shall be obliged to exercise such one or more of the rights and powers conferred by this Section and by Sections 1003 and 1004 as the Trustee, being advised by counsel, shall deem most expedient in the interest of the Bondholders.

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 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.* Anything in this Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Bonds then outstanding (determined subject to the provision of Section 1501(e) hereof) shall have the right, at any time, by an instrument or instruments in writing

executed and delivered to the Trustee, to direct the time, 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.

SECTION 1006 *Appointment of Receivers.* Upon the occurrence of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders or the bearers of the coupons 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 *Foreclosure of Indenture.* Upon the occurrence of an event of default, to the extent that such right may then lawfully be waived, neither the County, nor anyone claiming through or under it, shall 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 the Indenture or the foreclosure of the Indenture, and the County, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all right of appraisement and redemption to which it may be entitled under the laws of South Carolina.

SECTION 1008 *Application of Moneys.* All moneys received by the Trustee 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 in the Bond Fund shall 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 and premium, if any, on 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 principal of, premium, if any, and interest on the Bonds due on any particular date, then to the payment ratably, according to the amount of the principal, interest, and premium, if any, 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, premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal, premium, if any, 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 bearer of any unpaid coupon or the holder of 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 principal of, premium, if any, and interest on all Bonds have been paid under the provisions of this Section 1008 and all expenses and charges of the Trustee shall have been paid, any balance remaining in the Bond Fund shall be paid to the Lessee as provided in Section 510 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 or bearers of coupons, and any recovery of judgment shall be for the equal benefit of the holders of the outstanding Bonds and the bearers of the outstanding coupons.

SECTION 1010 *Rights and Remedies of Bondholders.* No holder or bearer of any Bond or coupon, as the case may be, 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 also a default has occurred of which the Trustee has been notified as provided in subsection (g) 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 a majority in aggregate principal amount of Bonds then outstanding shall have made written request to the Trustee and shall have offered 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 (k) nor unless the Trus-

tee 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 or bearers of the Bonds or coupons shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of 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 and the bearers of all coupons then outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Bondholder to enforce the payment of the principal of, premium, if any, and interest on any Bond at and after the maturity thereof, or the obligation of the County to pay the principal of, premium, if any, and interest on each of the Bonds issued hereunder to the respective holders thereof and to the bearers of the coupons at the time, place, from the source and in the manner in said Bonds and the 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 and the Trustee shall be restored to their former positions and rights hereunder with respect to the Mortgaged Property herein conveyed, 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 consequences and rescind any declaration of maturity of principal of and interest on the Bonds upon the written request of the holders of a majority in aggregate principal amount of all Bonds then outstanding; provided, however, that there shall not be waived (a) any event of default in the payment of the principal of any outstanding Bonds at the date of maturity specified therein, or upon proceedings for redemption pursuant to Section

305 of this Indenture or (b) any default in the payment when due of the interest or premium 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 in respect of which such default shall have occurred on overdue installments of interest or all arrears of payments of principal or premium when due (whether at the stated maturity thereof or upon proceedings for redemption pursuant to Section 305 of this Indenture) 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, Trustee and Bondholders and bearers of coupons 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 the County and Lessee to Cure Defaults. Anything herein to the contrary notwithstanding, no default (other than a default under Section 1001(a), or, Section 1001(b) or Section 1001(c) hereof, to which this Section 1013 shall not be applicable) shall constitute an event of default until actual notice of such default by registered or certified mail shall be given by the Trustee or by the holders of not less than a majority of the aggregate principal amount of Bonds then outstanding to the Lessee and the County, and the County 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 the applicable period; provided, however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an event of default if corrective action is instituted by the Lessee or the County as the case may be, within the applicable period and diligently pursued until the default is corrected.

With regard to any alleged default concerning which notice is given to the Lessee under the provisions of this Section 1013, the County hereby grants the Lessee full authority for account of the County to perform any covenant or obligation 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 could do and perform any such things and acts and with power of substitution.

In the event that the Trustee fails to receive, at least seven days prior to any semi-annual interest payment date, the rental payable by the Lessee under Section 5.3 of the Lease Agreement, the Trustee shall forthwith give notice by telegram, or if telegraphic service is not available then by mail, to the Lessee specifying such failure.

SECTION 1014 Powers of Trustee upon Event of Default under Lease Agreement or in Payment of Bonds. If the rents required to be paid under Section 5.3 of the Lease Agreement are not paid at least seven days prior to the semi-annual interest payment date before which such rents are due, or in case of an event of default, as defined in Section 1001 hereof in the payment of principal of or premium, if any, or interest on any Bonds shall occur and be continuing, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of all sums due and unpaid under the Lease Agreement or the Bonds, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against any obligor thereon, and collect in the manner provided by law out of the property of any obligor thereon wherever situated the monies adjudged or decreed to be payable.

In case there shall be pending proceedings for the bankruptcy or for the reorganization of any obligor under the Lease Agreement under the National Bankruptcy Act or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of any such obligor, or in case of any other judicial proceedings relative to any obligor under the Lease Agreement, or to the creditors or property of any such obligor, the Trustee, irrespective of whether the principal of the Bonds shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the power vested in it by the Indenture, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee, its agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee except as a result of its negligence or bad faith) and of the Bondholders allowed in any such judicial proceedings relative to the Lessee or any other obligor under the Lease Agreement or to the creditors or property of the Lessee, or any such other obligor,

as the case may be, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute all amounts received with respect to the claims of the Bondholders and of the Trustee on their behalf; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by each of the Bondholders to make payments to the Trustee and, in the event that the Trustee shall consent to the making of payments directly to the Bondholders, to pay to the Trustee such amount as shall be sufficient to cover reasonable compensation to the Trustee, its agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee except as a result of its negligence or bad faith.

In case of a default hereunder the Trustee may in its discretion proceed to protect and enforce the rights vested in it by this Indenture and the Lease Agreement by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or the Lease Agreement or in aid of the exercise of any power granted in this Indenture or the Lease Agreement or to enforce any other legal or equitable right vested in the Trustee by this Indenture, the Lease Agreement or by law.

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:

(a) 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, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may be reasonably employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the County or the Lessee). The Trustee shall not be responsible for any loss or damage result-

ing from any action or non-action in good faith in reliance upon such opinion or advice.

(b) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the authentication certificate of the Trustee endorsed on the Bonds), or for insuring the property conveyed hereby, or for 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 of the property conveyed hereby or otherwise as to the maintenance of the security hereof; except that in the event the Trustee enters into possession of a part or all of the property conveyed hereby pursuant to any provision of this Indenture it shall use due diligence in preserving such property; 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 under the Lease Agreement, except as herein expressly 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 and as to the condition of the property conveyed hereby. Except as otherwise provided in Section 1003 hereof, the Trustee shall have no obligation to perform any of the duties or obligations of the County, as lessor, under the Lease Agreement.

(c) The Trustee shall not be accountable for the use of the proceeds from the sale of the Bonds disbursed in accordance with the provisions of Sections 4.2 and 4.3 of the Lease Agreement. The Trustee may become the owner of Bonds and coupons secured hereby with the same rights which it would have if not Trustee.

(d) 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 of Bonds issued in exchange therefor or in place thereof.

(e) 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 Board by its Chairman and attested by its Clerk 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 (g) 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. The Trustee may accept a certificate of the Clerk of the County Board under its seal to the effect that a resolution in the form therein set forth has been adopted by the County Board as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(f) 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.

(g) The Trustee shall not be liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or non-fulfillment of contracts during any period in which it may be in the possession of or managing the Mortgaged Property as in this Indenture provided.

(h) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all of the Project, 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; subject to the limitations imposed upon such rights of inspection pursuant to Section 8.2 of the Lease Agreement.

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

(j) 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, the release of any property or the taking of any other action by the Trustee.

(k) Before taking any action hereunder the Trustee may require that a satisfactory indemnity bond be furnished 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.

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

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 Bond Registrar and paying agent for the Bonds and coupons as hereinabove provided. The Trustee shall have a lien with right of payment prior to payment on account of interest or principal of any Bond upon the Project for the foregoing advances, fees, costs, and expenses incurred.

SECTION 1103 This Section intentionally left blank.

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 in aggregate principal amount of all Bonds then outstanding. 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 of the title to the whole property or trust estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instruments 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, to the Lessee and by registered or certified mail to each registered owner of Bonds then outstanding and to each holder of Bonds as shown by the list of Bondholders required by Section 1407(a) hereof to be kept at the office of 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 and to the Lessee 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 owners of a majority in aggregate principal amount of all 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, the Trustee may be removed and a successor Trustee appointed in the manner prescribed by, and subject to the provisions of Section 1416 hereof; provided, nevertheless, that in case of such vacancy the County by an instrument

executed and signed by the Chairman of the County Board and attested by the Clerk of the County Board under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed 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. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank organized under the laws of the United States of America or any state thereof and which is in good standing, within or outside the State of South Carolina, having a reported capital and surplus of not less than \$25,000,000 or four times the aggregate principal amount of the Bonds then outstanding, whichever is less, 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 estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the County, or of its successor, and upon payment of all amounts due such predecessor pursuant to Section 1102 hereof, execute and deliver an instrument transferring to such successor Trustee all the estates, 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 estate, 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,

the Trustee may pay such tax, assessment or governmental or other 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 seven 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 revenues herein pledged to the payment of the Bonds 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 in the aggregate principal amount of all 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 Trustee of Bond Fund and Construction Fund, Paying Agent and Bond Registrar.* In the event of a change in the office of Trustee the predecessor Trustee which has resigned or has been removed shall cease to be trustee of the Bond Fund and the Construction Fund, and paying agent for principal of and interest and premium, if any, on the Bonds and Bond Registrar and the successor Trustee shall become such Trustee, paying agent and Bond Registrar.

SECTION 1113 *Trust Estate May be Vested in Separate or 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 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 hold title to the Mortgaged Property, in trust, as herein granted, or take any other action which may be desirable or necessary in connection there-

with, 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, the rights, powers, duties, and obligations conferred or imposed upon the Trustee shall be conferred or imposed upon and exercised or performed by the Trustee, or the Trustee and such co-trustee jointly, except to the extent that under any law or any jurisdiction in which any particular act or acts are to be performed, such Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties, and obligations shall be exercised and performed by such co-trustee.

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 estates, 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.

The provisions of Sections 1014, 1409, 1410, 1412, 1414, 1416 and 1417 shall be applicable to any separate or co-trustee.

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 the lien and pledge of this Indenture additional revenues, properties or collateral; and

(d) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under any state Blue Sky Law.

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 land and interests in land, buildings, machinery and equipment forming a part of the Project and generally described in Exhibits A and B attached hereto so as to more precisely identify the same or to substitute or add additional land or interests in land, buildings, machinery and equipment, (ii) with respect to any changes required to be made in the description of the Mortgaged Property in order to conform with similar changes made in the Lease Agreement as permitted by Section 1301.

SECTION 1202 Supplemental Indentures Requiring Consent of Bondholders. Exclusive of indentures supplemental hereto 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 stated maturity or reduction in the principal amount of, or reduction in the rate, or extension of the time of payment, of interest on, or reduction of any premium payable on the redemption of, any Bonds, without the consent of the holder of such Bond, or (b) a reduction in the amount or extension of the time of any payment required by the sinking fund provided in Section 305, or (c) the creation of any lien (other than any Permitted Encumbrances as defined in the Lease Agreement) prior to or on a parity with the lien of this Indenture, or (d) a reduction in the aforesaid aggregate principal amount of Bonds the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all the Bonds at the time outstanding

which would be affected by the action to be taken, or (e) the modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee.

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 newspaper or financial journal of general circulation 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 corporate trust 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 and no bearer of any coupon 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. The Trustee may rely upon an opinion of counsel as conclusive evidence that execution and delivery of a supplemental indenture has been effected in compliance with the provisions of this Article XII.

Anything herein to the contrary notwithstanding, a supplemental indenture under this Article XII which affects any rights of the Lessee shall not become effective unless and until the Lessee shall have consented to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture together with a copy of the proposed supplemental indenture to be mailed by certified or registered mail to the Lessee at least fifteen days prior to the proposed date of execution and delivery of any supplemental indenture. The Lessee shall be deemed to have consented to the execution and delivery of any such supplemental indenture if the Trustee does not receive a

letter of protest or objection thereto signed by or on behalf of the Lessee on or before 2:30 o'clock P.M., New York City time, of the fifteenth day after mailing of said notice and a copy of the proposed 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 lands and interests in land, buildings, machinery and equipment described in Exhibits A and B to the Lease Agreement so as to identify more precisely the same or substitute or add additional land or interests in land, buildings, machinery and equipment, or (iv) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee, or materially adverse to the holders of the Bonds.

SECTION 1302 *Amendments, etc., to Lease Agreement Requiring Consent of Bondholders.* Except for the amendments, changes or modifications as provided in Section 1301 hereof, neither the County nor the Trustee shall consent to any other 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 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 corporate trust 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 such proposed amendment shall have consented to and approved the execution thereof as herein provided, no holder of any Bond and no bearer of any coupon 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 consenting to the execution thereof or from taking any action pursuant to the provisions thereof. Upon the execution of any such amendment as in this Section permitted and provided, the Lease Agreement shall be and be deemed to be modified and amended in accordance therewith.

ARTICLE XIV

CERTAIN TRUST INDENTURE ACT AND OTHER PROVISIONS RELATING TO LEASE AGREEMENT

SECTION 1401. *Purpose of Article.* This Article relates to the interests in the obligations of the Lessee under the Lease Agreement.

SECTION 1402. *Trust Indenture Act Provisions Control.* If and to the extent that any provision of this Indenture limits, qualifies or conflicts with any other provision which is required to be included in this Indenture by any of Sections 310 to 317, inclusive, of the Trust Indenture Act of 1939, such required provision shall control as if set forth fully herein. If any indentures supplemental to this Indenture are hereafter adopted, such supplemental indentures shall conform to the provisions of the Trust Indenture Act of 1939, as then in effect.

SECTION 1403. *Definitions.* The terms defined in Article I and this Section (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Article shall have the respective meanings specified in Article I and this Section. All other terms used in this Indenture which are defined in the Trust Indenture Act of 1939 or which are by reference therein defined in the Securities Act of 1933, as amended, shall have the meanings (except as herein otherwise expressly provided or unless the context otherwise requires) assigned to such terms in said Trust Indenture Act and in said Securities Act as in force at the date of this Indenture as originally executed and delivered.

Event of Default:

The term "Event of Default" shall mean an "event of default" as defined in Section 10.1 of the Lease Agreement.

Officers' Certificate:

The term "Officers' Certificate" shall mean a certificate signed by the President or a Vice President and by the Treasurer or an Assistant Treasurer or the Comptroller or the Secretary or an Assistant Secretary of the Lessee.

Opinion of Counsel:

The term "Opinion of Counsel" shall mean an opinion in writing signed by legal counsel, who shall be satisfactory to the Trustee and who may be an employee of or of counsel to the County or the Lessee.

Responsible Officer:

The term "Responsible Officer" when used with respect to the Trustee shall mean the chairman of the board of directors, the vice-chairman of the board of directors, the chairman of the executive committee, the vice-chairman of the executive committee, the president, any vice president, the cashier, the secretary, the treasurer, any trust officer, any assistant trust officer, any second or assistant vice-president, any assistant cashier, any assistant secretary, any assistant treasurer, or any other officer or assistant officer of the Trustees customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

Trust Indenture Act of 1939:

The term "Trust Indenture Act of 1939" shall mean the Trust Indenture Act of 1939, as amended, as in force at the date of this Indenture as originally executed and delivered.

SECTION 1404. *Agreement of Paying Agent.* (a) Whenever the County shall appoint a paying agent other than the Trustee, it will cause such paying agent to execute and deliver to the Trustee an instrument in which such paying agent shall agree with the Trustee, subject to the provisions of this Section,

(1) that it will hold all sums held by it as such agent for the payment of the principal of (and premium, if any) or interest on the Bonds (whether such sums have been paid to it by the Lessee or by any other obligor under the Lease Agreement) in trust for the benefit of the holders of the Bonds, or of the coupons, as the case may be, and will notify the Trustee of the receipt of sums to be so held, and

(2) that it will give the Trustee notice of any failure by the Lessee (or by any other obligor under the Lease Agreement) to make any payment of rentals or other amounts for payment of the principal of (or premium, if any) or interest on the Bonds when the same shall be due and payable.

(b) Anything in this Section to the contrary notwithstanding, the County, at the request of the Lessee may, at any time, for the purpose of obtaining a satisfaction and discharge of this Indenture, or for any other reason, cause to be paid to the Trustee all sums held in trust by any paying agent hereunder as required by this Section, such sums to be held by the Trustee upon the trusts herein contained, and such paying agent shall thereupon be released from all further liability with respect to such sums.

SECTION 1405 *Certificate and Opinions.* Upon any application or demand by the Lessee, or by the County at the direction or request of the Lessee, to the Trustee, to take any action under any of the provisions of this Indenture, the Trustee shall require the Lessee to furnish to the Trustee an Officers' Certificate stating that all conditions precedent provided for in this Indenture and the Lease Agreement relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent have been complied with, except that in the case of any application or demand as to which the furnishing of such documents is specifically required by any provision of this Indenture and the Lease Agreement relating to such particular application or demand, no additional certificate or opinion need be furnished.

Each certificate or opinion provided for in this Indenture including the Officers' Certificate and Opinion of Counsel referred to herein and delivered to the Trustee with respect to compliance with a condition or covenant provided for in this Indenture or the Lease Agreement shall include (1) a statement that the person making such certificate or opinion has read such covenant or condition; (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (3) a statement that in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

SECTION 1406 *Certificate Upon Release of Lien of Indenture.* Notwithstanding any other provision in this Indenture, the County will cause the Lessee to furnish to the Trustee, in addition to or as part of any certificate or opinion required by other applicable provisions of this Indenture:

(a) A certificate or opinion of an engineer, appraiser, or other expert as to the fair value of any property or security to be released from the lien of this Indenture, which certificate or opinion shall state that in the opinion of the person making the same the proposed release will not impair the security under this Indenture in contravention of the provisions hereof; such certificate or opinion shall be made by an independent engineer, appraiser, or other expert, if the fair value of such property or securities and of all other property or security released since the commencement of the then current calendar year, as set forth in the certificates or opinions required by this subdivision (a), is ten per cent or more of the aggregate principal amount of Bonds at the time outstanding; but such certificate or opinion of an independent engineer, appraiser, or other expert shall not be required in the case of any release of property or securities, if the fair value thereof as set forth in the certificate or opinion required by this subdivision (a) is less than Twenty-five thousand dollars (\$25,000) or less than one per cent of the aggregate principal amount of Bonds at the time outstanding; and

(b) A certificate or opinion of an engineer, appraiser, or other expert as to the fair value to the Lessee of any property the subjection of which to the lien of this Indenture is to be made the basis for the withdrawal of cash constituting a part of the trust estate or the withdrawal of any proceeds of insurance or condemnation award held by the Trustee in accordance with the provisions of this Indenture and the Lease Agreement or the release of any property or security subject to the lien of this Indenture; and if

(1) within six (6) months prior to the date of acquisition thereof by the Lessee such property has been used or operated by a person or persons other than the Lessee in a business similar to that in which it has been or is to be used or operated by the Lessee; and

(2) the fair value to the Lessee of such property as set forth in such certificate or opinion is not less than Twenty-five

thousand dollars (\$25,000) and not less than one per cent of the aggregate principal amount of Bonds at the time outstanding,

such certificate or opinion shall be made by an independent engineer, appraiser, or other expert.

In the event that a certificate or opinion is required pursuant to this Section to be made by an independent person, such certificate or opinion shall be made by an independent accountant, engineer, appraiser, or other expert, as the case may be, approved by the Trustee in the exercise of reasonable care. In cases where such certificate or opinion is not required to be made by an independent person, such certificate or opinion may, except as otherwise provided in this Section, be made by any accountant, engineer, appraiser, or other expert, as the case may be, employed by or otherwise holding office in the Lessee and the Trustee shall not be responsible for the approval of any such person, subject to the provisions of Section 1412.

SECTION 1407 Bondholder List and Communications with Bondholders. (a) The County covenants and agrees that it will furnish or cause to be furnished to the Trustee between May 15 and May 31, and between November 15 and November 30, in each year beginning with November 15, 1969, and at such other times as the Trustee may request in writing, within thirty days after receipt by the County of any such request, a list in such form as the Trustee may reasonably require containing all information in the possession or control of the County, the Lessee or any paying agent other than the Trustee, as to the names and addresses of the holders of the Bonds obtained since the date as of which the next previous list, if any, was furnished. Any such list may be dated as of a date not more than fifteen days prior to the time such information is furnished or caused to be furnished and need not include information received after such date.

(b) The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the holders of Bonds (1) contained in the most recent list furnished to it as provided in subsection (a) of this Section, (2) received by it in the capacity of paying agent hereunder, and (3) filed with it within two preceding years pursuant to the provisions of paragraph (2) of subsection (c) of Section 1409.

The Trustee may (1) destroy any list furnished to it as provided in this Section 1407 upon receipt of a new list so furnished, (2) destroy any information received by it as paying agent hereunder upon de-

delivering to itself as Trustee, not earlier than forty-five days after an interest payment date of the Bonds, a list containing the names and addresses of the holders of Bonds obtained from such information since the delivery of the next previous list, if any, (3) destroy any list delivered to itself as Trustee which was compiled from information received by it as paying agent hereunder, upon the receipt of a new list so delivered, and (4) destroy any information filed with it by holders of Bonds for the purpose of receiving reports pursuant to the provisions of paragraph (2) of subsection (c) of Section 1409, but not until two years after such information has been filed with it.

(c) In case three or more holders of Bonds (hereinafter referred to as "applicants") apply in writing to the Trustee and furnish to the Trustee reasonable proof that each such applicant has owned a Bond for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other holders of Bonds with respect to their rights under this Indenture or under the Bonds and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Trustee shall, within five business days after the receipt of such application, at its election, either

(1) afford such applicants access to all information preserved at the time by the Trustee in accordance with the provisions of subsection (b) of this Section 1407, or

(2) inform such applicants as to the approximate number of holders of Bonds whose names and addresses appear in the information preserved at the time by the Trustee, in accordance with the provisions of subsection (b) of this Section 1407, and as to the approximate cost of mailing to such Bondholders the form of proxy or other communication, if any, specified in such application.

If the Trustee shall elect not to afford to such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each Bondholder whose name and address appears in the information preserved at the time by the Trustee in accordance with the provisions of subsection (b) of this Section 1407 a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless within five days after such tender the Trustee shall mail to such applicants and file with the Securities and Exchange Commission, together with a copy of the

material to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interests of the holders of Bonds or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If said Commission, after opportunity for a hearing upon the objections specified in the written statement so filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, said Commission shall find, after notice and opportunity for hearing, that all the objections so sustained have been met and shall enter an order so declaring, the Trustee shall mail copies of such material to all such Bondholders with reasonable promptness after the entry of such order and the renewal of such tender; otherwise the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(d) Each and every holder of the Bonds, by receiving and holding the same, agrees with the County and the Trustee that neither the County nor the Trustee nor any paying agent shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the holders of Bonds in accordance with the provisions of subsection (c) of this Section 1407, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under said subsection (c).

SECTION 1408. *Reports to Securities and Exchange Commission.*
The County covenants that it will cause the Lessee:

(a) to file with the Trustee within fifteen days after the Lessee is required to file the same with the Securities and Exchange Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as said Commission may from time to time by rules and regulations prescribe) which the Lessee may be required to file with said Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended and then in effect; or, if the Lessee is not required to file information, documents or reports pursuant to either of such Sections, then to file with the Trustee and said Commission, in accordance with rules and regulations prescribed from time to time by said Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934, as amended and then in effect, in

respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(b) to file with the Trustee and the Securities and Exchange Commission, in accordance with the rules and regulations prescribed from time to time by said Commission, such additional information, documents and reports with respect to compliance by the Lessee with the conditions and covenants provided for in the Lease Agreement and this Indenture as may be required from time to time by such rules and regulations, including in the case of annual reports, if required by such rules and regulations, certificates or opinions of independent public accountants conforming to the requirements of Section 1405, as to compliance with conditions or covenants, compliance with which is subject to verification for accountants; and

(c) to cause to be transmitted to the holder of Bonds within thirty days after the filing thereof with the Trustee, in the manner and to the extent provided in subsection (c) of Section 1409 with respect to reports pursuant to subsection (a) of Section 1409 such summaries of any information, documents and reports required to be filed by the Lessee pursuant to subsections (1) and (2) of this Section as may be required by rules and regulations prescribed from time to time by the Securities and Exchange Commission.

SECTION 1409. Reports of Trustee. By the terms of the Lease Agreement the Lessee is obligated to file with the Trustee certain reports, information and documents under Section 314(a) of the Trust Indenture Act. The County covenants and agrees to enforce the covenant made by the Lessee so that the reports and other documents required by Section 314 of the Trust Indenture Act shall be filed and made available as is therein prescribed.

(a) On or before July 15, 1969, and on or before July 15 in every year thereafter so long as any Bonds are outstanding, the Trustee shall transmit to the Bondholders, as provided in subsection (c) of this Section 1409, a brief report dated as of the preceding May 15 with respect to:

(1) its eligibility under Section 1415, and its qualifications under Section 1414, or in lieu thereof, if to the best of its knowledge it has continued to be eligible and qualified under such section, a written statement to such effect;

(2) the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee as such which remain unpaid on the date of such report, and for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Bonds, on any property or funds held or collected by it as Trustee, except that the Trustee shall not be required (but may elect) to report such advances if such advances so remaining unpaid aggregate not more than one-half of one per cent of the principal amount of the Bonds outstanding on the date of such report;

(3) the amount, interest rate, and maturity date of all other indebtedness owing by the Lessee (or by any other obligor under the Lease Agreement) to the Trustee in its individual capacity on the date of such report, with a brief description of any property held as collateral security therefor, except an indebtedness based upon a creditor relationship arising in any manner described in paragraphs (2), (3), (4), or (6) of subsection (b) of Section 1417;

(4) the property and funds, if any, physically in the possession of the Trustee as such on the date of such report; and

(5) any release, or release and substitution of property subject to the lien of this Indenture (and the consideration therefor, if any) which they have not previously reported;

(6) any additional issue of interests referred to in Section 1401 which they have not previously reported; and

(7) any action taken by the Trustee in the performance of its duties under this Indenture which it has not previously reported and which in its opinion materially affects the Bonds, except action in respect of a default, notice of which has been or is to be withheld by it in accordance with the provisions of Section 1410.

(b) The Trustee shall transmit to the Bondholders, as provided in subsection (c) of this Section 1409, a brief report with respect to (1) the release, or release and substitution, of property subject to the lien of (and the consideration therefor, if any) unless the fair value of such property, as set forth in the certificate required by subsection (a) of Section 1406, is less than ten per cent of the principal amount of Bonds outstanding at the time of such release and substitution, such report to be so transmitted within ninety days after such time, and (2) the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee as such since the date of the last report transmitted pursuant

to the provisions of subsection (a) of this Section 1409 (or if no such report has yet been so transmitted, since the date of execution of this Indenture), for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Bonds, on property or funds held or collected by it as Trustee, and which it has not previously reported pursuant to this subsection, except that the Trustee shall not be required (but may elect) to report such advances if such advances remaining unpaid at any time aggregate ten percent or less of the principal amount of Bonds outstanding at such time, such report to be transmitted within ninety days after such time.

(c) (1) Reports pursuant to this Section 1409 shall be transmitted by mail to all registered holders of Bonds as the names and addresses of such holders appear upon the Bond register;

(2) To such holders of Bonds as have within two years preceding such transmission filed their names and addresses with the Trustee for that purpose; and

(3) Except in the cases of reports pursuant to subsection (b) of this Section 1409 to each Bondholder whose name and address is preserved at the time by the Trustee, as provided in subsection (b) of Section 1407.

(d) A copy of each such report shall, at the time of such transmission to Bondholders, be filed by the Trustee with each stock exchange upon which the Bonds are listed and also with the Securities and Exchange Commission. The County agrees to notify the Trustee when and as the Bonds become listed on any stock exchange.

SECTION 1410. *Notice of Default.* The Trustee shall, within ninety days after the occurrence of a default, give to the Bondholders, in the manner and to the extent provided in subsection (c) of Section 1409 with respect to reports pursuant to subsection (a) of Section 1409, notice of all defaults known to the Trustee, unless such defaults shall have been cured before the giving of such notice (the term "default" or "defaults" for the purposes of this Section being hereby defined to be any event or events, as the case may be, specified in Section 1001, not including periods of grace, if any, provided for therein) and irrespective of the giving of the notice specified in Section 1013; provided that, except in the case of default in the payment of the principal of (or premium, if any) or interest on any of the Bonds or in the payment of rent required by Section 5.3 of the Lease Agreement, or in the sinking fund payments required under Section 305 hereof, the Trustee shall be protected in withholding such notice if and so

long as the board of directors, the executive committee, or a trust committee of directors and/or Responsible Officers, of the Trustee in good faith determine that the withholding of such notice is in the interests of the Bondholders.

SECTION 1411. *Undertaking to Pay Costs.* All parties to this Indenture agree, and each holder of any Bond by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding in the aggregate more than ten per cent in aggregate principal amount of the Bonds outstanding, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal of (or premium, if any) or interest on any Bond on or after the respective due dates expressed in such Bond.

SECTION 1412. *Trustee's Duties in Event of Default Under Lease Agreement.* The Trustee, prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred, shall undertake 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 or waived) 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 its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

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

(a) prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred:

(1) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Inden-

ture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture;

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

(c) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in principal amount of the Bonds at the time outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee; or exercising any trust or power conferred upon the Trustee, under this Indenture.

(d) the Trustee shall not waive any event of default hereunder, or its consequences, or rescind any declaration of maturity under Section 1002 except in accordance with Section 1012.

SECTION 1413. *Rights of Trustee to Rely on Certain Data.* Except as otherwise provided in Section 1412:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request, direction, order or demand of the Lessee mentioned herein shall be sufficiently evidenced (unless other evidence in respect thereof be herein specifically prescribed) by

an instrument, in the case of the Lessee, signed in the name of the Lessee by the President or a Vice President and the Treasurer or an Assistant Treasurer or the Comptroller or the Secretary or an Assistant Secretary; and any resolution of the Board of Directors of the Lessee may be evidenced to the Trustee by a copy thereof certified by the Secretary or an Assistant Secretary of the Lessee:

(c) the Trustee may consult with counsel and any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with such Opinion of Counsel;

(d) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Bondholders, pursuant to the provisions of this Indenture, unless such Bondholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred therein or thereby; and

(e) the Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

SECTION 1414. *Disqualification of Trustee.* (a) If the Trustee has or shall acquire any conflicting interest as hereinafter defined the Trustee shall within 90 days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or resign in the manner prescribed by Section 1106, provided that no such resignation shall become effective until the appointment of a successor Trustee pursuant to Section 1108 and such successor's acceptance of such appointment. The County shall take prompt steps to have a successor appointed in the manner provided in Section 1108.

(b) In the event that the Trustee shall fail to comply with the provisions of the preceding subsection (a) of this Section, the Trustee shall within 10 days after the expiration of such 90 day period transmit notice of such failure to the Bondholders in the manner and to the extent provided in subsection (c) of Section 1409 with respect to reports pursuant to subsection (a) of Section 1409.

(c) Subject to the provisions of Section 1411 any Bondholder who has been a bona fide holder of a Bond or Bonds for at least six

months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor if the Trustee fails, after written request therefor by such Bondholder to comply with the provisions of subsection (a) of this Section.

(d) The Trustee shall be deemed to have a conflicting interest if—

(1) The Trustee is trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the Lessee are outstanding, unless such other indenture is a collateral trust indenture under which the only collateral consists of Bonds issued under this Indenture, provided that there shall be excluded from the operation of this paragraph (1) any other indenture or indentures under which other securities, or certificates of interest or participation in other securities, of the Lessee are outstanding if the Lessee shall have sustained the burden of proving, on application to the Securities and Exchange Commission and after opportunity for hearing thereon, that the trusteeship under this Indenture and such other indenture or indentures is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under one of such indentures;

(2) the Trustee or any of its directors or executive officers is an obligor under the Lease Agreement or an underwriter for the Lessee;

(3) the Trustee directly or indirectly controls or is directly or indirectly controlled by or is under direct or indirect common control with the Lessee or an underwriter for the Lessee;

(4) the Trustee or any of its directors or executive officers is a director, officer, partner, employee, appointee, or representative of the Lessee, or of an underwriter (other than the Trustee itself) for the Lessee who is currently engaged in the business of underwriting, except that (A) one individual may be a director and/or an executive officer of the Trustee and a director and/or an executive officer of the Lessee, but may not be at the same time an executive officer of both the Trustee and the Lessee; and (B) if and so long as the number of directors of the Trustee in office is more than nine, one additional individual may be a director and/or an executive officer of the Trustee and a director of the Lessee; and (C) the Trustee may be designated by the Lessee or by any underwriter for the Lessee to act in the capacity of transfer

agent, registrar, custodian, paying agent, sinking fund agent, escrow agent, or depositary, or in any other similar capacity, or, subject to the provisions of paragraph (1) of this subsection, to act as trustee, whether under an indenture or otherwise;

(5) ten per cent or more of the voting securities of the Trustee is beneficially owned either by the Lessee or by any director, partner, or executive officer thereof, or twenty per cent or more of such voting securities is beneficially owned, collectively, by any two or more of such persons; or ten per cent or more of the voting securities of the Trustee is beneficially owned either by an underwriter for the Lessee or by any director, partner, or executive officer thereof, or is beneficially owned, collectively, by any two or more such persons;

(6) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, (A) five per cent or more of the voting securities, or ten per cent or more of any other class of security, of the Lessee, not including the Bonds and securities issued under any other indenture under which the Trustee is also trustee, or (B) ten per cent or more of any class of security of an underwriter for the Lessee;

(7) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, five per cent or more of the voting securities of any person who, to the knowledge of the Trustee, owns ten per cent or more of the voting securities of, or controls directly or indirectly or is under direct or indirect common control with, the Lessee;

(8) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, ten per cent or more of any class of security of any person who to the knowledge of the Trustee, owns fifty per cent or more of the voting securities of the Lessee; or

(9) the Trustee owns on May 15 in any calendar year, in the capacity of executor, administrator, testamentary or inter vivos trustee, guardian, committee or conservator, or in any other similar capacity, an aggregate of twenty-five per cent or more of the voting securities, or of any class of security, of any person, the beneficial ownership of a specified percentage of which would have constituted a conflicting interest under paragraph (6), (7) or (8) of this subsection (d). As to any such securities of which the Trustee acquired ownership through becoming executor, ad-

administrator, or testamentary trustee of an estate which included them, the provisions of the preceding sentence shall not apply, for a period of two years from the date of such acquisition, to the extent that such securities included in such estate do not exceed twenty-five per cent of such voting securities or twenty-five per cent of any such class of security. Promptly after May 15 in each calendar year, the Trustee shall make a check of its holdings of such securities in any of the above-mentioned capacities as of such May 15. If the Lessee fails to make payment in full of rental payments as required by the Lease Agreement when and as the same become due and payable, and such failure continues for thirty days thereafter, the Trustee shall make a prompt check of its holdings of such securities in any of the above-mentioned capacities as of the date of the expiration of such thirty-day period, and after such date, notwithstanding the foregoing provisions of this paragraph (9), all such securities so held by the Trustee, with sole or joint control over such securities vested in it, shall, but only so long as such failure shall continue, be considered as though beneficially owned by the Trustee for the purposes of paragraphs (6), (7) and (8) of this subsection (d).

The specification of percentages in paragraphs (5) to (9), inclusive, of this subsection (d) shall not be construed as indicating that the ownership of such percentages of the securities of a person is or is not necessary or sufficient to constitute direct or indirect control for the purposes of paragraph (3) or (7) of this subsection (d).

For the purposes of paragraphs (6), (7), (8), and (9) of this subsection (d) only, (A) the terms "security" and "securities" shall include only such securities as are generally known as corporate securities, but shall not include any note or other evidence of indebtedness issued to evidence an obligation to repay moneys lent to a person by one or more banks, trust companies or banking firms, or any certificate of interest or participation in any such note or evidence of indebtedness; (B) an obligation shall be deemed to be in default when a default in payment of principal shall have continued for thirty days or more and shall not have been cured; and (C) the Trustee shall not be deemed to be the owner or holder of (i) any security which it holds as collateral security (as trustee or otherwise) for an obligation which is not in default as defined above, or (ii) any security which it holds as collateral security under this Indenture, irrespective of any default hereunder, or (iii) any security which it holds as agent

for collection, or as custodian, escrow agent, or depositary, or in any similar representative capacity.

Except as provided above, the word "security" or "securities" as used in this Indenture shall mean any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, or, in general, any interest or instrument commonly known as a "security," or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

(e) For the purposes of this Section only:

(1) The term "underwriter" when used with reference to the Lessee shall mean every person who, within three years prior to the time as of which the determination is made, has purchased from the Lessee with a view to, or has offered or sold for the Lessee in connection with, the distribution of any security of the Lessee outstanding at such time, or has participated or has had a direct or indirect participation in any such undertaking, or has participated or has had a participation in the direct or indirect underwriting of any such undertaking, but such term shall not include a person whose interest was limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission.

(2) The term "director" shall mean any director of a corporation or any individual performing similar functions with respect to any organization whether incorporated or unincorporated.

(3) The term "person" shall mean an individual, a corporation, a partnership, an association, a joint-stock company, a trust, an unincorporated organization, or a government or political subdivision thereof. As used in this paragraph, the term "trust" shall include only a trust where the interest or interests of the beneficiary or beneficiaries are evidenced by a security.

(4) The term "voting security" shall mean any security presently entitling the owner or holder thereof to vote in the direction or management of the affairs of a person, or any security issued under or pursuant to any trust, agreement or arrangement whereby a trustee or trustees or agent or agents for the owner

or holder of such security are presently entitled to vote in the direction or management of the affairs of a person.

(5) The term "Lessee" shall mean any obligor under the Lease Agreement.

(6) The term "executive officer" shall mean the president, every vice president, every trust officer, the cashier, the secretary, and the treasurer of a corporation, and any individual customarily performing similar functions with respect to any organization whether incorporated or unincorporated but shall not include the chairman of the board of directors unless he performs such functions.

The percentages of voting securities and other securities specified in this Section shall be calculated in accordance with the following provisions:

(A) A specified percentage of the voting securities of the Trustee, the Lessee or any other person referred to in this Section (each of whom is referred to as a "person" in this paragraph) means such amount of the outstanding voting securities of such person as entitles the holder or holders thereof to cast such specified percentage of the aggregate votes which the holders of all the outstanding voting securities of such person are entitled to cast in the direction or management of the affairs of such person.

(B) A specified percentage of a class of securities of a person means such percentage of the aggregate amount of securities of the class outstanding.

(C) The term "amount," when used in regard to securities, means the principal amount if relating to evidences of indebtedness, the number of shares if relating to capital shares, and the number of units if relating to any other kind of security.

(D) The term "outstanding" means issued and not held by or for the account of the issuer. The following securities shall not be deemed outstanding within the meaning of this definition:

(i) Securities of an issuer held in a sinking fund relating to securities of the issuer of the same class.

(ii) Securities of an issuer held in a sinking fund relating to another class of securities of the issuer, if the obligation evidenced by such other class of securities is not in default as to principal or interest or otherwise.

(iii) Securities pledged by the issuer thereof as security for an obligation of the issuer not in default as to principal or interest or otherwise.

(iv) Securities held in escrow if placed in escrow by the issuer thereof.

Provided, however, that any voting securities of an issuer shall be deemed outstanding if any person other than the issuer is entitled to exercise the voting rights thereof.

(E) A security shall be deemed to be of the same class as another security if both securities confer upon the holder or holders thereof substantially the same rights and privileges, provided, however, that in the case of secured evidences of indebtedness, all of which are issued under a single indenture, differences in the interest rates or maturity dates of various series thereof shall not be deemed sufficient to constitute such series different classes and provided, further, that, in the case of unsecured evidences of indebtedness, differences in the interest rates or maturity dates thereof shall not be deemed sufficient to constitute them securities of different classes, whether or not they are issued under a single indenture.

The provisions of this Section 1414 which have been made applicable to the Trustee shall also apply to any separate or co-trustee.

SECTION 1415. *Qualifications of Trustee.* The Trustee hereunder shall at all times be a bank or trust company and a corporation organized and doing business under the laws of the United States, or of any state or territory or of the District of Columbia with a capital and surplus of at least \$10,000,000 and authorized under such laws to exercise complete trust powers and subject to supervision or examination by Federal, State, Territorial or District of Columbia authority. If the Trustee publishes reports of condition at least annually pursuant to law or to the requirements of any supervising or examining authority aforesaid, then for the purposes of this Section the combined capital and surplus of the Trustee shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time any Trustee hereunder shall cease to be eligible in accordance with the provisions of this Section 1415, the Trustee shall resign immediately in the manner and with the effect specified in Section 1416.

SECTION 1416. *Resignation or Removal of Trustee.* (a) The Trustee, may at any time resign in the manner provided in Section 1106.

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

(1) the Trustee shall fail to comply with the provisions of subsection (a) of Section 1414 after written request thereof by the County, the Lessee or by any Bondholder who has been a bona fide holder of a Bond or Bonds for at least six months, or

(2) the Trustee shall cease to be eligible in accordance with the provisions of Section 1415 and shall fail to resign after written request therefor by the County, the Lessee, or by any such Bondholder, or

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

then, in any such case, the County may remove the Trustee and appoint a successor Trustee by written instrument, in duplicate, executed by order of the County, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor Trustee or, subject to the provisions of Section 1411, any Bondholder who has been a bona fide holder of a Bond or Bonds for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor Trustee.

(c) Any resignation or removal of the Trustee and appointment of a successor Trustee pursuant to any of the provisions of this Indenture shall become effective upon acceptance of appointment by the successor Trustee as provided in Section 1109.

(d) No successor Trustee shall accept appointment unless at the time of such acceptance such successor Trustee shall be qualified under the provisions of Section 1414 and such successor Trustee shall be eligible under the provisions of Section 1415.

SECTION 1417. *Duties of Trustee if a Creditor of Lessee.* (a) Subject to the provisions of subsection (b) of this Section, if the Trustee shall be or shall become a creditor, directly or indirectly, secured or unsecured, of the Lessee within four months prior to a default, as

defined in subsection (c) of this Section, or subsequent to such a default, then, unless and until such default shall be cured, the Trustee shall set apart and hold in a special account for the benefit of the Trustee individually, the holders of the Bonds and the holders of other indenture securities (as defined in subsection (c) of this Section),

(1) an amount equal to any and all reductions in the amount due and owing upon any claim as such creditor in respect of principal or interest, effected after the beginning of such four months' period and valid as against the Lessee and its other creditors, except any such reduction resulting from the receipt or disposition of any property described in paragraph (2) of this subsection, or from the exercise of any right of set-off which the Trustee could have exercised if a petition in bankruptcy had been filed by or against the Lessee upon the date of such default; and

(2) all property received by the Trustee in respect of any claim as such creditor, either as security therefor, or in satisfaction or composition thereof, or otherwise, after the beginning of such four months' period, or an amount equal to the proceeds of any such property, if disposed of, subject, however, to the rights, if any, of the Lessee and its other creditors in such property or such proceeds.

Nothing herein contained, however, shall affect the right of the Trustee

(A) to retain for its own account (i) payments made on account of any such claim by any person (other than the Lessee) who is liable thereon, and (ii) the proceeds of the bona fide sale of any such claim by the Trustee to a third person, and (iii) distributions made in cash, securities, or other property in respect of claims filed against the Lessee in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Act or applicable State law;

(B) to realize, for its own account, upon any property held by it as security for any such claim, if such property was so held prior to the beginning of such four months' period;

(C) to realize, for its own account, but only to the extent of the claim hereinafter mentioned, upon any property held by it as security for any such claim, if such claim was created after the beginning of such four months' period and such property was received as security therefor simultaneously with the creation thereof, and if the Trustee shall sustain the burden of proving that at the time such property was so received the Trustee had no

reasonable cause to believe that a default as defined in subsection (c) of this Section would occur within four months; or

(D) to receive payment on any claim referred to in paragraph (B) or (C), against the release of any property held as security for such claim as provided in such paragraph (B) or (C), as the case may be, to the extent of the fair value of such property.

For the purposes of paragraphs (B), (C) and (D), property substituted after the beginning of such four months' period for property held as security at the time of such substitution shall, to the extent of the fair value of the property released, have the same status as the property released, and, to the extent that any claim referred to in any of such paragraphs is created in renewal of or in substitution for or for the purpose of repaying or refunding any preexisting claim of the Trustee as such creditor, such claim shall have the same status as such preexisting claim.

If the Trustee shall be required to account, the funds and property held in such special account and the proceeds thereof shall be apportioned between the Trustee, the Bondholders and the holders of other indenture securities in such manner that the Trustee, the Bondholders and the holders of other indenture securities realize, as a result of payments from such special account and payments of dividends on claims filed against the Lessee in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Act or applicable State law, the same percentage of their respective claims, figured before crediting to the claim of the Trustee anything on account of the receipt by it from the Lessee of the funds and property in such special account and before crediting to the respective claims of the Trustee, the Bondholders and the holders of other indenture securities dividends on claims filed against the Lessee in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Act or applicable State law, but after crediting thereon receipts on account of the indebtedness represented by their respective claims from all sources other than from such dividends and from the funds and property so held in such special account. As used in this paragraph, with respect to any claim, the term "dividends" shall include any distribution with respect to such claim, in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Act or applicable State law, whether such distribution is made in cash, securities, or other property, but shall not include any such distribution with respect to the secured portion, if any, of such claim.

The court in which such bankruptcy, receivership, or proceeding for reorganization is pending shall have jurisdiction (i) to apportion between the Trustee, the Bondholders and the holders of other indenture securities, in accordance with the provisions of this paragraph, the funds and property held in such special account and the proceeds thereof, or (ii) in lieu of such apportionment, in whole or in part, to give to the provisions of this paragraph due consideration in determining the fairness of the distributions to be made to the Trustee, the Bondholders and the holders of other indenture securities with respect to their respective claims, in which event it shall not be necessary to liquidate or to appraise the value of any securities or other property held in such special account or as security for any such claim, or to make a specific allocation of such distributions as between the secured and unsecured portions of such claims, or otherwise to apply the provisions of this paragraph as a mathematical formula.

Any Trustee who has resigned or been removed after the beginning of such four months' period shall be subject to the provisions of this subsection (a) as though such resignation or removal had not occurred. If any Trustee has resigned or been removed prior to the beginning of such four months' period, it shall be subject to the provisions of this subsection (a) if and only if the following conditions exist:

(i) the receipt of property or reduction of claim which would have given rise to the obligation to account, if such Trustee had continued as trustee, occurred after the beginning of such four months' period; and

(ii) such receipt of property or reduction of claim occurred within four months after such resignation or removal.

(b) There shall be excluded from the operation of subsection (a) of this Section a creditor relationship arising from

(1) the ownership or acquisition of securities issued under any indenture, or any security or securities having a maturity of one year or more at the time of acquisition by the Trustee;

(2) advances authorized by a receivership or bankruptcy court of competent jurisdiction, or by this Indenture, for the purpose of preserving any property which shall at any time be subject to the lien of this Indenture or of discharging tax liens or other prior liens or encumbrances thereon, if notice of such advance and of the circumstances surrounding the making thereof is given to the Bondholders at the time and in the manner provided in this Indenture;

(3) disbursements made in the ordinary course of business in the capacity of trustee under an indenture, transfer agent, registrar, custodian, paying agent, fiscal agent or depositary, or other similar capacity;

(4) an indebtedness created as a result of services rendered or premises rented; or an indebtedness created as a result of goods or securities sold in a cash transaction as defined in subsection (c) of this Section;

(5) the ownership of stock or of other securities of a corporation organized under the provisions of Section 25 (a) of the Federal Reserve Act, as amended, which is directly or indirectly a creditor of the Lessee; or

(6) the acquisition, ownership, acceptance or negotiation of any drafts, bills of exchange, acceptances, or obligations which fall within the classification of self-liquidating paper as defined in subsection (c) of this Section.

(c) As used in this Section:

(1) The term "default" shall mean any failure of the Lessee to make payment in full of rent and other amounts required by the Lease Agreement sufficient to pay in full the principal of or interest upon any of the Bonds or any failure to make payment in full of the principal of, premium, if any, or interest upon other indenture securities, when and as such principal, premium, if any, or interest becomes due and payable.

(2) The term "other indenture securities" shall mean securities upon which the Lessee is an obligor (as defined in the Trust Indenture Act of 1939) outstanding under any other indenture (A) under which the Trustee is also trustee, (B) which contains provisions substantially similar to the provisions of subsection (a) of this Section, and (C) under which a default exists at the time of the apportionment of the funds and property held in said special account.

(3) The term "cash transaction" shall mean any transaction in which full payment for goods or securities sold is made within seven days after delivery of the goods or securities in currency or in checks or other orders drawn upon banks or bankers and payable upon demand.

(4) The term "self-liquidating paper" shall mean any draft, bill of exchange, acceptance or obligation which is made, drawn, negotiated or incurred by the Lessee for the purpose of financing the purchase, processing, manufacture, shipment, storage or sale

of goods, wares or merchandise and which is secured by documents evidencing title to possession of, or a lien upon, the goods, wares or merchandise or the receivables or proceeds arising from the sale of the goods, wares or merchandise previously constituting the security, provided the security is received by the Trustee simultaneously with the creation of the creditor relationship with the Lessee arising from the making, drawing, negotiating or incurring of the draft, bill of exchange, acceptance or obligation.

(5) The term "Lessee" shall mean any obligor under the Lease Agreement.

(d) The provisions of this Section 1417 which have been made applicable to the Trustee shall also apply to the Co-Trustee and to any separate or co-trustee.

SECTION 1418. *Opinions of Counsel.* The County will cause the Lessee to furnish to the Trustee:

(1) Promptly after the execution and delivery of the Indenture an opinion of counsel (who may be of counsel for the Lessee) either stating that in the opinion of such counsel the Indenture has been properly recorded and filed so as to make effective the lien intended to be created thereby, and reciting the details of such action; or stating that in the opinion of such counsel no such action is necessary to make such lien effective; and

(2) at least annually after the execution and delivery of this Indenture, an opinion of counsel (who may be of counsel for such Lessee) either stating that in the opinion of such counsel such action has been taken with respect to the recording, filing, re-recording, and refiling of the Indenture as is necessary to maintain the lien of such Indenture, and reciting the details of such action, or stating that in the opinion of such counsel no such action is necessary to maintain such lien.

ARTICLE XV

MISCELLANEOUS

SECTION 1501 *Consents, etc., of Bondholders.* Any consent, request, direction, approval, waiver, 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 request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership such affidavit or certificate shall also constitute sufficient proof of his authority.

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

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

(d) Any request, consent or vote of the holder of any Bond shall bind every future holder of the same Bond and the holder of every Bond issued in exchange therefor or in lieu thereof, in re-

spect of anything done or suffered to be done by the Trustee or the County in pursuance of such request, consent or vote.

(c) In determining whether the holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned by the County, by the Lessee, or by any other obligor under the Lease Agreement or on the Bonds, or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the County, the Lessee, or any other obligor under the Lease Agreement or on the Bonds, shall be disregarded and deemed not to be outstanding for the purpose of any such determination, provided that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver only Bonds which the Trustee knows to be so owned shall be disregarded. Bonds so owned which have been pledged in good faith may be regarded as outstanding for the purposes of this Section 1501 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by or under common control with the County or any other obligor under the Lease Agreement or on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

SECTION 1502 *Limitation of Rights.* With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto, and the holders of the Bonds and the bearers of coupons appertaining thereto, any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, 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 1503 *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 law or 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 1504 *Notices.* All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, addressed as follows: if to the County, to the County Board of Commissioners of Dillon County, Dillon County County Courthouse, Dillon, South Carolina; if to the Lessee, at P.O. Box 2898, Winston-Salem, North Carolina, Attention: Treasurer; and if to the Trustee, at 130 Pearl Street, New York, New York, Attention: Corporate Trust Department. The County, the Lessee and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 1505 *Trustee as Paying Agent and Registrar.* The Trustee is hereby designated and agrees to act as a paying agent and the Bond Registrar for and in respect to the Bonds.

SECTION 1506 *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 shall be in New York or North Carolina 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 city 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 1507 *Counterparts.* This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 1508 *Laws Governing Indenture and Situs and Administration of Trust.* The effect and meaning of this Indenture and the

rights of all parties hereunder shall be governed by, and construed according to, the laws of the State of South Carolina, but it is the intention of the County that the situs of the trust created by this Indenture be in the state in which is located the corporate trust office of the Trustee from time to time acting under this Indenture. The word "Trustee" as used in the preceding sentence shall not be deemed to include any additional individual or institution appointed as a separate or co-trustee pursuant to Section 1113 of this Indenture. It is the further intention of the County that the Trustee administer said trust in the state in which is located, from time to time, the situs of said trust.

IN WITNESS WHEREOF, Dillon County has caused these presents to be signed in its name and behalf by the Chairman of its County Board of Directors and its corporate seal to be hereunto affixed and attested by the Clerk of said Board, and to evidence its acceptance of the trusts hereby created, Franklin National Bank has caused these presents to be signed in its name and behalf by one of its Vice Presidents, its official seal to be hereunto affixed, and the same to be attested by its Assistant Trust Officer, all as of the day and year first hereinabove written.

DILLON COUNTY, SOUTH CAROLINA

By _____
Chairman of the County Board of
Commissioners of Dillon County.

(SEAL)

Attest:

Clerk of the County
Board of Commissioners
of Dillon County

In the presence of:

FRANKLIN NATIONAL BANK, *Trustee*

By -----
Vice President

(SEAL)

Attest:

Assistant Trust Officer

In the presence of:

STATE OF NEW YORK, }
COUNTY OF NEW YORK. } ss.:

Personally appeared before me _____ who being duly sworn says that he saw the corporate seal of Franklin National Bank affixed to the foregoing Trust Indenture, and that he also saw

_____, as Vice President and _____, as Assistant Trust Officer of Franklin National Bank sign and attest the same,

and that he with _____ witnessed the execution and delivery thereof as the act and deed of the said Franklin National Bank of New York.

Sworn to before me this

____ day of _____, 1969.

Notary Public for the
STATE OF NEW YORK.

My Commission expires _____.

STATE OF SOUTH CAROLINA }
COUNTY OF DILLON } ss.:

Personally appeared before me _____ who being duly sworn says that he saw the corporate seal of Dillon County, S. C., affixed to the foregoing Trust Indenture, and that he also saw

_____, as Chairman of the County Board of Commissioners of Dillon County, S. C., and _____ as Clerk of the County Board of Commissioners of Dillon County, S. C.,

sign and attest the same, and that he with _____ witnessed the execution and delivery thereof as the act and deed of the said Dillon County, S. C.

Sworn to before me this

_____ day of _____, 1969.

Notary Public for the State of South Carolina

My Commission expires _____

EXHIBIT A

DESCRIPTION OF LEASED LAND

ATTACHED TO TRUST INDENTURE BETWEEN DILLON COUNTY SOUTH CAROLINA, AND FRANKLIN NATIONAL BANK, DATED AS OF APRIL 1, 1969.

All that certain piece, parcel or tract of land situate, lying and being in the County of Dillon, State of South Carolina, and approximately 1.5 miles north of the City of Dillon, fronting and measuring 680.30 feet on the eastern edge of S. C. Highway No. 9 containing 29.73 acres and being more particularly described according to property survey prepared for The Duplan Corporation, Winston-Salem, N. C., by Davis & Floyd Engineers, Inc., Greenwood, S. C., dated August 31, 1968, and recorded in plat book 10 at page 73 records of Dillon County, as follows: beginning at a concrete monument on the northern corner of the intersection of a paved county road and S. C. Highway No. 9 and running along the eastern edge of said S. C. Highway No. 9 N 21° 56' W 680.30 feet to an old iron pin on right-of-way of dirt road, thence N 63° 50' E 721.32 feet to an old iron pin, thence N 66° 43' E 1048.74 feet to concrete monument in ditch 20 feet from center of dirt road, thence S 21° 55' E 761.36 feet to concrete monument on right-of-way of paved county road, thence S 68° 05' W 1767.00 feet to the beginning.

EXHIBIT B

DESCRIPTION OF LEASED EQUIPMENT

ATTACHED TO TRUST INDENTURE DATED AS OF APRIL 1, 1969, BETWEEN DILLON COUNTY AND FRANKLIN NATIONAL BANK.

30 machines—ARCT, Type FT-F400 and/or FT-415, FT-420, 216 spindle machines (false twist texturing machines).

20 machines—U. S. Textile Machine Company—Model 3 Doubler Ringtwisters.

20 machines—Schweiter precision cone winder Type KEK-Pn 8/7 "200" (U. S. agent, H. J. Theiler Corporation, Whitinsville, Mass.).

8 machines—Leesona No. 630 cone winders—100 spindles each.

APPROVAL OF INDENTURE BY LESSEE

The Duplan Corporation, the Lessee under the within mentioned Lease Agreement hereby evidences its approval of the foregoing Trust Indenture inter Dillon County, South Carolina, and Franklin National Bank, as Trustee, dated as of April 1, 1969, and agrees to comply with the requirements of the said Indenture with respect to it as Lessee aforesaid, and further agrees that in case any default shall occur under Section 1001 of the said Indenture, the Trustee shall have the power and authority provided in Section 1014 of the said Indenture.

In witness whereof, The Duplan Corporation, has caused its corporate name to be hereunto subscribed by its President and its corporate seal to be impressed hereon and attested by its secretary, as of April 1, 1969.

THE DUPLAN CORPORATION

By _____
President

(Seal)

Attest:

Secretary

Signed, sealed and delivered in
the presence of:

State of New York
County of New York

Personally appeared before me _____, who being duly sworn says that he saw the corporate seal of The Duplan Corporation affixed to the foregoing Approval of Indenture, and that he also saw

_____ as President and _____ as Secretary of said Corporation, sign and attest the same, and that he with

_____ witnessed the execution and delivery thereof as the act and deed of the said The Duplan Corporation.

Sworn to before me this _____

____ day of _____ 1969.

_____ (L.S.)
Notary Public for the County and State of New York

My Commission Expires: _____

568

January 10, 1969

Mr. J. B. Gibson,
Attorney at Law,
Dillon, South Carolina.

RE: \$4,000,000.00 Dillon County, South Carolina
First Mortgage Industrial Revenue Bonds,
Series 1969 - Duplan

Dear Mr. Gibson:

This will acknowledge receipt of your formal petition from the Board of Commissioners of Dillon County requesting approval of the Budget and Control Board on the issuance of the above bonds.

The next meeting date for the Board has not been set. This petition will be presented, however, at the next meeting and we will contact you immediately thereafter.

Very truly yours,

P. C. Smith
State Auditor

PCS:dr

Copy to:
Sinkler, Gibbs & Simons
2 Prioleau Street
Charleston, S. C. 29402

SINKLER, GIBBS & SIMONS
ATTORNEYS & COUNSELLORS AT LAW

TELEPHONE 722-3367
AREA CODE 803

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

2 PRIOLEAU STREET
CHARLESTON, S. C. 29402

POST OFFICE BOX 340

July 17th, 1969

Honorable P. C. Smith
State Auditor
P. O. Box 11333
Columbia, South Carolina 29211

Dear Pat:

Re: \$4,000,000 Dillon County, South Carolina,
First Mortgage Industrial Revenue Bonds,
Series 1969 (The Duplan Corporation - Lessee),
Dated April 1, 1969

Enclosed you will find a copy of the Lease Agreement
and a copy of the Trust Indenture used in connection with the
captioned bonds for the file of the State Budget and Control
Board.

Very truly yours,

T. B. Guerdard / L

TBG/bhs
Enclosures

DILLON COUNTY, SOUTH CAROLINA

and

THE DUPLAN CORPORATION

Lease Agreement

Dated as of April 1, 1969

TABLE OF CONTENTS*

	PAGE
ARTICLE I:	
Definitions	1
ARTICLE II:	
Representations and Undertakings	4
ARTICLE III:	
Demising Clauses	6
ARTICLE IV:	
Completion of the Project; Issuance of the Bonds; Investment of Construction Fund	7
ARTICLE V:	
Effective Date of the Agreement; Duration or Lease Term; Rental Provisions; Payments in Lieu of Taxes and Unconditional Obligations of Lessee	13
ARTICLE VI:	
Maintenance, Taxes and Insurance	17
ARTICLE VII:	
Damage, Destruction and Condemnation	23
ARTICLE VIII:	
Special Covenants	26
ARTICLE IX:	
Assignment, Subleasing, Mortgaging and Selling; Redemption; Rent Prepayment and Abatement; Installation of Lessee's Own Machinery and Equipment	32
ARTICLE X:	
Events of Default and Remedies	35
ARTICLE XI:	
Options in Favor of Lessee	39
ARTICLE XII:	
Additional Obligations of Lessee and County	43
ARTICLE XIII:	
Miscellaneous	45
EXHIBIT A:	
Description of Leased Land	52
EXHIBIT B:	
Description of Leased Equipment	52

* Table of Contents is not a part of the Lease Agreement.

THIS LEASE AGREEMENT dated as of April 1, 1969, between Dillon County, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through its County Board of Commissioners, which is the governing body of Dillon County as constituted by Article 2, Chapter 33, Title 14, Code of Laws of South Carolina, 1962, party of the first part, and THE DUPLAN CORPORATION, a corporation organized and existing under the laws of the State of DELAWARE, duly qualified to conduct business in the State of South Carolina, party of the second part,

WITNESSETH

In consideration of the respective representations and agreements hereinafter contained, the parties hereto agree as follows (provided, that in the performance of the agreements of the party of the first part herein contained, any obligation it may thereby incur for the payment of money shall not create a pecuniary liability or a charge upon its general credit or against its taxing powers but shall be payable solely out of the proceeds derived from this Lease Agreement, the sale of the Bonds referred to in Section 2.1 hereof and the insurance proceeds, proceeds from released property and condemnation awards as herein provided):

ARTICLE I

DEFINITIONS

SECTION 1.1 Certain terms used in this Lease Agreement are defined herein. When used herein, such terms shall have the meanings given to them by the language employed in this Article I defining such terms, unless the context clearly indicates otherwise.

SECTION 1.2 The following terms are defined terms under this Lease Agreement:

"Act" means Act No. 103 of the Acts and Joint Resolutions enacted at the 1967 Session of the General Assembly of South Carolina, approved by the Governor of South Carolina on March 21, 1967, and appearing as Article 2.1, Chapter 8, Title 14, Code of Laws of South Carolina, 1962, 1968 Cumulative Supplement.

"Agreement" or "Lease Agreement" means the within Lease Agreement between the County and the Lessee.

"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 the Chairman of the County Board. Such certificate may designate an alternate or alternates.

"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 its President, any Vice President or by the Chairman of its Board of Directors. Such certificate may designate an alternate or alternates.

"Bonds" means the \$4,000,000 First Mortgage Industrial Revenue Bonds, Series 1969 (The Duplan Corporation—Lessee) of the County to be issued pursuant to the Indenture.

"Bond Fund" means the Bond Fund created in Section 502 of the Indenture and referred to herein.

"Building" means those certain buildings and all other 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 constructed on the Leased Land, as they may at any time exist, including air conditioning and heating systems (which shall be deemed fixtures).

"Completion Date" means the date of completion of the construction of the Building and the installation therein of the Leased Equipment and all other facilities in connection with the Project as that date shall be certified as provided in Section 4.5 hereof.

"Construction Fund" means the Construction Fund created in Section 602 of the Indenture and referred to herein.

