

AGENDA MATERIALS
AND SUPPORTING DOCUMENTS
FOR THE MEETING OF
JANUARY 15, 1970

Gen Oyc
Cong Rm

Board Mtg

9:30 A - Wed - 1-15-70

All Parents

Indust. Bonds

✓
- Spartanburg 1,000,000
- Phillips Pet. Co. Distribution Center

Ind. Bonds

✓
- Duckwater 600,000
- Edson, Inc. Lumber
- Dooly Fabric, Inc. Wash-Wood

Ed Arch. Bonds

✓
- Baptist College Refinancing 3,500,000

St. College

✓
2500 Bond

NSC

Prospectus Draft

✓
- White - cannot approve.

SPARTANBURG COUNTY,
SOUTH CAROLINA
\$1,000,000
INDUSTRIAL REVENUE BONDS,
SERIES 1969 (PHILLIPS)
PROCEEDINGS RE
STATE BUDGET AND CONTROL BOARD

SPARTANBURG COUNTY,
SOUTH CAROLINA
\$1,000,000
INDUSTRIAL REVENUE BONDS,
SERIES 1969 (PHILLIPS)
PROCEEDINGS RE
STATE BUDGET AND CONTROL BOARD

FOR DENSITY TESTING PURPOSES ONLY

Spartanburg, South Carolina

December 29th 1969

The County Board of Commissioners of Spartanburg County, South Carolina, convened in SPECIAL public session at the regular meeting place of the board in the County Court House in the City of Spartanburg at 3:00 o'clock P.M., on December 29 1969, with the following members present:

C. B. Hayes, Jr., Chairman
T. P. Johnson, Member
J. E. Crasland, Member
M. L. Workman, Member
J. O. Thomason, Member

Absent: NONE

There were also present Dewey B. Blanton, County Administrator and Roy McBee Smith, County Attorney.

After the meeting had been duly called to order by the Chairman and the roll called with the above result, and after the minutes of the preceding meeting had been read and approved, the Chairman announced that one purpose of the meeting was to consider the adoption of a resolution making application to the State Budget and Control Board for the approval by said board of the issuance by Spartanburg County of its Industrial Revenue Bonds, Series 1969 (Phillips), in the aggregate principal amount of \$1,000,000.

EXHIBIT

5

Thereupon, the following resolution was introduced in written form by Mr. C.B. Hayes, Jr. was read in full, and, after due discussion, pursuant to motion made by Mr. J.O. Thomason and seconded by Mr. M.L. Workman was adopted by the following vote:

Aye: C.B. Hayes, Jr.
T.P. Johnson
J.E. Crossland
M.L. Workman
J.O. Thomason

Nay: None.

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

A RESOLUTION making application to the State Budget and Control Board of South Carolina for the approval by said board of the issuance by Spartanburg County, South Carolina, of its Industrial Revenue Bonds, Series 1969 (Phillips), in the aggregate principal amount of \$1,000,000 pursuant to the provisions of Act No. 103 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, 1967.

WHEREAS Spartanburg County, acting by and through its County Board of Commissioners, is authorized by Act No. 103 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, 1967 (hereinafter referred to as "Act No. 103") to acquire land within its cor-

porate limits and to acquire and construct buildings and improvements thereon and to lease the same as a project for the purpose of promoting and developing industry and trade by inducing manufacturing and commercial enterprises to locate in and remain in the State of South Carolina and thereby utilize and employ the manpower, agricultural products and resources of the County and of the State of South Carolina; and

WHEREAS the County, subject to the approval of the State Budget and Control Board of South Carolina, is authorized to issue Industrial Revenue Bonds secured by a mortgage on all or any part of the project and payable solely from the revenues derived from the leasing or other disposition of the project thus acquired or constructed through the issuance of such revenue bonds and

WHEREAS pursuant to Act No. 103, preliminary arrangements have been made by the County and Phillips Petroleum Company, a Delaware corporation duly authorized to conduct business in the State of South Carolina (hereinafter referred to as "Phillips") for the location within the County of a distribution center, and related facilities (hereinafter collectively referred to as the "Project"); for the issuance of revenue bonds by the County under and pursuant to the provisions of Act No. 103 to finance a portion of the cost of the acquisition, construction and equipping of the Project and expenses incidental thereto; and

for the leasing of the Project by the County to Phillips on the basis of completion thereof and in consideration of rentals which will produce revenues sufficient (a) to pay the principal of, premium, if any, and interest on said revenue bonds to be issued by the County, and (b) to pay the taxes and payments in lieu thereof on or with respect to the Project and

WHEREAS it is now deemed advisable by this County Board of Commissioners to file with the State Budget and Control Board of South Carolina, in compliance with Section 14 of Act No. 103, the petition of the County requesting approval of the proposed financing by the State Budget and Control Board:

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

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

(a) That the Project will constitute a "project" as said term is referred to and defined in Section 2(3) of Act No. 103, and that the issuance of Industrial Revenue Bonds, Series 1969 (Phillips), in the aggregate principal amount of \$1,000,000 (the "Bonds") to finance a portion of the cost of the acquisition and construction of the Project will subserve the purposes and in all respects conform to the provisions and requirements of Act No. 103.

(b) That neither the Project nor the Bonds proposed to be issued by the County to finance the same will

constitute or give rise to any pecuniary liability of the County or a charge against its general credit or taxing power,

(c) That the issuance of Bonds by the County in the aggregate principal amount of \$1,000,000 will be required to finance the Project;

(d) That the amount necessary in each year to pay the principal of and interest on the Bonds proposed to be issued by the County is presently estimated at approximately \$ 106,000.00, said amount to be fixed shortly prior to the issuance of the Bonds when the maturities and interest rate or rates shall have been finally determined in accordance with market conditions prevailing at that time, and to be set forth in the proceedings of this County Board of Commissioners authorizing the issuance of said Bonds.

(e) That inasmuch as Phillips is a corporation with established credit, the establishment of reserve funds in connection with the retirement of the Bonds is deemed unnecessary,

(f) That the Project will be leased by the County to Phillips upon terms which will (i) require Phillips, at its own expense, to maintain the Project in good repair and to carry all proper insurance with respect thereto, and (ii) require Phillips to make the payments in lieu of taxes referred to in Section 6 of Act No. 103.

(g) That the Project will consist of land and a distribution center and related facilities to be acquired,

constructed and equipped thereon, and will be located within the County;

(h) That Phillips, through its subsidiary, Phillips Fibers Corporation, a Delaware corporation, is presently conducting manufacturing and marketing operations in the County and in connection with the storage and distribution of the products of such manufacturing and marketing operations and other products of Phillips, such subsidiary and other related companies, has been leasing storage space at various locations in and near the County under short term leases and in commercial warehouses, that Phillips has determined that it is necessary and desirable to consolidate and expand its storage and distribution operations in a single facility, that the expansion of Phillips' investments in the County by the location therein of the Project will be beneficial to the economy of the County and the areas adjacent thereto by virtue of the general increase of business activity which will result therefrom and the increase in the local tax base pursuant to Section 6 of Act No. 103, as well as the employment which will be provided for local residents engaged in the construction industry in connection with the acquisition and construction of the Project and the stimulation and promotion of other existing local industries, including supply and transportation, which will result during such period of construction; and

(i) That a reasonable estimate of the cost of the Project is \$1,100,000, and that Phillips has agreed to

provide from other sources all that portion thereof in excess of the proceeds of the Bonds.

Section 2. That there be and there is hereby authorized and directed the submission, on behalf of Spartanburg County, of a petition by this County Board of Commissioners requesting the approval of the proposed financing by the State Budget and Control Board of South Carolina pursuant to the provisions of Section 14 of Act No. 103, said petition, which constitutes and is hereby made a part of this authorizing resolution, to be in substantially the form attached hereto as Exhibit A.

Section 3. That the Chairman of the County Board of Commissioners be and he is hereby authorized and directed to execute said petition in the name and on behalf of the County Board of Commissioners, and that the County Administrator be and he is hereby authorized and directed to affix the seal of the County Board of Commissioners to said petition and to attest the same and thereafter to submit an executed copy of said petition, together with a properly certified copy of this resolution, to the State Budget and Control Board, in Columbia.

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

Passed and approved December 29 1969.

C. B. Hayes &
Chairman, County Board
of Commissioners

Attest:

Dewey Blanton
County Administrator

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

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

C. B. Hayes &
Chairman, County Board
of Commissioners

Attest:

Dewey Blanton
County Administrator

EXHIBIT A

to resolution adopted by the County
Board of Commissioners of Spartan-
burg County, South Carolina, on
December __, 1969.

STATE OF SOUTH CAROLINA)
)
COUNTY OF SPARTANBURG)

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

I

Statement of Facts

1. Jurisdiction of State Budget and Control
Board. Spartanburg County, South Carolina (the "County"),
acting by and through its County Board of Commissioners
(the "County Board"), respectfully submits this petition to
the State Budget and Control Board (the "State Board")
under and pursuant to the provisions and requirements of
Act No. 103 of the Acts and Joint Resolutions of the Gener-
al Assembly of the State of South Carolina, 1967 (the
"Act"), and in particular Section 14 thereof, and respect-
fully requests the approval by the State Board of the issu-
ance by the County of its Industrial Revenue Bonds, Series
1969 (Phillips), in the aggregate principal amount of
\$1,000,000 (the "Series 1969 Bonds").

The pertinent documents which are or will become
the governing instruments of this transaction are submitted
herewith as the following exhibits:

EXHIBIT 1 - Proposed form of Lease dated
 as of December 1, 1969 be-
 tween the County and Phillips
 Petroleum Company (the
 "Lease").

- EXHIBIT 2 - Proposed form of Indenture of Mortgage and Deed of Trust dated as of December 1, 1969 (the "Indenture") between the County and a banking corporation or association as Trustee (the "Trustee").
- EXHIBIT 3 - Proposed form of Construction Deposit Agreement dated as of December 1, 1969 (the "Construction Deposit Agreement") among the County, Phillips Petroleum Company and the Trustee bank as Depositary.

The Lease, the Indenture and the Construction Deposit Agreement are submitted in draft form. It is expected that the transaction as finally consummated will conform in all substantive respects with the enclosed drafts; however, it may be anticipated that formal changes will occur in subsequent drafts. As is usual in cases of this sort, matters of maturities, interest rates, redemption premiums and the like which depend upon marketing factors will not be finally determined until shortly before the Series 1969 Bonds are delivered.

2. The County and its Governing Body. The County, one of the forty-six counties of the State of South Carolina, is a body politic and corporate and a political subdivision of the State of South Carolina. Pursuant to Article 1.1, Chapter 58, Title 14-33.5 of the Code of Laws of South Carolina, 1962, ^{As Amended} the County Board is the governing body of the County and, as such, is the "County Board" referred to and defined in Section 2(2) of the Act.

3. Statutory Authority. The County, subject to the approval of the State Board and to compliance in all

other respects with the terms and provisions of the Act, is authorized and empowered by the Act to acquire, own, lease, dispose of and mortgage industrial development "projects" and to issue revenue bonds to finance the cost of acquisition or construction of such projects and expenses incidental thereto.

4. The Proposed Lessee. Phillips Petroleum Company, a Delaware corporation with a principal office now located in the City of Bartlesville, Oklahoma, and duly authorized to conduct business in the State of South Carolina (herein referred to as "Phillips") has indicated its desire to expand its investments in the State of South Carolina by the location of a distribution center and related facilities (herein collectively referred to as the "Project") within the County provided that the Project and expenses incidental thereto may be financed in part by the issuance by the County of its revenue bonds under and pursuant to the Act.

5. The Preliminary Agreement. By Memorandum of Agreement dated November 12, 1969, a copy of which is submitted herewith as Exhibit 4, Phillips and the County have agreed, subject to the conditions set forth therein, that the County will issue its revenue bonds pursuant to the Act to finance a portion of the cost of the Project, and that Phillips will lease the Project from the County at rentals sufficient to pay principal of and interest on such bonds.

6. Findings of the County Board. By resolution duly adopted on December 29, 1969, a certified copy of which is submitted herewith as Exhibit 5, the County Board has formally found, determined and declared:

(a) That the Project will constitute a "project" as said term is referred to and defined in Section 2(3) of the Act, and that the issuance of the Series 1969 Bonds to finance a portion of the cost of the acquisition, construction and equipping of the Project will subserve the purposes and in all respects conform to the provisions and requirements of the Act;

(b) That neither the Project nor the Series 1969 Bonds will constitute or give rise to any pecuniary liability of the County or a charge against its general credit or taxing power,

(c) That the issuance of Series 1969 Bonds in the aggregate principal amount of \$1,000,000 will be required to finance the Project,

(d) That the amount necessary in each year to pay the principal of and interest on the Series 1969 Bonds is presently estimated at approximately \$106,000.00, said amount to be fixed shortly prior to the issuance of the Series 1969 Bonds when the maturities and interest rate or rates shall have been finally determined in accordance with market conditions prevailing at that time, and to be set forth in the proceedings of the County Board authorizing the issuance of the Series 1969 Bonds,

(e) That inasmuch as Phillips is a corporation with established credit, the establishment of reserve funds in connection with the retirement of the Series 1969 Bonds is deemed unnecessary by the County Board, and

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

II
Additional Information Furnished Pursuant
to Section 14 of the Act

1. Brief Description of the Project. The Project will be located within the County and will consist of land and a distribution center which will contain approximately 240,000 square feet of storage space plus necessary space for offices, records, computer equipment, loading, unloading, product inspection and repacking. It is expected to be ready for occupancy in mid-1970, and will be used as a center for the distribution of synthetic fiber products. It will be expandable as additional space is required, and will be readily adaptable to other uses such as manufacturing or multiple occupancy. It is contemplated that the distribution center will be operated by Phillips Fibers Corporation, a subsidiary of Phillips. Phillips may acquire additional land adjacent to or surrounding the Project site, over which land Phillips will grant to the County and the Trustee under the Indenture such easements and other rights as are necessary to the operation of the Project.

2. Anticipated Effect of the Project upon Economy of the County and Adjacent Areas. Phillips, through its subsidiary, Phillips Fibers Corporation, a Delaware corporation, is presently conducting manufacturing and marketing operations in the County and in connection with the storage and distribution of the products of such manufacturing and marketing operations and other products of Phillips, such subsidiary and other related companies, has been leasing storage space at various locations in and near the County under short term leases and in commercial warehouses. Phillips has determined that it is necessary and desirable to consolidate and expand its storage and distribution operations in a single facility, and it is anticipated that the expansion of Phillips' investments in the County by the location therein of the Project will be beneficial to the economy of the County and the areas adjacent thereto by virtue of the general increase of business activity which will result therefrom and the increase in the local tax base pursuant to Section 6 of the Act, as well as the employment which will be provided for local residents engaged in the construction industry in connection with the acquisition and construction of the Project and the stimulation and promotion of other existing local industries, including supply and transportation, which will result during the period of construction.

3. Reasonable Estimate of Cost of Project. A reasonable estimate of the cost of the Project is \$1,100,000, and Phillips has agreed to provide from other sources all that portion thereof in excess of the proceeds of the Series 1969 Bonds.

4. General Summary of the Terms and Conditions of the Proposed Lease and Indenture. (Exhibits 1 and 2). (Section references are to the Lease or the Indenture, identified by the prefix letters "L" or "I" respectively.)

The County will acquire certain land within the County and Phillips, as permitted by Section 8 of the Act, will cause the Project to be acquired, constructed and equipped thereon. The County will lease the Project to Phillips for an original term of 20 years commencing on the first day of December, 1969, and up to ten renewal terms of five years each. (L. §§3.01 and 3.02)

To pay a portion of the cost of the Project, the County will issue \$1,000,000 of its Series 1969 Bonds to be secured by a pledge of the revenues from the Project, and in addition by a pledge of the Lease of the Project and a first mortgage on the real property and improvements constituting a part thereof. The Trustee under the Indenture will be a bank or trust company. Each Series 1969 Bond is required to be executed on behalf of the County by the facsimile signature of the Chairman of the County Board and attested by the manual signature of the County Administrator, and to have imprinted a facsimile of the corporate seal of the County Board. While the County covenants to pay the Series 1969 Bonds, it is recited that principal and interest are payable solely and exclusively out of the revenues and receipts derived from the leasing of the Project and that the Series 1969 Bonds and the interest coupons do not and shall never constitute an indebtedness of

the County or a charge against its general credit or taxing power. Additional parity bonds (L. §12.01, I. §§3.05, 3.06) may subsequently be issued to pay for additions and improvements to the Project (the Series 1969 Bonds and any additional parity bonds that may subsequently be issued are hereinafter collectively referred to as the "Bonds").

The proceeds from the sale of the Series 1969 Bonds will be deposited by the County with the Trustee, (L. §2.02, I. §3.02) and the Trustee shall (a) deposit into the Interest Account the accrued interest paid by the purchasers of the Series 1969 Bonds, (b) deposit into an Expense Account a sum which will be sufficient to pay the costs and expenses of issuing the Series 1969 Bonds, and (c) deposit the balance of the proceeds with the depository bank under the Construction Deposit Agreement for credit to a Construction Fund Account, to pay the costs of acquiring and constructing the Project. (I. §3.02(c)) After the payment of all the costs and expenses in connection with the acquisition of the land and the construction and equipping of the Project, and upon completion of the Project, any amounts remaining in the Construction Fund Account will be transferred by the Depository to the Trustee to be credited to the Revenue Account to pay principal of and interest on the Series 1969 Bonds. As is required by Section 6 of the Act, Phillips is obligated to complete the Project at its own expense if the moneys in the Construction Fund Account should prove insufficient for such purpose. (L. §5.01)

The Series 1969 Bonds will mature serially on December 1 of each of the years 1971 to 1989, inclusive, with interest payable semiannually. Rentals to be paid by Phillips during the original term of the Lease will be sufficient to pay principal of and interest on the Series 1969 Bonds as the same fall due (L. Sched. C) and Phillips will pay in addition an amount in lieu of and equal to the local property taxes which would have been payable if Phillips were the owner of the Project property. (L. §6.02) Phillips is also required to pay the fees and expenses of the Trustee and any paying agents (L. §6.04) and all costs of maintenance and operation of the Project, including taxes, if any, other governmental charges (L. §§6.01 and 9.01), utility charges (L. §6.03) and insurance (L. Art. VIII).

The Basic Rent payable under the Lease will be paid directly to the Trustee (L. §4.01, I. §4.02) and will be deposited by the Trustee in the Revenue Account (L. §4.02) and transferred to the Interest Account and the Bond Retirement Account to pay the principal of and interest on the Series 1969 Bonds when due. (I. §4.03) Although it is not anticipated that there will be any substantial sums available for investment (since the Basic Rent payments will correspond exactly in amount to the required payments of principal of and interest on the Series 1969 Bonds), the Trustee is authorized, to the extent from time to time permitted by South Carolina law, and at the direction of Phillips, to invest funds in any of the

accounts created under the Indenture in specified classes of conservative securities and the income, profit or losses therefrom are to be credited or charged to the Revenue Account. (I. §§4.06 and 5.02) Funds in the Construction Fund Account are to be similarly invested and any profit is to be credited to the Construction Fund Account.

A Bond Redemption Account is created under Section 5.01 of the Indenture. Moneys may be deposited in the Bond Redemption Account from the prepayment of rent and from condemnation and casualty proceeds and the Trustee is to utilize such proceeds for the redemption of Bonds prior to maturity.

As stated above, Phillips is granted certain renewal options under the Lease. In addition, Phillips has the option to purchase the Project at any time on or after December 1, 1979 under Section 19.03 of the Lease for an amount equal to the entire principal amount of the then outstanding Bonds together with redemption premiums and all interest accrued and to accrue to the next succeeding redemption date of the Bonds plus the sum of \$10.00.

Phillips is granted an option to purchase any unimproved part of the land included in the Project at the County's cost if certain showings are furnished. (L. §19.05)

In the event of destruction, major damage or condemnation, Phillips may at its option (i) repair or reconstruct the Project, if necessary, and continue to make rental payments (L. §§10.03 and 10.05), or (ii) terminate the Lease and/or purchase the Project after making adequate

provision for the retirement of any outstanding Bonds.

(L. §10.04) Phillips may also purchase the Project if there is a change in the law or any interpretation thereof which would render the Lease void or unenforceable or impossible of performance in accordance with the intent of the parties (L. §19.01), or if because of technological changes or changes in the availability of raw materials or operating supplies the Project shall have become uneconomical to operate. (L. §19.04). If any of the above mentioned options to purchase is exercised at a time when any Bonds are outstanding, the sum to be paid shall be an amount which, when added to moneys held by the Trustee, will be sufficient to retire all of the outstanding Bonds in accordance with the Indenture, including accrued interest to the date of retirement and any applicable redemption premiums and redemption expenses. (L. §19.02)

5. Payments in Lieu of Taxes by Lessee. As is required by Section 6 of the Act, Section 6.02 of the proposed Lease requires Phillips to make payments to the County and to the school district or school districts and other political units wherein the Project is located, in lieu of taxes, in such amounts as would result from taxes levied if Phillips were the owner of the Project, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded Phillips if it were the owner of the Project.

III

Request for Approval

WHEREFORE, the County Board respectfully prays:

1. That the State Board accept the filing of this petition;
2. That thereafter, as soon as may be practicable, the State Board make such independent investigation as it deems advisable,
3. That, on the basis of such investigation and the information submitted herewith, the State Board make a finding that the Project is intended to promote the purposes of the Act and is reasonably anticipated to effect such result, and that the State Board, on the basis of such finding, issue its order approving the Project and the issuance of the Series 1969 Bonds; and
4. That the State Board cause notice of its approval to be published in the manner specified in Section 14 of the Act.

Respectfully submitted,

SPARTANBURG COUNTY BOARD OF
COMMISSIONERS

By

C. B. & L. J. & Co.
Chairman, County Board of
Commissioners

(SEAL)

Attest:

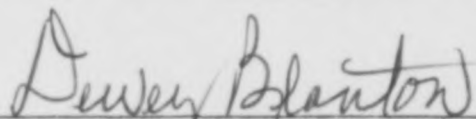
Dwight Blanton
County Administrator

STATE OF SOUTH CAROLINA)
)
COUNTY OF SPARTANBURG)

I, DEWEY B. BLANTON, do hereby certify that I am the duly qualified and acting County Administrator of Spartanburg County, South Carolina.

I further certify that the above and foregoing constitutes a true and correct copy of excerpts from the minutes of a meeting of the County Board of Commissioners of said county held on December 29, 1969, and of a resolution, together with Exhibit A annexed thereto, adopted at said meeting, as said minutes, resolution and exhibit are officially of record in my possession.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature and impressed hereon the official seal of said County Board of Commissioners this _____ day of December, 1969.


County Administrator

(AFFIX)
(SEAL)
(HERE)

GPpd1
12-2-69

Columbia, South Carolina

~~December~~ JAN. 16 70, 1969

The State Budget and Control Board of South Carolina convened in called session at the regular meeting place of the Board in the office of the Governor, in the Capitol Building, in the City of Columbia, South Carolina at 3:00 o'clock P.M., on ~~December~~ JAN. 16 70, 1969, with the following members present: .

Robert E. McNair, Governor of the State of South Carolina and Chairman of the Board

Grady L. Patterson, State Treasurer

J. Henry Mills, Comptroller General

Edgar A. Brown, Chairman, Senate Finance Committee

R. J. Aycock, Chairman, House Ways and Means Committee

Absent: - None -

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

After the meeting had been duly called to order by the Chairman and the roll called with the above result, and after the minutes of the preceding meeting had been read and approved, the Chairman announced that one purpose of the meeting was to consider the adoption of a resolution approving the issuance of \$1,000,000 Industrial Revenue Bonds, Series 1969 (Phillips), of Spartanburg County, South Carolina.

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

Aye: All members

May: - None -

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

A RESOLUTION approving the issuance by Spartanburg County, South Carolina, of \$1,000,000 Industrial Revenue Bonds, Series 1969 (Phillips), pursuant to the provisions of Act No. 103 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, 1967.

WHEREAS the County Board of Commissioners of Spartanburg County, South Carolina (the "County Board") has heretofore, by submitting a petition under and pursuant to the provisions of Act No. 103 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina,

1967 (the "Act"), requested the approval by the State Budget and Control Board of the issuance by Spartanburg County pursuant to the Act of its Industrial Revenue Bonds, Series 1969 (Phillips), in the aggregate principal amount of \$1,000,000 (the "Bonds"); and

WHEREAS the County proposes to issue the Bonds for the purpose of financing a portion of the cost of the acquisition, construction and equipping of an industrial development project under the Act, consisting of land and a distribution center and related facilities (herein collectively referred to as the "Project"), and

WHEREAS the Project is to be leased to Phillips Petroleum Company, a Delaware corporation (herein referred to as "Phillips"), at a rental sufficient to pay the principal of and interest on the Bonds and the costs and expenses related to the issuance of the same, and

WHEREAS it is proposed that the Bonds will be secured by a pledge of the revenues to be derived from the leasing of the Project, and in addition by a pledge of the Lease of the Project and a first mortgage on the real property and improvements constituting a part thereof; and

WHEREAS the County has submitted with said petition, for review by the State Budget and Control Board, (i) a draft of a Lease, dated as of December 1, 1969, between the County and Phillips, (ii) a draft of an Indenture of Mortgage and Deed of Trust, dated as of December 1, 1969,

between the County and a banking corporation or association to be hereafter designated as Trustee, (iii) a copy of a Memorandum of Agreement dated November 12, 1969, between the County and Phillips, and (iv) a draft of a Construction Deposit Agreement dated as of December 1, 1969, among the County, Phillips and the Trustee bank as Depositary, and (v) a certified copy of a resolution adopted by the County Board on December 29 1969, and this Board has reviewed and considered each of said documents in its consideration of said petition by the County:

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

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

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

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

(c) That the Project referred to in the petition of the County Board and in the preamble hereto is intended

to promote the purposes of the Act and is reasonably anticipated to effect such result.

Section 2. That in consequence of the foregoing, the proposal of the County to acquire, construct and equip the Project, to lease the Project to Phillips and to finance a portion of the cost thereof and expenses incidental thereto by the issuance of Bonds secured by a pledge of the revenues to be derived from the leasing of the Project, and in addition by a pledge of the Lease of the Project and a first mortgage on the real property and improvements constituting a part thereof, be and the same is hereby in all respects approved.

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

NOTICE PURSUANT TO ACT NO. 103 OF THE ACTS AND JOINT
RESOLUTIONS OF THE GENERAL ASSEMBLY OF THE STATE OF
SOUTH CAROLINA. 1967

NOTICE IS HEREBY GIVEN pursuant to the provisions and requirements of Section 14 of Act No. 103 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, 1967, that the State Budget and Control Board of South Carolina, pursuant to petition duly filed by the County Board of Commissioners of Spartanburg County, has given its approval to the following undertaking by Spartanburg County:

The issuance by Spartanburg County of \$1,000,000 aggregate principal amount of its Industrial Revenue Bonds, Series 1969 (Phillips), to finance the acquisition, construction and equipping of a distribution center and related facilities (the "Project"), to be located within the County. The Project will be leased to Phillips Petroleum Company ("Phillips"), which will unconditionally covenant to pay rentals sufficient to pay the principal of, premium, if any, and interest on the Bonds. The Bonds will be payable solely and exclusively out of revenues to be derived from the leasing of the Project to Phillips, and are to be additionally secured by a pledge of the Lease of the Project and a first mortgage on the real property and improvements constituting a part thereof.

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

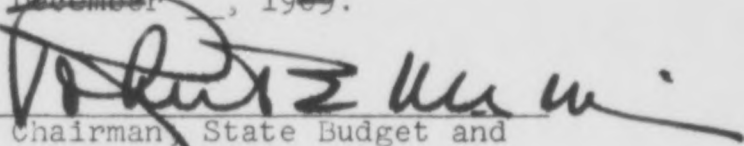
Notice is further given that any interested party may at any time within twenty (20) days after the date of the publication of this notice, challenge the validity of the State Budget and Control Board's approval of the Project and the issuance of the Bonds by Spartanburg County to finance the same, by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

STATE BUDGET AND CONTROL BOARD

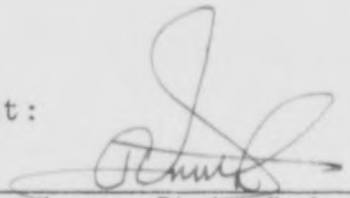
By P. C. Smith
Secretary

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

Passed and approved ~~December~~ ^{JAN. 16 70}, 1969.

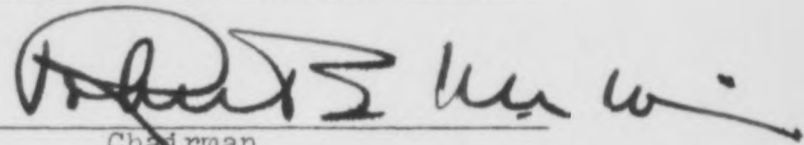

Chairman, State Budget and Control Board

Attest:

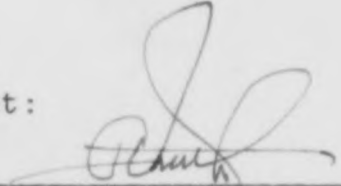

Secretary, State Budget and Control Board

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

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


Chairman

Attest:


Secretary

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

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

1. That the above and foregoing constitutes a true and correct copy of excerpts from the minutes of a meeting of the State Budget and Control Board held on December __, 1969, and of a resolution adopted at said meeting, as said minutes and resolution are officially of record in my possession.

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

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

<u>Name</u>	<u>Office</u>
<u>Robert E. McNAIR</u>	Governor of the State of South Carolina and Chairman of the Board
<u>Grady L. Patterson</u>	State Treasurer and Member of the Board

J. Henry Mills

Comptroller General of
South Carolina and Member
of the Board

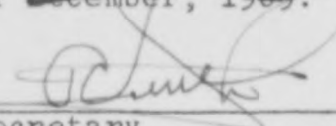
EDGAR A. BROWN

Chairman of the Senate Fi-
nance Committee and Member
of the Board

R. J. Aycock

Chairman of the House Ways
and Means Committee and
Member of the Board

IN WITNESS WHEREOF, I have hereunto subscribed my
official signature this 16 day of ~~December~~ ^{JAN}, 1969. ⁷⁰


Secretary

GPpd1
12-3-69

EXHIBIT

1

SPARTANBURG COUNTY, SOUTH CAROLINA

TO

PHILLIPS PETROLEUM COMPANY
(a Delaware corporation)

LEASE

DATED AS OF DECEMBER 1, 1969

LEASE

This Lease made and entered into as of this 1st day of December, 1969, by and between SPARTANBURG COUNTY, a body politic and corporate and a political subdivision of the State of South Carolina (hereinafter called "Lessor"), and PHILLIPS PETROLEUM COMPANY, a corporation organized and existing under the laws of the State of Delaware, with a principal office at Bartlesville, Oklahoma, and duly authorized to conduct business in the State of South Carolina (hereinafter called "Lessee").

W I T N E S S E T H:

WHEREAS Lessor is a political subdivision of the State of South Carolina and is authorized under Act No. 103 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, 1967 (hereinafter called the "Act") to acquire, own, lease and dispose of properties, through which the industrial development of the State of South Carolina will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate in and remain in the State of South Carolina, and thus utilize and employ the manpower, agricultural products and natural resources of the State; and

WHEREAS in order to encourage Lessee to remain in the State of South Carolina and to expand its investments in the State by inducing Lessee to locate a distribution center and related facilities in the State of South Carolina, Lessor has acquired from Lessee, as a part of this same transaction, certain real property situated within the corporate limits of Spartanburg County, South Carolina, will make certain funds available to construct and equip a distribution center and related facilities thereon, and will lease the same to Lessee on the terms and conditions hereof; and

WHEREAS to obtain funds for such purposes Lessor will issue and sell One Million Dollars (\$1,000,000) principal amount of its Industrial Revenue Bonds, Series 1969 (Phillips), dated December 1, 1969 (herein sometimes referred to as the "Series 1969 Bonds"), under and pursuant to the Act, to be secured by and to contain such terms and provisions as are set forth in that certain Indenture of Mortgage and Deed of Trust dated as of December 1, 1969 (hereinafter called the "Indenture"), between Lessor and

_____, as Trustee (hereinafter called the "Trustee"), and the proceeds from the sale of the Series 1969 Bonds shall be deposited with the Trustee and disbursed in the manner and for the purposes set forth in the Indenture, all as more fully provided therein:

NOW, THEREFORE, Lessor for and in consideration of the payments herein stipulated to be made by Lessee, and the covenants and agreements herein contained to be kept and performed by Lessee, does by these presents demise, lease and let unto Lessee, for the Term and upon the conditions herein stated, the real property and appurtenant rights described in Schedule A hereto, together with the distribution center and related facilities to be constructed thereon, including the machinery, apparatus, equipment and furnishings to be installed therein described in Schedule B hereto (provided, however, in accordance with the Act, that in the performance of the covenants and agreements of Lessor herein contained, any obligation it may thereby incur for the payment of money shall be payable solely out of the proceeds derived from this Lease, the sale of the Series 1969 Bonds and the insurance and condemnation awards as herein provided and shall not constitute nor give rise to a pecuniary liability of Lessor or a charge against its general credit or taxing power).

ARTICLE I

Definitions

Section 1.01. In addition to the words, terms and phrases elsewhere defined in this Lease, the following words, terms and phrases as used in this Lease (when capitalized as below) shall have the following respective meanings unless the context or use requires another or different meaning or intent:

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

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

"Basic Rent" shall mean the amounts described in Section 4.01.

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

"Construction Deposit Agreement" shall mean the Construction Deposit Agreement dated as of December 1, 1969 by and among Lessor, Lessee and _____, as Depositary.

"Facilities" shall mean the distribution center and related facilities, including the machinery, apparatus, equipment, furnishings and Additions and/or Alterations from time to time leased hereunder.

"Improvement Bonds" shall mean Bonds to be issued under the Indenture in accordance with the provisions of Article XII of this Lease.

"Indenture" shall mean the Indenture of Mortgage and Deed of Trust dated as of December 1, 1969, as from time to time supplemented and amended, entered into by Lessor and the Trustee.

"Leased Premises" shall mean the Facilities together with the real property and appurtenant rights described in Schedule A hereto.

"Original Term" shall mean the 20 year term described in Section 3.01.

"Series 1969 Bonds" shall mean the \$1,000,000 principal amount of Industrial Revenue Bonds, Series 1969 (Phillips), dated December 1, 1969, issued and from time to time outstanding under the Indenture.

"Term" shall mean the Original Term and any renewal periods as described in Section 3.02.

"Trustee" shall mean _____, as Trustee, or its successor, from time to time under the provisions of the Indenture.

ARTICLE II

Project Description, Issuance of the Series 1969 Bonds, Construction Deposit Agreement, Use of Leased Premises and Compliance with Laws

Section 2.01. Project Description. Lessor and Lessee agree that the Facilities are to be constructed and acquired in accordance with the project description and drawings referred to in the Construction Deposit Agreement, which project description and drawings are hereby in all respects approved by Lessor and Lessee and may be amended from time to time in accordance with the provisions of the Construction Deposit Agreement.

Section 2.02. Issuance of the Series 1969 Bonds; Construction Deposit Agreement. Upon the execution of this Lease, Lessor shall enter into the Indenture with the Trustee and forthwith issue and sell its \$1,000,000 Series 1969 Bonds as provided therein. The net proceeds from the sale of the Series 1969 Bonds shall be deposited with _____, as Depositary, upon receipt thereof to be held and disbursed by the Depositary pursuant to the Construction Deposit Agreement.

Section 2.03. Primary Use. Lessee is hereby granted and shall have the right during the Term to occupy and use the Leased Premises for any lawful purpose.

Insofar as it is practicable under existing conditions from time to time during the Term, the Leased Premises shall be used primarily for industrial, distribution, manufacturing, processing, research or such other functions as may from time to time be permitted by the Act. Lessor agrees that it will use all reasonable efforts to insure that such uses are and will continue to be lawful uses under all applicable zoning laws and regulations. Lessor covenants, to the full extent from time to time permitted by law, that it will not attempt to impose upon the use or occupancy of the Leased Premises any laws, ordinances, rules or regulations more burdensome or restrictive than those in effect upon the date of execution of this Lease.

Section 2.04. Compliance with Laws Lessee's Acceptance of Leased Premises. Subject to the provisions of Sections 2.05, 14.02 and any other applicable provisions of this Lease, Lessee shall, throughout the Term and at no expense to Lessor, promptly comply or cause compliance with all laws, ordinances, orders, rules, regulations and requirements of duly constituted public authorities, which are or shall become applicable to the Leased Premises, including, without limitation, the Facilities, the repair and alteration thereof, and the streets, sidewalks and passageways on the Leased Premises, and the use or manner of use of the Leased Premises, whether or not such laws, ordinances, orders, rules, regulations and requirements are foreseen or unforeseen, ordinary or extraordinary, and whether or not they shall involve any change of governmental policy or shall require structural or extraordinary repairs, alterations or additions, irrespective of the cost thereof, provided, however, that if no Bonds are outstanding, Lessee may, in lieu of compliance with such laws, ordinances, orders, rules, regulations and requirements, or the making of such additions, changes or alterations, elect to terminate this Lease, and in such event, shall have no further liability hereunder. Lessee accepts the Leased Premises in their condition on the date of the commencement of the Term, and assumes all risks, if any, resulting from any present or future, latent or patent defects therein or from the failure of the Leased Premises to comply with all requirements applicable thereto.

Section 2.05. Permitted Contests. Lessee shall not be required to comply or cause compliance with such laws, ordinances, orders, rules, regulations or requirements if, in the good faith opinion of Lessee, the Leased Premises are in no danger of being forfeited or lost by such failure to comply or cause compliance therewith, so long as Lessee shall in good faith, at Lessee's expense, contest the same or the validity thereof by proceedings deemed appropriate by Lessee's counsel and shall make such arrangements as, in the opinion of the Trustee, will adequately secure Lessor and the Trustee against loss by reason of such failure to comply or cause compliance therewith. Lessee agrees diligently to prosecute any such contest and at all times effectively stay or prevent any forfeiture or

loss of the Leased Premises, and promptly to notify Lessor and the Trustee of its actions in this regard. Such contest may be made by Lessee in the name of Lessor or of Lessee, or of any sublessee, assignee or designee of Lessee, or any or all of them, as Lessee shall determine, and Lessor agrees that it will, at Lessee's expense, cooperate with Lessee in any such contest to such extent as Lessee and/or Lessee's sublessee, assignee or designee may reasonably request. However, Lessee further agrees that Lessor shall not be subject to any liability for the payment of any costs or expenses in connection with any such proceeding brought by Lessee, and Lessee covenants to save Lessor harmless from any such costs or expenses, and Lessee shall comply or cause compliance with any valid final judgment enforcing any such law, ordinance, order, rule, regulation or requirement in accordance with the provisions thereof.

ARTICLE III

Lease Term

Section 3.01. Original Term. Subject to the provisions contained in this Lease, this Lease shall be in full force for an Original Term of twenty (20) years, commencing on the first day of December, 1969, and ending at midnight on November 30, 1989.

Section 3.02. Renewal Option. Subject to the provisions contained in this Lease, this Lease shall, upon the expiration of the Original Term, be automatically renewed or extended for not exceeding ten (10) additional periods of five years each unless written notice be given by Lessee to Lessor at least 90 days before the end of the Original Term, or any renewal period, of Lessee's intention to terminate this Lease at the end of the Original Term or any such renewal period, in which event this Lease shall terminate in accordance with such notice. All such renewal periods shall be upon the conditions herein specified with respect to the Original Term except that the Basic Rent during any such renewal period shall be determined as provided in Section 4.01 (b).

ARTICLE IV

Rent

Section 4.01. Basic Rent. Lessee agrees to pay to Lessor, in lawful money of the United States of America, the following Basic Rent:

- (a) during the Original Term, for the periods, in the amounts and at the times set forth in Schedule C hereto, and

- (b) during any renewal period, annually on December 1 in each year and in the amount of \$10.00 on each such rental payment date;

provided, that so long as any Bonds are outstanding, all such payments shall be made to the Trustee for the account of Lessor. The Basic Rent shall be absolutely net to Lessor, free of any taxes, costs, liabilities, or other deduction whatsoever with respect to the Leased Premises and the maintenance, repair, rebuilding, use or occupation thereof, or of any portion thereof, so that this Lease shall yield the Basic Rent net to or for the account of Lessor throughout the Term.

Section 4.02. Advance Payment of Rent. Lessee may, at any time, at its option, pay in advance any instalment or instalments of Basic Rent to come due hereunder. The entire amount of any such advance payments shall at the request of Lessee (but not otherwise) be used by Lessor on the next succeeding redemption date or dates at which Bonds may be redeemed at the option of Lessor, to redeem such outstanding Bonds at the principal amount thereof, accrued interest to the date or dates of redemption and the premium or premiums applicable in the case of the redemption of such Bonds at the option of Lessor. If less than all of the Bonds outstanding and unpaid at the time of such redemption shall be redeemed, the Basic Rent to be paid by Lessee over the remainder of the Original Term shall be reduced as provided in Schedule C. Upon retirement of all of the Bonds, both as to principal and interest, the remaining portion of the Original Term shall be regarded as the "paid up period" thereof, and Lessee shall have no further obligation to pay Basic Rent during such paid up period of the Original Term. When all of the Bonds shall have been paid in full, any money remaining in the various accounts created by the Indenture shall be paid to Lessee as an adjustment of rentals if it shall then be in good standing under the Lease with respect to the payment of rent and all other sums due and owing hereunder.

Section 4.03. Additional Rent. Lessee agrees to pay, as additional rent, all other amounts, liabilities and obligations which Lessee herein assumes or agrees to pay, except that the liquidated damages referred to in Sections 18.02 and 18.03 shall not constitute additional rent. In the event of any failure on the part of Lessee to pay any such amounts, liabilities or obligations, Lessor shall have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of the Basic Rent. Lessee also agrees to pay to Lessor or the Trustee, on demand, as additional rent, interest at the rate of 8% per annum, or at the highest rate permitted by law if less than 8% per annum, on all overdue instalments of Basic Rent from the due date thereof until payment.

Section 4.04. Net Lease. This Lease is a "net lease" and the Basic Rent, additional rent and all other

sums payable hereunder to or for the account of Lessor, whether as the purchase price for the Leased Premises or otherwise, shall be paid, without notice or demand and without set-off, counterclaim, abatement, suspension, deduction, diminution or defense.

ARTICLE V

Rent Absolute; State of Title

Section 5.01. No Termination or Abatement for Damage or Destruction, Etc. Except as otherwise expressly provided herein, this Lease shall not terminate, nor shall Lessee have any right to terminate this Lease or be entitled to the abatement of any rent or any reduction thereof, nor shall the obligations hereunder of Lessee be otherwise affected by reason of any damage to or the destruction of all or any part of the Leased Premises from whatever cause, the loss or theft of the Facilities or any part thereof, the taking of the Leased Premises or any portion thereof by condemnation or otherwise, the prohibition, limitation or restriction of Lessee's use of the Leased Premises, or the interference with such use by any private person or corporation, or by reason of any eviction by paramount title or otherwise, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding.

Lessee acknowledges that Lessor has made no representations as to the condition or manner of construction of the Facilities. This Lease shall not terminate, nor shall Lessee have any right to terminate this Lease, or be entitled to the abatement of any rent or any reduction thereof, nor shall the obligations hereunder of Lessee be otherwise affected by reason of the condition of the Leased Premises, or by reason of any failure to complete the construction and equipping of the Facilities. As provided by the Act, Lessee agrees, at its own expense and without diminution of the rents and other amounts required to be paid by Lessee hereunder, to effect the completion of the Facilities if the proceeds of the Series 1969 Bonds prove insufficient therefor.

The obligations of Lessee to make the payments required in Article IV shall be absolute and unconditional during the Term. Until such time as the principal of and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, Lessee (i) will not suspend or discontinue any payments provided for in Article IV hereof, (ii) will perform all of its other agreements contained in this Lease and (iii) except as provided in Articles X and XIX will not terminate this Lease for any cause including, without limiting the generality of the foregoing, failure to complete the Facilities, any acts or circumstances that may constitute failure of consideration, destruction of or

damage to the Facilities, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of South Carolina or any political subdivision thereof.

Section 5.02. No Termination for Insolvency, etc., of Lessor. Lessee covenants that it will remain obligated under this Lease in accordance with its terms, and that Lessee will not take any action to terminate, rescind or avoid this Lease, notwithstanding the bankruptcy, reorganization, composition, readjustment, liquidation, dissolution, winding-up or other proceeding affecting Lessor or any assignee of Lessor in any such proceedings, notwithstanding any action with respect to this Lease which may be taken by any trustee or receiver of Lessor or of any assignee of Lessor in any such proceeding, or by any court in any such proceeding.

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

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

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

ARTICLE VI

Taxes and Other Charges

Section 6.01. Payment by Lessee - General. Lessee agrees, subject to the provisions of Sections 2.05, 14.02 and any other applicable provisions of this Lease, to pay as additional rent when due each and every cost and obligation of every nature, foreseen or unforeseen, and all taxes, assessments

and charges of any kind or nature, for the payment of which Lessor or Lessee shall become liable by reason of its estate or interest in the Leased Premises or any portion thereof, or in any manner connected with the maintenance, repair, rebuilding, use or occupancy of the Leased Premises or in any manner related to this transaction or any document to which Lessee is a party creating or transferring an interest or an estate in the Leased Premises. Lessee further agrees to save Lessor harmless from and to indemnify it against any and all such costs, obligations, taxes, assessments and charges.

Section 6.02. Payments in Lieu of Taxes.

Lessor and Lessee recognize that under the provisions of Section 6 of the Act Lessee is required to make payments in lieu of taxes to Lessor and to the school district or school districts, and other political unit or units wherein the Leased Premises are located, in such amounts as would result from taxes levied on the Leased Premises by Lessor and such school district or school districts and other political unit or units if the Leased Premises were owned by Lessee, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to Lessee if it were the owner of the Leased Premises. To this end it is agreed by and between the parties hereto that Lessor shall cause the Leased Premises to be valued and assessed by the assessor or other official or officials charged with the responsibility of assessing privately owned property in the area where the Leased Premises are located at the time such privately owned property is valued or assessed, shall cause to be applied to the appropriate taxable value of the Leased Premises the tax rate or rates which would be applicable for state and local tax purposes if the property were then privately owned, and shall cause the county treasurer or other official or officials charged with the responsibility of collecting taxes to submit annually to Lessee (with a copy to the Trustee) a statement of the taxes which would otherwise then be chargeable to the Leased Premises, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to Lessee if it were the owner of the Leased Premises, and the amount thereof shall be paid by Lessee punctually as and when the same shall become due and payable; provided, however, that the right is reserved to Lessee to contest the validity or amount of any such tax equivalent in the manner provided in Section 14.02.

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

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

ARTICLE VII

Indemnification and Non-Liability of Lessor

Section 7.01. (a) Lessee agrees that it will at all times protect and hold Lessor harmless against claims for losses, damages or injury, including death of or injury to the person or damage to the property of others, arising during the Term upon the Leased Premises, and Lessor shall not be liable for any damage or injury arising during the Term to the person or property of Lessee or its officers, agents, servants or employees or any other person who or which may be upon the Leased Premises, due to any act or negligence of any person other than Lessor, its officers, agents, servants and employees. The indemnity provided for in this Section 7.01 shall be effective only to the extent of any loss that may be sustained by Lessor in excess of the net proceeds of any insurance carried with respect to the loss sustained.

(b) Notwithstanding the fact that it is the intention of the parties that Lessor shall not incur pecuniary liability by reason of the terms of this Lease, or the undertakings required of Lessor hereunder, 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 Lease, or by reason of the performance of any act requested of it by Lessee, including all claims, liabilities or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing, nevertheless, if Lessor should incur any such pecuniary liability, then in such event Lessee shall indemnify and hold harmless Lessor against all claims by or on behalf of any person, firm or corporation, arising out of the same, and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from Lessor, Lessee shall defend Lessor in any such action or proceeding.

(c) Lessor shall notify Lessee in writing within 30 days after the filing with Lessor of written notice of any claim against Lessor in respect of which indemnity may be sought under paragraph (a) or (b) of this Section 7.01, and Lessee shall have no liability pursuant to this Article VII unless so notified. The indemnity provided for in this Article VII is not for the benefit of anyone other than Lessor; it covers only claims, losses, damages or liabilities to which Lessor may become subject under law, and it does not cover any situation where the loss, claim, damage or liability results from an admission on the part of Lessor or a voluntary payment or settlement by Lessor without the written consent of Lessee. Lessor agrees, at the request of Lessee, at Lessee's expense, to cooperate in any investigation and/or defense of any claim, and to assert any or all of the rights and privileges and defenses which may be available to Lessor.

ARTICLE VIII

Insurance

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

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

As an alternative to providing such insurance, Lessee may, at its sole option, elect partially or wholly to self-insure or assume said risks and in such event agrees to hold Lessor and the Trustee harmless to the same extent as if said risks were fully covered by such insurance.

Section 8.03. Public Liability. Lessee shall, at its expense, maintain general public liability insurance against claims for bodily injury, death or property damage occurring on the Leased Premises, such insurance to afford protection to Lessor with limits of liability of \$300,000 with respect to bodily injury or death to any one person, \$1,000,000 with respect to any one accident, and \$100,000 with respect to property damage. Any such policy may provide that the policy does not cover the first \$1,000,000 of liability, with the result that Lessee is its own insurer to that extent.

Section 8.04. Loss Payable. All policies of insurance required by Section 8.02 shall name Lessor and Lessee as the assured and shall provide that the proceeds of such insurance shall be payable to the Trustee under a standard mortgage loss payable clause, provided, however, that in the case of any particular casualty resulting in loss or damage not exceeding \$100,000 in the aggregate, the proceeds of such insurance shall be payable to Lessee. All such policies shall, to the extent obtainable, provide that any loss shall be payable to Lessor or the Trustee notwithstanding any act or negligence of Lessee which might otherwise result in a forfeiture of said insurance.

So long as any Bonds remain outstanding and unpaid, the policies of insurance described in Section 8.02 shall be payable to the Trustee under the Indenture, as the interest of such Trustee may appear, subject to the provisions in this Section 8.04 that the proceeds of such insurance shall be payable to Lessee in the case of any particular casualty resulting in loss or damage not exceeding \$100,000 in the aggregate. In the event no Bonds remain outstanding and unpaid, the policies of insurance

described in Section 8.02 shall provide that the loss, if any, shall be payable to Lessee for the benefit of Lessor and Lessee as their respective interests may appear and shall be held and utilized as provided herein.

Section 8.05. Evidence of Existence, Modification of Policies. Certificates from the insurers evidencing the existence of all policies required by this Article shall be filed with the Trustee, or in lieu thereof, Lessee may elect to supply Lessor and the Trustee with a written statement executed by a Vice President or the Treasurer of Lessee confirming the existence of such policies and the coverage, expiration dates and policy numbers thereof. The policies of insurance required by this Article shall contain an undertaking by the respective insurers, to the extent obtainable, that such policies shall not be modified adversely to the interests of Lessor or the Trustee or cancelled without at least ten days' prior written notice to Lessor and to the Trustee. Not less than ten days prior to the expiration dates of the policies, certificates from the insurers evidencing the existence of renewal policies shall be deposited with the Trustee, or in lieu thereof, Lessee may elect to supply Lessor and the Trustee with a written statement executed by a Vice President or the Treasurer of Lessee confirming the existence of such renewal policies and the coverage, expiration dates and policy numbers thereof, as well as any coverage assumed or self-insured by Lessee as herein provided in this Article.

Section 8.06. Adjustment of Claims. Any claims under the policies of insurance provided for in this Article shall be adjusted by and at the cost of Lessee, provided that the proceeds from such insurance shall be applied pursuant to the provisions of this Lease.

Section 8.07. Blanket Policies. Nothing in this Article shall prevent Lessee from including the insurance required by the provisions of this Article within one or more blanket policies of insurance; provided, however, that in no event shall the insurance coverage provided under any such blanket policy and applicable to the Facilities be less than the amount and type of coverage otherwise required to be provided by Lessee pursuant to the provisions of this Article.

ARTICLE IX

Maintenance and Repair

Section 9.01. Maintenance of Facilities. Lessee at its expense will keep and maintain the Facilities in good repair and condition, normal wear and tear excepted.

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

ARTICLE X

Casualty, Condemnation

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

Section 10.02. Proceeds, Awards Assigned to Trustee. Subject to the provisions of Section 8.04, Lessor and/or Lessee will pay over or cause to be paid over to the Trustee, promptly when collected or received, any insurance proceeds and the entire amount of the award or compensation or damages recovered on account of each and every such taking or condemnation (which shall include any portion of any award that shall be made to Lessee by reason of its leasehold estate) less any expenses, including counsel fees, incurred by Lessor and Lessee in litigating, arbitrating, compromising or settling any claims arising out of such condemnation.

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

Section 10.04. Lessee May Terminate Lease and/or Purchase Leased Premises. In lieu of the obligation of Lessee to restore the Leased Premises, Lessee may elect to receive credit for the entire net award in condemnation or the entire insurance proceeds paid to Lessor and the Trustee by having the same applied as advance payment of Basic Rent on the terms set forth in Section 4.02, but such election shall be available to Lessee only if the net amount of condemnation award or casualty insurance proceeds to be so applied, together with other advance payments by Lessee under Section 4.02 then on deposit in accounts created under the Indenture, shall equal the entire principal amount of the Bonds then outstanding together with interest accrued and to accrue thereon to the next succeeding redemption date or dates on which the Bonds may be redeemed at the option of Lessor, plus all applicable redemption premiums; and if Lessee shall then be in good standing hereunder with respect to the payment of rent, and has paid Lessor and the Trustee all other sums due and owing hereunder, Lessee shall have the further rights arising from such advance payment either to give notice of termination of this Lease effective on such redemption date or to purchase the Leased Premises and receive credit for such advance payment against the purchase price referred to in Section 19.02 effective on such redemption date, and thereupon Lessee shall be entitled to conveyance of any of the Leased Premises which shall not have been taken or destroyed.

Section 10.05. Condemnation of Less than Material Part of Leased Premises. In the event that any portion of the Leased Premises shall be taken by condemnation and the taking thereof does not in the sole judgment of Lessee render the remainder of the Leased Premises unsatisfactory for the business purposes of Lessee, the net proceeds of any such award, at the election of Lessee, shall be deposited with the Trustee under the Indenture and used for the retirement of Bonds prior to maturity, and in such event, Lessee shall not have any duty to rebuild, reconstruct, restore, replace and repair the Leased Premises, notwithstanding the provisions of Section 10.03.

Section 10.06. Amounts Remaining Paid to Trustee or Lessee. If after completion of restoration as provided by Section 10.03 there remains any portion of casualty insurance proceeds or condemnation award not required for the reimbursement of Lessee, the balance shall be transferred to the Bond Redemption Account in the manner and amounts provided in Section 5.01 of the Indenture; provided, however, that notwithstanding any other provision of this Article, in any event of damage or destruction or condemnation when no Bonds are then outstanding and unpaid there shall be no obligation on the part of Lessee to restore or repair the Leased Premises, and any such award or insurance proceeds shall, after payment of collection expenses, be paid over to Lessee if Lessee is then in good standing with respect to the payment of rent

hereunder and shall have paid Lessor and the Trustee all other sums due and owing hereunder.

ARTICLE XI

Additions and/or Alterations, Improvements, Replacements and New Construction; Installation and Removal of Machinery and Fixtures by Lessee; Removals, Replacements and Substitutions.

Section 11.01. Additions and/or Alterations, Improvements and New Construction. Lessee shall have the right at any time and from time to time in its sole discretion during the Term to make Additions and/or Alterations, structural or otherwise, and to erect any additional building or buildings and to remodel the Facilities from time to time as it in its discretion may determine to be desirable for its uses and purposes, provided that any such actions shall not damage the basic structure of the then existing Facilities or materially decrease their value, with no obligation to restore or return the Facilities to their initial condition, but the cost of such new building or buildings and Additions and/or Alterations and remodeling shall be paid for by it and, subject to Section 11.02, and unless Lessee shall have exercised any option to purchase granted to it under this Lease, upon the expiration or termination of this Lease shall belong to and be the property of Lessor, subject, however, to the right of Lessee to remove from the Leased Premises at any time before the expiration or termination of this Lease and while it is in good standing with reference to the payment of rent hereunder all Additions and/or Alterations which can be removed without material damage to the Facilities or if they cannot be removed without such damage then provided that Lessee repairs any damage caused by such removal.

Section 11.02. Installation and Removal of Machinery, Equipment, Fixtures and Personal Property by Lessee. Lessee may at any time or times during the Term install or commence the installation of any machinery, equipment, fixtures or personal property to such extent as Lessee may deem desirable, and Lessee may also remove any machinery, equipment, fixtures or personal property so installed by it. All such machinery, equipment, fixtures and other personal property which shall be acquired and installed at the expense of Lessee shall remain the property of Lessee and may be removed at any time and from time to time by Lessee.

Section 11.03. Removals, Replacements and Substitutions. Lessee may remove from the Leased Premises from time to time any improvements (which term for the purposes of this Lease shall include without limiting the generality of such term, roads, streets, sidings, foundations, tanks, structures, pipes, pipelines, reservoirs, utilities, materials, equipment, fixtures, machinery, furniture, furnishings, and other improvements, instrumental-

ities and other real, personal and mixed property of every kind except land or interests therein, whether above or below ground level) and thereby acquire ownership thereof free and clear of this Lease in any case where (i) such improvements are replaced, or substitution therefor is made directly or indirectly, by improvements then having equivalent or greater value, utility or efficiency (but not necessarily having the same function), or (ii) such improvements are, in the opinion of Lessee, inadequate, obsolete, worn out, unserviceable, unsuitable, undesirable, unnecessary or not useful in the operation of the Leased Premises so that the removal thereof, after giving effect to any replacement or substitution therefor, will not materially impair the efficiency of the Leased Premises for Lessee's uses and purposes or reasonable ingress and egress in connection therewith. Such reasonable ingress and egress shall include, without limiting the generality of such terms, reasonable ingress and egress for persons, trucks and vehicles. Lessee agrees at any time and from time to time during the Original Term (but not more frequently than annually), upon not less than 60 days' prior written request by Lessor or the Trustee, to furnish to Lessor and the Trustee a written report of a qualified engineer (who may be an employee of Lessee or of any subsidiary of Lessee) selected by Lessee and approved by Lessor and the Trustee (which approvals shall not be unreasonably withheld) summarizing the action taken by Lessee pursuant to this Section 11.03 during the period subsequent to the last such report, if any, and such report shall be accompanied, if necessary, by appropriate documents conveying title to the substituted property to Lessor subject, however, to the provisions of this Lease. In the event such removal causes damage to existing buildings or structures not being removed, restoration and repair of such damage shall be made at the cost and expense of Lessee.

ARTICLE XII

Improvement Bonds

Section 12.01. Lessor to Use Best Efforts to Issue and Sell. As provided in Article XI, Lessee shall have the right to make Additions and/or Alterations to the Leased Premises, structural or otherwise. The cost of any Additions and/or Alterations shall be paid for by Lessee, or Lessee at its option, and pursuant to the limitations hereinafter and in the Indenture set forth, by notice to Lessor, specifying the Additions and/or Alterations proposed and the estimated cost thereof, may request Lessor to pay for or reimburse Lessee for the Additions and/or Alterations by the sale of Improvement Bonds. In the latter event Lessor agrees that if the estimated cost of any such Additions and/or Alterations shall equal not less than \$100,000 Lessor will, subject in all respects to the provisions and requirements of the Act, use its best efforts to issue and

sell Improvement Bonds aggregating not less than \$100,000 and that it will apply the proceeds of such sale to pay the cost of such Additions and/or Alterations. The latest maturity date of each series of Improvement Bonds shall be as specified by Lessee, and the schedule of payments and the rate of interest on such Improvement Bonds shall be subject to Lessee's approval.

Section 12.02. Inability of Lessor to Sell. If Lessor is unable within a period of two months following its receipt of said request of Lessee successfully to issue, sell and deliver such Improvement Bonds, Lessee, at its option, may decide not to make the proposed Additions and/or Alterations, or may make the proposed Additions and/or Alterations at its own cost.