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

"County" means Dillon County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina, and its successors and assigns.

"County Board" means the County Board of Commissioners of the County, and any successor body.

"Indenture" means the Trust Indenture between the County and Franklin National Bank, New York, N. Y., as Trustee, of even date herewith, pursuant to which (i) the Bonds are authorized to be

issued and (ii) the County's interest in this Agreement and the lease rentals, revenues and receipts received by the County from the Project (except payments pursuant to Section 5.5 of this Agreement) are pledged and the Project is mortgaged as security for the payment of principal, premium, if any, and interest on the Bonds, including any indenture supplemental thereto.

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

"Independent Engineer" means an engineer or engineering firm registered and qualified to practice the profession of engineering under the laws of South Carolina and who or which is not a full time employee of either the County or the Lessee.

"Lease Term" means the duration of the leasehold estate created in this 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 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 and renewals and replacements thereof pursuant to the provisions of Sections 4.1(b), 6.1, 6.2(a), 7.1 and 7.2 hereof and is further defined as all property owned by the County and hereby leased to the Lessee which is not included in the definition of Leased Land or Building, but not including Lessee's own machinery and equipment installed under the provisions of Section 9.7 hereof. Leased Equipment is more particularly described in Exhibit "B" attached hereto which, by this reference thereto, is incorporated herein.

"Leased Land" means the real property described in Exhibit "A" attached hereto which, by this reference thereto, is incorporated herein.

"Lessee" means (i) the party of the second part hereto and its successors and assigns and (ii) any surviving, resulting or transferee corporation 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 extra-

ordinary expenses of the Trustee) incurred in the collection of such gross proceeds.

"*Permitted Encumbrances*" means, as of any particular time, (i) liens for ad valorem taxes not then delinquent, (ii) this Agreement and the Indenture, (iii) utility, access and other easements and rights of way, flood rights, encroachments, leases, restrictions and exceptions that an Independent Engineer and the Authorized Lessee Representative certify 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), (iv) 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 in the opinion of an Independent Counsel, materially impair the property affected thereby for the purposes for which it was acquired or is held by the County, and (v) mechanics' and materialmen's liens not filed or perfected in the manner prescribed by Chapter 5 of Title 45, Code of Laws, South Carolina, 1962, as in effect on the date hereof or otherwise.

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

"*Trustee*" means the trustee and/or the co-trustee at the time serving as such under the Indenture.

SECTION 1.3. The words "hereof," "herein," "hereunder," and other words of similar import refer to this Lease Agreement as a whole.

SECTION 1.4. References to Articles, Sections, and other subdivisions of this Lease Agreement are to the designated Articles, Sections, and other subdivisions of this Lease Agreement as originally executed.

SECTION 1.5. The headings of this Lease Agreement are for convenience only and shall not define or limit the provisions hereof.

ARTICLE II

REPRESENTATIONS AND UNDERTAKINGS

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 and a political subdivision of the State of South Carolina, and is authorized and

empowered by the provisions of the Act to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder. The Project constitutes and will constitute a "project" within the meaning of the Act. By proper action by the County Board and the State Budget and Control Board of South Carolina, the County has been duly authorized to execute and deliver this Agreement.

(b) The County has acquired the Leased Land, including the partially completed building thereon, and has authorized, and does hereby authorize, the Lessee to complete thereon the Building, to acquire and install the Leased Equipment in the Building or on the Leased Land, and to acquire, install and construct all other things deemed necessary in connection with the Project, and the County proposes to lease the Project to the Lessee and to sell the Project to the Lessee at the expiration or earlier termination of the Lease Term, all for the purposes of promoting the industrial development, developing the trade, and utilizing and employing the manpower, agricultural products and natural resources of South Carolina. 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) Heretofore the County Board and the Lessee did agree that the County would finance the cost of acquiring, constructing, and equipping the Project. The Lessee has estimated that such cost will not exceed \$4,000,000 and on that basis the County now proposes to issue the Bonds in the aggregate principal amount of \$4,000,000, dated as of April 1, 1969 which will mature and bear interest as set forth in Section 202 of the Indenture and which will be subject to redemption on the occasions and at the redemption prices set forth in Sections 301 and 305 of the Indenture, in order to finance the cost of acquiring, constructing and equipping the Project.

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 Delaware, is in good standing under its charter and the laws of Delaware and South Carolina, and has power to enter into

this Agreement and by proper corporate action has been duly authorized to execute and deliver this Agreement.

(b) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement, conflict with or result in a breach of any of the terms, conditions or provisions of any corporate restriction or any agreement or instrument to which the Lessee is now a party or by which it is bound, or constitute a default under any of the foregoing, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Lessee under the terms of any instrument or agreement.

(c) The acquiring, constructing and equipping of the Project by the County through the issuance of the Bonds and the leasing of the Project to the Lessee has induced the Lessee to establish this industrial enterprise in Dillon County, South Carolina.

(d) The Lessee intends to operate the Project as a processing plant from the Completion Date to the expiration or earlier termination of the Lease Term as provided herein for the processing of (i) stretch yarns, or (ii) such other products as the Lessee may deem appropriate.

(e) Relying upon the agreement of the County to finance the cost of acquiring, constructing and equipping the Project as aforesaid, the Lessee has heretofore acquired the Leased Land and has proceeded with the construction of the Building which is now partially completed.

ARTICLE III

DEMISING CLAUSES

SECTION 3.1. *Demise of the Leased Land, Building, and the Leased Equipment.* 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 Agreement.

SECTION 3.2. *Warranty of Title.* The County warrants that it has acquired a good and marketable fee simple title to the Leased Land, free from all encumbrances other than Permitted Encumbrances, and the County will furnish, at the time of the delivery of the Bonds, a written opinion of Independent Counsel that it has good and marketable fee simple title to the Leased Land, subject to Permitted Encumbrances.

SECTION 3.3 *Title Insurance.* At the time of the delivery of the Bonds, the County will provide a Mortgagee Title Insurance Policy (or an appropriate Binder) upon the Leased Land and Building issued by a Company approved by the Trustee insuring the lien of the Indenture upon the Leased Land and Building when completed, subject to no encumbrances other than Permitted Encumbrances, in the amount of not less than \$1,500,000, which is the estimated cost of acquiring the Leased Land and constructing the Building. Any Net Proceeds therefrom shall be used to remedy the title defect resulting in the payment thereof or deposited in the Bond Fund.

ARTICLE IV

COMPLETION OF THE PROJECT; ISSUANCE OF THE BONDS; INVESTMENT OF CONSTRUCTION FUND

SECTION 4.1. *Agreement to Construct and Equip the Building on the Leased Land.* The County has acquired the Leased Land, including the partially completed building, by deed of the Lessee recorded simultaneously herewith. The Lessee agrees that:

(a) It will cause the Building to be completed on the Leased Land wholly within the boundary lines thereof (the Building to contain approximately 106,000 square feet, to be completely air conditioned and humidity controlled, and to be used as a textile processing plant and for such other related uses as the Lessee may deem appropriate); all of which will be constructed in accordance with a general description heretofore furnished to the County by the Lessee.

(b) It will cause to be acquired and installed in the Building or on the Leased Land for use of Lessee the Leased Equipment, to consist of the machinery, equipment and related property described in the general list thereof in Exhibit "B" attached hereto, and incorporated herein by reference thereto, and such other items of machinery and equipment, and any transportation facility and equipment used as an integral part of the Project, which in Lessee's judgment may be necessary for the operation of the Project.

The Lessee agrees to complete the construction of the Building as promptly as practicable after receipt of proceeds from the sale of Bonds and to continue the said construction with all reasonable dispatch, and to effect the acquisition and installation of the Leased Equipment as promptly as practicable.

SECTION 4.2. *Agreement to Issue Bonds; Application of Bond Proceeds.* In order to provide funds for payment of the costs of the Project, the County agrees that it will, on or before the 31st day of May, 1969, sell and cause to be delivered to the initial purchasers thereof the Bonds in the aggregate principal amount of \$4,000,000 and will thereupon (i) deposit in the Bond Fund all accrued interest received on the sale of the Bonds and (ii) deposit in the Construction Fund the balance of the proceeds received from said sale.

SECTION 4.3. *Disbursements from the Construction Fund.* The County shall in the Indenture authorize and direct the Trustee to use the moneys in the Construction Fund for the following purposes (but, subject to the provisions of Section 4.9 hereof, for no other purposes):

(a) Payment of the initial or acceptance fee of the Trustee, the fees for recording the deeds whereby the Leased Land has been conveyed to the County, this Agreement, the Indenture and any title curative documents that either the Trustee, the Lessee or Independent Counsel may deem desirable to file for record in order to perfect or protect the title of the County to the Project or to perfect or protect the lien of the Indenture on the Project; and the fees and expenses in connection with any actions or proceedings that either the Trustee, the Lessee or Independent Counsel may deem desirable to bring in order to perfect or protect the title of the County to the Project or to perfect or protect the lien of the Indenture on the Project.

(b) Payment to the Lessee and the County, as the case may be, of such amounts, if any, as shall be necessary to reimburse the Lessee and the County in full for all advances and payments made by them or either of them prior to or after the delivery of the Bonds for expenditures in connection with (i) the acquisition by the County of title to the Leased Land, including the cost of the Leased Land and the preparation of plans and specifications for the Project (including any preliminary study or planning of the Project or any aspect thereof) and (ii) clearing the Leased Land, the construction of the Building, the acquisition and installation of the Leased Equipment, and all construction, acquisition and installation expenses required to provide utility services or other facilities, and all real or personal properties deemed necessary in connection with the Project (including architectural, engineering and supervisory services with respect to any of the foregoing).

(c) Payment of the cost of title insurance, legal, accounting and underwriting fees and expenses, and printing and engraving costs incurred in connection with the authorization, sale and issuance of the Bonds, the preparation of this Agreement, the Indenture, any registration statements and prospectuses and all other documents in connection therewith and in connection with the acquisition of title to the Leased Land and Building.

(d) Payment for labor, services, materials and supplies used or furnished in site improvement and in the construction of the Building, payment for all costs incident to the acquisition and installation of the Leased Equipment, payment for the cost of the construction, acquisition and installation of utility services or other facilities, and all real and personal property deemed necessary in connection with the Project and payment for the miscellaneous expenses incidental to any of the foregoing items including the premium on any surety bond.

(e) Payment of the fees, or out-of-pocket expenses of the Lessee, if any, for architectural, engineering and supervisory services with respect to the Project.

(f) Payment to the Trustee as such payments become due, of the fees and expenses of the Trustee (as Trustee, Bond Registrar and paying agent) and of any paying agent properly incurred under the Indenture that may become due during the Construction Period, or reimbursement thereof if paid by the Lessee.

(g) To such extent as they shall not be paid by a 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 Agreement, or reimbursement thereof if paid by the Lessee.

(h) Payment of the taxes, assessments and other charges, if any, referred to in Section 6.3 hereof that may become payable during the Construction Period, or reimbursement thereof if paid by the Lessee.

(i) Payment of expenses incurred in seeking to enforce any remedy against any contractor or subcontractor in respect of any default under a contract relating to the Project.

(j) Payment of any other costs and expenses relating to the Project.

(k) All moneys remaining in the Construction Fund after completion of the construction of the Building and acquisition and installation of the Leased Equipment and payment in full

of the costs thereof, and after payment of all other items provided for in the preceding subsections (a) to (j), inclusive, of this Section, shall at the direction of the Lessee be (i) used by the Trustee for the purchase of Bonds in the open market for the purpose of cancellation, at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of delivery, or (ii) paid into the Bond Fund, except for amounts retained by the Trustee with the approval of 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 used by the Trustee as directed by the Lessee in the manner specified in clauses (i) and (ii) of this subsection.

Provided that:

(1) Each of the payments made pursuant to the preceding subsections (a), (b), (c), (d), (e), (g), (i) and (j) of this Section shall be made only upon receipt by the Trustee of a written order by the Authorized Lessee Representative, and by the Authorized County Representative which 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 in connection with the Project.

(2) In the case of any contract providing for the retention by the Lessee 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, until such retainage becomes due in accordance with the terms of such contract.

SECTION 4.4. *Trustee May Rely on Orders and Certifications.* In making any such payment from the Construction Fund, the Trustee may rely on any such orders and certifications delivered to it pursuant to Section 4.3, and the Trustee shall be relieved of all liability with respect to making such payments in accordance with such orders and certifications.

SECTION 4.5. *Establishment of Completion Date.* The Completion Date shall be evidenced to the Trustee by a certificate signed by the Authorized Lessee Representative 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) construction of the Building has been

completed in accordance with the specifications therefor and all labor, services, materials and supplies used in such construction have been paid for, and (ii) all other facilities necessary in connection with the Project have been constructed, acquired and installed in accordance with the specifications therefor and all costs and expenses incurred in connection therewith have been paid, 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 for the purposes specified in Section 4.1(a) hereof and all costs and expenses incurred in the acquisition and installation of the Leased Equipment have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. It shall be the duty of the Lessee to furnish the certificate contemplated by this Section 4.5 as soon as the Project shall have been completed.

SECTION 4.6. *Lessee Required to Pay Construction Costs in Event Construction Fund Insufficient.* In the event the moneys in the Construction Fund available for payment of the costs of the Project shall not be sufficient to pay the costs thereof in full, the Lessee agrees to complete the Project and to pay 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 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 shall pay any portion of the said 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 hereof. The obligation of the Lessee to complete the Project shall survive any termination of this Agreement, subject to the force majeure provisions of the concluding paragraph of Section 10.1.

SECTION 4.7. *Authorized Lessee and County Representatives and Successors.* The Lessee and the County Board, respectively, will designate, in the manner prescribed in Section 1.2, the Authorized Lessee Representative and the Authorized County Representative. In the event that any person so designated hereunder and his alternate or alternates,

if any, should become unavailable or unable to take any action or make any certificate provided for or required in this Agreement, a successor shall be appointed in the same manner.

SECTION 4.8. *Enforcement of Remedies Against Contractors and Subcontractors and Their Sureties.* The Lessee covenants that it will take such action and institute such proceedings as shall be necessary to cause and require all contractors and material suppliers to complete their contracts diligently in accordance with the terms of said contracts, including, without limitation, the correcting of any defective work, with all expenses incurred by Lessee in connection with the performance of its obligations under this Section 4.8 to be considered part of the Project costs referred to in Section 4.3 (j), and the County agrees that the Lessee may, from time to time, in its own name, or in the name of the County, take such action as may be necessary or advisable, as determined by Lessee, to insure the construction of the Project in accordance with the terms of such construction contracts, to insure the peaceable and quiet enjoyment of the Project for the Lease Term, and to insure the performance by the County of all covenants and obligations of the County under this Agreement, with all costs and expenses incurred by the Lessee in connection therewith to be considered as part of the Project costs referred to in Section 4.3(j). Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing prior to the Completion Date, less any unreimbursed legal expenses incurred in order to collect the same, shall be paid into the Construction Fund and after the Completion Date shall be paid into the Bond Fund.

SECTION 4.9. *Investment of Construction Fund Moneys Permitted.* Any moneys held as a part of the Construction Fund shall at the written request of the Authorized Lessee Representative be invested or re-invested by the Trustee in (i) obligations of the United States and agencies thereof; (ii) general obligations of the State of South Carolina or any of its political units; (iii) Savings and Loan Associations to the extent that the same are secured by the Federal Deposit Insurance Corporation; (iv) certificates of deposit where such certificates of deposit are collaterally secured by securities of the type described in (i) and (ii) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; or (v) to the extent such investments are not prohibited by law for investment of bond proceeds by the County, certificates of deposit of banks or trust companies, including the Trustee, organized under the laws of the United States or any state

thereof, which have a combined capital and surplus of at least \$20,000,000, or prime commercial paper. Such investments shall be as specified by the Authorized Lessee Representative.

ARTICLE V

EFFECTIVE DATE OF THE AGREEMENT; DURATION OR LEASE TERM;
RENTAL PROVISIONS; PAYMENTS IN LIEU OF TAXES AND
UNCONDITIONAL OBLIGATIONS OF LESSEE

SECTION 5.1. *Effective Date of this Agreement; Duration of Lease Term.* This Agreement shall become effective upon its delivery, and the leasehold estate created in this Agreement shall then begin, and, subject to the provisions of this Agreement (including particularly Articles X, XI, Sections 12.2 and 12.4 hereof), shall expire October 1, 1988.

SECTION 5.2. *Delivery and Acceptance of Possession.* The County agrees to deliver to the Lessee sole and exclusive possession of the Project upon the execution and delivery of this Agreement and Lessee, thereupon and thereafter shall have sole and exclusive possession of the Project during the Lease Term (subject to the right of the County and Trustee to enter thereon for inspection purposes and to the other provisions of Section 8.2 hereof).

SECTION 5.3. *Rents and Other Amounts Payable.* At least seven days before October 1, 1969, and at least seven days before each April 1 and October 1 thereafter until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Lessee shall pay to the Trustee as rent for the Project (i) if such date is October 1, a sum equal to the amount payable on such date as principal (whether at maturity or by sinking fund redemption as provided in the Indenture) and interest upon the Bonds and (ii) if such date is April 1, a sum equal to the amount payable on such date as interest upon the Bonds, as provided in the Indenture.

In any event each rental payment under this Section shall be sufficient to pay the total amount of interest or interest and principal (whether at maturity or by redemption or acceleration as provided in the Indenture) and premium, if any, payable on the next succeeding interest payment date, and if at any interest payment date the balance in the Bond Fund is insufficient to make the required payments of principal (whether at maturity or by redemption or acceleration as provided in the Indenture) and premium, if any, and interest on such

date, the Lessee shall forthwith pay any such deficiency; provided that any amount at any time held by the Trustee in the Bond Fund shall be credited against the next rental payment to the extent such amount is in excess of the amount required for payment of Bonds theretofore matured or called for redemption and past due interest in all cases where such Bonds or coupons have not been presented for payment; and provided further, that if the amount held by the Trustee in the Bond Fund should be sufficient to pay at the times required the principal of, premium, if any, and interest on the Bonds then remaining unpaid, the Lessee shall not be obligated to make any further rental payments under the foregoing provisions of this Section.

The Lessee agrees to pay to the Trustee until the principal of, premium, if any, 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 the Indenture, (i) an amount equal to the annual fee of the Trustee for the ordinary services of the Trustee, as Trustee, rendered and its ordinary expenses, as Trustee, incurred under the Indenture, as and when the same becomes due, (ii) reasonable fees and charges of the Trustee, as Bond Registrar and paying agent, and any other 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 the necessary extraordinary services rendered by it and extraordinary expenses incurred by it 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.

In the event the Lessee shall fail to make any of the payments required in this Section 5.3, 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 7% per annum until fully paid. The provisions of this Section shall be subject to the provisions of Section 9.6 hereof.

SECTION 5.4. Place of Rental Payments. The rent provided for in Section 5.3 hereof shall be paid directly to the Trustee for the account of the County and shall be deposited in the Bond Fund. The additional payments to be made to the Trustee under Section 5.3 hereof shall be paid directly to the Trustee for its own use or for disbursement to the paying agents, as the case may be.

SECTION 5.5. *Payments in Lieu of Taxes.* It is recognized that under the provisions 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, the 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 that the County in cooperation with the Lessee (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 respective appropriate officer or officers charged with the duty of levying and collecting such taxes to submit to the Lessee, when the respective levies are made upon property privately owned as aforesaid, a statement specifying the amount and due date of such taxes which the county, school district and other political units having taxing powers would receive if the Project were so privately owned; and Lessee 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 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, and to contest the same in the manner and to the extent provided in Section 6.3 in the case of taxes and other governmental charges. The Lessee's obligation to make such additional payments shall continue only so long as and to the extent the Lessee is required by law to pay the aforesaid amounts in lieu of taxes. Once having paid the amounts required by this Section 5.5 to be paid by it in lieu of taxes, the Lessee shall not be required to pay any such taxes for which a payment in lieu thereof has been made to the State or to any city, county, town, school district or other political unit, any other statute to the contrary notwithstanding. In the event the Lessee shall

fail to make any of the payments required by this Section 5.5, the amount or amounts so in default shall continue as an obligation of the Lessee until fully paid and the Lessee agrees to pay the same with interest thereon at six per cent (6%) per annum until fully paid.

SECTION 5.6. *Obligations of Lessee Hereunder Unconditional.* Subject to the provisions of this Section and Section 9.6 hereof, the obligations of the Lessee to make the payments required in Sections 5.3 and 5.5 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional and until such time as the principal of, and interest and premium, if any, 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 Agreement, and (iii) except as provided in Section 11.1 hereof will not terminate the Lease Term for any cause including, without limiting the generality of the foregoing, failure of the Lessee to complete the Project, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of South Carolina or any political subdivision 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. 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 so long as such action does not abrogate the Lessee's obligations contained in the first sentence of this Section 5.6. 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 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 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, subject to the provisions of Section 6.2, all necessary repairs thereto and renewals and replacements thereof. Subject to the provisions of Section 8.10, 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 operations being conducted in and upon the Project (or, if no operations are being conducted, the operations for which the Project was designed or last modified). Subject to the provisions of Section 9.7 hereof, such additions, modifications and improvements so made by the Lessee shall be on the Leased Land and become a part of the Project. The Lessee shall 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 so made by it; provided, that if the Lessee shall first notify the Trustee of its intention so to do, 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 Trustee shall notify the Lessee that, in the opinion of Independent Counsel, 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. The Company 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. If no event of default under this Agreement shall have happened and be continuing, in any instance where the Lessee in its discretion determines that any items of Leased Equipment have be-

come inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Lessee, upon compliance with the requirements of Section 1406 of the Indenture, 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 Project for the purpose for which it is intended, 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 Leased Equipment to anyone other than itself or in the case of the scrapping thereof, (ii) or that in the case of the trade-in of such Leased Equipment for other machinery, equipment or related property not to be installed in the Building or on the Leased Land, and (iii) that in the case of the sale of any such Leased Equipment 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.

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 hereof.

The Lessee shall promptly report to the Trustee each such removal, substitution, sale and other disposition and shall 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 the 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 shall not remove, or permit the removal of, any of the Leased Equipment from the Leased Land except in accordance with the provisions of this Section.

SECTION 6.3. Taxes, Other Government Charges and Utility Charges. The County and the Lessee acknowledge (i) that pursuant to Section 13 of the Act, no part of the Project owned by the County will be subject to taxation in South Carolina, and that under present law the income and profits (if any) of the County from the Project are not subject to either Federal or South Carolina taxation and that under present law there is no tax imposed upon leasehold estates in South Carolina and (ii) that these factors, among others, have induced the Lessee to enter into this Agreement.

However, the Lessee will pay, as the same become due, all taxes and governmental charges of any kind whatsoever 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, any taxes levied upon or with respect to the lease rentals, revenues or receipts of the County from the Project which, if not paid, will 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 thereon and the pledge or assignment thereof to be created and made in the Indenture, and including all ad valorem taxes lawfully assessed upon the leasehold estate hereby granted and conveyed to the Lessee in the Project), all utility and other charges 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

If the Lessee shall first notify the Trustee of its intention so to do, the Lessee may, at its expense and in its own name and behalf or in the name and behalf of the County, in good faith contest any such taxes, assessments and other charges 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 Trustee shall notify the Lessee that, in the opinion of Independent Counsel, by nonpayment of any such items

the lien of the Indenture 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. 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 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 advancement, which amounts, together with interest thereon at the rate of 7% per annum from the date thereof, the Lessee agrees to pay.

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

SECTION 6.4. *Insurance Required.* (a) Lessee shall, at Lessee's sole cost and expense at all times during the Lease Term, keep the Project insured against loss or damage in accordance with the customary insurance practices of Lessee, but in all events to the following extent:

(i) Against the perils of fire and the hazards ordinarily included under standard extended coverage endorsements in amounts necessary to prevent the application of the co-insurance provisions of the applicable policies but not less than the lesser of 80% of the full insurable value thereof within the terms of applicable policies or an amount equal to the principal amount of Bonds outstanding from time to time.

(ii) Against war risks when a state of war or national or public emergency exists and such insurance is obtainable from a department or agency of the United States Government, upon reasonable terms, in the full amount necessary to prevent the application of the co-insurance provisions of the applicable policies but not less than 80% of the then full insurable value, or, if such amounts be not obtainable, then in the highest amount which can be so obtained.

(iii) If there are boilers or pressure vessels, from boiler or pressure vessel explosion in an amount customarily carried in the case of similar industrial operations.

The term "full insurable value" means such value as shall be determined from time to time at the request of the County, Lessee or

Trustee (but not more frequently than once in every twenty-four (24) months) by one of the insurers selected by Lessee.

(b) At all times during the Lease Term, Lessee shall, at no cost or expense to the County, maintain or cause to be maintained:

(i) General public liability insurance (including workmen's compensation insurance in amounts usually carried by similar operations) against claims for bodily injury or death occurring upon, in or about the Project, with such insurance (other than workmen's compensation insurance) to afford protection to the limits of not less than \$100,000 in respect of bodily injury or death to any one person and to the limit of not less than \$300,000 in respect of any one accident; and

(ii) Property damage insurance against claims for damage to property (including loss of use) occurring upon, in or about the Project with such insurance to afford protection to the limit of not less than \$100,000 in respect of damage to the property of any one owner.

(c) The insurance required by this Section 6.4 shall be maintained in full force and effect at all times during the Lease Term of this Agreement, except that such insurance required by Section 6.4 (a) need not be placed in force and effect until the completion of the construction of the Project, provided that builder's risk insurance is in effect at least to the extent contemplated by Section 6.4 (a) and provided further that in no event shall the insurance required by Section 6.4 (a) be placed into force and effect later than the expiration of the builder's risk insurance carried pursuant to the provisions of any contracts entered into with contractors, with the end in view of having full insurance coverage at all times.

(d) Copies or certificates of the insurance required by this Section, each bearing notations evidencing payment of the premiums or other evidence of payment satisfactory to the Trustee, shall be delivered by Lessee to the Trustee. And, in the case of expiring policies throughout the term, copies or certificates of any new or renewal policies, each bearing notations evidencing payment of the premiums or other evidence of payment satisfactory to the Trustee, shall be delivered by Lessee to the Trustee.

(e) Policies of insurance provided for in Section 6.4 (a) and any builder's risk insurance referred to in Section 6.4 (c) shall name the County and the Lessee as insureds as their respective interests may appear, provided, however, that the Trustee shall also be named as a

party insured pursuant to a standard mortgagee clause as its interests may appear, and provided further that while any Bonds remain outstanding all casualty insurance shall be payable as provided in Section 7.1 hereof.

(f) All insurance required by this Section 6.4 shall be effected with responsible insurance companies selected by the Lessee. Lessee shall cause appropriate provisions to be inserted in each insurance policy making each policy noncancellable without at least ten (10) days prior written notice to the County, Lessee and Trustee. Also, it is agreed that no claim shall be made and no suit or action at law or in equity shall be brought by the County or by anyone claiming by, through or under the County, against Lessee for any damage to the Project covered by the insurance provided for by this Section 6.4, however caused, but nothing in this sub-section (f) shall diminish Lessee's obligation to repair or rebuild as provided in Section 7.1. The Lessee shall have the sole right and responsibility to adjust any loss with the insurer involved and to conduct any negotiations in connection therewith, provided that so long as any Bonds remain outstanding and unpaid no settlement of any claim shall be effected without the written consent of the Trustee.

SECTION 6.5. *Application of Net Proceeds of Insurance.* The Net Proceeds of the insurance carried pursuant to the provisions of Section 6.4(a) hereof shall be received by the Lessee and shall then be paid and applied as provided in Section 7.1 hereof and the Net Proceeds of insurance carried pursuant to the provisions of Section 6.4(b) hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

SECTION 6.6. *Advances by the County or the Trustee.* In the event the Lessee shall fail to maintain the full insurance coverage required by this Agreement or shall fail to keep the Project in as reasonably safe condition as its operations will permit, or shall fail to keep the Project in good repair, 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 required repairs; 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 advancement, which amounts, together with interest thereon at the rate of 7% per annum from the date thereof, the Lessee agrees to pay.

ARTICLE VII

DAMAGE, DESTRUCTION AND CONDEMNATION

SECTION 7.1. *Damage and Destruction.* (a) Unless the Building or the Leased Equipment shall be damaged to the extent prescribed by, and the Lessee shall elect 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 Indenture) the Project is damaged by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.4 (a) hereof resulting from such destruction or damage is not greater than \$50,000, the Lessee (i) shall promptly repair, rebuild or restore the Project to substantially the same condition thereof 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 the value or the character of the Project as a processing or manufacturing plant and (ii) will apply for such purpose so much as may be necessary of any Net Proceeds of insurance resulting from such claims for losses. All Net Proceeds of insurance resulting from such claims for losses not in excess of \$50,000 shall be paid to the Lessee, subject to the provisions of Section 7.1(e).

(b) Unless the Building or the Leased Equipment shall be destroyed or damaged to the extent prescribed by, and the Lessee shall elect 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 Indenture) the Project is destroyed or is damaged (in whole or in part) by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.4(a) hereof resulting from such destruction or damage is in excess of \$50,000, the Lessee shall promptly give written notice thereof to the Trustee. All Net Proceeds of insurance received by the Lessee resulting from such claims for losses in excess of \$50,000 shall be paid to and held by the Trustee in a separate trust account, whereupon (i) the Lessee shall proceed promptly to repair, rebuild or restore the Project to substantially the same condition thereof 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 the value or the character of the Project as a processing or manufacturing plant, and (ii) the Lessee will fulfill the applicable requirements of Section 1406 (b) of the Indenture, whereupon the Trustee shall 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.

(c) In the event said Net Proceeds are not sufficient to pay in full the costs of such repair, rebuilding or restoration, the Lessee shall nonetheless complete said work and shall pay that portion of the costs thereof in excess of the amount of said Net Proceeds.

(d) The Lessee shall not, by reason of the payment of such excess costs be entitled to any reimbursement from the County, the Trustee or the holders or owners of the Bonds or any abatement or diminution of the rents payable under Section 5.3 hereof.

(e) Any balance of such Net Proceeds remaining after payment of all costs of such repair, rebuilding or restoration shall be paid into the Bond Fund. If the Bonds have been fully paid (or provision therefor has been made in accordance with the Indenture), all Net Proceeds shall be paid to the Lessee.

SECTION 7.2. Condemnation. Unless title to, or temporary use of, all or substantially all, or any material portion, of the Project shall have been taken by condemnation and the Lessee shall elect to 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, the Lessee and the Trustee shall cause the Net Proceeds received by them or any of them from any award made in such eminent domain proceedings, to be paid to and held by the Trustee in a separate trust account, to be applied, upon compliance by the Lessee with the applicable requirements of Section 1406(b) of the Indenture, in one or more of the following ways as shall be directed in writing by the Lessee:

(a) To the restoration of the Project to substantially the same condition thereof as existed prior to the exercise of the said power of eminent domain.

(b) To the acquisition, by construction or otherwise, in the name of the County of improvements consisting of a building or buildings, facilities, machinery, equipment or other properties

4

suitable for the Lessee's operations at 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 as herein provided to the same extent as if such other improvements were specifically described herein and demised hereby); provided, that such improvements shall be acquired by the County subject to no liens or encumbrances prior to or on a parity with the lien of the Indenture, other than Permitted Encumbrances. In connection with disbursements pursuant to this Section 7.2(a) and (b), Lessee shall comply with the requirements of Section 1406(b) of the Indenture as promptly as practicable.

(c) To the redemption of Bonds together with interest accrued thereon to the date of redemption; provided, that no part of any such condemnation award may be applied for such redemption unless (1) 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 (2) 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 Independent Engineer acceptable to the County and the Trustee stating (i) 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 (ii) that the Project has been restored to a condition substantially equivalent to its condition prior to the taking by such condemnation proceedings or (iii) that improvements have been acquired which are suitable for the Lessee's operations at the Project as contemplated by the foregoing subsection (b) of this Section.

Unless the Lessee shall have elected to exercise its option to purchase pursuant to the provisions of Section 11.2(b) hereof within ninety 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 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 shall, 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 shall 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 not included in the Project (except for damages for the value of its leasehold estate under this Agreement which shall be disposed of pursuant to Section 7.2 hereof).

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.

SECTION 8.2. *County's and Trustee's Right of Access to the Project.* The Lessee agrees that the County, the Trustee and the duly authorized agents of each of them shall have the right at all reasonable times to enter upon the Leased Land and to examine and inspect the Project, including such rights of access to the Project as may be reasonably necessary for the proper maintenance of the Project in the event of failure by the Lessee to perform its obligations under Section 6.1 hereof. The rights of access hereby reserved to the County and the Trustee may be exercised only after any such agent shall have executed release of liability and secrecy agreements in the form then currently used by the Lessee. However, nothing contained in this Section 8.2 or in any other provision of this Agreement shall be construed to entitle the County or the Trustee to any information or inspection involving the confidential know-how of the Lessee.

SECTION 8.3. *Lessee to Maintain its Corporate Existence; Conditions Under Which Exceptions Permitted.* 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 corporation, or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve, provided the surviving, resulting or transferee corporation, as the case may be, assumes in writing all of the obligations of the Lessee under this Agreement, and provided that prior to such sale, transfer, consolidation or merger the Trustee shall be furnished a certificate from a firm of independent certified public accountants stating that the covenants contained in Section 8.9 and Section 8.10 hereof will not be violated as a result of such sale, transfer, consolidation or merger.

SECTION 8.4. *Qualification in South Carolina.* The Lessee warrants that it is and throughout the Lease Term it will continue to be duly qualified to do business in South Carolina.

SECTION 8.5. *Release of Certain Land.* In addition to the rights granted by Section 11.3 hereof, the parties hereto reserve the right at any time and from time to time to amend this Agreement for the purpose of effecting the release of and removal from this Agreement and the leasehold estate created hereby (i) of any unimproved part of the Leased Land (on which neither the Building nor any Leased Equipment is situated, but upon which transportation or utility facilities may be situated) on which the County then proposes to construct, or cause to be constructed, improvements for lease to the Lessee or any subsidiary or affiliated corporation thereof under another and different lease agreement or (ii) any part (or interest in such 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, 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 Board (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 Agreement, (ii) giving an adequate legal description of that portion (together with the interest in such portion) of the Leased Land to be released, (iii) stating the purpose for which the County desires the release, (iv) stating that the said improvements which will be so constructed

will be such as will promote the continued industrial development of South Carolina and (v) requesting such release.

(c) A resolution of the board of directors of the Lessee approving such amendment and a certificate of the president, any vice president or treasurer of the Lessee stating that the Lessee is not in default under any of the provisions of this Agreement.

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

(e) A certificate of an Independent Engineer who is acceptable to the Trustee, dated not more than sixty days prior to the date of the release and stating that, in the opinion of the person signing such certificate, (i) the portion of the Leased Land so proposed to be released is necessary or desirable in order to obtain railroad, utility services or roads to benefit the Project or is not otherwise needed for the operation of the Project for the purposes hereinabove stated and (ii) the release so proposed to be made will not impair the usefulness of the Project as a manufacturing or processing plant and will not destroy the means of ingress thereto and egress therefrom.

And, provided further, if such release 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 as a manufacturing or processing plant.

If all of the conditions of this Section 8.5 are met, the Trustee shall be authorized to release any such property from the lien of the Indenture upon compliance by the Lessee with the requirements of Section 1406 of the Indenture.

No 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 Agreement shall have happened and be continuing, the Lessee may at any time or times 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 lien of the Indenture, or the Lessee

may release existing easements, licenses, rights of way and other rights or privileges with or without consideration, and the County agrees that it shall execute and deliver and will cause and direct the Trustee, upon compliance by the Lessee with the requirements of Section 1406 of the Indenture, 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 upon receipt of: (i) a copy of the instrument of grant or release; (ii) a written application signed by the president or a vice president or the chairman of the board of directors of the Lessee requesting such instrument; and (iii) a certificate executed by the president or a vice president or the chairman of the board of directors 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 operation of the Project and will not weaken, diminish or impair the security intended to be given by or under the Indenture. No grant 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 8.7. *Indemnification Covenants.*

(a) Lessee shall and agrees to indemnify and save the County and the Trustee harmless against and from all claims by or on behalf of any person, firm or corporation arising from the conduct or management of, or from any work or thing done on, the Project during the Lease Term, and against and from all claims arising during the Lease Term from (i) any condition of the Project, (ii) any breach or default on the part of Lessee in the performance of any of its obligations under this Agreement, (iii) any act or negligence of Lessee or of any of its agents, contractors, servants, employee or licensees, or (iv) any act or negligence of any assignee or sublessee of Lessee, or of any agents, contractors, servants, employees or licensees of any assignee or sublessee of Lessee. Lessee shall indemnify and save the County and the Trustee harmless from and against all costs and expenses incurred in or in connection with any such claim arising as aforesaid from (i), (ii), (iii) or (iv) supra, or in connection with any action or proceeding brought thereon, and upon notice from the County, or the Trustee, Lessee shall defend them or either of them in any such action or proceeding.

(b) The Act prescribes and the parties intend that the County shall not incur pecuniary liability by reason of making this Agreement, by reason of the issuance of the Bonds, by reason of the execution of

the Indenture, by reason of the performance of any act required of it by this Agreement or by reason of the performance of any act requested of it by the Lessee. Nevertheless if the County shall incur any such pecuniary liability, then in such event the Lessee shall indemnify and hold the County harmless by reason thereof.

SECTION 8.8. *Financial Statements of Lessee.* The Lessee agrees to have an annual audit made by its regular independent certified public accountants and to furnish the Trustee (within thirty days after receipt by the Lessee) with a balance sheet and statement of income and surplus showing the financial condition of the Lessee and its consolidated subsidiaries, if any, at the close of each fiscal year and the results of operations of the Lessee and its consolidated subsidiaries, if any, for each fiscal year, accompanied by a certificate of opinion of said accountants. Lessee further agrees to furnish to Trustee, the initial purchaser of the Bonds, and, if requested in writing, to any bondholder all financial statements which it sends to its shareholders.

SECTION 8.9. *Financial Covenants.* Until the principal of and interest on the Bonds shall have been fully paid (or until provision for payment thereof has been made in accordance with the provisions of the Indenture) the Lessee covenants and agrees that:

1. It will at all times maintain a minimum Net Worth and Subordinated Debt of not less than \$11,500,000.
2. It will at all times maintain a minimum Net Working Capital of not less than \$7,000,000.
3. It will at all times maintain a ratio of Total Current Assets to Total Current Liabilities of not less than 1.5 to 1.
4. It will not declare and pay cash dividends if such payment is prohibited by the terms of any indebtedness of Lessee existing at the time of such payment.
5. Total Capitalization shall never be less than 150% of Senior Funded Debt (including Capitalized Rent, but excluding Deferred Income Tax).

The following definitions shall apply to the above covenants:

A. "Net Worth" shall mean the Tangible Assets of the Lessee less all liabilities (including Capitalized Rent but excluding Deferred Income Taxes).

B. "Tangible Assets" shall mean the total of all assets appearing on the consolidated balance sheet of the Lessee (after capitalizing all rents, including the Bonds, required to be capitalized in accordance with *Opinions of the Accounting Principles*

Board, September 1964, Bulletin No. 5, Pages 27-35, inclusive), less the sum of the amounts at which intangible assets (such as organization expense, good will, trademarks, and unamortized discount and expense resulting from the issuance of Funded Debt or capital stock) are carried on such balance sheet.

C. "Net Working Capital" shall mean the excess of Total Current Assets over Total Current Liabilities.

D. "Senior Funded Debt" shall mean all indebtedness (including Capitalized Rent) issued, incurred, assumed or guaranteed by the Lessee, or for the payment of which the Lessee is otherwise liable, directly or indirectly, maturing or becoming due more than one year after the date as of which the determination is being made and is not subordinated in any way to other debt of the Lessee. Deferred Income Taxes shall be excluded from computation of Funded Debt.

E. "Capitalized Rent" shall mean

a. The aggregate of the net rental obligations required to be paid by the Lessee under all leases required to be capitalized on the consolidated balance sheet of the Lessee in accordance with *Opinions of the Accounting Principles Board*, September 1964, Bulletin No. 5, Pages 27-35, inclusive), and

b. The aggregate of all other net rental obligations required to be paid by the Lessee under leases having a term of more than five years, provided that in computing the amount of such rental obligations in 1 and 2, above, there shall be excluded an amount equal to the total amount of interest upon such indebtedness. There shall also be excluded from 2, above, those net rental obligations required to be paid by the Lessee under leases having a term of more than five years for which the aggregate annual rental payment requirements do not, for each lease, exceed \$25,000 in any one calendar year.

F. "Total Capitalization" shall mean Tangible Assets less all Current Liabilities.

The financial covenants of this Agreement and accounting terminology used in such financial covenants shall be defined and computed in accordance with generally accepted accounting principles (except as noted above), as determined by the independent certified public accountants auditing the Lessee's accounts and shall be computed on a consolidated basis to include the Lessee and all its subsidiaries.

SECTION 8.10. *Covenants of Lessee with Respect to Capital Expenditures.* The County is issuing the Bonds pursuant to an election made under Section 103 (c) (6) (D) of the Internal Revenue Code of 1954. In order to insure that interest on the Bonds will not become subject to Federal Income Taxes as a result of a violation of the capital expenditures limitation prescribed in said Section 103 (c) (6) (D), the Lessee covenants with the County, the Trustee, and with each of the future holders of any Bonds or interest coupons appertaining thereto as follows:

(1) That all rights and privileges granted to the Lessee hereunder shall be exercised in such manner that the covenants made by this Section 8.10 shall be observed, and if any conflict between Section 8.10 and any other provision in this Agreement shall arise, then in such case, Section 8.10 shall control.

(2) That it will never permit the occurrence of any circumstance set forth in Section 103 (c) (6) (D) and (E) of the Internal Revenue Code of 1954 which might cause interest on the Bonds to lose its tax exempt status.

(3) Lessee further covenants that on October 1, 1969, and on the first day of each April and October thereafter to and including October 1, 1973, the Lessee will furnish to the Trustee a certificate of independent certified public accountants stating that during the period beginning three years prior to the issuance of the Bonds to the date on which such certificate is due, capital expenditures (including the \$4,000,000 principal amount of Bonds) in excess of the greater of (a) \$5,000,000, or (b) the capital expenditures limitation prescribed by said Section 103 (c) (6) (D) if hereafter amended so as to increase the limitation, have not been paid or incurred with respect to "facilities" described in Section 103 (c) (6) (E) of the Internal Revenue Code of 1954, in Dillon County, South Carolina.

Nothing herein contained is intended to create any obligation upon the Lessee as a result of interest on any Bond becoming taxable or any deficiency being asserted against the holder of any Bond by virtue of the provisions of Section 103 (c) (7) of the Internal Revenue Code of 1954.

ARTICLE IX

ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING; REDEMPTION; RENT PREPAYMENT AND ABATEMENT; INSTALLATION OF LESSEE'S OWN MACHINERY AND EQUIPMENT

SECTION 9.1. *Assignment and Subleasing.* This Agreement may be assigned, 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) or subleasing shall relieve the Lessee from primary liability for any of its obligations hereunder, and in the event of any such assignment or subleasing, the Lessee shall continue to remain primarily liable for payment of the rents specified in Section 5.3 hereof and for the payment, performance and observance of the other obligations and agreements on its part herein provided to be performed and observed by it.

(b) The assignee or sublessee shall assume in writing the obligations of the Lessee hereunder to the extent of the interest assigned or subleased.

(c) The Lessee shall, within thirty 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 accompanied by a certificate of an independent certified public accountant and an opinion of Independent Counsel that nothing in the transaction so done has violated the Lessee's Covenant under Section 8.10.

SECTION 9.2. *Mortgage of Project by County.* The County will mortgage the Project by the Indenture, and assign its interest in and pledge any moneys receivable under this Agreement (except payments made in lieu of taxes pursuant to Section 5.5) pursuant to the Indenture, to the Trustee as security for payment of the principal of, premium, if any, and interest on the Bonds, but each such mortgage, assignment or pledge shall be subject and subordinate to this Agreement.

SECTION 9.3. *Restrictions on Sale of Project by County.* The County agrees that, except as set forth in Section 9.2 hereof or other provisions of this Agreement or the Indenture, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Project during the Lease Term.

SECTION 9.4. *Redemption of Bonds.* The County, at the request at any time of the Lessee and if the same are then callable, 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 the earliest redemption date on which such redemption may be made under such applicable provisions. The County shall cooperate with

the Lessee in effecting any purchase of Bonds to be delivered for credit against the sinking fund redemption obligation pursuant to Section 305 of the Indenture, if desired by the Lessee. The certificate of the County required by Section 305 of the Indenture shall contain such information as is requested by the Lessee.

SECTION 9.5. *Prepayment of Rents.* There is expressly reserved to the Lessee the right, and the Lessee is authorized and permitted, at any time it may choose, to prepay all or 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 credited on the rental payments specified in Section 5.3 hereof, in the order of their due dates.

SECTION 9.6. *Lessee Entitled to Certain Rent Abatements if Bonds Paid Prior to Maturity.* If at any time the aggregate moneys in the Bond Fund shall be sufficient to retire in accordance with the provisions of the Indenture all of the Bonds at the time outstanding, and to pay all fees and charges of the Trustee and any paying agents on the Bonds due or to become due through the date on which the last of the Bonds is retired, under circumstances not resulting in termination of the Lease Term, and if the Lessee is not at the time otherwise in default hereunder, the Lessee shall be entitled to use and occupy the Project from the date on which such aggregate moneys are in the hands of the Trustee to and including October 1, 1988, with no obligation to make the rental payments specified in Section 5.3 hereof during that interval (but otherwise on the terms and conditions hereof).

SECTION 9.7 *Installation of Lessee's Own Machinery and Equipment.* Subject always to the provisions of Section 8.10, the Lessee may from time to time, in its sole discretion and at its own expense, install machinery, equipment and other personal property in the Building or on the Leased Land and which may be attached or affixed to the Building or the Leased Land. All such machinery, equipment and other personal property shall remain the sole property of the Lessee and the Lessee may remove the same from the Building or the Leased Land at any time, in its sole discretion and at its own expense; provided, that any damage to the Project resulting from any such removal shall be repaired by the Lessee at the expense of the Lessee. The Lessee may create any mortgage, encumbrance, lien or charge on any such machinery, equipment and other personal property provided that the same will not diminish or impair the security intended to be given by or under the Indenture. Neither the County nor the Trustee shall have any

interest in or landlord's lien on any such machinery, equipment or personal property so installed pursuant to this Section 9.7 and all such machinery, equipment and personal property shall be and remain identified as the property of the Lessee by appropriate tags or other markings.

SECTION 9.8 *Reference to Bonds 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, all references in this Agreement to the Bonds and the Trustee shall be ineffective and neither the Trustee nor the holders of any of the Bonds shall thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested. For purposes of this Agreement the Bonds shall be deemed fully paid:

(a) If there is no default under Section 8.10 and there is on deposit in the Bond Fund a total amount sufficient to pay the principal of all the then outstanding Bonds plus the interest due thereon until and at their respective maturities and provision for payment of all Trustee's and paying agents' fees, accrued and to accrue, has been made in a manner satisfactory to the Trustee and such paying agents, or

(b) If there have been irrevocably deposited with the Trustee (i) moneys sufficient to pay, redeem and retire all the then outstanding Bonds (including, without limitation, principal, premium, interest to maturity or earliest applicable redemption date, as the case may be, expenses of redemption and Trustee's and paying agents' fees), and (ii) evidence satisfactory to the Trustee that all redemption notices required by the Indenture have been duly given by the County or the Trustee has been irrevocably authorized to give such redemption notices.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

SECTION 10.1. *Events of Default Defined.* The following shall be "events of default" under this Agreement and the terms "event of default" or "default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(a) Failure by the Lessee to pay the rents required to be paid under Section 5.3 of this Agreement at the times specified therein and continuing for a period of five days after notice by telegram,

or if telegraphic service is not available then after notice by mail given to the Lessee by either the Trustee or the County that the payment referred to in such notice has not been received.

(b) (i) The violation of the capital expenditure limitation prescribed in Section 103 (c) (6) (D) of the Internal Revenue Code of 1954, or (ii) the interest on any Bond becomes subject to Federal Income Tax or a deficiency is asserted by the Internal Revenue Service against the holder of any Bond as a result of the occurrence of any of the circumstances set forth in Section 103 (c) (6) (D) and (E) of the Internal Revenue Code of 1954.

(c) Failure by the Lessee to observe and perform any covenant, condition or agreement in this Agreement on the part of the Lessee to be observed or performed, other than as referred to in subsections (a) and (b) of this Section, for a period of thirty 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 shall agree in writing to an extension of such time prior to its expiration (or in the case of any such default, other than with respect to Section 8.9, which cannot with due diligence be cured within such 30-day period, if Lessee shall fail to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence, it being intended in connection with such a default not susceptible of being cured with due diligence within the 30 days that the time of Lessee within which to cure the same shall be extended for such period as may be necessary to complete the curing of the same with all due diligence).

(d) The dissolution or liquidation of the Lessee or the filing by the Lessee of a voluntary petition in bankruptcy, or failure by the Lessee promptly to lift any execution, garnishment or attachment of such consequence as will impair the ability of the Lessee 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 in any domestic or foreign jurisdiction which may now be in effect or hereafter 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, provided, that the conditions permitting such actions contained in Section 8.3 hereof shall have been met.

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 of the Lessee on its part herein contained, other than the obligations on the part of the Lessee contained in Article V and Sections 6.3, 6.4, 8.7, 8.9 and 8.10 hereof, the Lessee shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of South Carolina or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Lessee, it being agreed 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 subsisting, the County 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 terminat-

ing this Agreement, and sublease the Project for the account of the Lessee, holding the Lessee liable for the difference in the rent and other amounts actually paid by such sublessee in such subleasing and the rents and other amounts payable by the Lessee hereunder; provided, that in the case of an event of default referred to in Section 10.1(a) hereof, the County shall not be entitled to take such action until the sixth day after the giving of notice as prescribed in Section 10.1(a).

(c) The County, with the prior written consent of the Trustee, may terminate the Lease Term, exclude the Lessee from possession of the Project and use its best efforts to lease the Project to another for the account of the Lessee, holding the Lessee liable for all rent and other amounts payable by the Lessee hereunder; provided, that in the case of an event of default referred to in Section 10.1(a) hereof, the County shall not be entitled to take such action until the sixth day after the giving of notice as prescribed in Section 10.1(a).

(d) In the event any of the Bonds shall at the time be outstanding and unpaid, the County may have access to and inspect, examine and make copies of the books and records and any and all accounts, similar data and income tax and other tax returns of the Lessee.

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

No action taken pursuant to this Section (including repossession of the Project or termination of the Lease Term) shall relieve the Lessee from the Lessee's obligations pursuant to Section 5.3, Section 10.2(a) and Section 12.2 hereof, all of which shall survive any such action.

SECTION 10.3. *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the County is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be

cumulative and shall be in addition to every other remedy given under this 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 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. Such rights and remedies as are given the County hereunder shall also extend to the Trustee and the holders of the Bonds shall be deemed third party beneficiaries of all covenants and agreements herein contained.

SECTION 10.4. *Agreement to Pay Attorneys' Fees and Expenses.* In the event the Lessee should default under any of the provisions of this 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 by the County or the Trustee.

SECTION 10.5. *No Additional Waiver Implied by One Waiver.* In the event any agreement contained in this 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, and is hereby granted, the following options to 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 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

earliest applicable redemption date, as the case may be, premium, expenses of redemption and Trustee's and paying agent's fees and expenses), and in case of redemption making arrangements satisfactory to the Trustee for the giving of the required notice of redemption, and by paying to the County any and all sums then due to the County under this Agreement.

(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) and of any and all sums then due to the County under this Agreement, the Lessee may terminate the Lease Term by giving the County notice in writing of such termination and 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 events set forth in the following clauses shall have occurred:

(a) The Building or the Leased Equipment shall have been damaged or destroyed (i) to such extent that it cannot be reasonably restored within a period of four months to the condition thereof immediately preceding such damage or destruction, or (ii) to such extent that the Lessee is thereby prevented from carrying on its normal operations at the Project for a period of four months, or (iii) to such extent that the cost of restoration thereof would exceed by \$100,000 the Net Proceeds of insurance carried thereon pursuant to the requirements of Section 6.4(a) hereof, plus the deductible amounts for which the Lessee is self-insured with respect to the Project.

(b) Title to, or the temporary use of, all or substantially all the Project, or such part thereof as shall materially interfere, in Lessee's judgment, with the operation of the Project for the purpose for which the Project is designed, shall have been 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 (including such a taking or takings as results in the Lessee being thereby prevented from carrying on its normal operations at the Project 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 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 Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in this Agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the County or the Lessee in respect to the Project including without limitation federal, state or other ad valorem, property, income or other taxes not being imposed on the date of this Agreement.

To exercise such option, the Lessee shall, within ninety days following the event authorizing the exercise of such option, give written notice to the County, and to the Trustee if any of the Bonds shall then be unpaid, and shall specify therein the date of closing such purchase, which date shall be not less than forty-five nor more than ninety 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 which, when added to the amount then on deposit in the Bond Fund, will be sufficient to retire and redeem all the then outstanding Bonds on the applicable redemption date provided by the Indenture, including without limitation, principal, all interest to accrue to said redemption date and redemption expense, plus

(2) an amount of money equal to the Trustee's and paying agents' fees and expenses under the Indenture accrued and to accrue until such final payment and redemption of the Bonds, plus

(3) the sum of one dollar, and any and all other sums then due to the County under this Agreement, for the Leased Land, Building and Leased Equipment.

In the event of the exercise of the option granted in this Section any Net Proceeds of insurance or condemnation shall be paid to the Lessee simultaneously with the conveyance prescribed by Section 11.4 hereof.

SECTION 11.3. *Option to Purchase Unimproved Land.* If no event of default under this Agreement shall have happened and then be continuing, the Lessee shall have, and is hereby granted the option to pur-

chase any part of the Leased Land on which neither the Building nor any Leased Equipment is located, but upon which transportation or utility facilities may be located, at any time and from time to time at and for a purchase price of \$750.00 per acre 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, (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 forty-five nor more than ninety days from the date of such notice and (iii) a statement that the use to which the Lessee intends to devote such portion of the Leased Land will promote the continued industrial development of South Carolina.

(b) A certificate of an Independent Engineer who is acceptable to the Trustee, dated not more than ninety 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 Project as a manufacturing or processing plant and will not destroy the means of ingress thereto and egress therefrom.

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

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 such money to the Trustee for deposit in the Bond Fund, and secure from the Trustee, upon compliance by the Lessee with the requirements of Section 1406 of the Indenture, a release from the lien of 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, 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 as a manufacturing or processing plant.

SECTION 11.4. *Conveyance on Exercise of Option to Purchase.*
At the closing of any purchase pursuant to any option to purchase

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

(a) If necessary, a release from the Trustee of the property with respect to which the option was exercised from the lien of the Indenture.

(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 Agreement; (iv) Permitted Encumbrances other than the Indenture and this 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 11.5. *Relative Position of Options and Indenture.* The options respectively granted to the Lessee in this Article except under Section 11.3 hereof shall be and remain prior and superior to the Indenture and may be exercised whether or not the Lessee is in default hereunder, provided that no such default will result in non-fulfillment of any condition to the right of the Lessee to obtain a conveyance of the Project by making the payments required hereunder.

ARTICLE XII

ADDITIONAL OBLIGATIONS OF LESSEE AND COUNTY

SECTION 12.1. *Obligation to Purchase Project.* The Lessee hereby agrees to purchase, and the County hereby agrees to sell, the Project for one dollar, and any and all sums then due to the County under this Agreement, at the expiration or sooner termination of the Lease Term following full payment of the Bonds, or provision for payment thereof having been made, in accordance with the provisions of the Indenture. At the closing of the foregoing purchase, the County shall deliver to the Lessee the documents referred to in Section 11.4 hereof. The right to purchase granted in this Section shall be and remain prior and superior to the Indenture and may be exercised whether or not the Lessee is in default hereunder provided that no such default will result in non-fulfillment of any condition to this right.

SECTION 12.2. *Lessee's Obligation to Purchase Project Under Certain Circumstances.* Should, by reason of any violation of the covenant set forth in Section 8.10 (2) (whether through act of the Lessee or circumstances not under the Lessee's control or otherwise) any one of the following events occur:

(a) interest on any Bond becomes subject to Federal Income Tax,

(b) the capital expenditure limitation prescribed in Section 103 (c) (6) (D) of the Internal Revenue Code of 1954 is violated, or

(c) a deficiency is asserted by the Internal Revenue Service against the holder of any Bond;

then upon the happening of the first to occur of the events set forth as (a), (b), or (c) above, the Lessee agrees to purchase, in full discharge of all liability hereunder, the Project within thirty days thereafter, at a purchase price equal to the principal and interest of all Bonds then outstanding, plus a redemption premium equal to 10% of the principal amount of the Bonds outstanding on the occasion of the violation of the covenant set forth in Section 8.10 (2), plus any expenses of redemption, (less any optional redemption premium previously paid on any such Bond) and the Trustee's and Paying Agent's fees and charges, but after the deduction of the amount, if any, then in the Bond Fund. The obligation of the Lessee under this Section 12.2 shall survive the termination of this Agreement. At the closing of the foregoing purchase the County shall deliver to the Lessee the documents referred to in Section 11.4.

Nothing herein contained is intended to create any obligation upon the Lessee as a result of interest on any Bond becoming taxable or any deficiency being asserted against the holder of any Bond by virtue of the provisions of Section 103 (c) (7) of the Internal Revenue Code of 1954.

SECTION 12.3 *Obligation of Lessee Further Defined.* The parties recognize that the Bonds are being issued as tax free obligations by virtue of an election made under Section 103 (c) (6) (D) of the Internal Revenue Code of 1954. The parties recognize that the ultimate decision as to the taxability of interest may depend upon the outcome of litigation and it is the intention of the Lessee to provide each person who shall have been a Bondholder on the occasion of the violation of the covenant contained in Section 8.10 (2) hereof with the relief prescribed in Section 12.2 hereof without regard to the final outcome of any such litigation. For this reason the Lessee's obligation under Section 12.2 hereof arises upon the first to occur of any one of the three (3) events

set forth in Section 12.2 hereof, even though it may thereafter be determined by Court order, ruling, legislation or otherwise that the interest on the Bonds is, in fact, not subject to Federal Income Taxes.

SECTION 12.4. *Lessee's Obligation to Purchase Project in the Event Interest on the Bonds becomes taxable otherwise than by virtue of Section 103 (c) (6) (D) and (E) of the Internal Revenue Code of 1954.* The Bonds are being issued as tax free obligations by virtue of an election made under Section 103 (c) (6) (D) of the Internal Revenue Code of 1954 and Section 12.2 of this Agreement requires the Lessee to purchase the Project at a price which includes a 10% redemption premium under certain events. Under the present laws, rules and regulations there are no other statutory provisions under which interest on the Bonds may become generally taxable. However, in the event of the enactment into law at anytime hereafter by the United States Congress of legislation which shall have the effect of making interest on the Bonds subject, in whole or in part, to Federal income taxes, the Lessee agrees within thirty (30) days from the date such legislation shall become law to purchase the Project and the purchase price shall be the amount prescribed in Section 11.2 (1), (2) and (3) hereof. In the event of Lessee's purchase of the Project pursuant to this Section 12.4 the purchase price shall be computed without any redemption premium. The legislation contemplated hereby is limited to legislation which will apply generally to interest on the Bonds, and does not include legislation which may have the effect of making interest on the Bonds in the hands of only certain holders subject to Federal income tax.

ARTICLE XIII

MISCELLANEOUS

SECTION 13.1. *Quiet Enjoyment.* The County agrees so long as the Lessee shall fully and punctually pay all of the rents and other amounts provided to be paid hereunder by the Lessee, and shall fully and punctually perform all of its other covenants and agreements hereunder, that the Lessee shall peaceably and quietly have, hold and enjoy the Project during the Lease Term.

SECTION 13.2. *Surrender of Project.* Except as otherwise provided in this 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, ordinary wear, tear and obsolescence only excepted.

SECTION 13.3. *Notices.* All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, or given when dispatched by telegram when telegraphic notice is permitted by express provisions of this Agreement, addressed as follows: if to the County, to the County Board of Commissioners of Dillon County, Dillon County Courthouse, Dillon, South Carolina; if to the Lessee, at P. O. Box 2898, Winston-Salem, North Carolina, Attention: Treasurer; if to the Trustee, at 130 Pearl Street, New York, N. Y., Attention: Corporate Trust Department. The County, the Lessee, and the Trustee may, by notice given to all parties to this Agreement and the Indenture, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 13.4. *Recording and Filing.*

(a) This Agreement as originally executed shall be recorded prior to the recordation of the Indenture. It shall be recorded and indexed as a miscellaneous conveyance and as a security agreement in the office of the Clerk of Court for Dillon County, South Carolina, or in such other office as may at the time be provided by law as the proper place for recordation thereof. The security interest of the County created herein as to any personal property, equipment and fixtures forming a part of the Project shall be perfected by the filing of financing statements which fully comply with the South Carolina Uniform Commercial Code—Secured Transactions, in the Office of the said Clerk of Court for Dillon County and in the Office of the Secretary of State in the City of Columbia, S. C. The parties further agree that all necessary continuation statements shall be filed within the time prescribed by the South Carolina Uniform Commercial Code—Secured Transactions, in order to continue the security interests created by this Agreement, to the end that the rights of the holders of the Bonds and the Trustee in the Project shall be fully preserved as against creditors of, or purchasers for value from, the County or the Lessee.

(b) The deed conveying the Leased Land to the County, this Agreement and the Indenture may be recorded prior to the delivery of the Bonds. If subsequent to such recording the Bonds shall not be delivered on or before May 31st, 1969, or such later date as the Lessee may agree upon in writing, then the said deed, this Agreement and the Indenture shall be of no force and effect and in such event the County and the Lessee do hereby mutually release and discharge each other from any and all claims of any character

which either may have against the other by reason of or arising from a failure to deliver the Bonds; and the County shall transfer and reconvey to the Lessee or its designee all properties conveyed to the County by the said deed and for the same consideration paid by the County less any advances made therefor by the Lessee. Both parties shall execute such further instruments as may be necessary to fully implement the provisions of this subsection (b) of Section 13.4.

SECTION 13.5. *Other Instruments.*

(a) The Lessee covenants to deliver to the County and the Trustee within 60 days after July 1, 1969, after each January 1 thereafter until the Completion Date, after the Completion Date and after the close of each fiscal year of the Lessee following the Completion Date, a description of the Project, on such July 1, January 1, Completion Date or last day of a fiscal year, as appropriate, if the Project is not adequately described in the granting clauses of the Indenture as then supplemented, and in the demising clauses of this Agreement as then amended. Such description shall be sufficiently detailed so as to enable counsel to render the opinion referred to in clause (4) of the next succeeding sentence. Within 30 days after delivery of such description the Lessee covenants that it will:

(1) prepare a supplement to the Indenture and an amendment to this Agreement, each containing an adequate and full description of the Project;

(2) deliver the supplement to the Indenture to the Trustee and the County and the supplement to this Agreement to the County, for execution;

(3) deliver the fully executed supplement to the Indenture and the fully executed supplement to this Agreement to the Trustee for recording and filing or re-recording or re-filing in all places required by the opinion of counsel referred to in subsection (a) (4) of this Section 13.4; and

(4) deliver to the Trustee a written opinion of counsel (who may be counsel for the County or the Lessee), addressed to the Trustee that the description of the Mortgaged Property (as defined in Article I of the Indenture) contained in the granting clauses of the Indenture, as supplemented, and the description of the Project contained in the demising clauses of this Agreement, as supplemented, are adequate for all

purposes thereof and hereof and in the opinion given with respect to the Completion Date that such descriptions include descriptions of the entire Project; that the Indenture, as supplemented, constitutes a valid first mortgage lien on the interest of the County in the said Mortgaged Property, subject only to Permitted Encumbrances other than the Indenture; that the Indenture, as supplemented, this Agreement, as supplemented and all financing statements, continuation statements, notices and other instruments required by applicable law have been recorded or filed or re-recorded or re-filed in such manner and in such places required by law in order fully to preserve and protect the rights of the holders or owners of the Bonds and the Trustee in the Project (and in the assignment to the Trustee of the rents payable under this Agreement) as against creditors of, or purchasers for value from, the County or the Lessee.