Section 12.03. Modification and Extension of Lease. Prior to each issuance of Improvement Bonds under the Indenture, the parties hereto shall enter into a supplement to this Lease. Said supplement to this Lease shall increase the Basic Rent to be paid hereunder by an amount at least sufficient to enable Lessor to pay the principal of and interest on such Improvement Bonds, and may, if necessary, modify and extend the Original Term hereof.

ARTICLE XIII

Subletting, Assignments and Mortgaging

Section 13.01. Continuing Obligation of Lessee. Lessee may sublet the Leased Premises or any part thereof, and may assign or otherwise transfer all or any part of its rights and interest hereunder, including without limitation its optional rights to purchase the Leased Premises and the right to occupy, use or operate the Leased Premises, to any person, association or corporation, or any division thereof, upon written notice to Lessor and the Trustee; provided, however, that no assignment, transfer or sublease shall affect or reduce any of the obligations of Lessee hereunder, but all obligations of Lessee hereunder shall continue in full force and effect as the obligations of a principal and not of a guarantor or surety. So long as any Bonds are outstanding and unpaid either as to principal or interest, neither this Lease nor the Term hereby let and demised shall be mortgaged, nor shall Lessee mortgage, assign or pledge the interest of Lessee in and to any sublease or the rentals payable thereunder, unless such mortgage, assignment or pledge is made expressly subject to the provisions of this Lease and the Indenture.

Section 13.02. Merger, Consolidation or Transfer of Assets by Lessee. In the event Lessee shall merge or consolidate with any other corporation or transfer all or substantially all of its business and assets to another corporation, which in any such case succeeds to all or substantially all of the business and assets of Lessee,

such successor corporation shall succeed to and be substituted for Lessee with the same effect as if it had been named herein as Lessee.

Section 13.03. Collection of Rent from Others
No Release of Lessee. If this Lease be assigned or transferred, or if the Leased Premises or any part thereof be sublet or occupied by anybody other than Lessee, Lessor may, after default by Lessee, collect rent from the assignee, transferee, subtenant, or similar occupant, and apply the net amount collected to the Basic Rent and any other amounts reserved hereunder, but no such assignment, transfer, subletting, occupancy or collection shall be deemed the acceptance of the assignee, transferee, subtenant or similar occupant as tenant, or a waiver or release of Lessee from the performance of the terms, covenants and conditions of this Lease to be performed by Lessee. Any violation of any provision of this Lease, whether by act or omission, by an assignee, transferee, subtenant, or similar occupant, shall be deemed a violation of such provision by Lessee, it being the intention of the parties hereto that Lessee shall assume and be liable to Lessor for all and any acts and omissions of any and all assignees, transferees, subtenants and similar occupants.

ARTICLE XIV

Performance of Lessee's Obligations by Lessor; Permitted Contests

Section 14.01. Performance of Lessee's Obligations by Lessor. If Lessee at any time shall fail to make any payment or perform any act on its part to be made or performed under this Lease then, subject to the provisions of Sections 2.05 and 14.02, and any other applicable provisions of this Lease, Lessor may (but shall not be obligated to), upon 10 days' prior written notice to Lessee and without waiving or releasing Lessee from any obligations or default of Lessee hereunder, make any such payment or perform any such act for the account and at the expense of Lessee and may enter upon the Leased Premises for the purpose and take all such action thereon as may be reasonably necessary therefor. No such entry shall be deemed an eviction of Lessee. All sums so paid by Lessor and all necessary and incidental costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection with the performance of any such act by Lessor, together with interest at the rate of 8% per annum from the date of the making of such payment or the incurring of such costs and expenses by Lessor, shall be deemed additional rent hereunder and shall be payable by Lessee to Lessor on demand, and Lessee covenants to pay any such sum or sums with interest as aforesaid.

Section 14.02. Permitted Contests. Lessee shall not be required to pay, discharge or remove any tax,

tax equivalent, lien or assessment, or any mechanic's, laborer's or materialman's lien, or any other lien or encumbrance, or any other imposition or charge against the Leased Premises or any part thereof, so long as Lessee shall in good faith, at Lessee's expense, contest the same or the validity thereof by proceedings deemed appropriate by Lessee's counsel which would, if successful, operate to prevent the collection of the tax, tax equivalent, lien, assessment, encumbrance, imposition or charge so contested and the sale of said Leased Premises or any part thereof to satisfy the same, and Lessee agrees to notify Lessor and the Trustee promptly of its actions in this regard. Such contest may be made by Lessee in the name of Lessor or of Lessee, or of any sublessee, assignee or designee of Lessee, or any or all of them, as Lessee shall determine, and Lessor agrees that it will, at Lessee's expense, cooperate with Lessee in any such contest to such extent as Lessee and/or Lessee's sublessee, assignee or designee may reasonably request. However, Lessee further agrees that Lessor shall not be subject to any liability for the payment of any costs or expenses in connection with any such proceeding brought by Lessee, and Lessee covenants to pay, and to indemnify and save harmless Lessor from, any such costs or expenses. Pending the final outcome of any such proceeding Lessor shall not have the right to pay, remove or cause to be discharged the tax, tax equivalent, lien, assessment, encumbrance, imposition or charge thereby being contested, provided, that Lessee shall have given such security as may be required in the proceeding and such reasonable security as may be demanded by Lessor to insure such payment and prevent any sale or forfeiture of the Leased Premises or any part thereof by reason of such nonpayment, and provided further that Lessor would not be in substantial danger of civil or any danger of criminal liability by reason of such nonpayment.

ARTICLE XV

Events of Default; Termination

Section 15.01. If any one or more of the following events (herein called "Events of Default") shall happen:

(a) If default shall be made in the due and punctual payment of any Basic Rent, additional rent or other amount payable to Lessor hereunder, and such default shall continue for five days after Lessor or the Trustee shall have given Lessee written notice of such default;

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

(c) If default shall be made by Lessee in the due performance of or compliance with any of the terms hereof other than those referred to in the foregoing subdivisions (a) and (b), and such default shall continue for 60 days after Lessor shall have given Lessee written notice of such default (or in the case of any such default which cannot with due diligence be cured within such 60 day period, if Lessee shall fail to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence, it being intended in connection with any default not susceptible of being cured with due diligence within the 60 days that the time of Lessee within which to cure the same shall be extended for such period as may be necessary to complete the curing of the same with all due diligence);

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

(e) If a petition shall be filed against Lessee seeking any reorganization, composition, readjustment, liquidation or similar relief under any present or future statute, law or regulation, and shall remain undismissed or unstayed for an aggregate of 60 days, or if any trustee, receiver or liquidator of Lessee or of all or any substantial part of its properties or of the Leased Premises shall be appointed without the consent or acquiescence of Lessee and such appointment shall remain unvacated or unstayed for an aggregate of 60 days;

then in any such event (regardless of the pendency of any proceeding which has or might have the effect of preventing Lessee from complying with the terms of this Lease) Lessor at any time thereafter and while such Event of Default shall continue may, but only with the prior written consent of the Trustee, give a written termination notice to Lessee, which notice shall specify the nature of the Event of Default and a date of termination of this Lease, not less than 15 days after the giving of such notice, and, subject to the provisions of Section 18.01 relating to the survival

of Lessee's obligations and unless such Event of Default shall have been cured prior to the expiration of the period fixed by said notice, the Term shall expire and all rights of Lessee under this Lease shall cease on such date.

Notwithstanding the foregoing or Section 16.01, unless and until Lessor, pursuant to Article XVII hereof, shall have entered into a firm bilateral agreement for the reletting of the Leased Premises for a period of at least one year, Lessee may at any time pay all accrued unpaid rentals and fully cure all defaults, whereupon this Lease shall be fully reinstated, as if it had never been terminated, and Lessee shall be accordingly restored to the use, occupancy and possession of the Leased Premises.

ARTICLE XVI

Repossession

Section 16.01 (a) At any time after the expiration of the Term pursuant to Section 15.01, Lessor without further notice may enter upon and repossess the Leased Premises and may remove Lessee and all other persons and any and all property from the Leased Premises.

(b) If an Event of Default occurs and shall be continuing, and Lessor shall not have waived in writing the default giving rise to such Event of Default, Lessor shall also have the right of entry, repossession, and removal, after not less than 15 days' prior written notice to Lessee of its intent to exercise such right and specifying the nature of the Event of Default, prior to the expiration of the Term and without any obligation on the part of Lessor to terminate this Lease, provided that such right shall not be in contravention of the laws of the jurisdiction in which the Leased Premises are located. In the event of the exercise of such right, without termination of this Lease, the Lease shall continue in full force and effect for the balance of the then current term except that Lessee shall have no right of possession from the date of the exercise of such right, provided that the exercise of such right shall not preclude the subsequent exercise of any other right under this Lease, including the right of termination pursuant to Section 15.01.

Lessor shall be under no liability for or by reason of any such entry, repossession or removal.

ARTICLE XVII

Reletting

Section 17.01. If the Term shall have expired pursuant to Article XV, or if Lessor shall have exercised its right of entry, repossession and removal pursuant to Article XVI, Lessor will use its best efforts to relet the

Leased Premises or any part thereof for the account and benefit of Lessee for such rental terms, to such persons, firms or corporations and for such period or periods as may be fixed and determined by Lessor and approved by the Trustee; provided, however, that Lessor shall not unreasonably refuse to accept or receive any suitable occupant or tenant offered by Lessee, and the Trustee shall not unreasonably withhold its approval of such occupant or tenant. Lessor shall not otherwise be required to do any act or exercise any diligence to mitigate the damages to Lessee and, subject to the foregoing provisions, Lessor shall not be responsible or liable for any failure to relet the Leased Premises or any portion thereof.

ARTICLE XVIII

Survival of Lessee's Obligations; Damages

Section 18.01. Lessee's Obligations to Survive Expiration or Repossession. No expiration of the Term pursuant to Article XV or repossession of the Leased Premises pursuant to Article XVI shall relieve Lessee of its liability and obligations hereunder, all of which shall survive any such expiration or repossession.

Section 18.02. Amounts Payable by Lessee on Expiration by Default. In the event of the expiration of the Term pursuant to Article XV, Lessee shall pay to Lessor the Basic Rent and all additional rent and other charges required to be paid and not theretofore paid under this Lease, by Lessee up to the time of such expiration, and thereafter Lessee, until the end of what would have been the then current term of this Lease in the absence of such expiration and whether or not the Leased Premises or any part thereof shall have been relet, shall be liable for and shall pay to Lessor, as and for liquidated and agreed current damages for Lessee's default:

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

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

Lessee shall pay such current damages on the days on which the Basic Rent would have been payable under this Lease if the then current term hereof had not so expired, and Lessor shall be entitled to recover the same from Lessee on each such day.

The liability and obligations of Lessee as set forth in this Section 18.02 shall be the same if Lessor shall exercise its right of entry, repossession or removal without termination of this Lease as provided in Article XVI.

Section 18.03. Optional Recovery by Lessor on Expiration by Default. At any time after the expiration of the Term pursuant to Article XV, whether or not Lessor shall have collected any current damages as aforesaid, Lessor shall, at its option, be entitled to recover from Lessee, and Lessee will pay to Lessor on demand, as and for liquidated and agreed final damages for Lessee's default and in lieu of all current damages as set forth in Section 18.02 beyond the date of such demand, an amount equal to the greater of:

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

(ii) all unpaid instalments of rent as defined in Section 19.02 hereof if any Bonds are then outstanding and unpaid.

Section 18.04. Rights and Obligations on Default Unchanged by Non-termination. The right of recovery of Lessor and the obligation of Lessee to pay the amount set forth in Section 18.03 shall be the same if Lessor shall exercise its right of entry, repossession or removal without termination of this Lease as provided in Article XVI.

Section 18.05. Law Affecting Liquidated Damages. If any statute or rule of law shall validly limit the amount of such liquidated final damages to less than the amount agreed upon in Section 18.03, Lessor shall be entitled to the maximum amount allowable under such statute or rule of law.

ARTICLE XIX

Purchases and Purchase Prices

Section 19.01. Change in Circumstances. If, during the Term, as a result of changes in the Constitution of the United States of America or of the Constitution of the State of South Carolina or legislative or administrative action (state or federal) or a final decree, judgment or order of any court of competent jurisdiction entered after Lessee's contest thereof in good faith, this Lease shall have become void or unenforceable or impossible of performance in accordance with the intent and purpose of

the parties hereto as expressed in this Lease, or unreasonable burdens or excessive liabilities shall have been imposed on either of the parties hereto: then in any such event, Lessee shall have and is hereby granted an option to purchase the Leased Premises. To exercise such option, Lessee shall deliver to Lessor not later than one year subsequent to the effective date of the event which gave rise to the right of Lessee to purchase the Leased Premises and at least 40 days before the proposed date of purchase a notice, signed by a Vice President or the Treasurer of Lessee, notifying Lessor of Lessee's election to exercise the option, specifying the event which has occurred which gave rise to the right of Lessee to purchase the Leased Premises under this Section 19.01, the date upon which such event occurred, and the proposed date of purchase. Lessee shall also transmit with said notice a certified copy of a resolution passed by the Board of Directors or the Executive Committee of Lessee, or any committee or group having proper authority under Lessee's then existing Certificate of Incorporation or By-Laws, said resolution stating that said board, committee or group has determined in good faith that such event has occurred and the date of said occurrence. On the proposed date of purchase and upon payment of the purchase price, in cash, Lessor shall convey the Leased Premises to Lessee subject and pursuant to Article XX and this Lease shall thereupon terminate.

Section 19.02. Purchase Price in Certain Events. Lessee has an option to purchase or is required to purchase the Leased Premises (or remainder thereof) under the provisions of Sections 10.04, 19.01, 19.03 and 19.04. Unless otherwise specified, the purchase price for any such purchase shall be an amount equal to all unpaid instalments of rent. The phrase "all unpaid instalments of rent" shall mean an amount equal to the entire principal amount of the then outstanding Bonds, together with any applicable redemption premiums and all interest accrued or to accrue on and prior to the next succeeding redemption date or dates on which Bonds can be redeemed at the option of Lessor after giving notice to the holders thereof as required by the Indenture, less moneys available for such purpose then held by the Trustee, and any additional rental due or to become due hereunder prior to the time that the Bonds are paid in full and the trust established by the Indenture is terminated, including, without limitation, any unpaid fees and expenses of the Trustee which are then due or will become due prior to such time.

Section 19.03. Option to Purchase. So long as no event of default has occurred and is continuing hereunder, Lessee shall have and is hereby granted an option to purchase the Leased Premises on or after December 1, 1979 for an amount equal to all unpaid instalments of rent as defined in Section 19.02 hereof plus the sum of \$10.00. To exercise such option, Lessee shall deliver to Lessor and the Trustee at least 120 days before the proposed date of purchase a notice signed by a Vice President or the

Treasurer of Lessee stating that Lessee desires to exercise exercise its option to purchase under the provisions of this Section 19.03. On the proposed date of purchase and upon payment of the purchase price, in cash, Lessor shall convey the Leased Premises to Lessee subject and pursuant to Article XX and this Lease shall thereupon terminate.

In lieu of exercising the option to purchase granted by this Section 19.03 in its own name, Lessee may assign said option to another party to hold such option by filing with Lessor a written copy of such assignment executed by a Vice President or the Treasurer of Lessee, and thereupon Lessee's assignee or any subsequent assignee shall have the right to exercise such option upon the same terms and conditions provided herein for an exercise thereof by Lessee.

Section 19.04. Economic Unfeasibility, Lessee's Option to Purchase. If, at any time, (i) changes in the economic availability of raw materials, operating supplies, or facilities (including, but not limited to, facilities in connection with the disposal of industrial wastes) necessary for the operation of the Leased Premises for the purposes specified in this Lease shall have occurred or (ii) technological advances or other changes shall have occurred which in Lessee's reasonable judgment shall have rendered the Leased Premises unfeasible or uneconomical to operate for such purposes, Lessee shall have and is hereby granted an option to purchase the Leased Premises and the purchase price shall be determined as set forth in Section 19.02. In the event Lessee determines to exercise said option, it shall give not less than 60 days' written notice to Lessor and the Trustee. Such notice shall certify that one or more of the events giving rise to such election have occurred and shall state the date upon which Lessee elects to close such purchase. Further, such notice shall be signed by a Vice President or the Treasurer of Lessee, and shall be conclusive that such event or events have, in fact, occurred. On the proposed date of purchase and upon payment of the purchase price, in cash, Lessor shall convey the Leased Premises to Lessee subject and pursuant to Article XX and this Lease shall thereupon terminate.

Section 19.05. Purchase of Unimproved Land. Lessee shall have, and is hereby granted, the option to purchase any unimproved part of the Leased Premises (on which none of the Facilities is located, but on which roads, alleys, sidewalks, transportation, parking, or utility facilities may be located) at any time and from time to time at and for a purchase price equal to the cost thereof to Lessor hereinafter specified provided that it furnishes Lessor with the following:

- (a) A notice in writing containing (i) an adequate legal description of that portion of the Leased Premises with respect to which such option is to be

exercised and (ii) a statement that Lessee intends to exercise its option to purchase such portion of the Leased Premises on a date stated, which shall be not less than 30 nor more than 90 days from the date of such notice.

(b) A certificate of an engineer (who may be an engineer in the sole employ of Lessee), dated not more than 90 days prior to the date of the purchase and stating that, in the opinion of said engineer, (i) the portion of the Leased Premises with respect to which the option is exercised is not needed for the operation of the Leased Premises for the purposes hereinabove stated and (ii) the purchase will not interfere with the operation or substantially change the use of the Facilities for the purposes of this Lease and will not destroy the means of ingress thereto and egress therefrom.

(c) An amount of money equal to \$ _____ per acre.

Lessor agrees that upon receipt of the notice, certificate and money required in this Section 19.05 to be furnished to it by Lessee, Lessor will promptly deliver the same to the Trustee for deposit in the Bond Redemption Account created under the Indenture and secure from the Trustee a release from the lien of the Indenture of such portion of the Leased Premises with respect to which Lessee shall have exercised the option granted to it in this Section 19.05. In the event Lessee shall exercise the option granted to it under this Section 19.05, Lessor shall convey title to such unimproved premises to Lessee and Lessee shall not be entitled to any abatement or diminution of the rents payable hereunder except as may otherwise be provided in Schedule C hereto.

Section 19.06. Granting of Easements. From time to time during the Term Lessee shall have the right (i) to grant easements affecting the Leased Premises, (ii) to dedicate or convey, as required, portions of the Leased Premises for road, highway and other public purposes, and (iii) to execute petitions to have the Leased Premises or portions thereof annexed to any municipality or included within any utility, highway or other improvement or service district, provided that prior to the exercise of any of the powers granted by this Section 19.06: (a) Lessee shall notify Lessor in writing of the action to be taken, (b) Lessee shall furnish Lessor with a certificate executed by a Vice President or the Treasurer of Lessee certifying that the action to be taken will neither adversely affect the market value of the Leased Premises nor the use of the Leased Premises in Lessee's business, and confirming that Lessee shall remain obligated under the terms of the Lease to the same extent as if the action being taken had not taken place and that Lessee shall, if necessary, restore and rebuild the Leased Premises to good condition and repair.

Upon compliance with the provisions hereof Lessor shall, to the extent necessary, execute and deliver all such documents as are necessary to effectuate the intent of this Section 19.06.

ARTICLE XX

Payment and Title Upon Purchase

Section 20.01. Title. In the event of any purchase of all or any portion of the Leased Premises by Lessee pursuant to any provision of this Lease, Lessor shall convey merchantable title thereto to Lessee free and clear of the Indenture, but Lessor shall not otherwise be obligated to give or assign any better title to Lessee than existed on the first day of the Term. Lessee shall accept such title, subject, however, to (i) any liens, encumbrances, charges, exceptions and restrictions not created or caused by Lessor, and (ii) any laws, regulations and ordinances. Although Lessor shall be obligated to convey such title as aforesaid on the date of purchase upon receipt of the purchase price therefor or on a date fixed for the redemption of Bonds, Lessor shall nevertheless have such additional time as is reasonably required by Lessor to deliver or cause to be delivered to Lessee all instruments and documents reasonably required by Lessee and necessary to remove from record or otherwise discharge any liens, encumbrances, charges or restrictions in order that Lessor may convey title as aforesaid. To the extent that it may be lawful to do so, Lessor covenants that it will not adopt any law, regulation or ordinance which would adversely affect the title of Lessee.

Section 20.02. Charges Incident to Conveyance. Upon the date fixed for the purchase of all or any portion of the Leased Premises by Lessee, Lessee shall tender the purchase price therefor to Lessor, and Lessor shall deliver a deed conveying such property to Lessee. Lessee shall pay all charges incident to any conveyance, including any escrow fees, recording fees, title insurance premiums and any applicable federal, state or local taxes (except state and local income taxes) and the like.

Section 20.03. Time of Payment of Purchase Price. Notwithstanding any other provision hereof this Lease shall not terminate on the date on which Lessee shall be obligated or have elected to purchase (whether or not any delay in the completion of such purchase shall be the fault of Lessor), nor shall Lessee's obligations hereunder cease under any termination provision hereof until Lessee shall have paid the purchase price then payable for the Leased Premises, without set-off, counterclaim, abatement, suspension, deduction, diminution, or defense for any reason whatsoever, and until Lessee shall have discharged or made provision satisfactory to Lessor for the discharge of, all of its obligations under this Lease, which obligations have

arisen on or before the termination date or the date for the purchase of the Leased Premises, including the obligation to pay the Basic Rent due and payable on such date.

ARTICLE XXI

Miscellaneous

Section 20.01. Waiver of Statutory Rights.

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

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

Section 21.03. Remedies Cumulative. Each right, power and remedy of Lessor provided for in this Lease shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, in any jurisdiction where such rights, powers and remedies are sought to be enforced, and the exercise or beginning of the exercise by Lessor of any one or more of the rights, powers or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by Lessor of any or all such other rights, powers or remedies.

Section 21.04. Surrender of the Leased Premises. Except as otherwise provided in this Lease, Lessee shall, upon the expiration or termination of this Lease for any reason whatsoever, surrender the Leased Premises to Lessor in good order, condition and repair, except for normal wear and tear.

Section 21.05. Acceptance of Surrender. No surrender to Lessor of this Lease or of the Leased Premises or any part thereof or of any interest therein shall be valid or effective unless agreed to and accepted in writing by Lessor and (so long as any Bonds remain outstanding and

unpaid) the Trustee; and no act by any representative or agent of Lessor, and no act by Lessor, other than such a written agreement and acceptance by Lessor, shall constitute an acceptance of any surrender.

Section 21.06. Estoppel Certificate by Lessee. Lessee agrees at any time and from time to time, upon not less than 30 days' prior written request by Lessor or the Trustee to execute, acknowledge and deliver to Lessor and the Trustee a statement in writing certifying that this Lease is unmodified and is in full force and effect (or if there have been modifications that the same is in full force and effect as modified and stating the modifications) and the date to which the Basic Rent and other charges have been paid in advance, if any.

Section 21.07. No Claims Against Lessor. Nothing contained in this Lease shall constitute any consent or request by Lessor, expressed or implied, for the performance of any labor or services or the furnishing of any materials or other property in respect of the Leased Premises or any part thereof, nor give Lessee any right, power or authority to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any claim against Lessor.

Section 21.08. Applicable Law. This Lease shall be governed exclusively by the provisions hereof and by the applicable laws of the State of South Carolina.

Section 21.09. Severability. In the event that any clause or provision of this Lease shall be held to be invalid by any court of competent jurisdiction, the invalidity of such clause or provision shall not affect any of the remaining clauses and provisions hereof.

Section 21.10. Notices and Demands. All notices, reports, certificates, demands, requests, consents, approvals and other similar instruments under this Lease shall be in writing and shall be deemed to have been properly given if sent by United States certified or registered mail, postage prepaid, (a) if to Lessee, addressed to Lessee at Phillips Building, Bartlesville, Oklahoma 74003, Attention: Treasurer, Treasury Department, with a copy to Phillips Fibers Corporation, P. O. Box 66, Greenville, South Carolina 29602, Attention: Treasurer, or at such other address as Lessee from time to time may have designated by written notice to Lessor and the Trustee, and (b) if to Lessor addressed to Chairman, County Board of Commissioners, Spartanburg County, Spartanburg, South Carolina 29301, and to the Trustee at _____, _____, _____, Attention: Corporate Trust Department, or at such other address as Lessor or the Trustee may have designated, from time to time, by written notice to Lessee.

Section 21.11. Headings and References. The headings in this Lease are for convenience of reference only and shall not define or limit the provisions hereof. Unless otherwise specified, all references in this Lease to particular Articles or Sections are references to Articles or Sections of this Lease.

Section 21.12. Successors and Assigns. The terms and provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 21.13. Multiple Counterparts. This Lease may be executed in several counterparts, each of which shall be an original, but all of which shall constitute but one and the same instrument.

Section 21.14. No Merger of Estates. It is recognized that Lessee is the owner in fee simple of the servient estate over which various easements and rights of way (more fully described in Schedule A hereto) have been leased to Lessee. It is hereby expressly declared that the ownership by Lessee of both such servient estate and such leasehold interest in such easements shall not result in a merger of such interests.

Section 21.15. Recording. This Lease and every supplement, assignment and modification hereof shall be recorded in the office of the Register of Mesne Conveyances of Spartanburg County, South Carolina, or in such other office as may be at the time provided by law as the proper place for the recordation thereof. This Lease as originally executed shall be recorded prior to the recordation of the Indenture.

Section 21.16. Amendments, Changes and Modifications. Except as otherwise provided in this Lease or in the Indenture, subsequent to the issuance of Bonds and prior to the payment in full of the Bonds (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), this Lease may not be effectively amended, changed, modified, altered or terminated without the concurring written consent of the Trustee, given in accordance with the provisions of the Indenture.

Section 21.17. Financial Reports. Lessee 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 Lessor such information respecting the business affairs, operation and financial condition of Lessee and such consolidated subsidiaries as may be reasonably requested; and upon written request Lessee will furnish to the Trustee in triplicate, as soon as available and in any event within 150 days after the close of each fiscal year of Lessee, a copy of the annual audit report (including

balance sheets, profit and loss and surplus statements) of Lessee and its consolidated subsidiaries for such fiscal year, all as prepared and certified by independent public accountants of recognized standing, provided, however, that if the annual report of Lessee 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.

Section 21.18. Quiet Possession. Lessee, by keeping and performing the covenants and agreements on its part herein contained, shall at all times during the Term, peaceably and quietly, have, hold and enjoy the Leased Premises without suit, trouble or hindrance from Lessor or its successors or assigns.

Section 21.19. Amendments, Changes and Modifications of Indenture. Lessor covenants and agrees during the Term that it will not, without the prior written consent of Lessee, enter into or consent to any amendment, change or modification of the Indenture which would adversely affect Lessee's rights under this Lease or the Construction Deposit Agreement.

IN WITNESS WHEREOF, SPARTANBURG COUNTY, SOUTH CAROLINA has executed this Lease by causing its name to be hereunto subscribed by the Chairman of its County Board of Commissioners and its official seal to be impressed hereon and attested by its County Administrator, and PHILLIPS PETROLEUM COMPANY has executed this Lease by causing its corporate name to be hereunto subscribed by its _____ and its corporate seal to be impressed hereon and attested by an Assistant Secretary, all being done as of the day and year first above written.

SPARTANBURG COUNTY, SOUTH CAROLINA

By _____
Chairman, County Board of
Commissioners

(SEAL)

Attest:

County Administrator

Signed, sealed and delivered in the presence of:

PHILLIPS PETROLEUM COMPANY

By _____

(SEAL)

Attest:

Assistant Secretary

Signed, sealed and delivered in the presence of:

STATE OF SOUTH CAROLINA)
) SS
COUNTY OF SPARTANBURG)

Personally appeared before me _____,
who, being duly sworn, says that he saw the official seal
of SPARTANBURG COUNTY, SOUTH CAROLINA, affixed to the fore-
going instrument (Lease) and that he also saw _____
_____, Chairman, County Board of Commissioners and
_____, County Administrator of said
SPARTANBURG COUNTY, SOUTH CAROLINA, sign and attest the
same, and that he and _____ witnessed the
execution and delivery thereof as the act and deed of said
SPARTANBURG COUNTY, SOUTH CAROLINA.

Witness

Sworn to before me this _____ day of
_____, 1969, _____, Notary
Public for _____.

A Notary Public

My commission expires: _____

STATE OF OKLAHOMA)
) SS
COUNTY OF WASHINGTON)

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

Witness

Sworn to before me this _____ day of
_____, 1969, _____, Notary
Public for _____.

A Notary Public

My commission expires: _____

EXHIBIT

2

SPARTANBURG COUNTY, SOUTH CAROLINA

TO

TRUSTEE

INDENTURE OF MORTGAGE
AND
DEED OF TRUST

DATED AS OF DECEMBER 1, 1969

RELATING TO INDUSTRIAL REVENUE BONDS (PHILLIPS)
OF SPARTANBURG COUNTY, SOUTH CAROLINA

THIS INDENTURE OF MORTGAGE AND DEED OF TRUST,
made and entered into as of the 1st day of December,
1969, by and between SPARTANBURG COUNTY, a political sub-
division of the State of South Carolina (hereinafter called
the "County"), party of the first part, and _____

_____, _____, a banking corporation
organized and existing under and by virtue of the laws of
the United States of America and being duly qualified to
accept and administer the trusts hereby created (hereinafter
called the "Trustee"), and having its principal place of
business in the City of _____, State of
_____, party of the second part, as Trus-
tee,

W I T N E S S E T H:

WHEREAS the County is a political subdivision of
the State of South Carolina and is authorized under Act No.
103 of the Acts and Joint Resolutions of the General
Assembly of the State of South Carolina, 1967 (hereinafter
called the "Act") to acquire, own, lease and dispose of
properties, through which the industrial development of the
State of South Carolina will be promoted and trade develop-
ed by inducing manufacturing and commercial enterprises to
locate in and remain in the State of South Carolina, and
thus utilize and employ the manpower, agricultural products
and natural resources of the State; and

WHEREAS to induce PHILLIPS PETROLEUM COMPANY, a
Delaware corporation (hereinafter sometimes referred to as
"Phillips"), to locate a distribution center and related
facilities in the State of South Carolina, the County has
acquired certain real property in Spartanburg County, South
Carolina and will make certain funds available to construct
and equip said distribution center and related facilities
and has leased the same (hereinafter collectively referred
to as the "Project") to Phillips; and

WHEREAS the County pursuant to resolution duly
adopted and approved, has entered into a Lease dated as of
December 1, 1969 (hereinafter sometimes referred to as the
"Lease"), of the Project with Phillips, which Lease has
been duly recorded in the office of the Register of Mesne
Conveyances of Spartanburg County, and to which Lease refer-
ence may be made by any interested person for the rental,
terms, conditions and obligations of the parties thereto;
and

WHEREAS the acquisition and leasing of the Project
and the issuance of revenue bonds by the County as herein
recited and provided has been duly approved by the State
Budget and Control Board of South Carolina and will serve

the intended purposes and in all respects conform to the provisions and requirements of the Act; and

WHEREAS the County is authorized by the Act and deems it necessary to borrow money under and pursuant to the provisions hereof for purposes of acquiring and constructing the Project and to carry out its obligations under the terms of the Lease and to that end, has duly authorized and directed the issuance, sale and delivery of its bonds, to be known as its Industrial Revenue Bonds (Phillips), to be issued as coupon bonds in one or more series (all bonds from time to time outstanding under the terms of this Indenture are hereinafter referred to as the "Bonds") and to secure the payment of the principal thereof and of the interest and redemption premiums thereon and the performance and observance of the covenants and conditions herein contained the County has authorized the execution and delivery of this Indenture by resolution of the County Board of Commissioners of the County, duly adopted and approved; and

WHEREAS the County has determined that the amount necessary to finance the cost of the Project, including necessary expenses incidental thereto, will require the issuance, sale and delivery of an initial series of Bonds hereunder, designated "Industrial Revenue Bonds, Series 1969 (Phillips)" (hereinafter called the "Series 1969 Bonds") in the aggregate principal amount of One Million Dollars (\$1,000,000); and

WHEREAS the Series 1969 Bonds and the interest coupons to be attached thereto and the Trustee's certificates of authentication shall be substantially in the following form with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture:

(Form of Series 1969 Bond)

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA

COUNTY OF SPARTANBURG

INDUSTRIAL REVENUE BOND, SERIES 1969 (PHILLIPS)

NO.

\$5000

KNOWN ALL MEN BY THESE PRESENTS that SPARTANBURG COUNTY, a political subdivision of the State of South Carolina (hereinafter referred to as the "County"), for

value received, promises to pay from the source and as hereinafter provided, to bearer, or, if this Bond be registered to the registered holder hereof, on December 1, 19__, the principal sum of

FIVE THOUSAND DOLLARS (\$5000)

and to pay interest on said sum from the date hereof at the rate of _____ per cent (____%) per annum payable on June 1, 1970 and semiannually thereafter on December 1 and June 1 of each year until said principal sum is paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be and become applicable hereto, both principal of and interest on this Bond being payable in lawful money of the United States of America at the principal office of _____, in the City of _____, or its successor in the trust hereinafter described.

This Bond is one of an authorized issue of Bonds aggregating One Million Dollars (\$1,000,000) principal amount issued for the purpose of acquiring land and a distribution center to be constructed thereon consisting of buildings, improvements, machinery, equipment and real and personal properties in connection therewith (hereinafter called the "Project") and leasing the same to Phillips Petroleum Company, a Delaware corporation (hereinafter referred to as the "Lessee") and paying necessary expenses incidental thereto so as thereby to secure and develop industry and trade by inducing the location in the County of the Project. The Bonds are issued under and are to be equally and ratably secured and entitled to protection given by an Indenture of Mortgage and Deed of Trust (hereinafter referred to as the "Indenture"), dated as of December 1, 1969, duly executed and delivered by the County to _____, in the City of _____, as Trustee (the term "Trustee" where used herein refers to _____ or its successor in said trust), which Indenture is recorded in the office of the Register of Mesne Conveyances of Spartanburg County, South Carolina, and reference is hereby made to the Indenture and to all indentures supplemental thereto for a description of the property mortgaged, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the County, the Trustee and the holders of the Bonds and the terms upon which the Bonds are issued and secured, to all of the provisions of which Indenture each holder by the acceptance hereof, assents. As provided in the Indenture, Bonds of other series ranking equally with the Bonds of the series of which this is one may be issued and such Bonds may vary in such manner as is provided and permitted in the Indenture. All Bonds from time to time outstanding under the terms of the Indenture are hereinafter referred to as the "Bonds".

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

The Bonds of this series are subject to redemption by the County at any time as a whole, but not in part (unless called for redemption pursuant to Section 10.05 of the Lease between the County and the Lessee dated as of December 1, 1969 (hereinafter referred to as the "Lease"), in which event such Bonds may also be called in part) in inverse order of maturity and within each maturity by lot in such manner as may be designated by the Trustee, in the event of (1) condemnation of any part of the Project to the extent provided in Section 10.05 of the Lease or (2) exercise by the Lessee of its option to terminate the Lease or purchase the Project in the event of condemnation or casualty as provided in Section 10.04 of the Lease or (3) purchase of the Project by the Lessee as provided in Section

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

The Bonds of this series are subject to redemption by the County at any time as a whole, but not in part (unless called for redemption pursuant to Section 10.05 of the Lease between the County and the Lessee dated as of December 1, 1969 (hereinafter referred to as the "Lease"), in which event such Bonds may also be called in part) in inverse order of maturity and within each maturity by lot in such manner as may be designated by the Trustee, in the event of (1) condemnation of any part of the Project to the extent provided in Section 10.05 of the Lease or (2) exercise by the Lessee of its option to terminate the Lease or purchase the Project in the event of condemnation or casualty as provided in Section 10.04 of the Lease or (3) purchase of the Project by the Lessee as provided in Section

19.01 of the Lease, at a redemption price of 101-1/2% of the principal amount thereof plus accrued interest to the redemption date.

The Bonds of this series are also subject to redemption by the County at any time as a whole, but not in part, in the event of exercise by the Lessee of its option to purchase the Project as provided in Section 19.04 of the Lease, at a redemption price of 104% of the principal amount thereof plus accrued interest to the redemption date if redeemed prior to December 1, 1979 and at the redemption prices (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date if redeemed on December 1, 1979 or thereafter.

In addition, such Bonds are subject to redemption prior to maturity on any interest payment date on or after December 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:

<u>Redemption Date</u> <u>(dates inclusive)</u>	<u>Redemption</u> <u>Price</u>
December 1, 1979 to November 30, 1982	104%
December 1, 1982 to November 30, 1985	103%
December 1, 1985 to November 30, 1988	102%
Thereafter at	101%

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

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

This Series 1969 Bond is issued pursuant to and in full compliance with the Constitution and laws of the State of South Carolina, particularly Act. No. 103 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, 1967, and pursuant to resolution of the Board of Commissioners of the County duly adopted and approved, which resolution authorizes the execution and delivery of the Indenture. This Series 1969 Bond and the issue of which it forms a part and the interest coupons appertaining hereto are limited obligations of the County and shall never constitute an indebtedness of the County within the meaning of any state constitutional or statutory provision or limitation, but are payable solely out of the revenues and other amounts derived from the leasing of the Project financed through the issuance of the Series 1969 Bonds. The Series 1969 Bonds and the interest coupons appertaining thereto do not now and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers. Rental payments sufficient for the prompt payment when due of the interest on and principal of said Bonds are to be paid to the Trustee for the account of the county and deposited in a special account created by the County and have been duly pledged for that purpose. In addition, the Bonds are secured by a mortgage on the real property and improvements (but not including Excluded Property as referred to and defined in the Indenture) acquired with the proceeds of the Bonds.

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

the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

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

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

IN WITNESS WHEREOF, Spartanburg County, South Carolina, has caused this Series 1969 Bond to be executed in its name by the facsimile signature of the Chairman of its County Board of Commissioners, and attested by its County Administrator and a facsimile of the corporate seal of said board to be printed hereon, and has caused the interest coupons attached hereto to be executed by the facsimile signatures of said Chairman and County Administrator, all as of the first day of December, 1969.

(Facsimile Signature)

Chairman

(SEAL)

ATTEST:

County Administrator

(Form of Trustee's Certificate of Authentication)

This Bond is one of the Bonds of the series designated therein and issued under the provisions of the within-mentioned Indenture.

Trustee

By

Authorized Officer

(Form of Interest Coupon)

No. _____

\$ _____

On the first day of _____, 19____,
Spartanburg County, South Carolina (unless the Bond to
which this coupon appertains shall have been duly called
for previous redemption and payment of the principal amount
thereof, interest accrued thereon to the date of redemption
and any redemption premium duly made or provided for) will
pay to bearer, but solely from the sources and in the manner
provided in the Indenture referred to therein, and upon
presentation and surrender of this coupon at the principal
office of the Trustee (_____),
in the City of _____ or its successor
in trust the amount shown hereon in lawful money of the
United States of America, being interest then due on its
Industrial Revenue Bond, Series 1969 (Phillips), dated De-
cember 1, 1969 and numbered _____.

(Facsimile Signature) _____

Chairman

(Facsimile Signature) _____

County Administrator

(Form of Registration)

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

WHEREAS, all things necessary to make the Series
1969 Bonds, when authenticated by the Trustee and issued,
as in this Indenture provided, valid, binding and legal
special obligations of the County, and to constitute this
Indenture a valid and binding agreement securing the pay-
ment of the principal of and interest on all Bonds issued
and to be issued hereunder, have been done and performed
and the creation, execution and delivery of this Indenture
and the creation, execution and issuance of said Bonds,
subject to the terms hereof, have in all respects been
authorized;

NOW, THEREFORE, THIS INDENTURE FURTHER WITNESS-
ETH:

That the County, in consideration of the premises and of the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Bonds by the holders thereof, and of the sum of One Dollar (\$1.00) 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 consideration, the receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of, premium, if any, and interest on all Bonds at any time issued and outstanding under this Indenture 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, has granted, bargained, sold, warranted, aliened, remised, released, conveyed, assigned, transferred, mortgaged, pledged, set over and confirmed, and does by these presents hereby grant, sell, warrant, remise, release, convey, assign, transfer, alien, mortgage, pledge, set over and confirm, unto the Trustee and to its successors in the trusts hereby created, and to it and its assigns forever, with power of sale subject to the rights of Phillips Petroleum Company, its successors and assigns, under the Lease, all and singular the property of the County hereinafter described, to wit:

DIVISION I

The parcels of real estate located in Spartanburg County, South Carolina specifically described in Schedule A attached hereto and hereby made a part hereof, together with all right, title and interest of the County in and to all buildings, structures, improvements and appurtenances now standing, or at any time hereafter constructed or placed upon said property or any part thereof, including all right, title and interest of the County, if any, in and to all building material, plants and fixtures of every kind and nature whatsoever on said premises or in any building now or hereafter standing on said property, or any part thereof (but not including Excluded Property), and the reversion or reversions, remainder or remainders, in and to said property and each and every part thereof, and together with the entire interest of the County in and to all and singular the tenements, hereditaments, easements, rights, privileges and appurtenances to said property belonging or in any wise appertaining thereto, and all the estate, right, title, interest, claim or demand whatsoever of the County either in law or in equity, in possession or expectancy, of, in and to said property.

DIVISION II

All right, title and interest of the County in and to the rents, issues, profits, income, revenues and receipts derived from the Trust Estate or any part thereof including without limitation, all right, title and interest of the County as Lessor, in, under and to the Lease dated as of December 1, 1969 (which Lease is described in the third WHEREAS clause of this Indenture and referred to as the "Lease") between the County, as Lessor, and Phillips Petroleum Company, a Delaware corporation, as Lessee, covering the property described in Division I and all rents, issues, profits, income and other sums due and to become due under and pursuant to or by reason of the Lease, it being the intent and purpose hereof that the assignment and transfer to the Trustee of the rents and other sums due and to become due under the Lease shall be effective and operative immediately and shall continue in force and effect, and the Trustee shall have the right to collect and receive said rents and other sums for application in accordance with the provisions hereof, at all times during the period from and after the date of this Indenture until the indebtedness hereby secured shall have been fully paid and discharged, including without limitation at all times after the institution and during the pendency of foreclosure proceedings and after any sale on foreclosure. The County, however, is to remain liable to observe and perform all the conditions and covenants in said Lease provided to be observed and performed by it.

DIVISION III

All rights, privileges, licenses, permits, immunities, and easements of every kind and nature appurtenant to the properties and estates described in Divisions I and II hereof or appurtenant to any property covered by any instrument at any time hereafter conveying, mortgaging, pledging or assigning any property of any kind to the Trustee hereunder to be held as part of the mortgaged property; and also all and singular the tenements, hereditaments or appurtenances belonging to said properties or any part thereof or in any wise appertaining thereto and the reversions, remainders, rents, issues and profits thereof (including, but without limitation of the present assignment, pledge and transfer of the rents, income and other sums due and to become due under and pursuant to the Lease which is provided for in Division II hereof, the rents, issues and profits during any period allowed by law for the redemption of the mortgaged property after any foreclosure or other sale); and all the estate, right, title and claim whatsoever, at law as well as in equity, which the County now has or may hereafter acquire in and to the property and estate described in Divisions I and II hereof

or any part thereof, whether now owned or hereafter acquired.

DIVISION IV

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

SUBJECT, HOWEVER, to the following:

(a) The lien of current taxes and assessments not in default;

(b) The liens, restrictions, exceptions or reservations, if any, set forth in Schedule A attached hereto;

(c) All rights, title and interest of Phillips Petroleum Company, its successors and assigns, under the Lease; and

(d) Easements, restrictions, exceptions or reservations in or affecting the real property described in Schedule A attached hereto for the purpose of roads, streets and similar purposes or for the joint or common use of properties, facilities and fixtures; and defects and irregularities in the title to said real property which do not materially impair the use or value of said real property for the purposes for which said real property is held by the County.

TO HAVE AND TO HOLD, all and singular, the trust estate, including all additional property which by the terms hereof has or may become subject to the encumbrance of this Indenture, unto the Trustee and its successors and assigns, forever;

IN TRUST, however, for the equal and proportionate benefit and security of the holders from time to time of the Bonds (and their appurtenant coupons) authenticated and delivered hereunder and issued by the County and outstanding, without preference, priority or distinction as to lien or otherwise of any one of said Bonds over any other or others of said Bonds to the end that each holder of such Bonds has the same rights, privileges and lien under and by virtue of this Indenture; and conditioned, however, that if the County shall well and truly pay or cause to be paid fully and promptly when due all indebted-

ness, liabilities, obligations and sums at any time secured hereby, including interest and attorneys' fees, and shall promptly, faithfully and strictly keep, perform and observe or cause to be kept, performed and observed all of its covenants, warranties and agreements contained herein, then and in such event this Indenture shall be and become void and of no further force and effect, otherwise the same shall remain in full force and effect, and upon the trust and subject to the covenants and conditions hereinafter set forth.

ARTICLE I

Definitions

Section 1.01. In addition to the words, terms and phrases elsewhere defined in this Indenture, the following words, terms and phrases as used in this Indenture and in the Bonds shall have the following meanings, unless some other meaning is plainly intended:

"Act" means the provisions of Act No. 103 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, 1967.

"Authorized Newspaper" means a newspaper of general circulation in the City of New York, New York, printed in the English language, customarily published on each business day whether or not published on Saturdays, Sundays or holidays.

"Basic Rent" means the rental set forth in Schedule C of the Lease.

"Bondholder" and "holder" shall mean the bearer of a Bond not registered as to principal, the bearer of a coupon, and the registered owner of a Bond registered as to principal.

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

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

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

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

"Construction Deposit Agreement" shall mean the agreement by that name between the County, Phillips Petroleum Company, and _____, as Depositary, providing for the disbursement of part of the proceeds of sale of the Series 1969 Bonds for the purpose of acquiring, constructing and equipping the Project.

The word "continuing", as applied to an event of default, means any event of default not cured or waived.

"County" shall mean Spartanburg County, South Carolina, and its lawful successors.

"Excluded Property" shall mean (i) the machinery and equipment described in Schedule B to the Lease, as from time to time amended and supplemented, and any machinery or equipment located or installed in the Project in replacement thereof or substitution therefor, and (ii) all property owned by the Lessee and title to which remains in the Lessee under the provisions of the Lease.

"Expense Account" shall mean the account by that name referred to in Article III hereof.

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

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

"Lease" shall mean the Lease dated as of December 1, 1969 executed by the County, as Lessor, and Phillips Petroleum Company, as Lessee, as from time to time amended and supplemented.

"Officers' Certificate" with reference to Phillips Petroleum Company, shall mean a certificate signed by the President or any Vice President or the Treasurer or any Assistant Treasurer or the Secretary or any Assistant Secretary of Phillips Petroleum Company, and with reference to the County shall mean a certificate in writing signed by the Chairman of the County Board of Commissioners and by the County Administrator.

"Opinion of Counsel" means a written opinion of counsel who may be counsel for the County or counsel for Phillips Petroleum Company.

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

- (a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee cancelled or for cancellation;
- (b) Bonds for the payment or redemption of which moneys in the necessary amount shall have been deposited in trust with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds), provided that if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as provided in Article V or provisions satisfactory to the Trustee shall have been made for giving such notice; and
- (c) Bonds in substitution for which other Bonds shall have been authenticated and delivered pursuant to the terms of Section 2.05.

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

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

"Qualified Investments" shall mean the obligations specified in Section 3 of Schedule C to the Lease.

"Responsible Officers" of the Trustee or any separate trustee or co-trustee hereunder shall mean the chairman of the board of directors, the president, every vice president, every assistant vice president, the cashier, every assistant cashier, the secretary, every assistant secretary, every trust officer, and every officer and assistant officer of such trustee, other than those specifically above mentioned, to whom any corporate trust matter is referred because of his knowledge of, and familiarity with, a particular subject.

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

"Series 1969 Bonds" shall mean the \$1,000,000 principal amount of Industrial Revenue Bonds, Series 1969 (Phillips), from time to time issued and outstanding under this Indenture.

"Tenant" or "Lessee" shall mean Phillips Petroleum Company and its successors and assigns and any surviving, resulting or transferee corporation as provided in Section 13.02 of the Lease.

"Trust Estate", "trust estate" or "mortgaged property" shall mean the property of the County which is subject to the lien of this Indenture, but does not include Excluded Property.

"Trustee" shall mean _____, the party of the second part to this Indenture and its successors in interest.

"Written Request" with reference to the County shall mean a request in writing signed by the Chairman of the County Board of Commissioners and by the County Administrator and with reference to Phillips Petroleum Company, shall mean a request in writing signed by the President or any Vice President or the Treasurer or any Assistant Treasurer or the Secretary or any Assistant Secretary of Phillips Petroleum Company.

Section 1.02. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. The words "Bond", "coupon", "holder", and "person" shall include the plural as well as the singular number unless the context shall otherwise indicate. The word "person" shall include corporations, partnerships, associations, firms, public bodies and natural persons unless the context shall otherwise indicate. References to the officials of the County or to the County Board of Commissioners shall be deemed to include their respective lawful successors.

Any certificate or opinion made or given by an officer of the County may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any certificate or opinion made or given by counsel may be based (insofar as it relates to factual matters, information with respect to which is in the possession of the County), upon the certificate or opinion of or representations by an officer or officers of the County, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

ARTICLE II

Execution, Authentication, Maturity, Form and Registration of Bonds

Section 2.01. The Bonds authorized to be issued under this Indenture shall be designated as "Industrial Revenue Bonds (Phillips)". The Series 1969 Bonds shall be issuable in the denomination specified in Section 3.01 hereof and Bonds of other series shall be issuable in the denomination or denominations specified in the supplemental indenture creating such series.

Section 2.02. Notwithstanding anything herein or in the Bonds to the contrary, all covenants and agreements contained in this Indenture and in the Bonds on behalf of the County shall be subject to the provisions of this Section 2.02. The Bonds shall be limited obligations of the County, the principal of and interest on which are payable solely out of the revenues derived from the leasing of the Project which the Bonds were issued to finance. The principal of and interest on the Bonds are secured by a pledge of the revenues from which the Bonds are payable and are additionally secured by the lien of this Indenture on the Trust Estate and are further secured by a pledge and assignment to the Trustee of the Lease. The Bonds and interest coupons shall never constitute an indebtedness of the County within the meaning of any state constitutional or statutory provision or limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

Section 2.03. The principal of, premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America, and such principal, premium, if any, and interest shall be payable at the main office of the Trustee, _____, or its successor in trust. Subject to Section 2.07, payment of the interest on the Bonds shall be made only upon presentation and surrender of the coupons representing such interest as the same respectively falls due. Payment of the principal of all Bonds shall be made upon presentation and surrender of such Bonds as the same shall become due and payable.

Section 2.04. Only Bonds authenticated by the endorsement thereon of a certificate substantially in the form hereinbefore recited, executed by the Trustee, by one of its authorized officers, shall be valid or become obligatory for any purpose or be secured by this Indenture or shall be entitled to any benefit hereunder; and every certificate of the Trustee upon any Bond purporting to be secured hereby shall be conclusive evidence that such Bond so authenticated has been duly authenticated and delivered hereunder, and that the holder is entitled to the benefit of the trusts hereby created. Before authenticating and

delivering any Bond hereunder, the Trustee shall remove and cancel any coupons thereon then matured except coupons in default.

Section 2.05. All Bonds issued and to be issued under this Indenture shall be executed in the name of the County by the manual or facsimile signature of the Chairman of its County Board of Commissioners and shall have impressed or printed thereon the corporate seal of said board or a facsimile thereof, attested by the manual signature of its County Administrator. In case any of the officers of the County who shall have signed or sealed any Bond shall cease to be such officer before the Bond so signed or sealed shall have been actually authenticated by the Trustee or delivered or issued, such Bond may be authenticated and delivered and issued with the same effect as though the person who had signed and sealed such Bond had not ceased to be an officer of the County. The coupons to be attached to all Bonds shall be authenticated by the engraved or lithographed facsimile signatures of said Chairman and County Administrator and the County may use for the purpose the engraved or lithographed signatures of such officers, notwithstanding the fact that they or either of them may have ceased to be such officers at the time when such Bonds shall be actually authenticated and delivered or issued.

Section 2.06. In case any Bond or coupon issued hereunder shall become mutilated, or be lost, stolen, or destroyed, the County, in its discretion, shall issue, and the Trustee shall authenticate and deliver, a new Bond (with coupons corresponding to the coupons, if any, appertaining to the mutilated, lost, stolen or destroyed Bond) or coupon of like tenor, amount, maturity and date, and bearing the same or a different number, in exchange and substitution for, and upon the cancellation of, the mutilated Bond or coupon, or in lieu of and substitution for such lost, stolen or destroyed Bond or coupon, or if any such Bond or any coupon shall have matured or shall be about to mature, instead of issuing a substituted Bond the County may pay such Bond or coupon without surrender thereof. In every case the applicant shall furnish evidence satisfactory to the County and the Trustee of the destruction, theft or loss of such Bond or coupon, and indemnity satisfactory to the County and the Trustee, and the County may charge for the issue of such new Bond or coupon an amount sufficient to reimburse the County for the expense incurred by it in the issue thereof.

Section 2.07. Each of the Bonds issued hereunder shall be fully negotiable and pass by delivery but shall be subject to registration (as hereinafter provided) as to principal only or as to both principal and interest in the name of the holder on registration books to be provided for that purpose by the County at the principal office of the Trustee, as Bond Registrar. Upon presentation at said

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

for all other purposes whatsoever, and neither the County nor the Trustee shall be affected by any notice to the contrary.

ARTICLE III

The Series 1969 Bonds and Bonds of Other Series.

Section 3.01. The first series of Bonds to be issued hereunder shall be entitled "Industrial Revenue Bonds, Series 1969 (Phillips)" and shall be in the aggregate principal amount of One Million Dollars (\$1,000,000). The Series 1969 Bonds shall be issuable as coupon Bonds, in the denomination of \$5000, shall be dated December 1, 1969 and shall bear interest from such date payable semiannually on the first days of June and December of each year with the first interest payment to be made on June 1, 1970. The Series 1969 Bonds, the interest coupons to be annexed thereto, and the Trustee's Certificate of Authentication shall be substantially in the forms, and be of the tenor and purport, respectively, hereinbefore set forth. The Series 1969 Bonds shall mature, shall be numbered consecutively and shall bear interest as follows:

<u>MATURITY DATE</u>	<u>PRINCIPAL</u>	<u>BOND NUMBERS</u>	<u>INTEREST RATE</u>
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Section 3.02. The Trustee, forthwith upon the execution and delivery of this Indenture or from time to time thereafter upon the execution and delivery to it by the County of the Series 1969 Bonds and without any further action on the part of the County shall authenticate Series 1969 Bonds in the aggregate principal amount of not to exceed One Million Dollars (\$1,000,000) and shall deliver them to or upon the Written Request of the County.

The County shall simultaneously deposit with the Trustee all of the proceeds from the sale of the Series 1969 Bonds (including accrued interest on the Series 1969 Bonds from their date to the date of their delivery to the purchasers) as set forth in the Written Request of the County and the Trustee shall out of such proceeds:

(a) Deposit to the credit of the Interest Account established under Article IV hereof the accrued interest on the Series 1969 Bonds from their date to the date of their delivery. It is understood that the amount so deposited shall constitute a credit to the Lessee on the then next succeeding payment or payments of Basic Rent due or to become due under the Lease.

(b) Deposit to the credit of an Expense Account (hereby created) the sum of \$_____ and pay out of such Expense Account upon the Written Request of the County and (so long as the Lessee is not in default under the Lease) of the Lessee, and legal and fiscal fees and expenses, recording expenses, trustee's and depository's fees, title insurance costs and any other costs and expenses incurred in connection with the issuance and sale of the Series 1969 Bonds. At such time as the County and the Lessee furnish the Trustee with a letter stating that all such fees and expenses have been paid, the Trustee shall transfer any moneys remaining in such account to the Depository under the terms of the Construction Deposit Agreement.

(c) Pay to the Depository under the terms of the Construction Deposit Agreement the sum of \$_____. It is understood and agreed that the Trustee hereunder shall be entitled to the benefit of the provisions of the Construction Deposit Agreement and that the same will not be altered or changed except in accordance with the terms and conditions thereof.

Section 3.03. Subject to the provisions of this Article III, Bonds of any series other than Series 1969 Bonds shall contain such variant provisions, if any, as to date, maturity or serial maturities, interest rate or interest rates, in the case of serial maturities, redemption, shall be entitled to such sinking fund provisions and shall be limited to such aggregate principal amount, if any, as shall be determined by the County Board of Commissioners of the County and set forth in an indenture supplemental hereto at the time any such other series is created.

Section 3.04. Bonds of series other than Series 1969 Bonds shall be coupon bonds which may or may not be registrable as to principal, or as to both principal and interest, shall be of such denomination or denominations

and shall be in such form or forms, not substantially different from the form of Series 1969 Bonds, except as may be occasioned by variant provisions applicable to such series. Bonds of any series may be endorsed with such notations or legends as may be required by any indenture supplemental hereto, or as may be required to conform to usage or law and be approved by the Trustee.

Section 3.05. Subject to the provisions of Section 3.06, one or more series of Bonds in addition to the Series 1969 Bonds may be authenticated and delivered from time to time when authorized by resolution or resolutions of the County Board of Commissioners of the County which shall specify:

- (a) The authorized principal amount of such series, the designation and denomination or denominations thereof and the directions for the authentication and delivery of the Bonds upon payment of the purchase price therein set forth.
- (b) The purpose for which such series is being issued.
- (c) The date of such series and maturity dates and amounts of the Bonds thereof.
- (d) The interest rate or rates of such series and the interest payment dates therefor, provided that the interest rate or rates shall be identical for all Bonds of a like maturity and the interest payment dates shall be semi-annual and shall be identical for all Bonds of the same series.
- (e) The redemption premiums and redemption terms, if any, for such Bonds, and
- (f) Any other matters deemed appropriate or necessary by the County Board of Commissioners of the County and not inconsistent with the provisions of this Indenture.

Section 3.06. So long as no event of default shall be continuing hereunder, the County may issue additional Bonds under this Indenture pursuant to the provisions and limitations herein set forth, provided, however, that in no event shall the County issue any additional Bonds hereunder if as a result of the issuance thereof the interest on the Series 1969 Bonds or the Bonds of additional series will not be fully excludable from the gross income of the recipients thereof under Section 103 of the Internal Revenue Code of 1954, as amended, after giving effect

to the provisions and limitations set forth in Section 103 (c) (6) (D) of the Internal Revenue Code of 1954, as amended. The Bonds of each series other than Series 1969 shall be issued under the Act and shall be executed by the County and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to or upon the Written Request of the County for the purpose of constructing or acquiring additions or improvements to the Project including additional real property, machinery and equipment therefor, but only upon receipt by the Trustee of:

- (a) A copy of the resolution or resolutions referred to in Section 3.05 hereof and of a Certified Resolution of the County authorizing or ratifying the supplemental instrument referred to in paragraph (b) of this Section 3.06, and a Certified Resolution of the County authorizing or ratifying a supplemental indenture authorizing the new series and pledging and assigning all rights of the County under such supplemental instrument and the additional Basic Rent for such series to the Trustee.
- (b) An executed counterpart of a supplemental instrument executed by the County and the Lessee pursuant to Section 12.03 of the Lease containing a schedule of payments of Basic Rent which are not less than the payment of principal and interest, when due, for such series and payments, if any, into reserve accounts required to be made as a consequence of the issuance of such series.
- (c) An executed counterpart of a supplemental indenture setting forth the provisions of the new series and subjecting to the lien hereof any and all real property paid for with the proceeds of such new series of Bonds and pledging and assigning all the right, title and interest of the County in and to the supplemental instrument referred to in subparagraph (b) of this Section 3.06 and pledging and assigning to the Trustee the additional Basic Rent and all rights of the County under said supplemental instrument, subject to the rights of the Lessee under the Lease.
- (d) An Opinion of Counsel to the effect that
 - (i) such Bonds are valid and binding obligations of the County and enforceable

in accordance with their terms and the terms of this Indenture, subject to bankruptcy and insolvency laws; (ii) such Bonds have been duly and validly authorized and issued in accordance with law, this Indenture and the Lease, (iii) the Lease has been effectively supplemented by the supplemental instrument referred to in subparagraph (b) of this Section 3.06 and the Lease as supplemented is valid and binding on the County and the Lessee, subject to bankruptcy and insolvency laws, and (iv) the Indenture constitutes a valid first mortgage lien on the real property and improvements (other than Excluded Property) described in the granting clauses thereof, as supplemented and amended, subject only to the rights of the Lessee under the Lease and to encumbrances, rights and interests which will not weaken, diminish or impair the security intended to be given by or under this Indenture and will not interfere with the use and operation of the Project; and that all rights of the County under said supplemental instrument and all Basic Rent payable under the Lease as so supplemented are effectively assigned to the Trustee for the security of the Bonds issued hereunder.