(b) The Lessee, the County and the Trustee shall execute and deliver all instruments and shall furnish all information and evidence deemed necessary or advisable by such counsel in order to enable him to render the opinion referred to in subsection (a) (4) of this Section 13.5. The Trustee shall file and record and re-record or cause to be filed and recorded and re-recorded all instruments required to be filed and recorded and re-recorded pursuant to the opinion of such counsel and shall continue or cause to be continued the liens of such instruments for so long as the Bonds shall be outstanding, except as otherwise in this Agreement required.

SECTION 13.6. *Binding Effect.* This Agreement shall inure to the benefit of and shall be binding upon the County, 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 13.7. *Severability.* In the event any provision of this 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 13.8. *Amounts Remaining in 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 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 in accordance with the Indenture, shall belong to and be paid to the Lessee by the Trustee as overpayment of rents.

SECTION 13.9. *Amendments, Changes and Modifications.* This Agreement may not be amended, changed, modified, altered or terminated without in each instance the prior written consent of the Trustee.

SECTION 13.10. *Net Lease.* This Agreement shall be deemed and construed to be a "net lease", and the Lessee shall pay absolutely net during the Lease Term the rent and all other payments required hereunder, free of any deductions, without abatement, diminution or set-off other than those herein expressly provided.

SECTION 13.11. *Execution of Counterparts.* This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 13.12. *Law Governing Construction of Agreement.* This Agreement is prepared and entered into with the intention that the law of the State of South Carolina shall govern its construction.

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

DILLON COUNTY, SOUTH CAROLINA

By _____
Chairman of the County Board
of Commissioners of Dillon County.

(seal)

Attest:

Clerk of the County Board of
Commissioners of Dillon County

Signed, sealed and delivered in
the presence of:

THE DUPLAN CORPORATION

By _____
President

(seal)

Attest:

Secretary

Signed, sealed and delivered in
the presence of:

STATE OF SOUTH CAROLINA,
COUNTY OF DILLON.

Personally appeared before me _____ who
being duly sworn says that he saw the corporate seal of Dillon County,
South Carolina, affixed to the foregoing Lease Agreement, and that

he also saw _____ as Chairman and _____
as Clerk of the County Board of Commissioners of Dillon County,

South Carolina, sign and attest the same and that he with _____
witnessed the execution and delivery thereof as the act and deed of
the said Dillon County, South Carolina.

Sworn to before me this _____

____ day of _____ 1969.

____ (L.S.)
Notary Public for the State of South Carolina,

My Commission Expires: _____

State of New York
County of New York

Personally appeared before me _____, who being duly
sworn says that he saw the corporate seal of The Duplan Corporation
affixed to the foregoing Lease Agreement, and that he also saw

_____ as President and _____ as Secre-
tary of said Corporation, sign and attest the same, and that he with

_____ witnessed the execution and delivery thereof
as the act and deed of the said The Duplan Corporation.

Sworn to before me this _____

____ day of _____ 1969.

____ (L.S.)
Notary Public for the County and State of New York

My Commission Expires: _____

EXHIBIT A

DESCRIPTION OF LEASED LAND

ATTACHED TO LEASE AGREEMENT DATED AS OF APRIL 1, 1969 BETWEEN DILLON COUNTY AND THE DUPLAN CORPORATION.

All that certain piece, parcel or tract of land situate, lying and being in the County of Dillon, State of South Carolina, and approximately 1.5 miles north of the City of Dillon, fronting and measuring 680.30 feet on the eastern edge of S. C. Highway No. 9 containing 29.73 acres and being more particularly described according to property survey prepared for The Duplan Corporation, Winston-Salem, N. C., by Davis & Floyd Engineers, Inc., Greenwood, S. C., dated August 31, 1968, and recorded in plat book 10 at page 73 records of Dillon County, as follows: beginning at a concrete monument on the northern corner of the intersection of a paved county road and S. C. Highway No. 9 and running along the eastern edge of said S. C. Highway No. 9 N 21° 56' W 680.30 feet to an old iron pin on right-of-way of dirt road, thence N 63° 50' E 721.32 feet to an old iron pin, thence N 66° 43' E 1048.74 feet to concrete monument in ditch 20 feet from center of dirt road, thence S 21° 55' E 761.36 feet to concrete monument on right-of-way of paved county road, thence S 68° 05' W 1767.00 feet to the beginning.

EXHIBIT B

DESCRIPTION OF LEASED EQUIPMENT

ATTACHED TO LEASE AGREEMENT DATED AS OF APRIL 1, 1969 BETWEEN DILLON COUNTY AND THE DUPLAN CORPORATION.

30 machines—ARCT, Type FT-F400 and/or FT-415, FT-420, 216 spindle machines (false twist texturing machines).

20 machines—U. S. Textile Machine Company—Model 3 Doubler Ringtwisters.

20 machines—Schweiter precision cone winder Type KEK-Pn 8/7 "200" (U. S. agent, H. J. Theiler Corporation, Whitinsville, Mass.

8 machines—Leesona No. 630 cone winders—100 spindles each.

ASSIGNMENT OF LEASE AGREEMENT

STATE OF SOUTH CAROLINA }
COUNTY OF DILLON } ss.:

KNOW ALL MEN BY THESE PRESENTS, that Dillon County, a body politic and corporate and a political subdivision of the State of South

Carolina, acting by and through the County Board of Commissioners of Dillon County, in consideration of the sum of One Dollar (\$1) to it in hand paid at and before the sealing of these presents, the receipt of which is hereby acknowledged, has assigned, transferred and set over unto Franklin National Bank, New York, New York, as Trustee under that certain Trust Indenture dated as of April 1, 1969, between said Dillon County and said Franklin National Bank, New York, New York, as Trustee, and its successors in trust:

All of the right, title and interest of said Dillon County in and to the foregoing Lease Agreement dated as of April 1, 1969 between said Dillon County, as Landlord, and The Duplan Corporation, as Tenant.

This assignment is made pursuant to and subject to all the terms and conditions of said Trust Indenture dated as of April 1, 1969, the terms of which are incorporated by this reference as fully as if the same were set forth at length herein, said Trust Indenture being intended to be duly recorded immediately subject to the recording of said Lease Agreement and this Assignment.

IN WITNESS WHEREOF, Dillon County, South Carolina, has executed this Assignment by causing its name to be hereunto subscribed by the Chairman of its County Board of Commissioners and the official seal of said Board to be impressed hereon and attested by the Clerk of the said Board, all being done as of the 1st day of April, 1969.

DILLON COUNTY, SOUTH CAROLINA,

(Seal)

By _____
Chairman of the County Board of
Commissioners of Dillon County.

Attest:

Clerk of the County Board
of Commissioners of Dillon County

Signed, sealed and delivered in
the presence of:

Carolina, acting by and through the County Board of Commissioners of Dillon County, in consideration of the sum of One Dollar (\$1) to it in hand paid at and before the sealing of these presents, the receipt of which is hereby acknowledged, has assigned, transferred and set over unto Franklin National Bank, New York, New York, as Trustee under that certain Trust Indenture dated as of April 1, 1969, between said Dillon County and said Franklin National Bank, New York, New York, as Trustee, and its successors in trust:

All of the right, title and interest of said Dillon County in and to the foregoing Lease Agreement dated as of April 1, 1969 between said Dillon County, as Landlord, and The Duplan Corporation, as Tenant.

This assignment is made pursuant to and subject to all the terms and conditions of said Trust Indenture dated as of April 1, 1969, the terms of which are incorporated by this reference as fully as if the same were set forth at length herein, said Trust Indenture being intended to be duly recorded immediately subject to the recording of said Lease Agreement and this Assignment.

IN WITNESS WHEREOF, Dillon County, South Carolina, has executed this Assignment by causing its name to be hereunto subscribed by the Chairman of its County Board of Commissioners and the official seal of said Board to be impressed hereon and attested by the Clerk of the said Board, all being done as of the 1st day of April, 1969.

DILLON COUNTY, SOUTH CAROLINA,

(Seal)

By _____
Chairman of the County Board of
Commissioners of Dillon County.

Attest:

Clerk of the County Board
of Commissioners of Dillon County

Signed, sealed and delivered in
the presence of:

STATE OF SOUTH CAROLINA,
COUNTY OF DILLON

Personally appeared before me _____ who
being duly sworn says that he saw the corporate seal of Dillon County,
South Carolina, affixed to the foregoing Assignment of Lease Agree-
ment, and that he also saw _____, as Chairman,
and _____, as Clerk of the County Board of Com-
missioners of Dillon County, South Carolina, sign and attest the same,
and that he with _____ witnessed the
execution and delivery thereof as the act and deed of the said Dillon
County, South Carolina.

Sworn to before me this

---- day of ----- 1969.

----- (L.S.)
Notary Public for the State of South Carolina

My Commission Expires: -----

STATE OF SOUTH CAROLINA

COUNTY OF DILLON

TO THE STATE BUDGET AND CONTROL)

BOARD OF SOUTH CAROLINA)

*Revised
See Original
App. by AC Bd 9/10/68*
P E T I T I O N

The Petition of the County Board of Commissioners of Dillon County (the County Board), pursuant to Act No. 103 of the Acts of the General Assembly of the State of South Carolina for the year 1967, respectfully shows:

1. The County Board is the governing body of Dillon County and was so constituted by the statute now codified as Article 2, Chapter 33, Title 14, Code of Laws of South Carolina, 1962, and as such it is the "County Board" referred to in Act No. 103 of the General Assembly enacted at its 1967 Session (the Act).

2. The Act authorizes and empowers the County Board, if it shall comply with the provisions set forth in the Act, to acquire land, buildings, equipment and machinery and other improvements deemed necessary, suitable and useful by any manufacturing or processing enterprise; to lease the same; and to finance the acquisition of the same through the issuance of bonds payable from and secured by a pledge of the revenues to be derived from the leasing of such land, buildings, equipment and machinery and other improvements.

3. Heretofore the County Board and The Duplan Corporation, a Delaware corporation (Duplan) did agree that the County Board should cause to be undertaken the construction of a building or buildings in Dillon County in which Duplan would install equipment and machinery necessary for the processing of

stretch yarn and that the County Board would finance the cost of constructing such building or buildings and acquiring the necessary land therefor through the issuance of First Mortgage Industrial Revenue Bonds of Dillon County (the Bonds) pursuant to Act No. 103 enacted by the General Assembly of South Carolina at its 1967 Session (the Act).

4. By resolution adopted on September 3, 1968 the County Board approved the undertaking described in paragraph 3, to be financed through the issuance of Bonds in the aggregate principal amount of One Million Dollars (\$1,000,000.00) and authorized a Petition to the State Budget and Control Board of South Carolina (the State Board) for its approval pursuant to Section 14 of the Act.

5. Thereafter the State Budget and Control Board of South Carolina approved the aforesaid undertaking at its meeting held on September 13, 1968 and notice of such approval was duly published on September 19, 1968 in The State and in The Dillon Herald, both being newspapers of general circulation in Dillon County. Notwithstanding such publication, no action has been commenced or instituted challenging the validity of such approval in the Dillon Court of Common Pleas.

6. Pursuant to the proceedings aforesaid, the County Board adopted a Resolution on October 11, 1968, authorizing the execution and delivery of a Lease Agreement between the County Board and Duplan and a Trust Indenture between Dillon County and First Union National Bank of North Carolina, as Trustee, both to be dated as of October 1, 1968, and further authorized the issuance of Bonds in the principal amount of One Million Dollars

(\$1,000,000.00) as prescribed by the Indenture whose proceeds were to be used to finance the cost of constructing the facilities referred to in paragraph 3, supra, which were to be leased under the terms of the Lease Agreement.

7. Subsequent to the adoption of the said Resolution on October 11, 1968, and before the execution and delivery of the Lease Agreement and Trust Indenture authorized thereby, and before the issuance of any Bonds the County Board and Duplan, at the request of Duplan, have modified their original agreement to the extent of including in the undertaking to be financed through the issuance of the Bonds the cost of acquiring and installing equipment and machinery necessary for the processing of stretch yarn in the buildings to be constructed. On the basis of these agreements Duplan has proceeded to acquire a tract of land in Dillon County containing thirty (30) acres, more or less, and is in the process of constructing a textile processing plant thereon (such land, buildings, equipment and machinery being hereinafter referred to as "the Project"). The cost of the Project (including land, equipment, machinery, building or buildings) will be approximately Four Million Dollars (\$4,000,000.00). The County Board will finance the cost thereof through the issuance of First Mortgage Industrial Revenue Bonds of Dillon County (the Bonds), in accordance with the provisions of a Purchase Agreement which the County Board proposes to enter into with McCarley & Company, Inc. and has agreed to lease the Project to Duplan.

8. The County Board, to implement the said Agreement, now proposes to issue the Bonds in the amount of Four Million Dollars (\$4,000,000.00) in order to acquire the Project and lease the same to Duplan.

9. The construction of the Project will provide considerable employment during the period of construction, and will provide further employment in its operation.

10. For the reasons above set forth and hereafter disclosed, the County Board has found:

(a) That the proposed Duplan Project will subserve the purposes of the Act.

(b) That by reason of undertaking the Project no pecuniary liability will result to the County nor will there be a charge against its general credit or taxing power.

(c) The proposed Lease between the County Board and Duplan will unconditionally obligate Duplan to pay rent in an amount adequate to provide for the principal and interest payments on the Bonds which mature and bear interest as follows:

October 1	PRINCIPAL PAYABLE	RATE OF INTEREST
1969	\$ 250,000	5.00%
1970	250,000	5.10%
1971	250,000	5.20%
1972	250,000	5.30%
1973	250,000	5.40%
*1974	250,000	6.50%
1975	250,000	6.50%
1976	250,000	6.50%
1977	200,000	6.50%
1978	200,000	6.50%
1979	200,000	6.50%
1980	200,000	6.50%
1981	200,000	6.50%
1982	150,000	6.50%
1983	150,000	6.50%
1984	150,000	6.50%
1985	150,000	6.50%
1986	150,000	6.50%
1987	150,000	6.50%
1988	100,000	6.50%

* \$2,750,000 term bonds due October 1, 1988 are payable as set forth above in the years 1974 through 1988, inclusive, by virtue of mandatory redemption provisions of the Trust Indenture hereinafter mentioned.

The Indenture will provide that the Bonds will be callable at the option of the County on and after October 1, 1974 at a price of 107% of par value, which redemption price

(continued on page 5)

will reduce 1/2% in each subsequent year. The Indenture will further require that the Bonds be redeemed at a price of 110% of par value if interest thereon should become taxable at any time within three (3) years following the date of issuance.

(d) Duplan is a corporation with a well established credit and therefore it is unnecessary to establish reserve funds for the payment of such principal and interest.

(e) That the terms of the Lease will require Duplan to carry proper insurance and to pay all costs of maintaining the Project in good repair.

11. Pursuant to Section 14 of the Act, the County Board sets forth the following information:

(a) The Project to be undertaken consists of land, buildings, equipment, machinery and other improvements which will be necessary for, and part of, facilities for the processing of stretch yarns.

(b) The Project will provide considerable employment during the period of its construction and will provide employment for approximately 200 persons during the period of the operation of such processing facilities. It is therefore believed that the Project will have an extremely beneficial effect upon the economy of the County and areas adjacent thereto.

(c) The cost of the Project is approximately Four Million Dollars (\$4,000,000.00), including construction cost, cost of land, equipment and machinery.

12. The proposed Lease will provide, among other things, the following:

(a) To finance the cost of the acquisition and construction the County will issue \$4,000,000.00 of Dillon County First Mortgage Industrial Revenue Bonds. All bonds will be

secured by a pledge of the rents to be paid by Duplan and will be further secured by a Trust Indenture, as authorized by Section 5 of the Act, to Franklin National Bank, New York, New York, as Trustee.

(b) The proceeds derived from the payment of the Bonds will be deposited with the Trustee and will be withdrawn and applied solely for the payment of costs incident to the acquisition and construction of the Project, including the repayment of expenses incurred in connection with the issuance of the Bonds.

(c) The Lease contains a specific provision by which Duplan has unconditionally agreed to make payments to Dillon County, to any School District in Dillon County and to all other political units in which the Project is situated, in lieu of taxes, in such amounts as would result from taxes levied on the Project by Dillon County by any such School District and by said political units if the Project were owned by Duplan, but with appropriate reductions similar to the tax reductions, if any, which would be afforded to Duplan were it the owner of the Project.

(d) The Lease contains no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing power.

13. The proposed Trust Indenture is in conventional form and constitutes a forecloseable mortgage upon the Project. Included in the granting clause of the mortgage will be:

(a) All real property and interests therein, acquired or to be acquired for the Project.

(b) The right, title and interest of the County in the Lease.

(c) All rentals and revenues derived by the County under the Lease, except those payments to be made in lieu of taxes.

The Indenture makes provision for the issuance of Four Million Dollars (\$4,000,000.00) of Bonds to be secured thereunder. It provides for the payment and redemption of the Bonds, the establishment of a Bond Fund into which the proceeds of the rents payable by Duplan are placed and the use of said fund for the payment of the Bonds. It imposes upon Duplan as Lessee of the Project, the obligation to pay, in addition to the moneys required for the payment of the principal and interest of the Bonds, all other costs and expenses resulting from the execution and delivery of the Indenture and the issuance of the Bonds pursuant thereto.

14. The proposed Lease and proposed Trust Indenture will be in the form heretofore used in the issuance of Industrial Revenue Bonds pursuant to the Act, with the addition of certain covenants on the part of Duplan not to take any action which would result in interest on the Bonds becoming taxable under the pertinent provisions of the Internal Revenue Code.

Upon the basis of the foregoing, the County Board respectfully prays,

THAT the State Budget and Control Board accept the filing of the Petition presented herewith and that it do, thereafter, and as soon as practicable, make its independent investigation of the Project and the terms and provisions of the Lease and the Trust Indenture, as it deems advisable, and that thereafter, the said State Board make a finding that the proposed Project will promote the purpose of the Act and that it is reasonably anticipated to effect such result, and on the basis

of such finding that it does approve the Project, and give published notice of its approval in the manner set forth in Section 14 of the Act.

Respectfully submitted,

COUNTY BOARD OF COMMISSIONERS OF
DILLON COUNTY

(SEAL)

H. W. Allen
Chairman, County Board of Commissioners.

Attest:

Medea Zander
Secretary, County Board of
Commissioners of Dillon County.

STATE OF SOUTH CAROLINA,
COUNTY OF DILLON.

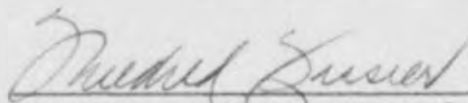
I, the undersigned, Secretary of the County Board of
Commissioners of Dillon County, DO HEREBY CERTIFY:

That the foregoing is a true, correct and verbatim
copy of the Resolution duly adopted by said County Board of
Commissioners at a meeting duly called and regularly held and
attended by all members of the Board who remained present
throughout the meeting on the 7 day of January, 1969.

That said Resolution was proposed, seconded and
unanimously adopted and the same is in full force and effect,
and has not been modified, amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my Hand and
the Seal of the said Board, this 7 day of January,
1969.

(SEAL)


Secretary, County Board of
Commissioners of Dillon County.

SINKLER, GIBBS & SIMONS
ATTORNEYS & COUNSELLORS AT LAW

TELEPHONE 722-3367
AREA CODE 803

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

GEORGE C. EVANS

2 PRIOLEAU STREET
CHARLESTON, S. C. 29402

January 15th, 1969

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

Re: \$4,000,000 Dillon County, South Carolina
First Mortgage Industrial Revenue Bonds,
Series 1969 - Duplan

Dear Pat:

Mr. Gibson has already provided you with an executed copy of the Petition from the Board of Commissioners of Dillon County relating to the issuance of the captioned bonds and we enclose herein for the records of the State Budget and Control Board a certified copy of the Resolution of the Board of Commissioners of Dillon County authorizing the presentation of the said Petition.

Very truly yours,

Arthur Gibbs & Simon

TBG/bhs
Enclosure

cc: J. B. Gibson, Esq.
106 West Harrison Street
P. O. Box 511
Dillon, South Carolina 29536

RESOLUTION APPROVING THE ACQUISITION OF CERTAIN INDUSTRIAL FACILITIES IN DILLON COUNTY (TO BE LEASED TO THE DUPLAN CORPORATION) THROUGH THE ISSUANCE OF FOUR MILLION DOLLARS (\$4,000,000.00) OF DILLON COUNTY, SOUTH CAROLINA FIRST MORTGAGE INDUSTRIAL REVENUE BONDS, SERIES 1969 - DUPLAN; AND AUTHORIZING THE PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR ITS APPROVAL OF SUCH UNDERTAKING PURSUANT TO ACT NO. 103 OF THE 1967 ACTS OF THE SOUTH CAROLINA GENERAL ASSEMBLY

As an incident to the adoption of this Resolution the County Board of Commissioners of Dillon County (the County Board) has made the following findings of fact:

1. Heretofore the County Board and The Duplan Corporation, a Delaware corporation (Duplan) did agree that the County Board should cause to be undertaken the construction of a building or buildings in Dillon County in which Duplan would install equipment and machinery necessary for the processing of stretch yarn and that the County Board would finance the cost of constructing such building or buildings and acquiring the necessary land therefor through the issuance of First Mortgage Industrial Revenue Bonds of Dillon County (the Bonds) pursuant to Act No. 103 enacted by the General Assembly of South Carolina at its 1967 Session (the Act).

2. By resolution adopted on September 3, 1968 the County Board approved the undertaking described in paragraph 1, to be financed through the issuance of Bonds in the aggregate principal amount of One Million Dollars (\$1,000,000.00) and authorized a Petition to the State Budget and Control Board of South Carolina (the State Board) for its approval pursuant to Section 14 of the Act.

3. Thereafter the State Board approved the aforesaid undertaking at its meeting held on September 13, 1968 and notice of such approval was duly published on September 19, 1968 in

The State and in The Dillon Herald, both being newspapers of general circulation in Dillon County. Notwithstanding such publication, no action has been commenced or instituted challenging the validity of such approval in the Dillon Court of Common Pleas.

4. Pursuant to the proceedings aforesaid, the County Board adopted a Resolution on October 11, 1968, authorizing the execution and delivery of a Lease Agreement between the County Board and Duplan and a Trust Indenture between Dillon County and First Union National Bank of North Carolina, as Trustee, both to be dated as of October 1, 1968, and further authorized the issuance of Bonds in the principal amount of One Million Dollars (\$1,000,000.00) as prescribed by the Indenture whose proceeds were to be used to finance the cost of constructing the facilities referred to in paragraph 1, supra, which were to be leased under the terms of the Lease Agreement.

5. Subsequent to the adoption of the said Resolution on October 11, 1968, and before the execution and delivery of the Lease Agreement and Trust Indenture authorized thereby, and before the issuance of any Bonds the County Board and Duplan, at the request of Duplan, have modified their original agreement to the extent of including in the undertaking to be financed through the issuance of the Bonds the cost of acquiring and installing equipment and machinery necessary for the processing of stretch yarn in the buildings to be constructed. On the basis of these agreements Duplan has proceeded to acquire a tract of land in Dillon County containing thirty (30) acres, more or less, and is in the process of constructing a textile processing plant thereon (such land, buildings, equipment and machinery being

hereinafter referred to as "the Project").

6. In order that Bonds may be issued to finance the Project, it is necessary that there be presented to the State Board a petition setting forth the facts required by Section 14 of the Act.

7. The County Board has determined that neither the Project nor the Bonds will give rise to any pecuniary liability of Dillon County or a charge against its general credit or taxing power.

8. The amount necessary to finance the Project is Four Million Dollars (\$4,000,000.00), of which approximately One Million Dollars (\$1,000,000.00) will be allocated to the cost of land and buildings and approximately Three Million Dollars (\$3,000,000.00) will be allocated to the cost of equipment and machinery.

9. Duplan has submitted to the County Board the form of a proposed Lease under which Duplan agrees to pay as rent the amount necessary to provide the annual payments of principal and interest on the Bonds, which bear interest and mature as set forth in paragraph 10 (c) in the Petition attached hereto.

10. The terms under which Duplan will lease the Project require Duplan to maintain the Project and to carry proper insurance with respect thereto.

11. In view of the well established credit of Duplan, it is unnecessary to establish reserve funds for the payment of principal and interest.

12. The proposed Lease obligates Duplan 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 Duplan to pay in lieu of taxes, such amounts as would otherwise be paid if Duplan owned the Project.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY BOARD OF COMMISSIONERS OF DILLON COUNTY, IN MEETING DULY ASSEMBLED:

That the County Board finds that the facts above set forth are in all respects true and correct and on such basis determines to finance the Project above described, and to authorize the Chairman and the Clerk of the County Board to enter into a Purchase Agreement with McCarley & Company, Inc. (the Underwriter) for the sale and purchase of the Bonds in the aggregate principal amount of Four Million Dollars (\$4,000,000.00) upon such terms and conditions as may be agreed to by the Chairman and Clerk with the approval of the County Attorney.

BE IT FURTHER RESOLVED:

That the Petition in form substantially as attached hereto be presented to the State Board to seek the approval required by Section 14 of the Act; and that said Petition shall be duly executed by the Chairman of the County Board and attested by its Clerk; and that the Chairman and Clerk are authorized to enter into a Purchase Agreement with the Underwriter for the sale and purchase of the Bonds in the aggregate principal amount of Four Million Dollars (\$4,000,000.00), upon such terms and conditions as may be agreed to by the Chairman and Clerk with the approval of the County Attorney; and

BE IT FURTHER RESOLVED:

That the Resolution of the County Board heretofore adopted on October 11, 1968 and referred to in paragraph 4,

supra, be and the same hereby is repealed and of no effect.

(SEAL)

H. W. Allen
Chairman
E. J. Kenna
A. K. M. Cutcher
W. H. Anderson
Eddie Crowley
Leady Jones
E. M. Hyman

Constituting the members of the
County Board of Commissioners of
Dillon County.

Attest:

Medard General
Clerk of the County Board of
Commissioners of Dillon County.

STATE OF SOUTH CAROLINA

COUNTY OF DILLON

TO THE STATE BUDGET AND CONTROL)

BOARD OF SOUTH CAROLINA)

P E T I T I O N

The Petition of the County Board of Commissioners of Dillon County (the County Board), pursuant to Act No. 103 of the Acts of the General Assembly of the State of South Carolina for the year 1967, respectfully shows:

1. The County Board is the governing body of Dillon County and was so constituted by the statute now codified as Article 2, Chapter 33, Title 14, Code of Laws of South Carolina, 1962, and as such it is the "County Board" referred to in Act No. 103 of the General Assembly enacted at its 1967 Session (the Act).

2. The Act authorizes and empowers the County Board, if it shall comply with the provisions set forth in the Act, to acquire land, buildings, equipment and machinery and other improvements deemed necessary, suitable and useful by any manufacturing or processing enterprise; to lease the same; and to finance the acquisition of the same through the issuance of bonds payable from and secured by a pledge of the revenues to be derived from the leasing of such land, buildings, equipment and machinery and other improvements.

3. Heretofore the County Board and The Duplan Corporation, a Delaware corporation (Duplan) did agree that the County Board should cause to be undertaken the construction of a building or buildings in Dillon County in which Duplan would install equipment and machinery necessary for the processing of

stretch yarn and that the County Board would finance the cost of constructing such building or buildings and acquiring the necessary land therefor through the issuance of First Mortgage Industrial Revenue Bonds of Dillon County (the Bonds) pursuant to Act No. 103 enacted by the General Assembly of South Carolina at its 1967 Session (the Act).

4. By resolution adopted on September 3, 1968 the County Board approved the undertaking described in paragraph 3, to be financed through the issuance of Bonds in the aggregate principal amount of One Million Dollars (\$1,000,000.00) and authorized a Petition to the State Budget and Control Board of South Carolina (the State Board) for its approval pursuant to Section 14 of the Act.

5. Thereafter the State Budget and Control Board of South Carolina approved the aforesaid undertaking at its meeting held on September 13, 1968 and notice of such approval was duly published on September 19, 1968 in The State and in The Dillon Herald, both being newspapers of general circulation in Dillon County. Notwithstanding such publication, no action has been commenced or instituted challenging the validity of such approval in the Dillon Court of Common Pleas.

6. Pursuant to the proceedings aforesaid, the County Board adopted a Resolution on October 11, 1968, authorizing the execution and delivery of a Lease Agreement between the County Board and Duplan and a Trust Indenture between Dillon County and First Union National Bank of North Carolina, as Trustee, both to be dated as of October 1, 1968, and further authorized the issuance of Bonds in the principal amount of One Million Dollars

(\$1,000,000.00) as prescribed by the Indenture whose proceeds were to be used to finance the cost of constructing the facilities referred to in paragraph 3, supra, which were to be leased under the terms of the Lease Agreement.

7. Subsequent to the adoption of the said Resolution on October 11, 1968, and before the execution and delivery of the Lease Agreement and Trust Indenture authorized thereby, and before the issuance of any Bonds the County Board and Duplan, at the request of Duplan, have modified their original agreement to the extent of including in the undertaking to be financed through the issuance of the Bonds the cost of acquiring and installing equipment and machinery necessary for the processing of stretch yarn in the buildings to be constructed. On the basis of these agreements Duplan has proceeded to acquire a tract of land in Dillon County containing thirty (30) acres, more or less, and is in the process of constructing a textile processing plant thereon (such land, buildings, equipment and machinery being hereinafter referred to as "the Project"). The cost of the Project (including land, equipment, machinery, building or buildings) will be approximately Four Million Dollars (\$4,000,000.00). The County Board will finance the cost thereof through the issuance of First Mortgage Industrial Revenue Bonds of Dillon County (the Bonds), in accordance with the provisions of a Purchase Agreement which the County Board proposes to enter into with McCarley & Company, Inc. and has agreed to lease the Project to Duplan.

8. The County Board, to implement the said Agreement, now proposes to issue the Bonds in the amount of Four Million Dollars (\$4,000,000.00) in order to acquire the Project and lease the same to Duplan.

9. The construction of the Project will provide considerable employment during the period of construction, and will provide further employment in its operation.

10. For the reasons above set forth and hereafter disclosed, the County Board has found:

(a) That the proposed Duplan Project will subserve the purposes of the Act.

(b) That by reason of undertaking the Project no pecuniary liability will result to the County nor will there be a charge against its general credit or taxing power.

(c) The proposed Lease between the County Board and Duplan will unconditionally obligate Duplan to pay rent in an amount adequate to provide for the principal and interest payments on the Bonds which mature and bear interest as follows:

October 1	PRINCIPAL PAYABLE	RATE OF INTEREST
1969	\$ 250,000	5.00%
1970	250,000	5.10%
1971	250,000	5.20%
1972	250,000	5.30%
1973	250,000	5.40%
*1974	250,000	6.50%
1975	250,000	6.50%
1976	250,000	6.50%
1977	200,000	6.50%
1978	200,000	6.50%
1979	200,000	6.50%
1980	200,000	6.50%
1981	200,000	6.50%
1982	150,000	6.50%
1983	150,000	6.50%
1984	150,000	6.50%
1985	150,000	6.50%
1986	150,000	6.50%
1987	150,000	6.50%
1988	100,000	6.50%

* \$2,750,000 term bonds due October 1, 1988 are payable as set forth above in the years 1974 through 1988, inclusive, by virtue of mandatory redemption provisions of the Trust Indenture hereinafter mentioned.

The Indenture will provide that the Bonds will be callable at the option of the County on and after October 1, 1974 at a price of 107% of par value, which redemption price

(continued on page 5)

will reduce 1/2% in each subsequent year. The Indenture will further require that the Bonds be redeemed at a price of 110% of par value if interest thereon should become taxable at any time within three (3) years following the date of issuance.

(d) Duplan is a corporation with a well established credit and therefore it is unnecessary to establish reserve funds for the payment of such principal and interest.

(e) That the terms of the Lease will require Duplan to carry proper insurance and to pay all costs of maintaining the Project in good repair.

11. Pursuant to Section 14 of the Act, the County Board sets forth the following information:

(a) The Project to be undertaken consists of land, buildings, equipment, machinery and other improvements which will be necessary for, and part of, facilities for the processing of stretch yarns.

(b) The Project will provide considerable employment during the period of its construction and will provide employment for approximately 200 persons during the period of the operation of such processing facilities. It is therefore believed that the Project will have an extremely beneficial effect upon the economy of the County and areas adjacent thereto.

(c) The cost of the Project is approximately Four Million Dollars (\$4,000,000.00), including construction cost, cost of land, equipment and machinery.

12. The proposed Lease will provide, among other things, the following:

(a) To finance the cost of the acquisition and construction the County will issue \$4,000,000.00 of Dillon County First Mortgage Industrial Revenue Bonds. All bonds will be

secured by a pledge of the rents to be paid by Duplan and will be further secured by a Trust Indenture, as authorized by Section 5 of the Act, to Franklin National Bank, New York, New York, as Trustee.

(b) The proceeds derived from the payment of the Bonds will be deposited with the Trustee and will be withdrawn and applied solely for the payment of costs incident to the acquisition and construction of the Project, including the repayment of expenses incurred in connection with the issuance of the Bonds.

(c) The Lease contains a specific provision by which Duplan has unconditionally agreed to make payments to Dillon County, to any School District in Dillon County and to all other political units in which the Project is situated, in lieu of taxes, in such amounts as would result from taxes levied on the Project by Dillon County by any such School District and by said political units if the Project were owned by Duplan, but with appropriate reductions similar to the tax reductions, if any, which would be afforded to Duplan were it the owner of the Project.

(d) The Lease contains no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing power.

13. The proposed Trust Indenture is in conventional form and constitutes a forecloseable mortgage upon the Project. Included in the granting clause of the mortgage will be:

(a) All real property and interests therein, acquired or to be acquired for the Project.

(b) The right, title and interest of the County in the Lease.

(c) All rentals and revenues derived by the County under the Lease, except those payments to be made in lieu of taxes.

The Indenture makes provision for the issuance of Four Million Dollars (\$4,000,000.00) of Bonds to be secured thereunder. It provides for the payment and redemption of the Bonds, the establishment of a Bond Fund into which the proceeds of the rents payable by Duplan are placed and the use of said fund for the payment of the Bonds. It imposes upon Duplan as Lessee of the Project, the obligation to pay, in addition to the moneys required for the payment of the principal and interest of the Bonds, all other costs and expenses resulting from the execution and delivery of the Indenture and the issuance of the Bonds pursuant thereto.

14. The proposed Lease and proposed Trust Indenture will be in the form heretofore used in the issuance of Industrial Revenue Bonds pursuant to the Act, with the addition of certain covenants on the part of Duplan not to take any action which would result in interest on the Bonds becoming taxable under the pertinent provisions of the Internal Revenue Code.

Upon the basis of the foregoing, the County Board respectfully prays,

THAT the State Budget and Control Board accept the filing of the Petition presented herewith and that it do, thereafter, and as soon as practicable, make its independent investigation of the Project and the terms and provisions of the Lease and the Trust Indenture, as it deems advisable, and that thereafter, the said State Board make a finding that the proposed Project will promote the purpose of the Act and that it is reasonably anticipated to effect such result, and on the basis

of such finding that it does approve the Project, and give published notice of its approval in the manner set forth in Section 14 of the Act.

Respectfully submitted,

COUNTY BOARD OF COMMISSIONERS OF
DILLON COUNTY

(SEAL)

H. W. Allen
Chairman, County Board of Commissioners.

Attest:

Michael Jensen
Secretary, County Board of
Commissioners of Dillon County.

STATE OF SOUTH CAROLINA,

COUNTY OF DILLON.

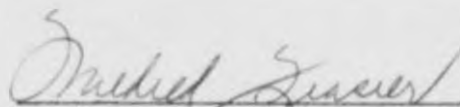
I, the undersigned, Secretary of the County Board of Commissioners of Dillon County, DO HEREBY CERTIFY:

That the foregoing is a true, correct and verbatim copy of the Resolution duly adopted by said County Board of Commissioners at a meeting duly called and regularly held and attended by all members of the Board who remained present throughout the meeting on the 7 day of January, 1969.

That said Resolution was proposed, seconded and unanimously adopted and the same is in full force and effect, and has not been modified, amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my Hand and the Seal of the said Board, this 7 day of January, 1969.

(SEAL)



Secretary, County Board of
Commissioners of Dillon County.

STATE OF SOUTH CAROLINA,
COUNTY OF DILLON.

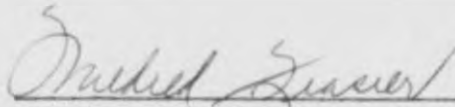
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Commissioners of Dillon County, DO HEREBY CERTIFY:

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copy of the Resolution duly adopted by said County Board of
Commissioners at a meeting duly called and regularly held and
attended by all members of the Board who remained present
throughout the meeting on the 7 day of January, 1969.

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unanimously adopted and the same is in full force and effect,
and has not been modified, amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my Hand and
the Seal of the said Board, this 7 day of January,
1969.

(SEAL)


Secretary, County Board of
Commissioners of Dillon County.

SINKLER, GIBBS & SIMONS
ATTORNEYS & COUNSELLORS AT LAW

TELEPHONE 722-3367
AREA CODE 803

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

2 PRIOLEAU STREET
CHARLESTON, S. C. 29402

February 1, 1969

THE DILLON HERALD
Dillon
South Carolina

Gentlemen:

Re: \$4,000,000 Dillon County, South Carolina
First Mortgage Industrial Revenue Bonds,
Series 1969 - Duplan

Enclosed you will find Notice of approval by the State Budget and Control Board of the Project to be financed through the issuance of the captioned bonds. Please publish the enclosed in THE DILLON HERALD which appears on February 6th and when publication has been completed return us ten (10) affidavits of publication with clippings attached, together with your bill.

Very truly yours,

Sinkler Gibbs & Simons

TBG/bhs
Enclosure

P. S. to all persons receiving a copy of this letter: Enclosed for each of you is a copy of the Notice as sent for publication, which contains some changes from the form of Notice previously furnished. However, the Notices are substantially the same. The changes were made in the interest of clarification.

cc:

TBG

J. B. Gibson, Esq.
106 West Harrison Street
P. O. Box 511
Dillon, South Carolina 29536

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Willkie Farr Gallagher Walton &
1 Chase Manhattan Plaza FitzGibbon
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Peter A. Massaniso, Esq.
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233-6 W. Duval Street
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Dan Nichols, Esq.
P O Box 797
Salisbury, North Carolina

State Budget and Control Board
200 Hampton Office Bldg.
Columbia, S. C.

654

SINKLER, GIBBS & SIMONS
ATTORNEYS & COUNSELLORS AT LAW

TELEPHONE 722-3387
AREA CODE 803

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

2 PRIOLEAU STREET
CHARLESTON, S. C. 29402

February 1, 1969

THE STATE
Legal Advertising Department
Columbia, South Carolina

Gentlemen:

Re: \$4,000,000 Dillon County, South Carolina
First Mortgage Industrial Revenue Bonds,
Series 1969 - Duplan

Enclosed you will find Notice of approval by the State Budget and Control Board of the Project to be financed through the issuance of the captioned bonds. Please publish the enclosed in THE STATE which appears on February 6th 1969, and when publication has been completed return us ten (10) affidavits of publication with clippings attached, together with your bill.

Very truly yours,

Sinkler Gibbs & Simons

TBG/bhs
Enclosure

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cc:

TBG

J. B. Gibson, Esq.
106 West Harrison Street
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Dillon, South Carolina 29536

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233-6 W. Duval Street
Jacksonville, Florida

Dan Nichols, Esq.
P O Box 797
Salisbury, North Carolina

State Budget and Control Board
200 Hampton Office Bldg.
Columbia, S. C.

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

Notice is hereby given that following the filing of a Petition by the County Board of Commissioners of Dillon County (the County Board) to the State Budget and Control Board of South Carolina (the State Board), approval has been given by the State Board, at its meeting held January 29, 1969, to the following undertaking, viz.:

The acquisition by the County Board of a parcel of land containing approximately thirty (30) acres in Dillon County, on which the County Board will cause to be constructed and equipped an industrial plant for the processing of stretch yarn, consisting of buildings (now partially completed), equipment and machinery, to be leased to The Duplan Corporation, a Delaware corporation (Duplan). To finance the cost of the acquisition of the said land and the construction and equipping of the said industrial plant (said land, buildings, equipment and machinery hereinafter referred to as the Project), the County Board will issue \$4,000,000 of Dillon County First Mortgage Industrial Revenue Bonds. The Bonds of Dillon County will be payable solely from the rentals to be paid to the County by Duplan, which has irrevocably covenanted and agreed to pay when due, all sums required for the principal and interest thereon, and such bonds will be additionally secured by a Trust Indenture which will constitute a foreclosable lien upon the Project.

In addition Duplan has agreed to pay as additional rentals to Dillon County, the School District, and all other political units wherein the Project is located, in lieu of taxes, such amounts as would result from taxes levied on the Project by Dillon County, the said School District, and the said other political units wherein the Project is situate, if the Project were owned by Duplan, but with appropriate reductions similar to

the tax exemptions, if any, which would be afforded to Duplan if it were the owner of the Project.

The Project hereinabove referred to is in lieu of the proposed undertaking of the County Board (which was never consummated) heretofore approved by the State Board and consisting only of the acquisition of the said land and the construction of the said buildings through the issuance of \$1,000,000 of Dillon County First Mortgage Industrial Revenue Bonds, notice of which approval has heretofore been published on September 19, 1968. The Project hereinabove referred to includes the acquisition of said land and the construction of said buildings and, in addition, includes the acquisition and installation of equipment and machinery, all to be financed through the issuance of \$4,000,000 Dillon County First Mortgage Industrial Revenue Bonds. Under the prior proposed undertaking the acquisition and installation of said equipment and machinery would have been financed in some other fashion by Duplan. The undertaking approved January 29th, 1969 is expected to provide the same number of jobs as would have resulted from the prior proposed undertaking, to wit: employment for about 200 persons.

The said Lease under which Dillon County will lease the Project to Duplan will provide that Duplan shall acquire the Project for the nominal sum of \$1.00 upon the payment in full of the Bonds.

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, but not afterwards, challenge the validity of the action of the State Board in approving the undertaking of the

County Board by action de novo instituted in the Court of Common
Pleas for Dillon County.

THE STATE BUDGET AND CONTROL BOARD

BY P. C. SMITH
Secretary

PUBLICATION DATE:

FEBRUARY 6th 1969

RESOLUTION

STATE OF SOUTH CAROLINA BUDGET AND CONTROL BOARD

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

WHEREAS, the proposed undertaking consists of the acquisition by the County Board of a parcel of land containing approximately thirty (30) acres more or less, in Dillon County on which the County Board will finance the construction and equipping of an industrial plant for the processing of stretch yarn; and which land, buildings, equipment and machinery will be leased to The Duplan Corporation, a Delaware corporation (Duplan) (said land, buildings, equipment and machinery being hereinafter referred to as the Project); and

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

WHEREAS, in order to finance the Project the County Board proposes to provide for an issue of \$4,000,000.00 of Dillon County First Mortgage Industrial Revenue Bonds payable from the rentals derived from Duplan and additionally secured by a Trust Indenture; and

WHEREAS, the form of the Lease Agreement between Dillon County and Duplan and of the Trust Indenture have been considered by this Board; and

WHEREAS, the undertaking set forth above is in lieu of the undertaking of the County Board heretofore approved by the State Board on September 13, 1968, providing for the issuance of \$1,000,000.00 of Dillon County First Mortgage Industrial Revenue Bonds pursuant to the Act with which to acquire the said land, and finance the construction of the said buildings, and the undertaking now being proposed by the County Board includes in addition the acquisition and installation of machinery and equipment, all of which will be used for the processing of stretch yarn.

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

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

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

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

(c) That the Project will provide employment in its operation for about 200 persons (the same number of employees which it was estimated would have resulted from the prior proposed undertaking of the County Board to be financed through the issuance of \$1,000,000 Dillon County First Mortgage Industrial Revenue Bonds) and will be of benefit to Dillon County and adjoining areas.

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

2. On the basis of the foregoing findings the proposed undertaking of the County Board to acquire the land included in the Project to finance the construction thereon of buildings and the acquisition and installation therein of the manufacturing equipment and machinery included in the Project, to lease the Project to Duplan and to finance the cost of acquiring, constructing and equipping the Project through the issuance of \$4,000,000 Dillon County First Mortgage Industrial Revenue Bonds payable from the revenues to be derived from the leasing of the Project and additionally secured by the said Trust Indenture, all pursuant to the Act, be and the same is hereby approved.

3. Notice of the action of the State Board in giving approval to the undertaking of Dillon County above described in paragraph 2, supra, shall be published in THE STATE and in THE DILLON HERALD, both of which are newspapers having general circulation in Dillon County.

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

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

Notice is hereby given that following the filing of a Petition by the County Board of Commissioners of Dillon County (the County Board) to the State Budget and Control Board of South Carolina (the State Board), approval has been given by the State Board, at its meeting held _____, 1969, to the following undertaking, viz.:

The acquisition by the County Board of a parcel of land containing approximately thirty (30) acres in Dillon County, on which the County Board will cause to be constructed and equipped an industrial plant for the processing of stretch yarn, consisting of buildings, equipment and machinery to be leased to The Duplan Corporation, a Delaware corporation (Duplan). To finance the cost of the acquisition of the said land and the construction and equipping of the said industrial plant (said land, buildings, equipment and machinery hereinafter referred to as the Project), the County Board will issue \$4,000,000.00 of Dillon County First Mortgage Industrial Revenue Bonds. The Bonds of Dillon County will be payable solely from the rentals to be paid to the County by Duplan which has irrevocably covenanted and agreed to pay when due, all sums required for the principal and interest thereon, and such bonds will be additionally secured by a Trust Indenture which will constitute a foreclosable lien upon the Project.

In addition Duplan has agreed to pay as additional rentals to Dillon County, the School District, and all other political units wherein the Project is located, in lieu of taxes, such amounts as would result from taxes levied on the Project by Dillon County, the said School District, and the said other political units wherein the Project is situate, if the Project were owned by Duplan but with appropriate reductions similar to

the tax exemptions, if any, which would be afforded to Duplan if it were the owner of the Project.

The Project hereinabove referred to is in lieu of the proposed undertaking of the County Board (which was never consummated) heretofore approved by the State Board and consisting only of the acquisition of the said land and the construction of the said buildings through the issuance of \$1,000,000 of Dillon County First Mortgage Industrial Revenue Bonds, notice of which approval has heretofore been published on September 19, 1968. The Project hereinabove referred to includes the acquisition of said land and the construction of said buildings and, in addition, includes the acquisition and installation of equipment and machinery, all to be financed through the issuance of \$4,000,000 Dillon County First Mortgage Industrial Revenue Bonds. Under the prior proposed undertaking the acquisition and installation of said equipment and machinery would have been financed in some other fashion by Duplan. The undertaking approved _____, 1969 is expected to provide the same number of jobs as would have resulted from the prior proposed undertaking, to wit: employment for about 200 persons.

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

THE STATE BUDGET AND CONTROL BOARD

By _____

Secretary

PUBLICATION DATE:

FILE

663

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

I, P. C. SMITH, Auditor of the State of South Carolina,
and Secretary to the State Budget and Control Board, DO HEREBY
CERTIFY:

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

His Excellency, Robert E. McNair, Governor of
South Carolina and Chairman of the Board;

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

The Honorable John Henry Mills, Comptroller
General of South Carolina;

The Honorable Edgar A. Brown, Chairman of the
Senate Finance Committee; and

The Honorable Robert James Aycock, Chairman
of the House Ways and Means Committee.

That due notice of meeting of said Board, called to be
held at the office of the State Auditor, in the Hampton Office
Building, at Columbia, South Carolina, at _____ M.,
_____, 196____, was given to all members
in writing, and at least four (4) days prior to said meeting;
that all members of said Board were present at said meeting, with
the exception of:

That at said meeting, a resolution, of which the attach-
ed is a true, correct and verbatim copy, was introduced by _____
_____, who moved its adoption; said motion was seconded
by _____, and upon the vote being taken and recorded
it appeared that the following votes were cast:

FOR MOTION

AGAINST MOTION

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

_____, 196__.

Secretary

SINKLER, GIBBS & SIMONS
ATTORNEYS & COUNSELLORS AT LAW

TELEPHONE 722-3367
AREA CODE 803

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

GEORGE C. EVANS

2 PRIOLEAU STREET
CHARLESTON, S. C. 29402
February 6th, 1969

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

Re: \$1,300,000 Florence County, South Carolina
First Mortgage Industrial Revenue Bonds,
Series 1969 - La-Z-Boy

Dear Pat:

The Notice as finally published in the newspaper was modified somewhat from "Exhibit A" attached to the State Board's Resolution. Several lines had been omitted from the 4th paragraph of "Exhibit A" relating to payments in lieu of taxes and these omitted lines were added in the published Notice. Also, in the published Notice the word "may" which appears on the second line of the next to the last paragraph was changed to read "shall".

Enclosed you will find a copy of "Exhibit A" setting forth the Notice as published, and we ask that you include this in your records.

Very truly yours,

Reedy

TBG/bhs
Enclosure

EXHIBIT A

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

Notice is hereby given that following the filing of a Petition by the County Council of Florence County (the County Board) to the State Budget and Control Board of South Carolina (the State Board), approval has been given by the State Board, at its meeting held January 29th, 1969, to the following undertaking, viz.:

The acquisition by the County Board from La-Z-Boy Chair Company, a Michigan corporation, (the Company) of a parcel of land containing approximately thirty (30) acres in Florence County, with the original buildings and the almost completed building located thereon, and the financing by the County Board of the construction of the almost completed building and an additional building, both of which will be used to house equipment and machinery necessary for the manufacture of reclining chairs, and which land, original buildings, almost completed building, and building to be constructed (all of which are hereinafter called the "Project") will be leased to the Company to be used as a chair manufacturing plant. To finance the cost of the acquisition and construction of the Project the County Board will issue \$1,300,000 of Florence County First Mortgage Industrial Revenue Bonds.

The Bonds of Florence County will be payable solely from the rentals to be paid to the County by the Company which has irrevocably covenanted and agreed to pay when due, all sums required for the principal and interest thereon, and such bonds will be additionally secured by a Trust Indenture which will constitute a forecloseable lien upon the Project.

EXHIBIT A

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

Notice is hereby given that following the filing of a Petition by the County Council of Florence County (the County Board) to the State Budget and Control Board of South Carolina (the State Board), approval has been given by the State Board, at its meeting held January 29th, 1969, to the following undertaking, viz.:

The acquisition by the County Board from La-Z-Boy Chair Company, a Michigan corporation, (the Company) of a parcel of land containing approximately thirty (30) acres in Florence County, with the original buildings and the almost completed building located thereon, and the financing by the County Board of the construction of the almost completed building and an additional building, both of which will be used to house equipment and machinery necessary for the manufacture of reclining chairs, and which land, original buildings, almost completed building, and building to be constructed (all of which are hereinafter called the "Project") will be leased to the Company to be used as a chair manufacturing plant. To finance the cost of the acquisition and construction of the Project the County Board will issue \$1,300,000 of Florence County First Mortgage Industrial Revenue Bonds.

The Bonds of Florence County will be payable solely from the rentals to be paid to the County by the Company which has irrevocably covenanted and agreed to pay when due, all sums required for the principal and interest thereon, and such bonds will be additionally secured by a Trust Indenture which will constitute a forecloseable lien upon the Project.

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

The Project, hereinabove referred to, is in lieu of the proposed undertaking of the County Board (which was never consummated) heretofore approved by the State Board and consisting of the acquisition and construction of the Project through the issuance of \$1,600,000 Florence County First Mortgage Industrial Revenue Bonds, notice of which approval has heretofore been published on November 25th, 1968. The proposed undertaking heretofore approved, as aforesaid, included the reimbursement of the Company in the amount of approximately \$290,000 for the cost of the land and the original buildings. This item has been deleted from the undertaking now proposed and approved on January 29th, 1969 (in order to avoid any question which might have resulted from its inclusion as to the tax exemption status of the interest to be paid on the Bonds originally proposed) and the undertaking of the County Board now includes only reimbursement of the Company for the cost of constructing the almost completed building and the financing of the cost of constructing the additional building. The Company proposes to install in the almost completed building and in the additional building to be constructed, equipment and machinery necessary for the manufacturing of reclining chairs, but such equipment and machinery will remain the property of the Company, will not be part of the Project and the County will have no interest therein. Upon completion of the Project,

3.

the Company proposes to transfer all of its manufacturing operations (now being carried on in the original buildings) to the two new buildings to be financed through the issuance of \$1,300,000 Florence County First Mortgage Industrial Revenue Bonds and the original buildings thereafter will be used for warehouse purposes only. The Project, when completed, will employ approximately 200 employees in addition to the approximately 300 persons now employed by the Company at the plant site. The prior proposed undertaking would have provided the same number of additional jobs.

The Lease between the County and the Company will provide that the Company shall acquire the Project for the nominal sum of \$1.00 upon the payment in full of the Bonds.

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, but not thereafter, challenge the validity of the action of the State Board in approving the undertaking of the County Board by action de novo instituted in the Court of Common Pleas for Florence County.

THE STATE BUDGET AND CONTROL BOARD

BY P. C. SMITH
Secretary

PUBLICATION DATE:

FEBRUARY 7th, 1969

RESOLUTION

STATE OF SOUTH CAROLINA BUDGET AND CONTROL BOARD

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

WHEREAS, the proposed undertaking consists of the acquisition by the County Board of a parcel of land in Florence County containing thirty (30) acres, more or less, together with the original buildings and the almost completed building, located thereon, from LA-Z-BOY Chair Company, a Michigan corporation (the Company) and the financing by the County Board of the construction of the said almost completed building and of an additional building to be constructed, both of which will be used to house equipment and machinery necessary for the manufacture of reclining chairs (said land and buildings, including the original buildings, the building almost completed and the building to be constructed, being hereinafter referred to as the "Project");

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

WHEREAS, in order to finance the Project the County Board proposes to provide for an issue of \$1,300,000.00 of Florence County First Mortgage Industrial Revenue Bonds payable from the rentals derived from the Company and additionally secured by a Trust Indenture; and

WHEREAS, the form of the Lease Agreement between Florence County and the Company and of the Trust Indenture have been considered by this Board; and

WHEREAS, the undertaking set forth above is in lieu of the undertaking of the County Board heretofore approved by the State Board on November 19, 1968, providing for the issuance of \$1,600,000.00 of Florence County First Mortgage Industrial Revenue Bonds pursuant to the Act with which to acquire the said land with original buildings and finance the construction of the said additional buildings. The previous undertaking included approximately \$290,000.00 with which to reimburse the Company for the cost of the land and original buildings. This item has now been eliminated to avoid any question as to the tax exempt status of the proposed Bonds which might have resulted from its inclusion. The undertaking now being proposed by the County Board includes only the financing of the construction of an additional building and the reimbursement to the Company for the cost of the building about to be completed; and the land with original buildings are to be conveyed to the County for a nominal consideration of \$1.00.

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

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

Section 6 of the Act.

(c) That the Project will provide additional employment in its operation for about 200 persons (the same number of additional employees which it was estimated would have resulted from the prior proposed undertaking of the County Board to be financed through the issuance of \$1,600,000.00 Florence County First Mortgage Industrial Revenue Bonds) and will be of benefit to Florence County and adjoining areas.

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

2. On the basis of the foregoing findings the proposed undertaking of the County Board to acquire the land and original buildings included in the Project, to finance the construction thereon of additional buildings (in which the Company will install equipment and machinery necessary for the manufacture of reclining chairs, which equipment and machinery will remain the property of the Company, will not be part of the Project and in which the County will have no interest), to lease the Project to the Company and to finance the cost of acquiring and constructing the Project through the issuance of \$1,300,000.00 Florence County First Mortgage Industrial Revenue Bonds payable from the revenues to be derived from the leasing of the Project and additionally secured by the said Trust Indenture, all pursuant to the Act, be and the same is hereby approved.

3. Notice of the action of the State Board in giving approval to the undertaking of Florence County above described in paragraph 2, supra, shall be published in THE STATE and in THE FLORENCE MORNING NEWS, both of which are newspapers having general circulation in Florence County.

672

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

EXHIBIT A

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

Notice is hereby given that following the filing of a Petition by the County Council of Florence County (the County Board) to the State Budget and Control Board of South Carolina (the State Board), approval has been given by the State Board, at its meeting held _____, 1969, to the following undertaking, viz.:

The acquisition by the County Board from La-Z-Boy Chair Company, a Michigan corporation, (the Company) of a parcel of land containing approximately thirty (30) acres in Florence County, with the original buildings and the almost completed building located thereon, and the financing by the County Board of the construction of the almost completed building and an additional building, both of which will be used to house equipment and machinery necessary for the manufacture of reclining chairs, and which land, original buildings, almost completed building, and building to be constructed (all of which are hereinafter called the "Project") will be leased to the Company to be used as a chair manufacturing plant. To finance the cost of the acquisition and construction of the Project the County Board will issue \$1,300,000 of Florence County First Mortgage Industrial Revenue Bonds.

The Bonds of Florence County will be payable solely from the rentals to be paid to the County by the Company which has irrevocably covenanted and agreed to pay when due, all sums required for the principal and interest thereon, and such bonds will be additionally secured by a Trust Indenture which will constitute a foreclose-able lien upon the Project.

In addition, the Company has agreed to pay as additional rentals to Florence County, the School District, and all other political units wherein the Project is situate, if the Project were owned by the Company, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to the Company if it were the owner of the Project.

The Project, hereinabove referred to, is in lieu of the proposed undertaking of the County Board (which was never consummated) heretofore approved by the State Board and consisting of the acquisition and construction of the Project through the issuance of \$1,600,000 Florence County First Mortgage Industrial Revenue Bonds, notice of which approval has heretofore been published on November 25th, 1968. The proposed undertaking heretofore approved, as aforesaid, included the reimbursement of the Company in the amount of approximately \$290,000 for the cost of the land and the original buildings. This item has been deleted from the undertaking now proposed and approved on _____ 1969 (in order to avoid any question which might have resulted from its inclusion as to the tax exemption status of the interest to be paid on the Bonds originally proposed) and the undertaking of the County Board now includes only reimbursement of the Company for the cost of constructing the almost completed building and the financing of the cost of constructing the additional building. The Company proposes to install in the almost completed building and in the additional building to be constructed, equipment and machinery necessary for the manufacturing of reclining chairs, but such equipment and machinery will remain the property of the Company, will not be part of the Project and the County will have no interest therein. Upon completion of the Project,

3.

the Company proposes to transfer all of its manufacturing operations (now being carried on in the original buildings) to the two new buildings to be financed through the issuance of \$1,300,000 Florence County First Mortgage Industrial Revenue Bonds and the original buildings thereafter will be used for warehouse purposes only. The Project, when completed, will employ approximately 200 employees in addition to the approximately 300 persons now employed by the Company at the plant site. The prior proposed undertaking would have provided the same number of additional jobs.

The Lease between the County and the Company will provide that the Company may acquire the Project for the nominal sum of \$1.00 upon the payment in full of the Bonds.

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, but not thereafter, challenge the validity of the action of the State Board in approving the undertaking of the County Board by action de novo instituted in the Court of Common Pleas for Florence County.

THE STATE BUDGET AND CONTROL BOARD

BY _____
Secretary

PUBLICATION DATE:

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

I, P. C. SMITH, Auditor of the State of South Carolina,
and Secretary to the State Budget and Control Board, DO HEREBY
CERTIFY:

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

His Excellency, Robert E. McNair, Governor of
South Carolina and Chairman of the Board;

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

The Honorable John Henry Mills, Comptroller
General of South Carolina;

The Honorable Edgar A. Brown, Chairman of the
Senate Finance Committee; and

The Honorable Robert James Aycock, Chairman
of the House Ways and Means Committee.

That due notice of meeting of said Board, called to be
held at the office of the State Auditor, in the Hampton Office
Building, at Columbia, South Carolina, at _____ M.,
_____, 196____, was given to all members
in writing, and at least four (4) days prior to said meeting;
that all members of said Board were present at said meeting, with
the exception of:

That at said meeting, a resolution, of which the attach-
ed is a true, correct and verbatim copy, was introduced by _____
_____, who moved its adoption; said motion was seconded
by _____, and upon the vote being taken and recorded
it appeared that the following votes were cast:

FOR MOTION

AGAINST MOTION

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

_____, 196__.

Secretary

STATE OF SOUTH CAROLINA

COUNTY OF FLORENCE

)
TO THE STATE BUDGET AND CONTROL)

BOARD OF SOUTH CAROLINA)

Revised
See Enrolled, approved
by AS Pmb 11/19/67
P E T I T I O N

Petition of the County Council of Florence County
(the County Board), pursuant to Act No. 103 of the Acts of the
General Assembly of the State of South Carolina for the year
1967, respectfully shows:

1. The County Board is the governing body of Florence
County and was so constituted by Article 1, Chapter 37, Title
14, Code of Laws of South Carolina, 1962, as amended, and as such
it is the "County Board" referred to in Act No. 103 of the
General Assembly enacted at its 1967 Session (the Act)

2. The Act authorizes and empowers the County Board,
if it shall comply with the provisions set forth in the Act, to
acquire and in connection with such acquisition to enlarge,
improve and expand by construction land, buildings and other
improvements deemed necessary, suitable and useful by any
manufacturing or processing enterprise; to lease the same; and
to finance the acquisition and construction of the same through
the issuance of bonds payable from and secured by a pledge of
the revenues to be derived from the leasing of such land, build-
ings and other improvements.

3. The County Board proposes to acquire a tract of
land in Florence County, containing 30 acres more or less, and
the original buildings now located thereon and now owned by
LA-Z-BOY Chair Company, a Michigan corporation (the Company) and

to cause to be completed thereon a building now under construction and to cause to be constructed thereon an additional building (said land, existing buildings and proposed building hereinafter called the "Project"). The Company will install equipment and machinery necessary for the manufacturing of reclining chairs in the building now under construction and in the additional building to be constructed; and when the Project is completed the original buildings will be used for warehouse purposes only and all manufacturing operations will be transferred to the two new buildings to be financed through the issuance of the Bonds hereinafter described. Such equipment and machinery, including the equipment and machinery now installed in the existing buildings, will not be a part of the Project and the County will have no interest in such equipment and machinery. The cost of the Project (including land, together with buildings will be approximately \$1,300,000. The County Board will finance the cost thereof through the issuance of First Mortgage Industrial Revenue Bonds of Florence County (the Bonds), in accordance with the provisions of an Agreement which the County Board proposes to enter into with the Company, and County Board has agreed to lease the Project to the Company.

4. Heretofore, the County Board sought the approval of the State Budget and Control Board of a proposed undertaking whereby the County Board would finance the acquisition and construction of the Project through the issuance of \$1,600,000 of the Bonds. Included in the financing as originally proposed was an item of approximately \$290,000 representing the cost of the

land and of the original buildings (constructed many years ago). In order to avoid any question as to the tax exempt status of the Bonds which might have resulted from the inclusion of the aforesaid \$290,000, the County Board and the Company have modified their original proposal to the extent of eliminating that item, and the land and original buildings will be now conveyed to the County for \$1.00.