- (e) An Officers' Certificate of the County stating that no Bonds have been theretofore issued on the basis of the supplemental instrument referred to in subparagraph (b) of this Section 3.06 and that on the date of the authentication and delivery of such Bonds neither the County nor the Lessee is in default in the performance or observance of any of the covenants, conditions, agreements or provisions of this Indenture, the Lease or the Construction Deposit Agreement.
- (f) A copy of the resolution or resolutions of the Board of Directors or Executive Committee of the Lessee authorizing or ratifying the supplemental instrument referred to in subparagraph (b) of this Section 3.06 certified by the Secretary or an Assistant Secretary of the Lessee.
- (g) An Officers' Certificate of the Lessee that such corporation approves the issuance of the Bonds of the new series

and is not in default in the performance or observance of any of the covenants, conditions, agreements or provisions of the Lease or the Construction Deposit Agreement.

- (h) The purchase price of the Bonds being delivered as stated in the resolution referred to in Section 3.05 hereof.
- (i) A Written Request of the County for the authentication and delivery of such Bonds.

Section 3.07. All Bonds of all series from time to time authenticated and delivered under this Indenture shall be equally and ratably secured both as to principal, premium, if any, and interest by this Indenture.

ARTICLE IV

Accounts and Investment of Funds

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

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

Section 4.02. The Basic Rent to be paid by the Lessee pursuant to the terms of the Lease is assigned hereunder by the County to the Trustee so that such moneys shall be paid by the Lessee directly to the Trustee and the Trustee shall credit the Basic Rent paid pursuant to Article IV of the Lease to the Revenue Account.

Section 4.03. The Trustee shall transfer from the Revenue Account in the following order the following amounts at the times and in the manner hereinafter provided for, to wit:

- (a) Interest Account. The Trustee shall transfer from the Revenue Account to the Interest Account not less than three business days prior to each interest payment date on the Bonds, an amount which, together with such other money as may be on deposit in such Account, will be equal to the interest becoming due and payable on the outstanding Bonds on said interest payment date. Moneys in the Interest

Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to this Indenture).

- (b) Bond Retirement Account. The Trustee shall transfer from the Revenue Account to the Bond Retirement Account, not less than three business days prior to each date when Bonds of any series shall become due by their terms, the principal amount of the Bonds of such series becoming so due. In the case of the Series 1969 Bonds such dates and amounts shall be as follows:

Date

Amount

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

Section 4.04. Moneys deposited under any Construction Deposit Agreement not required for the purpose specified therein, when received by the Trustee from the depository, shall, so long as the Trustee shall not have knowledge of a default by the Lessee under the Lease, be deposited by the Trustee in the Revenue Account and credited against the next succeeding payment or payments of Basic Rent to be made by the Lessee to the Trustee.

Section 4.05. All moneys received by the Trustee under the provisions of this Indenture shall be trust funds under the terms hereof and shall not be subject to lien or attachment of any creditor of the County or the Lessee. Such moneys shall be held in trust and applied in accordance with the provisions of this Indenture.

Section 4.06. Substantially all moneys in any of the accounts to be established by the Trustee pursuant to Article IV of this Indenture shall be invested and re-invested by the Trustee in Qualified Investments (as defined in Section 1.01 hereof) if and to the extent requested so to do by the Written Request of the Lessee, so long as the Trustee shall not have knowledge of a default by the Lessee under the Lease, which Written Request shall state generally that the Trustee may invest such moneys in Qualified Investments to be determined by the Trustee or shall specify the issuer or obligor, principal amount, maturity date and interest rate of or on such investment and shall state which subparagraph of the definition of "Qualified Investments" permits such investment. The Trustee shall be fully protected in acting upon any such Written Request and the Trustee, in the latter case, shall have no duty, responsibility or obligation to determine whether a requested investment is a "Qualified Investment" which determination shall be made solely by the Lessee and the Trustee shall have no duty whatsoever after the making of any investment to determine whether such investment continues to meet the requirements of the definition of "Qualified Investments". Any interest, profit or loss on investments made pursuant to this Section 4.06 shall be credited or charged to the Revenue Account and so long as the Trustee shall not have knowledge of a default by the Lessee under the Lease, moneys so credited to the Revenue Account are to constitute a credit to the Lessee which shall reduce the next succeeding payment or payments of rental by the Lessee to the Trustee. Any profit or loss on any investment shall only arise on the maturity, exchange or sale of such investment. Prior thereto for the purpose of any valuation of any investment, the purchase price (including any amount paid as accrued interest at the time of such purchase until the payment of such interest on the next interest payment date) of such investment shall be considered to be the amount at which such investment shall be valued. Further, pursuant to Schedule C of the Lease any losses on such investments are to be made up by the Lessee and any

moneys paid to the Trustee by the Lessee for such purpose shall be deposited in the Revenue Account and shall, if necessary, be transferred to the account or accounts with respect to which, and to the extent that, such losses were incurred. The Trustee shall sell or present for redemption any investment whenever it shall be necessary in order to provide money to meet any payment hereunder and the Trustee shall not be liable or responsible for any loss resulting from such sale.

ARTICLE V

Redemption of Bonds

Section 5.01. There is hereby created a Bond Redemption account and any and all moneys deposited therein shall be held by the Trustee in trust for the purpose of redeeming Bonds when redeemable as hereinafter provided. Moneys paid to the Trustee under the terms of Sections 4.02, 10.04, 10.05, 10.06, 19.01, 19.02, 19.03, 19.04 and 19.05 of the Lease are to be used for the purpose of redeeming Bonds when redeemable. The Series 1969 Bonds shall be so redeemable pursuant to the provisions of Section 5.03 hereof and Bonds of other series shall be so redeemable pursuant to the provisions of Section 5.06 hereof. The County covenants that any and all such moneys received by it which are to be used to redeem Bonds shall be paid to the Trustee under this Indenture and, in such event, the Trustee shall use any and all such moneys to redeem Bonds when and as the Bonds shall in accordance with their terms be redeemable.

Section 5.02. If moneys received by the Trustee under and pursuant to the provisions of Section 5.01 hereof are not sufficient to pay principal of and interest (and premium, if any) on the Bonds of all series until the next succeeding redemption date on which Bonds of such series may be redeemed and to redeem all of the Bonds of such series on such redemption date, the Trustee shall, upon receipt, allocate such moneys among the various series of Bonds outstanding pro rata on the basis of the aggregate principal amount of the Bonds of each series then outstanding. The Trustee shall apply such moneys so allocated to the redemption of Bonds of each such series on the next succeeding date on which Bonds of such series may be redeemed in accordance with the terms thereof. Any redemption premium shall be paid out of such moneys but accrued interest on such Bonds redeemed shall be paid out of the Interest Account. Any unapplied balance of such moneys so allocated to any series shall be held by the Trustee and applied to the next redemption of Bonds of such series hereunder. Moneys so held by the Trustee shall be invested and reinvested by the Trustee in direct obligations of the United States of America maturing not later than the date on which Bonds of the series for which such moneys are held are redeemable, and interest, profit,

or loss on such investments shall be credited or charged to the Revenue Account. So long as the Trustee shall not have knowledge of a default by the Lessee under the Lease, moneys so credited to the Revenue Account are to constitute a credit to the Lessee and shall reduce the next succeeding payment or payments of Basic Rent to the Trustee.

Section 5.03. The Series 1969 Bonds are subject to redemption by the County at any time as a whole, but not in part (unless called for redemption pursuant to Section 10.05 of the Lease, in which event such Bonds may also be called in part) in inverse order of maturity and within each maturity by lot in such manner as may be designated by the Trustee, in the event of (1) condemnation of any part of the Project to the extent provided in Section 10.05 of the Lease or (2) exercise by the Lessee of its option to terminate the Lease or purchase the Project in the event of condemnation or casualty as provided in Section 10.04 of the Lease or (3) purchase of the Project by the Lessee as provided in Section 19.01 of the Lease, at a redemption price of 101-1/2% of the principal amount thereof plus accrued interest to the redemption date.

The Series 1969 Bonds are also subject to redemption by the County at any time as a whole, but not in part, in the event of exercise by the Lessee of its option to purchase the Project as provided in Section 19.04 of the Lease, at a redemption price of 104% of the principal amount thereof plus accrued interest to the redemption date if redeemed prior to December 1, 1979 and at the redemption prices (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date if redeemed on December 1, 1979 or thereafter.

In addition, the Series 1969 Bonds are subject to redemption prior to maturity on any interest payment date on or after December 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:

<u>Redemption Date</u> <u>(dates inclusive)</u>	<u>Redemption</u> <u>Price</u>
December 1, 1979 to November 30, 1982	104%
December 1, 1982 to November 30, 1985	103%
December 1, 1985 to November 30, 1988	102%
Thereafter at	101%

Section 5.04. Notice of the call for any such redemption identifying the Bonds to be redeemed shall be given by publication at least twice in a newspaper or financial journal of general circulation published in the City of New York, New York, the first of which shall be published not less than thirty days prior to the redemption date, and in the case of the redemption of Bonds at the time registered as to principal (except to bearer) or both principal and interest, by mailing a copy of the redemption notice by registered or certified mail at least thirty days prior to the date fixed for redemption to the registered holder of each Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds. If all of said Bonds to be redeemed are at that time registered as to principal (except to bearer), notice by mailing given by registered or certified mail to the holders thereof not less than thirty days prior to the date fixed for redemption shall be sufficient and published notice of the call for redemption need not be given.

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. Each notice of redemption shall state the redemption date, the place of redemption, the principal amount and, if less than all of a serial maturity, the distinctive numbers of the Bonds to be redeemed, and shall also state that the interest on the Bonds in such notice designated for redemption shall cease to accrue from and after such redemption date and that on said date there will become due and payable on each of said Bonds the principal amount thereof to be redeemed, interest accrued thereon to the redemption date and the premium, if any, thereon (such premium to be specified).

Section 5.05. Notice having been given in the manner and under the conditions hereinabove provided, and moneys for payment of the redemption price being held by the Trustee as provided in this Indenture (i) the Bonds so called for redemption shall, on the redemption date designated in such notice, become due and payable at the redemption price provided for such Bonds on such date and interest on the Bonds so called for redemption shall cease to accrue, (ii) the coupons for interest thereon maturing subsequent to the redemption date shall be void, (iii) such Bonds shall cease to be entitled to any lien, benefit or security under this Indenture, and (iv) the holders of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All unpaid interest instalments represented by coupons which shall have matured on or prior to the date of redemption designated in such notice shall continue to be payable to the bearers severally and respectively upon the presentation and surrender of such coupons. Bonds so redeemed and all unmatured coupons appertaining thereto shall be cancelled upon surrender thereof.

Section 5.06. Bonds of each other series are redeemable in the manner, at the time or times and at the premiums, if any, specified in the supplemental indenture relating to such series.

ARTICLE VI

Covenants of the County and Release of Property

Section 6.01. (A) The County agrees to procure and maintain (or cause the Lessee to procure and maintain) insurance of the type required to be procured and maintained by the Lessee under Article VIII of the Lease. Insurance of the type required by Section 8.02 of the Lease shall be payable to the Trustee as provided in the Lease. All such insurance moneys received by the Trustee shall be held by it as a part of the mortgaged property and shall be used by it in the manner provided in this Section 6.01. Certificates from insurers or Officers' Certificates of the Lessee evidencing the existence of all policies required by Article VIII of the Lease shall be filed with the Trustee to the extent required by Section 8.05 of the Lease.

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

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

under the Lease, and

- (2) The instruments of further assurance and supplemental indentures, if any, specified in the opinion of counsel referred to in the following clause (3); and
- (3) An Opinion of Counsel specifying the instruments of further assurance and supplemental indenture, if any, which will be sufficient to subject to the direct lien of this Indenture (so far as permitted by law) all of the County's right, title and interest in and to the real property included in the rebuilt, reconstructed, restored, replaced or repaired Project and stating that the instruments and supplemental indentures, if any, have been recorded or filed in such a manner so as to constitute this Indenture as supplemented and amended a valid first mortgage lien upon all of the County's right, title and interest in and to all such real property as against all creditors and subsequent purchasers, subject to the rights of the Lessee under the Lease and to rights and interests which in the opinion of such counsel will not weaken, diminish or impair the security intended to be given by or under this Indenture and will not interfere with the use and operation of the Project.

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

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

(C) If, while any Bonds remain outstanding, a portion of the Project is taken by condemnation or sold under threat of condemnation and the taking thereof does not in the sole judgment of the Lessee interfere with the operation then being performed in the Project and does not im-

pair the capacity or design of the Project, the Trustee shall be furnished with the following:

- (1) a certificate signed by a Vice President or the Treasurer of the Lessee stating that the Lessee has elected not to rebuild, reconstruct, restore, replace or repair the Project in accordance with Section 10.03 of the Lease, and that the Lessee has made the necessary adjustments in the Project suitable for its business purposes, that such adjustments have been completed and the cost thereof, or stating that no adjustments were required, as the case may be; and
- (2) the instruments of further assurance and supplemental indentures, if any, specified in the opinion of counsel referred to in the following clause (3); and
- (3) an Opinion of Counsel specifying the instruments of further assurance and supplemental indentures, if any, which will be sufficient to subject to the direct lien of this Indenture (so far as permitted by law) all of the County's right, title and interest in and to the real property included in the Project, and stating that the instruments and supplemental indentures, if any, have been recorded or filed in such a manner so as to constitute this Indenture as supplemented and amended a valid first mortgage lien upon all of the County's right, title and interest in and to such real property as against all creditors and subsequent purchasers, subject to the rights of the Lessee under the Lease and to rights and interests which in the opinion of such counsel will not weaken, diminish or impair the security intended to be given by or under this Indenture and will not interfere with the use and operation of the Project.

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

- (a) pay to the Lessee the amount of costs stated in the Officers' Certificate of the Lessee to have been incurred by it in making the adjustment, and

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

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

Section 6.03. The Trustee shall execute and deliver a release of any unimproved portion (as defined in Section 19.05 of the Lease) of the the Trust Estate from the lien of this Indenture, but only pursuant to the provisions of Section 19.05 of the Lease, upon receipt by the Trustee of the following:

- (i) cash equal to the purchase price for the portion to be released as provided for in said Section 19.05 of the Lease;
- (ii) the notice and certificate provided for in subsections (a) and (b) of Section 19.05 of the Lease;
- (iii) the request of the County for such release accompanied by a form of release to be so executed and delivered by the Trustee.

Payments received by the Trustee pursuant to this Section 6.03 shall become part of the Trust Estate and shall be applied by the Trustee to the redemption of Bonds in accordance with the provisions of Article V hereof.

Section 6.04. If no event of default shall have happened and be continuing hereunder, the County may at any time or times grant easements affecting, dedicate or execute petitions with respect to, any portion or portions of any property included in the Trust Estate free from the lien of this Indenture but only as provided in and subject to the provisions of Section 19.06 of the Lease, and the Trustee shall execute and deliver a release of said portion from the lien of this Indenture upon receipt by the Trustee of:

- (i) an Opinion of Counsel, in form and substance satisfactory to the Trustee,

to the effect that the action taken or proposed to be taken by the County and the Lessee is in conformity with Section 19.06 of the Lease relating to such property; and

- (ii) the notice and certificate provided for in Section 19.06 of the Lease.

Section 6.06. Subject to the provisions of Section 2.02 hereof, the County covenants that it will promptly pay the principal of and interest on every Bond issued under the provisions of this Indenture at the place, on the dates and in the manner provided herein and in said Bonds and in any coupons appertaining to said Bonds, and any premium required for the retirement of said Bonds by purchase or redemption, according to the true intent and meaning thereof and at least one business day before each date on which any principal of or premium, if any, or interest on any of the Bonds becomes payable, whether at stated maturity thereof, by call for redemption, by declaration or otherwise the County will irrevocably deposit with the Trustee under the trusts hereof, the entire amount necessary to pay all the principal, premium, if any, and interest payable on such date on all Bonds then outstanding; and that it will pay interest (to the extent enforceable under applicable law) on any overdue instalments of principal or interest at the highest rate the Bonds shall bear.

Section 6.07. So long as any of the Bonds shall remain outstanding and unpaid, the County will not directly or indirectly extend or assent to the extension of the time for the payment of any interest coupon or claim for interest of or upon any Bond, and will not directly or indirectly be a party to any arrangement therefor, either by purchasing or refunding or in any manner keeping alive such interest coupon or claim for interest, or otherwise, that in case the payment of any such interest coupon or claim for interest shall be so extended by or with or without the consent of the County then anything in this Indenture contained to the contrary notwithstanding, such interest coupon or claim for interest so extended shall not be entitled, in case of default hereunder, to any benefit of or from this Indenture, except after the prior payment in full of the principal of all Bonds issued hereunder and of such interest coupons and claims for interest as shall not have been so extended.

Section 6.08. The County covenants that while any Bonds are outstanding hereunder, it will use its best efforts so that moneys received by it from rentals under the Lease and from all services rendered by the County in connection with the operation of the Project will, in aggregate, produce revenues which will be sufficient (i)

to pay all expenses (except those assumed by a tenant) of the proper operation, maintenance and repair of the Project without any allowance or deduction for interest or depreciation, and (ii) to make all payments which the Trustee is obligated to set aside in the various accounts established under Article IV.

Section 6.09. The County covenants and agrees and hereby appoints the Trustee to keep or cause to be kept proper books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of the revenues accruing to the Trust Estate and amount thereof forwarded to the Trustee, and such books shall be available for inspection by the holder of any of the Bonds at reasonable hours and under reasonable conditions.

Section 6.10. Not more than two months after the close of each fiscal year of the County, the Trustee shall furnish to the County, the Lessee and to each holder of any of the Bonds, who may so request, a complete financial statement covering receipts, disbursements, allocation and application of revenues for such fiscal year accruing to the Trust Estate and dates and amount thereof forwarded to the Trustee for such fiscal year, and if requested in writing by the holders of not less than forty per cent (40%) of the Outstanding Bonds, certified as of the end of such fiscal year by reputable certified public accountants. The Trustee shall at all times have access to the books and records of the County pertaining to the Trust Estate. Also, the records of the Trustee pertaining to the Trust Estate shall be available to and open for inspection by the Lessee and any Bondholder at all times, and the County covenants that it shall promptly furnish the Trustee such additional information as is deemed necessary by the Trustee to carry out the provisions of this Indenture and the trust created hereby. The fiscal year of the County for purposes of this Indenture shall commence on December 1 of each year and end on November 30 of the next succeeding year.

Section 6.11. The County covenants that all charges made by the Trustee for services rendered and for payment of principal of and interest on the Bonds (not paid by the Lessee), will be paid by the County from revenues of the trust estate and will not be required to be paid by the holders of the Bonds or coupons.

Section 6.12. The County covenants that it has and, so long as any Bonds are outstanding hereunder, will

retain good title to the trust estate and that it will use its best efforts to assure that the Project is fully and continuously occupied by a responsible tenant or responsible tenants. The County covenants that it lawfully owns and is lawfully possessed of all property described in the granting clauses hereof as being a part of the trust estate, and, in the case of the realty described in granting clause Division I, subject to presently existing liens therein described, has a good and indefeasible estate therein in fee simple; that it warrants and will defend the title thereto and every part thereof to the Trustee, its successors and assigns, for the benefit of the holders and owners of the Bonds, against the claims and demands of all persons whomsoever; that it is duly authorized to secure the payment of the Bonds in the manner prescribed herein, and has lawfully exercised such rights; and 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, deeds, conveyances, mortgages and transfers as the Trustee shall reasonably require for the better assuring, conveying, transferring, mortgaging, pledging, assigning and confirming unto the Trustee all and singular the hereditaments and premises, estates, income and property conveyed, transferred, mortgaged, pledged or assigned or intended so to be. The County covenants that it will not, directly or indirectly, create, assume, incur or suffer to exist any mortgage, pledge, encumbrance, lien or charge of any kind, other than the lien of this Indenture, upon the Trust Estate and presently existing liens described in Division I hereof.

Section 6.13. The County covenants that there shall be no default hereunder but until default shall be made by the County, as provided for herein, the County shall, subject to the Lease, be entitled to possess, manage, operate, use and enjoy the facilities and property herein encumbered. The County covenants and agrees that it will not sell, transfer, assign or otherwise dispose of all or any part of the Project (other than to the Trustee hereunder) or assign, transfer or hypothecate (other than to the Trustee hereunder) any Basic Rent Payment then due or to accrue in the future under the Lease. The County further covenants and agrees that it will not create or consent to the creation or existence of any mortgage or lien to secure the payment of indebtedness upon the Lessor's interest under the Lease or the leasehold estate created thereby or any part thereof.

Section 6.14. The County covenants that it is, at the date of the execution and delivery of this Indenture and will be so long as any Bonds are outstanding hereunder, lawfully possessed of the trust estate; that the Lease is at the date of the execution and delivery of this Indenture a valid and subsisting demise for the Term therein set

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

The County and the Trustee may, without the consent of or notice to the holders of the Outstanding Bonds, consent to any amendment, change or modification of the Lease as may be required (i) by the provisions of the Lease and this Indenture, (ii) in connection with the issuance of additional Bonds as specified in Article III hereof, (iii) for the purpose of curing any ambiguity or formal defect or omission, (iv) in connection with the machinery and equipment described in Schedule B to the Lease so as more precisely to identify the same or to delete or substitute or add additional machinery and equipment; (v) in connection with the release of real estate pursuant to the provisions of Section 19.05 of the Lease; or (vi) in connection with any other change therein which in the judgment of the Trustee is not to the prejudice of the Trustee or the holders of the Bonds.

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

Section 6.15. The County covenants that it will in all respects promptly and faithfully keep, perform and comply with all the terms, provisions, covenants, conditions and agreements of the Lease to be kept, performed and complied with by it. The County further covenants that it will not do or permit anything to be done, or omit or refrain from doing anything in any case where any such act done, or permitted to be done, or any such omission of or refraining from action would or might be a ground for declaring a forfeiture of the Lease. The County agrees to enforce all covenants and obligations of the Lessee under the Lease and agrees that the Trustee in its name or in the name of the County may, but shall be under no obligation to, enforce all rights of the Lessor and all obligations of the Lessee under and pursuant to the Lease for and on behalf of the holders of the Bonds, whether or not the Lessor (County)

is in default in its covenants to enforce such rights and obligations. Pursuant to the provisions of Sections 6.01 and 6.02 of the Lease, the Lessee has agreed to pay all lawful taxes, assessments and charges at any time levied or assessed upon or against the Project or any part thereof, which might impair or prejudice the lien and priority of this Indenture, provided, however, that nothing contained in this Indenture shall require the payment of any such taxes, assessments or charges if the same are not required to be paid under the provisions of Section 6.01 or 6.02 of the Lease.

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

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

Section 6.18. The County forthwith upon the execution and delivery of this Indenture and thereafter from time to time, will cause this Indenture, and each supplement hereto, and all financing statements, continuation statements and other instruments required by applicable law necessary in connection therewith to be filed, registered and recorded and re-filed, re-registered and re-recorded as a mortgage upon the Trust Estate, in such manner and in such places as may be required by any present or future law in order to publish notice of and fully protect the lien hereof upon, and the title of the Trustee to, the Trust Estate and in order to entitle the Bonds then outstanding to the benefits and security of this Indenture, and will cause the Lease and any supplement thereto, to be filed, registered or recorded and re-filed, re-registered or re-recorded in such manner and in such places as may be required by law in order to publish notice and fully protect the validity thereof, and from time to time will perform or cause to be performed any other act as provided by law and will execute or cause to be executed any and all further

instruments which may be necessary for such publication, protection and entitlement. The County will pay or cause to be paid all filing, registration and recording taxes and fees incident to such filing, re-filing, registration, re-registration, recording and re-recording and all expenses incidental to the preparation, execution and acknowledgment of this Indenture, the Lease, any instrument of further assurance and any supplements to any of said instruments and all federal or state stamp taxes and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Indenture, the Lease, the Bonds, any instrument of further assurance, and any supplements to any of said instruments.

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

ARTICLE VII

Events of Default, Remedies

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

- (a) if default shall be made in the due and punctual payment of the principal of, or interest or premium (if any) on any Bond when and as the same shall become due and payable, whether by declaration or otherwise, and such default shall have continued for a period of thirty (30) days,
- (b) if default shall be made by the County in the performance or observance of any other of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, and such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the County by the Trustee, or to the County and the Trustee by the holders of not less than twenty-five per cent (25%) in aggregate principal

amount of the Bonds at the time outstanding (or in the case of any default which cannot with due diligence be cured within such sixty (60) day period, if the County shall fail to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence, it being intended in connection with any such default not susceptible of being cured with due diligence within the sixty (60) days that the time of the County within which to cure the same shall be extended for such period as may be necessary to complete the curing of the same with due diligence), or

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

then and in each and every case during the continuance of such event of default unless cured by the County or the Lessee within 30 days after written notice thereof and, unless the principal of all the Bonds shall have already become due and payable, the Trustee, by notice in writing to the County, may, and upon the written request of the holders of not less than twenty-five per cent (25%) in principal amount of the Bonds at the time then outstanding shall, declare the principal of all the Bonds then outstanding hereunder, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding.

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the County or the Lessee shall pay to or shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured instalments of interest (if any) upon all the Bonds, with interest at the rate of eight per cent (8%) per annum on such overdue principal and premium, if any, and (to the extent legally enforceable) on such overdue instalments of interest and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal and of interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured or provisions adequate shall have been made therefor, then, and in every such case, the holders of at least sixty-six and two-thirds per cent ($66\frac{2}{3}\%$) in aggregate principal amount of the Bonds then outstanding,

by written notice to the County and to the Trustee, may, on behalf of the holders of all the Bonds, rescind and annul such declaration and its consequences, but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

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

- A. The Trustee, personally or by its agents or attorneys, may enter into and take possession of all the mortgaged property and forthwith operate and manage the same and exercise all rights, powers and franchises of the County in respect thereof, collect the earnings and income therefrom, pay all principal charges, including taxes and assessments levied thereon and operating and maintenance expenses and all disbursements and liabilities of the Trustee hereunder and apply the net proceeds arising from any such operation of the mortgaged property as provided in Section 7.03 hereof, in respect to the proceeds of a sale of the mortgaged property.
- B. The Trustee may proceed to protect and enforce its rights and the rights of the holders of the Bonds under this Indenture by a suit or suits in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid of the execution of any power herein granted, or for the foreclosure of this Indenture, or for the enforcement of any other appropriate legal or equitable remedy, as the Trustee, being advised by counsel, may deem most effectual to protect and enforce any of the rights or interests under the Bonds or this Indenture. All rights of action under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof on any trial or other proceeding relative thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee, and any recovery of judgment shall be for the ratable benefit of the holders of the Bonds.
- C. The Trustee may, with or without entry, sell the mortgaged property at public auction at such place or places as may be required by law, having first given notice of such sale by publication or otherwise, as may be required by law and upon such sale may make and deliver to the purchaser a good and sufficient deed or

deeds or bill or bills of sale or assignment or assignments for the same. The Trustee and its successors are hereby irrevocably appointed the true and lawful attorney of the County in its name and stead, to execute and deliver all necessary deeds, bills of sale, assignments and transfers, the County hereby ratifying and confirming all that its said attorneys shall lawfully do by virtue hereof.

- D. The Trustee, upon the bringing of a suit to foreclose this Indenture, as a matter of right, without notice and without giving bond to the County or anyone claiming under it, may have a receiver appointed of all the mortgaged property and of the earnings, income, rents, issues and profits thereof pending such proceedings, with such powers as the court making such appointment shall confer, including such powers as may be necessary or usual in such cases for the protection, possession, control, management and operation of the mortgaged property, and the County does hereby irrevocably consent to such appointment.
- E. The Trustee is hereby appointed, and the successive respective holders of the Bonds by taking and holding the same shall be conclusively deemed to have so appointed the Trustee, the true and lawful attorney-in-fact of the respective holders of the Bonds, with authority to make or file, in the respective names of the holders of the Bonds or in behalf of all holders of the Bonds, as a class, any proof of debt, amendment to proof of debt, petition or other document, to receive payment of all sums becoming distributable on account thereof, to execute any other papers and documents and to do and perform any and all acts and things for and in behalf of all holders of the Bonds as a class, as may be necessary or advisable in the opinion of the Trustee, in order to have the respective claim of the holders of the Bonds against the County allowed in any equity receivership, insolvency, liquidation, bankruptcy or other proceedings, to which the County shall be a party. The Trustee shall have full power of substitution and delegation in respect of any such powers.
- F. In the event of any sale to enforce the security of this Indenture, any and all real estate, buildings and improvements mortgaged and pledged hereunder may be sold as an entirety or in such lots or parcels as the Trustee, in its discretion, shall determine.

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

- (1) To the payment of costs and expenses of foreclosure or suit, if any, and of such sale and the

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

- (2) To the payment of the whole amount then owing or unpaid upon the Bonds for principal and interest, together, if and to the extent permitted by law, with interest at the rate of eight per cent (8%) per annum on overdue principal, premium, if any, and interest, and in case such proceeds shall be insufficient to pay the whole amount so due and unpaid on the Bonds then to the payment of such principal, premium, if any, and interest, without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other instalment of interest, ratably, in proportion to the aggregate of such principal and accrued and unpaid interest; and then
- (3) To the payment of the surplus, if any, to the County, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

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

Section 7.05. No delay or omission of the Trustee or of any holder of any of the Bonds to exercise any right or power arising from any default on the part of the County shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default.

No waiver by the Trustee or Bondholders of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom, except as may be otherwise provided herein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing.

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

ARTICLE VIII

Concerning the Trustee

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

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

- (a) prior to such an event of default hereunder and after the curing of all such events of default which may have occurred:
 - (1) The duties and obligations of the Trustee shall be determined solely by the

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

- (2) In the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee and believed by it to be genuine and executed by the person or persons authorized to furnish the same;
- (b) at all times, regardless of whether or not any such event of default shall exist:
- (1) The Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;
 - (2) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority (or such lesser or greater percentage as is specifically required or permitted by this Indenture) in aggregate principal amount of all Bonds at the time outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

Section 8.02. Except as otherwise provided in Section 8.01,

- (a) the Trustee may rely upon the authenticity of, and the truth of the statements and the correctness of the opinions expressed in, and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, notarial seal, stamp, acknowledgment, verification, request, consent, order, Bond,

coupon or other paper or documents believed by it to be genuine and to have been signed or affixed or presented by the proper party or parties,

- (b) any notice, request, direction, election, order or demand of the County mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the County by any officer of the County (unless other evidence in respect thereof be herein specifically prescribed), and any resolution of the County Board of Commissioners of the County may be evidenced to the Trustee by a Certified Resolution,
- (c) in the administration of the trusts of this Indenture, the Trustee may execute any of the trusts or powers hereof directly or through its agents or attorneys and the Trustee may consult with counsel (who may be counsel for the County or the Lessee) and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel,
- (d) whenever in the administration of the trusts of this Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by an Officers' Certificate of the County; and such Officers' Certificate of the County shall, in the absence of negligence or bad faith on the part of the Trustee, be full warrant to the Trustee for any action taken or suffered by it under the provisions of this Indenture upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such matter or may require such further or additional evidence as it may deem reasonable;
- (e) the recitals herein and in the Bonds (except the Trustee's certificate of authentication thereon) shall be taken as the statements of the County and shall not be considered as made by, or imposing any obligation or liability upon, the Trustee. The Trustee makes no representations as to the value or condition of the trust estate or any part thereof, or as to the title of the County, or as to the security afforded thereby or hereby, or as to the validity of this Indenture or of the

Bonds or coupons issued hereunder, and the Trustee shall incur no liability or responsibility in respect of any of such matters,

- (f) the Trustee shall not be personally liable in case of entry by it, upon the trust estate, for debts contracted or liability or damages incurred in the management or operation of the trust estate. The Trustee shall not in any event be required to take, defend or appear in any legal action or proceeding hereunder or to exercise any of the trusts or powers hereof unless it shall first be adequately indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred thereby. Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this subsection (f);
- (g) the Trustee shall not be required to ascertain or inquire as to the performance or observance of any of the covenants or agreements herein or in the Lease, or any contracts or securities assigned or conveyed to or mortgaged with the Trustee hereunder contained to be performed or observed by the County or any party to the Lease or such contracts or securities; nor shall the Trustee have any obligation, duty or liability under any of such agreements. The Trustee shall not be required to take notice or be deemed to have notice or actual knowledge of any default or event of default specified in Section 7.01 (b) hereunder or thereunder unless the Trustee shall receive from the County or the holder of any Bond written notice stating that a default or event of default hereunder or thereunder has occurred and specifying the same, and in the absence of such notice the Trustee may conclusively assume that there is no such default or event of default. Every provision contained in this Indenture or in the Lease or any such contract or security wherein it is provided that the duty of the Trustee to take action or omit to take action or to permit the County or any party to any such agreement to do any act or thing depends on the occurrence and continuance of such default hereunder or thereunder shall be subject to the provisions of this subsection (g);
- (h) no duty with respect to effecting or maintaining insurance shall rest upon the Trustee and the Trustee shall not be responsible for any loss by reason of want or insufficiency of insurance or by reason of the failure of any insurer in which

the insurance is carried to pay the full amount of any loss against which it may have insured the County or any other person,

- (i) subject to Section 12.10 hereof, it shall be no part of the duty of the Trustee to see to any recording, filing or registration of this Indenture, the Lease, any contracts or securities assigned or conveyed to or mortgaged with the Trustee hereunder, any instrument of further assurance, or any supplement to any of said instruments, or to see to the payment of any fees, charges or taxes in connection therewith, or to give any notice thereof, or be under any duty in respect to any tax or assessment or other governmental charge which may be levied or assessed on the Trust Estate or any part thereof or against the County. The Trustee shall be under no obligation to see to the payment or discharge of any liens upon the Trust Estate.
- (j) the Trustee shall be under no duty to confirm or verify any financial or other statements or reports or certificates furnished pursuant to any provision hereof, and shall be under no other duty in respect of the same except to retain the same in its files and permit the inspection of the same at reasonable times by the holder of any Bond;
- (k) the Trustee shall not be under any obligation to give any consent, enter into any agreement, release any property or to take any other action which is discretionary with the Trustee under the provisions hereof except on written request of the holders of not less than any applicable specified percentage provided for in this Indenture or if no percentage is specified then sixty-six and two-thirds per cent (66-2/3%) in principal amount of the Bonds outstanding hereunder; and
- (l) none of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it.

Section 8.03. The Trustee makes no representations as to the validity or sufficiency of this Indenture, the Lease or of the Bonds or coupons. The Trustee shall not be accountable for the use or application by the

County of any of the Bonds authenticated or delivered hereunder or of the proceeds of such Bonds.

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

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

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

have priority over the Bonds in respect of all property and funds held or collected by the Trustee as such.

Section 8.07. There shall at all times be a trustee hereunder which shall be a corporation organized and doing business under the laws of the United States or any State authorized under such laws to exercise corporate trust powers, having its principal office and place of business in any State, having a combined capital and surplus of at least Ten Million Dollars (\$10,000,000), and subject to supervision or examination by federal or state authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 8.07 the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 8.07, the Trustee shall resign immediately in the manner and with the effect specified in Section 8.08.

Section 8.08. (a) The Trustee may at any time resign by giving written notice to the County and the Lessee and by giving the Bondholders notice by publication of such resignation. Such notice shall be published at least once in an Authorized Newspaper. Upon receiving such notice of resignation, the County with the prior written approval of the Lessee and the holders of fifty-one per cent (51%) in principal amount of the Outstanding Bonds, shall promptly appoint a successor trustee by an instrument in writing executed by order of its County Board of Commissioners. If no successor trustee shall have been so appointed and have accepted appointment within thirty (30) days after the publication of such notice of resignation, the resigning trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Bondholder who has been a bona fide holder of a Bond or Bonds for at least six months may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

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

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

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

then in any such case, the County may remove the Trustee and appoint a successor trustee by an instrument in writing executed by order of its County Board of Commissioners or any such Bondholder may, on behalf of himself and all 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) The holders of a majority in aggregate principal amount of all the Bonds at the time outstanding may at any time remove the Trustee and appoint a successor trustee by an instrument or concurrent instruments in writing signed by such Bondholders.

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

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

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

Upon acceptance of appointment by a successor trustee as provided in this Section 8.09, the County shall publish notice of the succession of such trustee to the trusts hereunder. Such notice shall be published at least once in an Authorized Newspaper. If the County fails to publish such notice within ten (10) days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be published at the expense of the County.

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

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

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

The County shall execute, acknowledge and deliver all such instruments as may be required by any such co-trustee or separate trustee for more fully confirming such

title, rights, powers, trusts, duties and obligations to such co-trustee or separate trustee.

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

- (a) The Bonds shall be authenticated and delivered, and all rights, powers, trusts, duties and obligations by this Indenture conferred upon the Trustee in respect of the custody, control or management of moneys, papers, securities and other personal property shall be exercised, solely by the Trustee.
- (b) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Trustee, or by the Trustee and such co-trustee or co-trustees, or separate trustee or separate trustees jointly, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.
- (c) Any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee.
- (d) Any co-trustee or separate trustee to the extent permitted by law may delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.
- (e) The Trustee at any time, by an instrument in writing, with the concurrence of the County evidenced by a Certified Resolution, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section 8.11, and, in case an event of default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the County. Upon the request of the Trustee, the County shall join with

the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section 8.11.

- (f) No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder.
- (g) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing executed by the Bondholders and delivered to the Trustee shall be deemed to have been delivered to each such co-trustee or separate trustee.
- (h) Any moneys, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

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

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

ARTICLE IX

Evidence of Rights of Bondholders

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

agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent or of the holding by any person of Bonds transferable by delivery shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the County if made in the manner provided in this Article.

Section 9.02. The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take 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.

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

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

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

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

ARTICLE X

Supplemental Indentures

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

- (a) to add to the covenants and agreements of the County in this Indenture contained, other covenants and agreements thereafter to be observed or to surrender any right or power herein reserved or conferred upon the County;
- (b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the County may deem necessary or desirable and not inconsistent with this Indenture and which shall not adversely affect the interests of the holders of the Bonds,
- (c) to subject, describe or redescribe any property subjected or to be subjected to the lien of this Indenture;

- (d) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect, and, if they so determine, to add to this Indenture or any indenture supplemental hereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute; and
- (e) to provide for additional series of Bonds to the extent permitted by this Indenture.

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

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

under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

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

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

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

Section 10.05. Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article X may bear a notation, in form approved by the Trustee, as to any matter provided for in such supplemental indenture and if such supplemental indenture shall so provide, new Bonds, so modified as to conform, in the opinion of the Trustee, to any modification of this Indenture contained in any such supplemental indenture, may be prepared by the County, authenticated by the Trustee and delivered without cost to the holders of the Bonds then outstanding, upon surrender for cancellation of such Bonds with all unmatured coupons not fully paid, in equal aggregate principal amounts.

ARTICLE XI

Defeasance; Unclaimed Moneys

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

- A. By well and truly paying or causing to be paid the principal of (including redemption premium, if any) and interest on Bonds outstanding here-

under, as and when the same become due and payable;

- B. By depositing or causing to be deposited with the Trustee, in trust, at or before the date of maturity or redemption, money in the necessary amount to pay or redeem the Bonds outstanding hereunder, or
- C. By delivering to the Trustee, for cancellation by it, Bonds outstanding hereunder, together with all unpaid coupons thereto belonging;

and if the County shall also pay or cause to be paid all other sums payable hereunder by the County, then and in that case this Indenture shall cease, determine, and become null and void, and thereupon the Trustee shall, upon Written Request of the County and upon receipt by the Trustee of an Officers' Certificate of the County and an Opinion of Counsel, each stating that in the opinion of the signers all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging this Indenture. The satisfaction and discharge of this Indenture shall be without prejudice to the rights of the Trustee to charge and be reimbursed by the County for any expenditures which it may thereafter incur in connection herewith.

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

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

Section 11.03. Notwithstanding any provision of this Indenture, any moneys deposited with the Trustee or any other paying agent in trust for the payment of the principal of, or interest or premium on, any Bonds and remaining unclaimed for fifteen (15) years after the principal of all the Bonds outstanding hereunder has become due and payable (whether at maturity or upon call for redemption or by declaration as provided in this Indenture), shall then be repaid to the County upon its Written Request, and the holders of such Bonds and coupons shall thereafter be entitled to look only to the County for repayment thereof, and all liability of the Trustee or any other paying agent with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the County as aforesaid, the Trustee or other paying agent, as the case may be, may (at the cost of the County) first publish a notice, in such form as may be deemed appropriate by the Trustee or such paying agent, in respect of the Bonds or coupons so payable and not presented and in respect of the provisions relating to the repayment to the County of the moneys held for the payment thereof. Such notice shall be published at least once in an Authorized Newspaper. In the event of the repayment of any such moneys to the County as aforesaid, the holders of the Bonds and coupons in respect of which such moneys were deposited **shall thereafter**, subject to Section 2.02, be deemed to be unsecured creditors of the County for amounts equivalent to the respective amounts deposited for the payment of such Bonds and coupons and so repaid to the County (without interest thereon). Notwithstanding the foregoing, the Trustee shall, upon the Written Request of the County, repay such moneys to the County at any time earlier than fifteen (15) years if failure to repay such moneys to the County within such earlier period shall give rise to the operation of any escheat statute under applicable state law.

ARTICLE XII

Miscellaneous Provisions

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

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

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

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

Section 12.05. In case any one or more of the provisions contained in this Indenture or in the Bonds or coupons shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Indenture, but this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 12.06. Any notice to or demand upon the Trustee may be served, or presented, and such demand, may be made, at the main office of the Trustee, which is now at _____, _____, _____, _____, Attention: Corporate Trust Department. Any notice to or demand upon the County shall be deemed to have been suffi-

ently given or served for all purposes by being deposited, postage prepaid, in a post office letter box addressed to the County at such address as may be filed in writing by the County with the Trustee.

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

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

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

Section 12.10. The security interest of the Trustee created by this Indenture in the rents and other amounts payable under the Lease shall be perfected by the filing, prior to the issuance and delivery of the Series 1969 Bonds, in such place or places as may be required by applicable law, of financing statements which fully comply with the South Carolina Uniform Commercial Code -- Secured Transactions. The County and the Trustee agree to execute and cause to be filed or recorded, from time to time, such additional financing statements, continuation statements, notices and other instruments as the Trustee, upon the advice of counsel, shall deem advisable under applicable law in order fully to preserve and protect the rights of the Trustee and the holders of the Bonds in the trust estate.

IN WITNESS WHEREOF, Spartanburg County, South Carolina, has caused these presents to be signed in its name and behalf by the Chairman of its County Board of Commissioners and its corporate seal to be hereunto affixed and attested by its County Administrator and to evidence its acceptance of the trusts hereby created _____, has caused these presents to be signed in its name and behalf by one of its duly authorized Vice Presidents, and

its official seal to be hereunto affixed by him and attested by one of its Trust Officers, all as of the first day of December, 1969, but actually on the dates hereinafter indicated.

SPARTANBURG COUNTY, SOUTH CAROLINA

By _____
Chairman, County Board
of Commissioners

ATTEST:

County Administrator

(SEAL)

Signed, sealed and acknowledged
in the presence of:

as Trustee

By _____
Vice President

ATTEST:

Trust Officer

(SEAL)

Signed, sealed and acknowledged
in the presence of:

STATE OF SOUTH CAROLINA)
)
COUNTY OF SPARTANBURG)

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

Witness

Sworn to before me this _____ day of _____,
19____, _____, Notary Public for _____
_____.

Notary Public

My commission expires:

STATE OF)
)
COUNTY OF)

Personally appeared before me _____,
who, being duly sworn, says that he saw the corporate seal
of _____, a corporation
organized and existing under and by virtue of the laws of
the United States of America, affixed to the foregoing in-
strument (Indenture of Mortgage and Deed of Trust) and that
he also saw _____, Vice President,
and _____, Trust Officer, sign and
attest the same, and that he and _____
witnessed the execution and delivery thereof as the act and
deed of said _____.

Witness

Sworn to before me this _____ day of _____,
19____, _____, Notary Public for _____
_____.

Notary Public

My commission expires:

CONSTRUCTION DEPOSIT AGREEMENT

THIS AGREEMENT made and entered into as of the 1st day of December, 1969, by and between SPARTANBURG COUNTY, SOUTH CAROLINA, a political subdivision of the State of South Carolina (hereinafter called the "County"), PHILLIPS PETROLEUM COMPANY, a corporation organized and existing under the laws of the State of Delaware, with a principal office at Bartlesville, Oklahoma, duly authorized to conduct business in the State of South Carolina (hereinafter called "Phillips"), and _____, a national banking association with trust powers, in _____, _____ (hereinafter called the "Depository"),

W I T N E S S E T H:

WHEREAS the County has leased to Phillips, under and pursuant to the provisions of a Lease dated as of December 1, 1969 (hereinafter called the "Lease") executed and delivered prior to the execution and delivery of this Agreement, the premises, facilities, machinery and equipment described in the Lease, which premises it owns and which facilities, machinery and equipment will be acquired, constructed and installed as in the Lease and this Agreement provided, and

WHEREAS the County and _____ as Trustee (hereinafter in its capacity as such Trustee called the "Trustee"), have, prior to the execution and delivery hereof (but subsequent to the execution and delivery of the Lease), executed and delivered an Indenture of Mortgage and Deed of Trust dated as of December 1, 1969 (hereinafter called the "Indenture") providing, among other things, for the sale and issuance of One Million Dollars (\$1,000,000) principal amount of the County's Industrial Revenue Bonds, Series 1969 (Phillips) (hereinafter called the "Bonds"); and

WHEREAS the parties understand that the net proceeds of the sale of the Bonds will be used by the County to pay for the purchase of the premises described in Schedule A to the Lease and for the acquisition, construction and installation of the aforesaid facilities, machinery and equipment leased to Phillips, and desire by this Agreement to provide how the said proceeds will be so used and how the said facilities, machinery and equipment will be so acquired, constructed and installed:

NOW, THEREFORE, in consideration of the premises and of the agreements hereinafter expressed, the parties do hereby agree each with the other as follows:

EXHIBIT

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Section 1. The Trustee, on behalf of the County, hereby deposits the sum of \$ _____ with the Depositary and the County hereby deposits or will deposit the following documents with the Depositary:

- (1) A Project Description and Drawings (hereinafter called the "Description and Drawings") prepared by Phillips' Engineering Department, which provide for the construction of a distribution center and the improvements and facilities related thereto (hereinafter collectively called the "Building") on property owned by and located within the County, and leased to Phillips under and pursuant to the Lease (hereinafter called the "Leased Premises"). The construction of the Building provided for by the Description and Drawings from time to time in effect hereunder including Equipment therefor is hereinafter referred to as the "Improvement Project".
- (2) A list of personal property to be attached hereto as Schedule A (herein called the "Equipment") to be installed in or about the Leased Premises corresponding to the property described in Schedule B attached to the Lease.
- (3) One or more construction contracts with a contractor or contractors approved by Phillips for the construction of the Improvement Project.

Section 2. Subject to the provisions of Section 5 hereof, Phillips agrees that:

- (a) It will cause the Building to be constructed on the Leased Premises, wholly within the boundary lines thereof.
- (b) It will acquire and install in or about the Leased Premises the Equipment described in Schedule A attached hereto, as said schedule may from time to time be amended and supplemented as hereinafter provided.
- (c) The Building will be constructed in accordance with the Description and Drawings; and changes in and/or additions to the Description and Drawings or to Schedule A or the construction contracts shall be made only by the joint written agreement of the County and Phillips signed by the Authorized Representative of each of them, except that:
 - (i) Phillips may at any time prior to the completion of the Improvement Project, order extra work under any construction contract or make

changes therein by altering, adding to or deducting from the work specified by the construction contract or contracts (even though the cost of the contract or contracts will be adjusted accordingly), provided that such extra work, alteration, addition or deduction shall not damage or materially alter the basic structure of the Building as planned or materially decrease its value.

- (11) Phillips may, as long as it is not in default under the Lease, delete any item of Equipment from Schedule A or supplemental schedules theretofore delivered to the Depositary, provided that such deletion will not interfere with the operation or substantially decrease the use of the Improvement Project for the purpose of the Lease, and it may likewise substitute an item of Equipment for any item or items so deleted from Schedule A or add any item or items of Equipment to said Schedule provided that such substitution or addition shall not interfere with the operation or substantially change the use of the Improvement Project for the purposes of the Lease.

- (e) It will use its best efforts to cause the Improvement Project to be completed as soon as may be practicable. No delay in the completion of construction shall result in any diminution in the rental payments required in the Lease, or any of the covenants or agreements contained therein, all as more fully set forth in the Lease.

Section 3. The term "construction costs" as used herein shall mean costs incurred in the construction of the Improvement Project (including the acquisition and installation of the Equipment therefor) and without limiting the generality of the foregoing shall include the following:

- (a) Payment to Phillips or the County, as the case may be, of such amounts, if any, as shall be necessary to reimburse them in full for all advances and payments made and costs incurred by either of them in connection with the acquisition of the Leased Premises, the construction of the Building and the acquisition and installation of the Equipment;

- (b) Payment to or for the account of any contractor under any construction contract deposited hereunder of such amount or amounts as are at the time due and payable under such contract;
- (c) Payment to or for the account of the supplier (which may be Phillips) of an item of Equipment of the amount stated as owing for sale or delivery of the same on the supplier's invoice if the party hereunder requesting payment shall certify that the said item has been ordered and delivered in accordance with the terms of this Agreement, and in the case of any item of Equipment furnished by Phillips, if Phillips shall certify in addition that the sale price to the County of said item does not exceed the cost thereof to Phillips, less any depreciation previously taken by Phillips with respect thereto, and
- (d) Payment to the insurance company or agent involved, or to the party hereunder which shall have previously paid the same, of the premiums of any insurance required to be taken and maintained under any construction contract or purchase order issued pursuant to this Agreement as evidenced by the invoice or other document of the insurance company or agent approved by Phillips, except such premiums as are required to be paid by the contractor thereunder, with no provision for reimbursement by Phillips.

Section 4. Money deposited hereunder (which money shall be held by the Depositary in a Construction Fund Account) shall be paid out from time to time by the Depositary to or upon the order of Phillips, in order to pay or as reimbursement for payments made for construction costs as hereinbefore provided, and in the case of costs incurred in connection with the construction of the Building or the acquisition of the Equipment, in each case upon receipt by the Depositary of the following:

- (a) The written order of Phillips countersigned by the County:
 - (1) stating that the construction costs of an aggregate amount stated in such order have been made or incurred and were necessary for the construction or equipping of the Improvement Project, and were made or incurred in accordance with the Description and Drawings then in effect,
 - (2) stating that the amount paid or to be paid, as set forth in the said order,

represents a part of the amount payable for construction costs and that such amount is in accordance with the terms of any contracts applicable thereto;

- (3) stating that no part of the said construction costs was included in any order previously filed with the Depositary under the provisions hereof.
- (b) If money is requested as payment or reimbursement for Equipment, a written order certifying that the County has obtained or will, upon payment by the Depositary of the money requested in such order, obtain good title to such Equipment free and clear of liens and encumbrances together with copies or photostatic copies of the invoices or other documents pertaining thereto from the sellers or suppliers thereof or a bill or bills of sale therefor from Phillips to the County.

The written orders prepared responsive to subdivision (a) or (b) above shall be signed by an officer or such other agent (the Authorized Representative) as shall be appointed by any duly authorized officer of Phillips and countersigned by an officer or such other agent (the Authorized Representative) as shall be appointed by the Chairman of the County Board of Commissioners of the County.

Section 5. The County does not make any warranty, either express or implied, that the moneys which will be paid into the Construction Fund Account and which, under the provisions of this Agreement, will be available for payment of the costs of the acquisition and construction of the Improvement Project and other costs related thereto will be sufficient to pay all of the costs which will be incurred in that connection. In the event the moneys in the Construction Fund Account available for payment of such costs should not be sufficient to pay the same in full, Phillips agrees to complete the construction of the Building, the acquisition and installation of the Equipment and to pay all that portion of the costs in connection therewith as may be in excess of the moneys available therefor in the Construction Fund Account. Phillips further agrees that if after exhaustion of the moneys in the Construction Fund Account, Phillips should pay any portion of the said costs pursuant to the provisions of this Section it shall not be entitled to any reimbursement therefor from the County or from the Trustee under the Indenture or from the holders of any of the Bonds issued thereunder, nor shall it be entitled to any diminution of the rents payable under the Lease, all as more fully provided therein.

Section 6. Within 120 days after the completion of the Improvement Project in accordance with the Description

and Drawings then in effect, Phillips will deliver to the Depositary (1) a certificate of the Authorized Representative of Phillips stating that the Improvement Project has been fully completed in accordance with the Description and Drawings then in effect and the date of such completion, and (ii) an opinion of counsel (who may be counsel to Phillips) stating that such counsel has made such investigation of such sources of information as are deemed by him to be necessary, including pertinent records of Phillips, and is of the opinion that the Improvement Project has been paid for and no claim or claims exist against the County or against its properties out of which a lien based on furnishing labor or material exists or might ripen, provided, however, there may be excepted from the foregoing statement any claim or claims out of which a lien exists or might ripen in the event that the County or Phillips intends to contest such claim or claims, in which event such claim or claims shall be described and it shall be further stated that funds are on deposit under this Agreement or will be made available by Phillips sufficient to make payment of the full amount which might in any event be payable in order to satisfy such claim or claims.

In the event the opinion of counsel filed with the Depositary responsive to the preceding provisions of this Section shall state that there are claim or claims in controversy which create or might ripen into a lien, then when and as such claim or claims shall have been fully paid the County or Phillips shall cause a supplemental opinion of counsel to that effect to be promptly filed with the Depositary.

Likewise within 120 days after completion as aforesaid, Phillips and the County will, if necessary, execute and deliver to the Depositary a supplemental lease containing a description of the Equipment and other properties for which payment has been made from money deposited hereunder but not described in the Lease.

Section 7. Moneys at any time held by the Depositary hereunder shall, at the direction of Phillips, be invested or reinvested by the Depositary in Qualified Investments as defined in Section 3 of Schedule C to the Lease, maturing at such time or times that the Depositary will be able to make the payments from time to time required of it hereunder. In determining when it may need to make payments and what amounts can be theretofore invested or reinvested hereunder, the Depositary shall be entitled to rely upon a schedule of anticipated payments of construction costs provided by Phillips and upon a schedule of anticipated payments for Equipment provided by Phillips. Any interest or profit on such investments shall be credited to the Construction Fund Account. The Depositary shall not be obligated to invest any funds held by it hereunder except as directed by Phillips and justified by the fore-

going schedules of anticipated payments and shall not be obligated to pay interest on any funds not invested pursuant to the terms hereof. The Depositary may sell or present for redemption any investment purchased by it whenever it shall be necessary in order to provide moneys to meet any payment hereunder, and the Depositary shall not in the absence of bad faith be liable or responsible for any loss resulting from such investment, sale or redemption.

Section 8. Whenever the Depositary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless the evidence in respect thereof be herein specifically prescribed) may in the absence of bad faith on the part of the Depositary be deemed to be conclusively proved and established by a certificate signed by the Chairman of the County Board of Commissioners or the County Administrator or the Authorized Representative of the County and by an officer, attorney or the Authorized Representative of Phillips; and such certificate shall be full warrant to the Depositary for any action taken or suffered by it under the provisions of this Agreement upon the faith thereof.

Section 9. All moneys held by the Depositary hereunder shall be security for the Bonds outstanding under the Indenture, and in the event of a default thereunder shall on demand be paid to the Trustee under the Indenture. If, after payment by the Depositary of all amounts which it shall have been directed to pay in accordance with Sections 3 and 4 above and after receipt by the Depositary of the certificates required by Section 6 above, there shall remain any balance in the Construction Fund Account not needed to provide for the payment of pending claims, such balance shall be paid to the Trustee and deposited in the Revenue Account created by the Indenture and shall constitute a credit to Phillips against the next succeeding payment or payments of rental due or to become due under the Lease.

Section 10. In the event of default of any contractor or subcontractor under any contract made by it in connection with the construction of the Improvement Project or in the event that any claim should arise against any supplier of Equipment as a result of breach of a product warranty or otherwise, the County will promptly proceed at Phillips' expense (unless Phillips shall advise to the contrary) either separately or in conjunction with others to exhaust the remedies of the County against the contractor or subcontractor or the supplier so in default or against whom a claim shall have arisen and against each surety for the performance of any contract in default. The County shall advise Phillips of the steps it intends to take in connection with any such default or claim. If Phillips shall so notify the County, Phillips or its designee may, in its own name or in the name of the County, prosecute or defend any action or proceeding or take any other action involving any con-

tractor, subcontractor, supplier or surety which Phillips deems reasonably necessary, and in such event the County hereby agrees to cooperate fully with Phillips and to take all action necessary to effect the substitution of Phillips for the County in any such action or proceeding. Any and all amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing prior to the completion of the Improvement Project shall be paid into the Construction Fund Account.

Section 11. Until changed by written notice to the other parties hereto making a change either of substitution or addition, the Authorized Representative of the County for the purposes of this Agreement shall be Dewey B. Blanton, County Administrator, who may be addressed at County Court House, Spartanburg, South Carolina 29301, and the Authorized Representative of Phillips shall be D. P. Shaub, who may be addressed at 9 Al PB, Engineering Department, Phillips Petroleum Company, Bartlesville, Oklahoma 74003.

Section 12. The Depositary may at any time resign by giving at least 10 days' written notice either personally or by registered or certified mail to the County and to Phillips. In the event of such resignation, the County and Phillips shall jointly appoint a successor who, upon written acceptance filed with the County and Phillips, shall become fully vested with all of the rights, powers, trusts, duties and obligations of its predecessor.

Section 13. Nothing in this Agreement shall be construed to permit either Phillips or the County to obligate the County, pursuant to any construction contract or otherwise, to pay any moneys in connection with the acquisition of the Leased Premises, the construction of the Building or the acquisition and installation of the Equipment other than from funds on deposit in the Construction Fund Account and available for such purpose and neither this Agreement nor any construction contract or other agreement executed by Phillips or the County in connection with such acquisition or construction shall (i) be deemed to create or give rise to a general obligation or pecuniary liability of the County or a charge against its general credit or taxing powers, it being expressly understood that except to the extent that Phillips may obligate itself to make up any deficiency thereunder, the source of payment of any sums due or to become due under any such contract or agreement shall be limited to the funds on deposit in the Construction Fund Account and available for such purpose, or (ii) be deemed to create or give rise to any charge or lien upon any assets or property of the County except the Leased Premises and the Building and the funds on deposit in the Construction Fund Account.

Section 14. The Depositary, when acting under the Construction Deposit Agreement, shall be entitled to all of the privileges and immunities of the Trustee under the Indenture.

Section 15. Phillips may assign or otherwise transfer all or any part of its rights and interest hereunder in the same manner and under the same conditions as are provided and permitted under Article XIII of the Lease in the case of assignment or transfer by Phillips of its rights under the Lease. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in triplicate on and as of the date hereinabove written, by their respective duly authorized officers.