5. The proposal originally presented providing for the issuance of \$1,600,000 of the Bonds was approved by the State Budget and Control Board at its meeting held November 19, 1968, and due notice of such approval was published on November 25, 1968, in THE STATE and in the FLORENCE MORNING NEWS; and no action challenging the validity of such approval has been instituted in the Court of Common Pleas of Florence County.

6. The County Board, to implement the said Agreement, now proposes to issue the Bonds in the amount of \$1,300,000 in order to acquire and finance the construction of the Project and lease the same to the Company.

7. The undertaking of the Project by the County Board will keep the existing manufacturing facilities of the Company with more than 300 employees in Florence County, construction will provide considerable employment during the period of construction and the additional facilities to be constructed as part of the Project will provide further employment in its operation.

8. For the reasons above set forth and hereafter dis-

closed, the County Board has found:

(a) That the proposed Project will subserve the purposes of the Act.

(b) That by reason of undertaking the Project no pecuniary liability will result to the County nor will there be a charge against its general credit or taxing power.

(c) The proposed Lease between the County Board and the Company will unconditionally obligate the Company to pay rent in an amount adequate to provide for the principal and interest payments on the Bonds which mature and bear interest as follows:

JANUARY 1	PRINCIPAL PAYABLE	RATE OF INTEREST
1974	\$ 100,000	5.75%
1975	100,000	5.75%
1976	100,000	5.75%
1977	100,000	5.75%
1978	100,000	5.75%
1979	100,000	5.75%
1980	100,000	5.75%
1981	100,000	5.75%
1982	100,000	5.75%
1983	100,000	5.75%
1984	100,000	5.75%
1985	100,000	5.75%
1986	100,000	5.75%

The proposed Lease will provide for equal annual payments of approximately \$76,500 each beginning January 1, 1970, to be applied, together with any earnings derived from such prepaid rentals, against the annual principal payments which become due beginning January 1, 1974.

(d) The Company is a corporation with a well established credit and therefore it is unnecessary to establish reserve

funds (other than those implicit in paragraph 8(c) for the payment of such principal and interest.

(e) That the terms of the Lease will require the Company to carry proper insurance and to pay all costs of maintaining the Project in good repair.

9. Pursuant to Section 14 of the Act, the County Board sets forth the following information:

(a) The Project to be undertaken consists of land, buildings and other improvements which will be necessary for, and part of, facilities for the manufacturing of reclining chairs.

(b) The Project will provide considerable employment during the period of construction and will provide employment for approximately 500 persons during the period of the operation of such manufacturing facilities, including the more than 300 persons now employed in the existing facilities. It is therefore believed that the Project will have an extremely beneficial effect upon the economy of the County and areas adjacent thereto.

(c) The cost of the Project is approximately \$1,300,000, including construction cost, and the cost of the building now about to be completed. The land and original buildings (constructed many years ago) will be conveyed by the Company to Florence County for one dollar.

10. The proposed Lease will provide, among other things, the following:

(a) To finance the cost of the acquisition and construction the County will issue \$1,300,000 of Florence County First Mortgage Industrial Revenue Bonds. All bonds will be secured by a pledge of the rents to be paid by the Company and will be further secured by a Trust Indenture, as authorized by Section 5 of the Act, to Guaranty Bank and Trust Company, Florence, South Carolina, as Trustee.

(b) The proceeds derived from the payment of the Bonds will be deposited with the Trustee and will be withdrawn and applied solely for the payment of costs incident to the acquisition and construction of the Project, including the repayment of expenses incurred in connection with the issuance of the Bonds.

(c) The Lease contains a specific provision by which the Company has unconditionally agreed to make payments to Florence County, to any School District in Florence County and to all other political units in which the Project is situated, in lieu of taxes, in such amounts as would result from taxes levied on the Project by Florence County by any such School District and by said political units if the Project were owned by the Company, but with appropriate reductions similar to the tax reductions, if any, which would be afforded to the Company were it the owner of the Project.

(d) The Lease contains no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing power.

11. The proposed Trust Indenture is in conventional form and constitutes a forecloseable mortgage upon the Project. Included in the granting clause of the mortgage will be:

(a) All real property and interests therein, acquired or to be acquired for the Project.

(b) The right, title and interest of the County in the Lease.

(c) All rentals and revenues derived by the County under the Lease, except those payments to be made in lieu of taxes.

The Indenture makes provision for the issuance of \$1,300,000 of Bonds to be secured thereunder. It provides for the payment and redemption of the Bonds, the establishment of a Bond Fund into which the proceeds of the rents payable by the Company are placed and the use of said fund for the payment of the Bonds. It imposes upon the Company as Lessee of the Project, the obligation to pay, in addition to the moneys required for the payment of the principal and interest of the Bonds all other costs and expenses resulting from the execution and delivery of the Indenture and the issuance of the Bonds pursuant thereto.

Upon the basis of the foregoing, the County Board respectfully prays,

THAT the State Budget and Control Board accept the filing of the Petition presented herewith and that it do, thereafter, and as soon as practicable, make its independent

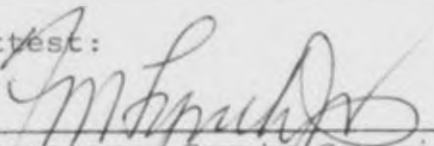
investigation of the Project and the terms and provisions of the Lease and the Trust Indenture, as it deems advisable, and that thereafter, the said State Board make a finding that the proposed Project will promote the purpose of the Act and that it is reasonably anticipated to effect such result, and on the basis of such finding that it does approve the Project, and give published notice of its approval in the manner set forth in Section 14 of the Act.

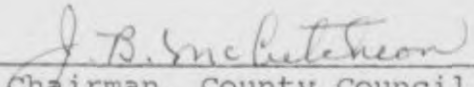
Respectfully submitted,

COUNTY COUNCIL OF FLORENCE COUNTY

(SEAL)

Attest:


Secretary, County Council
of Florence County.


Chairman, County Council of
Florence County

SINKLER, GIBBS & SIMONS
ATTORNEYS & COUNSELLORS AT LAW

TELEPHONE 722-3367
AREA CODE 803

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

GEORGE C. EVANS

2 PRIOLEAU STREET
CHARLESTON, S. C. 29402

November 12th, 1968

Honorable P. C. Smith
State Auditor
P. O. Box 11333
Columbia, South Carolina 29211

Re: \$1,600,000 Florence County Industrial
Revenue Bonds (LA-Z-BOY)

Dear Sir:

In connection with the captioned issue we enclose the Petition of the County Council of Florence County to the State Budget and Control Board seeking the State Board's approval of the La-Z-Boy Project to be financed through the issuance of the captioned bonds.

We also enclose the original and 10 copies of a Resolution to be adopted by the State Board approving the Project. Assuming that the State Board does adopt this Resolution we ask that you return 10 certified copies to us.

We understand that the State Board is scheduled to meet on Friday, November 15th, and we would like very much to have this matter considered by the State Board at that time and hope that you will be able to place it on the agenda.

Very truly yours,

Arthur Gibbs & Simons

TBG/bhs
Enclosures

cc: Philip H. Arrowsmith, Esq.
P. O. Box 1266
Florence, S. C.

cc: J. A. Doelle, Esq.
Comptroller
1284 North Telegraph Road
Monroe, Michigan 48161

687

RESOLUTION

STATE OF SOUTH CAROLINA BUDGET AND CONTROL BOARD

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

WHEREAS, the proposed undertaking consists of the acquisition by the County Board of the existing manufacturing buildings owned by LA-Z-BOY Chair Company, a Michigan corporation, (the Company) including the tract of land on which they are located consisting of approximately 30 acres and the construction thereon of an additional building, all of which would house equipment and machinery necessary for the manufacture of reclining chairs (said land and buildings, including the building to be constructed, being hereinafter referred to as the "Project"); and

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

WHEREAS, in order to finance the Project the County Board proposes to provide for an issue of \$1,600,000 of Florence County First Mortgage Industrial Revenue Bonds payable from the rentals derived from the Company and additionally secured by a Trust Indenture; and

WHEREAS, the pertinent provisions of the Lease Agreement between Florence County and the Company and of the Trust Indenture have been outlined and considered by this Board; and

WHEREAS, it is further understood that the Lease Agreement will contain a limitation upon the amount of capital expenditures which the Company may make during the three years following the issuance of the bonds upon the Project or other facilities located in Florence County to be utilized by the Company or a related person.

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

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

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

(b) That the County Board has filed a proper petition to the State Board establishing a reasonable estimate of the cost of the Project, a general summary of the terms and conditions of the Lease and the Trust Indenture to be made by the County Board and has established that the Company will pay as additional rentals, in lieu of taxes, the sums prescribed by Section 6 of the Act. It also appears that the Company will not claim the benefit of any tax exemption to which it may be entitled under the statute,

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

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

2. On the basis of the foregoing findings the proposed undertaking of the County Board to acquire the existing manufacturing buildings owned by the Company in Florence County, South Carolina, including the 30 acre tract of land on which they are located and to cause to be constructed thereon an additional building, all of which would house equipment and machinery necessary for the manufacture of reclining chairs (which equipment and machinery will be the property of the Company and Florence County will have no interest in the same) to lease the said land and buildings to the Company, and to finance such acquisition and construction through the issuance of bonds payable from the revenues to be derived from the lease of the Project and additionally secured by a Trust Indenture, be and the same is hereby approved.

3. Notice of the action of the State Board in giving approval to the undertaking of Florence County above described shall be published in the Florence, S. C. THE FLORENCE MORNING NEWS, and in the Columbia, S. C. THE STATE, both newspapers having general circulation in Florence County.

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

EXHIBIT A

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

Notice is hereby given that following the filing of a Petition by the County Council of Florence County (the County Board) to the State Budget and Control Board of South Carolina (the State Board) approval has been given by the State Board to the following undertaking, viz.:

The acquisition by the County Board of the existing manufacturing buildings owned by LA-Z-BOY Chair Company, a Michigan corporation (the Company) including the tract of land on which they are located, consisting of approximately 30 acres in Florence County, S. C., and the construction thereon of an additional building, all of which would house equipment and machinery (such machinery and equipment to be and remain the property of the Company and the County will have no interest therein) necessary for the manufacture of reclining chairs (said land and buildings, including the building to be constructed, being hereinafter referred to as the "Project"). To finance the cost of acquisition and construction of the Project, which the County Board will lease to the Company, the County Board will issue \$1,600,000 of Florence County First Mortgage Industrial Revenue Bonds. The bonds of Florence County will be payable solely from the rentals to be paid to the County by the Company which has irrevocably covenanted and agreed to pay when due, all sums required for the principal and interest thereon, and such bonds will be additionally secured by a Trust Indenture which will constitute a foreclose-able lien upon the Project.

In addition the Company has agreed to pay as additional rentals to Florence County, the School District, and all other political units wherein the Project is located, in lieu of taxes, such amounts as would result from taxes levied on the Project by Florence County, the said School District, and the said other political units wherein the Project is situate, if the Project were owned by the Company.

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

THE STATE BUDGET AND CONTROL BOARD

BY _____

Secretary

PUBLICATION DATE:

STATE OF SOUTH CAROLINA

COUNTY OF FLORENCE

TO THE STATE BUDGET AND CONTROL)

BOARD OF SOUTH CAROLINA)

P E T I T I O N

Petition of the County Council of Florence County
(the County Board), pursuant to Act No. 103 of the Acts of the
General Assembly of the State of South Carolina for the year
1967, respectfully shows:

1. The County Board is the governing body of Florence
County and was so constituted by Article 1, Chapter 37, Title
14, Code of Laws of South Carolina, 1962, as amended, and as such
it is the "County Board" referred to in Act No. 103 of the
General Assembly enacted at its 1967 Session (the Act)

2. The Act authorizes and empowers the County Board,
if it shall comply with the provisions set forth in the Act, to
acquire and in connection with such acquisition to enlarge,
improve and expand by construction land, buildings and other
improvements deemed necessary, suitable and useful by any
manufacturing or processing enterprise; to lease the same; and
to finance the acquisition and construction of the same through
the issuance of bonds payable from and secured by a pledge of
the revenues to be derived from the leasing of such land, build-
ings and other improvements.

3. The County Board proposes to acquire a tract of
land in Florence County, containing 30 acres more or less, and
the buildings now located thereon and now owned by LA-Z-BOY Chair
Company, a Michigan corporation (the Company) and to cause to be

constructed thereon an additional building (said land, existing buildings and proposed building hereinafter called the "Project"). The Company will install equipment and machinery necessary for the manufacturing of reclining chairs. Such equipment and machinery, including the equipment and machinery now installed in the existing building, will not be a part of the Project and the County will have no interest in such equipment and machinery. The cost of the Project (including land, building or buildings) will be approximately \$1,600,000. The County Board will finance the cost thereof through the issuance of First Mortgage Industrial Revenue Bonds of Florence County (the Bonds), in accordance with the provisions of an Agreement which the County Board proposes to enter into with the Company, and County Board has agreed to lease the Project to the Company.

4. The County Board, to implement the said Agreement, now proposes to issue the Bonds in the amount of \$1,600,000 in order to acquire and finance the construction of the Project and lease the same to the Company.

5. The undertaking of the Project by the County Board will keep the existing manufacturing facilities of the Company with more than 300 employees in Florence County, construction will provide considerable employment during the period of construction and the additional facilities to be constructed as part of the Project will provide further employment in its operation.

6. For the reasons above set forth and hereafter disclosed, the County Board has found:

(a) That the proposed Project will subserve the purposes of the Act.

(b) That by reason of undertaking the Project no pecuniary liability will result to the County nor will there be a charge against its general credit or taxing power.

(c) The proposed Lease between the County Board and the Company will unconditionally obligate the Company to pay rent in an amount adequate to provide for the principal and interest payments on the Bonds which mature and bear interest as follows:

JANUARY 1	PRINCIPAL PAYABLE	RATE OF INTEREST
1974	\$ 100,000	5.75%
1975	100,000	5.75%
1976	100,000	5.75%
1977	100,000	5.75%
1978	100,000	5.75%
1979	100,000	5.75%
1980	100,000	5.75%
1981	100,000	5.75%
1982	100,000	5.75%
1983	100,000	5.75%
1984	100,000	5.75%
1985	100,000	5.75%
1986	100,000	5.75%
1987	100,000	5.75%
1988	100,000	5.75%
1989	100,000	5.75%

(d) The Company is a corporation with a well established credit and therefore it is unnecessary to establish reserve funds for the payment of such principal and interest.

(e) That the terms of the Lease will require the Company to carry proper insurance and to pay all costs of maintaining the Project in good repair.

7. Pursuant to Section 14 of the Act, the County Board sets forth the following information:

(a) The Project to be undertaken consists of land, buildings and other improvements which will be necessary for, and part of, facilities for the manufacturing of reclining chairs.

(b) The Project will provide considerable employment during the period of construction and will provide employment for approximately 500 persons during the period of the operation of such manufacturing facilities, including the more than 300 persons now employed in the existing facilities. It is therefore believed that the Project will have an extremely beneficial effect upon the economy of the County and areas adjacent thereto.

(c) The cost of the Project is approximately \$1,600,000, including construction cost, and cost of land and buildings.

8. The proposed Lease will provide, among other things, the following:

(a) To finance the cost of the acquisition and construction the County will issue \$1,600,000 of Florence County First Mortgage Industrial Revenue Bonds. All bonds will be secured by a pledge of the rents to be paid by the Company and will be further secured by a Trust Indenture, as authorized by Section 5 of the Act, to Guaranty Bank and Trust Company, Florence, South Carolina, as Trustee.

(b) The proceeds derived from the payment of the Bonds will be deposited with the Trustee and will be withdrawn and applied solely for the payment of costs incident to the acquisition and construction of the Project, including the repayment of expenses incurred in connection with the issuance of the

Bonds.

(c) The Lease contains a specific provision by which the Company has unconditionally agreed to make payments to Florence County, to any School District in Florence County and to all other political units in which the Project is situated, in lieu of taxes, in such amounts as would result from taxes levied on the Project by Florence County by any such School District and by said political units if the Project were owned by the Company, ~~but with appropriate reductions similar to the tax reductions, if any, which would be afforded by the Company were it the owner of the Project.~~

(d) The Lease contains no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing power.

9. The proposed Trust Indenture is in conventional form and constitutes a forecloseable mortgage upon the Project. Included in the granting clause of the mortgage will be:

(a) All real property and interests therein, acquired or to be acquired for the Project.

(b) The right, title and interest of the County in the Lease.

(c) All rentals and revenues derived by the County under the Lease, except those payments to be made in lieu of taxes.

The Indenture makes provision for the issuance of \$1,600,000 of Bonds to be secured thereunder. It provides for the payment and redemption of the Bonds, the establishment of a Bond Fund into which the proceeds of the rents payable by

the Company are placed and the use of said fund for the payment of the Bonds. It imposes upon the Company as Lessee of the Project, the obligation to pay, in addition to the moneys required for the payment of the principal and interest of the Bonds all other costs and expenses resulting from the execution and delivery of the Indenture and the issuance of the Bonds pursuant thereto.

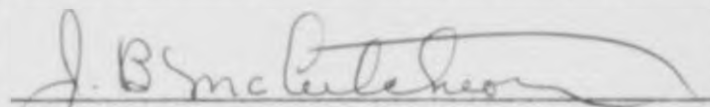
Upon the basis of the foregoing, the County Board respectfully prays,

THAT the State Budget and Control Board accept the filing of the Petition presented herewith and that it do, thereafter, and as soon as practicable, make its independent investigation of the Project and the terms and provisions of the Lease and the Trust Indenture, as it deems advisable, and that thereafter, the said State Board make a finding that the proposed Project will promote the purpose of the Act and that it is reasonably anticipated to effect such result, and on the basis of such finding that it does approve the Project, and give published notice of its approval in the manner set forth in Section 14 of the Act.

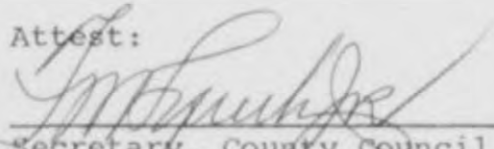
Respectfully submitted,

COUNTY COUNCIL OF FLORENCE COUNTY

(SEAL)


Chairman, County Council of
Florence County

Attest:


Secretary, County Council
of Florence County.

SINKLER, GIBBS & SIMONS
ATTORNEYS & COUNSELLORS AT LAW

TELEPHONE 722-3367
AREA CODE 803

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

2 PRIOLEAU STREET
CHARLESTON, S. C. 29402
POST OFFICE BOX 340

July 17th, 1969

Honorable P. C. Smith
State Auditor
P. O. Box 11333
Columbia, South Carolina 29211

Dear Pat:

Re: \$1,300,000 Florence County, South Carolina,
First Mortgage Industrial Revenue Bonds,
Series 1969 (La-Z-Boy Chair Company - Lessee),
Dated January 1, 1969

Enclosed you will find a copy of the Lease Agreement and
a copy of the Trust Indenture used in connection with the captioned
bonds for the file of the State Budget and Control Board.

Very truly yours,

T. B. Guerd / A

TBG/bhs
Enclosures

FLORENCE COUNTY, SOUTH CAROLINA

AND

LA-Z-BOY CHAIR COMPANY

LEASE AGREEMENT

Dated as of January 1, 1969

THIS LEASE AGREEMENT dated as of January 1, 1969, between FLORENCE COUNTY, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the County Council of Florence County, which is the governing body of Florence County as constituted by Article I, Chapter 37, Title 14, Code of Laws of South Carolina, as amended, party of the first part, and LA-Z-BOY CHAIR COMPANY, a corporation organized and existing under the laws of the State of Michigan, duly qualified to conduct business in the State of South Carolina, party of the second part,

W I T N E S S E T H

In consideration of the respective representations and agreements hereinafter contained, the parties hereto agree as follows (provided, that in the performance of the agreements of the party of the first part herein contained, any obligation it may thereby incur for the payment of money shall not create a pecuniary liability or a charge upon its general credit or against its taxing powers, but shall be payable solely out of the proceeds derived from this Lease Agreement, the sale of the Bonds referred to in Section 2.1 hereof and the insurance proceeds, proceeds from released property and condemnation awards as herein provided):

ARTICLE I

DEFINITIONS

SECTION 1.1 Certain terms in this Lease Agreement are defined herein. When used herein, such terms shall have the meanings given to them by the language employed in this Article I defining such terms, unless the context clearly indicates otherwise.

SECTION 1.2 The following terms are defined terms under this Lease Agreement:

"Act" means Act No. 103 of the Acts and Joint Resolutions enacted at the 1967 Session of the General Assembly of South Carolina, approved by the Governor of South Carolina on March 21, 1967, and appearing as Article 2.1, Chapter 8, Title 14, Code of Laws of South Carolina, 1962, 1968 Cumulative Supplement.

"Agreement" or "Lease Agreement" means the within Lease Agreement between the County and the Lessee.

"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 the Chairman of the County Board. Such certificate may designate an alternate or alternates.

"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 its President, any Vice President or by the Chairman of its Board of Directors. Such certificate may designate an alternate or alternates.

"Bonds" means the \$1,300,000 First Mortgage Industrial Revenue Bonds, Series 1969 (La-Z-Boy Chair Company - Lessee) of the County to be issued pursuant to the Indenture.

"Bond Fund" means the Bond Fund created in Section 502 of the Indenture and referred to herein.

"Building" means those certain buildings now located and hereafter to be completed and constructed on the Leased Land, including the almost completed building and the additional building, and all other facilities which are required by Section 4.1 (a) hereof to be completed and constructed on the Leased Land, as they may at any time exist, including the air conditioning and heating systems (and all replacements thereof) installed therein, all of which shall be deemed to be fixtures.

"Completion Date" means the date of completion of the construction of the Building and all other facilities in connection with the Project as that date shall be certified as provided in Section 4.5 hereof.

"Construction Fund" means the Construction Fund created in Section 602 of the Indenture and referred to herein.

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

"County" means Florence County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina, and its successors and assigns.

"County Board" means the County Council of Florence County, and any successor body.

"Indenture" means the Trust Indenture between the County and Guaranty Bank and Trust Company, Florence, South Carolina, as Trustee, of even date herewith, pursuant to which (i) the Bonds are authorized to be issued, and (ii) the County's interest in this Agreement and the lease rentals, revenues and

receipts received by the County from the Project (except payments pursuant to Section 5.5 of this Agreement) are pledged and the Project is mortgaged as security for the payment of principal, premium, if any, and interest on the Bonds, including any indenture supplemental thereto.

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

"Independent Engineer" means an engineer or engineering firm registered and qualified to practice the profession of engineering under the laws of South Carolina and who or which is not a full time employee of either the County or the Lessee.

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

"Leased Land" means the real property and interests therein described in Exhibit "A" attached hereto which, by this reference thereto, is incorporated herein.

"Lessee" means (i) the party of the second part hereto and its successors and assigns, and (ii) any surviving, resulting or transferee corporation 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 expenses of the Trustee)

incurred in the collection of such gross proceeds.

"Permitted Encumbrances" means, as of any particular time, (i) liens for ad valorem taxes not then delinquent, (ii) this Agreement and the Indenture, (iii) utility, access and other easements and rights of way, flood rights, encroachments, leases, restrictions and exceptions that an Independent Engineer and the Authorized Lessee Representative certify 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), (iv) 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 in the opinion of an Independent Counsel, materially impair the property affected thereby for the purposes for which it was acquired or is held by the County, and (v) mechanics' and materialmen's liens not filed or perfected in the manner prescribed by Chapter 5 of Title 45, Code of Laws, South Carolina, 1962, as in effect on the date hereof or otherwise.

"Project" means the Leased Land and the Building.

"Trustee" means the trustee and/or the co-trustee at the time serving as such under the Indenture.

SECTION 1.3 The words "hereof", "herein", "hereunder", and other words of similar import refer to this Lease Agreement as a whole.

SECTION 1.4 References to Articles, Sections, and other subdivisions of this Lease Agreement are to the designated Articles, Sections, and other subdivisions of this Lease Agreement as originally executed.

ARTICLE II

REPRESENTATIONS AND UNDERTAKINGS

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 and a political subdivision of the State of South Carolina, and is authorized and empowered by the provisions of the Act to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder. The Project constitutes and will constitute a "project" within the meaning of the Act. By proper action by the County Board and the State Budget and Control Board of South Carolina, the County has been duly authorized to execute and deliver this Agreement.

(b) The County, by deed recorded simultaneously herewith, has acquired the Leased Land and the original buildings (for the nominal cash consideration of \$1.00) together with the almost completed building located thereon from the Lessee and has authorized and does hereby authorize the Lessee to complete the Building on the Leased Land and to acquire, install and construct all other things

deemed necessary in connection with the Project, and the County proposes to lease the Project to the Lessee and to sell the Project to the Lessee at the expiration or earlier termination of the Lease Term, all for the purposes of promoting the industrial development, developing the trade, and utilizing and employing the manpower, agricultural products and natural resources of South Carolina. 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) Heretofore the County Board and the Lessee did agree that the County would finance the cost of acquiring and constructing the Project. The Lessee has estimated that such cost will not exceed \$1,300,000 (to be allocated approximately \$605,000 to the cost of constructing the almost completed building and approximately \$695,000 to the cost of constructing the additional building) and on that basis the County now proposes to issue Bonds in the aggregate principal amount of \$1,300,000, dated as of January 1, 1969 which will mature and bear interest as set forth in Section 202 of the Indenture and which will be subject to redemption on the occasions and at the redemption prices set forth in Section 301 of the Indenture, in order to finance the cost of acquiring and constructing the Project.

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 Michigan, is in good standing under its charter and the laws of Michigan and South Carolina, and has power to enter into this Agreement and by proper corporate action has been duly authorized to execute and deliver this Agreement.

(b) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of, or compliance with, the terms and conditions of this Agreement, conflict with or result in a breach of any of the terms, conditions or provisions of any corporate restriction or any agreement or instrument to which the Lessee is now a party or by which it is bound, or constitute a default under any of the foregoing, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Lessee under the terms of any instrument or agreement.

(c) The acquiring and constructing of the Project by the County through the issuance of the Bonds and the leasing of the Project to the Lessee has induced the Lessee to maintain and

enlarge its industrial enterprise in Florence County, South Carolina.

(d) The Lessee intends to operate the Project as a plant for the manufacture of reclining chairs, or such other products as Lessee may determine, from the Completion Date to the expiration or earlier termination of the Lease Term as provided herein.

(e) Relying upon the agreement of the County to finance the cost of acquiring and constructing the Project as aforesaid the Lessee is proceeding with the constructing and equipping of the building which is now almost completed and is proceeding with plans to construct and equip the additional building.

ARTICLE III

DEMISING CLAUSES

SECTION 3.1 Demise of the Leased Land and Building.

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

SECTION 3.2 Warranty of Title. The County warrants that it has acquired a good and marketable fee simple title to the Leased Land, free from all encumbrances other than Permitted Encumbrances, and the County will furnish, at the time of the delivery of the Bonds, a written opinion of Independent Counsel that it has good and marketable fee simple title to the Leased Land, subject to Permitted Encumbrances.

SECTION 3.3 Title Insurance. At the time of the delivery of the Bonds, the County will provide a Mortgagee Title Insurance Policy (or an appropriate Binder) upon the Leased Land and Building issued by a Company approved by the Trustee insuring the lien of the Indenture upon the Leased Land and Building when completed, subject to no encumbrances other than Permitted Encumbrances, in the amount of not less than \$1,300,000. Any Net Proceeds therefrom shall be used to remedy the title defect resulting in the payment thereof or deposited in the Bond Fund.

ARTICLE IV

COMPLETION OF THE PROJECT; ISSUANCE OF THE BONDS;

INVESTMENT OF CONSTRUCTION FUND

SECTION 4.1 Agreement to Construct and Equip the Building on the Leased Land. The County has acquired the Leased Land, including the almost completed building and the original buildings, by deed of the Lessee recorded simultaneously herewith. The Lessee agrees that:

(a) It will cause the almost completed building to be completed and construct the additional building on the Leased Land wholly within the boundary lines thereof, all of which will be constructed in accordance with a general description heretofore furnished to the County by the Lessee.

(b) It will cause to be acquired and installed in the Building or on the Leased Land such machinery, equipment and related property (all of which shall be and remain the property of the Lessee and none of which shall be considered a part of the Project)

as shall be necessary in order that the Lessee may operate upon the Leased Land a plant for the manufacture of reclining chairs, or such other products as Lessee may determine, and any transportation facility and equipment used as an integral part of the Project, which in Lessee's judgment may be necessary for operation of the Project.

(c) By virtue of the County's execution of this Agreement and the issuance of the Bonds by the County, the Lessee has received a full and adequate consideration for the Leased Land and original buildings which have been conveyed to the County for the nominal cash consideration of \$1.00.

The Lessee agrees to complete the Project as promptly as practicable after receipt of proceeds from the sale of the Bonds.

SECTION 4.2 Agreement to Issue Bonds; Application of Bond Proceeds. In order to provide funds for payment of the costs of the Project, the County agrees that it will, on or before the 1st day of June, 1969, sell and cause to be delivered to the initial purchasers thereof Bonds in the aggregate principal amount of \$1,300,000 and will thereupon (i) deposit in the Bond Fund all accrued interest received on the sale of the Bonds, and (ii) deposit in the Construction Fund the balance of the proceeds received from said sale.

SECTION 4.3 Disbursements from the Construction Fund. The County shall in the Indenture authorize and direct the Trustee to use the moneys in the Construction Fund for the following purposes (but, subject to the provisions of Section 4.9 hereof, for no other purposes):

(a) Payment of the initial or acceptance fee of the Trustee, the fees for recording the deed whereby the Leased Land has been conveyed to the County, this Agreement, the Indenture and any

title curative documents that either the Trustee, the Lessee or Independent Counsel may deem desirable to file for record in order to perfect or protect the title of the County to the Project or to perfect or protect the lien of the Indenture on the Project; and the fees and expenses in connection with any actions or proceedings that either the Trustee, the Lessee or Independent Counsel may deem desirable to bring in order to perfect or protect the title of the County to the Project or to perfect or protect the lien of the Indenture on the Project.

(b) Payment to the Lessee and the County, as the case may be, of such amounts, if any, as shall be necessary to reimburse the Lessee and the County in full for all advances and payments made by them or either of them prior to or after the delivery of the Bonds for expenditures in connection with (i) the acquisition by the County of title to the Leased Land and the preparation of plans and specifications for the Project (including any preliminary study or planning of the Project or any aspect thereof) and (ii) clearing the Leased Land, the construction of the Building and all construction, acquisition and installation expenses required to provide utility services or other facilities, and all real or personal properties deemed necessary in connection

with the Project other than the Leased Land (including architectural, engineering and supervisory services with respect to any of the foregoing).

(c) Payment of the cost of title insurance, legal and accounting fees and expenses, and printing and engraving costs incurred in connection with the authorization, sale and issuance of the Bonds, the preparation of this Agreement, the Indenture and all other documents in connection therewith and in connection with the acquisition of title to the Leased Land and Building.

(d) Payment for labor, services, materials and supplies used or furnished in site improvement and in the construction of the Building, payment for the cost of the construction, acquisition and installation of utility services or other facilities, and all real and personal property (except the Leased Land and original buildings which have been acquired by the County for a nominal cash consideration of \$1.00) deemed necessary in connection with the Project and payment for the miscellaneous expenses incidental to any of the foregoing items, including the premium on any surety bond.

(e) Payment of the fees, or out-of-pocket expenses of the Lessee, if any, for architectural, engineering and supervisory services with respect to the Project.

(f) Payment to the Trustee as such payments become due, of the fees and expenses of the Trustee (as Trustee, Bond Registrar and paying agent) and of any paying agent properly incurred under the Indenture that may become due during the Construction Period, or reimbursement thereof if paid by the Lessee.

(g) To such extent as they shall not be paid by a 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 Agreement, or reimbursement thereof if paid by the Lessee.

(h) Payment of the taxes, assessments and other charges, if any, referred to in Section 6.3 hereof that may become payable during the Construction Period, or reimbursement thereof if paid by the Lessee.

(i) Payment of expenses incurred in seeking to enforce any remedy against any contractor or subcontractor in respect of any default under a contract relating to the Project.

(j) Payment of any other costs and expenses relating to the Project.

(k) All moneys remaining in the Construction Fund after completion of the construction of the Building and payment in full of the costs thereof,

and after payment of all other items provided for in the preceding subsections (a) to (j), inclusive, of this Section, shall at the direction of the Lessee be (i) used by the Trustee for the purchase of Bonds in the open market for the purpose of cancellation, at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of delivery, or (ii) paid into the Bond Fund, except for amounts retained by the Trustee with the approval of 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 used by the Trustee as directed by the Lessee in the manner specified in clauses (i) and (ii) of this subsection.

Provided that:

(1) Each of the payments made pursuant to the preceding subsections (a), (b), (c), (d), (e), (g), (i) and (j) of this Section shall be made only upon receipt by the Trustee of a written order by the Authorized Lessee Representative and by the Authorized County Representative, which 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 in connection with the Project, is authorized by this Agreement and does not conflict with any provisions of this Section 4.3.

(2) In the case of any contract providing for the retention by the Lessee 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, until such retainage becomes due in accordance with the terms of such contract.

(3) Nothing contained in this Agreement shall be construed to authorize payment to the Lessee for the cost of the Leased Land and the original buildings, all of which have been conveyed to the County for the nominal cash consideration of \$1.00.

SECTION 4.4 Trustee May Rely on Orders and Certifications.

In making any such payment from the Construction Fund, the Trustee may rely on any such orders and certifications delivered to it pursuant to Section 4.3, and the Trustee shall be relieved of all liability with respect to making such payments in accordance with such orders and certifications.

SECTION 4.5 Establishment of Completion Date. The

Completion Date shall be evidenced to the Trustee by a certificate signed by the Authorized Lessee Representative 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) construction of the Building has been completed in accordance with the specifications therefor and all labor, services, materials and supplies used in such construction have been paid for, and

(ii) all other facilities necessary in connection with the Project have been constructed, acquired and installed in accordance with the specifications therefor and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. It shall be the duty of the Lessee to furnish the certificate contemplated by this Section 4.5 as soon as the Project shall have been completed.

SECTION 4.6 Lessee Required to Pay Construction Costs in Event Construction Fund Insufficient. In the event the moneys in the Construction Fund available for payment of the costs of the Project shall not be sufficient to pay the costs thereof in full, the Lessee agrees to complete the Project and to pay 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 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 shall pay any portion of the said 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 hereof. The obligation of the Lessee to complete the Project shall survive any termination of this Agreement, subject to the force majeure provisions of the concluding paragraph of Section 10.1.

SECTION 4.7 Authorized Lessee and County Representatives and Successors. The Lessee and the County Board will designate, in the manner prescribed in Section 1.2, the Authorized Lessee Representative and the Authorized County Representative. In the event that any person so designated hereunder and his alternate or alternates, if any, should become unavailable or unable to take any action or make any certificate provided for or required in this Agreement, a successor shall be appointed in the same manner.

SECTION 4.8 Enforcement of Remedies Against Contractors and Subcontractors and Their Sureties. Lessee covenants that it will take such action and institute such proceedings as shall be necessary to cause and require all contractors and material suppliers to complete their contracts diligently in accordance with the terms of said contracts, including, without limitation, the correcting of any defective work, with all expenses incurred by Lessee in connection with the performance of its obligations under this Section 4.8 to be considered part of the Project costs referred to in Section 4.3 (j), and County agrees that the Lessee may, from time to time, in its own name, or in the name of the

County, take such action as may be necessary or advisable, as determined by Lessee, to insure the construction of the Project in accordance with the terms of such construction contracts to insure the peaceable and quiet enjoyment of the Project for the Lease Term, and to insure the performance by the County of all covenants and obligations of the County under this Agreement, with all costs and expenses incurred by Lessee in connection therewith to be considered as part of the Project costs referred to in Section 4.3 (j). Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing prior to the Completion Date, less any unreimbursed legal expenses incurred in order to collect the same, shall be paid into the Construction Fund and after the Completion Date shall be paid into the Bond Fund.

SECTION 4.9 Investment of Construction Fund Moneys Permitted. Any moneys held as a part of the Construction Fund shall at the written request of the Authorized Lessee Representative be invested or reinvested by the Trustee in (i) obligations of the United States and agencies thereof; (ii) general obligations of the State of South Carolina or any of its political units; (iii) Savings and Loan Associations to the extent that the same are secured by the Federal Savings & Loan Corporation; (iv) certificates of deposit where such certificates of deposit are collaterally secured by securities of the type described in (i) and (ii) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; or

(v) to the extent such investments are not prohibited by law for investment of bond proceeds by the County, certificates of deposit of banks or trust companies, including the Trustee, organized under the laws of the United States or any state thereof, which have a combined capital and surplus of at least \$20,000,000, or prime commercial paper. Such investments shall be as specified by the Authorized Lessee Representative.

ARTICLE V

EFFECTIVE DATE OF THIS AGREEMENT; DURATION OF LEASE TERM;
RENTAL PROVISIONS; PAYMENT IN LIEU OF TAXES AND UNCONDITIONAL
OBLIGATIONS OF LESSEE

SECTION 5.1 Effective Date of this Agreement;

Duration of Lease Term. This Agreement shall become effective upon its delivery, and the leasehold estate created in this Agreement shall then begin, and, subject to the provisions of this Agreement (including particularly Articles X and XI and Section 12.2 hereof), shall expire January 1, 1986.

SECTION 5.2 Delivery and Acceptance of Possession.

The County agrees to deliver to the Lessee sole and exclusive possession of the Project upon the execution and delivery of this Agreement and Lessee, thereupon and thereafter shall have sole and exclusive possession of the Project during the Lease Term (subject to the right of the County and Trustee to enter thereon for inspection purposes and to the other provisions of Section 8.2 hereof).

SECTION 5.3 Rents and Other Amounts Payable. At least seven days before July 1, 1969, and at least seven days before each January 1 and July 1 thereafter until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Lessee shall pay to the Trustee as rent for the Project (i) if such date is January 1, a sum equal to the amount payable on such date as principal and interest upon the Bonds, and (ii) if such date is July 1, a sum equal to the amount payable on such date as interest upon the Bonds, as provided in the Indenture.

In any event each rental payment under this Section shall be sufficient to pay the total amount of interest or interest and principal (whether at maturity or by redemption or acceleration as provided in the Indenture) and premium, if any, payable on the next succeeding interest payment date, and if at any interest payment date the balance in the Bond Fund is insufficient to make the required payments of principal (whether at maturity or by redemption or acceleration as provided in the Indenture) and premium, if any, and interest on such date, the Lessee will forthwith pay any such deficiency; provided that any amount at any time held by the Trustee in the Bond Fund shall be credited against the next rental payment to the extent such amount is in excess of the amount required for payment of Bonds theretofore matured or called for redemption and past due interest in all cases where such Bonds or coupons have not been presented for payment; and provided further, that

if the amount held by the Trustee in the Bond Fund should be sufficient to pay at the times required the principal of, premium, if any, and interest on the Bonds then remaining unpaid, the Lessee shall not be obligated to make any further rental payments under the foregoing provisions of this Section.

The Lessee agrees to pay to the Trustee until the principal of, premium, if any, 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 the Indenture, (i) an amount equal to the annual fee of the Trustee for the ordinary services of the Trustee, as Trustee, rendered and its ordinary expenses, as Trustee, incurred under the Indenture, as and when the same becomes due, (ii) reasonable fees and charges of the Trustee, as Bond Registrar and paying agent, and any other 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 the necessary extraordinary services rendered by it and extraordinary expenses incurred by it 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.

In partial prepayment of the rent required by clause (i) of the first paragraph of this Section 5.3, the Lessee agrees to pay the rental payments required to be applied toward

the principal on the Bonds in equal annual installments commencing at least seven days before January 1, 1970 so as to create a reserve in the Bond Fund. Such an annual payment in the amount of \$76,500 will, exclusive of the earnings derived therefrom, provide sufficient moneys in the Bond Fund to meet the principal payments upon the Bonds, each in the amount of \$100,000, to become due on each January 1st, beginning January 1st 1974, and continuing through January 1st, 1986. Accordingly, the Lessee agrees, without regard to the redemption of any Bonds prior to maturity, to make a payment in the amount of \$76,500 into the Bond Fund at least seven days before January 1, 1970, and at least seven days before each January 1 thereafter until all of the Bonds have been fully paid (or provision for payment thereof having been made in accordance with the Indenture), in addition to the amounts required to be paid semi-annually as interest on the Bonds.

In the event the Lessee shall fail to make any of the payments required in this Section 5.3, 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 7% per annum until fully paid. The provisions of this Section shall be subject to the provisions of Section 9.6 hereof.

SECTION 5.4 Place of Rental Payments. The rent provided for in Section 5.3 hereof shall be paid directly to the Trustee for the account of the County and shall be deposited in the Bond Fund. The additional payments to be made to the Trustee under Section 5.3 hereof shall be paid directly to the Trustee for its own use or for disbursement to the paying agents, as the case may be.

SECTION 5.5 Payments in Lieu of Taxes. It is recognized that under the provisions 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, the 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 that the County in cooperation with the Lessee (i) shall cause the Project to be valued as 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 respective appropriate officer or officers charged with the duty of levying and collecting such taxes to submit to the Lessee, when the respective levies are made upon property privately owned as aforesaid, a statement specifying the amount and due date of such taxes which the county, school district and other political units having taxing powers would receive if the Project were so privately owned; and Lessee 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 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 so long as and to the extent the Lessee is required by law to pay the aforesaid amounts in lieu of taxes. Once having paid the amounts required by this Section 5.5 to be paid by it in lieu of taxes, the Lessee shall not be required to pay any such taxes for which a payment in lieu thereof has been made to the State or to any city, county, town, school district or other political unit, any other statute to the contrary notwithstanding. In the event the Lessee shall fail to make any of the payments required by this Section 5.5, the amount or amounts so in default shall continue as an obligation of the Lessee until fully paid and the Lessee agrees to pay the same with interest thereon at

seven (7%) per centum per annum until fully paid.

SECTION 5.6 Obligations of Lessee Hereunder Unconditional.

Subject to the provisions of this Section and Section 9.6 hereof, the obligations of the Lessee to make the payments required in Sections 5.3 and 5.5 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional and until such time as the principal of, and interest and premium, if any, 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 Agreement, and (iii) except as provided in Section 11.1 hereof will not terminate the Lease Term for any cause including, without limiting the generality of the foregoing, failure of the Lessee to complete the Project, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of South Carolina or any political subdivision 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. 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 so long as such action does not abrogate the Lessee's obligations contained in the first sentence of this Section 5.6. 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, INSTALLATION OF LESSEE'S OWN MACHINERY
AND EQUIPMENT, TAXES AND INSURANCE

SECTION 6.1 Maintenance and Modifications of Project

by Lessee. The Lessee agrees that during the Lease Term 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 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 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 operations being conducted in and upon the Project (or, if no operations are being conducted, the operations for which the Project was designed or last modified).

Subject to the provisions of Section 6.2 hereof, such additions, modifications and improvements so made by the Lessee shall be on the Leased Land and become a part of the Project. The Lessee shall 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 so made by it; provided, that if the Lessee shall first notify the Trustee of its intention so to do, 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 Trustee shall notify the Lessee that, in the opinion of Independent Counsel, by nonpayment 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. The County will cooperate fully with the Lessee in any such contest.

SECTION 6.2 Installation of Lessee's Own Machinery and Equipment. The Lessee may from time to time, at its own expense, install machinery, equipment and other personal property in the Building or on the Leased Land, (including the machinery, equipment and related property required by Section 4.1 (b) supra) and which may be attached or affixed to the Building or the Leased Land.

All such machinery, equipment and other personal property (not including the heating and air conditioning systems included in the Building, and any replacements thereof, all of which shall remain a part of the Building and the property of the County subject to this Agreement) shall remain the sole property of the Lessee and the Lessee may remove the same from the Building or the Leased Land at any time, in its sole discretion and at its own expense; provided, that any damage to the Project resulting from any such removal shall be repaired by the Lessee at the expense of the Lessee. The Lessee may create any mortgage, encumbrance, lien or charge on any such machinery, equipment and other personal property provided that the same will not diminish or impair the security intended to be given by or under the Indenture. Neither the County nor the Trustee shall have any interest in or landlord's lien on any such machinery, equipment or personal property so installed pursuant to this Section 6.2 and all such machinery, equipment and personal property shall be and remain the property of the Lessee, and shall not be a part of the Project.

SECTION 6.3 Taxes, Other Government Charges and Utility Charges. The County and the Lessee acknowledge (i) that pursuant to Section 13 of the Act, no part of the Project owned by the County will be subject to taxation in South Carolina, and that under present law the income and profits (if any) of the County from the Project are not subject to either Federal or South Carolina taxation, and (ii) that these factors, among others, have induced the Lessee to enter into this Agreement.

However, the Lessee will pay, as the same become due, all taxes and governmental charges of any kind whatsoever 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, any taxes levied upon or with respect to the lease rentals, revenues or receipts of the County from the Project which, if not paid, will 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 thereon and the pledge or assignment thereof to be created and made in the Indenture, and including all ad valorem taxes lawfully assessed upon the leasehold estate hereby granted and conveyed to the Lessee in the Project), all utility and other charges 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.

If the Lessee shall first notify the Trustee of its intention so to do, the Lessee may, at its expense and in its own name and behalf or in the name and behalf of the County, in good faith contest any such taxes, assessments and other charges

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 Trustee shall notify the Lessee that, in the opinion of Independent Counsel, by nonpayment of any such items the lien of the Indenture 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. 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 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 advancement, which amounts, together with interest thereon at the rate of 7% per annum from the date thereof, the Lessee agrees to pay.

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

SECTION 6.4 Insurance Required. (a) Lessee shall, at Lessee's sole cost and expense at all times during the Lease Term, keep the Project insured against loss or damage in accordance with the customary insurance practices of Lessee,

but in all events to the following extent:

(i) Against the perils of fire and the hazards ordinarily included under standard extended coverage endorsements in amounts necessary to prevent the application of the co-insurance provisions of the applicable policies but not less than the lesser of 80% of the full insurable value thereof within the terms of applicable policies or an amount equal to the principal amount of Bonds outstanding from time to time.

(ii) Against war risks when a state of war or national or public emergency exists and such insurance is obtainable from a department or agency of the United States Government, upon reasonable terms, in the full amount necessary to prevent the application of the co-insurance provisions of the applicable policies but not less than 80% of the then full insurable value, or, if such amounts be not obtainable, then in the highest amount which can be so obtained.

(iii) If there are boilers or pressure vessels, from boiler or pressure vessel explosion in an amount customarily carried in the case of similar industrial operations.

The term "full insurable value" means such value as shall be determined from time to time at the request of the County, Lessee or Trustee (but not more frequently than once in every twenty-four (24) months) by one of the insurers selected by Lessee.

(b) At all times during the Lease Term, Lessee shall, at no cost or expense to the County, maintain or cause to be maintained:

(i) General public liability insurance (including Workmen's Compensation insurance in amounts usually carried by similar operations) against claims for bodily injury or death occurring upon, in or about the Project, with such insurance (other than Workmen's Compensation Insurance) to afford protection to the limits of not less than \$100,000 in respect of bodily injury or death to any one person and to the limit of not less than \$300,000 in respect of any one accident; and

(ii) Property damage insurance against claims for damage to property (including loss of use) occurring upon, in or about the Project with such insurance to afford protection to the limit of not less than \$100,000 in respect of damage to the property of any one owner.

(c) The insurance required by this Section 6.4 shall be maintained in full force and effect at all times during the Lease Term of this Agreement, except that such insurance required by Section 6.4 (a) need not be placed in force and effect until the completion of the construction of the Project, provided that builder's risk insurance is in effect at least to the extent contemplated by Section 6.4 (a) and provided further that in no event shall the insurance required by

Section 6.4 (a) be placed into force and effect later than the expiration of the builder's risk insurance carried pursuant to the provisions of any contracts entered into with contractors, with the end in view of having full insurance coverage at all times.

(d) Copies or certificates of the insurance required by this Section, each bearing notations evidencing payment of the premiums or other evidence of payment satisfactory to the Trustee, shall be delivered by Lessee to the Trustee. And, in the case of expiring policies throughout the term, copies or certificates of any new or renewal policies, each bearing notations evidencing payment of the premium or other evidence of payment satisfactory to the Trustee, shall be delivered by Lessee to the Trustee.

(e) Policies of insurance provided for in Section 6.4 (a) and any builder's risk insurance referred to in Section 6.4 (c) shall name the County and the Lessee as insureds as their respective interests may appear, provided, however, that the Trustee shall also be named as a party insured pursuant to a standard mortgagee clause as its interests may appear, and provided further that while any Bonds remain outstanding all casualty insurance shall be payable as provided in Section 7.1 hereof.

(f) All insurance required by this Section 6.4 shall be effected with responsible insurance companies selected by the Lessee. Lessee shall cause appropriate provisions to be inserted in each insurance policy making each policy noncancellable without at least ten (10) days prior written notice to the County, Lessee

and Trustee. Also, it is agreed that no claim shall be made and no suit or action at law or in equity shall be brought by the County or by anyone claiming by, through or under the County, against Lessee for any damage to the Project covered by the insurance provided for by this Section 6.4, however caused, but nothing in this subsection (f) shall diminish Lessee's obligation to repair or rebuild as provided in Section 7.1. The Lessee shall have the sole right and responsibility to adjust any loss with the insurer involved and to conduct any negotiations in connection therewith, provided that so long as any Bonds remain outstanding and unpaid no settlement of any claim shall be effected without the written consent of the Trustee.

SECTION 6.5 Application of Net Proceeds of Insurance.

The Net Proceeds of the insurance carried pursuant to the provisions of Section 6.4 (a) hereof shall be received by the Lessee and shall then be paid and applied as provided in Section 7.1 hereof and the Net Proceeds of insurance carried pursuant to the provisions of Section 6.4 (b) hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

SECTION 6.6 Advances by the County or the Trustee.

In the event the Lessee shall fail to maintain the full insurance coverage required by this Agreement or shall fail to keep the Project in as reasonably safe condition as its operations will permit, or shall fail to keep the Project in good repair, 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 required repairs; 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 advancement, which amounts, together with interest thereon at the rate of 7% per annum from the date thereof, the Lessee agrees to pay.

ARTICLE VII

DAMAGE, DESTRUCTION AND CONDEMNATION

SECTION 7.1 Damage and Destruction. (a) Unless the Building shall be damaged to the extent prescribed by, and the Lessee shall elect 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 Indenture) the Project is damaged by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.4 (a) hereof resulting from such destruction or damage is not greater than \$50,000, the Lessee (i) shall promptly repair, rebuild or restore the Project to substantially the same condition thereof 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 the value or the character of the Project as a manufacturing plant and (ii) will apply for such purpose so much as may be necessary of any Net Proceeds of insurance resulting from such claims for losses. All Net Proceeds of insurance resulting from such claims for losses

not in excess of \$50,000 shall be paid to the Lessee, subject to the provisions of Section 7.1 (e).

(b) Unless the Building shall be destroyed or damaged to the extent prescribed by, and the Lessee shall elect 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 Indenture) the Project is destroyed or is damaged (in whole or in part) by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.4 (a) hereof resulting from such destruction or damage is in excess of \$50,000, the Lessee shall promptly give written notice thereof to the Trustee. All Net Proceeds of insurance received by the Lessee resulting from such claims for losses in excess of \$50,000 shall be paid to and held by the Trustee in a separate trust account, whereupon (i) the Lessee shall proceed promptly to repair, rebuild or restore the Project to substantially the same condition thereof 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 the value or the character of the Project as a manufacturing plant, and (ii) the Trustee shall 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.

(c) In the event said Net Proceeds are not sufficient to pay in full the costs of such repair, rebuilding or restoration, the Lessee shall nonetheless complete said work and shall pay that portion of the costs thereof in excess of the amount of said Net Proceeds.

(d) The Lessee shall not, by reason of the payment of such excess costs be entitled to any reimbursement from the County, the Trustee or the holders or owners of the Bonds or any abatement or diminution of the rents payable under Section 5.3 hereof.

(e) Any balance of such Net Proceeds remaining after payment of all costs of such repair, rebuilding or restoration shall be paid into the Bond Fund. If the Bonds have been fully paid (or provision therefor has been made in accordance with the Indenture), all Net Proceeds shall be paid to the Lessee.

SECTION 7.2 Condemnation. Unless title to, or temporary use of, all or substantially all of the Project shall have been taken by condemnation and the Lessee shall elect to 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, the Lessee and the Trustee shall cause the Net Proceeds received

by them or any of them from any award made in such eminent domain proceedings, to be paid to and held by the Trustee in a separate trust account, to be applied in one or more of the following ways as shall be directed in writing by the Lessee:

(a) To the restoration of the Project to substantially the same condition thereof as existed prior to the exercise of the said power of eminent domain.

(b) To the acquisition, by construction or otherwise, by the Lessee of improvements consisting of a building or buildings, facilities, machinery, equipment or other properties suitable for the Lessee's operations at the Project (which improvements shall be deemed a part of the Project subject to this Agreement and to the lien of the Indenture and available for use and occupancy by the Lessee without the payment of any rent other than as herein provided to the same extent as if such other improvements were specifically described herein and demised hereby); provided, that such improvements shall be acquired by the County subject to no liens or encumbrances prior to or on a parity with the lien of the Indenture, other than Permitted Encumbrances.

(c) To the redemption of Bonds together with interest accrued thereon to the date of redemption; provided, that no part of any such condemnation award may be applied for such redemption unless (1) 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 (2) 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 Independent Engineer acceptable to the County and the Trustee stating (i) 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 (ii) that the Project has been restored to a condition substantially equivalent to its condition prior to the taking by such condemnation proceedings, or (iii) that improvements have been acquired which are suitable for the Lessee's operations at the Project as contemplated by the foregoing subsection (b) of this Section.

Unless the Lessee shall have elected to exercise its option to purchase pursuant to the provisions of Section 11.2 (b) hereof within ninety 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 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 shall, 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 shall 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 not included in the Project (except for damages for the value of its leasehold estate under this Agreement which shall be disposed of pursuant to Section 7.2 hereof.)

ARTICLE VIII

SPECIAL COVENANTS

SECTION 8.1 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.

SECTION 8.2 County's and Trustee's Right of Access to the Project. The Lessee agrees that the County, the Trustee and the duly authorized agents of each of them shall have the right at all reasonable times to enter upon the Leased Land

and to examine and inspect the Project, including such rights of access to the Project as may be reasonably necessary for the proper maintenance of the Project in the event of failure by the Lessee to perform its obligations under Section 6.1 hereof. The right of access hereby reserved to the County and the Trustee may be exercised only after any such agent shall have executed release of liability and secrecy agreements in the form then currently used by the Lessee. However, nothing contained in this Section 8.2 or in any other provision of this Agreement shall be construed to entitle the County or the Trustee to any information or inspection involving the confidential know-how of the Lessee.

SECTION 8.3 Lessee to Maintain its Corporate Existence; Conditions Under Which Exceptions Permitted. 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 corporation, or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve, provided the surviving, resulting or transferee corporation, as the case may be, assumes in writing all of the obligations of the Lessee

under this Agreement, and provided that prior to such sale, transfer, consolidation or merger the Trustee shall be furnished a certificate from a firm of independent Certified Public Accountants stating that the covenants contained in Section 8.9 hereof will not be violated.

SECTION 8.4 Qualification in South Carolina. The Lessee warrants that it is and throughout the Lease Term it will continue to be duly qualified to do business in South Carolina.

SECTION 8.5 Release of Certain Land. In addition to the rights granted by Section 11.3 hereof, the parties hereto reserve the right at any time and from time to time to amend this Agreement for the purpose of effecting the release of and removal from this Agreement and the leasehold estate created hereby (i) of any unimproved part of the Leased Land (on which the Building is not situated, but upon which transportation or utility facilities may be situated) on which the County then proposes to construct, or cause to be constructed, improvements for lease to the Lessee or any subsidiary or affiliated corporation thereof under another and different lease agreement, or (ii) any part (or interest in such 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, 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 Board (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 Agreement, (ii) giving an adequate legal description of that portion (together with the interest in such portion) of the Leased Land to be released, (iii) stating the purpose for which the County desires the release, (iv) stating that the said improvements which will be so constructed will be such as will promote the continued industrial development of South Carolina, and (v) requesting such release.

(c) A resolution of the Board of Directors of the Lessee approving such amendment and stating that the Lessee is not in default under any of the provisions of this Agreement.

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

(e) A certificate of an Independent Engineer who is acceptable to the Trustee, dated not more than sixty days prior to the date of the release and stating that, in the opinion of the person signing such certificate, (i) the portion of the Leased Land so proposed to be released is necessary or desirable in order to obtain railroad, utility services or roads to benefit the Project or is not otherwise needed for the operation of the Project for the purposes hereinabove stated, and (ii) the release so proposed to be made will not impair the usefulness of the Project as a manufacturing plant and will not destroy the means of ingress thereto and egress therefrom.

And, provided further, if such release 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 as a manufacturing plant.

If all of the conditions of this Section 8.5 are met the Trustee shall be authorized to release any such property from the lien of the Indenture.

No 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 Agreement shall have happened and be continuing the Lessee may at any time or times 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 lien of the Indenture, or the Lessee may release existing easements, licenses, rights of way and other rights or privileges with or without consideration, and the County agrees that it shall execute and deliver and will cause and direct the Trustee to execute and deliver any instruments necessary or appropriate to confirm and grant or release any such easement, license, right of way or other right or privilege upon receipt of: (i) a copy of the instrument of grant or release; (ii) a written application signed by the President or a Vice President or the Chairman of the Board of Directors of the Lessee requesting such instrument; and (iii) a certificate executed by the President or a Vice President 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 operation of the Project and will not weaken, diminish or impair the security intended to be given by or under the Indenture. No grant 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 8.7 Indemnification Covenants. (a) Lessee shall and agrees to indemnify and save the County and the Trustee harmless against and from all claims by or on behalf of any person, firm or corporation arising from the conduct or management of, or from any work or thing done on, the Project during the Lease Term, and against and from all claims arising during the Lease Term from (a) any condition of the Project, (b) any breach or default on the part of Lessee in the performance of any of its obligations under this Agreement, (c) any act or negligence of Lessee or of any of its agents, contractors, servants, employees or licensees, or (d) any act or negligence of any assignee or sublessee of Lessee, or of any agents, contractors, servants, employees or licensees of any assignee or sublessee of Lessee. Lessee shall indemnify and save the County and the Trustee harmless from and against all costs and expenses incurred in or in connection with any such claim arising as aforesaid, or in connection with any action or proceeding brought thereon, and upon notice from the County, or the Trustee, Lessee shall defend them or either of them in any such action or proceeding.

(b) The Act prescribes and the parties intend that the County shall not incur pecuniary liability by reason of making this Agreement, by reason of the issuance of the Bonds, by reason of the execution of the Indenture, by reason of the performance of any act required of it by this Agreement or by reason of the performance of any act requested of it by the Lessee. Nevertheless if the County shall incur any such pecuniary liability, then in such event the Lessee shall

indemnify and hold the County harmless by reason thereof.

SECTION 8.8 Financial Statement of Lessee. The Lessee agrees to have an annual audit made by its regular independent certified public accountants and to furnish the Trustee (within thirty days after receipt by the Lessee) with a balance sheet and statement of income and surplus showing the financial condition of the Lessee and its consolidated subsidiaries, if any, at the close of each fiscal year and the results of operations of the Lessee and its consolidated subsidiaries, if any, for each fiscal year, accompanied by a certificate of opinion of said accountants. Lessee further agrees to furnish to Trustee, the initial purchaser of the Bonds, (and, if requested in writing, to any bondholder) all financial statements which it sends to its shareholders.

SECTION 8.9 Covenants of Lessee with Respect to Capital Expenditures. The County is issuing the Bonds pursuant to an election made under Section 103 (c) (6) (D) of the Internal Revenue Code of 1954, as amended by Public Law 90-364. In order to insure that interest on the Bonds will not become subject to Federal Income Taxes as a result of a violation of the capital expenditures limitation the Lessee covenants with the County, the Trustee, and with each of the future holders of any Bonds or interest coupons appertaining thereto as follows:

(1) Lessee covenants and agrees that it will never permit the occurrence of any circumstance set forth in said Section 103 (c) (6) (D) and (E) which might cause the loss of tax exemption on the interest on said Bonds.

(2) Should any of the circumstances set forth in said Section 103 (c) (6) (D) and (E) occur (whether through act of the Lessee or through circumstances beyond Lessee's control, or otherwise) with the result that any one of the following events occurs:

(a) interest on any Bond becomes subject to Federal Income Tax,

(b) the capital expenditure limitation prescribed in said Section 103 (c) (6) (D) is violated, or

(c) a deficiency is asserted by the Internal Revenue Service against the holder of any Bond;

then upon the happening of the first to occur of the said events the Lessee will promptly reimburse in full the holder of any Bond or coupon appertaining thereto for any sums theretofore or thereafter paid as Federal Income Tax, including penalties and interest relating thereto, upon the interest on said Bond. Such payment shall be in addition to any premium any Bondholder may receive because of the mandatory redemption of the Bonds by the County following purchase of the Project by the Lessee as required by Section 12.2 of this Agreement. The obligation of the Lessee under this Section 8.9 (2) shall survive the termination of this Agreement and continue so long as any Bonds are outstanding upon which the interest may become taxable under said Section 103 (c) (6) (D) and (E).

(3) To insure that capital expenditures will not be paid or incurred in excess of \$5,000,000 with respect to "facilities" described in Section 103 (c) (6) (E) of the Internal Revenue Code

referred to, the Lessee hereby covenants and agrees that during the six year period therein referred to such capital expenditures will in no event exceed \$4,250,000 (including the \$1,300,000 principal amount of Bonds).

(4) Lessee further covenants that on June 1, 1969, and on the first day of each January and June thereafter to and including January 1, 1973, the Lessee will furnish to the Trustee a certificate of independent certified public accountants stating that during the period beginning three (3) years prior to the issuance of the Bonds to the date on which such certificate is due, capital expenditures (including the \$1,300,000 principal amount of Bonds) in excess of \$4,250,000 have not been paid or incurred with respect to "facilities" described in Section 103 (c) (6) (E) of the Internal Revenue Code of 1954, as amended, in Florence County, South Carolina.

Nothing herein contained is intended to create any obligation upon the Lessee as a result of interest on any Bond becoming taxable or any deficiency being asserted against the holder of any Bond by virtue of the provisions of Section 103 (c) (7) of the Internal Revenue Code of 1954, as amended.

ARTICLE IX

ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING; REDEMPTION;

RENT PREPAYMENT AND ABATEMENT

SECTION 9.1 Assignment and Subleasing. This Agreement may be assigned, 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) or subleasing shall relieve the Lessee from primary liability for any of its obligations hereunder, and in the event of any such assignment or subleasing, the Lessee shall continue to remain primarily liable for payment of the rents specified in Section 5.3 hereof and for the payment, performance and observance of the other obligations and agreements on its part herein provided to be performed and observed by it.

(b) The assignee or sublessee shall assume in writing the obligations of the Lessee hereunder to the extent of the interest assigned or subleased.

(c) The Lessee shall, within thirty 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.

SECTION 9.2 Mortgage of Project by County. The County will mortgage the Project by the Indenture, and assign its interest in and pledge any moneys receivable under this Agreement (except payments made in lieu of taxes pursuant to Section 5.5) pursuant to the Indenture, to the Trustee as security for payment of the principal of, premium, if any, and interest on the Bonds, but each such mortgage, assignment or pledge shall be subject and subordinate to this Agreement.

SECTION 9.3 Restrictions on Sale of Project by County.

The County agrees that, except as set forth in Section 9.2 hereof or other provisions of this Agreement or the Indenture, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Project during the Lease Term.

SECTION 9.4 Redemption of Bonds. The County, at the request at any time of the Lessee and if the same are then callable, 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 the earliest redemption date on which such redemption may be made under such applicable provisions.