SPARTANBURG COUNTY,
SOUTH CAROLINA

By _____
Chairman, County Board of
Commissioners

ATTEST:

County Administrator

PHILLIPS PETROLEUM COMPANY

By _____

ATTEST:

Assistant Secretary

By _____

ATTEST:

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement made and entered into this 12th day of November, 1969, by and between SPARTANBURG COUNTY, a body politic and corporate and political subdivision of the State of South Carolina (hereinafter called the "County"), and PHILLIPS PETROLEUM COMPANY, a Delaware corporation, with a principal office now located in the City of Bartlesville, Oklahoma (hereinafter called the "Company");

WITNESSETH:

WHEREAS the County is a political subdivision of the State of South Carolina and is authorized under Act No. 103 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, 1967 (hereinafter called the "Act") to acquire, own, lease and dispose of properties, through which the industrial development of the State of South Carolina will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate in and remain in the State of South Carolina, and thus utilize and employ the manpower, agricultural products and natural resources of the State; and

WHEREAS the Company, through its subsidiary, Phillips Fibers Corporation, a Delaware corporation, is presently conducting manufacturing and marketing operations in the County and in connection with the storage and distribution of the products of such manufacturing and marketing operations and other products of the Company, such subsidiary and other related companies, has been leasing ware-

housing space at various locations in and near the County under short term leases and in commercial warehouses; and the Company has determined that it is necessary and desirable to consolidate and expand its warehousing operations in a single facility; and

WHEREAS the Company, after considering a number of possible locations within and outside the State of South Carolina, desires to expand its investments in the County by locating a warehousing facility, including all land deemed necessary by the Company (which may or may not consist of contiguous parcels of real property), buildings, machinery, apparatus, equipment and furnishings (hereinafter collectively called the "Facility") in the County; and

WHEREAS in order to implement the public purposes enumerated in the Act, and in the furtherance thereof to induce the Company to locate the Facility within the County, the County has offered to issue its revenue bonds under and pursuant to the provisions of the Act for the purpose of constructing or otherwise acquiring the Facility; and

WHEREAS it is now deemed advisable to set forth the understanding of the County and the Company with respect to the acquisition and construction of the Facility and the leasing thereof to the Company:

NOW, THEREFORE, pursuant to the provisions of Section 8 of the Act and in consideration of the premises and of the mutual undertakings hereinafter expressed, the parties hereto agree as follows:

A. The County is authorized under the provisions of the

Act to issue its revenue bonds, the principal of and interest on which shall be payable solely out of the revenues derived from the leasing of the Facility and to utilize the proceeds from the sale thereof for the purpose of defraying the cost of constructing or otherwise acquiring the Facility, including the payment of expenses incidental thereto.

- B. The County agrees that it will, subject in all respects to the provisions and requirements of the Act (including without limitation the approval of the State Budget and Control Board of South Carolina), and to a sale of the bonds on terms satisfactory to the Company, use its best efforts to authorize, issue, sell and deliver its revenue bonds in the approximate principal amount of \$1,000,000 and to apply the proceeds therefrom to the payment of the cost of constructing or otherwise acquiring the Facility (including machinery, apparatus, equipment and furnishings therefor if requested by the Company), provided that prior to the issuance and delivery of such revenue bonds there shall have been entered into between the Company and the County appropriate agreements whereby the Company will agree to lease the Facility from the County for a basic term not exceeding 25 years upon terms which will comply with the provisions of the Act and to pay rentals which will be sufficient to pay the principal of and interest on such revenue bonds. Such lease will grant to the Company, its assignee, or its designee (1) an option exercisable at the conclusion

of said term to extend the same for a nominal rental and upon such other terms as may be usual in similar transactions, and (ii) the right during said term, and as it may be extended, to purchase the Facility for an amount equal to the outstanding unpaid principal amount of bonds issued and sold by the County to finance the Facility, plus interest accrued thereon, and redemption premiums, if any.

- C. The revenue bonds and interest coupons to be issued by the County shall never constitute an indebtedness of the County within the meaning of any constitutional provision or statutory limitation of the State of South Carolina and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers and such fact shall be plainly stated on the face of each revenue bond. The principal of and interest on the revenue bonds to be issued to finance the cost of the Facility shall be secured by a pledge of the revenues from which such revenue bonds shall be payable and shall be secured by a Trust Indenture (as defined in the Act) covering the real property constituting a part of the Facility from which the revenues so pledged are derived (it being understood that the personal property included in the Facility will not be subject to the lien of said Trust Indenture) and shall be additionally secured by a pledge of the aforesaid lease to the Company. The revenue bonds shall be offered for sale by J. C. Bradford & Co., Nashville, Tennessee,

to a limited number of institutional investors pursuant to the private offering exemption afforded by Section 4(2) of the Securities Act of 1933, subject to the unqualified approving opinion of Messrs. Borge and Pitt, Bond Attorneys, Chicago, Illinois.

- D. The lease of the Facility to the Company shall contain a provision, in accordance with Section 6 of the Act, requiring the Company to make payments to the County, school district or school districts, and other political units wherein the Facility shall be located in lieu of taxes, in such amounts as would result from taxes levied on the Facility by the County, school district or school districts, and other political unit or units, if the Facility 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 Facility. Said lease shall also contain, among others, the following provisions if requested by the Company:

(a) The lease will grant to the Company, or its designee or assignee, the freedom to remove, substitute, add to or alter the buildings or equipment constituting the Facility if obsolete or uneconomic in operation, or if the basic value of the Facility is maintained; and

(b) The lease will grant to the Company, or its designee or assignee, options to purchase the Facility at any time with minimum penal-

ties in the event of (i) casualty or condemnation, (ii) illegality, or (iii) in the event that the Facility should become uneconomic to operate or obsolete.

- E. The Company agrees that it will construct or otherwise acquire the Facility, that the Facility will be used as a warehousing facility, or for such other uses as the Company (or any assignee, sub-lessee or designee of the Company) may from time to time deem appropriate and may be permitted by the Act, that it will convey the Facility to the County for a purchase price which will not exceed the amount of bond proceeds received by the County from the sale of its revenue bonds and available for such purpose, that it will lease the Facility from the County upon terms satisfactory to the Company and the County and which will comply with the provisions of the Act and be sufficient to pay the cost of acquiring the Facility by the County as evidenced by the revenue bonds to be issued by the County for said purpose, and that it will enter into appropriate contracts with the County with regard to the foregoing prior to the issuance and delivery of such revenue bonds by the County. The Company is hereby granted the right, without further action and/or consent by the County, to assign all of its rights hereunder at any time to the aforementioned subsidiary, Phillips Fibers Corporation.
- F. A primary reason for the Company in locating and operating the Facility in the County is based on the abil-

ity of the County to finance the cost of the Facility through the issuance of its revenue bonds and to lease the Facility to the Company under and pursuant to the Act and if for any reason the County is unable successfully to negotiate the issuance, sale and delivery of such revenue bonds, this Memorandum of Agreement shall terminate and the Company shall be under no obligation to locate and operate the Facility in the County, inasmuch as the Company's decision to proceed with so locating and operating the Facility was predicated upon the County's ability successfully to carry out the transactions referred to herein.

- G. It is understood and agreed that all costs and expenses incident to the preparation, issuance, sale and delivery of the revenue bonds of the County hereinabove referred to, the preparation, execution and delivery of all documents and other agreements contemplated hereby, including without limitation the fees and disbursements of bond counsel, are to be paid out of the proceeds of the sale of said bonds, or in the event the transactions contemplated hereby are not consummated, are to be paid by the Company.

IN WITNESS WHEREOF, SPARTANBURG COUNTY, acting by and through its County Board of Commissioners, has caused its corporate name to be hereunto subscribed by C. R. Hayes, Jr., the duly authorized Chairman of its County Board of Commissioners, and attested under its corporate seal by Dewey B. Blanton, its County Administrator, and PHILLIPS PETROLEUM COMPANY has caused

its corporate name to be subscribed hereunto by its duly
authorized TREASURER and
attested under its corporate seal by an Assistant Secretary,
all being done as of the year and date first above written.

SPARTANBURG COUNTY, SOUTH CAROLINA

By C. A. [Signature]
Chairman, County Board of
Commissioners

(SEAL)

Attest:

[Signature]
County Administrator

PHILLIPS PETROLEUM COMPANY

By O. W. [Signature]
TREASURER

(SEAL)

Attest:

[Signature]
Assistant Secretary

January 20, 1970

Mr. T. B. Guerard
Sinkler, Gibbs & Simons
2 Prioleau Street
Charleston, S. C. 29402

RE: \$600,000.00 Dorchester County, First
Mortgage Industrial Revenue Bonds,
Series 1969 (Desley Fabrics, Inc. -
Lessee)

Dear Teddy:

At a meeting of the Budget and Control Board January 16, approval was given to the petition of the Dorchester County Board of Directors for the issuance of the above bonds.

At your request we are returning ten copies of the Resolution of the Board approving the petition with certificates of Board action attached. Note that I have signed all ten copies but have completed only one. Will you please have the other nine copies completed?

Very truly yours,

P. C. Smith
State Auditor

PCS:dr

Enclosures

SINKLER, GIBBS & SIMONS
ATTORNEYS & COUNSELLORS AT LAW

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

TELEPHONE 722-3367
AREA CODE 803

2 PRIOLEAU STREET
CHARLESTON, S. C. 29402

POST OFFICE BOX 340

December 29th, 1969

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

Re: \$600,000 Dorchester County, South
Carolina, First Mortgage Industrial
Revenue Bonds, Series 1969 (Desley
Fabrics, Inc. - Lessee)

Dear Pat:

Enclosed you will find a certified copy of a Resolution adopted by the County Board of Directors of Dorchester County approving the Desley Fabrics, Inc. Project to which is attached a Petition seeking the approval of the State Board pursuant to Act No. 103 of the 1967 Acts.

I believe that information concerning Desley Fabrics, Inc. and Edson, Incorporated, which is guaranteeing the Lease obligation, has been provided to your office directly from the said Companies.

We also enclose the original and 10 copies of a Resolution for consideration by the State Board approving the Desley Project, and if the same is adopted we ask that you return us 10 certified copies.

Very truly yours,

Huger Sinkler & Simon

TBG/bhs
Enclosures

A RESOLUTION

APPROVING THE ACQUISITION AND CONSTRUCTION OF A CERTAIN MANUFACTURING PLANT IN DORCHESTER COUNTY (TO BE LEASED TO DESLEY FABRICS, INC.) THROUGH THE ISSUANCE OF SIX HUNDRED THOUSAND DOLLARS (\$600,000) OF DORCHESTER COUNTY, SOUTH CAROLINA, FIRST MORTGAGE INDUSTRIAL REVENUE BONDS, SERIES 1969 (DESLEY FABRICS, INC. - LESSEE); 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 ACTS OF THE SOUTH CAROLINA GENERAL ASSEMBLY.

As an incident to the adoption of this Resolution the County Board of Directors of Dorchester County (the County Board) has made the following findings of fact:

1. Edson, Incorporated, a Illinois corporation (Edson) heretofore proposed that Dorchester County acquire a tract of land, containing approximately 15 acres and located north of the Town of Summerville, in Dorchester County, adjacent to Summerville Industries property and the Southern Railroad right of way, and finance the construction thereon of a manufacturing plant for the manufacture of draperies and bedspreads through the issuance of \$600,000 Dorchester County, South Carolina, First Mortgage Industrial Revenue Bonds, Series 1969 (the Bonds) pursuant to Act No. 103 enacted by the General Assembly of the State of South Carolina at its 1967 Session (the Act). Edson advised that the cost of the land would be approximately \$35,000 and the cost of constructing the necessary building approximately \$550,000 (said land and building being hereinafter referred to as the Project).

2. The County Board, at its meeting held on December _____, 1969, approved the proposal of Edson set forth above and entered into an Agreement under which the County Board agreed to finance the Project to be leased to Edson through the issuance of Industrial Revenue Bonds pursuant to the Act to be repaid

from the Lease rentals to be paid by Edson to the County, and on the basis of these assurances Edson has acquired the said property and proceeded with the construction of the Project.

3. Under the original proposal outlined above, Edson intended to sub-lease the Project, when completed, to its wholly owned subsidiary, Desley Fabrics, Inc., a New York corporation (Desley). Under that arrangement Edson would remain obligated for the rental payments required to be made under the Lease although the payments would, in fact, be made by Desley.

4. Edson has now proposed to modify the original proposal so that the Lessee under the Lease from the County will be Desley, and Edson will unconditionally guarantee the payment of all rentals and other amounts to become due under the said Lease. Thus, as a practical matter the obligations of Desley and Edson to the County will be the same as they would have been under the original proposal, except that Edson will be obligated as a Guarantor rather than primarily obligated as Lessee. After due consideration, the County Board has agreed to the modification now proposed by Edson to the original proposal.

5. In order that the Bonds may be issued to finance the Project, it is necessary that there be presented to the State Budget and Control Board of South Carolina (the State Board) a Petition setting forth the facts required by Section 14 of the Act

6. The County Board has determined that neither the Project nor the Bonds will give rise to any pecuniary liability of Dorchester County or a charge against its general credit or taxing power.

7. The amount necessary to finance the Project is Six Hundred Thousand Dollars (\$600,000).

8. Desley has submitted to the County Board an outline of the proposed Lease, under which Desley will agree to pay as rent the amount necessary to provide the annual payments of principal and interest on the Bonds, which will be dated December 1, 1969, will mature on December 1 in the years 1971 through 1989, and bear interest as set forth in paragraph 6 in the Petition attached hereto.

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

10. Edson will unconditionally guarantee the payment of all amounts which Desley will be obligated to pay under the proposed Lease.

11. In view of the financial information relating to Desley and Edson furnished to the County Board, it is unnecessary to establish reserve funds for the payment of principal, interest, and premium, if any.

12. Desley has advised the County Board that Desley has arranged for the private placement of the Bonds to a single Purchaser, and for that reason no public offering is involved nor will the services of an Underwriter be required.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY BOARD OF DIRECTORS OF DORCHESTER COUNTY, IN MEETING DULY ASSEMBLED:

That the County Board finds that the facts set forth above are in all respects true and correct and on such basis determines to finance the Project above described, and to authorize the sale of the Bonds by Dorchester County to the Purchaser who has agreed to take the same.

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 Executive Secretary.

(SEAL)

15/ W. C. Weather
Chairman

15/ J. B. Reeves

15/ Ralph N. Knight

15/ Hermit Kizer

15/ L. W. Hoover

Constituting the Members of the County
Board of Directors of Dorchester
County

Attest:

15/ Lucille P. Kizer
Executive Secretary of the
County Board of Directors of
Dorchester County

STATE OF SOUTH CAROLINA

COUNTY OF DORCHESTER

)	
TO THE STATE BUDGET AND CONTROL)	
)	
BOARD OF SOUTH CAROLINA)	<u>P E T I T I O N</u>
)	
)	

The Petition of the County Board of Directors of
Dorchester 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 Dorchester
County established pursuant to Article 1, Chapter 34, Title 14,
South Carolina Code of Laws, 1962, as amended, and as such it is
the "County Board" referred to in Act 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 and buildings and other improvements deemed necessary,
suitable and useful by any manufacturing or processing enterprise;
to lease the same; and to financing 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 and
buildings and other improvements.

3. Heretofore, Edson, Incorporated, a Illinois corpora-
tion (Edson) did propose that the County Board should acquire a
tract of approximately 15 acres, located north of the Town of
Summerville, in Dorchester County, adjacent to Summerville Indus-
tries property and the Southern Railroad right of way, and

that the County Board finance the construction thereon of a manufacturing plant for the manufacture of draperies and bedspreads, and that the County Board finance the cost of constructing such building and acquiring the necessary land therefor (such land and building being hereinafter referred to as the Project), through the issuance of First Mortgage Industrial Revenue Bonds of Dorchester County (the Bonds) pursuant to the Act.

4. The County Board agreed to the original proposal of Edson outlined above and Edson has since acquired the said land and begun the construction of the Project. Edson now proposes that the County Board lease the Project to its wholly owned subsidiary, Desley Fabrics, Inc., a New York corporation (Desley) rather than to Edson, but that Edson will unconditionally guarantee the payment of all amounts to become due under the said Lease. The County Board has agreed to such a modification of the original proposal and now proposes to issue the Bonds in the amount of Six Hundred Thousand Dollars (\$600,000) in order to acquire the said land at an estimated cost of approximately \$35,000 and to finance the construction of the necessary building at a cost of approximately \$550,000.

5. The construction of the Project will provide considerable employment during the period of construction, and will provide employment for approximately 200 to 250 local persons in its operation.

6. For the reasons above set forth and hereafter disclosed, the County Board has found:

(a) That the proposed Desley Project will subserve the purposes of the Act.

that the County Board finance the construction thereon of a manufacturing plant for the manufacture of draperies and bedspreads, and that the County Board finance the cost of constructing such building and acquiring the necessary land therefor (such land and building being hereinafter referred to as the Project), through the issuance of First Mortgage Industrial Revenue Bonds of Dorchester County (the Bonds) pursuant to the Act.

4. The County Board agreed to the original proposal of Edson outlined above and Edson has since acquired the said land and begun the construction of the Project. Edson now proposes that the County Board lease the Project to its wholly owned subsidiary, Desley Fabrics, Inc., a New York corporation (Desley) rather than to Edson, but that Edson will unconditionally guarantee the payment of all amounts to become due under the said Lease. The County Board has agreed to such a modification of the original proposal and now proposes to issue the Bonds in the amount of Six Hundred Thousand Dollars (\$600,000) in order to acquire the said land at an estimated cost of approximately \$35,000 and to finance the construction of the necessary building at a cost of approximately \$550,000.

5. The construction of the Project will provide considerable employment during the period of construction, and will provide employment for approximately 200 to 250 local persons in its operation.

6. For the reasons above set forth and hereafter disclosed, the County Board has found:

(a) That the proposed Desley 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 Desley will unconditionally obligate Desley to pay rent in an amount adequate to provide for the principal, premium, if any, and interest payments on the Bonds which mature and bear interest as follows:

DECEMBER 1	PRINCIPAL PAYABLE	RATE OF INTEREST
1971	\$ 25,000	7.50%
1972	25,000	7.50%
1973	25,000	7.50%
1974	25,000	7.50%
1975	25,000	7.50%
1976	25,000	7.50%
1977	25,000	7.50%
1978	25,000	7.50%
1979	25,000	7.50%
1980	25,000	7.50%
1981	25,000	7.50%
1982	25,000	7.50%
1983	25,000	7.50%
1984	25,000	7.50%
1985	50,000	7.50%
1986	50,000	7.50%
1987	50,000	7.50%
1988	50,000	7.50%
1989	50,000	7.50%

The Indenture will provide that the Bonds will be callable at the option of the County on and after December 1, 1980 at a price of 107½% of par value, which redemption price will reduce three-fourths (3/4th) of one per centum (1%) in each subsequent year.

(d) Edson will unconditionally guarantee the payment of all amounts to become due under the proposed Lease between the County Board and Desley.

(e) In view of the financial information relating to Desley and Edson furnished to the County Board, it is unnecessary to establish reserve funds for the payment of such principal,

interest, and premium, if any.

(f) That the terms of the Lease will require Desley 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, a building and other improvements which will be necessary for, and part of, facilities for the manufacture of draperies and bedspreads.

(b) The Project will provide considerable employment during the period of its construction and will provide permanent employment for approximately 200 to 250 local persons, replacing the similar but temporary operation now being conducted by Edson in Dorchester County employing about 30 persons. 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 Six Hundred Thousand Dollars (\$600,000), including construction cost, cost of land, financing costs and all other expenses to be incurred in connection therewith.

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 \$600,000 of Dorchester County First

5.

Mortgage Industrial Revenue Bonds, Series 1969 (Desley Fabrics, Inc. - Lessee). All Bonds will be secured by a pledge of the rents to be paid by Desley and will be further secured by a Trust Indenture, as authorized by Section 5 of the Act, to The First National Bank of Chicago, as Trustee.

(b) The proceeds derived from the payment of the Bonds will be deposited with the Trustee and will be withdrawn on requisition of Desley and the County and applied solely for the payment of costs incident to the acquisition and construction of the Project, including the repayment of any expenses previously incurred in connection with the Project and the issuance of the Bonds.

(c) The Lease will contain a specific provision by which Desley will unconditionally agree to make payments to Dorchester County, to any School District in Dorchester 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 Dorchester County, by any such School District, and by said political units if the Project were owned by Desley, but with appropriate reductions similar to the tax reductions, if any, which would be afforded to Desley 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 interest 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 Six Hundred Thousand Dollars (\$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 Desley are placed, and the use of said fund for the payment of the Bonds. It imposes upon Desley as Lessee of the Project, the obligation to pay, in addition to the moneys required for the payment of the principal, interest, and premium, if any, 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.

10. The proposed Lease and Lease Guaranty Agreement and the proposed Trust Indenture will be substantially in the forms heretofore used in the issuance of Industrial Revenue Bonds pursuant to the Act, with the addition of a provision obligating Desley to purchase the Project in the event legislation should be enacted which would make interest on the Bonds subject to Federal income taxes.

11. Desley has arranged for the private placement of the Bonds to a Purchaser. For this reason the proposed sale of the Bonds will not involve a public offering nor require the services of an Underwriter.

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 provision of the Lease and Lease Guaranty Agreement 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.

~~December~~ 1st, 1969.

Respectfully submitted,

DORCHESTER COUNTY, SOUTH CAROLINA

(SEAL)

BY W. C. Weather
Chairman of the County Board
of Directors

Attest:

Lucille P. Kizer
Executive Secretary

STATE OF SOUTH CAROLINA

COUNTY OF DORCHESTER

I, the undersigned, Executive Secretary of the County Board of Directors of Dorchester County, DO HEREBY CERTIFY:

That the foregoing is a true, correct and verbatim copy of the Resolution duly adopted by said County Board of Directors at a meeting duly called and regularly held and attended by all members of the Board who remained present throughout the meeting.

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 1st day of December, 1969.

(SEAL)

Leville P. King
Executive Secretary, County Board
of Directors of Dorchester County

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RESOLUTION

STATE OF SOUTH CAROLINA BUDGET AND CONTROL BOARD

WHEREAS, heretofore the County Board of Directors of
Dorchester 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 pursu-
ant to the Act; and

WHEREAS, the proposed undertaking consists of the
acquisition by the County Board of a tract of land located in
Dorchester County, including the building under construction there-
on which will house equipment and machinery for the manufacture
of draperies and bedspreads; and the County proposes to lease the
said land and building (hereinafter referred to as the Project)
to Desley Fabrics, Inc., a New York corporation (Desley) which
will operate the Project as a plant for the manufacture of
draperies and bedspreads, and the County Board proposes to finance
the acquisition of the said land and the construction of the said
building through the issuance of revenue bonds pursuant to the
Act; and

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

S

WHEREAS, in order to finance the Project the County Board proposes to provide for an issue of \$600,000 of Dorchester County First Mortgage Industrial Revenue Bonds payable from the rentals derived from Desley and additionally secured by a Trust Indenture, and Edson, Incorporated, a Illinois corporation (the Guarantor), will unconditionally guarantee the performance of Desley's obligations under the Lease Agreement as will be more fully set forth in a Lease Guaranty Agreement between the Guarantor and Dorchester County; and

WHEREAS, the forms of the Lease Agreement between Dorchester County and Desley, the Lease Guaranty Agreement, and the Trust Indenture, have been reviewed by this Board;

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

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

(a) That the statements of fact 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 Desley 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 to 250 persons, and will be of benefit to Dorchester 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 building (wherein Desley will install manufacturing equipment and machinery in which Dorchester County will have no interest) included in the Project, to lease the Project to Desley and to finance the cost of acquiring the land and constructing the building (including reimbursement of moneys advanced or loans incurred for such purposes by the Guarantor or Desley) through the issuance of \$600,000 Dorchester 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 same is hereby approved.

3. Notice of the action of the State Board in giving approval to the undertaking of Dorchester County above described in paragraph 2, supra, shall be published in THE SUMMERVILLE SCENE and in THE NEWS & COURIER, both of which are newspapers having general circulation in Dorchester 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 Directors of Dorchester 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 _____, 1970, to the following undertaking, viz.:

The acquisition by the County Board of a parcel of land containing approximately 15 acres and located North of the Town of Summerville, in Dorchester County, adjacent to Summerville Industries property and the Southern Railroad right of way, together with the building under construction thereon (said land and building being hereinafter referred to as the Project); and the financing of the cost of acquiring and constructing the Project through the issuance by the County Board of \$600,000 Dorchester County First Mortgage Industrial Revenue Bonds pursuant to the provisions of Act No. 103 of the Acts of the South Carolina General Assembly for the year 1967. The County Board proposes to lease the Project when acquired to Desley Fabrics, Inc., a New York corporation (Desley) and the said bonds will be payable solely from the rentals to be paid to the County by Desley, which has irrevocably covenanted and agreed to pay when due all sums required for the principal, premium, if any, and interest thereon and the bonds will be additionally secured by a Trust Indenture which will constitute a forecloseable lien upon the Project. The performance of Desley's obligations under the Lease Agreement hereinafter mentioned will be unconditionally

guaranteed by Edson, Incorporated, a Illinois corporation. On the basis of an agreement heretofore made by the County Board to undertake the aforesaid financing, Edson, Incorporated, and Desley (a wholly owned subsidiary of Edson, Incorporated) have proceeded to acquire the said land to construct the said building and Desley and Edson, Incorporated, will be repaid from the proceeds of the said bonds for any funds expended or loans incurred for the purpose of acquiring and constructing the Project.

When the Project is in operation it will provide employment for 200 to 250 persons, and the Project will replace a similar operation now being conducted by Edson, Incorporated, in Dorchester County employing about 30 persons.

Under the terms of the Lease Agreement by which Dorchester County will lease the Project to Desley, Desley has agreed to install in the building forming a part of the Project equipment and machinery necessary for the manufacture of draperies and bedspreads, but such machinery and equipment will not be a part of the Project acquired by the County and the County will have no interest therein. In addition, Desley has agreed to pay as additional rentals to Dorchester 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 Dorchester County, the said School District, and the said other political units wherein the Project is situate, if the Project were owned by Desley but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to Desley if it were the owner of the Project.

3.

The said Lease Agreement under which the County will lease the Project to Desley will give Desley the right to purchase the Project upon the payment of the bonds for the nominal sum of \$1.00.

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 Dorchester County.

THE STATE BUDGET AND CONTROL BOARD

BY P. C. SMITH, SECRETARY

PUBLICATION DATE:

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
January 6th, 1970

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

Dear Pat:

Re: \$600,000 Dorchester County, South Carolina,
First Mortgage Industrial Revenue Bonds,
Series 1969 (Desley Fabrics, Inc. - Lessee)

In connection with the Petition of the Dorchester County Board of Directors for approval of the Desley Project, we now enclose a copy of the form of Lease Agreement (with Lease Guaranty Agreement attached) and Trust Indenture, which will be used in connection with the issuance of the captioned bonds. While these documents are not necessarily in final form we do not anticipate any material changes.

Very truly yours,

Sinkler Gibbs & Simons

TBG/bhs
Enclosures

TRUST INDENTURE

THIS TRUST INDENTURE made and entered into as of the first day of December, 1969, by and between Dorchester 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 First National Bank of Chicago, 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, 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, and appearing as Article 2.1, Chapter 8, Title 14, Code of Laws of South Carolina, 1962, 1969 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 Desley Fabrics, Inc., a corporation organized and existing under the laws of the State of New York, 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 facilities to house a manufacturing plant for the manufacture of (i) draperies and bedspreads and (ii) such other products as the Lessee may deem appropriate, including the necessary land, easements, building 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 the obligations of the Lessee under the Lease Agreement have been unconditionally guaranteed by Edson, Incorporated, an Illinois corporation; 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 Directors of Dorchester County (hereinafter sometimes referred to as the "County Board") which is the governing body of the County, as constituted by Article 1, Chapter 34, 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 Dorchester 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 (Desley Fabrics, Inc. - Lessee) in the aggregate principal amount of \$600,000, 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 \$600,000 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 forms, with necessary and appropriate variations, omissions and insertions as permitted or required by this Trust Indenture, to wit:

(Form of Coupon Bond)

UNITED STATES OF AMERICA

STATE OF SOUTH CAROLINA

DORCHESTER COUNTY

FIRST MORTGAGE INDUSTRIAL REVENUE BOND, SERIES 1969

(DESLEY FABRICS, INC. - LESSEE)

Number..... \$5,000

KNOW ALL MEN BY THESE PRESENTS that Dorchester 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 December 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 seven and one-half per centum ($7\frac{1}{2}\%$) per annum on June 1, 1970 and semi-annually thereafter on June 1 and December 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 The First National Bank of Chicago, in the City of Chicago, State of Illinois, or its successor in trust.

This Bond is one of an authorized issue of Bonds limited to the aggregate principal amount of \$600,000 issued for the purpose of acquiring land, building and other facilities in

connection therewith, and leasing the same to Desley Fabrics, Inc., a New York corporation (hereinafter referred to as the "Lessee") (such land, building 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 December 1, 1969, duly executed and delivered by the County to The First National Bank of Chicago, 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.

The holder of any coupon Bond or Bonds (whether or not registered as to principal) may surrender the same, with all unmatured coupons attached, at the principal office of the Trustee, in exchange for an equal aggregate principal amount of fully registered Bonds of any authorized denomination in the manner and subject to the conditions provided in the Indenture. In like manner and subject to such conditions, the owner of any fully registered Bond or Bonds may surrender the same to the Trustee at its principal office (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney), in exchange for an equal aggregate principal amount of coupon Bonds (which may be registered as to principal if requested) with appropriate coupons attached, or of fully registered Bonds of any authorized denomination.

The Bonds of this issue are noncallable for redemption prior to December 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 December 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) purchase of the Project by Lessee pursuant to the requirements of Section 12.2 of the Lease Agreement. If called for redemption

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in either 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.

In addition, the Bonds maturing on and after December 1, 1980 are also subject to redemption by the County prior to maturity on any interest payment date on or after December 1, 1979, in whole or in part (less than all of such Bonds of a single maturity to be selected by lot in such manner as may be designated by the Trustee), at the redemption prices (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date.