SECTION 9.5 Prepayment of Rents. There is expressly reserved to the Lessee the right, and the Lessee is authorized and permitted, at any time it may choose, to prepay all or 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 credited on the rental payments specified in Section 5.3 hereof, in the order of their due dates.

SECTION 9.6 Lessee Entitled to Certain Rent Abatements if Bonds Paid Prior to Maturity. If at any time the aggregate moneys in the Bond Fund shall be sufficient to retire in accordance with the provisions of the Indenture all of the Bonds at the time outstanding, and to pay all fees and charges of the Trustee and any paying agents on the Bonds due or to become due through the date on which the last of the Bonds is retired, under circumstances

not resulting in termination of the Lease Term, and if the Lessee is not at the time otherwise in default hereunder, the Lessee shall be entitled to use and occupy the Project from the date on which such aggregate moneys are in the hands of the Trustee to and including January 1, 1986, with no obligation to make the rental payments specified in Section 5.3 hereof during that interval (but otherwise on the terms and conditions hereof).

SECTION 9.7 Reference to Bonds 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, all references in this Agreement to the Bonds and the Trustee shall be ineffective and neither the Trustee nor the holders of any of the Bonds shall thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested. For purposes of this Agreement the Bonds shall be deemed fully paid:

(a) If there is on deposit in the Bond Fund a total amount sufficient to pay the principal of all the then outstanding Bonds plus the interest due thereon until and at their respective maturities and provision for the payment of all Trustee's and paying agents' fees, accrued and to accrue, has been made in a manner satisfactory to the Trustee and such paying agents, or

(b) If there have been irrevocably deposited with the Trustee (i) moneys sufficient to pay, redeem and retire all the then outstanding Bonds (including, without limitation, principal, premium, interest to maturity or earliest applicable redemption date (as the case may be), expenses of redemption and Trustee's and paying agents' fees), and (ii) evidence satisfactory to the Trustee that all redemption notices required by the Indenture have been duly given by the County or the Trustee has been irrevocably authorized to give such redemption notices.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

SECTION 10.1 Events of Default Defined. The following shall be "events of default" under this Agreement and the terms "event of default" or "default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(a) Failure by the Lessee to pay the rents required to be paid under Section 5.3 of this Agreement at the time specified therein and continuing for a period of five days after notice by telegram, or if telegraphic service is not available then after notice by mail given to the Lessee by either the Trustee or the County that the payment referred to in such notice has not been received.

(b) (i) The violation of the capital expenditure limitation prescribed in Section 103 (c) (6) (D) of the Internal Revenue Code of 1954, or (ii) the interest on any Bond becomes subject to Federal Income Tax or a deficiency is asserted by the Internal Revenue Service against the holder of any Bond as a result of the occurrence of any of the circumstances set forth in Section 103 (c) (6) (D) and (E) of the Internal Revenue Code of 1954.

(c) Failure by the Lessee to observe and perform any covenant, condition or agreement in this Agreement on the part of the Lessee to be observed or performed, other than as referred to in subsection (a) of this Section, for a period of thirty 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 Trustee shall agree in writing to an extension of such time prior to its expiration (or in the case of any such default which cannot with due diligence be cured within such 30 day period, if Lessee shall fail to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence, it being intended in connection with a default not susceptible of being cured with due diligence within the 30 days that the time of Lessee within which to cure the same shall be extended for such period as may be necessary to complete the curing of the same with all due diligence).

(d) The dissolution or liquidation of the Lessee or the filing by the Lessee of a voluntary petition in bankruptcy, or failure by the Lessee promptly to lift any execution, garnishment or attachment of such consequence as will impair the ability of the Lessee 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 in any domestic or foreign jurisdiction which may now be in effect or hereafter 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, provided, that the conditions permitting such actions contained in Section 8.3 hereof shall have been met.

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 of the Lessee on its part herein contained, other than the obligations on the part of the Lessee contained in Article V and Sections 6.3, 6.4, 8.7 and 8.9 hereof, the Lessee shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of South Carolina or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Lessee, it being agreed 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 subsisting, the County 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 Agreement, and sublease the Project for the account of the Lessee, holding the Lessee liable for the difference in the rent and other amounts actually paid by such sublessee in such subleasing and the rents and other amounts actually paid by the Lessee hereunder; provided, that in the case of an event of default referred to in Section 10.1 (a) hereof, the County shall not be entitled to take such action until the sixth day after the giving of notice as prescribed in Section 10.1 (a).

(c) The County, with the prior written consent of the Trustee, may terminate the Lease Term, exclude the Lessee from possession of the Project and use its best efforts to lease the Project to another for the account of the Lessee, holding the Lessee liable for

all rent and other amounts payable by the Lessee hereunder; provided, that in the case of an event of default referred to in Section 10.1 (a) hereof, the County shall not be entitled to take such action until the sixth day after the giving of notice as prescribed in Section 10.1 (a).

(d) In the event any of the Bonds shall at the time be outstanding and unpaid, the County may have access to and inspect, examine and make copies of the books and records and any and all accounts, similar data and income tax and other tax returns of the Lessee.

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

No action taken pursuant to this Section (including repossession of the Project or termination of the Lease Term) shall relieve the Lessee from the Lessee's obligations pursuant to Section 5.3, Section 8.9 and Section 10.2 (a) hereof, all of which shall survive any such action.

SECTION 10.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the County is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this 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 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. Such rights and remedies as are given the County hereunder shall also extend to the Trustee and the Trustee and the holders of the Bonds shall be deemed third party beneficiaries of all covenants and agreements herein contained.

SECTION 10.4 Agreement to Pay Attorneys' Fees and Expenses. In the event the Lessee shall default under any of the provisions of this 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 by the County or the Trustee.

SECTION 10.5 No Additional Waiver Implied by One Waiver. In the event any agreement contained in this 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, and is hereby granted, the following options to 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 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 earliest applicable redemption date, as the case may be, premium, expenses of redemption and Trustee's and paying agent's fees and expenses), and in case of redemption making arrangements satisfactory to the Trustee for the giving of the required notice of redemption, and by paying to the County any and all sums then due to the County under this Agreement.

(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) and of any and all sums then due to the County under this Agreement, the Lessee may terminate the Lease Term by giving the County notice in writing of such termination and 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 events set forth in the following clauses shall have occurred:

(a) The Building shall have been damaged or destroyed (i) to such extent that it cannot be reasonably restored within a period of four months to the condition thereof immediately preceding such damage or destruction, or (ii) to such extent that the Lessee is thereby prevented from carrying on its normal operations at the Project for a period of four months, or (iii) to such extent that the cost of restoration thereof would exceed by \$100,000 the Net Proceeds of insurance carried thereon pursuant to the requirements of Section 6.4 (a) hereof, plus the deductible amounts for which the Lessee is self-insured with respect to the Project.

(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 body or by any person, firm or corporation acting under governmental authority (including such a taking or takings as results in the Lessee being thereby prevented from carrying on its normal operations at the Project 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 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 Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties so expressed in this Agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the County or the Lessee in respect to the Project including without limitation federal, state or other ad valorem, property, income or other taxes not being imposed on the date of this Agreement.

To exercise such option, the Lessee shall, within ninety days following the event authorizing the exercise of such option, give written notice to the County, and to the Trustee if any of the Bonds shall then be unpaid, and shall specify therein the date of closing such purchase, which date shall be not less than forty-five nor more than ninety 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 which, when added to the amount then on deposit in the Bond Fund, will be sufficient to retire and redeem all of the then outstanding Bonds on the applicable redemption date provided by the Indenture, including without limitation, principal, all interest to accrue to said redemption date and redemption expense, plus

(2) An amount of money equal to the Trustee's and paying agents' fees and expenses under the Indenture accrued and to accrue until such final payment and redemption of the Bonds, plus

(3) The sum of one dollar, and any and all other sums then due to the County under this Agreement, for the Leased Land and Building.

In the event of the exercise of the option granted in this Section any Net Proceeds of insurance or condemnation shall be paid to the Lessee simultaneously with the conveyance prescribed by Section 11.4 hereof.

SECTION 11.3 Option to Purchase Unimproved Land.

If no event of default under this Agreement shall have happened and then be continuing, the Lessee shall have, and is hereby granted the option to purchase any part of the Leased Land on which the Building is not located but upon which transportation or utility facilities may be located, at any time and from time to time at and for a purchase price of \$ 1,000.00 per acre 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, (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 forty-five nor more than ninety days from the date of such notice and (iii) a statement that the use to which the Lessee intends to devote such portion of the Leased Land will promote the continued industrial development of South Carolina.

(b) A certificate of an Independent Engineer who is acceptable to the Trustee, dated not more than ninety 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 Project as a manufacturing plant and will not destroy the means of ingress thereto and egress therefrom.

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

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 such money to the Trustee for deposit in the Bond Fund, and secure from the Trustee a release from the lien of 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, 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 as a manufacturing plant.

SECTION 11.4 Conveyance on Exercise of Option to Purchase. At the closing of any purchase pursuant to any option to purchase granted herein, the County shall upon receipt of the purchase price deliver to the Lessee the following:

(a) If necessary, a release from the Trustee of the property with respect to which the option was exercised from the lien of the Indenture.

(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 Agreement; (iv) Permitted Encumbrances other than the Indenture and this 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 11.5 Relative Position of Options and Indenture.

The options respectively granted to the Lessee in this Article except under Section 11.3 hereof shall be and remain prior and superior to the Indenture and may be exercised whether or not the Lessee is in default hereunder, provided that no such default will result in nonfulfillment of any condition to the right of the Lessee to obtain a conveyance of the Project by making the payments required hereunder.

ARTICLE XII

ADDITIONAL OBLIGATIONS OF LESSEE AND COUNTY

SECTION 12.1 Obligation to Purchase Project. The Lessee hereby agrees to purchase, and the County hereby agrees to sell, the Project for one dollar, and any and all sums then due to the County under this Agreement, at the expiration or sooner termination of the Lease Term following full payment of the Bonds, or provision for payment thereof having been made, in accordance with the provisions of the Indenture. At the closing of the foregoing purchase, the County shall deliver to the Lessee the documents referred to in Section 11.4 hereof. The right to purchase granted in this Section shall be and remain prior and superior to the Indenture and may be exercised whether or not the Lessee is in default hereunder provided that no such default will result in non-fulfillment of any condition to this right.

SECTION 12.2 Lessee's Obligation to Purchase Project Under Certain Circumstances. Should any of the circumstances set forth in Section 103 (c) (6) (D) and (E) of the Internal Revenue Code of 1954 occur (whether through act of the Lessee or through circumstances not under Lessee's control or otherwise) with the result that any one of the following events occurs:

- (a) interest on any Bond becomes subject to Federal Income Tax,
- (b) the capital expenditure violation limitation prescribed in said Section 103 (c) (6) (D) is violated,
- or

(c) a deficiency is asserted by the Internal Revenue Service against the holder of any Bond; then upon the happening of the first to occur of such events Lessee agrees to purchase the Project within thirty (30) days thereafter and the purchase price shall be in the amount prescribed in Section 11.2 (1), (2) and (3), including an amount equal to 5 % of the principal amount of the Bonds outstanding on the date of the occurrence of such event. The obligation of the Lessee under this Section 12.2 shall survive the termination of this Agreement and shall continue so long as any Bonds are outstanding upon which the interest may become taxable under said Section 103 (c) (D) and (E).

Nothing herein contained is intended to create any obligation upon the Lessee as a result of interest on any Bond becoming taxable or any deficiency being asserted against the holder of any Bond by virtue of the provisions of Section 103 (c) (7) of the Internal Revenue Code of 1954, as amended.

ARTICLE XIII

MISCELLANEOUS

SECTION 13.1 Quiet Enjoyment. The County agrees so long as the Lessee shall fully and punctually pay all of the rents and other amounts provided to be paid hereunder by the Lessee, and shall fully and punctually perform all of its other covenants and agreements hereunder, that the Lessee shall peaceably and quietly have, hold and enjoy the Project during the Lease Term.

SECTION 13.2 Surrender of Project. Except as otherwise provided in this 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, ordinary wear, tear and obsolescence only excepted.

SECTION 13.3 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, or given when dispatched by telegram when telegraphic notice is permitted by express provisions of this Agreement, addressed as follows: if to the County, to the County Council of Florence County, Florence County Courthouse, Florence, South Carolina; if to the Lessee, at 1284 North Telegraph Road, Monroe, Michigan, Attention: Treasurer; if to the Trustee, at Florence, South Carolina, Attention: Corporate Trust Department. The County, the Lessee, and the Trustee may, by notice given to all parties to this Agreement and the Indenture, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 13.4 Recording and Filing.

(a) This Agreement as originally executed shall be recorded prior to the recordation of the Indenture. It shall be recorded and indexed as a miscellaneous conveyance and as a security agreement in the office of the Clerk of Court for Florence County, South Carolina, or in such other office as may at the time

be provided by law as the proper place for recordation thereof. The security interest of the County created herein as to any fixtures forming a part of the Project shall be perfected by the filing of financing statements which fully comply with the South Carolina Uniform Commercial Code - Secured Transactions, in the Office of the said Clerk of Court for Florence County. The parties further agree that all necessary continuation statements shall be filed within the time prescribed by the South Carolina Uniform Commercial Code - Secured Transactions in order to continue the security interests created by this Agreement, to the end that the rights of the holders of the Bonds and the Trustee in the Project shall be fully preserved as against creditors or purchasers for value therefrom from the County or the Lessee.

(b) The deed conveying the Leased Land (including the existing buildings thereon and under construction thereon) to the County, this Agreement and the Indenture may be recorded prior to the delivery of the Bonds. If subsequent to such recording the Bonds shall not be delivered on or before June 1st, 1969, or such later date as the Lessee may agree upon in writing, then the said deed, this Agreement and the Indenture shall be of no force and effect and in such event the County and the Lessee do hereby

mutually release and discharge each other from any and all claims of any character which either may have against the other by reason of or arising from a failure to deliver the Bonds; and the County shall transfer and reconvey to the Lessee or its designee all properties conveyed to the County by the said deed and for the same consideration paid by the County less any advances made therefor by the Lessee. Both parties shall execute such further instruments as may be necessary to fully implement the provisions of this Subsection (b) of Section 13.4.

SECTION 13.5 Other Instruments.

(a) The Lessee covenants to deliver to the County and the Trustee within 60 days after January 1, 1970, after each January 1 thereafter until the Completion Date, after the Completion Date and after the close of each fiscal year of the Lessee following the Completion Date, a description of the Project, on such January 1, Completion Date or last day of a fiscal year, as appropriate, if the Project is not adequately described in the granting clauses of the Indenture as then supplemented, and in the demising clauses of this Agreement as then amended. Such description shall be sufficiently detailed so as to enable counsel to render the opinion referred to in clause (4) of the next succeeding sentence. Within 30 days after delivery of such description the Lessee covenants that it will:

(1) prepare a supplement to the Indenture and an amendment to this Agreement, each containing an adequate and full description of the Project;

(2) deliver the supplement to the Indenture to the Trustee and the County and the supplement to this Agreement to the County, for execution;

(3) deliver the fully executed supplement to the Indenture and the fully executed supplement to this Agreement to the Trustee for recording and filing or re-recording or re-filing in all places required by the opinion of counsel referred to in subsection (a) (4) of this Section 13.4; and

(4) deliver to the Trustee a written opinion of counsel (who may be counsel for the County or the Lessee), addressed to the Trustee that the description of the Mortgaged Property (as defined in Article I of the Indenture) contained in the granting clauses of the Indenture, as supplemented, and the description of the Project contained in the demising clauses of this Agreement, as supplemented, are adequate for all purposes thereof and hereof and in the opinion given with respect to the Completion Date that such descriptions include descriptions of the entire Project; that the Indenture, as supplemented, constitutes a valid first mortgage lien on the interest of the County in the said Mortgaged Property, subject only to Permitted Encumbrances other

than the Indenture; that the Indenture, as supplemented, this Agreement, as supplemented and all financing statements, continuation statements, notices and other instruments required by applicable law have been recorded or filed or re-recorded or re-filed in such manner and in such places required by law in order fully to preserve and protect the rights of the holders or owners of the Bonds and the Trustee in the Project (and in the assignment to the Trustee of the rents payable under this Agreement) as against creditors of, or purchasers for value from, the County or the Lessee.

(b) The Lessee, the County and the Trustee shall execute and deliver all instruments and shall furnish all information and evidence deemed necessary or advisable by such counsel in order to enable him to render the opinion referred to in subsection (a) (4) of this Section 13.5. The Trustee shall file and record and re-record or cause to be filed and recorded and re-recorded all instruments required to be filed and recorded and re-recorded pursuant to the opinion of such counsel and shall continue or cause to be continued the liens of such instruments for so long as the Bonds shall be outstanding, except as otherwise in this Agreement required.

SECTION 13.6 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the County, 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 13.7 Severability. In the event any provision of this 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 13.8 Amounts Remaining in 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 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 in accordance with the Indenture, shall belong to and be paid to the Lessee by the Trustee as overpayment of rents.

SECTION 13.9 Amendments, Changes and Modifications. This Agreement may not be amended, changed, modified, altered or terminated without in each instance the prior written consent of the Trustee.

SECTION 13.10 Net Lease. This Agreement shall be deemed and construed to be a "net lease", and the Lessee shall pay absolutely net during the Lease Term the rent and all other payments required hereunder, free of any deductions, without abatement, diminution or set-off other than those herein expressly provided.

SECTION 13.11 Execution of Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 13.12 Law Governing Construction of Agreement. This Agreement is prepared and entered into with the intention that the law of the State of South Carolina shall govern its construction.

IN WITNESS WHEREOF, Florence County, South Carolina, has executed this Lease Agreement by causing its name to be hereunto subscribed by the Chairman of the County Council of Florence County and the official seal of said County Council to be impressed hereon and attested by the Secretary of the said County Council and La-Z-Boy Chair Company has executed this Lease Agreement by causing its corporate name to be hereunto subscribed by its President and its corporate seal to be impressed hereon and attested by its Secretary, all being done as of the day and year first above written.

FLORENCE COUNTY, SOUTH CAROLINA

(SEAL)

BY

Chairman of the County Council of
Florence County

Attest:

Secretary of the County Council
of Florence County

Signed, sealed and delivered in
the presence of:

LA-Z-BOY CHAIR COMPANY

(SEAL)

BY _____
President

Attest:

Secretary

Signed, sealed and delivered
in the presence of:

STATE OF SOUTH CAROLINA

COUNTY OF FLORENCE

Personally appeared before me _____,
who being duly sworn says that he saw the corporate seal of
Florence County, South Carolina, affixed to the foregoing
Lease Agreement, and that he also saw J. B. McCutcheon, as
Chairman and F. M. Lynch, Jr., as Secretary of the County
Council of Florence County, South Carolina, sign and attest
the same, and that he with _____
witnessed the execution and delivery thereof as the act and
deed of the said Florence County, South Carolina.

By _____
Sworn to before me this
_____ day of _____,
1969.

_____(L.S.)
Notary Public for the State of
South Carolina
My Commission Expires: _____

STATE OF MICHIGAN

COUNTY OF MONROE

Personally appeared before me _____,
who being duly sworn says that he saw the corporate seal of
La-Z-Boy Chair Company affixed to the foregoing Lease Agreement,
and that he also saw _____ as President
and _____ as Secretary of said Company,
sign and attest the same, and that he with _____
_____ witnessed the execution and delivery
thereof as the act and deed of the said La-Z-Boy Chair Company.

By _____
Sworn to before me this _____
_____ day of _____,
1969.

_____(L.S.)
Notary Public for the State of
Michigan
My Commission Expires: _____

EXHIBIT A
DESCRIPTION OF LEASED LAND
ATTACHED TO LEASE AGREEMENT DATED AS OF JANUARY 1, 1969
BETWEEN FLORENCE COUNTY AND LA-Z-BOY CHAIR COMPANY.

All that certain tract of land situate in the City of Florence, County of Florence, State of South Carolina, containing twenty-one and 42/100 (21.42) acres, more or less, as shown on a map thereof as property of La-Z-Boy East, prepared by Ervin Engineering Company, dated January 8, 1969, and recorded in the office of the Clerk of Court for Florence County, South Carolina, in Plat Book "2" at page 21, together with the buildings and improvements thereon. Said tract of land is more particularly described and bounded as follows: Beginning at an iron pin on the western margin of the Seaboard Airline Railroad right-of-way (now Seaboard Coastline Railroad) at the corner of this tract of land with property of Lucas, thence running South 72 degrees 26 minutes West three hundred eleven and 9/10 (311.9) feet to an iron pin, thence South 7 degrees 47 minutes West two hundred forty-two and 7/10 (242.7) feet to an iron pin, thence South 17 degrees 34 minutes East three hundred fifty and 95/100 (350.95) feet to a point, and thence South 45 degrees 3 minutes West nine and 5/10 (9.5) feet to a point on the eastern margin of U. S. Highway No. 52, whereon it is bounded by property of Lucas; thence along the eastern margin of U. S. Highway No. 52 North 44 degrees 57 minutes West one hundred twelve and 86/100 (112.86) feet to an iron pin, whereon it is bounded by said U. S. Highway No. 52; thence North 17 degrees 35 minutes West five hundred one and 98/100 (501.98) feet to an iron pin, thence South 45 degrees 3 minutes West forth-five (45) feet to an iron pin, whereon it is bounded by property of Texaco; thence North 44 degrees 57 minutes West three hundred seventy-two and 8/10 (372.8) feet to an iron pin, whereon it is bounded by property of Texaco, the South Carolina National Bank, and Chase Oil Company; thence North 17 degrees 35 minutes West one hundred fifty (150) feet to an iron pin, and thence South 72 degrees 25 minutes West one hundred ninety (190) feet, more or less, to an iron pin, whereon it is bounded by property of Chase Oil Company; thence North 17 degrees 35 minutes West one hundred and 11/100 (100.11) feet to an iron pin, and thence South 45 degrees 3 minutes West one hundred thirty and 64/100 (130.64) feet to an iron pin on the eastern margin of U. S. Highway No. 52, whereon it is bounded by property of Hess; thence along the eastern margin of U. S. Highway No. 52 North 44 degrees 57 minutes West fifteen (15) feet to an iron pin, whereon it is bounded by U. S. Highway No. 52; thence North 45 degrees 3 minutes East two hundred fifty-nine and 8/10 (259.8) feet to an iron pin, thence North 22 degrees 25 minutes West four hundred thirth-nine (439) feet to an iron pin, thence North 72 degrees 26 minutes East one hundred seventy-one and 6/10 (171.6) feet to an iron pin, and thence North 17 degrees 34 minutes West one hundred fifty and 2/10 (150.2) feet to an iron pin, whereon it is bounded by property of Paul Gee and by property of Givens Young; thence North 73 degrees 32 minutes East six hundred twenty-seven (627) feet to an iron pin on the western margin of the Seaboard Airline Railroad Right-of-way (now Seaboard Coastline Railroad), whereon it is bounded by property of La-Z-Boy East; thence along the eastern margin of said Seaboard Airline Railroad right-of-way in a southerly direction along the curve thereof a distance of one hundred three (103) feet to an iron pin, and thence continuing along said right-of-way of the Seaboard Airline Railroad, South 17 degrees 34 minutes East one thousand one hundred thirty-one (1,131) feet to an iron pin, the point of beginning, whereon it is bounded by the right-of-way of the said Seaboard Airline Railroad (now Seaboard Coastline Railroad); all of which will more fully appear by reference to the above mentioned map.

ASSIGNMENT OF LEASE AGREEMENT

STATE OF SOUTH CAROLINA

COUNTY OF FLORENCE

KNOW ALL MEN BY THESE PRESENTS, that Florence County, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the County Council of Florence County, in consideration of the sum of One Dollar (\$1) to it in hand paid at and before the sealing of these presents, the receipt of which is hereby acknowledged, has assigned, transferred and set over unto Guaranty Bank and Trust Company, Florence, South Carolina, as Trustee under that certain Trust Indenture dated as of January 1, 1969 between said Florence County and Guaranty Bank and Trust Company, Florence, South Carolina, as Trustee, and its successors in trust:

All of the right, title and interest of said Florence County in and to the foregoing Lease Agreement, dated as of January 1, 1969, between said Florence County, as Landlord, and La-Z-Boy Chair Company, as Tenant.

This Assignment is made pursuant to and subject to all the terms and conditions of said Trust Indenture dated as of January 1, 1969, the terms of which are incorporated by this reference as fully as if the same were set forth at length herein, said Trust Indenture being intended to be duly recorded immediately subject to the recording of said Lease Agreement and this Agreement.

IN WITNESS WHEREOF, Florence County, South Carolina, has executed this Assignment by causing its name to be hereunto subscribed by the Chairman of the County Council of Florence County and the official seal of said County Council to be

impressed hereon and attested by the Secretary of the said
County Council, all being done as of the 1st day of January,
1969.

FLORENCE COUNTY, SOUTH CAROLINA

(SEAL)

BY _____
Chairman of the County Council
of Florence County.

Attest:

Secretary of the County Council
of Florence County

Signed, sealed and delivered in
the presence of:

STATE OF SOUTH CAROLINA

COUNTY OF FLORENCE

Personally appeared before me _____,
who being duly sworn says that he saw the corporate seal of
Florence County, South Carolina, affixed to the foregoing
Assignment of Lease Agreement, and that he also saw J. B. McCutcheon,
as Chairman, and F. M. Lynch, Jr., as Secretary of the County
Council of Florence County, South Carolina, sign and attest the
same, and that he with _____ witnessed
the execution and delivery thereof as the act and deed of the
said Florence County, South Carolina.

Sworn to before me this _____
day of _____, 1969.

(L.S.)
Notary Public for the State of
South Carolina
My Commission Expires: _____

L 781

FLORENCE COUNTY, SOUTH CAROLINA

TO

GUARANTY BANK AND TRUST COMPANY,
FLORENCE, SOUTH CAROLINA
AS TRUSTEE

TRUST INDENTURE

DATED AS OF JANUARY 1, 1969

TRUST INDENTURE

THIS TRUST INDENTURE made and entered into as of the first day of January 1969, by and between FLORENCE COUNTY, a body politic and corporate and a political subdivision of the State of South Carolina (hereinafter sometimes referred to as the "County"), as party of the first part, and Guaranty Bank and Trust Company, Florence, South Carolina, a banking corporation duly organized, existing and authorized to accept and execute trusts of the character herein set out, under and by virtue of the laws of _____, as Trustee, party of the second part;

WITNESSETH:

WHEREAS the County is authorized and empowered by the provisions of Act No. 103 of the Acts and Joint Resolutions enacted at the 1967 Session of the General Assembly of the State of South Carolina, approved by the Governor of South Carolina on March 21, 1967 and appearing as Article 2.1, Chapter 8, Title 14, Code of Laws of South Carolina, 1962, 1968 Cumulative Supplement (the "Act") to acquire, own, lease, dispose of, and mortgage the properties hereinafter described in order that the industrial development of South Carolina will be promoted and trade developed by inducing manufacturing enterprises to locate in South Carolina and thus utilize and employ manpower and other resources of South Carolina; 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 and improvements so acquired; and

WHEREAS the County has made the necessary arrangements with La-Z-Boy Chair Company, a corporation organized and existing under the laws of the State of Michigan, and duly authorized to conduct business in the State of South Carolina (hereinafter sometimes referred to as the "Lessee"), for the acquisition, construction, enlargement and expansion of facilities to house equipment and machinery for the manufacture of reclining chairs, including the necessary land, easements, buildings and other facilities (hereinafter sometimes referred to as the "Project") which will be of the character and accomplish the purpose provided by the Act, and the County has further entered into a Lease Agreement with the Lessee specifying the terms and conditions of the acquisition of the Project and the leasing of the same to the Lessee; and

WHEREAS the execution and delivery of this Trust Indenture (hereinafter sometimes referred to as the "Indenture") have been authorized by Resolutions duly adopted by the County Council of Florence County (hereinafter sometimes referred to as the "County Board") which is the governing body of the County, as constituted by Article 1, Chapter 37, Title 14, Code of Laws of South Carolina, 1962, As Amended, and the County in accordance with the requirements of Section 14 of the Act has submitted its Petition to the State Budget and Control Board

of South Carolina, including a general summary of the terms and conditions of the Indenture, and the State Budget and Control Board of South Carolina has duly approved the Project in accordance with the provisions of the Act and thereby authorized the County Board to proceed with the acquisition and financing of the Project. Notice of the approval was duly published in a newspaper having general circulation in Florence County and notwithstanding more than twenty days have elapsed from the date of the publication of such notice, no challenge was made to the validity of such approval as provided in the Act; and

WHEREAS it has been determined that the estimated amount necessary to finance the cost of the Project, including necessary expenses incidental thereto, will require the issuance, sale and delivery of Bonds designated as First Mortgage Industrial Revenue Bonds, Series 1969 - La-Z-Boy, in the aggregate principal amount of \$1,300,000, as hereinafter provided; and

WHEREAS the issuance of such Bonds under the Act has been in all respects duly and validly authorized by resolutions duly passed and approved by the County Board; and

WHEREAS the \$1,300,000 aggregate principal amount of Bonds to be issued, the interest coupons to be attached thereto, and the Trustee's Certificate of Authentication to be endorsed on such Bonds, are all to be in substantially the following form, to wit:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
FLORENCE COUNTY

First Mortgage Industrial Revenue Bond, Series 1969
(La-Z-Boy Chair Company - Lessee)

Number..... \$5,000

KNOW ALL MEN BY THESE PRESENTS that Florence County, a body politic and corporate, and a political subdivision of the State of South Carolina (hereinafter called the "County"), for value received promises to pay, but only from the source and as hereinafter provided, to bearer, or, if this Bond be registered, to the registered holder hereof, on January 1, 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 five and seventy-five hundredths per centum (5.75%) per annum on July 1, 1969, and semi-annually thereafter on January 1 and July 1 of each year until said principal sum is paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may become applicable hereto, principal of, premium, if any, and interest on this Bond being payable in lawful money of the United States of America at the principal office of Guaranty Bank and Trust Company, in the City of Florence, State of South Carolina, or its successor in trust, or at the option of the holder at the principal office of Bank of the Commonwealth, in the City of Detroit, State of Michigan.

This Bond is one of an authorized issue of Bonds limited to the aggregate principal amount of \$1,300,000 issued

for the purpose of acquiring land, buildings and other facilities in connection therewith, and leasing the same to La-Z-Boy Chair Company, a Michigan corporation (hereinafter referred to as the "Lessee") (such land, buildings and other facilities being hereinafter called the "Project") and paying necessary expenses incidental thereto so as to thereby promote industry and develop trade in South Carolina. Said Bonds are issued under and are to be equally and ratably secured and entitled to the protection given by a Trust Indenture (hereinafter called the "Indenture"), dated as of January 1, 1969, duly executed and delivered by the County to Guaranty Bank and Trust Company, as Trustee (the term "Trustee" where used herein referring collectively to said Trustee or its successors in said trust), and reference is hereby made to the Indenture and to all indentures supplemental thereto for a description of the security, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the County, the Trustee and the holders of the Bonds and the coupons appertaining thereto and the terms upon which the Bonds are issued and secured.

This Bond and appurtenant coupons are fully negotiable and shall pass by delivery, but this Bond may be registered as to principal only on the registration books of the County in the principal office of the Trustee as Bond Registrar, upon presentation hereof at such office and the notation of such registration endorsed hereon by the Bond Registrar, and this Bond may thereafter be transferred on such books at the written

request of the registered holder or by his legal representative, evidence of such transfer to be in like manner endorsed hereon. Such transfer may be to bearer, and thereby transferability by delivery shall be restored, subject, however, to successive registrations and transfers as before. The principal of this Bond, if registered, unless registered to bearer, shall be payable only to or upon the order of the registered holder or his legal representative. Interest accruing on this Bond will be paid only on presentation and surrender of the attached interest coupons as they respectively become due, and registration of this Bond as to principal as aforesaid will not affect the transferability by delivery of such coupons; provided, that if upon registration of this Bond, or at any time thereafter while this Bond is registered in the name of the holder, the unmatured coupons attached evidencing interest to be thereafter paid hereon shall be surrendered to said Bond Registrar, a statement to that effect will be endorsed hereon by the Bond Registrar and thereafter interest evidenced by such surrendered coupons will be paid by check or draft by the Bond Registrar at the times provided herein to the registered holder of this Bond by mail to the address shown on the registration books. This Bond when so converted into a Bond registered as to both principal and interest may be reconverted into a coupon Bond at the written request of the registered holder and upon presentation at the office of said Bond Registrar. Upon such reversion 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 thereon by the Bond Registrar in the registration blank on the back of this Bond as to whether it is then registered as to principal alone or payable to bearer.

The Bonds of this issue are noncallable for redemption prior to January 1, 1979, except in the event of (1) condemnation of the Project or any part thereof to the extent provided in Section 7.2 of the Lease Agreement between the County and the Lessee dated as of January 1, 1969 (herein referred to as the "Lease Agreement"), (2) exercise by the Lessee of its options to purchase the Project as provided in Section 11.2 of the Lease Agreement, or (3) the purchase of the Project by the Lessee upon the happening of any one of the events set forth in Section 12.2 of the Lease Agreement. If called for redemption in any of such events, such Bonds shall be subject to redemption by the County at any time, in whole or (in the case of redemption pursuant to Section 7.2 of the Lease Agreement) in part in the inverse order of their maturity (less than all of said Bonds of a single maturity to be selected by lot in such manner as may be designated by the Trustee), at the principal amount thereof plus accrued interest to the redemption date, together with, but only in the event of redemption as a result of the mandatory purchase of the Project upon the happening of any one of the events set forth in Section 12.2 of the Lease Agreement, a redemption premium in the amount of 5% of the principal amount of each Bond redeemed.

The Bonds maturing on January 1, 1980, and thereafter, are also subject to redemption by the County prior to maturity on any interest payment date on or after January 1, 1979, in whole or in part in the inverse order of their maturity (less than all of such Bonds of a single maturity to be selected by lot in such manner as may be designated by the Trustee), at the redemption prices (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date.

Redemption Date (dates inclusive)	Redemption Price
January 1, 1979 and July 1, 1979	103.00%
January 1, 1980 and July 1, 1980	102.50%
January 1, 1981 and July 1, 1981	102.00%
January 1, 1982 and July 1, 1982	101.50%
January 1, 1983 and July 1, 1983	101.00%
January 1, 1984 and July 1, 1984	100.50%
January 1, 1985 and thereafter	Without premium

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 not less than thirty days and not more than sixty days prior to the redemption date in a newspaper or financial journal of general circulation published in the City of New York, New York, 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 holder of each Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds. If all of 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 registered holder or holders thereof, at the addresses shown on the registration books, not less than thirty days prior to the date fixed for redemption as aforesaid shall be sufficient and published notice of the call for redemption need not be given and failure duly to give such notice by mailing, or any defect in the notice, to the registered holder of any Bond designated for redemption shall not affect the validity of the proceedings for the redemption of any other Bond. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time, and shall no longer be protected by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture. If, because of the temporary or permanent suspension of the publication or general circulation of any newspaper or financial journal or for any other reason, it is impossible or impractical to publish such notice of call for redemption in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice.

This Bond and the issue of which it forms a part are issued pursuant to the authorization of and for the purposes prescribed by Act No. 103 of the Acts and Joint Resolutions enacted at the 1967 Session of the General Assembly of the State of South Carolina, approved by the Governor of South Carolina on March 21, 1967, and pursuant to resolutions duly adopted by the County Council of Florence County and with the approval of the State Budget and Control Board of South Carolina. This Bond and the issue of which it forms a part and the interest coupons appertaining hereto are limited obligations of the County and are payable solely out of the lease rentals, revenues and receipts (excluding amounts paid by the Lessee to local taxing authorities in lieu of taxes, pursuant to Section 5.5 of the Lease Agreement) derived from the leasing or sale of the Project, financed through the issuance of the Bonds and which has been leased to the Lessee. Under the Lease Agreement the Lessee must pay to the County such rentals as will be fully sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same mature and become due, and under said Lease Agreement it is the obligation of the Lessee to pay the costs of maintaining the Project in good repair and to keep it properly insured.

This Bond and the interest coupons appertaining hereto, are not and shall never constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

Pursuant to the Lease Agreement, rental payments sufficient for the prompt payment when due of the principal of, premium, if any, and interest on the Bonds are to be paid to the Trustee for the account of the County and deposited in a special account created by the County and designated "Florence County Industrial Revenue Bond Fund - La-Z-Boy Project" and have been pledged for that purpose, and in addition the Project has been subjected to the lien of the Indenture to secure payment of such principal and interest and premium.

The holder of this Bond and the bearers of the coupons appertaining hereto 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 of the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the

Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; 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 and the interest coupons appertaining hereto shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Trustee's certificate of authentication hereon shall have been duly executed by the Trustee.

IN WITNESS WHEREOF, Florence County, South Carolina, has caused this Bond to be executed by the Chairman of its County Council, by his manual signature, and its corporate seal or a facsimile thereof to be reproduced hereon, and attested by the Secretary of its County Council, by his manual signature, and has caused the interest coupons attached hereto to be executed by the facsimile signatures of said Chairman and said Secretary, all as of the first day of January, 1969.

FLORENCE COUNTY, SOUTH CAROLINA

By _____
Chairman of the County Council
of Florence County

Attest:

Secretary of the County Council
of Florence County

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

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

GUARANTY BANK AND TRUST COMPANY,
Trustee

By _____
Authorized Officer

(FORM OF INTEREST COUPON)

No. _____ \$ 143.75

On the first day of _____, 19____, Florence County,
South Carolina (unless the Bond to which this coupon appertains
shall have been duly called for previous redemption and payment
of the redemption price made or provided for) will pay to bearer,
subject to the provisions of the Indenture and upon presentation
and surrender of this coupon at the principal office of the
Trustee, Guaranty Bank and Trust Company, in the City of Florence,
State of South Carolina, or its successor in trust, or at the
offices of holder at the principal office of Bank of the Commonwealth
in the City of Detroit, State of Michigan, the amount shown hereon
in lawful money of the United States of America, as provided in
and being semi-annual interest then due on its First Mortgage
Industrial Revenue Bond, Series 1969 (La-Z-Boy Chair Company -
Lessee), dated January 1, 1969, numbered _____

FLORENCE COUNTY, SOUTH CAROLINA

By _____
Chairman of the County Council
of Florence County

Secretary of the County Council
of Florence County

CERTIFICATE OF REGISTRATION

(There must be no writing in the space below except by the Bond Registrar)

Date of Registration	Name of Registered Holder	Manner of Registration	Signature of Bond Registrar
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

and;

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

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS TRUST INDENTURE 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, premium, if any, 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, pledge and assign unto Guaranty Bank and Trust Company, as Trustee, 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, the following:

I

The real property and interest therein situated in Florence County, State of South Carolina, described in Exhibit A attached hereto, with all buildings, additions and improvements now or hereafter located thereon or therein and with the tenements, hereditaments, servitudes, appurtenances, rights, privileges, and immunities thereunto belonging or appertaining which may from time to time be owned by the County.

II

All right, title and interest of the County in and to the Lease Agreement, dated as of January 1, 1969, between the County and La-Z-Boy Chair Company and all lease rentals, revenues and receipts received or to be received under said Lease Agreement, except amounts paid by the Lessee thereunder to the County and

other local taxing authorities in lieu of taxes pursuant to Section 5.5 thereof.

III

All lease rentals, revenues and receipts arising out of or in connection with the ownership of the Project, except amounts paid under Section 5.5 of the aforementioned Lease Agreement.

IV

Any and all other property from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by the County or by anyone on its behalf or with its written consent to 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.

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 them and their assigns forever.

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all holders and owners of the Bonds and interest coupons thereto appertaining issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds or interest coupons thereto appertaining over any of the others of the Bonds or interest coupons;

PROVIDED, HOWEVER, that if the County shall pay or cause to be paid to the holders and owners of the Bonds the principal, interest and premiums, if any, to become due thereon at the times and in the manner stipulated therein and herein, 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, or if the issuance of the Bonds is not made within the time provided in Section 4.2 of the Lease Agreement, then these presents and the estate and rights hereby granted shall, at the option of the County, cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the County such instruments in writing as shall be requisite to satisfy the lien hereof, and re-convey to the County the estate hereby conveyed, and assign and deliver to the County any property at the time subject to the lien of this Indenture which may then be in its possession, except amounts in the Bond Fund required to be paid to the Lessee under Section 510 hereof and except cash held by the Trustee for the payment of interest on and retirement of the Bonds; otherwise this Indenture to be and remain in full force and effect.

THIS TRUST INDENTURE FURTHER WITNESSETH, and it is expressly declared, that 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 and the bearers of the interest coupons thereto appertaining, or any part thereof, as follows, that is to say:

ARTICLE I

DEFINITIONS

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" means Act. No. 103 of the Acts and Joint Resolutions enacted at the 1967 Session of the General Assembly of South Carolina, approved by the Governor of South Carolina on March 21, 1967, and appearing as Article 21, Chapter 8, Title 14, Code of Laws of South Carolina, 1962, 1968 Cumulative Supplement.

"Bond" or "Bonds" means the First Mortgage Industrial Revenue Bonds of the County to be issued hereunder.

"Bond Fund" or "Florence County Industrial Revenue Bond Fund - La-Z-Boy Project" means the fund created in Section 502 hereof.

"Bondholder" or "holder" or "owner of the Bonds" mean the bearer of any Bond not registered as to principal otherwise than to bearer and the person in whose name any Bond shall be registered as to principal.

"Construction Fund" or "Florence County Industrial Construction Fund - La-Z-Boy Project" means the fund created by Section 602 hereof.

"County" means Florence County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina, and its successors and assigns.

"County Board" means the County Council of the County, and any successor body.

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

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

"Indenture" means these presents and other indentures supplemental hereto with the Trustee in pursuance hereof.

"Lease Agreement" means the Lease Agreement executed by and between the County and the Lessee dated as of January 1, 1969, and any amendments thereto.

"Lessee" means La-Z-Boy Chair Company and its successors and assigns and any surviving, resulting or transferee corporation as provided in Section 8.3 of the Lease Agreement.

"Mortgaged Property" means the properties conveyed as security hereunder in paragraphs I, II, III and IV of the granting clause preceding this Article.

"Ordinary Services" and "Ordinary Expenses" means 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 duly authenticated and delivered by the Trustee under this indenture, except:

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

(b) Bonds for the payment or redemption of which cash funds 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 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 207 hereof, unless proof satisfactory to the Trustee is presented to the Trustee that any such Bonds are held by bona fide purchasers in due course.

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

"Project" means the land, buildings and other facilities leased under the Lease Agreement.

"Trust estate" means the Mortgaged Property.

"Trustee" means Guaranty Bank and Trust Company, Florence, South Carolina, the party of the second part hereto, and any successor trustee pursuant to Sections 1105 or 1108 hereof at the time serving as successor trustee hereunder.

ARTICLE II

THE BONDS

SECTION 201, Restriction on Issuance of Bonds. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article.

The total principal amount of Bonds that may be issued is hereby expressly limited to \$1,300,000.

SECTION 202, Issuance of Bonds. The Bonds in the aggregate principal amount of \$1,300,000, dated January 1, 1969, shall be designated "Florence County First Mortgage Industrial Revenue Bonds, Series 1969 (La-Z-Boy Chair Company - Lessee)". They shall bear interest from the date thereof at the rate of five and seventy-five hundredths per centum (5.75%) per annum, payable July 1, 1969, and semi-annually thereafter on January 1 and July 1 of each year. They shall be in the denomination of \$5,000 each, and shall be numbered consecutively from 1 upward and shall mature in numerical order on January 1 in each of the years set forth and in the principal amount set opposite each year in the following schedule:

Year	Principal Amount
1974	\$100,000
1975	\$100,000
1976	\$100,000
1977	\$100,000
1978	\$100,000
1979	\$100,000
1980	\$100,000
1981	\$100,000
1982	\$100,000

1983	\$100,000
1984	\$100,000
1985	\$100,000
1986	\$100,000

The interest on the Bonds, when issued, shall be evidenced by coupons. The principal of, premium, if any, and interest on the Bonds, except as otherwise provided in the case of registration of Bonds as provided in Section 208 hereof, shall be payable to bearer upon presentation and surrender of the Bonds or coupons as they respectively become due at the principal office of the Trustee. Payment as aforesaid shall be made in lawful money of the United States of America.

SECTION 203, Execution; Limited Obligation. The Bonds shall be executed on behalf of the County by the Chairman of the County Board and the corporate seal of the County or a facsimile thereof shall be reproduced thereon and attested by the Secretary of the County Board, provided that at least one of said signatures shall be a manual signature. The coupons attached to the Bonds shall be executed by the facsimiles of the official signatures of said Chairman and Secretary and such facsimiles shall have the same force and effect as if said Chairman and Secretary had manually signed each of the coupons. The Bonds, together with interest thereon, shall be limited obligations of the County payable from the Bond Fund and shall be a valid claim of the respective holders thereof only against such fund and the lease rentals, revenues and receipts from the leasing or sale of the Project pledged to such fund (but in

addition shall be secured by the lien of the Indenture on the Project), which lease rentals, revenues and receipts (except amounts paid by the Lessee to local taxing authorities in lieu of taxes pursuant to Section 5.5 of the Lease Agreement) are hereby pledged and assigned for the equal and ratable payment of the Bonds and the coupons and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in this Indenture. The Bonds and coupons do not now and shall never constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

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 certificate of authentication substantially in the form hereinabove set forth duly executed by the Trustee shall be entitled to any right or benefit under this Indenture. No Bond and no coupon appertaining to any Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any

such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder. Before authenticating or delivering any Bonds, the Trustee shall detach and cancel all matured coupons, if any, appertaining thereto, and such cancelled coupons shall be cremated by the Trustee.

SECTION 205, Form of Bonds. The Bonds issued under this Indenture and the coupons attached thereto shall be substantially in the form hereinabove set forth with such appropriate variations, omissions and insertions as are permitted or required by this Indenture.

SECTION 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 the Bonds in the aggregate principal amount of \$1,300,000 and deliver them to the purchaser as may be directed by the County as hereinafter in this Section 206 provided.

Prior to the authentication 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 Board, of the resolution of the County Board authorizing the execution and delivery of the Lease Agreement.

2. An original executed counterpart of the Lease Agreement.

3. A copy, duly certified by the Secretary of the County Board, of the resolution of the County Board authorizing the execution and delivery of this Indenture and the issuance of the \$1,300,000 aggregate principal amount of the Bonds.

4. The written opinion of counsel for the County, or other counsel satisfactory to the Trustee, expressing the conclusion that upon payment of the purchase price of the lands described in Exhibit A attached hereto and acceptance of the instruments of conveyance, all as theretofore agreed upon, the County will have title free and clear of liens and encumbrances upon said lands (except for Permitted Encumbrances as defined in the Lease Agreement).

5. A Mortgagee Title Insurance Policy (or an appropriate Binder) upon the leased land and Building issued by a company approved by the Trustee, insuring the lien of the Indenture upon the leased land and Building, when completed, subject to no encumbrances other than Permitted Encumbrances in the amount of not less than \$1,300,000.

6. A request and authorization to the Trustee on behalf of the County Board and signed by the Chairman and Secretary of the County Board to authenticate and deliver the Bonds in the aggregate principal amount of \$1,300,000 to the purchaser therein identified upon payment to the Trustee but for account of the County of a sum specified in such request and authorization plus accrued interest thereon to the date of delivery. Such proceeds shall be paid over to the Trustee and deposited to the credit of the Bond Fund and Construction Fund as hereinafter provided under Article VI hereof.

SECTION 207, 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 that mutilated, lost, stolen or destroyed, which new Bond shall have attached thereto coupons corresponding in all respects to those (if any) on the Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond together with all coupons (if any) appertaining thereto shall first be surrendered to the County, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the County and the Trustee evidence of such loss, theft or destruction satisfactory to the County and the Trustee, together with indemnity satisfactory to them. In the event any such Bond or coupon shall have matured, instead of issuing a duplicate Bond or coupon the County may pay the same without surrender thereof. The County and the Trustee may charge the holder or owner of such Bond with their reasonable fees and expenses in this connection.

SECTION 208, Registration of Bonds; Persons Treated as Owners. Each of the Bonds issued hereunder shall be fully negotiable and pass by delivery but shall be subject to registration (as hereinafter provided) as to principal only or as to both principal and interest in the name of the owner on registration books to be provided for that purpose by the County at the principal office of the Trustee, as Bond Registrar. Upon presentation at said office, any of the Bonds may be registered

as to principal only and such registration shall be evidenced by notation to that effect by the Bond Registrar in the registration blank on the reverse side thereof, after which no transfer thereof shall be valid unless made at the written request of the registered owner or his legal representative, on said registration books and similarly endorsed thereon. Such registered Bonds may be thus transferred to bearer whereupon transferability by delivery shall be restored but the Bonds may again, from time to time, be registered or transferred to bearer as before. Such registration of any of the Bonds shall not effect the transferability by delivery only of the coupons thereunto appertaining, provided, that if upon registration of any such Bond, or at any time thereafter while registered in the name of the owner, the unmatured coupons attached evidencing interest to be thereafter paid thereon shall be surrendered to said Bond Registrar a statement to that effect will be endorsed thereon and thereafter interest evidenced by such surrendered coupons will be paid by check or draft by said Bond Registrar at the times provided therein to the registered owner by mail to the address shown on the registration books. Each of the Bonds when converted as aforesaid into a Bond registered as to both principal and interest may be reconverted into a coupon Bond at the written request of the registered owner and upon presentation at the office of said Bond Registrar. Upon such reversion the coupons representing the interest to become due thereafter to the date of maturity will be attached to the Bond and a statement will be endorsed thereon by said Bond Registrar in

the registration blank on the back of the Bond as to whether it is then registered as to principal alone or payable to bearer. No charge shall be made to any Bondholder for the privilege of registration and transfer hereinabove granted, but any Bondholder requesting any such registration or transfer shall pay any tax or other governmental charge required to be paid with respect thereto. As to any Bond registered as to principal, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of or on account of the principal of any such Bond shall be made only to or upon the order of the registered owner thereof, or his legal representative, and neither the County, the Trustee, any paying agent nor the Bond Registrar shall be affected by any notice to the contrary, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. The County, the Trustee, the Bond Registrar and any paying agent may deem and treat the bearer of any Bond which shall not at the time be registered as to principal (except to bearer), and the bearer of any coupon appertaining to any Bond, whether such Bond be registered as to principal or not, as the absolute owner of such Bond or coupon, as the case may be, whether such Bond or coupon shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and neither the County, the Bond Registrar, any paying agent nor the Trustee shall be affected by any notice to the contrary.

ARTICLE III

REDEMPTION OF BONDS BEFORE MATURITY

SECTION 301, Redemption Dates and Prices. The \$1,300,000 in aggregate principal amount of Bonds are noncallable for redemption prior to January 1, 1979, except in the event of (1) condemnation of the Project or any part thereof to the extent provided in Section 7.2 of the Lease Agreement between the County and the Lessee dated as of January 1, 1969 (herein referred to as the "Lease Agreement"), (2) exercise by the Lessee of its options to purchase the Project as provided in Section 11.2 of the Lease Agreement, or (3) the purchase of the Project by the Lessee upon the happening of any one of the events set forth in Section 12.2 of the Lease Agreement. If called for redemption in any of such events, such Bonds shall be subject to redemption by the County at any time, in whole or (in the case of redemption pursuant to Section 7.2 of the Lease Agreement) in part in the inverse order of their maturity (less than all of said Bonds of a single maturity to be selected by lot in such manner as may be designated by the Trustee), at the principal amount thereof plus accrued interest to the redemption date, together with, but only in the event of redemption as a result of the mandatory purchase of the Project upon the happening of any one of the events set forth in Section 12.2 of the Lease Agreement, a redemption premium in the amount of 5 % of the principal amount of each Bond redeemed.

The Bonds maturing on January 1, 1980, and thereafter, are also subject to redemption by the County prior to maturity on any interest payment date on or after January 1, 1979, in

whole or in part in the inverse order of their maturity (less than all of such Bonds of a single maturity to be selected by lot in such manner as may be designated by the Trustee), at the redemption prices (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date.

Redemption Date (dates inclusive)	Redemption Price
January 1, 1979 and July 1, 1979	103.00%
January 1, 1980 and July 1, 1980	102.50%
January 1, 1981 and July 1, 1981	102.00%
January 1, 1982 and July 1, 1982	101.50%
January 1, 1983 and July 1, 1983	101.00%
January 1, 1984 and July 1, 1984	100.50%
January 1, 1985 and thereafter	Without premium

SECTION 302, Notice of Redemption. Notice of the call for any such redemption identifying the Bonds to be redeemed shall be given by publication in a newspaper or financial journal of general circulation published in the City of New York, New York, not less than thirty days and not more than sixty 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 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 registered owner or owners at the addresses shown on the registration books not less than thirty days prior to the date fixed for redemption as aforesaid shall be sufficient and published notice of the call for redemption need not be given and failure duly to give such notice by mailing, or any defect in the notice to the registered owner of any Bond designated for redemption shall not affect the validity of the proceedings for the redemption of any other Bond.

Prior to the date fixed for redemption, funds shall be placed with the Trustee to pay the Bonds called and accrued interest thereon to the redemption date and the premium, if any. Upon the giving of such notice and the deposit of such funds, the Bonds thus called shall cease to bear interest on the specified 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 newspapers or financial journals published in the City of New York, New York, or for any other reason, it is impossible or impractical to publish such notice of call for redemption in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice.

SECTION 303, Cancellation. All Bonds which have been redeemed shall be cancelled and cremated by the Trustee together

with the unmatured coupons appertaining thereto and shall not be reissued and a counterpart of the certificate of cremation evidencing such cremation shall be furnished by the Trustee to the County and the Lessee.

SECTION 304, Unpaid Coupons. All unpaid coupons which appertain to Bonds so called for redemption and which shall have become payable on or prior to the date fixed for redemption shall continue to be payable to the bearers thereof severally and respectively upon the presentation and surrender of such coupons.

ARTICLE IV

GENERAL COVENANTS

SECTION 401, Condition of County's Obligation; Payment of Principal and Interest. Each and every covenant herein made, including all covenants made by the various sections of this Article IV, is predicated upon the condition that any obligation for the payment of money incurred by the County shall not create a pecuniary liability of the County or a charge upon its general credit or against its taxing powers, but shall be payable solely from the lease rentals, revenues and receipts derived from or in connection with the Project, including all moneys received under the Lease Agreement, which are required to be set apart and transferred to the Bond Fund, which lease rentals, revenues and receipts are hereby specifically pledged to the payment thereof in the manner and to the extent in this Indenture specified and nothing in the Bonds or coupons or in this Indenture shall be considered as pledging any other funds or assets of the County.

The County covenants that it will promptly pay the principal

of, including any applicable redemption premiums, and interest on every Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in said Bonds, and in the coupons appertaining thereto according to the true intent and meaning thereof.

SECTION 402, Performance of Covenants; Authority of County.

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 pertaining thereto. The County covenants that it is duly authorized under the Constitution and laws of the State of South Carolina, to issue the Bonds authorized hereby and to execute this Indenture, to convey the property described in and conveyed hereby and to pledge the lease rentals, revenues and receipts hereby pledged 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 and the coupons appertaining thereto in the hands of the bearers 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 lawfully owns and is lawfully possessed of the lands described in Exhibit A attached hereto and that it has good and indefeasible title and estate therein (except for Permitted Encumbrances as defined in the Lease Agreement), and that it will defend the title thereto and every

part thereof to the Trustee, for the benefit of the holders and owners of the Bonds and the bearers of the coupons appertaining thereto against the claims and demands of all persons whomsoever. 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, conveying, pledging, assigning and confirming unto the Trustee all and singular the property herein described and the lease rentals, revenues and receipts pledged hereby to the payment of the principal of and interest and premium, if any, on the Bonds. Any and all property hereafter acquired which is of the kind or nature herein provided to be and become subject to the lien hereof shall ipso facto, and without any further conveyance, assignment or act on the part of the County or the Trustee, become and be subject to the lien of this Indenture as fully and completely as though specifically described herein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the County under this Section 403. The County covenants and agrees that, except as herein and in the Lease Agreement provided, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Project or the lease rentals, revenues and receipts therefrom or of its rights under the Lease Agreement.

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 all lawful taxes, assessments and charges at

any time levied or assessed upon or against the Project, or any part thereof, failure to pay which might impair or prejudice the lien and priority of this Indenture; provided, however, that nothing contained in this Section 404 shall require the payment of any such taxes, assessments or charges if the same are not required to be paid under the provisions of Section 6.3 of the Lease Agreement.

SECTION 405, Maintenance and Repair. 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 kept in as reasonably safe condition as its operations shall permit, 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 repair and in good operating condition, 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.

SECTION 406, Recording and Filing. This Indenture shall be recorded and indexed as a mortgage of real property in the office of the Clerk of Court of Florence County, or in such other office as may be at the time provided by law as the proper place for the recordation thereof. The security interest of the Trustee created by this Indenture in any personal property and fixtures which are to be part of the Project, shall be perfected by the filing in the office of the said Clerk of Court and in the office of the Secretary of State of South Carolina in the City of Columbia, South Carolina, of financing statements which fully

comply with the South Carolina Uniform Commercial Code - Secured Transactions. Such financing or continuation statements shall be filed from time to time in said offices of the said Clerk of Court and of the Secretary of State of South Carolina as in the opinion of Independent Counsel (as defined in the Lease Agreement) are necessary to preserve the lien of this Indenture.

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 lease rentals, revenues and receipts derived 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 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 be under no responsibility with regard to the accuracy of said list. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by the Lessee or by holders and/or owners (or a designated representative thereof) of twenty-five per cent

or more in principal amount of Bonds then outstanding, such ownership and the authority of any such designated representative to be evidenced to the satisfaction of the Trustee.

SECTION 409, Rights Under Lease Agreement. The Lease Agreement, a duly executed counterpart of which has been filed with the Trustee, sets forth the covenants and obligations of the County and the Lessee, including a provision 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 written consent of the Trustee and reference is hereby made to the Lease Agreement for a detailed statement of said covenants and obligations of the Lessee under the Lease Agreement, and the County agrees that the Trustee in its name or in the name of the County may enforce all rights of the County and all obligations of the Lessee under and pursuant to the Lease Agreement for and on behalf of the Bondholders, whether or not the County is in default hereunder.

ARTICLE V

REVENUES AND FUNDS

SECTION 501, Source of Payment of Bonds. The Bonds herein authorized and all payments by the County hereunder are not general obligations of the County but are limited obligations payable solely from the lease rentals, revenues and receipts derived from the Project and as authorized and provided in this Indenture.

The Project has been leased under the Lease Agreement and the rental payments provided for 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. Said rental payments are sufficient in amount to pay the principal of, premium, if any, and interest on the Bonds, and the entire amount of lease rentals, revenues and receipts from said Lease Agreement (except amounts paid by the Lessee to local taxing authorities in lieu of taxes pursuant to Section 5.5 of the Lease Agreement) are pledged to the payment of the principal of, premium, if any, and interest on the Bonds. The County hereby covenants and agrees that it will not create any lien upon said lease rentals, revenues and receipts or the Project other than the lien hereby created.

SECTION 502, Creation of the Bond Fund. There is hereby created by the County and ordered established with the Trustee

a trust fund to be designated "Florence County Industrial Revenue Bond Fund - La-Z-Boy Project" (which is sometimes referred to herein as the "Bond Fund"), which shall be used to pay the principal of, premium, if any, and interest on the Bonds.

SECTION 503, Payments into the Bond Fund. There shall be deposited into the Bond Fund all accrued interest derived from the sale of the Bonds. In addition, there shall be deposited into the Bond Fund, as and when received, (a) any amount remaining in the Construction Fund to the extent provided in Section 4.3 (k) of the Lease Agreement except as otherwise directed pursuant to said Section 4.3 (k); (b) all rental payments specified in Section 5.3 of the Lease Agreement; and (c) all other moneys received by the Trustee under and pursuant to any of the provisions of the Lease Agreement when accompanied by directions by Lessee that such moneys are to be paid into the Bond Fund. 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 lease rentals, revenues and receipts derived from the Project promptly to meet and pay the principal of, 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 efficiently leased as

a revenue and income producing undertaking, and that, should there be a default under the Lease Agreement with the result that the right of possession of the Project 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 the bearers of Coupons appertaining to the Bonds 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 lease rentals, revenues and receipts will be derived from the Project promptly to meet and pay the principal of, 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. 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 lease rentals, revenues and receipts derived from the Project.

SECTION 504, Use of Moneys in the Bond Fund. Except as provided in Section 510 hereof, moneys in the Bond Fund shall be used solely for the payment of the principal of and interest on the Bonds and for the redemption of the Bonds at or prior to maturity. No part of said rental payments in the Bond Fund shall be used to redeem prior to maturity a part of the Bonds outstanding; provided that whenever the amount in the Bond Fund from any source whatsoever is sufficient to redeem all of the Bonds outstanding hereunder and to pay interest to accrue thereon prior to such redemption, the County covenants and agrees to take and cause to be taken the necessary steps to redeem

all of said Bonds on the next succeeding redemption date for which the required redemption notice may be given; and provided further that any moneys in the Bond Fund other than rental payments may be used at the request of the County to redeem a part of the Bonds outstanding on the next succeeding redemption date for which the required notice of redemption may be given so long as the Lessee is not in default with respect to any rental payments under the Lease Agreement and to the extent said moneys are in excess of the amount required for payments of Bonds theretofore matured or called for redemption and past due interest in all cases where such Bonds or coupons have not been presented for payment.

SECTION 505, 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 and premium, if any, as the same become due and payable and to make said funds so withdrawn available to the Trustee and to the paying agent for the purpose of paying said principal and interest, and premium, if any, and for no other purpose, which authorization and direction the Trustee hereby accepts.

SECTION 506, Non-presentment of Bonds or Coupons. In the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, or in the event any coupon shall not be presented for payment at the due date thereof, if funds sufficient to pay such Bonds or Coupons shall

have been made available to the Trustee for the benefit of the holder or holders thereof, all liability of the County to the holder thereof for the payment of such Bond or coupon, as the case may be, shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee, subject to the provisions of Section 1407, 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, as the case may be, who shall thereafter be restricted exclusively to such fund or funds, or to a claim against the Lessee pursuant to Section 1407, for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Bond or coupon.

SECTION 507, Trustee's and Paying Agent's Fees, Charges and Expenses. Pursuant to the provisions of the Lease Agreement, the Lessee has agreed to pay the Trustee, until the principal of, interest and premium, if any, on the Bonds shall have been fully paid or provisions 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, as trustee, and its Ordinary Expenses incurred, as trustee, under this Indenture, as and when the same becomes due, (ii) the reasonable fees and charges of the Trustee, as Bond Registrar and paying agent, as and when the same become due, and (iii) the reasonable fees and charges for the necessary 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 and paying agent referred to in the preceding sentence which become due prior to the Completion Date (as defined in the Lease Agreement) 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, charges or expenses referred to herein.

SECTION 508, Moneys to Be Held in Trust. All moneys required to be deposited with or paid to the Trustee for account of the Bond Fund or the Construction Fund under any provision of this Indenture 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, constitute part of the Trust Estate and be subject to the lien hereof.

SECTION 509, Insurance and Condemnation Proceeds. Reference is hereby made to 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 deposited in separate trust accounts and to be disbursed and paid out as therein provided. The Trustee hereby accepts and agrees to perform the duties and obligations as therein specified.

825

SECTION 510, Repayment to the Lessee from the Bond Fund.

Any amounts remaining in the Bond Fund after payment in full of

the principal of, interest and premium, if any, on Bonds (or provision for payment thereof as provided in this Indenture), the fees, charges and expenses of the Trustee and all other amounts required to be paid hereunder shall be paid to the Lessee upon the expiration or sooner termination of the term of the Lease Agreement as provided in Section 13.8 of the Lease Agreement.

ARTICLE VI

CUSTODY AND APPLICATION OF PROCEEDS OF BONDS

SECTION 601, Deposits in the Bond Fund. From the proceeds of the issuance and delivery of Bonds there shall be deposited in the Bond Fund all accrued interest received upon the sale of the Bonds.

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 "Florence County Industrial Construction Fund - La-Z-Boy Project." The balance of the proceeds of the issuance and delivery of Bonds remaining after the deduction provided by Section 601 hereof shall have been made shall be deposited in the Construction Fund. Moneys in the Construction Fund shall be expended in accordance with the provisions of the Lease Agreement, and particularly Section 4.3 thereof.

The Trustee is hereby authorized and directed to issue its 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 shall have been completed and a certificate of payment of all costs filed as provided in Section 603 hereof, the Trustee shall, if requested by the Lessee, file an accounting thereof with the County and with the Lessee.

SECTION 603, Completion of the Project. The completion of the Project and the payment of all costs and expenses incident thereto shall be evidenced by the filing with the Trustee of (i) the certificate of the Authorized Lessee Representative required by the provisions of Section 4.5 of the Lease Agreement and (ii) a certificate signed by the Chairman of the County Board and by the Lessee (by one of the authorized officers of the Lessee), 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 Authorized Lessee Representative 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 clause (ii) of the preceding sentence any balance remaining in the Construction Fund (other than the amounts retained by the Trustee and referred to in the preceding sentence) shall without further authorization be deposited in the Bond Fund by the Trustee with advice to the County and to the Lessee of such action unless the Lessee shall have directed the Trustee to purchase Bonds in the open market for the purpose of cancellation in accordance with Section 4.3 (k) of the Lease Agreement.

ARTICLE VII

INVESTMENTS

SECTION 701, Investment of Construction Fund Moneys. Any moneys held as part of the Construction Fund shall, at the written request of and as specified by the Authorized Lessee Representative (as defined in the Lease Agreement), be 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 Construction Fund and the interest accruing thereon 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. The Trustee is directed to sell and reduce to cash funds a sufficient amount of such investments whenever the cash balance in the Construction Fund is insufficient to pay a requisition when presented.

SECTION 702, Investment of Bond Fund Moneys. Any moneys held as part of the Bond Fund shall, at the written request of and as specified by the Authorized Lessee Representative (as defined in the Lease Agreement), be invested or reinvested by the Trustee in any bonds or other obligations which as to principal and interest constitute obligations of the United States of America. Any such investments shall be held by or under control of the Trustee and shall be deemed at all times a part of the Bond Fund and the interest accruing thereon and any profit realized therefrom shall be credited to such fund and any loss resulting from such investments shall be

charged to such fund. The Trustee shall sell and reduce to cash funds a sufficient portion of investments under the provisions of this Section 702 whenever the cash balance in the Bond Fund is insufficient to pay the current interest and principal requirements.

SECTION 703, Trustee's Own Bond Department. The Trustee may make any and all investments permitted by the provisions of Section 701 and Section 702 through its own Bond Department.

ARTICLE VIII

POSSESSION, USE AND PARTIAL RELEASE OF LEASED 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 and bearers of coupons appertaining thereto are specifically made subject and subordinate to the rights and privileges of the Lessee set forth in the Lease Agreement. 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 Leased Land. Reference is made to the provisions of the Lease Agreement, including without limitation Sections 8.5 and 11.3 thereof, whereby the County and the Lessee have reserved the right to withdraw certain portions of the Leased Land (as defined in the Lease Agreement) upon compliance with the terms and conditions of the Lease Agreement. The Trustee shall release from the lien of this Indenture any such land upon compliance with the provisions of the Lease Agreement.

SECTION 803, 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 and take other action upon compliance 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 with the provisions of the Lease Agreement.

ARTICLE IX

DISCHARGE OF LIEN

SECTION 901, Discharge of Lien. If the County shall pay or cause to be paid to the holders and owners of the Bonds and bearers of coupons the principal, interest and premium, if any, to become due thereon at the times and in the manner stipulated therein and herein, 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, or if the issuance of the Bonds is not made within the time provided in Section 4.2 of the Lease Agreement, then these presents and the estate and rights hereby granted shall, at the option of the County, cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the County such instruments in writing as shall be requisite to satisfy the lien hereof, and re-convey to the County the estate hereby conveyed, and assign and deliver to the County any property at the time subject to the lien of this Indenture which may then be in its possession, except amounts in the Bond Fund required to be paid to the Lessee under Section 510 hereof and except cash held by the Trustee for the payment of interest on and retirement of the Bonds.

Bonds and coupons for the payment or redemption of which moneys 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 within the meaning of this Article; 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 TRUSTEE
AND BONDHOLDERS

SECTION 1001, Defaults; Events of Default. If any of the following events occur, subject to the provisions of Sections 1012 and 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; or

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

(c) The occurrence of an "event of default" under Section 10.1 (a) or (b) of the Lease Agreement.

(d) 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

(e) The occurrence of an "event of default" under Section 10.1 of the Lease Agreement arising out of matters referred to in Sections 404, 405 and 507 hereof.

The term "default" shall mean default by the County in the performance or observance of any of the covenants, agreements or conditions on its part contained in this Indenture or in the Bonds, exclusive of any period of grace required to constitute a default an "event of default" as in this Article X provided and shall mean the occurrence of an "event of default" under Section 10.1 of the Lease Agreement arising out of matters referred to in Sections 404, 405 and 507 hereof.

SECTION 1002, Acceleration. Upon the occurrence of an event of default the Trustee may, and upon the written request of the holders of not less than twenty-five per cent in aggregate principal amount of Bonds then outstanding shall, by notice in writing delivered to the County, 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; Other Remedies. Upon the occurrence of an event of default 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 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 to 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 the 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, its 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; 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 as to principal (except to bearer) 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 the lien on the Project created and vested by this Project may be foreclosed either by sale at public outcry if then permitted by the laws of South Carolina 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.

Upon the occurrence of an event of default, the Trustee shall have the power to proceed with any right or remedy granted by the Constitution and laws of the State of South Carolina, as it may deem best, including any suit, action or special proceeding in equity or at law for the special performance of any covenant or agreement contained herein or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect the rights aforesaid, insofar as such may be authorized by law, and the right to appointment, as a matter of right and without regard to the sufficiency of the security afforded by the Mortgaged Property, of a receiver for all or any part of the Mortgaged Property and the earnings, rents and income thereof; the rights here specified are to be cumulative to all other available rights, remedies or powers and shall not exclude any such rights, remedies or powers.

SECTION 1004, Rights of Bondholders. If an event of default shall have occurred, and if requested so to do by

the holders of twenty-five per cent in aggregate principal amount of Bonds then outstanding and if indemnified as provided in Section 1101 hereof, the Trustee shall be obliged to exercise such one or more of the rights and powers conferred by this Section and by Section 1003 as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

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 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.

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 time, 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.

SECTION 1006, Appointment of Receivers. Upon the occurrence of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders or the bearers of the coupons 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, product and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

SECTION 1007, Foreclosure of Indenture. Upon the occurrence of an event of default, to the extent that such rights may then lawfully be waived, neither the County, nor anyone claiming through or under it, shall 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 the Indenture or the foreclosure of the Indenture, and the County, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all right of appraisement and redemption to which it may then be entitled under the laws of South Carolina.

SECTION 1008, Application of Moneys. All moneys received by the Trustee 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 in the Bond Fund shall 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 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 bearer of any unpaid coupon or the holder of 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 Bonds and the interest thereon shall have been paid under the provisions of this Section 1003 and all expenses and charges of the Trustee shall have been paid, any balance remaining in the Bond Fund shall be paid to the Lessee as provided in Section 510 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 or bearers of coupons, and any recovery of judgment shall be for the equal benefit of the holders of the outstanding Bonds and the bearers of the outstanding coupons.

SECTION 1010, Rights and Remedies of Bondholders. No holder or bearer of any Bond or coupon, as the case may be, 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 also a default has occurred of which the Trustee has been notified as provided in subsection (g) 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 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 or bearers of the Bonds or coupons shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of 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 and the bearers of all coupons then outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Bondholder to enforce the payment of the principal of, premium, if any, and interest on any Bond at and after the maturity thereof, or the obligation of the County to pay the principal of, premium, if any, and interest on each of the Bonds issued hereunder to the respective holders thereof and to the bearers of the coupons the time, place, from the source and in the manner in said Bonds and the 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 and the Trustee shall be restored to their former positions and rights hereunder with respect to the Mortgaged Property herein conveyed, 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 may in its discretion waive any event of default hereunder and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds and shall do so 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 and (2) one-half in aggregate principal amount of all Bonds then outstanding in the case of any other event of default; provided, however, that there shall not be waived (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 or premium 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 in respect of which such default shall have occurred on overdue installments of interest or all arrears of payments of principal or premium 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, Trustee and Bondholders and bearers of coupons 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 the County and Lessee to Cure Defaults. Anything herein to the contrary notwithstanding, no default (other than a default under Section 1001(a) or Section 1001(b) or Section 1001(c) hereof, to which this Section 1013 shall not be applicable) shall constitute an event of default until actual notice of such default by registered certified mail shall be given by the Trustee or by the holders of not less than twenty-five per cent of the aggregate principal amount of Bonds then outstanding to the Lessee and the County, and the County 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 the applicable period; provided, however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an event of default if corrective action is instituted by the Lessee or the County as the case may be, within the applicable period and diligently pursued until the default is corrected.

With regard to any alleged default concerning which notice is given to the Lessee under the provisions of this Section 1013, the County hereby grants the Lessee full authority for account of the

County to perform any covenant or obligation 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 could do and perform any such things and acts and with power of substitution.

In the event that the Trustee fails to receive, at least seven days prior to any semi-annual interest payment date, the rental payable by the Lessee under Section 5.3 of the Lease Agreement, the Trustee shall immediately give notice by telegram, or if telegraphic service is not available then by mail, to the Lessee specifying such failure.

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:

(a) 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, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may be reasonably employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the County or the Lessee). The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(b) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the authentication certificate of the Trustee endorsed on the Bonds), or for insuring the property conveyed hereby, or for 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 of the property conveyed hereby or otherwise as to the maintenance of the security hereof; except that in the event the Trustee enters into possession of a part or all of the property conveyed hereby pursuant to any provision of this Indenture it shall use due diligence in preserving such property; 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 under the Lease Agreement, except as herein expressly 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 and as to the condition of the property conveyed hereby. Except as otherwise provided in Section 1003 hereof, the Trustee shall have no obligation to perform any of the duties or obligations of the County, as lessor, under the Lease Agreement.

(c) 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.

(d) 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 of Bonds issued in exchange therefor or in place thereof.

(e) 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 Board by its Chairman and attested by its 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 (g) 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. The Trustee may accept a certificate of the Secretary of the County Board under its seal to the effect that a resolution in the form therein set forth has been adopted by the County as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(f) 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.

(g) 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 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 all 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.

(h) The Trustee shall not be liable for any debts contracted or for damages to persons or to personal property, injured or damaged, or for salaries or non-fulfillment of contracts during any period in which it may be in the possession of or managing the Mortgaged Property as in this Indenture provided.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any

and all of the Project, 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, subject to the limitations imposed upon such rights of inspection pursuant to Section 8.2 of the Lease Agreement.

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

(k) 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, the release of any property or the taking of any other action by the Trustee.

(l) Before taking any action hereunder the Trustee may require that a satisfactory indemnity bond be furnished 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.

(m) All moneys received by the Trustee or any paying agent shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. 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.

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 Bond Registrar and paying agent for the Bonds and coupons as hereinabove provided. The Trustee shall have a lien with right of payment prior to payment on account of interest or principal of any Bond upon the Project 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 (g) of Section 1101 hereof required to take notice or if notice of default be given as in said subsection (g) provided, then the Trustee shall give such notice to the Lessee and the County as is specified in Section 1013 hereof, and such notice to the Lessee as is specified in Section 10.1 (c) of the Lease Agreement, in order to have such default mature as an event of default upon the passage of the period of time therein specified and shall give written notice thereof by mail to the last known holders or 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 and by the registration books maintained by the Trustee pursuant to Section 208 hereof.

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 in aggregate principal amount of all Bonds then outstanding. 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 of the title to the whole property or trust estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instruments 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 registered or certified mail to each registered owner of Bonds then outstanding and to each holder of Bonds as shown by the list of Bondholders required by Section 408 hereof to be kept at the office of 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 owners of a majority in aggregate principal amount of all 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; provided, nevertheless, that in case of such vacancy the County by an instrument executed and signed by the Chairman of the County Board and attested by the Secretary of the County Board 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 organized under the laws of the United States of America or any state thereof and which is in good standing, within or outside the State of South Carolina, having a reported capital and surplus of not less than \$25,000,000 or four times the aggregate principal amount of the Bonds then outstanding, whichever is less, 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 estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the County, or of its successor, and upon payment of all amounts due such predecessor pursuant to Section 1102 hereof, execute and deliver an instrument transferring to such successor Trustee all the estates, 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 estate, 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.

858

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, the Trustee may pay such tax, assessment or governmental or other 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 revenues herein pledged to the payment of the Bonds 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 in the aggregate principal amount of all 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, opinion, 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 Trustee of Bond Fund and Construction Fund, Paying Agent and Bond Registrar. In the event of a change in the office of Trustee the predecessor

Trustee which has resigned or has been removed shall cease to be trustee of the Bond Fund and the Construction Fund, and paying agent for principal of and interest and premium, if any, on the Bonds and Bond Registrar and the successor Trustee shall become such trustee, paying agent and Bond Registrar.

SECTION 1113, Trust Estate May Be Vested in Separate or 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 South Carolina) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that there may be a Corporate Trustee hereunder which shall not be qualified to transact business in South Carolina, and 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 hold title to the Mortgaged Property, in trust, as herein granted, 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, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or 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 estates, 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.

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 the lien and pledge of this Indenture additional revenues, properties or collateral; and

(d) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar Federal statute hereafter in effect or under any state Blue Sky Law.

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 land and interests in land, and buildings forming a part of the Project and generally described in Exhibit A attached hereto so as to more precisely identify the same or to substitute or add additional land or interests in land and improvements and (ii) with respect to any changes required to be made in the description of the Mortgaged Property in order to conform with similar changes made in the Lease Agreement as premitted by Section 1301.

SECTION 1202, Supplemental Indentures Requiring Consent of Bondholders. Exclusive of indentures supplemental hereto covered by Section 1201 hercof 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 stated maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of payment of interest on, or reduction of any premium payable on the redemption of, any Bonds, without the consent of the holder of such Bond, or (b) the creation of any lien (other than any Permitted Encumbrances as defined in the Lease Agreement) prior to or on a parity with the lien of this Indenture, or (c) a reduction in the aforesaid aggregate principal amount of Bonds the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all the Bonds at the time outstanding which would be affected by the action to be taken, or (d) the modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee.

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 newspaper or financial journal of general circulation 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 and no bearer of any Coupon 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. The Trustee may rely upon an opinion of counsel as conclusive evidence that execution and delivery of a Supplemental Indenture has been effected in compliance with the provisions of this Article XII.

Anything herein to the contrary notwithstanding, a supplemental indenture under this Article XII which affects any rights of the Lessee shall not become effective unless and until the Lessee shall have consented to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture together with a copy of the proposed supplemental indenture to be mailed by certified or registered mail to the Lessee at least fifteen days prior to the proposed date of execution and delivery of any supplemental indenture. The Lessee shall be deemed to have consented to the execution and delivery of any such supplemental indenture

if the Trustee does not receive a letter of protest or objection thereto signed by or on behalf of the Lessee on or before 2:30 o'clock P.M., EST, of the fifteenth day after the mailing of said notice and a copy of the proposed 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 land and interests in land, machinery and equipment described in Exhibits A and B to the Lease Agreement so as to identify more precisely the same or substitute or add additional land or interests in land or machinery and equipment, or (iv) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or materially adverse to the holders of the Bonds.

SECTION 1302, Amendments, etc., to Lease Agreement Requiring Consent of Bondholders. Except for the amendments, changes or modifications as provided in Section 1301 hereof, neither the County nor the Trustee shall consent to any other 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 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. 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 such proposed amendment shall have consented to and approved the execution thereof as herein provided, no holder of any Bond and no bearer of any coupon 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 consenting to the execution thereof or from taking any action pursuant to the provisions thereof. Upon the execution of any such amendment as in this Section permitted and provided, the Lease Agreement shall be and be deemed to be modified and amended in accordance therewith. The Trustee may rely upon an opinion of counsel as conclusive evidence that execution and delivery of said amendment to the Indenture has been effected in compliance with the provisions of this Article XIII.

ARTICLE XIV

MISCELLANEOUS

SECTION 1401, Consents, etc., of Bondholders. Any consent, request, direction, approval, waiver, 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, waiver, 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 request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership such affidavit or certificate shall also constitute sufficient proof of his authority.

(b) The amount of Bonds, transferable by delivery held by any person executing any such request, consent or other instrument

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

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

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

(e) In determining whether the holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned by the County or the Lessee or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by or under common control with the County or the Lessee or any other obligor on the Bonds, shall be disregarded and deemed not to be outstanding for the purpose of any such determination, provided that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver only Bonds which the Trustee knows to be so owned shall be disregarded. Bonds so owned which have been pledged in good faith may be regarded as outstanding for the purposes of this Section 1401 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by or under common control with the County or the Lessee or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

SECTION 1402, Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto, and the holders of the

Bonds and the bearers of coupons appertaining thereto, any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, 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 the bearers of such 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 law or 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. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, addressed as follows: if to the County, to the County Council of Florence County, Florence County Courthouse, Florence, South Carolina; if to the Trustee, at Florence, South Carolina, Attention: Corporate Trust Department. The County, the Lessee, and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 1405, Trustee as Paying Agent and Registrar. The Trustee is hereby designated and agrees to act as a paying agent and the Bond Registrar for and in respect to 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 shall be in Florence, South Carolina or Detroit, Michigan 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 city 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, Disposition of Unclaimed Money in Hands of Trustee. Any money deposited with the Trustee in trust for the payment of the principal of (and premium, if any) or interest on any Bonds and remaining unclaimed for 6 years after such principal (and premium, if any) or interest has become due and payable shall be paid to the Lessee; and the holder of such Bonds or the relevant Coupons shall thereafter, as an unsecured general creditor, look only to the Lessee for payment thereof, and all liability of the Trustee or the County with respect to such trust money shall thereupon cease; PROVIDED, HOWEVER, that the Trustee, before being required to make any such payment, may at the expense of the Lessee cause to be published once, in a financial paper published in the City of New York, State of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be paid to the Lessee.

SECTION 1408, Counterparts. This Indenture may be 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, Laws Governing Indenture and Situs and Administration of Trust. The effect and meaning of this Indenture and the rights of all parties hereunder shall be governed by, and construed according to, the laws of the State of South Carolina, but it is the intention of the County that the situs of the trust created by this Indenture be in the state

in which is located the principal office of the Trustee from time to time acting under this Indenture. The word "Trustee" as used in the preceding sentence shall not be deemed to include any additional individual or institution appointed as a separate or co-trustee pursuant to Section 1113 of this Indenture. It is the further intention of the County that the Trustee administer said trust in the state in which is located, from time to time, the situs of said trust.

IN WITNESS WHEREOF, Florence County has caused these presents to be signed in its name and behalf by the Chairman of the County Council of Florence County and its corporate seal to be hereunto affixed and attested by the Secretary of the said County Council, and to evidence its acceptance of the trusts hereby created, Guaranty Bank and Trust Company has caused these presents to be signed in its name and behalf by one of its Trust Officers, its official seal to be hereunto affixed, and the same to be attested by one of its Assistant Secretaries, all as of the first day of January, 1969.

FLORENCE COUNTY, SOUTH CAROLINA

(SEAL)

By _____
Chairman of the County Council of
Florence County

Attest:

Secretary of the County Council
of Florence County

In the presence of:

(SEAL)

GUARANTY BANK AND TRUST COMPANY

By _____
Trust Officer

Attest:

Assistant Secretary

In the presence of:

STATE OF SOUTH CAROLINA)
)
COUNTY OF FLORENCE)

PERSONALLY appeared before me _____,
who being duly sworn says that he saw the corporate seal of
Florence County, South Carolina, affixed to the foregoing Trust
Indenture, and that he also saw _____
as Chairman of the County Council of Florence County and _____
_____ as Secretary of the County Council
of Florence County sign and attest the same, and that he with
_____ witnessed the execution and delivery
thereof as the act and deed of the said Florence County, South
Carolina.

SWORN to before me this _____
_____ day of _____,
1969.

_____(SEAL)
Notary Public for South Carolina
My Commission Expires: _____

STATE OF SOUTH CAROLINA

COUNTY OF FLORENCE

PERSONALLY appeared before me _____,
who being duly sworn says that he saw the corporate seal of Guaranty
Bank and Trust Company affixed to the foregoing Trust Indenture, and
that he also saw _____, as Trust Officer,
and _____, as Assistant Secretary, of the said
Guaranty Bank and Trust Company, sign and attest the same, and that he
with _____ witnessed the execution and delivery
thereof as the act and deed of the said Guaranty Bank and Trust
Company.

SWORN to before me this
_____ day of _____, 1969. _____

(SEAL)
Notary Public for South Carolina
My Commission Expires: _____

EXHIBIT A
DESCRIPTION OF LEASED LAND

ATTACHED TO TRUST INDENTURE DATED AS OF JANUARY 1, 1969
BETWEEN FLORENCE COUNTY AND GUARANTY BANK AND TRUST COMPANY.

All that certain tract of land situate in the City of Florence, County of Florence, State of South Carolina, containing twenty-one and 42/100 (21.42) acres, more or less, as shown on a map thereof as property of La-Z-Boy East, prepared by Ervin Engineering Company, dated January 8, 1969, and recorded in the office of the Clerk of Court for Florence County, South Carolina, in Plat Book "2" at page 21, together with the buildings and improvements thereon. Said tract of land is more particularly described and bounded as follows: Beginning at an iron pin on the western margin of the Seaboard Airline Railroad right-of-way (now Seaboard Coastline Railroad) at the corner of this tract of land with property of Lucas, thence running South 72 degrees 26 minutes West three hundred eleven and 9/10 (311.9) feet to an iron pin, thence South 7 degrees 47 minutes West two hundred forty-two and 7/10 (242.7) feet to an iron pin, thence South 17 degrees 34 minutes East three hundred fifty and 95/100 (350.95) feet to a point, and thence South 45 degrees 3 minutes West nine and 5/10 (9.5) feet to a point on the eastern margin of U. S. Highway No. 52, whereon it is bounded by property of Lucas; thence along the eastern margin of U. S. Highway No. 52 North 44 degrees 57 minutes West one hundred twelve and 86/100 (112.86) feet to an iron pin, whereon it is bounded by said U. S. Highway No. 52; thence North 17 degrees 35 minutes West five hundred one and 98/100 (501.98) feet to an iron pin, thence South 45 degrees 3 minutes West forth-five (45) feet to an iron pin, whereon it is bounded by property of Texaco; thence North 44 degrees 57 minutes West three hundred seventy-two and 8/10 (372.8) feet to an iron pin, whereon it is bounded by property of Texaco, the South Carolina National Bank, and Chase Oil Company; thence North 17 degrees 35 minutes West one hundred fifty (150) feet to an iron pin, and thence South 72 degrees 25 minutes West one hundred ninety (190) feet, more or less, to an iron pin, whereon it is bounded by property of Chase Oil Company; thence North 17 degrees 35 minutes West one hundred and 11/100 (100.11) feet to an iron pin, and thence South 45 degrees 3 minutes West one hundred thirty and 64/100 (130.64) feet to an iron pin on the eastern margin of U. S. Highway No. 52, whereon it is bounded by property of Hess; thence along the eastern margin of U. S. Highway No. 52 North 44 degrees 57 minutes West fifteen (15) feet to an iron pin, whereon it is bounded by U. S. Highway No. 52; thence North 45 degrees 3 minutes East two hundred fifty-nine and 8/10 (259.8) feet to an iron pin, thence North 22 degrees 25 minutes West four hundred thirth-nine (439) feet to an iron pin, thence North 72 degrees 26 minutes East one hundred seventy-one and 6/10 (171.6) feet to an iron pin, and thence North 17 degrees 34 minutes West one hundred fifty and 2/10 (150.2) feet to an iron pin, whereon it is bounded by property of Paul Gee and by property of Givens Young; thence North 73 degrees 32 minutes East six hundred twenty-seven (627) feet to an iron pin on the western margin of the Seaboard Airline Railroad Right-of-way (now Seaboard Coastline Railroad), whereon it is bounded by property of La-Z-Boy East; thence along the eastern margin of said Seaboard Airline Railroad right-of-way in a southerly direction along the curve thereof a distance of one hundred three (103) feet to an iron pin, and thence continuing along said right-of-way of the Seaboard Airline Railroad, South 17 degrees 34 minutes East one thousand one hundred thirty-one (1,131) feet to an iron pin, the point of beginning, whereon it is bounded by the right-of-way of the said Seaboard Airline Railroad (now Seaboard Coastline Railroad); all of which will more fully appear by reference to the above mentioned map

SINKLER, GIBBS & SIMONS
ATTORNEYS & COUNSELLORS AT LAW

TELEPHONE 722-3367
AREA CODE 803

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

2 PRIOLEAU STREET
CHARLESTON, S. C. 29402
POST OFFICE BOX 340

July 17th, 1969

Honorable P. C. Smith
State Auditor
P. O. Box 11333
Columbia, South Carolina 29211

Dear Pat:

Re: \$500,000 Bamberg County, South Carolina,
First Mortgage Industrial Revenue Bonds,
Series 1969 (Rockland-Bamberg Industries,
Inc. - Lessee), Dated June 1, 1969

Enclosed you will find a copy of the Lease Agreement
and a copy of the Trust Indenture used in connection with the
captioned bonds for the file of the State Budget and Control
Board.

Very truly yours,

T. B. Guerd / L

TBG/bhs
Enclosures

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ORIGINAL

STATE OF SOUTH CAROLINA

COUNTY OF BAMBERG

TO THE STATE BUDGET AND CONTROL)

BOARD OF SOUTH CAROLINA)

P E T I T I O N

The Petition of the County Board of Commissioners of Bamberg County (the County Board) pursuant to Act No. 103 of the Acts of the General Assembly of the State of South Carolina for the year 1967, approved March 21, 1967 (the Act), respectfully shows:

1. The County Board is the governing body of Bamberg County established pursuant to Chapter 5 and Article 1, Chapter 27 of Title 14, South Carolina Code of Laws of South Carolina, 1962, as amended, and as such it is the "County Board" referred to in the Act (and confirmed as such by Act No. 927 enacted at the 1968 Session of the South Carolina General Assembly .

2. The Act authorizes and empowers the County Board, if it shall comply with the provisions set forth in the Act, to acquire land, building and other improvements deemed necessary, suitable and useful for any enterprise for the manufacturing, processing or assembling of manufactured products; to lease the same, and to finance the acquisition and construction of the same through the issuance of bonds payable from and secured by a pledge of the revenues to be derived from such enterprise.

3. Rockland-Bamberg Industries, Inc., a South Carolina corporation (the Company) built an industrial plant on a four-

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acre tract in the City of Bamberg in 1966 which it operates as a textile finishing plant. During the early part of 1968, the Company and the County Board agreed that the County Board would finance the enlargement of the said plant (by adding an additional 34,560 square feet of building) including the installation of additional machinery and equipment through the issuance of \$750,000 First Mortgage Industrial Revenue Bonds of Bamberg County pursuant to the Act; and pursuant to Section 14 of the Act, the County Board heretofore presented its Petition to the State Budget and Control Board seeking its approval of the County Board's proposed undertaking. At the request of the County Board, no action has heretofore been taken on the said Petition.

4. The original undertaking has been modified by the County Board and the Company to the extent of deleting therefrom the sum of \$250,000 which was originally intended to partially reimburse the Company for the cost of the land and the original plant constructed thereon in 1966. This item was deleted in order to avoid any question as to the tax exempt status of interest to be paid on the proposed bonds which may have resulted from the inclusion of this item.

5. The Company is proceeding on the basis of the assurances heretofore made by the County Board to enlarge its plant and acquire and install additional equipment therein at an estimated cost of \$500,000 including approximately \$90,000 for the cost of plant enlargement and approximately \$410,000 for the cost of additional equipment.

6. The County Board now proposes to fulfill its

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previous agreement with the Company and to finance the enlargement of the Company's manufacturing plant and the acquisition and installation of additional equipment therein through the issuance of \$500,000 Bamberg County, South Carolina, First Mortgage Industrial Revenue Bonds, Series 1969 - Rockland (the Bonds) pursuant to the Act. In this connection, the Company will convey the aforesaid land and industrial plant, as improved, together with the additional equipment and machinery financed from the proceeds of the Bonds to Bamberg County; and the Company will be reimbursed from the proceeds of the Bonds for the costs of constructing the plant enlargement and of acquiring and installing such additional machinery and equipment. The said land, improved plant, and additional machinery and equipment is hereinafter referred to as the "Project", but the Project does not include the machinery installed in the original plant which shall remain the property of the Company and in which the County will have no interest. The Project will be leased by Bamberg County to the Company.

7. Before its enlargement, the said industrial plant employed, and presently employs, approximately 26 persons and upon the completion of the Project it will employ an additional 30 persons; and during the period of construction, considerable employment has been provided by the construction of the plant enlargement.

8. In order to acquire and finance the construction and equipping of the Project, the County Board now proposes to issue, pursuant to the Act, Bonds in the aggregate principal amount

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of \$500,000 which is the estimated cost of the Project including all costs of financing. The Company has arranged for the purchase of the Bonds at par by Iselin-Jefferson Financial Co., a New York corporation.

9. All of the obligations of the Company under the Lease, including the payment of sufficient rentals to pay the principal and interest upon the Bonds as the same come due, will be unconditionally guaranteed by Rockland Bleach and Dye Works, Inc., a Maryland corporation.

10. For the reasons above set forth and hereafter disclosed, the County Board has found:

(a) That the proposed Project will subserve the purposes of the Act.

(b) That by reason of undertaking the Project no pecuniary liability will result to the County nor will there be a charge against its general credit or taxing power.

(c) The proposed Lease between the County Board and the Company will unconditionally obligate the Company to pay rent in an amount adequate to provide for the principal and interest payments on the Bonds which bear interest at the rate of 7% per annum and will mature at the rate of \$12,500 semi-annually on each July 1 and January 1 hereafter, commencing July 1, 1969.

(d) All obligations of the Company under the Lease will be guaranteed by the unconditional guaranty of Rockland Bleach and Dye Works, Inc., both of which are corporations with established credit, for which reason it has been determined that

there is no need for providing a reserve fund for the payment of the Bonds.

(e) That the terms of the Lease will require the Company to carry proper insurance and to pay all costs of maintaining the Project in good repair.

11. Pursuant to Section 14 of the Act, the County Board sets forth the following information:

(a) The Project to be undertaken consists of the acquisition, enlargement and equipping of a textile finishing plant.

(b) The Project will provide considerable employment both during the period of its construction and thereafter will employ approximately 56 people (including the 26 persons presently employed). It is therefore believed that the Project will have an extremely beneficial effect upon the economy of the County and areas adjacent thereto.

(c) A reasonable estimate of the cost of acquiring and financing the construction of the Project is \$500,000.

12. The proposed Lease will provide, among other things, the following:

(a) To finance the cost of acquiring, constructing and equipping the Project, the County will issue \$500,000 Bamberg County, South Carolina, First Mortgage Industrial Revenue Bonds, Series 1969 - Rockland. The Bonds will be secured by a pledge of the rents to be paid by the Company under the Lease and will be further secured by a Trust Indenture as authorized by Section 5 of the Act to The South Carolina National Bank, as Trustee.

(b) The proceeds derived from the sale of the Bonds will be deposited with the Trustee and will be withdrawn and

applied solely for the payment of costs incident to the acquisition, constructing and equipping of the Project and for the expenses incurred in connection with the issuance of the Bonds and interest to accrue during the period of time permitted by the Act.

(c) The Lease contains a specific provision by which the Company has unconditionally agreed to make payments to Bamberg County, to the School District, and to all other political units of the County in which the Project is situated, in lieu of taxes, in such amounts as would result from taxes levied on the Project by Bamberg County, by the said School District, and by said other political units, if the Project were owned by the Company, but with appropriate reductions similar to the tax reductions, if any, which would be afforded to the Company were it the owner of the Project.

(d) The Lease contains a covenant obligating the Company to complete the Project at its own expense in the event that the proceeds of the Bonds authorized for the Project prove insufficient to provide all costs incident thereto.

(e) The Lease contains no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing powers.

(f) Rockland Bleach and Dye Works, Inc., a Maryland corporation, will enter into a Guaranty Agreement with the County under which Rockland Bleach and Dye Works, Inc., will unconditionally guarantee the performance of all of the obligations of the Company under the Lease, and the Guaranty Agreement will be attached to the Lease.

13. The proposed Trust Indenture is in conventional form and constitutes a forecloseable mortgage upon the Project. Included in the granting clause of the mortgage will be:

- (a) All real property and interest therein acquired or to be acquired for the Project;
- (b) All machinery, equipment and other property included in the Project to be installed on the Project;
- (c) The right, title and interest of the County in the Lease;
- (d) The right, title and interest of the County in the Guaranty Agreement; and
- (e) All rentals and revenues derived by the County under the Lease, except those payments to be made in lieu of taxes.

The Indenture makes provision for the issuance of not exceeding \$500,000 of Bonds to be secured thereunder. It provides for the payment and redemption of the Bonds, the establishment of a Bond Fund into which the proceeds of the rents payable by the Company are placed and the use of said fund for the payment of the Bonds. It imposes upon the Company, as Lessee of the Project, the obligation to pay, in addition to the moneys required for the payment of the principal and interest of the Bonds, all other costs and expenses resulting from the execution and delivery of the Indenture and the issuance of the Bonds pursuant thereto.

14. The proposed Lease, proposed Guaranty Agreement, and proposed Trust Indenture will be in the usual form of such documents as have been used in the issuance of Industrial Revenue Bonds under the Act.

Upon the basis of the foregoing, the County Board respectfully prays:

THAT the State Board accept the filing of the Petition presented herewith and that it do, thereafter, and as soon as practicable, make its independent investigation of the Project and the terms and provisions of the Lease, the Guaranty Agreement, and the Trust Indenture as it deems advisable, and that thereafter, the State Board make a finding that the proposed Project will promote the purposes of the Act and that it is reasonably anticipated to effect such result, and on the basis of such finding that it does approve the Project, and give published notice of its approval in the manner set forth in Section 14 of the Act.

Respectfully submitted,

COUNTY BOARD OF COMMISSIONERS
OF BAMBERG COUNTY

Fred F. Hutto
Chairman, County Board of
Commissioners of Bamberg
County, South Carolina

(SEAL)

Attest:

Glaryne Z. Goss
Clerk, County Board of
Commissioners of Bamberg County,
South Carolina

- 7/69?

RESOLUTION

STATE OF SOUTH CAROLINA BUDGET AND CONTROL BOARD

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

WHEREAS, the proposed undertaking consists of the acquisition by the County Board of the original manufacturing plant owned by Rockland - Bamberg Industries, Inc., a South Carolina corporation (the Company), including the parcel of land (containing approximately three acres) in the City of Bamberg whereon the plant is located and upon which the County Board will undertake to finance the enlargement of the said plant, at an estimated cost of \$90,000, and the acquisition and installation of additional machinery and equipment, estimated to cost approximately \$410,000 (said land, industrial plant as enlarged, and additional machinery and equipment being hereinafter referred to as the Project); and

WHEREAS, the Project is to be leased to the Company at a rental sufficient to provide for the payment of the bonds of Bamberg County hereafter referred to, and costs and expenses resulting from the issuance thereof, and Rockland Bleach and Dye Works, Inc., has unconditionally guaranteed the performance of the Company's obligations under the Lease; and

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

WHEREAS, the form of the Lease Agreement between Bamberg County and the Company, of the Lease Guaranty Agreement by Rockland Bleach and Dye Works, Inc., and of the Trust Indenture have been considered by this Board; and

WHEREAS, the undertaking set forth above is in lieu of the undertaking of the County Board heretofore presented to the State Board (but at the request of the County Board not acted upon by the State Board and now withdrawn), providing for the issuance of \$750,000 of Bamberg County First Mortgage Industrial Revenue Bonds pursuant to the Act with which to acquire the said land and industrial plant and to finance the construction of the said enlargement and the acquisition and installation of the said additional equipment and machinery. The original proposal included an item of approximately \$250,000 as partial reimbursement to the Company for the cost of the land and original plant. This item has now been deleted from the proposal now being presented in order to avoid any question as to the tax exempt status of interest to be paid on the proposed bonds which might have resulted from its inclusion.

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

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

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

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

(c) The original industrial plant of the Company provides employment for approximately 26 persons and upon the completion of the Project it will employ an additional 30 persons (the same number of additional employees which would have resulted from the prior proposed undertaking); and during the period of construction considerable employment has and will be provided by the construction of the plant enlargement; and the Project will be of benefit to Bamberg County and adjoining areas.

(d) The Project does not include the machinery installed in the original plant all of which shall remain the property of the Company, and the County will have no interest therein. However, the land and original plant are to be conveyed to the County at no cost.

(e) All obligations of the Company under the Lease will be guaranteed by the unconditional guaranty of Rockland Bleach and Dye Works, Inc., a Maryland corporation, of which the Company is a wholly owned subsidiary.

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

results.

2. On the basis of the foregoing findings the proposed undertaking of the County Board to acquire the land and original plant included in the Project, to finance the construction of an enlargement thereof (by adding an additional 34,560 square feet of building) and the acquisition and installation therein of the additional equipment and machinery included in the Project, to lease the Project to the Company (to be operated as a textile finishing plant), and to finance the cost of acquiring, constructing and equipping the Project through the issuance of \$500,000 Bamberg County First Mortgage Industrial Revenue Bonds payable from the revenues to be derived from the leasing of the Project and additionally secured by the said Trust Indenture, all pursuant to the Act, be and the same is hereby approved.

3. Notice of the action of the State Board in giving approval to the undertaking of Bamberg County above described in paragraph 2, supra, shall be published in THE STATE and in THE BAMBERG HERALD, both of which are newspapers having general circulation in Bamberg County.

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

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

Notice is hereby given that following the filing of a Petition by the County Board of Commissioners of Bamberg County (the County Board) to the State Budget and Control Board of South Carolina (the State Board), approval has been given by the State Board, at its meeting held _____, 1969, to the following undertaking, viz.:

The acquisition by the County Board of the original industrial plant including the tract of land on which it is located containing approximately three acres in the City of Bamberg from Rockland - Bamberg Industries, Inc., a South Carolina corporation (the Company), and the financing by the County Board of the construction of an enlargement to the said plant consisting of an additional 34,560 square feet of building (now about completed) and the acquisition and installation of additional machinery and equipment (said land, building as enlarged, and additional machinery and equipment hereinafter referred to as the Project and all of which is to be leased to the Company for use as a textile finishing plant), through the issuance of \$500,000 Bamberg County First Mortgage Industrial Revenue Bonds by the County Board pursuant to the provisions of Act No. 103 of the Acts of the South Carolina General Assembly for the year 1967, payable solely from the rentals to be paid to the County by the Company which has irrevocably covenanted and agreed to pay when due, all sums required for the principal and interest thereon, and

additionally secured by a Trust Indenture which will constitute a forecloseable lien upon the Project.

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

The Company constructed its original plant aforesaid in 1966 and prior to the aforesaid undertaking by the County Board employed, and currently employs, approximately 26 persons. Upon the completion of the Project, it is estimated that employment will be provided for an additional 30 persons. The Project does not include, and the County will have no interest in, the equipment and machinery installed in the original plant which shall remain the property of the Company. Of the proceeds of the proposed bonds, approximately \$90,000 will be used to reimburse the Company for the cost of constructing the said enlargement and approximately \$410,000 will be used to defray the cost of acquiring and installing the additional machinery and equipment included in the Project. Under a prior agreement, the County Board had proposed to issue \$750,000 Bamberg County First Mortgage

Industrial Revenue Bonds in order to finance the items included in the Project aforesaid and also to partially reimburse the Company for the cost of the land and the original plant in the amount of approximately \$250,000. This item has been eliminated from the undertaking now proposed and approved (in lieu of the previous proposal aforesaid which was never consummated) and the land and original plant (not including the equipment and machinery installed in the original plant) will be acquired by Bamberg County at no cost.

The Company is a wholly owned subsidiary of Rockland Bleach and Dye Works, Inc., a Maryland corporation, which will unconditionally guarantee the performance of all obligations of the Company under the said Lease.

The said Lease will provide that the Company may acquire the Project for the nominal sum of \$1.00 upon the payment in full of the Bonds.

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, but not afterwards, challenge the validity of the action of the State Board in approving the undertaking of the County Board by action de novo instituted in the Court of Common Pleas for Bamberg County.

THE STATE BUDGET AND CONTROL BOARD

BY _____

Secretary

PUBLICATION DATE:

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

I, P. C. SMITH, Auditor of the State of South Carolina,
and Secretary to the State Budget and Control Board, DO HEREBY
CERTIFY:

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

His Excellency, Robert E. McNair, Governor of
South Carolina and Chairman of the Board;

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

The Honorable John Henry Mills, Comptroller
General of South Carolina;

The Honorable Edgar A. Brown, Chairman of the
Senate Finance Committee; and

The Honorable Robert James Aycock, Chairman
of the House Ways and Means Committee.

That due notice of meeting of said Board, called to be
held at the office of the State Auditor, in the Hampton Office
Building, at Columbia, South Carolina, at _____ M.,
_____, 196____, was given to all members
in writing, and at least four (4) days prior to said meeting;
that all members of said Board were present at said meeting, with
the exception of:

That at said meeting, a resolution, of which the attach-
ed is a true, correct and verbatim copy, was introduced by _____
_____, who moved its adoption; said motion was seconded
by _____, and upon the vote being taken and recorded
it appeared that the following votes were cast:

FOR MOTION

AGAINST MOTION

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

_____, 196__.

Secretary

BAMBERG COUNTY, SOUTH CAROLINA

AND

ROCKLAND-BAMBERG INDUSTRIES, INC.

LEASE AGREEMENT

Dated as of June 1, 1969

THIS LEASE AGREEMENT dated as of June 1, 1969, between Bamberg County, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the County Board of Commissioners of Bamberg County (the County Board) as the governing body of Bamberg County established pursuant to Chapter 5 and Article I of Chapter 27, Title 14, Code of Laws of South Carolina, 1962, as amended, party of the first part, and Rockland-Bamberg Industries, Inc., a corporation organized and existing under the laws of the State of South Carolina, party of the second part.

W I T N E S S E T H :

In consideration of the respective representations and agreements hereinafter contained, the parties hereto agree as follows (provided, that in the performance of the agreements of the party of the first part herein contained, any obligation it may thereby incur for the payment of money shall not create a pecuniary liability or a charge upon its general credit or taxing powers but shall be payable solely out of the proceeds derived from this Agreement, the sale of bonds referred to in Section 2.1 hereof and the insurance proceeds, proceeds from released property and condemnation awards as herein provided):

ARTICLE I

DEFINITIONS

SECTION 1.1. Certain terms used in this Lease Agreement are defined herein. When used herein, such terms shall have the meanings given to them by the language employed in this Article I defining such terms, unless the context clearly indicates otherwise.

SECTION 1.2. The following terms are defined terms under this Lease Agreement:

"Act" means Act No. 103 of the Acts and Joint Resolutions of the General Assembly of South Carolina, enacted at its 1967 regular session, and approved by the Governor of South Carolina on March 21, 1967.

"Agreement" or "Lease Agreement" means the within Lease Agreement between the County and the Lessee.

"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 the Chairman of the County Board. Such certificate may designate an alternate or alternates.

"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.

"Bonds" means the \$500,000 Industrial Revenue Bonds of the County to be issued pursuant to the Indenture.

"Bond Fund" means the Bond Fund created in Section 502 of the Indenture and referred to herein.

"Building" means those certain buildings and all other facilities forming a part of the Project (including the original plant building constructed in 1966) and not constituting part of the Leased Equipment which are located or are required by Section 4.1 (a) hereof to be constructed on the Leased Land, as they may at any time exist.

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

"Construction Fund" means the Construction Fund created in Section 602 of the Indenture and referred to herein.

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

"County" means Bamberg County, South Carolina, a body politic and corporate, and its successors and assigns.

"County Board" means the County Board of Commissioners of Bamberg County, and any successor body.

"Guarantor" means Rockland Bleach and Dye Works, Inc., a Maryland corporation, which has unconditionally guaranteed performance of the obligations of the Lessee under this Agreement pursuant to a Guaranty Agreement dated as of June 1, 1969, between the Guarantor and the County and attached hereto as Exhibit "C".

"Indenture" means the Trust Indenture between the County and The South Carolina National Bank, as Trustee, of even date herewith, pursuant to which (i) the Bonds are authorized to be issued and (ii) the County's interest in this Agreement and the lease rentals, revenues and receipts received by the County from the Project (except payments pursuant to Section 5.5 of this Agreement) are pledged and the Project is mortgaged as security for the payment of principal, premium, if any, and interest on the Bonds, including any indenture supplemental thereto.

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

"Independent Engineer" means an engineer or engineering firm registered and qualified to practice the profession of engineering under the laws of South Carolina and who or which is not a full time employee of either the County or the Lessee or the Guarantor.

"Lease Term" means the duration of the leasehold estate in this 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 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 and renewals and replacements thereof pursuant to the provisions of Sections 4.1(b), 6.1, 6.2(a), 7.1 and 7.2 hereof and is further defined as all property owned by the County and hereby leased to the Lessee which is not included in the definition of Leased Land or Building, but not including Lessee's own machinery and equipment installed under the provisions of Section 9.7 hereof, nor the machinery and equipment installed in the original plant building, none of which is to be paid for out of the proceeds of the Bonds. Leased Equipment is more particularly described in Exhibit "B" attached hereto which, by this reference thereto, is incorporated herein.

"Leased Land" means the real property and interests therein described in Exhibit "A" attached hereto which, by this reference thereto, is incorporated herein.

"Lessee" means (i) the party of the second part hereto and its successors and assigns and (ii) any surviving, resulting or transferee corporation as provided in Section 8.3 hereof.

"Licensed Engineer" means an engineer or engineering firm registered and qualified to practice the profession of engineering under the laws of South Carolina.

"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 expenses of the Trustee) incurred in the collection of such gross proceeds.

"Permitted Encumbrances" means, as of any particular time, (i) liens for ad valorem taxes not then delinquent, (ii) this Agreement and the Indenture, (iii) utility, access and other easements and rights of way, flood rights, encroachments and leases that a Licensed 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), (iv) 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, in the opinion of an Independent Counsel materially impair the property affected thereby for the purpose for which it was acquired or is held by the County, and (v) mechanic's and materialmen's liens not filed or perfected in the manner prescribed by Chapter 5 of Title 45, Code of Laws, South Carolina, 1962, as in effect on the date hereof, or otherwise.

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

"Trustee" means the trustee and/or the co-trustee at the time serving as such under the Indenture.

SECTION 1.3. The words "hereof", "herein", "hereunder", and other words of similar import refer to this Lease Agreement as a whole.

SECTION 1.4. References to Articles, Sections, and other subdivisions of this Lease Agreement are to the designated Articles, Sections, and other subdivisions of this Lease Agreement as originally executed.

SECTION 1.5. The headings of this Lease Agreement are for convenience only and shall not define or limit the provisions hereof.

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 and a political subdivision of the State of South Carolina, and is authorized and empowered by the provisions of the Act to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder. The Project constitutes and will constitute a "project" within the meaning of the Act. By proper action by the County Board and the State Budget and Control Board of South Carolina, the County has been duly authorized to execute and deliver this Agreement.

(b) The County has acquired by deed of the Lessee recorded simultaneously herewith the Leased Land, including the almost completed Building located thereon, and has authorized, and does hereby authorize, the Lessee to complete thereon the Building, to acquire and install the Leased Equipment in the Building or on the Leased Land, to acquire and install all other things deemed necessary in connection with the Project; and the County proposes to lease the Project to the Lessee and to sell the Project to the Lessee at the expiration or earlier termination of the Lease Term, all for the purposes of promoting the industrial development, developing the trade, and utilizing and employing the manpower, agricultural products and natural resources of South Carolina.

(c) Heretofore, the County Board and the Lessee did agree that the County would finance the cost of enlarging the existing textile finishing plant of the Lessee (constructed on the Leased Land in 1966) by adding an additional 34,560 square feet of Building and would also finance the acquisition and installation of additional machinery and equipment in the Building or on the Leased Land through the issuance of industrial revenue bonds pursuant to the Act. The Lessee estimates that such cost will amount to \$500,000, consisting of approximately \$90,000 for plant enlargement and approximately \$410,000 for the cost of the Leased Equipment, and on that basis the County now proposes to issue the Bonds in the aggregate principal amount of \$500,000 dated as of June 1, 1969, which will mature and bear interest as set forth in Section 202 of the Indenture and which will be subject to redemption on the occasions and at the redemption prices set forth in Section 301 of the Indenture in order to finance the cost of acquiring, constructing and equipping the Project.

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

(a) The Lessee is a corporation duly incorporated under the laws of South Carolina, is in good standing under its Charter and the laws of South Carolina, and has power to enter into this Agreement and by proper corporate action has been duly authorized to execute and deliver this Agreement.

(b) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement, conflict with or result in a breach of any of the terms, conditions or provisions of any corporate restriction or any agreement or instrument to which the Lessee is now a party or by which it is bound, or constitute a default under any of the foregoing, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Lessee under the terms of any instrument or agreement.

(c) The acquiring, constructing and equipping of the Project by the County through the issuance of the Bonds and the leasing by the County of the Project to the Lessee has induced the Lessee to enlarge its textile finishing plant in Bamberg County, South Carolina.

(d) The Lessee intends to operate the Project as a textile finishing plant from the Completion Date to the expiration or earlier termination of the Lease Term as provided herein.

(e) Relying upon the agreement of the County to finance the cost of acquiring, constructing and equipping the Project as aforesaid, the Lessee has proceeded with the construction of the enlargement (which enlargement, together with the original plant, constitute the Building) and the Building is almost completed. L- 906

(b) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement, conflict with or result in a breach of any of the terms, conditions or provisions of any corporate restriction or any agreement or instrument to which the Lessee is now a party or by which it is bound, or constitute a default under any of the foregoing, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Lessee under the terms of any instrument or agreement.

(c) The acquiring, constructing and equipping of the Project by the County through the issuance of the Bonds and the leasing by the County of the Project to the Lessee has induced the Lessee to enlarge its textile finishing plant in Bamberg County, South Carolina.

(d) The Lessee intends to operate the Project as a textile finishing plant from the Completion Date to the expiration or earlier termination of the Lease Term as provided herein.

(e) Relying upon the agreement of the County to finance the cost of acquiring, constructing and equipping the Project as aforesaid, the Lessee has proceeded with the construction of the enlargement (which enlargement, together with the original plant, constitute the Building) and the Building is almost completed. **E- 906**

ARTICLE III

DEMISING CLAUSES

SECTION 3.1. DEMISE OF THE LEASED LAND, BUILDING AND THE LEASED EQUIPMENT. 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 Agreement.

SECTION 3.2. WARRANTY OF TITLE. The County warrants that it has acquired a good and marketable fee simple title to the Leased Land, free from all encumbrances other than Permitted Encumbrances, and the County will furnish, at the time of the delivery of the Bonds, a written opinion of Independent Counsel that it has good and marketable fee simple title to the Leased Land, subject to Permitted Encumbrances.

SECTION 3.3. TITLE INSURANCE. At the time of the delivery of the Bonds, the County will provide a Mortgagee Title Insurance Policy (or an appropriate Binder) upon the Leased Land and Building issued by a Company approved by the Trustee insuring the lien of the Indenture upon the Leased Land and Building when completed, subject to no encumbrances other than Permitted Encumbrances, in the amount of not less than \$ 200,000, which is the estimated value of the Leased Land and Building. Any Net Proceeds therefrom shall be used to remedy the title defect resulting in the payment thereof or deposited in the Bond Fund.

ARTICLE IV

COMMENCEMENT AND COMPLETION OF THE PROJECT;

ISSUANCE OF THE BONDS

SECTION 4.1. AGREEMENT TO CONSTRUCT AND EQUIP THE BUILDING ON THE LEASED LAND. The County has acquired the Leased Land, including the partially completed Building by deed of the Lessee. The Lessee agrees that it will exercise the authorizations given to it by the County as set forth in Section 2.1 (b) and:

(a) It will cause the Building to be completed on the Leased Land wholly within the boundary line thereof by the construction of an additional 34,560 square feet of Building to the original plant, all of which will be utilized as a textile finishing plant and all of which will be constructed in accordance with a general description heretofore furnished to the County by the Lessee.

(b) It will cause to be acquired and installed in the Building or on the Leased Land for use of Lessee the Leased Equipment, to consist of the machinery, equipment and related property described in the general list thereof in Exhibit "B" attached hereto, and incorporated herein by reference thereto, and such other items of machinery and equipment and any transportation facility and equipment used as an integral part of the Project, which in Lessee's judgment may be necessary for operation of the Project.

(c) By virtue of the County's execution of this Agreement and the issuance of the Bonds by the County, the Lessee has received a full and adequate consideration for its conveyance of the Leased Land and original plant building (constructed in 1966) to the County for the nominal cash consideration of \$1.00.

The Lessee agrees to complete the construction of the Building as promptly as practicable after receipt of proceeds from the sale of Bonds with all reasonable dispatch, and to effect the acquisition and installation of the Leased Equipment as promptly as practicable.

SECTION 4.2. AGREEMENT TO ISSUE BONDS; APPLICATION OF BOND PROCEEDS. In order to provide funds for payment of the costs of the Project, the County agrees that it will by August 1st, 1969, sell and cause to be delivered to the initial purchasers thereof an issue of \$500,000 aggregate principal amount of Bonds and it will thereupon (i) deposit in the Bond Fund all accrued interest received on the sale of the Bonds, and (ii) deposit in the Construction Fund the balance of the proceeds received from said sale.

SECTION 4.3. DISBURSEMENTS FROM THE CONSTRUCTION FUND. The County will in the Indenture authorize and direct the Trustee to use the moneys in the Construction Fund for the following purposes (but, subject to the provisions of Section 4.9 hereof, for no other purposes):

(a) Payment of the initial or acceptance fee of the Trustee, the fees for recording the deeds whereby the Leased Land has been or is to be conveyed to the County, this Agreement, the Indenture and any title curative documents that either the Trustee, the Lessee or Independent Counsel may deem desirable to file for record in order to perfect or protect the title of the County to the Leased Land or to perfect or protect the lien

and security interest of the Indenture on the Project and the fees and expenses in connection with any actions or proceedings that either the Trustee, the Lessee or Independent Counsel may deem desirable to bring in order to perfect or protect the title of the County to the Leased Land or to perfect the lien and security interest of the Indenture on the Project.

(b) Payment to the Lessee and the County, as the case may be, of such amounts, if any, as shall be necessary to reimburse the Lessee and the County in full for all advances and payments made by them or either of them prior to or after the delivery of the Bonds for expenditures in connection with (i) the acquisition by the County of title to the Leased Land, including the cost of the Leased Land and the preparation of plans and specifications for the Project (including any preliminary study or planning of the Project or any aspect thereof) and (ii) clearing the Leased Land, the construction of the 34,560 square foot enlargement to the Building, the acquisition and installation of the Leased Equipment and all construction, acquisition and installation expenses required to provide utility services or other facilities, and all real or personal properties deemed necessary in connection with the Project (including architectural, engineering and supervisory services with respect to any of the foregoing).

(c) Payment of the cost of title insurance, legal and accounting fees and expenses and printing and engraving costs incurred in connection with the authorization, sale and issuance of the Bonds, the preparation of this Agreement, the Indenture and all other documents in connection therewith and in connection with the acquisition of title to the Leased Land and Building.

(d) Payment for labor, services, materials and supplies used or furnished in site improvement and in the construction of the 34,560 square foot enlargement to the Building, payment for the cost 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, and all real and personal property deemed necessary in connection with the Project and payment for the miscellaneous expenses incidental to any of the foregoing items including the premium on any surety bond.

(e) Payment of the fees, or out-of-pocket expenses of the Lessee, if any, for architectural, engineering and supervisory services with respect to the Project.

(f) Payment to the Trustee, as such payments become due, of the fees and expenses of the Trustee (as Trustee, Bond Registrar and paying agent) and of any paying agent properly incurred under the Indenture that may become due during the Construction Period, or reimbursement thereof if paid by the Lessee.

(g) To such extent as they shall not be paid by a contractor for construction with respect to any part of the Project, payment of the premium on all insurance required to be taken out and maintained during the Construction Period under this Agreement, or reimbursement thereof if paid by the Lessee.

(h) Payment of the taxes, assessments and other charges, if any, referred to in Section 6.3 hereof that may become payable during the Construction Period, or reimbursement thereof if paid by the Lessee.

(i) Payment of expenses incurred with approval of the Lessee in seeking to enforce any remedy against any contractor or subcontractor in respect of any default under a contract relating to the Project.

(j) Payment of any other costs and expenses relating to the Project.

(k) All moneys remaining in the Construction Fund after completion of the Building and acquisition and installation of the Leased Equipment and payment in full of the costs thereof, and after payment of all other items provided for in the preceding subsections (a) to (j), inclusive, of this Section, shall at the direction of the Lessee be (i) used by the Trustee for the purchase of Bonds in the open market for the purpose of cancellation, at prices not exceeding the principal amount thereof plus accrued

interest thereon to the date of delivery, or (ii) paid into the Bond Fund, except for amounts retained by the Trustee with the approval of the Authorized Lessee Representative and Authorized County 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 used as directed by the Lessee in the manner specified in clauses (i) and (ii) of this subsection.

It is further agreed that:

(1) Each of the payments referred to in the preceding subsections (a), (b), (c), (d), (e), (g), (i) and (j) of this Section shall be made only upon receipt by the Trustee of a written order by the Authorized Lessee Representative, which 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 in connection with the Project, is authorized by this Agreement to be paid, and such payment does not conflict with any provisions of this Section 4.3.

(2) 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.

(3) Nothing contained in this Agreement shall be construed to authorize payment to the Lessee for the cost of the Leased Land and of its original plant building (constructed in 1966), all of which have been conveyed to the County for the nominal cash consideration of \$1.00; nor to authorize payment to the Lessee for the cost of machinery and equipment installed in the original plant, (all of which machinery and equipment shall remain the property of the Lessee, will not be a part of the Project and in which the County will have no interest).

SECTION 4.4. TRUSTEE MAY RELY ON ORDERS AND CERTIFICATIONS. In making any such payment from the Construction Fund, the Trustee may rely on any such orders and certifications delivered to it pursuant to Section 4.3, and the Trustee shall be relieved of all liability with respect to making such payments in accordance with such orders and certifications.

SECTION 4.5. ESTABLISHMENT OF COMPLETION DATE. The Completion Date shall be evidenced to the Trustees by a certificate signed by the Authorized Lessee Representative 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) the Building has been completed in accordance with the specifications therefor and all labor, services, materials and supplies used in such construction have been paid for, (ii) all other facilities necessary in connection with the Project have been constructed, 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 for the purposes specified in Section 4.1(a) hereof and all costs and expenses incurred in the acquisition and installation of the Leased Equipment have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

SECTION 4.6. LESSEE REQUIRED TO PAY PROJECT COSTS IN EVENT CONSTRUCTION FUND INSUFFICIENT. In the event the moneys in the Construction Fund available for payment of the costs of the Project should not be sufficient to pay the costs thereof in full, the Lessee agrees to complete the Project and to pay 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 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 said 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 hereof. The obligation of the Lessee to complete the Project shall survive the termination of this Agreement, unless the Lessee purchases the Project pursuant to its option to purchase set forth in Section 11.2.

SECTION 4.7. AUTHORIZED LESSEE AND COUNTY REPRESENTATIVES AND SUCCESSORS. The Lessee and the County Board, respectively, will designate, in the manner prescribed in Section 1.2, the Authorized Lessee Representative and the Authorized County Representative. In the event that any person so designated hereunder and his alternate or alternates, if any, should become unavailable or unable to take any action or make any certificate provided for or required in this Agreement, a successor shall be appointed in the same manner.

SECTION 4.8. ENFORCEMENT OF REMEDIES AGAINST CONTRACTORS AND SUBCONTRACTORS AND THEIR SURETIES. Lessee covenants that it will take such action and institute such proceedings as shall be necessary to cause and require all contractors and materials suppliers to complete their contracts diligently in accordance with the terms of said contracts, including, without limitation, the correcting of any defective work, with all expenses incurred by Lessee in connection with the performance of its obligations under this Section 4.8 to be considered part of the Project costs referred to in Section 4.3 (j), and County agrees that the Lessee may, from time to time, in its own name, or in the name of the County, take such action as may be necessary

or advisable, as determined by Lessee, to insure the construction of the Project in accordance with the terms of such construction contracts, and the installation of machinery and equipment in accordance with any applicable contract pertaining thereto, to insure the peaceable and quiet enjoyment of the Project for the Lease Term, and to insure the performance by the County of all covenants and obligations of the County under this Agreement, with all costs and expenses incurred by Lessee in connection therewith to be considered as part of the Project costs referred to in Section 4.3 (j). Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing prior to the Completion Date, less legal expenses incurred by the County at the request of the Lessee, shall be paid into the Construction Fund and after the Completion Date shall be paid into the Bond Fund.

SECTION 4.9. INVESTMENT OF CONSTRUCTION FUND MONEYS PERMITTED. Any moneys held as a part of the Construction Fund shall at the written request of the Authorized Lessee Representative be invested or reinvested by the Trustee in (i) obligations of the United States and agencies thereof or unconditionally guaranteed as to principal and interest by the United States or any such agencies; (ii) general obligations of the State of South Carolina or any of its political units; (iii) Savings and Loan Associations to the extent that the same are secured by the

Federal Savings & Loan Corporation; (iv) certificates of deposit where such certificates of deposit are collaterally secured by securities of the type described in (i) and (ii) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest.

ARTICLE V

EFFECTIVE DATE OF THIS AGREEMENT; DURATION OF
LEASE TERM; RENTAL PROVISIONS; PAYMENTS IN LIEU
OF TAXES; UNCONDITIONAL OBLIGATION OF LESSEE

SECTION 5.1. EFFECTIVE DATE OF THIS AGREEMENT; DURATION OF LEASE TERM. This Agreement shall become effective upon its delivery, and the leasehold estate created in this Agreement shall then begin, and, subject to the provisions of this agreement (including particularly Articles X and XI hereof), shall expire July 1, 1989.

SECTION 5.2. DELIVERY AND ACCEPTANCE OF POSSESSION. The County has this day delivered to the Lessee and the Lessee accepts 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).

SECTION 5.3. RENTS AND OTHER AMOUNTS PAYABLE. At least seven days before January 1, 1970, and at least seven days before each January 1 and July 1 thereafter 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 Indenture, the Lessee shall pay to the Trustee as rent for the Project a sum equal to the amount payable on such January 1 or July 1, as the case may be, as principal and interest upon the Bonds as provided in the Indenture.

In any event each rental payment under this Section shall be sufficient to pay the total amount of interest and principal (whether at maturity or by redemption or acceleration as provided in the Indenture) payable on the next succeeding semi-annual payment date, and if at any payment date the balance in the Bond Fund is insufficient to make required payments of principal (whether at maturity or by redemption or acceleration as provided in the Indenture) and interest on such date the Lessee will forthwith pay any such deficiency; provided that any amount at any time held by the Trustee in the Bond Fund shall be credited against the next rental payment to the extent such amount is in excess of the amount required for payment of Bonds theretofore matured or called for redemption and past due interest in all cases where such Bonds have not been presented for final payment; and provided further, that if the amount held by the Trustee in the Bond Fund should be sufficient to pay at the times required the principal of, and interest on the Bonds then remaining unpaid, the Lessee shall not be obligated to make any further rental payments under the provisions of this Section.

The County agrees that it will not call any of the Bonds for redemption prior to their stated maturities except upon the prior written request of the Lessee and the Guarantor.

In the event the rental payment date falls on a non-banking day of the Trustee, the rental payment involved shall be due and payable on the next preceding day that is a banking day.

The Lessee agrees to pay to the Trustee 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 the Indenture, (i) an amount equal to the annual fee of the Trustee ⁹²⁰for the

ordinary services of the Trustee, as Trustee, rendered and its ordinary expenses, as Trustee, incurred under the Indenture, as and when the same becomes due, (ii) reasonable fees and charges of the Trustee, as Bond Registrar and paying agent, and any other 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 the necessary extraordinary services rendered by it and extraordinary expenses incurred by it 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.

In the event the Lessee should fail to make any of the payments required in this Section 5.3 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 6% per annum until fully paid. The provisions of this Section shall be subject to the provisions of Section 9.6 hereof.

SECTION 5.4. PLACE OF RENTAL PAYMENTS. The rent provided for in Section 5.3 hereof shall be paid directly to the Trustee for the account of the County and will be deposited in the Bond Fund. The additional payments to be made to the Trustee under Section 5.3 hereof shall be paid directly to the Trustee for its own use or for disbursement to the paying agents, as the case may be.

SECTION 5.5. PAYMENTS IN LIEU OF TAXES. It is recognized that under the provisions 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 Agreement) that the County in cooperation with the Lessee (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 respective appropriate officer or officers charged with the duty of levying and collecting such taxes 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 the Lessee 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 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 so long as and to the extent the Lessee is required by law to pay the aforesaid amounts in lieu of taxes. Once having paid the amounts required by this Section 5.5 to be paid by it in lieu of taxes, the Lessee shall not be required to pay any such taxes for which a payment in lieu thereof has been made to the State or to any city, county, town, school district or other political unit, any other statute to the contrary notwithstanding. In the event the Lessee shall fail to make any of the payments required by this Section 5.5 the amount or amounts so in default shall continue as an obligation of the Lessee until fully paid and the Lessee agrees to pay the same with interest thereon at six per cent (6%) per annum until fully paid.

SECTION 5.6. OBLIGATIONS OF LESSEE HEREUNDER UNCONDITIONAL. Subject to the provisions of this Section and Section 9.6 hereof, the obligations of the Lessee to make the payments required in Section 5.3 and 5.5 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional and until such time as the principal of, and interest and premium, if any, 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 Agreement, and (iii) except as provided in Section 11.1 hereof will not terminate the Lease Term for any cause including, without limiting the generality of the foregoing, failure of the Lessee to complete the Project, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of South Carolina or any political subdivision 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. 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 so long as such action does not abrogate the Lessee's obligations contained in the first sentence of this Section 5.6. 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 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 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 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 operating unity of the Project. Subject to the provisions of Section 9.7 hereof, such additions, modifications and improvements so made by the Lessee shall be on the Leased Land and become a part of the Project. 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 so made by it; provided, that if the Lessee shall first notify the Trustee of its intention so to do, 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 Trustee shall notify the Lessee, that, in the opinion of Independent Counsel, 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. The County shall 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. If no event of default under this Agreement shall have happened and be continuing in any instance where the Lessee in its discretion determines that any items of Leased Equipment have been 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 costs 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 for the purpose for which it is intended, 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) but 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 Leased Equipment 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 Leased Equipment 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 amount of the credit received by it in such trade-in and (iii) that in the case of the sale of any such Leased Equipment 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.

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 hereof.

The Lessee shall promptly report to the Trustee each such removal, substitution, sale and other disposition and shall 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 the 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 shall not remove, or permit the removal of, any of the Leased Equipment from the Leased Land except in accordance with the provisions of this Section.

SECTION 6.3. TAXES, OTHER GOVERNMENTAL CHARGES AND UTILITY CHARGES. The County and the Lessee acknowledge (i) that pursuant to Section 13 of the Act, no part of the Project owned by the County will be subject to taxation in South Carolina and that under present law the income and profits (if any) of the County from the Project are not subject to either Federal or South Carolina taxation, and (ii) that these factors, among others, have induced the Lessee to enter into this Agreement.

However, the Lessee will pay, as the same become due, all taxes and governmental charges of any kind whatsoever 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, any taxes levied upon or with respect to the lease rentals, revenues or receipts of the County from the Project which, if not paid, will 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 thereon and the pledge or assignment thereof to be created and made in the Indenture, and including all ad valorem taxes lawfully assessed upon the leasehold estate hereby granted and conveyed to the Lessee in the Leased Land, Building and Leased Equipment), all utility and other charges 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.

If the Lessee shall first notify the Trustee of its intention so to do, the Lessee may, at its expense and in its own name and behalf or in the name and behalf of the County, in good faith contest any such taxes, assessments and other charges 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 Trustee shall notify the Lessee that, in the opinion of Independent

Counsel, by nonpayment of any such items the lien or security interest of the Indenture 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. 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 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 advancement, which amounts, together with interest thereon at the rate of 6% per annum from the date thereof, the Lessee agrees to pay.

SECTION 6.4. INSURANCE REQUIRED. (a) Lessee shall, at Lessee's sole cost and expense at all times during the Lease Term, keep the Project insured against loss or damage in accordance with the customary insurance practices of Lessee, but in all events to the following extent:

(i) Against the perils of fire and the hazards ordinarily included under standard extended coverage endorsements in amounts necessary to prevent the application of the co-insurance provisions of the applicable policies but not less than the lesser of 80% of the full insurable value thereof within the terms of applicable policies or an amount equal to the principal amount of Bonds outstanding from time to time.

(ii) Against war risks when a state of war or national or public emergency exists and such insurance is obtainable from a department or agency of the United States Government, upon reasonable terms, in the full amount necessary to prevent the application of the co-insurance provisions of the applicable policies but not less than 80% of the then full insurable value, or, if such amounts be not obtainable, then in the highest amount which can be so obtained.

(iii) If there are boilers or pressure vessels, from boiler or pressure vessel explosion in an amount customarily carried in the case of similar industrial operations.

The term "full insurable value" means such value as shall be determined from time to time at the request of the County, Lessee or Trustee (but not more frequently than once in every twenty-four (24) months) by one of the insurers selected by Lessee.

(b) At all times during the Lease Term, Lessee shall, at no cost or expense to the County, maintain or cause to be maintained:

(i) General public liability insurance (including Workmen's Compensation insurance in amounts usually carried by similar operations) against claims for bodily injury or death occurring upon, in or about the Project, with such insurance (other than Workmen's Compensation Insurance) to afford protection to the limits of not less than \$100,000 in respect of bodily injury or death to any one person and to the limit of not less than \$300,000 in respect of any one accident; and

(ii) Property damage insurance against claims for damage to property occurring upon, in or about the Project with such insurance to afford protection to the limit of not less than \$100,000 in respect of damage to the property of any one owner.

(c) The insurance required by this Section 6.4, except the said war risk insurance, shall be maintained in full force and effect at all times during the Lease Term of this Agreement, except that such insurance required by Section 6.4 (a) need not be placed in force and effect until the completion of the construction of the Project, provided that builder's risk insurance is in effect at least to the extent contemplated by Section 6.4 (a) and provided further that in no event shall the insurance required by Section 6.4 (a) be placed into force and effect later than the expiration of the builder's risk insurance carried pursuant to the provisions of any contracts entered into with contractors, with the end in view of having full insurance coverage at all times.

(d) Copies or certificates of the insurance required by this Section, each bearing notations evidencing payment of the premiums or other evidence of payment satisfactory to the Trustee, shall be delivered by Lessee to the Trustee. And, in the case of expiring policies throughout the term, copies or certificates of any new or renewal policies, each bearing notations evidencing payment of the premiums or other evidence of payment satisfactory to the Trustee, shall be delivered by Lessee to the Trustee.

(e) Policies of insurance provided for in Section 6.4(a) and any builder's risk insurance referred to in Section 6.4 (c) shall name the County and the Lessee as insureds as their respective interests may appear, provided, however, that the Trustee shall also be named as a party insured pursuant to a standard mortgagee clause as its interests may appear, and provided further that while any Bonds remain outstanding all such insurance shall be payable as provided in Section 7.1 hereof.

(f) All insurance required by this Section 6.4 shall be effected with responsible insurance companies selected by the Lessee. Lessee shall cause appropriate provisions to be inserted in each insurance policy making each policy noncancellable without at least ten (10) days prior written notice to the County, Lessee and Trustee. Also, it is agreed that no claim shall be made and no suit or action at law or in equity shall be brought by the County or by anyone claiming by, through or under the County, against Lessee for any damage to the Project covered by the insurance provided for by this Section 6.4, however caused, but nothing in this sub-section (f) shall diminish Lessee's obligation to repair or rebuild as provided in Section 7.1. The Lessee shall have the sole right and responsibility to adjust any loss with the insurer involved and to conduct any negotiations in connection

therewith, provided that so long as any Bonds remain outstanding and unpaid no settlement of any claim shall be effected without the written consent of the Trustee.

SECTION 6.5. APPLICATION OF NET PROCEEDS OF INSURANCE.

The Net Proceeds of the insurance carried pursuant to the provisions of Section 6.4 (a) hereof shall be received by the Lessee and shall then be paid and applied as provided in Section 7.1 hereof and the Net Proceeds of Insurance carried pursuant to the provisions of Section 6.4 (b) hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

SECTION 6.6. ADVANCES BY THE COUNTY OR THE TRUSTEE.

In the event the Lessee shall fail to maintain the full insurance coverage required by this Agreement or shall fail to keep the Project in as reasonably safe condition as its operations 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 advancement, which amounts, together with interest thereon at the rate of 6% per annum from the date thereof, the Lessee agrees to pay.

ARTICLE VII

DAMAGE, DESTRUCTION AND CONDEMNATION

SECTION 7.1. DAMAGE AND DESTRUCTION. (a) Unless the Building or the Leased Equipment shall be damaged to the extent prescribed by, and the Lessee shall elect 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 Indenture) the Project is destroyed or is damaged (in whole or in part) by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.4 (a) hereof resulting from such destruction or damage is not greater than \$25,000 the Lessee (i) will promptly repair, rebuild or restore the property damaged or destroyed to substantially the same condition thereof 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 value or the character of the Project as a textile finishing plant, and (ii) shall apply for such purpose so much as may be necessary of any Net Proceeds of insurance resulting from such claims for losses. All Net Proceeds of insurance resulting from such claims for losses not in excess of \$25,000 shall be paid to the Lessee, subject to provisions of Section 7.1 (e) hereof.

(b) Unless the Building or the Leased Equipment shall be destroyed or damaged to the extent prescribed by, and the Lessee shall elect 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 Indenture) the Project is destroyed or is damaged (in whole or in part) by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.4 (a) hereof resulting from such destruction or damage is in excess of \$25,000, the Lessee shall promptly give written notice thereof to the Trustee. All Net Proceeds of insurance received by the Lessee resulting from such claims for losses in excess of \$25,000 shall be paid to and held by the Trustee in a separate trust account, whereupon (i) the Lessee will proceed promptly to repair, rebuild, or restore the property damaged or destroyed to substantially the same condition thereof 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 value or the character of the Project as a textile finishing plant, and (ii) the Trustee 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.

(c) In the event said Net Proceeds are not sufficient to pay in full the costs of such repair, building or restoration, the Lessee will nonetheless complete said work and will pay that portion of the costs thereof in excess of the amount of said Net Proceeds.

(d) 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 therefor), be entitled to any reimbursement from the County, the Trustee or the holders or owners of the Bonds or any abatement or diminution of the rents payable under Section 5.3 hereof.

(e) 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 Bonds have been fully paid (or provision therefor has been made in accordance with the Indenture) all Net Proceeds will be paid to the Lessee.

SECTION 7.2. CONDEMNATION. Unless title to, or temporary use of, all or substantially all of the Project shall have been taken by condemnation and the Lessee shall elect to 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, the Lessee and the Trustee shall cause the Net Proceeds received by them or any of them from any award made in such eminent domain proceeds, to be paid to and held by the Trustee subject to the provisions of

this Section 7.2:

(a) Subject to the provisions of sub-sections (b) and (c) of this Section 7.2, Lessee shall rebuild, reconstruct, restore, replace and repair the Project so as to restore, insofar as may be practicable, the same to substantially the same condition as existed immediately prior to such condemnation, 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 the operating unity or productive value or character of the Project as a textile finishing plant. In such event the Net Proceeds of any award or compensation for the damages recovered on account of such taking or condemnation shall be paid over to Lessee, at Lessee's election, either upon completion of repairs, restoration, re-equipping or reconstruction of the Project or periodically as same progresses (but limited to the then cost thereof) to reimburse or pay Lessee for expenditures made for the purpose of rebuilding, reconstructing, restoring, re-equipping, replacing or repairing the Project; provided, however, that the sums so paid by the Trustee shall in no event exceed the total cost of such repair, restoration, reconstruction, re-equipping, construction or replacements, nor shall they exceed the aggregate amount received by the Trustee as Net Proceeds of any condemnation award. Before any such disbursements are made, the Lessee shall provide the Trustee with an Opinion of Independent Counsel that there are and will be no liens or encumbrances on the Project as a result of such repair, restoration, reconstruction, construction or replacements

after such payments shall have been received by Lessee prior to or on a parity with the lien of the indenture.

(b) In lieu of the obligation of Lessee to restore the Leased Premises, Lessee may elect to receive credit for the entire Net Proceeds in condemnation paid to the County and the Trustee by having the same applied as advance payment of the rental payments pursuant to Section 9.5 hereof, but such election shall be available to Lessee only if the Net Proceeds of condemnation award to be so applied, together with other funds on deposit in the Bond Fund shall equal the entire principal amount of the Bonds then outstanding together with interest accrued and to accrue thereon to the next succeeding redemption date or dates on which the Bonds may be redeemed at the option of the County, plus all applicable redemption premiums.

(c) In the event that any portion of the Project shall be taken by condemnation and the taking thereof does not in the opinion of an Independent Engineer interfere with the operations then being performed on the Project by Lessee and does not impair the capacity or design of same, the Net Proceeds of any such award, shall be deposited in the Bond Fund and applied to the rental payments prescribed by Section 5.3.

(d) If after completion of restoration as provided by sub-section (a) of this Section 7.2 there remains any portion of the condemnation award not required for the reimbursement of Lessee, the balance shall be transferred to the Bond Fund; provided, however, that notwithstanding any other provision of this Article, in any event of condemnation when no Bonds are then outstanding and unpaid there shall be no obligation on the part of Lessee to restore or repair the Project and the Net Proceeds of any such award shall be paid over to Lessee if Lessee is then in good standing with respect to the payment of rent hereunder and shall have paid the County and the Trustee all other sums due and owing hereunder.

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 damage to or taking of its own property not included in the Project (except for damages for the value of its leasehold estate under this Agreement which shall be disposed of pursuant to Section 7.2 hereof).

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.

SECTION 8.2. COUNTY'S AND TRUSTEE'S RIGHT OF ACCESS TO THE PROJECT. The Lessee agrees that the County, the Trustee and the duly authorized agents of each of them shall have the right at all reasonable times to enter upon the Leased Land and to examine and inspect the Project. The Lessee further agrees that the County, the Trustee and their or either of their duly authorized agents shall have such rights of access to the Project as may be reasonably necessary 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. 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 corporation, or permit one or more other corporations to consolidate with or merge into it, or sell or

otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve, provided the surviving, resulting or transferee corporation, as the case may be, assumes in writing all of the obligations of the Lessee under this Agreement.

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

SECTION 8.5. RELEASE OF CERTAIN LAND. In addition to the rights granted by Section 11.3 hereof, the parties hereto reserve the right at any time and from time to time to amend this Agreement for the purpose of effecting the release of and removal from this Agreement and the leasehold estate created hereby (i) of any unimproved part of the Leased Land (on which neither the Building nor any Leased Equipment is situated) on which the County then proposes to construct improvements for lease to the Lessee or any subsidiary or affiliated corporation thereof under another and different lease agreement or (ii) any part (or interest in such 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, 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 Agreement, (ii) giving an adequate legal description of that portion (together with the interest in such portion) of the Leased Land to be released, (iii) stating the purpose for which the County desires the release, (iv) stating that the said improvements which will be so constructed will be such as will promote the continued industrial development of South Carolina and (v) requesting such release.

(c) A resolution of the board of directors of the Lessee approving such amendment and stating that the Lessee is not in default under any of the provisions of this Agreement.

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

(e) A certificate of an Independent Engineer who is acceptable to the Trustee, dated not more than sixty days prior to the date of the release and stating that, in the opinion of the person signing such certificate, (i) the portion of the Leased Land so proposed to be released is necessary or desirable in order to obtain railroad, utility services or roads to benefit the Project or is not otherwise needed for the operation of the Project for the purposes stated in Section 2.2 (c) hereof, and (ii) the release

so proposed to be made will not impair the usefulness of the Project as a textile finishing plant and will destroy the means of ingress thereto and egress therefrom.

If all of the conditions of this Section 8.5 are met the Trustee shall be authorized to release any such property from the lien of the Indenture.

No 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 except as otherwise provided in Section 5.3 hereof.

SECTION 8.6. GRANTING OF EASEMENTS. If no event of default under this Agreement shall have happened and be continuing, the Lessee may at any time or times 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 lien of the Indenture, or the Lessee may release existing easements, licenses, rights of way and other rights or privileges with or without consideration, and the County agrees that it shall 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 upon receipt of: (i) a copy of the instrument of grant or release; (ii) a written application signed by the president or a vice president of the Lessee requesting such instrument; and (iii) a certificate executed by the president or a vice president 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 operation of the Project and will not weaken, diminish or impair the security intended to be given by or under the Indenture. No grant 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 8.7. INDEMNIFICATION COVENANTS. (a) Lessee shall and agrees to indemnify and save the County and the Trustee harmless against and from all claims by or on behalf of any person, firm or corporation arising from the conduct or management of, or from any work or thing done on, the Project during the Lease Term, and against and from all claims arising during the Lease Term from (a) any condition of the Project, (b) any breach or default on the part of Lessee in the performance of any of its obligations under this Agreement, (c) any act or negligence of Lessee or of any of its agents, contractors, servants, employees or licensees, or (d) any act or negligence of any assignee or sublessee of Lessee, or of any agents, contractors, servants, employees or licensees of any assignee or sublessee of Lessee. Lessee shall indemnify and save the County and the Trustee harmless from any and all costs and expenses incurred in or in connection with any such claim arising as aforesaid, or in connection with any action or proceeding brought thereon, and upon notice from the County, or the Trustee, Lessee shall defend them or either of them in any such action or proceeding.

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 operation of the Project and will not weaken, diminish or impair the security intended to be given by or under the Indenture. No grant 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 8.7. INDEMNIFICATION COVENANTS. (a) Lessee shall and agrees to indemnify and save the County and the Trustee harmless against and from all claims by or on behalf of any person, firm or corporation arising from the conduct or management of, or from any work or thing done on, the Project during the Lease Term, and against and from all claims arising during the Lease Term from (a) any condition of the Project, (b) any breach or default on the part of Lessee in the performance of any of its obligations under this Agreement, (c) any act or negligence of Lessee or of any of its agents, contractors, servants, employees or licensees, or (d) any act or negligence of any assignee or sublessee of Lessee, or of any agents, contractors, servants, employees or licensees of any assignee or sublessee of Lessee. Lessee shall indemnify and save the County and the Trustee harmless from any and all costs and expenses incurred in or in connection with any such claim arising as aforesaid, or in connection with any action or proceeding brought thereon, and upon notice from the County, or the Trustee, Lessee shall defend them or either of them in any such action or proceeding.

(b) The Act proscribes and the parties intend that the County shall not incur pecuniary liability which would constitute a pledge against its credit or taxing power by reason of making this Agreement, by reason of the issuance of the Bonds, by reason of the execution of the Indenture, by reason of the performance of any act required of it by this Agreement or by reason of the performance of any act requested of it by the Lessee. Nevertheless if the County shall incur any such pecuniary liability, then in such event the Lessee shall indemnify and hold the County harmless by reason thereof.

ARTICLE IX

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

SECTION 9.1. ASSIGNMENT AND SUBLEASING. This Agreement may be assigned, 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) or subleasing shall relieve the Lessee from primary liability for any of its obligations hereunder, and in the event of any such assignment or subleasing the Lessee shall continue to remain primarily liable for payment of the rents specified in Section 5.3 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 sublessee shall assume the obligations of the Lessee hereunder to the extent of the interest assigned or subleased.

(c) The Lessee shall, within thirty 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.

ARTICLE IX

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

SECTION 9.1. ASSIGNMENT AND SUBLEASING. This Agreement may be assigned, 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) or subleasing shall relieve the Lessee from primary liability for any of its obligations hereunder, and in the event of any such assignment or subleasing the Lessee shall continue to remain primarily liable for payment of the rents specified in Section 5.3 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 sublessee shall assume the obligations of the Lessee hereunder to the extent of the interest assigned or subleased.

(c) The Lessee shall, within thirty 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.

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

SECTION 9.3. RESTRICTIONS ON SALE OF PROJECT BY COUNTY. The County agrees that, except as set forth in Section 9.2 hereof or other provisions of this Agreement or the Indenture, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Project during the Lease Term.

SECTION 9.4 REDEMPTION OF BONDS. The County, at the prior written request at any time of the Lessee and the Guarantor and if the same are then subject to redemption, 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 and the Guarantor, on the earliest redemption date on which such redemption may be made under such applicable provisions.

SECTION 9.5. PREPAYMENT OF RENTS. There is expressly reserved to the Lessee the right, and the Lessee is authorized and permitted, at any time it may choose, to prepay all or 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 credited

on the rental payments specified in Section 5.3 hereof, in the order of their due dates.

SECTION 9.6. LESSEE ENTITLED TO CERTAIN RENT ABATEMENTS IF BONDS PAID PRIOR TO MATURITY. If at any time the aggregate moneys in the Bond Fund shall be sufficient to retire in accordance with the provisions of the Indenture all of the Bonds at the time outstanding, and to pay all fees and charges of the Trustee and any paying agents on the Bonds due or to become due through the date on which the last of the Bonds is retired, under circumstances not resulting in termination of the Lease Term, and if the Lessee is not at the time otherwise in default hereunder, the Lessee shall be entitled to use and occupy the Project from the date on which such aggregate moneys are in the hands of the Trustee to and including July 1, 1989 with no obligation to make the rental payments specified in Section 5.3 hereof during that interval (but otherwise on the terms and conditions hereof).

SECTION 9.7. INSTALLATION OF LESSEE'S OWN MACHINERY AND EQUIPMENT. The Lessee may from time to time, in its sole discretion and at its own expense, install machinery, equipment and other personal property in the Building or on the Leased Land and which may be attached or affixed to the Building or the Leased Land. All such machinery, equipment and other personal property shall remain the sole property of the Lessee and the Lessee may remove the same from the Building or the Leased Land at any time, in its sole discretion and at its own expense; provided, that any damage to the Project resulting from any such removal shall be repaired by the

Lessee at the expense of the Lessee. The Lessee may create any mortgage, encumbrance, lien or charge on any such machinery, equipment and other personal property provided that the same will not diminish or impair the security intended to be given by or under the Indenture. Neither the County nor the Trustee shall have any interest in or landlord's lien on any such machinery, equipment or personal property so installed pursuant to this Section 9.7 and all such machinery, equipment and personal property shall be and remain identified as the property of the Lessee by appropriate tags or other markings.

SECTION 9.8. REFERENCES TO BONDS 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 and any paying agents on the Bonds, all references in this Agreement to the Bonds and the Trustee shall be ineffective and neither the Trustee nor the holders 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 Agreement and the terms "event of default" or "default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(a) Failure by the Lessee to pay the rents required to be paid under Section 5.3 of this Agreement at the time specified therein and continuing for a period of five days after notice by telegram, or if telegraphic service is not available then after notice by mail given to the Lessee and the Guarantor by either the Trustee or the County that the payment referred to in such notice has not been received.

(b) Failure by the Lessee or Guarantor to observe and perform any covenant, condition or agreement (other than as referred to in subsection (a) of this Section) in this Agreement on the part of the Lessee to be observed or performed, or in the said Guaranty Agreement on the part of the Guarantor to be observed or performed, for a period of thirty days after written notice, specifying such failure and requesting that it be remedied, given to the Lessee and the Guarantor by the County or the Trustee, unless the County and the Trustee shall agree in writing to an extension of such time prior to its expiration; provided in the case of a default specified in this subsection (b) of Section 10.1, if such default be such that it cannot be corrected within the said 30-day period, it shall not

constitute an event of default if corrective action is instituted by the Lessee or the Guarantor within said 30-day period and diligently pursued until the default is corrected.

(c) The dissolution or liquidation of the Lessee or of the Guarantor or the filing by the Lessee or the Guarantor of a voluntary petition in bankruptcy, or failure by the Lessee or the Guarantor promptly to lift any execution, garnishment or attachment of such consequence as will impair the ability of the Lessee to carry on its operations at the Project, or the commission by the Lessee or the Guarantor of any act of bankruptcy, or adjudication of the Lessee or the Guarantor as a bankrupt, or assignment by the Lessee or the Guarantor for the benefit of its creditors, or the entry by the Lessee or the Guarantor into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Lessee or the Guarantor in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act in any domestic or foreign jurisdiction, which may now be in effect or hereafter enacted. The term "dissolution or liquidation of the Lessee or the Guarantor", as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Lessee or the Guarantor resulting either from a merger or consolidation of the Lessee or the Guarantor into or with another corporation

or a dissolution or liquidation of the Lessee or the Guarantor following a transfer of all or substantially all of its assets as an entirety, provided, that in the case of the Lessee the conditions permitting such actions contained in Section 8.3 hereof shall have been met and that in the case of the Guarantor the conditions permitting such actions contained in the last paragraph of the Guaranty Agreement referred to in Article I hereof shall have been met.

The foregoing provisions of this Section are subject to the following limitations: If by reason of force majeure the Lessee and the Guarantor are unable in whole or in part to carry out the agreements of the Lessee on its part herein contained, other than the obligations on the part of the Lessee contained in Article V and Sections 6.3, 6.4 and 8.7 hereof, the Lessee and the Guarantor shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of South Carolina or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities;

or any other cause or event not reasonably within the control of the Lessee and the Guarantor, it being agreed 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 subsisting, the County 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 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 such sublessee in such subleasing and the rents and other amounts payable by the Lessee hereunder; provided, that in the case of an event of default referred to in Section 10.1 (a) hereof, the

County shall not be entitled to take such action until the sixth day after the giving of notice as prescribed in Section 10.1 (a).

(c) The County, with the prior written consent of the Trustee, may terminate the Lease Term, exclude the Lessee from possession of the Project and use its best efforts to lease the Project to another for the account of the Lessee, holding the Lessee liable for all rent and other amounts payable by the Lessee hereunder; provided, that in the case of an event of default referred to in Section 10.1 (a) hereof, the County shall not be entitled to take such action until the sixth day after the giving of notice as prescribed in Section 10.1 (a).

(d) In the event any of the Bonds shall at the time be outstanding and unpaid, the County may have access to and inspect, examine and make copies of the books and records and any and all accounts, similar data and income tax and other tax returns of the Lessee.

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

No action taken pursuant to this Section (including repossession of the Project or termination of the Lease Term) shall relieve the Lessee from the Lessee's obligations pursuant to Section 5.3 hereof and Section 10.2 (a) hereof, all of which shall survive any such action.

SECTION 10.3. NO REMEDY EXCLUSIVE. No remedy herein conferred upon or reserved to the County is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this 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 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. Such rights and remedies as are given the County hereunder shall also extend to the Trustee and the Trustee and the holder of the Bonds shall be deemed third party beneficiaries of all covenants and agreements herein contained.

SECTION 10.4. AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES. In the event the Lessee should default under any of the provisions of this 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 by the County or the Trustee.

SECTION 10.5. NO ADDITIONAL WAIVER IMPLIED BY ONE WAIVER. In the event any agreement contained in this 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, and is hereby granted, the following options to terminate the Lease Term and its obligations as Lessee hereunder:

(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 this Agreement by paying to the Trustee 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 earliest applicable redemption date, as the case may be, premium, 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) and of any and all sums then due to the County under this Agreement, the Lessee may terminate the Lease Term by giving the County notice in writing of such termination and 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 (i) to such extent that it cannot be reasonably restored within a period of four months to the condition thereof immediately preceding such damage or destruction, or (ii) to such extent that the Lessee is thereby prevented from carrying on its normal operations at the Project for a period of four months, or (iii) to such extent that the cost of restoration thereof would exceed by \$25,000 the Net Proceeds of insurance carried thereon pursuant to the requirements of Section 6.4 (a) hereof, plus the deductible amounts for which the Lessee is self-insured with respect to the Building.

(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 body or by any person, firm or corporation acting under governmental authority (including such a taking or takings as results in the Lessee being thereby prevented from carrying on its normal operation of the Project 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 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 Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in this agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the County or the Lessee in respect to the Project including without limitation federal, state or other ad valorem, property, income or other taxes not being imposed on the date of this Agreement.

To exercise such option, the Lessee shall, within ninety days following the event authorizing the exercise of such option, give written notice to the County and to the Trustee, if any of the Bonds shall then be unpaid, and shall specify therein the date of closing such purchase, which date shall be not less than forty-five nor more than ninety 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 which, when added to the amount then on deposit in the Bond Fund, will be sufficient to retire and redeem all the then outstanding Bonds on the applicable redemption date provided by the Indenture, including without limitation, principal, all interest to accrue to said redemption date and redemption expense, plus

(2) An amount of money equal to the Trustee's and paying agents' fees and expenses under the Indenture accrued and to accrue until such final payment and redemption of the Bonds, plus

(3) The sum of one dollar, and any and all other sums then due to the County under this Agreement, for the Leased Land, Building and Leased Equipment.

In the event of the exercise of the option granted in this Section any Net Proceeds of insurance or condemnation shall be paid to the Lessee.

SECTION 11.3. OPTION TO PURCHASE UNIMPROVED LAND. If no event of default under this Agreement shall have happened and be continuing, 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 transportation or utility facilities may be located, at any time and from time to time at and for a purchase price equal to \$9,000 per acre 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, (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 forty-five nor more than ninety days from the date of such notice and (iii) a statement that the use to which the Lessee intends to devote such portion of the Leased Land will promote the continued industrial development of South Carolina.

(b) A certificate of an Independent Engineer who is acceptable to the Trustee, dated not more than ninety 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 stated in Section 2.2 (c) hereof, and (ii) the purchase will not impair the usefulness of the Building as a textile finishing plant and will not destroy the means of ingress thereto and egress therefrom.

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

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 such money to the Trustee for deposit in the Bond Fund, and secure from the Trustee a release from the lien of 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 11.4. CONVEYANCE ON EXERCISE OF OPTION TO PURCHASE. At the closing of the purchase pursuant to Article XII hereof or the exercise of any option to purchase granted in Section 11.2 and 11.3 hereof, the County will upon receipt of the purchase price deliver to the Lessee the following:

(a) If necessary, a release from the Trustee of the property with respect to which the option was exercised from all security instruments.

(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 Agreement; (iv) Permitted Encumbrances other than the Indenture and this 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 11.5. RELATIVE POSITION OF OPTIONS AND INDENTURE.

The options respectively granted to the Lessee in this Article except under Section 11.3 hereof shall be and remain prior and superior to the Indenture and may be exercised whether or not the Lessee is in default hereunder, provided that such default will not result in nonfulfillment of any condition to the exercise of any such option.

ARTICLE XII

ADDITIONAL OBLIGATION OF LESSEE AND COUNTY

SECTION 12.1. OBLIGATION TO PURCHASE PROJECT. The Lessee hereby agrees to purchase, and the County hereby agrees to sell, the Project for one dollar, and any and all sums then due to the County under this Agreement, at the expiration or sooner termination of the Lease Term following the payment of the Bonds or provision for payment thereof having been made in accordance with the provisions of the Indenture. At the closing of the foregoing purchase, the County will deliver to the Lessee the documents referred to in Section 11.4 hereof. The right to purchase granted in this Section shall be and remain prior and superior to the Indenture and may be exercised whether or not the Lessee is in default hereunder provided that no such default will result in nonfulfillment of any condition to this right.

ARTICLE XIII

MISCELLANEOUS

SECTION 13.1. SURRENDER OF PROJECT. Except as otherwise expressly provided in this 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 and ordinary wear, tear and obsolescence only excepted.

SECTION 13.2. NOTICES. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, or given when dispatched by a telegram when telegraphic notice is permitted by express provisions of this Agreement, addressed as follows: if to the County, to the County Board of Commissioners of Bamberg County, Bamberg County Courthouse, Bamberg, South Carolina; if to the Lessee, at P.O. Box 478, Bamberg, S.C 29003 Attention: President; if to the Guarantor, at Brooklandville, Maryland 21022, Attention: President; if to the Trustee, at P. O. Box 750, Columbia, South Carolina, 29202, Attention: Corporate Trust Officer. The County the Lessee, the Trustee and the Guarantor may, by notice given to all parties to this Agreement, the Guaranty Agreement and the Indenture, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 13.3. RECORDING AND FILING. (a) This Agreement as originally executed shall be recorded prior to the recordation of the Indenture. It shall be recorded and indexed as a miscellaneous conveyance and as a security agreement in the office of the Clerk of Court for Bamberg County, South Carolina, or in such other office as may at the time be provided by law as the proper place for the recordation thereof. The security interest of the County created herein as the personal property, equipment and fixtures and the assignment of such security interest to the Trustee shall be perfected by the filing of financing statements which fully comply with the South Carolina Uniform Commercial Code -- Secured Transactions in the office of the Secretary of State of South Carolina, in the City of Columbia, South Carolina and in the office of the Clerk of Court for Bamberg County. The parties further agree that all necessary continuation statements shall be filed within the time prescribed by the South Carolina Uniform Commercial Code -- Secured Transactions in order to continue the security interests created by this Agreement, to the end that the rights of the holders of the Bonds and the Trustee in the Project (and in the assignment to the Trustee of the rents payable under this Lease Agreement) shall be fully preserved as against creditors of, or purchasers for value from, the County or the Lessee.

(b) The deed conveying the Leased Land to the County, this Agreement, its assignment to the Trustee, and the Indenture may be recorded prior to the delivery of the Bonds. If subsequent

to such recording the Bonds shall not be delivered on or before August 1, 1969, or such later date as the Lessee may agree upon in writing, then the said deed, this Agreement, its assignment to the Trustee, and the Indenture shall be of no force and effect and in such event the County and the Lessee do hereby mutually release and discharge each other from any and all claims of any character which either may have against the other by reason of or arising from a failure to deliver the Bonds. And the County shall transfer and reconvey to the Lessee or its designee all properties conveyed to the County by the deed and for the same consideration paid to the County by the Lessee. Both parties shall execute such further instruments as may be necessary to fully implement the provisions of this subsection (b) of Section 13.3.

SECTION 13.4. OTHER INSTRUMENTS.

(a) The Lessee covenants to deliver to the County and the Trustee within 60 days after January 1, 1970, after each January 1 thereafter until the Completion Date, after the Completion Date and after each January 1 following the Completion Date, a description of the Leased Equipment and Building, if any, constituting a part of the Project, on such January 1, or Completion Date, as appropriate, and not adequately described in the granting clauses of the Indenture as then supplemented, and in the demising clauses of this Agreement as then amended. Such description shall be sufficiently detailed so as to enable counsel to render the opinion referred to in clause (4) of the next succeeding sentence. Within 30 days after delivery of such description the Lessee covenants that it will:

(1) prepare a supplement to the Indenture and an amendment to this Agreement, each containing a description of the Leased Equipment and Building not adequately described in the granting clauses of the Indenture, as then supplemented, and in the demising clauses of this Agreement, as then amended:

(2) deliver the supplement to the Indenture to the Trustee and the County and the supplement to this Agreement to the County, for execution;

(3) deliver the fully executed supplement to the Indenture and the fully executed supplement to this Agreement to the Trustee for recording and filing or re-recording or re-filing in all places required by the opinion of counsel referred to in sub-section (a) (4) of this Section 13.4; and

(4) deliver to the Trustee a written opinion of counsel (who may be counsel for the County or the Lessee), addressed to the Trustee that the description of the Mortgaged Property (as defined in Article I of the Indenture) contained in the granting clauses of the Indenture, as supplemented, and the description of the Project contained in the demising clauses of this Agreement, as supplemented, are adequate for all purposes thereof and hereof and in the opinion given with respect to the Completion Date that such descriptions

include descriptions of the entire Project; that the Indenture, as supplemented, constitutes a valid first mortgage lien on, and security interest in, the interest of the County in the said Mortgaged Property, subject only to Permitted Encumbrances other than the Indenture; that the Indenture, as supplemented, this Agreement, as supplemented, and all financing statements, continuation statements, notices and other instruments required by applicable law have been recorded or filed or re-recorded or re-filed in such manner and in such places required by law in order to fully preserve and protect the rights of the holders or owners of the Bonds and the Trustee in the Project (and in the assignment to the Trustee of the rents payable under this Agreement) as against creditors of, or purchasers for value from, the County or the Lessee.

(b) The Lessee, the County and the Trustee shall execute and deliver all instruments and shall furnish all information and evidence deemed necessary or advisable by such counsel in order to enable him to render the opinion referred to in sub-section (a) (4) of this Section 13.4. The Trustee shall file and record and re-record or cause to be filed and recorded and re-recorded all instruments required to be filed and recorded and re-recorded pursuant to the opinion of such counsel and shall continue or cause to be continued the liens of such instruments for so long as the Bonds shall be outstanding, except as otherwise in this Agreement required.

SECTION 13.5. BINDING EFFECT. This Agreement shall inure to the benefit of and shall be binding upon the County, the Lessee and their respective successors and assigns, subject, however, to the limitation contained in Sections 8.3, 9.1, 9.2 and 9.3 hereof.

SECTION 13.6. SEVERABILITY. In the event any provision of this 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 13.7. AMOUNTS REMAINING IN 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 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 in accordance with the Indenture shall belong to and be paid to the Lessee by the Trustee as overpayment of rents.

SECTION 13.8. AMENDMENTS, CHANGES AND MODIFICATIONS. This Agreement may not be amended, changed, modified, altered or terminated without in each instance the prior written consent of the Trustee and of the Guarantor or their respective successors and assigns, except that no such consent by the Guarantor shall be necessary with respect to any termination of this Agreement pursuant to Section 10.2 hereof or with respect to supplements to this Agreement entered into for the purpose of adequately describing the Project in the demising clauses of this Agreement.

Subject to the limitations provided in the Act, in the case of any actual or attempted amendment, change, modification, alteration, or termination of this Agreement without such prior written consent, then the Guarantor shall have the right, in addition to any other remedy for any breach or attempted breach of this covenant, to proceed in equity for such relief as may be appropriate including, without limitation, mandatory injunction and specific performance or such other relief as may appear necessary or desirable to enforce performance and observance of the agreements and covenants of the Lessee and the County under this Section 13.8.

SECTION 13.9. NET LEASE. This Agreement shall be deemed and construed to be a "net lease", and the Lessee shall pay absolutely net during the Lease Term the rent and all other payments required hereunder, free of any deductions, without abatement, diminutions or set-off other than those herein expressly provided.

SECTION 13.10. EXECUTION OF COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 13.11. LAW GOVERNING CONSTRUCTION OF AGREEMENT. This Agreement is prepared and entered into with the intention that the law of the State of South Carolina shall govern its construction.

IN WITNESS WHEREOF, Bamberg County, South Carolina,
has executed this Lease Agreement by causing its name to be
hereunto subscribed by the Chairman of the County Board of Commis-
sioners of Bamberg County and the official seal of said Board to be
impressed hereon and attested by the Secretary of said Board; and
Rockland-Bamberg Industries, Inc. has executed this Lease Agreement
by causing its corporate name to be hereunto subscribed by its
President and its corporate seal to be impressed hereon and attest-
ed by its Secretary, all being done as of the day and year first
above written.

BAMBERG COUNTY, SOUTH CAROLINA

(SEAL)

BY _____
Chairman of the County Board of
Commissioners of Bamberg County

Attest:

Secretary of the County Board
of Commissioners of Bamberg
County

Signed, sealed and delivered
in the presence of:

ROCKLAND-BAMBERG INDUSTRIES, INC.

(SEAL)

BY _____
President

Attest:

Secretary

Signed, sealed and delivered
in the presence of:

STATE OF SOUTH CAROLINA

COUNTY OF BAMBERG

Personally appeared before me _____
who being duly sworn says that he saw the seal of the County
Board of Commissioners of Bamberg County affixed to the fore-
going Lease, and that he also saw _____
as Chairman, and _____, as Secretary of
its County Board of Commissioners of Bamberg County, sign and
attest the same, and that he with _____
witnessed the execution and delivery thereof as the act and deed
of the said Bamberg County.

Sworn to before me this

_____ day of _____, 1969

_____, L.S.)
Notary Public for South Carolina

My Commission Expires: _____

STATE OF _____

COUNTY OF _____

Personally appeared before me _____,
who being duly sworn says that he saw the corporate seal of
Rockland-Bamberg Industries, Inc. affixed to the foregoing Lease,
and that he also saw _____ as President and
_____, as Secretary of Rockland-Bamberg Industries,
Inc. sign and attest the same, and that he with _____
_____ witnessed the execution and delivery thereof
as the act and deed of the said Rockland-Bamberg Industries, Inc.

Sworn to before me this

_____ day of _____, 1969.

_____(L.S.)
Notary Public for the State of _____

My Commission Expires: _____

EXHIBIT A

DESCRIPTION OF LEASED LAND

ATTACHED TO LEASE AGREEMENT BETWEEN BAMBERG COUNTY, SOUTH CAROLINA,
AND ROCKLAND-BAMBERG INDUSTRIES, INC., DATED AS OF JUNE 1, 1969.

All that certain tract of land situate, lying and being in the Town of Bamberg, County of Bamberg, State of South Carolina, having the following boundaries and measurements, to wit: Bounded on the north by property of R.G. Smith's Red and White Store and measuring thereon Two Hundred and 96/100 (200.96) feet; on the east by Brabham Street for a distance of Twelve (12) feet, and by property of Rockland-Bamberg Industries, Inc., formerly known as Brabham Street, for a distance of Three Hundred Thirty (330) feet, more or less; on the south by Church Street and measuring thereon One Hundred Ninety-Nine and 47/100 (199.47) feet; and on the west by Calhoun Street and measuring thereon Three Hundred Forty-Two and 67/100 (342.67) feet, as will more fully appear by reference to a plat made by H.E. Dowling, R.L.S., dated November 3, 1964.

ALSO: All that certain lot of land situate, lying and being in the Town of Bamberg, County of Bamberg, State of South Carolina, being known as that portion of Brabham Street lying north of West Church Street and extending to within twelve (12) feet of the property line of R.G. Smith's Red and White Store, for a distance of approximately Three Hundred Twenty-Eight (328) feet. Said parcel of land being bounded on the north by the remainder of Brabham Street; on the east and west by lands of Rockland-Bamberg Industries, Inc.; and on the south by the right of way of West Church Street.

ALSO: All that certain lot of land with improvements thereon, situate, lying and being in the Town of Bamberg, County of Bamberg, State of South Carolina, having the following boundaries and measurements, to wit: on the north by the right of way of Elm Street; on the east by the right of way of Calhoun Street; on the south by Council Ditch; and on the west by property now or formerly of Katherine N. Stuckey.

The above described property having been acquired by Rockland-Bamberg Industries, Inc., from Bamberg Textile Mills by deed dated February 10, 1966, of record in the office of the Clerk of Court for Bamberg County in Deed Book 18, at Page 429.

ALSO: All that certain lot of land situate in the Town and County of Bamberg, State of South Carolina, having the following boundaries and measurements, to wit: on the north by Elm Street and measuring thereon One Hundred (100) feet, more or less; on the east by lot of Webb Williams and measuring thereon One Hundred Sixty (160) feet, more or less; on the south by lot of Men's Christian Association and measuring thereon One Hundred Nine (109) feet, more or less; and on the west by a new street and measuring thereon One Hundred Sixty-Six (166) feet, more or less. Said lot having been acquired by Bamberg-Rockland Industries, Inc., from Ruth B. Williford, et al, by deed dated September 21, 1966, of record in the office of the Clerk of Court for Bamberg County in Deed Book 19, at page 229.

ALSO: All that certain lot of land, with improvements thereon, situate in the Town and County of Bamberg, State of South Carolina, and bounded as follows: on the north by a ditch separating this lot from other property of the said Rockland-Bamberg Industries, Inc.; on the east by the right of way of Calhoun Street; on the south by the right of way of West Church Street; and on the west by lot now or formerly of Laurie Gillam. Said lot having been acquired by Rockland-Bamberg Industries, Inc., from Nannie Mae Mitchell, et al, by deed dated November 24, 1966, of record in the office of the Clerk of Court for Bamberg County in Deed Book 19, at page 295. i

EXHIBIT B

DESCRIPTION OF LEASED EQUIPMENT

ATTACHED TO LEASE AGREEMENT BETWEEN BAMBERG COUNTY, SOUTH CAROLINA, AND ROCKLAND-BAMBERG INDUSTRIES, INC., DATED AS OF JUNE 1, 1969.

- 1 Two Roll Schriener Calender
- 1 30 Ton Hydraulic Accumulator
- 1 Single Nip Slack Box
- 6 Sets 2 Roll Air Guiders
- 1 Greenville Steel 3 Box Washer
- 1 Mansfield Bleachery 3 Box Washer
- 1 Ninety Ft. - 60" "Morrison" Tenter Frame
- 1 80' Andrews-Goodrich Tenter House
- 1 60" Simpson Winder
- 1 Three Roll Dye Pad - 60"
- 1 Two Roll Dye Pad - 60"
- 1 220 H. P. Motor
- 1 150 K.W. D.C. Generator Set
- 1 "Cleaver-Brooks" 125 H.P. High Pres. Boiler
- 1 Sanforizer & Rubber Blanket Unit with related Motors and Motor Generator Set
- 1 60" Roll and Inspection Machine
- 1 lot of 24 Pyronics, Inc. Gas Burner elements with Hi-Flo Blowers (2)

All of the necessary electrical wiring, Gas installation and special rigging for finishing line.

LEASE GUARANTY AGREEMENT

FOR VALUE RECEIVED, and as an inducement to and as part of the consideration for the execution and delivery by Bamberg County, South Carolina (the "County") of the foregoing Lease (the "Lease") dated as of June 1, 1969, between the County and Rockland-Bamberg Industries, Inc., a South Carolina corporation (the "Lessee") and the leasing by the County of any property thereunder, and as an inducement to and as part of the consideration for the issuance, execution, sale, delivery and purchase of \$500,000 Bamberg County, South Carolina, First Mortgage Industrial Revenue Bonds, Series 1969 (Rockland-Bamberg Industries, Inc. - Lessee) (the "Bonds") described in the Lease, by the purchasers thereof, and the assignment by the County of all its right, title and interest in, to and under the Lease by the Indenture dated as of June 1, 1969 between the County and The South Carolina National Bank, as Trustee (the "Trustee"), to provide for the acquisition and/or construction of the leased property, the undersigned Rockland Bleach and Dye Works, Inc., a Maryland corporation (the "Guarantor"), guarantees to the County and the Trustee or assigns the full and prompt payment, when due and at all times thereafter, of each and all of the rents and other sums required to be paid by the Lessee to the County or the Trustee under the terms of the Lease, as amended or supplemented by an instrument amending or supplementing the Lease (as from time to time amended or supplemented being hereinafter called the "Lease") and the full and prompt performance and observance by the Lessee of each and all of the covenants and agreements required to be performed and observed by the Lessee under the terms of the Lease. Guarantor further agrees to pay all

expenses and charges, legal or otherwise (including court costs and attorneys' fees, paid or accrued by the County, its successors or assigns, in realizing upon any of the payments or enforcing covenants hereby guaranteed or in enforcing this Lease Guaranty Agreement (sometimes referred to as the "Agreement").

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

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

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

of the occurrence of any default under the Lease.

The obligations, covenants, agreements and duties of Guarantor under this Agreement shall not be affected or impaired by reason of the happening from time to time of any of the following with respect to the Lease or said assignment thereof or this Agreement or the assignment hereof to the Trustee, although without notice to or consent of Guarantor: (a) any assignment or mortgaging or the purported assignment or mortgaging of all or any part of the interest of Lessee in the Lease or in said property; (b) the waiver by County or the Trustee of the performance or observance by Lessee or by Guarantor of any of the agreements, covenants, terms or conditions contained in any of such instruments; (c) the extension of the time for payment by Lessee or Guarantor of any rents or other sums or any part thereof owing or payable under any of such instruments or of the time for performance by Lessee or Guarantor of any other obligations under or arising out of any of such instruments or the extension or the renewal of any thereof; (d) the modification (whether material or otherwise) of any duty, agreement or obligation of Lessee set forth in any such instrument; (e) the taking or the omission of any of the actions referred to in any of such instruments; (f) any failure, omission, delay or lack on the part of the County or the Trustee to enforce, assert or exercise any right, power or remedy conferred on the County or the Trustee in any of such instruments or any action on the part of the County or the Trustee granting

indulgence or extension in any form: (g) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liability, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceeding affecting Lessee or any of its assets, or the disaffirmance of the Lease in any such proceeding; (h) the release or discharge of Lessee from the performance or observance of any agreement, covenant, term or condition contained in any of such instruments by operation of law; (i) the release, substitution or replacement in accordance with the terms of the Lease or any property subject thereof; or (j) the receipt and acceptance by the County or the Trustee of notes, checks or other instruments for the payment of money made by Lessee and extensions and renewals thereof.

Without limiting the foregoing, it is specifically understood that any modification, limitation or discharge of the Lessee's liability under the Lease arising out of or by virtue of any bankruptcy arrangement, reorganization or similar proceeding for relief of debtors under Federal or State law hereinafter initiated by or against the Lessee shall not affect, modify, limit or discharge the liability of the Guarantor in any manner whatsoever and this Agreement shall remain and continue in full force and effect and shall be enforceable against the Guarantor to the same extent and with the same force and effect as if any such proceedings had not been instituted; and it is the intent and purpose of this Agreement that the Guarantor shall and does hereby waive all rights and benefits which might accrue to it by reason of any

such proceeding and that it shall be liable for the full amount of rent and other sums, including all damages imposed, or payable under the terms of the Lease, irrespective and without regard to any modification, limitation or discharge of the liability of the Lessee that may result from any such proceeding.

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

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

transferee were herein by name specifically given all of such rights, powers and benefits.

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

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

- (a) As soon as available and in any event at the time the same are made available to stockholders of the Guarantor, copies of all quarterly and other interim financial statements as the Guarantor shall furnish to its stockholders;
- (b) As soon as available and in any event within 150 days after the close of each fiscal year of the Guarantor a copy of the annual audit report (including balance sheets, profit and loss and surplus statements) of the Guarantor and its consolidated subsidiaries for each fiscal year, all as prepared and certified by independent public accountants of recognized standing; provided, however, that if the annual report of

Guarantor to its stockholders shall contain financial statements of substantially similar detail and similarly prepared and certified copies of such annual report may be delivered in lieu of the copies of the audit report referred to herein.

This Agreement and every part thereof shall be binding upon the Guarantor and its successors and assigns and shall inure to the benefit of the County and its successors and assigns including the Trustee. The Guarantor agrees that during the term of the Lease 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 Guarantor may, without violating the agreement contained in this paragraph, consolidate with or merge into another corporation, or permit one or more other corporations to consolidate or merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve, provided the surviving, resulting or transferee corporation, as the case may be, assumes in writing all of the obligations of the Guarantor under this Agreement. Guarantor is advised that the rights of the County under this Agreement are about to be assigned to the Trustee, and upon such assignment and so long as any Bonds shall be unpaid in whole or in part, all rights against Guarantor arising under this Agreement shall be for the sole benefit of the Trustee and the holders of the Bonds, and the Trustee shall be entitled to bring any suit, action or

proceeding against Guarantor for the enforcement of any provisions of this Agreement in its name as Trustee, and it shall not be necessary in any such suit, action or proceeding to make County a party thereto; and this Agreement may not be modified or amended without the prior written consent of the Trustee, and any attempted modification or amendment without such consent shall be void. The terms of this Agreement may be enforced as to any one or more breaches either separately or cumulatively. Notice of acceptance of this Agreement and notice of the execution and delivery of the Lease by Lessee and of the assignment thereof and of this Agreement to the Trustee are waived by Guarantor.

IN WITNESS WHEREOF, Rockland Bleach and Dye Works, Inc. has caused this Agreement to be executed in its name and under its seal by its President, attested by its Secretary; and Bamberg County has caused this Agreement to be executed in its name and under its seal by the Chairman of the County Board of Commissioners of Bamberg County, attested by the Secretary of said County Board, all as of June 1, 1969.

(SEAL)

ROCKLAND BLEACH AND DYE WORKS, INC.

BY _____

President

Attest:

Secretary

Signed, sealed and delivered
in the presence of:

BAMBERG COUNTY, SOUTH CAROLINA

(SEAL)

BY

Chairman of the County Board of
Commissioners of Bamberg County

Attest:

Secretary of the County Board of
Commissioners of Bamberg County

Signed, sealed and delivered
in the presence of:

ASSIGNMENT

STATE OF SOUTH CAROLINA,

COUNTY OF BAMBERG.

KNOW ALL MEN BY THESE PRESENTS That BAMBERG COUNTY, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the County Board of Commissioners of Bamberg County, in consideration of the sum of One Dollar (\$1) to it in hand paid at and before the sealing of these presents, the receipt of which is hereby acknowledged, has assigned, transferred and set over unto THE SOUTH CAROLINA NATIONAL BANK, as Trustee under that certain Trust Indenture dated as of June 1, 1969, between said Bamberg County and said THE SOUTH CAROLINA NATIONAL BANK, as Trustee, and its successors in trust:

ALL of the right, title and interest of said Bamberg County in and to (a) the foregoing Lease Agreement, dated as of June 1, 1969, between said Bamberg County, as Landlord, and Rockland-Bamberg Industries, Inc., as Tenant; and (b) the foregoing Lease Guaranty Agreement by Rockland Bleach and Dye Works, Inc., dated as of June 1, 1969.

This Assignment is made pursuant to and subject to all the terms and conditions of said Trust Indenture, dated as of June 1, 1969, the terms of which are incorporated by this reference as fully as if the same were set forth at length herein, said Trust Indenture being intended to be duly recorded immediately subsequent to the recording of said Lease Agreement, Lease Guaranty Agreement, and this Assignment.

IN WITNESS WHEREOF, Bamberg County, South Carolina,
has executed this Assignment by causing its name to be hereunto
subscribed by the Chairman of the County Board of Commissioners
and the official seal of said Board to be impressed hereon and
attested by the Secretary of said Board, all being done as of
the 1st day of June, 1969.

BAMBERG COUNTY, SOUTH CAROLINA

(SEAL)

BY _____
Chairman of the County Board of
Commissioners of Bamberg County

ATTEST:

Secretary of the County Board
of Commissioners of Bamberg
County

Signed, sealed and delivered
in the presence of:

STATE OF SOUTH CAROLINA

COUNTY OF BAMBERG

Personally appeared before me _____,
who being duly sworn says that he saw the corporate seal of the
COUNTY BOARD OF COMMISSIONERS OF BAMBERG COUNTY affixed to the
foregoing Assignment of Lease, and that he also saw _____
_____, as Chairman, and _____,
as Secretary of the County Board of Commissioners of Bamberg
County sign and attest the same, and that he with _____
_____ witnessed the execution and delivery thereof
as the act and deed of said BAMBERG COUNTY, South Carolina.

Sworn to before me this

____ day of _____, 1969.

_____(L.S.)
Notary Public for South Carolina

My Commission Expires: _____

BAMBERG COUNTY, SOUTH CAROLINA

AND

THE SOUTH CAROLINA NATIONAL BANK,
COLUMBIA, SOUTH CAROLINA

TRUST INDENTURE

Dated as of ~~June~~ 1, 1969

THIS TRUST INDENTURE made and entered into as of the first day of June, 1969, by and between BAMBERG COUNTY, a body politic and corporate and a political subdivision of the State of South Carolina (hereinafter sometimes referred to as the "County"), as party of the first part, and THE SOUTH CAROLINA NATIONAL BANK, Columbia, South Carolina, a banking corporation duly organized, existing and authorized to accept and execute trusts of the character herein set out, under and by virtue of the laws of the United States of America, as Trustee, party of the second part;

WITNESSETH:

WHEREAS, the County is authorized and empowered by the provisions of Act No. 103, enacted at the 1967 Session of the General Assembly of the State of South Carolina, approved by the Governor of South Carolina on the 21st day of March, 1967 (the "Act") to acquire, own, lease, dispose of, and mortgage the properties hereinafter described in order that the industrial development of South Carolina will be promoted and trade developed by inducing manufacturing enterprises to locate in South Carolina and thus utilize and employ manpower and other resources of South Carolina; 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 and equipment so acquired; and

WHEREAS, the County has made the necessary arrangements with Rockland-Bamberg Industries, Inc., a corporation organized and existing under the laws of the State of South Carolina (hereinafter sometimes referred to as the "Lessee") for the acquisition of its existing textile finishing plant located on a three (3) acre tract of land in the City of Bamberg, Bamberg County, South Carolina, and the financing of an enlargement and expansion thereof, the said tract of land, together with the buildings, machinery, equipment and other facilities included in said acquisition and enlargement (hereinafter sometimes referred to as the "Project") will be of the character and accomplish the purpose provided by the Act, and the County has further entered into a Lease Agreement with the Lessee specifying the terms and conditions of the acquisition of the Project and the leasing of the same to the Lessee; and the obligations of the Lessee under the Lease Agreement have been unconditionally guaranteed by Rockland Bleach and Dye Works, Inc., a Maryland corporation; and

WHEREAS, the execution and delivery of this Trust Indenture (hereinafter sometimes referred to as "this Indenture") have been authorized by Resolutions duly adopted by the County Board of Commissioners of Bamberg County (hereinafter sometimes referred to as the "County Board") which is the governing body of the County, as constituted by Chapter 5 and Article 1 of Chapter 27, Title 14, Code of Laws of South Carolina, 1962, as amended, and the County Board in accordance with the requirements of Section 14 of the Act has submitted its petition to the State Budget and Control Board of South Carolina, including a general summary of the terms and conditions of the Indenture, and the State Budget and Control Board of South Carolina has duly approved the Project in

accordance with the provisions of the Act and thereby authorized the County Board to proceed with the acquisition and financing of the Project. Notice of the approval was duly published in a newspaper having general circulation in Bamberg County and notwithstanding more than twenty days have elapsed from the date of the publication of such notice, no challenge was made to the validity of such approval as provided in the Act; and

WHEREAS, it has been determined that the estimated amount necessary to finance the cost of the Project, including necessary expenses incidental thereto, will require the issuance, sale and delivery of Bonds designated as Bamberg County First Mortgage Industrial Revenue Bonds, Series 1969 (Rockland-Bamberg Industries, Inc.-Lessee) (hereinafter called the "Bonds"), in the aggregate principal amount of \$500,000, as hereinafter provided; and

WHEREAS, the issuance of the Bonds under the Act has been in all respects duly and validly authorized by resolutions duly passed and approved by the County Board; and

WHEREAS, the Lessee has effected the sale of the Bonds to Iselin-Jefferson Financial Co., Inc., at a price of par and the Bonds will be issued in fully registered form and are all to be in substantially the following form, to wit:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
BAMBERG COUNTY

First Mortgage Industrial Revenue Bond, Series 1969
(Rockland-Bamberg Industries, Inc. - Lessee)

Number \$25,000

KNOW ALL MEN BY THESE PRESENTS that Bamberg County, a body politic and corporate, and a political subdivision of the State of South Carolina (hereinafter called the "County"), for value received promises to pay, but only from the source and as hereinafter provided, to Iselin-Jefferson Financial Co, Inc., a New York corporation, or registered assigns, the principal sum of Twenty Five Thousand Dollars (\$25,000) as follows: the sum of Twelve Thousand Five Hundred (\$12,500) Dollars on January 1, 19____, and the sum of Twelve Thousand Five Hundred (\$12,500) Dollars on July 1, 19____, and in like manner to pay interest on said sum, or the balance of principal from time to time outstanding, from the date of the authentication of this Bond at the rate of seven per centum (7%) per annum on January 1, 1970, and semi-annually thereafter on January 1 and July 1 of each year until said principal sum is fully paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may become applicable hereto. The principal of and interest on this Bond are payable in lawful money of the United States of America by check or draft payable to the registered holder of this Bond sent by mail to the address shown on the registration books. In order to obtain final payment of principal and interest, this Bond shall be submitted to the Trustee hereinafter mentioned for cancellation and surrender to the County.

This Bond is one of an authorized issue of Bonds numbered from 1 to 20, inclusive, in the aggregate principal amount of \$500,000, of like date, tenor and effect, except as to number and dates of maturity, issued for the purpose of acquiring land, buildings, equipment, machinery and other facilities in connection therewith, and leasing the same to Rockland-Bamberg Industries, Inc. a South Carolina corporation (hereinafter referred to as the "Lessee") (such land, buildings, equipment, machinery and other facilities being hereinafter called the "Project") and paying necessary expenses incidental thereto so as to thereby promote industry and develop trade in South Carolina. Said Bonds are issued under and are to be equally and ratably secured and entitled to the protection given by a Trust Indenture (hereinafter called the "Indenture"), dated as of June 1, 1969, duly executed and delivered by the County to The South Carolina National Bank, Columbia, South Carolina, as Trustee (the term "Trustee" where used herein referring collectively to said Trustee or its successors in said trust) and reference is hereby made to the Indenture and to all indentures supplemental thereto for a description of the security, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the County, the Trustee and the registered holders of the Bonds appertaining thereto and the terms upon which the Bonds are issued and secured.

As provided in the Indenture this Bond is transferable by the registered holder hereof on the Bond Register of the County upon surrender of this Bond for transfer at the principal office of the Trustee as Bond Registrar and for the notation of such change

in registration by the Bond Registrar in the registration form attached hereto, when duly endorsed by, or accompanied by a written instrument of transfer, in form satisfactory to the Bond Registrar duly executed by the registered holder hereof or his attorney duly authorized in writing.

The County, the Trustee and any agent of the County or the Trustee may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all purposes whether or not this Bond be overdue, and neither the County, the Trustee nor any such agent shall be affected by notice to the contrary.

The Bonds of this issue are subject to redemption by the County prior to maturity on any interest payment date on or after July 1, 1970, in whole or in part in the order of their maturity, at par, plus accrued interest to the redemption date, and without penalty.

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 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 holder of each Bond to be redeemed at the address shown on the registration books; provided, however, failure duly to give such notice by mailing, or any defect in the notice, to the registered holder of any Bond designated for redemption shall not affect the validity of the proceedings for the redemption of any other Bond. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time, and shall no longer be protected by the Indenture and shall not
997
be deemed to be outstanding under the provisions of the Indenture.

This Bond and the issue of which it forms a part are issued pursuant to the authorization of and for the purposes prescribed by Act No. 103 of the Acts and Joint Resolutions enacted at the 1967 Session of the General Assembly of the State of South Carolina, approved by the Governor of South Carolina on March 21, 1967, and pursuant to resolutions duly adopted by the County Board of Commissioners of Bamberg County and with the approval of the State Budget and Control Board of South Carolina. This Bond and the issue of which it forms a part are limited obligations of the County and are payable solely out of the lease rentals, revenues and receipts (excluding amounts paid by the Lessee to local taxing authorities in lieu of taxes, pursuant to Section 5.5 of the Lease Agreement) derived from the leasing or sale of the Project, financed through the issuance of the Bonds and which has been leased to the Lessee. Under the Lease Agreement between the County and the Lessee dated as of June 1, 1969 (herein referred to as the Lease Agreement) the Lessee must pay to the County such rentals as will be fully sufficient to pay the principal of, and interest on the Bonds as the same mature and become due, and under the Lease Agreement it is the obligation of the Lessee to pay the costs of maintaining the Project in good repair and to keep it properly insured. Pursuant to a Lease Guaranty Agreement dated as of June 1, 1969 with the County, Rockland Bleach and Dye Works, Inc., a Maryland corporation, has unconditionally guaranteed the performance of the Lessee's obligations under the Lease Agreement.

This Bond and the interest payable hereon, are not and shall never constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

L 998

Pursuant to the Lease Agreement, rental payments sufficient for the prompt payment when due of the principal of, and interest on, the Bonds are to be paid to the Trustee for the account of the County and deposited in a special account created by the County and designated "Bamberg County Industrial Revenue Bond Fund - Rockland Project" and have been pledged for that purpose, and in addition the Project has been subjected to the lien of the Indenture to secure payment of such principal and interest.

The registered 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 of the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; and that the issuance of the 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 Trustee's certificate of authentication hereon shall have been duly executed by the Trustee.

IN WITNESS WHEREOF, Bamberg County, South Carolina, has caused this Bond to be executed by the Chairman of its County Board of Commissioners, by his manual signature, and its corporate seal to be impressed hereon, and attested by the Secretary of its County Board of Commissioners, by his manual signature, all as of the first day of June, 1969.

BAMBERG COUNTY, SOUTH CAROLINA

BY _____
Chairman of the County Board
of Commissioners of Bamberg
County

Attest:

Secretary of the County Board
of Commissioners of Bamberg
County

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

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

This Certificate has been executed on the ____ day of _____, 1969.

THE SOUTH CAROLINA NATIONAL BANK
Trustee

By _____
Authorized Officer

(FORM OF CHANGE OF REGISTRATION)

DATE OF REGISTRATION	NAME OF REGISTERED HOLDER	SIGNATURE OF AUTHORIZED OFFICER OF BOND REGISTRAR

and;

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

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS TRUST INDENTURE 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 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, pledge and assign unto The South Carolina National Bank, Columbia, South Carolina, as Trustee, 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, the following:

I.

The real property and interests therein situated in Bamberg County, State of South Carolina, described in Exhibit A attached hereto, with all buildings, additions, improvements and fixtures now or hereafter located thereon or therein and with the tenements, hereditaments, servitudes, appurtenances, rights, privileges and immunities thereunto belonging or appertaining which may from time to time be owned by the County.

II.

The machinery, equipment or other property described in Exhibit B attached hereto, and substitutions or replacements therefor; all machinery, equipment or other property acquired by the County with the proceeds from the Bonds issued under and secured by this Indenture, and substitutions or replacements therefor; all machinery, equipment or

other property which under the terms of the Lease Agreement is to become the property of the County or subjected to the lien of this Indenture; and, without limiting the foregoing, all of the property of the County at any time installed or located on the land described in Exhibit A attached hereto.

III.

All right, title and interest of the County in and to the Lease Agreement, dated as of June 1, 1969, between the County and Rockland-Bamberg Industries, Inc., and all lease rentals, revenues and receipts received or to be received under said Lease Agreement, except amounts paid by the Lessee thereunder to the County and other local taxing authorities in lieu of taxes pursuant to Section 5.5 thereof.

IV.

All right, title and interest of the County in and to the Guaranty Agreement dated as of June 1, 1969 by Rockland Bleach and Dye Works, Inc. and all amounts received or to be received under said Guaranty Agreement except amounts paid thereunder in fulfillment of the obligations of the Lessee under Section 5.5 of the Lease Agreement.

V.

All lease rentals, revenues and receipts arising out of or in connection with the ownership of the Project, except amounts paid under Section 5.5 of the aforementioned Lease Agreement.

VI.

Any and all other property from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by the County or by anyone on its behalf or with its written consent to 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

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to do, to the Trustee and its successors in said trust and to them and their assigns forever.

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all holders of the Bonds issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any Bonds over any of the others of the Bonds.

PROVIDED, HOWEVER, that if the County shall pay or cause to be paid to the holders and owners of the Bonds the principal and interest to become due thereon at the times and in the manner stipulated therein and herein, 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, or if the issuance of the Bonds is not made within the time provided in Section 4.2 of the Lease Agreement, then these presents and the estate and rights hereby granted shall, at the option of the County, cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the County such instruments in writing as shall be requisite to satisfy the lien hereof, and re-convey to the County the estate hereby conveyed, and assign and deliver to the County any property at the time subject to the lien of this Indenture which may then be in its possession, except amounts in the Bond Fund required

to be paid to the Lessee under Section 510 hereof and except cash held by the Trustee for the payment of interest on and retirement of the Bonds; otherwise this Indenture to be and remain in full force and effect.

THIS TRUST INDENTURE FURTHER WITNESSETH, and it is expressly declared, that 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 any part thereof, as follows, that is to say:

ARTICLE I

DEFINITIONS

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:

"Bond" or "Bonds" means the Bamberg County First Mortgage Industrial Revenue Bonds, Series 1969 (Rockland-Bamberg Industries, Inc.-Lessee) to be issued hereunder.

"Bond Fund" or "Bamberg County Industrial Revenue Bond Fund - Rockland Project" means the fund created in Section 502 hereof.

"Bondholder" or "holder" or "owner" or "owner of the Bonds" means Iselin-Jefferson Financial Co., Inc., a New York corporation, or any registered assignee in whose name any Bond shall be registered in accordance with the provisions contained therein.

"Construction Fund" or "Bamberg County Industrial Construction Fund - Rockland Project" means the fund created by Section 601 hereof.

"County" means Bamberg County, South Carolina, a body politic and corporate, and its successors and assigns.

"County Board" means the County Board of Commissioners of Bamberg County and any successor body.

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

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

"Guarantor" means Rockland Bleach and Dye Works, Inc., a Maryland corporation.

"Guaranty Agreement" means the Guaranty Agreement dated as of June 1, 1969, from the Guarantor to the County.

"Indenture" means these presents and other indentures supplemental hereto with the Trustee in pursuance hereof.

"Lease Agreement" means the Lease Agreement executed by and between the County and the Lessee dated as of June 1, 1969, and any amendments thereto.

"Lessee" means Rockland-Bamberg Industries, Inc., and its successors and assigns and any surviving, resulting or transferee corporation as provided in Section 8.3 of the Lease Agreement.

"Mortgaged Property" means the properties conveyed as security hereunder in paragraphs I, II, III, IV, V and VI of the granting clause preceding this Article.

"Ordinary Services and "Ordinary Expenses" means 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 duly authenticated and delivered by the Trustee under this Indenture, except:

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

(b) Bonds for the payment or redemption of which cash funds 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 207 hereof, unless proof

satisfactory to the Trustee is presented to the Trustee that any such Bonds are held by bona fide holder in due course.

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

"Project" means the land, buildings, equipment, machinery and other facilities leased under the Lease Agreement.

"Trust estate" means the Mortgaged Property.

"Trustee" means The South Carolina National Bank, Columbia, South Carolina, the party of the second part hereto, and any successor trustee pursuant to Sections 1105 or 1108 hereof at the time serving as successor trustee hereunder.

ARTICLE II

THE BONDS

SECTION 201. Restriction on Issuance of Bonds. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total principal amount of Bonds that may be issued is hereby expressly limited to \$500,000.

SECTION 202. Issuance of Bonds. The Bonds in the aggregate principal amount of \$500,000, dated June 1, 1969, shall be designated "Bamberg County First Mortgage Industrial Revenue Bonds, Series 1969 (Rockland-Bamberg Industries, Inc.-Lessee)". They shall bear interest from the date of authentication thereof at the rate of seven (7%) per centum per annum, payable January 1, 1970, and semi-annually thereafter on January 1 and July 1 of each year. They shall be in the denomination of \$25,000 each, shall be numbered consecutively from 1 upward and shall be payable (each in two (2) equal, successive installments of \$12,500 on January 1 and the next succeeding July 1) in numerical order in 40 equal successive installments of \$12,500 commencing January 1, 1970 and continuing on each January 1 and July 1 thereafter through July 1, 1989.

The principal of and interest on the Bonds shall be payable in lawful money of the United States of America by check or draft payable to the registered holder sent by mail to the address shown on the registration books. In order to obtain final payment of principal and interest on any Bond, such Bond must be submitted to the Trustee for cancellation and surrender to the County.

SECTION 203, Execution; Limited Obligation. The Bonds shall be executed on behalf of the County by the Chairman of the County Board and the corporate seal of the County shall be impressed thereon and attested by the Secretary of the County Board. The Bonds, together with interest thereon, shall be limited obligations of the County payable from the Bond Fund and shall be a valid claim of the respective holders thereof only against such fund and the lease rentals, revenues and receipts from the leasing or sale of the Project pledged to such fund (but in addition shall be secured by the lien of the Indenture on the Project), which lease rentals, revenues and receipts (except amounts paid by the Lessee to local taxing authorities in lieu of taxes pursuant to Section 5.5 of the Lease Agreement) are hereby pledged and assigned for the equal and ratable payment of the Bonds and the interest thereon and shall be used for no other purpose than to pay the principal of and interest on the Bonds, except as may be otherwise expressly authorized in this Indenture. The Bonds do not now and shall never constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

In case any officer whose signature shall appear on the Bonds shall cease to be such officer before the delivery of such Bonds, such signature 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 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 shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

SECTION 205. Form of Bonds. The Bonds issued under this Indenture shall be substantially in the form hereinabove set forth with such appropriate variations, omissions and insertions as are permitted or required by this Indenture.

SECTION 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 the Bonds to be issued in the aggregate principal amount of \$500,000 and deliver them to the purchaser as may be directed by the County as hereinafter in this Section 206 provided.

Prior to the authentication 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 Board, of the resolution of the County Board authorizing the execution and delivery of the Lease Agreement and the Guaranty Agreement.
2. An original executed counterpart of the Lease Agreement and the Guaranty Agreement.
3. A copy, duly certified by the Secretary of the County Board, of the resolution of the County Board authorizing the execution and delivery of this Indenture and the issuance of the \$500,000 aggregate principal amount of the Bonds to be issued.
4. The written opinion of counsel for the County, or other counsel satisfactory to the Trustee, expressing the conclusion that upon payment of the purchase price of the lands described in Exhibit A attached hereto and acceptance of the instruments of conveyance, all as theretofore agreed upon, the County will have title free and clear of liens and encumbrances upon said lands (except for Permitted Encumbrances as defined in the Lease Agreement).
5. A Mortgagee Title Insurance policy (or an appropriate binder) which meets the requirements of Section 3.3 of the Lease Agreement.

6. A request and authorization to the Trustee on behalf of the County Board and signed by the Chairman and Secretary of the County Board to authenticate and deliver the Bonds to be issued in the aggregate principal amount of \$500,000 to the purchaser therein identified upon payment to the Trustee but for account of the County of a sum specified in such request and authorization. Such proceeds shall be paid over to the Trustee and deposited to the credit of the Construction Fund as hereinafter provided under Article VI hereof.

SECTION 207, 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 that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the County, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the County and the Trustee evidence of such loss, theft or destruction satisfactory to the County and the Trustee, together with indemnity satisfactory to them. In the event any such Bond shall have matured, instead of issuing a duplicate Bond 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 208. Transfer of Bonds; Persons Treated as Owners. Each of the Bonds issued hereunder is transferable by the registered holder hereof on the Bond Register of the County upon surrender of the Bond for transfer at the principal office of the Trustee as Bond Registrar and for the notation of such change in registration by the Bond Registrar in the registration form attached hereto, when duly endorsed by, or accompanied by a written instrument of transfer, in form satisfactory to the Bond Registrar duly executed by the registered holder thereof or his attorney duly authorized in writing.

The County, the Trustee and any agent of the County or the Trustee may treat the person in whose name any Bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all purposes whether or not such Bond be overdue, and neither the County, the Trustee nor any such agent shall be affected by notice to the contrary.

ARTICLE III

REDEMPTION OF BONDS BEFORE MATURITY

SECTION 301. Redemption Dates. The Bonds are subject to redemption by the County prior to maturity on any interest payment date on or after July 1, 1970, in whole or in part in the order of their maturity upon payment of the outstanding principal amount, plus accrued interest to the redemption date and without any premium.

SECTION 302. Notice of Redemption. 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 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 holder of each Bond to be redeemed at the address shown on the registration books; provided, however, failure duly to give such notice by mailing or any defect in the notice, to the registered holder of any Bond designated for redemption shall not affect the validity of the proceeds for the redemption of any other Bond. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time, and shall no longer be protected by this Indenture and shall not be deemed to be outstanding under the provisions of this Indenture.

SECTION 303, Cancellation. All Bonds which have been redeemed shall be cancelled and cremated by the Trustee and shall not be reissued and a counterpart of the certificate of cremation evidencing such cremation shall be furnished by the Trustee to the County and the Lessee.

SECTION 304. Prior Consent Required. The County shall not be authorized to call any of the Bonds for redemption prior to its stated maturity unless it shall have first obtained the written consent of the Lessee and the Guarantor to any such call.

ARTICLE IV.

GENERAL COVENANTS

SECTION 401. Condition of County's Obligation; Payment of Principal and Interest. Each and every covenant herein made, including all covenants made by the various sections of this Article IV, is predicated upon the condition that any obligation for the payment of money incurred by the County shall not create a pecuniary liability of the County or a charge upon its general credit or against its taxing powers, but shall be payable solely from the lease rentals, revenues and receipts derived from or in connection with the Project, including all moneys received under the Lease Agreement which are required to be set apart and transferred to the Bond Fund, which lease rentals, revenues and receipts are hereby specifically pledged to the payment thereof in the manner and to the extent in this Indenture specified and nothing in the Bonds or in this Indenture shall be considered as pledging any other funds or assets of the County.

The County covenants that it will promptly pay the principal of, and interest on every Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in said Bonds, according to the true intent and meaning thereof.

SECTION 402, Performance of Covenants; Authority of County. 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 pertaining thereto. The County covenants that it

is duly authorized under the Constitution and laws of the State of South Carolina, to issue the Bonds authorized hereby and to execute this Indenture, to convey the property described in and conveyed hereby and to pledge the lease rentals, revenues and receipts hereby pledged 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 lawfully owns and is lawfully possessed of the lands described in Exhibit A attached hereto and that it has good and indefeasible title and estate therein (except for Permitted Encumbrances as defined in the Lease Agreement), and that it lawfully owns and is lawfully possessed of the equipment and machinery described in Exhibit B attached hereto (or, in the case of any such equipment and machinery not yet acquired, that the same will be acquired by the County from the moneys in the Construction Fund or furnished by the Lessee pursuant to Section 4.6 of the Lease Agreement), and that it will defend the title to the Project and every part thereof to the Trustee, for the benefit of the holders and owners of the Bonds against the claims and demands of all persons whomsoever.

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, conveying, pledging, assigning and confirming unto the Trustee all and singular the property herein described and the lease rentals, revenues and receipts pledged hereby to the payment of the principal of and interest on the Bonds. Any and all property hereafter acquired which is of the kind or nature herein provided to be and become subject to the lien hereof shall, ipso facto, and without any further conveyance, assignment or act on the part of the County or the Trustee, become and be subject to the lien of this Indenture as fully and completely as though specifically described herein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the County under this Section 403. The County covenants and agrees that, except as herein and in the Lease Agreement provided, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Project or the lease rentals, revenues and receipts therefrom or of its rights under the Lease Agreement.

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 all lawful taxes, assessments and charges at any time levied or assessed upon or against the Project, or any part thereof, failure to pay which might impair or prejudice the lien and priority of this Indenture; provided, however, that nothing contained in this Section 404 shall require the payment of any such taxes, assessments or charges if the same are not required to be paid under the provisions of Section 6.3 of the Lease Agreement.

SECTION 405, Maintenance and Repair. 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 kept in as reasonably safe condition as its operations shall permit, 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 repair and in good operating condition, 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.

SECTION 406, Recording and Filing. This Indenture shall be recorded and indexed as a mortgage of real property in the office of the Clerk of Court of Bamberg County, or in such other office as may be at the time provided by law as the proper place for the recordation thereof. The security interest of the Trustee created by this Indenture in any personal property and fixtures which are to be part of the Project, shall be perfected by the filing in the office of the Clerk of Court of Bamberg County and in the office of the Secretary of State of South Carolina in the City of Columbia, South Carolina, of financing statements which fully comply with the South Carolina Uniform Commercial Code - Secured Transactions. Such financing or continuation statements shall be filed from time to time in said office of the Clerk of Court of Bamberg County and in the said office of the Secretary of State of South Carolina as in the opinion of Independent Counsel (as defined in the Lease Agreement) are necessary to preserve the lien or security interest of this Indenture.

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 lease rentals, revenues and receipts derived 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, Rights Under Lease Agreement. The Lease Agreement, a duly executed counterpart of which has been filed with the Trustee, sets forth the covenants and obligations of the County and the Lessee, including a provision 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 written consent of the Trustee and the Guarantor and reference is hereby made to the Lease Agreement for a detailed statement of said covenants and obligations of the Lessee under the Lease Agreement, and the County agrees that the Trustee in its name or in the name of the County may enforce all rights of the County and all obligations of the Lessee under and pursuant to the Lease Agreement and may enforce all rights of the County and all obligations of the Guarantor under and pursuant to the Guaranty Agreement for and on behalf of the Bondholders, whether or not the County is in default hereunder.

ARTICLE V

REVENUES AND FUNDS

SECTION 501, Source of Payment of Bonds. The Bonds herein authorized and all payments by the County hereunder are not general obligations of the County but are limited obligations payable solely from the lease rentals, revenues and receipts derived from the Project and as authorized and provided in this Indenture.

The Project has been leased under the Lease Agreement and the rental payments provided for 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. Said rental payments are sufficient in amount to pay the principal of and interest on the Bonds, and the entire amount of lease rentals, revenues and receipts from said Lease Agreement (except amounts paid by the Lessee to local taxing authorities in lieu of taxes pursuant to Section 5.5 of the Lease Agreement) are pledged to the payment of the principal of and interest on the Bonds. The County hereby covenants and agrees that it will not create any lien upon, or security interest in, said lease rentals, revenues and receipts or the Project other than the lien hereby created.

SECTION 502, Creation of the Bond Fund. There is hereby created by the County and ordered established with the Trustee

a trust fund to be designated "Bamberg County Industrial Revenue Bond Fund - Rockland Project" (which is sometimes referred to herein as the "Bond Fund"), which shall be used to pay the principal of and interest on the Bonds.

SECTION 503, Payments into the Bond Fund. There shall be deposited into the Bond Fund as and when received, (a) any amount remaining in the Construction Fund to the extent provided in Section 4.3 of the Lease Agreement except as otherwise directed by said Section 4.3; (b) all rental payments specified in Section 5.3 of the Lease Agreement; and (c) all other moneys received by the Trustee under and pursuant to any of the provisions of the Lease Agreement when accompanied by directions by Lessee that such moneys are to be paid into the Bond Fund. 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 lease rentals, revenues and receipts derived from the Project promptly to meet and pay the principal of and interest 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 efficiently leased as a revenue and income producing undertaking, and that, should there be a default under the Lease Agreement with the result that the right of possession of the Project 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 lease rentals, revenues and receipts will be derived from the Project promptly to meet the principal of and interest on the Bonds as the same become due and payable, as well as covering the cost of maintaining and insuring the Project. 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 lease rentals, revenues and receipts derived from the Project.

SECTION 504, Use of Moneys in the Bond Fund. Except as provided in Section 510 hereof, moneys in the Bond Fund shall be used solely for the payment of the principal of and interest on the Bonds and for the redemption of the Bonds at or prior to maturity; provided that whenever the amount in the Bond Fund from any source whatsoever is sufficient to redeem all of the Bonds outstanding hereunder and to pay interest to accrue thereon prior to such redemption, the County covenants and agrees, subject to the provisions of Section 304 hereof, to take and cause to be taken the necessary steps to redeem all of said Bonds on the next succeeding redemption date for which the required redemption notice may be given; and provided further that any moneys in the Bond Fund, other than rental payments, may be used at the request of the County to redeem a part

of the Bonds outstanding on the next succeeding redemption date for which the required notice of redemption may be given so long as the Lessee is not in default with respect to any rental payments under the Lease Agreement and to the extent said moneys are in excess of the amount required for payments of Bonds theretofore matured or called for redemption and past due interest in all cases where such Bonds have not been presented for final payment.

SECTION 505, 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 use said funds so withdrawn for the purpose of paying said principal and interest and for no other purpose, which authorization and direction the Trustee hereby accepts.

SECTION 506, Non-Presentment of Bonds. In the event any Bond shall not be presented for final payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, if funds sufficient to pay such Bond, including interest due, shall have been made available to the Trustee for the benefit of the holder or holders thereof, all liability of the County to the holder thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of

the Trustee, subject to the provisions of Section 1406, to hold such fund or funds, without liability for interest thereon, for the benefit of the holder of such Bond, who shall thereafter be restricted exclusively to such fund or funds, or to a claim against the Lessee pursuant to Section 1406, for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Bond.

SECTION 507, Trustee's and Paying Agent's Fees, Charges and Expenses. Pursuant to the provisions of the Lease Agreement, the Lessee has agreed to pay the Trustee, until the principal of and interest on the Bonds shall have been fully paid or provisions 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, as trustee, and its Ordinary Expenses incurred, as trustee, under this Indenture, as and when the same becomes due, (ii) the reasonable fees and charges of the Trustee, as Bond Registrar and paying agent, as and when the same become due, and (iii) the reasonable fees and charges for the necessary 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 which become due prior to the Completion Date (as defined in the Lease Agreement) 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, charges or expenses referred to herein.

SECTION 508, Moneys to Be Held in Trust. All moneys required to be deposited with or paid to the Trustee for account of the Bond Fund or the Construction Fund under any provision of this Indenture 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, constitute part of the Trust Estate and be subject to the lien hereof.

SECTION 509, Insurance and Condemnation Proceeds. Reference is hereby made to 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 deposited in separate trust accounts and to be disbursed and paid out as therein provided. The Trustee hereby accepts and agrees to perform the duties and obligations as therein specified.

SECTION 510, Repayment to the Lessee from the Bond Fund. Any amounts remaining in the Bond Fund after payment in full of

the principal of and interest on the Bonds (or provision for payment thereof as provided in this Indenture), the fees, charges and expenses of the Trustee and all other amounts required to be paid hereunder shall be paid to the Lessee upon expiration or sooner termination of the term of the Lease Agreement as provided in Section 13.7 of the Lease Agreement.

ARTICLE VI

CUSTODY AND APPLICATION OF PROCEEDS OF BONDS

SECTION 601, Deposits in the Bond Fund; Construction Fund; Disbursements. There is hereby created and established with the Trustee a trust fund in the name of the County to be designated "Bamberg County Industrial Construction Fund - Rockland Project". The proceeds of the issuance and delivery of the Bonds shall be deposited in the Construction Fund. Moneys in the Construction Fund shall be expended in accordance with the provisions of the Lease Agreement, and particularly Section 4.3 thereof.

The Trustee is hereby authorized and directed, upon compliance with the applicable provisions of the Lease Agreement, to issue its 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 shall have been completed and a certificate of payment of all costs filed as provided in Section 602 hereof, the Trustee shall, if requested by the Lessee, file an accounting thereof with the County and with the Lessee.

SECTION 602, Completion of the Project. The completion of the Project and the payment of all costs and expenses incident thereto shall be evidenced by the filing with the Trustee of

(i) the certificate of the Authorized Lessee Representative required by the provisions of Section 4.5 of the Lease Agreement and (ii) a certificate signed by the Chairman of the County Board and by the Lessee (by one of the authorized officers of the Lessee), 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 Authorized Lessee Representative 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 clause (ii) of the preceding sentence any balance remaining in the Construction Fund (other than the amounts retained by the Trustee and referred to in the preceding sentence) shall without further authorization be deposited in the Bond Fund by the Trustee with advice to the County and to the Lessee of such action unless the Lessee shall have directed the Trustee to purchase Bonds in the open market for the purpose of cancellation in accordance with Section 4.3(k) of the Lease Agreement.

ARTICLE VII

INVESTMENTS

SECTION 701. Investment of Construction Fund Moneys. Any moneys held as part of the Construction Fund shall, at the direction of the Lessee, be 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 Construction Fund and the interest accruing thereon 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. The Trustee is directed to sell and reduce to cash a sufficient amount of such investments whenever the cash balance in the Construction Fund is insufficient to pay a requisition when presented.

SECTION 702. Investment of Bond Fund Moneys. Any moneys held as part of the Bond Fund, shall, at the direction of the Lessee, be invested or reinvested by the Trustee in any bonds or other obligations which as to principal and interest constitute obligations of the United States of America or any agency thereof. Any such investments shall be held by or under control of the Trustee and shall be deemed at all times a part of the Bond Fund and the interest accruing thereon and any profit realized therefrom shall be credited

to such fund and any loss resulting from such investments shall be charged to such fund. The Trustee shall sell and reduce to cash funds a sufficient portion of investments under the provisions of this Section 702 whenever the cash balance in the Bond Fund is insufficient to pay the current interest and principal requirements.

SECTION 703. Trustee May Invest Through its own Bond Department. The Trustee may make any and all investments permitted by the provisions of Section 701 and Section 702 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. 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 Leased Land. Reference is made to the provisions of the Lease Agreement, including without limitation Sections 8.5 and 11.3 thereof, whereby the County and the Lessee have reserved the right to withdraw certain portions of the Leased Land (as defined in the Lease Agreement) upon compliance with the terms and conditions of the Lease Agreement. The Trustee shall release from the lien of this Indenture any such land upon compliance with the provisions of the Lease Agreement.

SECTION 803, Granting of Easements. Reference is made to the applicable provisions of the Lease Agreement, including, without limitation, Section 8.6 thereof, whereby the Lessee may grant easements and take other action upon compliance 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 with the applicable provisions of the Lease Agreement.

ARTICLE IX

DISCHARGE OF LIEN

SECTION 901, Discharge of Lien. If the County shall pay or cause to be paid to the holders and owners of the Bonds the principal and interest to become due thereon at the times and in the manner stipulated therein and herein, 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, or if the issuance of the Bonds is not made within the time provided in Section 4.2 of the Lease Agreement, then these presents and the estate and rights hereby granted shall, at the option of the County, cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the County such instruments in writing as shall be requisite to satisfy the lien hereof, and re-convey to the County the estate hereby conveyed, and assign and deliver to the County any property at the time subject to the lien of this Indenture which may then be in its possession, except amounts in the Bond Fund required to be paid to the Lessee under Section 510 hereof and except cash held by the Trustee for the payment of interest on and retirement of the Bonds.

Bonds for the payment or redemption of which moneys 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 within the meaning of this Article; 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 TRUSTEE
AND BONDHOLDERS

SECTION 1001, Defaults; Events of Default. If any of the following events occur, subject to the provisions of Sections 1012 and 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; or

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

(c) The occurrence of an "event of default" under Section 10.1 (a) of the Lease Agreement; or

(d) 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

(e) The occurrence of an "event of default" under Section 10.1 of the Lease Agreement arising out of matters referred to in Sections 404, 405 and 507 hereof.

The term "default" shall mean default by the County in the performance or observance of any of the covenants, agreements or conditions on its part contained in this Indenture or in the Bonds, exclusive of any period of grace required to constitute a default an "event of default" as in this Article X provided and shall mean the occurrence of an "event of default" under Section 10.1 of the Lease Agreement arising out of matters referred to in Sections 404, 405 and 507 hereof.

SECTION 1002, Acceleration. Upon the occurrence of an event of default the Trustee may, and upon the written request of the holders of not less than twenty-five per cent in aggregate principal amount of Bonds then outstanding shall, by notice in writing delivered to the County, 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; Other Remedies. Upon the occurrence of an event of default 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 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 to 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 the 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, its 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; 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 shown by the registration books, a summarized statement of income and expenditures in connection therewith.

Upon the occurrence of an event of default the lien and security interest on the Project created and vested by this Indenture may be foreclosed either by sale at public outcry if then permitted by the laws of South Carolina 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.

Upon the occurrence of an event of default, the Trustee shall have the power to proceed with any right or remedy granted by the Constitution and laws of the State of South Carolina, as it may deem best, including any suit, action or special proceeding in equity or at law for the special performance of any covenant or agreement contained herein or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect the rights aforesaid, insofar as such may be authorized by law, and the right to appointment, as a matter of right and without regard to the sufficiency of the security afforded by the Mortgaged Property, of a receiver for all or any part of the Mortgaged Property and the earnings, rents and income thereof; the rights here specified are to be cumulative to all other available rights, remedies or powers and shall not exclude any such rights, remedies or powers.

SECTION 1004, Rights of Bondholders. If an event of default shall have occurred, and if requested so to do by

the holders of twenty-five per cent in aggregate principal amount of Bonds then outstanding and if indemnified as provided in Section 1101 hereof, the Trustee shall be obliged to exercise such one or more of the rights and powers conferred by this Section and by Section 1003 as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

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 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.

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 time, 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.

SECTION 1006, Appointment of Receivers. Upon the occurrence of an event of default, 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, Foreclosure of Indenture. Upon the occurrence of an event of default, to the extent that such rights may then lawfully be waived, neither the County, nor anyone claiming through or under it, shall 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 the Indenture or the foreclosure of the Indenture, and the County, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all right of appraisement and redemption to which it may then be entitled under the laws of South Carolina.

SECTION 1008, Application of Moneys. All moneys received by the Trustee 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 in the Bond Fund shall 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, but due, principal of any of the Bonds (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 such principal payment dates with interest on such past due principal payments from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full the principal 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 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 installment of principal over any other installment of principal, 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.

Whenever all Bonds and the interest thereon shall have been paid under the provisions of this Section 1008 and all expenses and charges of the Trustee shall have been paid, any balance remaining in the Bond Fund shall be paid to the Lessee as provided in Section 510 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 may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto 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 be for the equal benefit of the holders of the outstanding Bonds.

SECTION 1010, Rights and Remedies of Bondholders. No holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy hereunder, unless also a default has occurred of which the Trustee has been notified as provided in subsection (g) 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 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 (1) 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 shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of 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. Nothing in this Indenture contained shall, however, affect or impair the right of any Bondholder to enforce the 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 on each of the Bonds issued hereunder to the respective holders thereof at the time, place, from the source and in the manner in said Bonds 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 and the Trustee shall be restored to their former positions and rights hereunder with respect to the Mortgaged Property herein conveyed, 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 may, subject to the provisions of Sections 1004 and 1005, in its discretion, waive any event of default hereunder and its consequences, and rescind any declaration of maturity of principal of and interest on the Bonds. The Trustee shall, subject to the provisions of Sections 1004 and 1005, waive any event of default hereunder and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds upon the written request of the holders of 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; and notwithstanding the provisions of Sections 1004 and 1005, the Trustee shall waive any event of default and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds, upon the written request of the holders of 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 (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 in respect of which such default shall have occurred on overdue installments of interest 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. 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, Trustee and 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 the County and Lessee to Cure Defaults. Anything herein to the contrary notwithstanding, no default (other than a default under Section 1001(a), Section 1001(b), or Section 1001(c) hereof, to which this Section 1013 shall not be applicable) shall constitute an event of default until actual notice of such default by registered or certified mail shall be given by the Trustee or by the holders of not less than twenty-five per cent of the aggregate principal amount of Bonds then outstanding to the Lessee and

the County, and the County 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 the applicable period; provided, however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an event of default if corrective action is instituted by the Lessee or the County, as the case may be, within the applicable period and diligently pursued until the default is corrected.

With regard to any alleged default concerning which notice is given to the Lessee under the provisions of this Section 1013, the County hereby grants the Lessee full authority for account of the County to perform any covenant or obligation 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 could do and perform any such things and acts and with power of substitution.

In the event that the Trustee fails to receive, at least seven (7) days prior to any principal and interest payment date, the rental payable by the Lessee under Section 5.3 of the Lease Agreement, the Trustee shall immediately give notice by telegram, or if telegraphic service is not available, then by telephone, to the Lessee and to the Guarantor specifying such failure.

SECTION 1014, Powers of Trustee upon Event of Default under Lease Agreement or in Payment of Bonds. If the rents required to be paid under Section 5.3 of the Lease Agreement are not paid at least seven days prior to the semi-annual interest and principal payment date before which such rents are due, or in case an event of default, as defined in Section 1001 hereof in the payment of principal or interest on any Bonds shall occur and be continuing, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of all sums due and unpaid under the Lease Agreement, the Guaranty Agreement, or the Bonds, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against any obligor thereon, and collect in the manner provided by law out of the property of any obligor thereon wherever situated the monies adjudged or decreed to be payable.

In case there shall be pending proceedings for the bankruptcy or for the reorganization of any obligor under the Lease Agreement (including the Guarantor) under the National Bankruptcy Act or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of any such obligor, or in case of any other judicial proceedings relative to any obligor under the Lease Agreement (including the Guarantor) or to the creditors or property of any such obligor, the Trustee, irrespective of whether the principal of the Bonds shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the power vested in it by the Indenture, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for

reasonable compensation to the Trustee, its agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee except as a result of its negligence or bad faith) and of the Bondholders allowed in any such judicial proceedings relative to the Lessee or any other obligor under the Lease Agreement (including the Guarantor) or to the creditors or property of the Lessee, or any such other obligor, as the case may be, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute all amounts received with respect to the claims of the Bondholders and of the Trustee on their behalf; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by each of the Bondholders to make payments to the Trustee and, in the event that the Trustee shall consent to the making of payments directly to the Bondholders, to pay to the Trustee such amount as shall be sufficient to cover reasonable compensation to the Trustee, its agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made by the Trustee except as a result of its negligence or bad faith.

In case of a default hereunder the Trustee may in its discretion proceed to protect and enforce the rights vested in it by this Indenture, the Lease Agreement, and the Guaranty Agreement, by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture, the Lease Agreement, or the Guaranty Agreement, or in aid of the exercise of any power granted in this Indenture, the Lease Agreement, or the Guaranty Agreement, or to enforce any other legal or equitable right vested in the Trustee by this Indenture, the Lease Agreement, the Guaranty Agreement, **1053** law.

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:

(a) 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, and shall be entitled to advice of 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 be reasonably employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the County or the Lessee). The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(b) (i) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the authentication certificate of the Trustee endorsed on the Bonds), or for insuring the property conveyed hereby, or for 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 of the property conveyed hereby or otherwise as to the maintenance of the security hereof; except that in the event the Trustee enters into possession of a part or all of the property conveyed hereby pursuant to any provision of this Indenture it shall use due diligence in preserving such property; 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 under the Lease Agreement, except as herein expressly 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 and as to the condition of the property conveyed hereby. Except as otherwise provided in Section 1003 hereof, the Trustee shall have no obligation to perform any of the duties or obligations of the County, as lessor, under the Lease Agreement.

(ii) The Trustee shall not be bound to ascertain nor inquire as to the financial condition of the Lessee, or of the Guarantor, nor to take any action as a result of any such information as may come to the attention of the Trustee.

(c) The Trustee shall not be accountable for the use of the proceeds from the sale of the bonds disbursed in accordance with the provisions of Section 4.3 of the Lease Agreement. The Trustee may become the owner of Bonds secured hereby with the same rights which it would have if not Trustee.

(d) 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 of Bonds issued in place thereof.

(e) 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 Board by its Chairman and attested by its 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 (g) 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. The Trustee may accept a certificate of the Secretary of the County Board under its seal to the effect that a resolution in the form therein set forth has been adopted by the County as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(f) 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.

(g) 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 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 all 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.

(h) The Trustee shall not be liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or non-fulfillment of contracts during any period in which it may be in the possession of or managing the Mortgaged Property as in this Indenture provided.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any

and all of the Project, 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.

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

(k) 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, the release of any property or the taking of any other action by the Trustee.

(l) Before taking any action hereunder the Trustee may require that a satisfactory indemnity bond be furnished 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.

(m) All moneys received by the Trustee or any paying agent shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. 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.

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 Bond Registrar. The Trustee shall have a lien with right of payment prior to payment on account of interest or principal of any Bond upon the Project 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 (g) of Section 1101 hereof required to take notice or if notice of default be given as in said subsection (g) provided, then the Trustee shall give such notice to the Lessee and the County as is specified in Section 1013 hereof, and such notice to the Lessee and the Guarantor as is specified in Section 10.1 (b) of the Lease Agreement, in order to have such default mature as an event of default upon the passage of the period of time therein specified and shall give written notice thereof by mail to the holders or owners of all Bonds then outstanding to the addresses on the registration books maintained by the Trustee pursuant to Section 208 hereof.

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 in aggregate principal amount of all Bonds then outstanding. 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 of the title to the whole property or trust estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instruments 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 registered or certified mail to each holder of Bonds at the addresses shown on the registration books maintained by the Trustee pursuant to Section 208 hereof, 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 owners of a majority in aggregate principal amount of all 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; provided, nevertheless, that in case of such vacancy the County by an instrument executed and signed by the Chairman of the County Board and attested by the Secretary of the County Board 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 organized under the laws of the United States of America or any state thereof and which is in good standing, within or outside the State of South Carolina, having a reported capital and surplus of not less than \$10,000,000 or four times the aggregate principal amount of the Bonds then outstanding, whichever is less, 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 estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the County, or of its successor, execute and deliver an instrument transferring to such successor Trustee all the estates, 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 estate, 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, the Trustee may pay such tax, assessment or governmental or other 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 revenues herein pledged to the payment of the Bonds 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 in the aggregate principal amount of all 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, opinion, 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 Trustee of Bond Fund and Construction Fund, and Bond Registrar. In the event of a change in the office of Trustee the predecessor Trustee which has resigned

or has been removed shall cease to be trustee of the Bond Fund and the Construction Fund, and Bond Registrar and the successor Trustee shall become such trustee and Bond Registrar.

SECTION 1113, Trust Estate May Be Vested in Separate or 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 South Carolina) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that there may be a Corporate Trustee hereunder which shall not be qualified to transact business in South Carolina, and 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 hold title to the Mortgaged Property, in trust, as herein granted, 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.

The Trustee may for any reason, including those set forth in the first paragraph of this Section 1113, appoint an additional

individual or institution as a separate or co-trustee. In such event each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or 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 estates, 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.

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 the lien and pledge of this Indenture additional revenues, properties or collateral; and

(d) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar Federal statute hereafter in effect or under any state Blue Sky Law.

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 land and interests in land, machinery and equipment forming a part of the Project and generally described in Exhibits A and B attached hereto so as to more precisely identify the same or to substitute or add additional land or interests in land, machinery and equipment, and (ii) with respect to any changes required to be made in the description of the Mortgaged Property in order to conform with similar changes made in the Lease Agreement as permitted by Section 1301.

SECTION 1202, Supplemental Indentures Requiring Consent of Bondholders. Exclusive of indentures supplemental hereto 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 any principal due date, or reduction in any principal payment of, or reduction in the rate, or extension of the time of payment, of interest on any Bond, without the consent of the holder of such Bond, or (b) the creation of any lien (other than any Permitted Encumbrances as defined in the Lease Agreement) prior to or on a parity with the lien of this Indenture, or (c) a reduction in the aforesaid aggregate principal amount of Bonds the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all the Bonds at the time outstanding which would be affected by the action to be taken, or (d) modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee.

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 newspaper or financial journal of general circulation 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.

Anything herein to the contrary notwithstanding, a supplemental indenture under this Article XII which affects any rights of the Lessee shall not become effective unless and until the Lessee shall have consented to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture together with a copy of the proposed supplemental indenture to be mailed by certified or registered mail to the Lessee at least thirty days prior to the proposed date of execution and delivery of any supplemental indenture. The Lessee shall be deemed to have consented to the execution and delivery of any such supplemental indenture

if the Trustee does not receive a letter of protest or objection thereto signed by or on behalf of the Lessee on or before 2:30 o'clock P.M., EST, of the thirtieth day after the mailing of said notice and a copy of the proposed supplemental indenture.

SECTION 1203. Supplemental Indenture Requiring Consent of Guarantor. Exclusive of indentures supplemental hereto referred to in subparagraphs (a), (c), and (d) of the first paragraph of Section 1201 hereof and clauses (i) and (ii) of the second paragraph of Section 1201 hereof, no indenture supplemental hereto shall be effective for any purpose unless and until it shall have been approved in writing by the Guarantor.

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 land and interests in land, machinery and equipment described in Exhibits A and B to the Lease Agreement so as to identify more precisely the same or substitute or add additional land or interests in land, machinery and equipment, or (iv) 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 the amendments, changes or modifications as provided in Section 1301 hereof, neither the County nor the Trustee shall consent to any other 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 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, Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto, and the holders of the Bonds, any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, 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 as herein provided.

SECTION 1402, 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 law or 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 1403, Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, addressed as follows: If to the County, to the County Board of Commissioners of Bamberg County, County Courthouse, Bamberg, South Carolina; if to the Lessee, at P. O. Box 478, Bamberg, S. C., 29003, Attention: President, with a copy to the Guarantor as prescribed hereinafter; if to the Trustee, at P. O. Box 750, Columbia, South Carolina, 29202, Attention: Corporate Trust Officer; and if to the Guarantor, at Brooklandville, Maryland, 21022, Attention: President. The County, the Lessee, the Trustee and the Guarantor may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 1404, Trustee as the Bond Registrar. The Trustee is hereby designated and agrees to act as the Bond Registrar for and in respect to the Bonds.

SECTION 1405, 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 shall be in a legal holiday or a day on which banking institutions are authorized by law to close in Columbia, S. C., then payment of interest or principal need not be made on such date in such city, but may be made on the next succeeding business day nor 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 1406. Disposition of Unclaimed Money in Hands of Trustee. Any money deposited with the Trustee in trust for the payment of the principal of or interest on any Bonds and remaining unclaimed for 6 years after such principal or interest has become due and payable shall be paid to the Lessee; PROVIDED, HOWEVER, that the Trustee, before being required to make any such payment, may at the expense of the Lessee cause to be published once, in a financial paper published in the City of New York, State of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be paid to the Lessee.

SECTION 1407, Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 1408, Laws Governing Indenture and Situs and Administration of Trust. The effect and meaning of this Indenture and the rights of all parties hereunder shall be governed by, and construed according to, the laws of the State of South Carolina, but it is the intention of the County that the situs of the trust created by this Indenture be in the state in which is located the principal office of the Trustee from time to time acting under this Indenture. The word "Trustee" as used in the preceding sentence shall not be deemed to include any additional individual or institution appointed as a separate or co-trustee pursuant to Section 1113 of this Indenture. It

is the further intention of the County that the Trustee administer said trust in the state in which is located, from time to time, the situs of said trust.

IN WITNESS WHEREOF, Bamberg County has caused these presents to be signed in its name and behalf by the Chairman of the County Board of Commissioners of Bamberg County and its Corporate Seal to be hereunto affixed and attested by the Secretary of said Board, and to evidence its acceptance of the trust hereby created, The South Carolina National Bank, Columbia, South Carolina has caused these presents to be signed in its name and behalf by one of its Trust Officers, its official seal to be hereunto affixed, and the same to be attested by one of its Assistant Secretaries, all as of the first day of June, 1969.

(SEAL)

BAMBERG COUNTY, SOUTH CAROLINA

BY

Chairman of the County Board
of Commissioners of Bamberg
County.

Attest:

Secretary of the County Board
of Commissioners of Bamberg
County

In the presence of:

THE SOUTH CAROLINA NATIONAL
BANK, COLUMBIA, SOUTH CAROLINA

(SEAL)

BY _____
Trust Officer

Attest:

Assistant Secretary

In the presence of:

STATE OF SOUTH CAROLINA

COUNTY OF BAMBERG

Personally appeared before me _____, who,
being duly sworn, says that he saw the Corporate Seal of Bamberg
County, South Carolina, affixed to the foregoing Trust Indenture,
and that he also saw _____, as Chairman
of the County Board of Commissioners of Bamberg County and
_____, as Secretary of the County Board of
Commissioners of Bamberg County sign and attest the same, and that
he with _____ witnessed the execution and
delivery thereof, as the act and deed of the said Bamberg County,
South Carolina.

SWORN to before me this _____

day of _____, 1969.

_____(SEAL)
Notary Public for South Carolina

My Commission Expires: _____

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

Personally appeared before me _____, who,
being duly sworn says that he saw the Corporate Seal of The South
Carolina National Bank, Columbia, South Carolina, affixed to the
foregoing Trust Indenture, and that he also saw _____,
as Trust Officer, and _____, as Assistant Secretary,
of the said The South Carolina National Bank, Columbia, South Carolina,
sign and attest the same; and that he with _____
witnessed the execution and delivery thereof as the act and deed of
the said The South Carolina National Bank, Columbia, South Carolina.
SWORN to before me this _____
day of _____, 1969. _____

_____(SEAL)
Notary Public for the State of
South Carolina. My Commission Expires: _____

EXHIBIT A

Attached to Trust Indenture, dated as of June 1, 1969,
between Bamberg County and The South Carolina National
Bank, Columbia, South Carolina.

DESCRIPTION OF REAL PROPERTY CONSTITUTING PART OF THE MORTGAGED PROPERTY
AND BEING THE SAME AS THE LEASED LAND DEFINED IN THE LEASE AGREEMENT

All that certain tract of land situate, lying and being in the Town of Bamberg, County of Bamberg, State of South Carolina, having the following boundaries and measurements, to wit: Bounded on the north by property of R.G. Smith's Red and White Store and measuring thereon Two Hundred and 96/100 (200.96) feet; on the east by Brabham Street for a distance of Twelve (12) feet, and by property of Rockland-Bamberg Industries, Inc., formerly known as Brabham Street, for a distance of Three Hundred Thirty (330) feet, more or less; on the south by Church Street and measuring thereon One Hundred Ninety-Nine and 47/100 (199.47) feet; and on the west by Calhoun Street and measuring thereon Three Hundred Forty-Two and 67/100 (342.67) feet, as will more fully appear by reference to a plat made by H.E. Dowling, R.L.S., dated November 3, 1964.

ALSO: All that certain lot of land situate, lying and being in the Town of Bamberg, County of Bamberg, State of South Carolina, being known as that portion of Brabham Street lying north of West Church Street and extending to within twelve (12) feet of the property line of R.G. Smith's Red and White Store, for a distance of approximately Three Hundred Twenty-Eight (328) feet. Said parcel of land being bounded on the north by the remainder of Brabham Street; on the east and west by lands of Rockland-Bamberg Industries, Inc.; and on the south by the right of way of West Church Street.

ALSO: All that certain lot of land with improvements thereon, situate, lying and being in the Town of Bamberg, County of Bamberg, State of South Carolina, having the following boundaries and measurements, to wit: on the north by the right of way of Elm Street; on the east by the right of way of Calhoun Street; on the south by Council Ditch; and on the west by property now or formerly of Katherine N. Stuckey.

The above described property having been acquired by Rockland-Bamberg Industries, Inc., from Bamberg Textile Mills by deed dated February 10, 1966, of record in the office of the Clerk of Court for Bamberg County in Deed Book 18, at Page 429.

ALSO: All that certain lot of land situate in the Town and County of Bamberg, State of South Carolina, having the following boundaries and measurements, to wit: on the north by Elm Street and measuring thereon One Hundred (100) feet, more or less; on the east by lot of Webb Williams and measuring thereon One Hundred Sixty (160) feet, more or less; on the south by lot of Men's Christian Association and measuring thereon One Hundred Nine (109) feet, more or less; and on the west by a new street and measuring thereon One Hundred Sixty-Six (166) feet, more or less. Said lot having been acquired by Bamberg-Rockland Industries, Inc., from Ruth B. Williford, et al, by deed dated September 21, 1966, of record in the office of the Clerk of Court for Bamberg County in Deed Book 19, at page 229.

ALSO: All that certain lot of land, with improvements thereon, situate in the Town and County of Bamberg, State of South Carolina, and bounded as follows: on the north by a ditch separating this lot from other property of the said Rockland-Bamberg Industries, Inc.; on the east by the right of way of Calhoun Street; on the south by the right of way of West Church Street; and on the west by lot now or formerly of Laurie Gillam. Said lot having been acquired by Rockland-Bamberg Industries, Inc., from Nannie Mae Mitchell, et al, by deed dated November 24, 1966, of record in the office of the Clerk of Court for Bamberg County in Deed Book 19, at page 295.

EXHIBIT B

Attached to Trust Indenture, dated as of June 1, 1969,
between Bamberg County and The South Carolina National
Bank, Columbia, South Carolina.

DESCRIPTION OF EQUIPMENT AND MACHINERY CONSTITUTING PART OF THE MORTGAGED
PROPERTY AND BEING THE SAME AS THE LEASED EQUIPMENT DEFINED IN THE LEASE
AGREEMENT

- 1 Two Roll Schriener Calender
- 1 30 Ton Hydraulic Accumulator
- 1 Single Nip Slack Box
- 6 Sets 2 Roll Air Guiders
- 1 Greenville Steel 3 Box Washer
- 1 Mansfield Bleachery 3 Box Washer
- 1 Ninety Ft. - 60" "Morrison" Tenter Frame
- 1 80' Andrews-Goodrich Tenter House
- 1 60" Simpson Winder
- 1 Three Roll Dye Pad - 60"
- 1 Two Roll Dye Pad - 60"
- 1 220 H. P. Motor
- 1 150 K.W. D.C. Generator Set
- 1 "Cleaver-Brooks" 125 H.P. High Pres. Boiler
- 1 Sanforizer & Rubber Blanket Unit with related
Motors and Motor Generator Set
- 1 60" Roll and Inspection Machine
- 1 lot of 24 Pyronics, Inc. Gas Burner elements
with Hi-Flo Blowers (2)

All of the necessary electrical wiring, Gas installation
and special rigging for finishing line.

APPROVAL OF INDENTURE BY LESSEE

Rockland-Bamberg Industries, Inc., the Lessee under the within mentioned Lease Agreement, hereby evidences its approval of the foregoing Trust Indenture inter Bamberg County, South Carolina, and The South Carolina National Bank, Columbia, South Carolina, dated as of June 1, 1969, and agrees to comply with the requirements of the said Indenture with respect to it as Lessee aforesaid, and further agrees that in case any default shall occur under Section 1001 of the said Indenture, the Trustee shall have the power and authority provided in Section 1014 of the said Indenture.

In witness whereof, Rockland-Bamberg Industries, Inc., has caused its corporate name to be hereunto subscribed by its President and its corporate seal to be impressed hereon, and attested by its Secretary, as of June 1, 1969.

(SEAL)

ROCKLAND-BAMBERG INDUSTRIES, INC.

By _____
President

Attest:

Secretary

Signed, sealed and delivered in
the presence of:

STATE OF SOUTH CAROLINA

COUNTY OF BAMBERG

Personally appeared before me _____,
who being duly sworn says that he saw the corporate seal of
Rockland-Bamberg Industries, Inc. affixed to the foregoing
Approval of Indenture, and that he also saw _____
_____ as President, and _____ as
Secretary of said Corporation, sign and attest the same, and that
he with _____ witnessed the execution
and delivery thereof as the act and deed of the said Rockland-
Bamberg Industries, Inc.

Sworn to before me this _____
_____ day of _____, 1969.

_____(L.S.)
Notary Public for South Carolina
My Commission Expires: _____

APPROVAL OF INDENTURE BY GUARANTOR

Rockland Bleach and Dye Works, Inc., the Guarantor under the within mentioned Guaranty Agreement, hereby evidences its approval of the foregoing Trust Indenture inter Bamberg County, South Carolina, and The South Carolina National Bank, Columbia, South Carolina, dated as of June 1, 1969, and agrees to comply with the requirements of the said Indenture with respect to it as Guarantor aforesaid, and further agrees that in case any default shall occur under Section 1001 of the said Indenture, the Trustee shall have the power and authority provided in Section 1014 of the said Indenture.

In witness whereof, Rockland Bleach and Dye Works, Inc. has caused its corporate name to be hereunto subscribed by its President and its corporate seal to be impressed hereon, and attested by its Secretary, as of June 1, 1969.

(SEAL)

ROCKLAND BLEACH AND DYE WORKS, INC.

By _____
President

Attest:

Secretary

Signed, sealed and delivered in
the presence of:

STATE OF MARYLAND

COUNTY OF _____

Personally appeared before me _____,
who being duly sworn says that he saw the corporate seal of
Rockland Bleach and Dye Works, Inc. affixed to the foregoing
Approval of Indenture, and that he also saw _____
as President, and _____ as Secretary of
said Corporation, sign and attest the same, and that he with
_____ witnessed the execution and delivery
thereof as the act and deed of the said Rockland Bleach and Dye
Works, Inc.

Sworn to before me this _____
_____ day of _____, 1969.

_____(L.S.)
Notary Public for the State of
Maryland

My Commission Expires: _____

A RESOLUTION

AUTHORIZING THE ISSUANCE OF A BOND ANTICIPATION NOTE OF THE STATE OF SOUTH CAROLINA IN ANTICIPATION OF THE ISSUANCE OF STATE CAPITAL IMPROVEMENT BONDS OF THE STATE OF SOUTH CAROLINA.

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

SECTION 1.

As an incident to the adoption of this Resolution and the issuance of the Bond Anticipation Note herein authorized, the State Budget and Control Board of the State of South Carolina (the State Board) finds:

1. By the provisions of Act No. 1377 of the Acts of the General Assembly of the State of South Carolina, entitled "AN ACT TO PROVIDE FOR THE ISSUANCE BY THE STATE OF SOUTH CAROLINA OF ITS STATE CAPITAL IMPROVEMENT BONDS; TO PRESCRIBE THE CONDITIONS UNDER WHICH SUCH BONDS MAY BE ISSUED; TO MAKE PROVISION FOR THE PAYMENT THEREOF; AND TO AMEND ACT NO. 487 OF 1965, RELATING TO STUDENT AND FACULTY REVENUE BONDS OF SOUTH CAROLINA STATE COLLEGE, SO AS TO INCREASE THE AMOUNT WHICH MAY BE ISSUED," Approved the 24th day of June, 1968, the Governor and the State Treasurer of South Carolina are duly authorized and empowered, as and when requested by resolution of the State Board, to issue Bonds of the State of South Carolina, payable in the manner set forth in said Act, and for the following specific purposes, viz.:

(1) Acquisition of land, construction of parking facilities, an addition to the State Archives and History Department Building, an energy facility and tunnel, an agricultural laboratory, renovation of the old Post Office Building and architectural planning for additional state office facilities, and for related purposes;

(2) Improvements at State Parks;

(3) Acquisition of land and construction of facilities relating to the official Tri Centennial Celebration of the founding of South Carolina;

(4) Additional administrative, housing, educational and health facilities at the South Carolina Opportunity School;

(5) Construction of new kitchen and dining facilities and general repairs or renovation of the John de la Howe School; and

(6) Improvements at South Carolina State College as follows:

(a) Construction of Academic and Administrative facilities;

(b) Acquisition of land;

(c) Repairs to existing facilities; and

(d) Retirement of outstanding student and faculty revenue bonds.

For the payment of the principal of and interest on the bonds issued pursuant to said Act there are to be pledged the full faith, credit and taxing power of the State of South Carolina, and in addition thereto and subject to the limitations set forth in said Act, all of the revenues that the State shall, from time to time, realize from the tax imposed by Chapter 5, Title 65, Code of Laws of South Carolina, 1962, now or hereafter amended (State Income Tax).

SECTION 2.

The constitutionality of the above Act of 1968 was upheld by an opinion of the Supreme Court of the State of South Carolina in a test case, entitled "MIMS, ET AL v. McNAIR, ET AL," filed January 7, 1969.

SECTION 3.

It has been determined by the State Board that State Capital Improvement Bonds pursuant to said authorization, in the

aggregate principal amount of \$10,000,000 should hereafter be issued on or before August 1, 1969, for the following projects authorized by said Act, viz.:

1. Division of General Services - acquisition of land - architectural planning for additional state office facilities, and for related purposes;
2. Improvements at State Parks;
3. Acquisition of land and construction of facilities relating to the Tri Centennial of the founding of South Carolina; and
4. Improvements at South Carolina State College - construction of academic and administrative facilities - repair of existing facilities.

SECTION 4.

It has been determined that said Bonds shall be sold, after public advertisement, at not less than par and accrued interest to the date of delivery, but that pending such action, temporary financing pursuant to Act No. 116 of the Acts of 1965, as amended, to the extent of \$5,000,000 should be undertaken.

SECTION 5.

Negotiations have been conducted by the State Treasurer, pursuant to authorizations of this Board and the Governor of the State of South Carolina, with State Bank & Trust Company, Columbia, South Carolina, as the head of a syndicate of South Carolina banks, which negotiations have resulted in agreement on the part of the said banks to loan the State the sum of \$5,000,000, to be evidenced by a Bond Anticipation Note of the State of South Carolina, in the principal amount of \$5,000,000, to be dated February 1, 1969, to bear interest at the rate of 4½% per annum, payable on the maturity of the Note, viz., August 1, 1969, or on

the occasion of the delivery of the State Capital Improvement Bonds to be issued, whichever shall first occur.

SECTION 6.

Accordingly, it is the purpose of this Resolution to:

(a) Authorize and empower the Governor and the State Treasurer to issue State Capital Improvement Bonds of the State of South Carolina, in the aggregate principal amount of \$10,000,000, or such lesser sum as shall be sufficient to pay off the Bond Anticipation Note herein authorized, to be dated and to mature in accordance with schedules to be hereafter given to the Governor and State Treasurer;

(b) Obligate the State of South Carolina to effect the issuance of such State Capital Improvement Bonds;

(c) Authorize the Governor and State Treasurer to effect the issuance of the Bond Anticipation Note hereinabove set forth; and

(d) Make such proceeds thereof available to State institutions for the purposes heretofore approved, in accordance with their needs.

SECTION 7.

It is hereby determined that temporary financing pursuant to Act No. 116 of the Acts of 1965, as amended, to the extent of \$5,000,000, in anticipation of the issuance of State Capital Improvement Bonds in the sum specified by Section 6, supra, shall be immediately undertaken in accordance with the recitations hereinabove set forth, and that the approval of this Board should be given to the proposed action by the Governor and

State Treasurer which would enable such officers to effect such temporary borrowing.

SECTION 8.

That there shall be issued by the State of South Carolina a Bond Anticipation Note of the State of South Carolina in the aggregate principal amount of \$5,000,000, which shall bear date February 1, 1969, shall be expressed to mature on August 1, 1969, or on the occasion of the delivery of the State Bonds heretofore referred to, whichever shall first occur.

SECTION 9.

Said Note shall be payable to State Bank & Trust Company, Columbia, South Carolina.

SECTION 10.

The said Note shall bear interest from date at the rate of 4½% per annum, payable upon the maturity or payment of said Note.

SECTION 11.

That the said Note shall be executed on behalf of the State of South Carolina by the Governor and State Treasurer, and the Great Seal of the State of South Carolina shall be affixed thereto and the same shall be attested by the Secretary of State.

SECTION 12.

That the said Note shall be substantially in the form attached hereto as "Exhibit A."

SECTION 13.

For the payment of the principal of and interest on the Note, as the same fall due, so much of the principal proceeds of the State Capital Improvement Bonds authorized by Section 14, infra,

as are necessary therefor, are hereby pledged, and the State Treasurer, upon receipt of the proceeds of said State Capital Improvement Bonds be, and is hereby, authorized to apply such proceeds to such payment.

SECTION 14.

This Board authorizes the issuance of State Capital Improvement Bonds of the State of South Carolina in the aggregate principal amount of not less than the sum required to effect the payment of the said Bond Anticipation Note.

SECTION 15.

The said Bond Anticipation Note shall be forthwith prepared, executed in the manner hereinabove set forth, and thereafter delivered to State Bank & Trust Company, Columbia, South Carolina, upon receipt of the proceeds thereof. The proceeds shall be paid to the State Treasurer and deposited in a special fund and disbursed for the purposes herein set forth. The State Treasurer be and is hereby authorized and directed to receipt for the proceeds of said Note.

SECTION 16.

Should, in the opinion of the Governor and State Treasurer, market conditions be such that it is not desirable to issue the State Capital Improvement Bonds herein authorized to be issued, on the occasion contemplated by this Resolution, the said Governor and State Treasurer be, and they are hereby, authorized and empowered to negotiate an extension of the Bond Anticipation Note for such period, not exceeding six months, and at such interest rates, as they shall approve, the said extension to be evidenced by an appropriate document evidencing the same

and which shall be attached to the original of said Note. In such instance, the issuance of the State Capital Improvement Bonds contemplated and authorized by this Resolution shall be postponed for a period not longer than the duration of the extension herewith authoized.

SECTION 17.

A certified copy of this Resolution shall be transmitted to each of the Governor and the State Treasurer, as a means of authorizing the issuance of said Note and the action taken by this Board as above set forth.

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
BOND ANTICIPATION NOTE
(ISSUED PURSUANT TO ACT NO. 116 OF THE ACTS OF 1965, AS AMENDED)

No. 1

\$5,000,000

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

STATE BANK & TRUST COMPANY, Columbia, South Carolina,
or its assigns, at its principal office in the City of Columbia,
South Carolina, the sum of

FIVE MILLION DOLLARS

on the 1st day of August, 1969, or on the occasion of the delivery of the State Capital Improvement Bonds of the State of South Carolina hereinafter referred to, whichever shall first occur, and to pay interest on said principal sum from the date hereof, at the rate of 4.25% per annum, payable upon the maturity or payment of this Note.

Both the principal of and interest on this Note are payable in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts, by check or draft issued by the State Treasurer of the State of South Carolina to the Payee hereof, or to its assigns.

THIS NOTE is issued on behalf of the State of South Carolina, pursuant to the authorizations of Act No. 116 of the Acts of the General Assembly of the State of South Carolina for the year 1965, as amended, in anticipation of the proceeds to be derived from the sale of not less than \$5,000,000 State Capital Improvement Bonds to be issued pursuant to the statutory authorization set forth in the resolution authorizing the issuance of this Note. For the payment of the principal of and interest on this Note, as the same shall fall due, the proceeds of said Bonds are hereby irrevocably pledged.

THIS NOTE and the interest hereon are exempt from all State, County, Municipal, School District, and all other taxes or assessments of the State of South Carolina, direct or indirect, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate or transfer taxes.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things, required by the Constitution and Laws of the State of South Carolina to exist, to happen, or to be performed precedent to or in the issuance of this Note, do exist, have happened, and have been performed in regular and due time, form and manner.

THIS NOTE may be assigned by the Payee hereof by the execution of the assignment form hereto attached and upon written notice thereof to the State Treasurer of the State of South Carolina.

IN WITNESS WHEREOF, the STATE OF SOUTH CAROLINA has caused this Note to be signed by the Governor of South Carolina and by the State Treasurer of South Carolina, and has caused the Great Seal of the State to be affixed hereto or impressed hereon and attested by the Secretary of State, and this Note to be dated the first day of February, A. D. 1969.

Governor

(SEAL)

State Treasurer

Attest:

Secretary of State

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within Note and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney to transfer said Note on the books of the State Treasurer of the State of South Carolina, with full power of substitution in the premises.

Dated: _____

Witness: _____

The State Treasurer of South Carolina acknowledges written notice of the assignment above set forth.

Dated: _____

State Treasurer of the State of
South Carolina.

E N D