<u>Redemption Date</u> <u>(dates inclusive)</u>	<u>Redemption Price</u>
December 1, 1979 and June 1, 1980	107.50%
December 1, 1980 and June 1, 1981	106.75%
December 1, 1981 and June 1, 1982	106.00%
December 1, 1982 and June 1, 1983	105.25%
December 1, 1983 and June 1, 1984	104.50%
December 1, 1984 and June 1, 1985	103.75%
December 1, 1985 and June 1, 1986	103.00%
December 1, 1986 and June 1, 1987	102.25%
December 1, 1987 and June 1, 1988	101.50%
December 1, 1988 and June 1, 1989	100.75%

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) 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 the 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 not 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, and pursuant to resolutions duly adopted by the County Board of Directors of Dorchester 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. Pursuant to a Lease Guaranty Agreement dated as of December 1, 1969, Edson, Incorporated, an Illinois corporation, has unconditionally guaranteed the performance of the Lessee's obligations under the Lease Agreement.

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 "Dorchester County Industrial

Revenue Bond Fund - Desley 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, Dorchester County, South Carolina, has caused this Bond to be executed by the Chairman of its County Board of Directors, by his manual signature, and its corporate seal or a facsimile thereof to be impressed or reproduced hereon, and attested by the Executive Secretary of its County Board of Directors, by his manual signature, and has caused the interest coupons attached hereto to be executed by the facsimile signatures of said Chairman and said Executive Secretary, all as of the first day of December, 1969.

DORCHESTER COUNTY, SOUTH CAROLINA

By.....
Chairman of the County Board
of Directors of Dorchester
County

Attest:

.....
Executive Secretary of the
County Board of Directors
of Dorchester 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.

By -----
Authorized Officer

(Form of Interest Coupon)

No. ----- \$-----

On the first day of-----, 19--, Dorchester 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, The First National Bank of Chicago, or its successor in trust, the amount shown herein 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 (Desley Fabrics, Inc. - Lessee), dated as of December 1, 1969, numbered -----

DORCHESTER COUNTY, SOUTH CAROLINA

By -----
Chairman of the County Board
of Directors of Dorchester
County

Executive Secretary of the County
Board of Directors of Dorchester
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

SIGNATURE OF
BOND REGISTRAR

(Form of Fully Registered Bond)

UNITED STATES OF AMERICA

STATE OF SOUTH CAROLINA

DORCHESTER COUNTY

FIRST MORTGAGE INDUSTRIAL REVENUE BOND, SERIES 1969

(DESLEY FABRICS, INC. - LESSEE)

Number R

\$ _____

KNOW ALL MEN BY THESE PRESENTS that Dorchester 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 _____, or assigns (called Payee), the principal sum of _____ dollars on the first day of December, 19__ and in like manner to pay interest in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, on said sum from the date hereof at the rate of seven and one half per centum ($7\frac{1}{2}\%$) per annum on June 1, 1970, and semi-annually thereafter on June 1 and December 1 of each year until said principal is paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may become applicable hereto. Payments of interest shall be made by check or draft mailed by The First National Bank of Chicago, as Trustee (called "Trustee") to the Payee without the necessity of surrendering this Bond and all such payments shall fully discharge the obligation of the County herein to the extent of the payments so made. The Trustee shall keep a record of all such payments. The principal of this Bond is payable to or upon the order of the registered owner or his legal representative at the principal

office of the Trustee upon presentation and surrender of this Bond for cancellation.

This Bond is one of an authorized issue of Bonds limited to the aggregate principal amount of \$600,000 issued for the purpose of acquiring land, building and other facilities in connection therewith, and leasing the same to Desley Fabrics, Inc., a New York corporation (hereinafter referred to as the "Lessee") (such land, building 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 December 1, 1969, duly executed and delivered by the County to The First National Bank of Chicago, 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 terms upon which the Bonds are issued and secured.

The holder of any coupon Bond or Bonds (whether or not registered as to principal) may surrender the same, with all unmatured coupons attached, at the principal office of the Trustee, in exchange for an equal aggregate principal amount of

fully registered Bonds of any authorized denomination in the manner and subject to the conditions provided in the Indenture. In like manner and subject to such conditions, the owner of any fully registered Bond or Bonds may surrender the same to the Trustee at its principal office (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney), in exchange for an equal aggregate principal amount of coupon Bonds (which may be registered as to principal if requested) with appropriate coupons attached, or of fully registered Bonds of any authorized denomination.

The Bonds of this issue are noncallable for redemption prior to December 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 December 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) purchase of the Project by Lessee pursuant to the requirements of Section 12.2 of the Lease Agreement. If called for redemption in either 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.

In addition, the Bonds maturing on and after December 1, 1980, are also subject to redemption by the County prior to maturity on any interest payment date on or after December 1, 1979, in whole or in part (less than all of such Bonds of a single

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

<u>Redemption Date</u> <u>(dates inclusive)</u>	<u>Redemption Price</u>
December 1, 1979 and June 1, 1980	107.50%
December 1, 1980 and June 1, 1981	106.75%
December 1, 1981 and June 1, 1982	106.00%
December 1, 1982 and June 1, 1983	105.25%
December 1, 1983 and June 1, 1984	104.50%
December 1, 1984 and June 1, 1985	103.75%
December 1, 1985 and June 1, 1986	103.00%
December 1, 1986 and June 1, 1987	102.25%
December 1, 1987 and June 1, 1988	101.50%
December 1, 1988 and June 1, 1989	100.75%

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 fully registered Bonds or Bonds at the time registered as to principal (except to bearer) upon mailing a copy of the redemption notice to 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 the time fully registered or registered as to principal only (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 not 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, and pursuant to resolutions duly adopted by the County Board of Directors of Dorchester 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 the Lessee must pay to the County such rentals as will be fully

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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. Pursuant to a Lease Guaranty Agreement dated as of December 1, 1969, Edson, Incorporated, an Illinois corporation, has unconditionally guaranteed the performance of the Lessee's obligations under the Lease Agreement.

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

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 "Dorchester County Industrial Revenue Bond Fund - Desley 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 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 any supplements thereto, may be made only to the

extent and in the circumstances permitted by the Indenture.

Portions of any fully registered Bond in an authorized denomination of more than \$5,000 to be redeemed shall be selected by lot by the Trustee in the principal amount of \$5,000 or a multiple thereof in such manner as the Trustee in its discretion may determine, and upon the surrender of such Bond there will be issued to the registered owner thereof, without charge, for the unredeemed balance of the principal amount of such Bond, at the option of such owner, either coupon Bonds or registered Bonds of like maturity in any of the authorized denominations as provided for in the Indenture.

This bond is transferable, as provided in the Indenture, by the registered owner hereof in person, or by his duly authorized attorney, upon presentation of this bond at the principal office of the Trustee with the assignment hereon duly executed by the registered owner or his duly authorized attorney, and thereupon the Trustee shall note the transfer upon the registration books kept by the Trustee as bond registrar.

The holder of any coupon Bond or Bonds (whether or not registered as to principal) may surrender the same, with all unmatured coupons attached, at the principal office of the Trustee, in exchange for an equal aggregate principal amount of fully registered Bonds of any authorized denomination in the manner and subject to the conditions provided in the Indenture. In like manner and subject to such conditions, the owner of any fully registered Bond or Bonds may surrender the same to the Trustee at its principal office (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney), in exchange for an equal aggregate principal amount of coupon Bonds (which may be registered as to principal if requested) with appropriate

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coupons attached, or of fully registered Bonds of any authorized denomination.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; and that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the County, does not exceed or violate any constitutional or statutory limitation.

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

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

DORCHESTER COUNTY, SOUTH CAROLINA

By
Chairman of the County Board
of Directors of Dorchester
County

Attest:

.....
Executive Secretary of the
County Board of Directors
of Dorchester County

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(Form of Trustee's Certificate of Authentication)

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

By -----
Authorized Officer

(Form of Assignment)

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

(Please print or typewrite name and address of transferee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints

_____ attorney
to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

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

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 The First National Bank of Chicago, 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: **420**

I

The real property and interest therein situated in Dorchester 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 December 1, 1969, between the County and Desley Fabrics, 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.

III

All right, title and interest of the County in and to the Lease Guaranty Agreement, dated as of December 1, 1969, by Edson, Incorporated, an Illinois corporation, and all amounts received or to be received under said Lease Guaranty Agreement, except amounts paid thereunder in fulfillment of the obligations of the Lessee under Section 5.5 of the Lease Agreement.

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.

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 the principal, interest and premium, if any, to become due on the Bonds 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 2.1, Chapter 8, Title 14, Code of Laws of South Carolina, 1962, 1969 Cumulative Supplement.

"Bond" or "Bonds" means the First Mortgage Industrial Revenue Bonds of the County to be issued hereunder.

"Bond Fund" or "Dorchester County Industrial Revenue Bond Fund - Desley 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 registered owner of any Bond registered as to principal or any fully registered Bond.

"Construction Fund" or "Dorchester County Industrial Construction Fund - Desley Project" means the fund created by Section 602 hereof.

"County" means Dorchester 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 Directors 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.

"Guarantor" means Edson, Incorporated, an Illinois corporation, its successors and assigns.

"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 December 1, 1969, and any amendments thereto.

"Lease Guaranty Agreement" means the Lease Guaranty Agreement dated as of December 1, 1969 from the Guarantor to the County.

"Lessee" means Desley Fabrics, Inc., a New York corporation, and its successor 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 in due course.

"Person" means natural person, firm, association, corporation or public body.

"Project" means the land, building and other facilities leased under the Lease Agreement.

"Trust estate" means the Mortgaged Property.

"Trustee" means The First National Bank of Chicago, 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 \$600,000.

SECTION 202, Issuance of Bonds. The Bonds shall be designated "Dorchester County First Mortgage Industrial Revenue Bond, Series 1969, (Desley Fabrics, Inc. - Lessee)" (called "Bonds") and shall be in coupon or fully registered form, as hereinafter provided. The coupon Bonds shall be dated December 1, 1969. Fully registered Bonds shall be dated and shall bear interest from the interest payment date next preceding the date of authentication thereof by the Trustee, or such date of authentication if it be an interest payment date; provided, however, that if, as shown by the records of the Trustee, interest on the Bonds shall be in default, the fully registered Bonds issued upon transfer or exchange shall bear interest from the date to which interest has been paid on the Bonds surrendered; and provided, further, that if the date of authentication shall be prior to the first interest payment date for the Bonds, fully registered Bonds shall be dated and bear interest from December 1, 1969. The Bonds shall bear interest at the rate of seven and one half per cent (7½%) per annum payable on June 1 and December 1 of each year and shall be in the denomination of five thousand dollars each except that fully registered Bonds may be in larger denominations that are multiples of five thousand dollars not exceeding the aggregate

principal amount of Bonds maturing in any year, and shall mature on December 1 in each of the years as set forth in the following schedule:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
1971	\$25,000	7½%
1972	25,000	7½%
1973	25,000	7½%
1974	25,000	7½%
1975	25,000	7½%
1976	25,000	7½%
1977	25,000	7½%
1978	25,000	7½%
1979	25,000	7½%
1980	25,000	7½%
1981	25,000	7½%
1982	25,000	7½%
1983	25,000	7½%
1984	25,000	7½%
1985	50,000	7½%
1986	50,000	7½%
1987	50,000	7½%
1988	50,000	7½%
1989	50,000	7½%

Interest on the coupon Bonds shall be evidenced by interest coupons payable at the principal office of the Trustee. Payments of interest made in respect of any fully registered Bond shall be by check or draft mailed to the registered owner at the address shown on the registration books. Payment of principal made in respect of any Bond which is fully registered or is registered as to principal shall be made to or upon the order of the registered owner or his legal representative upon presentation or surrender of such Bond at the office of the Trustee for cancellation and, if appropriate, exchange for a Bond in the principal amount equal to the balance of the principal amount of such Bond remaining unpaid. Payment of principal and interest shall be in any coin

or currency of the United States of America which, upon the respective date of payment, is legal tender for the payment of public and private debts.

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 impressed or reproduced thereon and attested by the Executive 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 facsimile signatures of said Chairman and Executive Secretary and such facsimiles shall have the same force and effect as if said Chairman and Executive 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 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 forms 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 \$600,000 and deliver them to the purchaser as may be directed by the County 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 Executive Secretary of the County Board, of the resolution of the County Board authorizing the execution and delivery of the Lease Agreement and the Lease Guaranty Agreement.

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

3. A copy, duly certified by the Executive 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 \$600,000 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 request and authorization to the Trustee on behalf of the County Board and signed by the Chairman and Executive Secretary of the County Board to authenticate and deliver the Bonds in the aggregate principal amount of \$600,000 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 (with appropriate coupons attached in the case of coupon Bonds) of like tenor, date, maturity and denomination as that 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. Title to any coupon Bond, unless such Bond is registered in the manner hereinafter provided, and to any interest coupon shall pass by delivery in the same manner as negotiable instruments payable to bearer. The County shall cause books for the registration and for the transfer of the Bonds as provided in this Indenture to be kept by the Trustee as Bond registrar. At the option of the bearer, any coupon Bond may be registered as to principal only on such books, upon presentation thereof to the Bond registrar, which shall make notation of such registration thereon. Any coupon Bond registered as to principal may thereafter be transferred only upon an assignment duly executed by the registered owner or his attorney or legal representative

in such form as shall be satisfactory to the Bond registrar, such transfer to be made on such books and endorsed on the coupon Bond by the Bond registrar. Such transfer may be to bearer and thereafter transferability by delivery shall be restored, subject, however, to successive registrations and transfers as before. The principal of any coupon Bond registered as to principal only, unless registered to bearer, shall be payable only to or upon the order of the registered owner or his legal representative, as provided in Section 202 hereof, but the coupons appertaining to any Bond registered as to principal shall remain payable to bearer notwithstanding such registration. No charge will 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 fully registered Bond and any coupon 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 fully registered Bond or coupon 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 coupon Bond which shall not at the time be

registered as to principal, and the bearer of any coupon appertaining to any coupon Bond, whether such coupon Bond be registered as to principal or not, as the absolute owner of such coupon Bond or coupon, as the case may be, whether such coupon 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 Trustee, the Bond registrar nor any Paying Agent shall be affected by any notice to the contrary.

SECTION 209, Exchange of Bonds. Coupon Bonds (whether or not registered as to principal), upon surrender thereof to the Trustee as Bond registrar with all unmatured coupons attached, may, at the option of the holder thereof, and upon payment by such holder of any charges which the County may make as herein below provided, be exchanged for an equal aggregate principal amount of fully registered Bonds of like tenor and of any authorized denomination. Fully registered Bonds, upon surrender thereof to the Bond registrar with a written instrument of transfer satisfactory to the Bond registrar, duly executed by the registered owner or by his duly authorized attorney, may, at the option of the registered owner thereof, and upon payment by such registered owner of any charges which the County may make as provided herein below, be exchanged for an equal aggregate principal amount of coupon Bonds (which may be registered as to principal if requested) of like tenor with appropriate coupons attached, or of fully registered Bonds of like tenor and of any other authorized denominations.

Each fully registered Bond shall be transferable only by the registered owner thereof in person or by his attorney duly authorized in writing, upon presentation thereof at the principal office of the Trustee with the assignment thereon duly executed by the registered owner or his duly authorized attorney and

thereupon the Trustee shall note the transfer upon the registration books kept by the Trustee as Bond registrar.

In all cases in which the privilege of exchanging the Bonds or transferring Bonds which are fully registered or registered as to principal is exercised, the County shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions hereof. The Bonds in changed form or denominations shall be exchanged for the surrendered Bonds in such manner that no over-lapping interest is paid, and such Bonds in changed form or denominations shall bear interest at the same rate or rates and mature on the same date or dates as the Bonds for which they are exchanged. All Bonds and coupons surrendered in any such exchanges and transfers shall forthwith be cancelled by the Bond registrar. For every such exchange or transfer of Bonds, the Bond registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer. Coupon Bonds shall be in \$5,000 denominations. Fully registered Bonds shall be in \$5,000 denominations or any multiple thereof not exceeding the aggregate principal amount of Bonds maturing in any one year.

Neither the County, the Trustee nor the Bond registrar shall be required (a) to register, transfer or exchange Bonds for a period of ten days next preceding an interest payment date or (b) to register, transfer or exchange any Bonds selected for redemption.

SECTION 210, Cancellation of Bonds. All Bonds surrendered for the purpose of payment, redemption, transfer or exchange shall be issued in lieu thereof except as required or permitted by any of the provisions of this Trust Indenture. The Trustee may cremate cancelled Bonds and upon doing so shall deliver a certificate of cremation to the County. If the County shall acquire any Bonds, however such

acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Bonds unless and until the same are delivered to the trustee for cancellation.

ARTICLE III

REDEMPTION OF BONDS BEFORE MATURITY

SECTION 301, Redemption Dates and Prices. The \$600,000 in aggregate principal amount of Bonds are noncallable for redemption prior to December 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 (2) exercise by the Lessee of its options to purchase the Project as provided in Section 11.2 of the Lease Agreement or (3) purchase of the Project by Lessee pursuant to the requirements of Section 12.2 of the Lease Agreement. If called for redemption in any of such events, such Bonds shall be subject to redemption at the principal amount thereof plus accrued interest to the redemption date 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).

In addition, the Bonds maturing on and after December 1, 1980, are also subject to redemption by the County prior to maturity on any interest payment date on or after December 1, 1979, in whole or in part (less than all of such Bonds of a single maturity to be selected by lot in such manner as may be designated by the Trustee), at the redemption prices (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date.

<u>Redemption Date</u> <u>(dates inclusive)</u>	<u>Redemption Price</u>
December 1, 1979 and June 1, 1980	107.50%
December 1, 1980 and June 1, 1981	106.75%
December 1, 1981 and June 1, 1982	106.00%
December 1, 1982 and June 1, 1983	105.25%
December 1, 1983 and June 1, 1984	104.50%
December 1, 1984 and June 1, 1985	103.75%
December 1, 1985 and June 1, 1986	103.00%
December 1, 1986 and June 1, 1987	102.25%
December 1, 1987 and June 1, 1988	101.50%
December 1, 1988 and June 1, 1989	100.75%

If less than all of the Bonds shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Trustee in such manner as the Trustee in its discretion may determine; provided, however, that the portion of any Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof, and that, in selecting portions of such Bonds for redemption, the Trustee shall treat each such Bond representing that number of Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by \$5,000. If there shall be drawn for redemption less than all of a Bond, the County shall execute and the Trustee shall authenticate and the Paying Agency deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, at the option of the owner thereof, either coupon Bonds or registered Bonds in any of the authorized denominations.

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 fully registered Bonds or Bonds at the time registered as to principal only (except to bearer) 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 fully registered or registered as to principal only (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 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 Dorchester 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, Bondholders' List. To the extent that such information shall be made known to the County under the terms of Section 208 and this Section 408, it will keep on file at the 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. Neither the County nor the Trustee shall be under any 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 holders and/or owners (or a designated representative thereof) of ten per cent (10%) or more in principal amount of Bonds outstanding hereunder, 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 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

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all obligations of the Lessee under and pursuant to the Lease Agreement and all rights of the County and all obligations of the Guarantor under and pursuant to the Lease Guaranty Agreement for and on behalf of the Pondholders 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 "Dorchester County Industrial Revenue Bond Fund - Desley 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;

(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

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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 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 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, 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 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.

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 paying agent 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 "Dorchester County Industrial Construction Fund - Desley 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 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.

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 registered addresses and at the addresses set forth in the list required by Section 408 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 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

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 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 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 at the time and 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 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 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 same manner provided by law out of the property of any obligor thereon wherever situated the moneys 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 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, the Lease Agreement, and the Lease 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 Lease Guaranty Agreement or in aid of the exercise of any power granted in this Indenture, the Lease Agreement, or the Lease Guaranty Agreement or to enforce any other legal or equitable right vested in the Trustee by this Indenture, the Lease Agreement, the Lease Guaranty 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 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 written notice thereof (a) by first class mail to the last known owners of all Bonds outstanding hereunder shown by the list of Bondholders requested by the terms of Section 408 hereafter to be kept at the office of the Trustee and (b) by first class mail to all owners of Bonds registered as to principal and of fully registered Bonds.

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 at the addresses shown on the registration books 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 Executive 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, 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

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 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, 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 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 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) 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, described in Exhibit A to the Lease Agreement so as to identify more precisely the same or substitute or add additional land or add additional land or interests in land, 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 Board of Directors of Dorchester County, Dorchester County Courthouse, St. George, South Carolina; if to the Trustee, at One First National Plaza, Chicago, Illinois, 60670, Attention: Corporate Trust Officer; if to the Lessee or to the Guarantor at 623 South Wabash Avenue, Chicago, Illinois, 60605, Attention: Eugene H. Edson, with a copy to Devoe, Shadur, Plotkin, Krupp & Miller, 208 South LaSalle Street, Chicago, Illinois, 60604. The County, the Lessee, the Guarantor 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 St. George, South Carolina or Chicago, Illinois 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, Dorchester County has caused these presents to be signed in its name and behalf by the Chairman of the County Board of Directors of Dorchester County and its corporate seal to be hereunto affixed and attested by the Executive Secretary of the said County Board of Directors, and to evidence its acceptance of the trusts hereby created 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 one of its Trust Officers, all as of the first day of December, 1969.

DORCHESTER COUNTY, SOUTH CAROLINA

(SEAL)

By _____
Chairman of the County Board of
Directors of Dorchester County

Attest:

Executive Secretary of the County
Board of Directors of Dorchester
County

In the presence of:

THE FIRST NATIONAL BANK OF CHICAGO

(SEAL)

By _____
Vice President

Attest:

Trust Officer

In the presence of:

STATE OF SOUTH CAROLINA)
)
COUNTY OF DORCHESTER)

PERSONALLY appeared before me _____,
who being duly sworn says that he saw the corporate seal of Dor-
chester County, South Carolina, affixed to the foregoing Trust
Indenture, and that he also saw _____ as Chair-
man of the County Board of Directors of Dorchester County and _____
as Executive Secretary of the County Board of Direc-
tors of Dorchester County sign and attest the same, and that he with
_____ witnessed the execution and delivery
thereof as the act and deed of the said Dorchester County, South
Carolina.

SWORN to before me this _____
 _____ day of _____,
 19____.

(SEAL)
Notary Public for South Carolina
My Commission Expires:

STATE OF ILLINOIS

COUNTY OF COOK

PERSONALLY appeared before me _____,
who being duly sworn says that he saw the corporate seal of THE
FIRST NATIONAL BANK OF CHICAGO affixed to the foregoing Trust
Indenture, and that he also saw _____,
as Vice President, and _____, as
Trust Officer, of the said THE FIRST NATIONAL BANK OF CHICAGO, sign
and attest the same, and that he with _____
_____ witnessed the execution and delivery thereof as the
act and deed of the said THE FIRST NATIONAL BANK OF CHICAGO.

SWORN to before me this

_____ day of _____, 19____.

_____(L.S.)

Notary Public for the State of Illinois

My Commission Expires: _____

EXHIBIT A

DESCRIPTION OF LEASED LAND
ATTACHED TO TRUST INDENTURE DATED AS OF DECEMBER 1, 1969
BETWEEN DORCHESTER COUNTY AND THE FIRST NATIONAL BANK OF CHICAGO

APPROVAL OF INDENTURE BY LESSEE

Desley Fabrics, Inc., the Lessee under the within mentioned Lease Agreement hereby evidences its approval of the foregoing Trust Indenture inter Dorchester County, South Carolina, and The First National Bank of Chicago, as Trustee, dated as of December 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, Desley Fabrics, 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 December 1, 1969.

DESLEY FABRICS, INC.

(SEAL)

BY _____
President

Attest:

Secretary

Signed, sealed and delivered in
the presence of:

STATE OF ILLINOIS

COUNTY OF COOK

Personally appeared before me _____
who being duly sworn says that he saw the corporate seal of
Desley Fabrics, Inc. affixed to the foregoing Approval of Inden-
ture, 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 de-
livery thereof as the act and deed of the said Desley Fabrics,
Inc.

Sworn to before me this _____
_____ day of _____, 19____.

_____(L.S.)
Notary Public for the State of Illinois.
My Commission Expires: _____

APPROVAL OF INDENTURE BY GUARANTOR

Edson, Incorporated, the Guarantor under the within mentioned Lease Guaranty Agreement hereby evidences its approval of the foregoing Trust Indenture inter Dorchester County, South Carolina, and The First National Bank of Chicago, as Trustee, dated as of December 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, Edson, Incorporated, 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 December 1, 1969.

EDSON, INCORPORATED

(SEAL)

BY _____
President

Attest:

Secretary

Signed, sealed and delivered in
the presence of:

STATE OF ILLINOIS

COUNTY OF COOK

Personally appeared before me _____,
who being duly sworn says that he saw the corporate seal of
Edson, Incorporated 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 Edson, Incorporated.

Sworn to before me this
_____ day of _____, 1969.

_____(L.S.)
Notary Public for the State of Illinois
My Commission Expires: _____

DORCHESTER COUNTY, SOUTH CAROLINA

AND

DESLEY FABRICS, INC.

LEASE AGREEMENT

Dated as of December 1, 1969

THIS LEASE AGREEMENT dated as of December 1, 1969, between Dorchester County, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the County Board of Directors of Dorchester County (the County Board) as the governing body of Dorchester County established pursuant to Article 1, Chapter 34, Title 14, Code of Laws of South Carolina, 1962, as amended, party of the first part, and Desley Fabrics, Inc., a corporation organized and existing under the laws of the State of New York, 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 \$600,000 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 the Building and all other facilities forming a part of the Project which are required by Section 4.1 (a) hereof to be constructed on the Leased Land, as they may at any time exist, including the exhaust system and air compressor and air-conditioning and heating systems (which shall be deemed fixtures).

"Completion Date" means the date of completion of the construction of the Building 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 the purchaser thereof (whichever is earlier) and the Completion Date.

"County" means Dorchester County, South Carolina, a body politic and corporate, and its successors and assigns.

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

"Guarantor" means Edson, Incorporated, an Illinois corporation, which has unconditionally guaranteed performance of the obligations of the Lessee (a wholly owned subsidiary of the Guarantor) under this Agreement pursuant to a Guaranty Agreement attached hereto as Exhibit "B".

"Indenture" means the Trust Indenture between the County and The First National Bank of Chicago, 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 (including the Guaranty Agreement attached hereto as Exhibit "B") 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 in this Agreement as specified in Section 5.1 hereof.

"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.

"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), or (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 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.

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 Guarantor recorded simultaneously herewith the Leased Land, upon which construction of the Building was recently begun, and has authorized, and does hereby authorize, the Lessee to complete thereon the Building, and 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, the Lessee and the Guarantor did agree that the County would finance the cost of acquiring and constructing the Project through the issuance of industrial revenue bonds pursuant to the Act. The Lessee estimates that such cost will amount of \$600,000, consisting of approximately \$ 35,000 for the cost of the Leased Land and approximately \$ 550,000 for the cost of constructing the Building and the sum of \$ 15,000 for miscellaneous expenses, including expenses in connection with the financing, and on that basis the County now proposes to issue the Bonds in the aggregate principal amount of \$600,000 dated as of December 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 undertaking on its part herein contained:

(a) The Lessee is a corporation duly incorporated under the laws of New York, is in good standing under its Charter and under the laws of New York and 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 of agreement.

(c) The acquiring and construction of the Project by the County through the issuance of the Bonds and the loan from the County of the Project to the

induced the Lessee to establish a permanent plant employing 200 to 250 persons for the manufacture of draperies and bedspreads in Dorchester County, South Carolina (the Guarantor having heretofore conducted such an operation on a temporary basis in Dorchester County employing about 30 persons).

(d) The Lessee intends to operate the Project as a plant for the manufacture of (i) draperies and bedspreads, and (ii) such other products as the Lessee may deem appropriate, 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 Guarantor has proceeded to acquire title to the Leased Land, and the construction of the Building has been commenced.

ARTICLE III

DEMISING CLAUSE, WARRANTY OF TITLE, AND TITLE INSURANCE

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 the 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 \$600,000. 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

COMMENCEMENT AND COMPLETION OF THE PROJECT;

ISSUANCE OF THE BONDS; CONSTRUCTION FUND

SECTION 4.1. AGREEMENT TO CONSTRUCT THE BUILDING ON THE LEASED LAND. The County has acquired the Leased Land, including the partially constructed Building, by deed of the Guarantor. 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 boundary line thereof, the Building to consist of 86,400 square feet which will be utilized as a plant for the manufacture of (i) draperies and bedspreads, and (ii) such other products as the Lessee may deem appropriate, 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 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 and within the Building a manufacturing plant for the purposes specified in Sub-section (a) of this Section 4.1, 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.

The Lessee agrees to complete the construction of the Building as promptly as practicable after receipt of proceeds from the sale of 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 (including the repayment of funds advanced or loans incurred by the Lessee or Guarantor for that purpose), the County agrees that it will by February 1st, 1970, sell and cause to be delivered to the purchaser thereof an issue of \$600,000 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 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 of the Indenture on the Project.

(b) Payment to the Lessee, the Guarantor, and the County, as the case may be, of such amounts, if any, as shall be necessary to reimburse the Lessee, the Guarantor, and the County in full for all advances and payments made by them or 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 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 Building, 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 or Guarantor, if any, for architectural, engineering or 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 or Guarantor.

(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 or Guarantor.

(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 payment in full of 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 the 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:

(l) 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 and 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 and in accordance with the plans and specifications therefor, and is authorized by this Agreement to be paid.

(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.

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, 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 cause the certificates contemplated by this Section 4.5 to be furnished as soon as the Project shall have been completed.

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 from the proceeds of the Bonds for payment of the costs of the Project, will be sufficient to pay 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 thereof 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.

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 (i), 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

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.

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 (i), 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 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; (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 December 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 June 1, 1970, and at least seven days before each December 1 and June 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 December 1 a sum equal to the amount payable on such date as principal and interest upon the Bonds, and (ii) if such date is June 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 required payments of principal (whether at maturity or by redemption or acceleration as provided in the Indenture), 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 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.

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, premium, if any, and interest 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, 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 extra ordinary 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 8% 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 centum (6%) per annum until fully paid.

SECTION 5.6. OBLIGATION 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 payment 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 or 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 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 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 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 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 shall 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 exhaust system and air compressor and air conditioning and heating systems, 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 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 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 Leased Land and Building), 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 thereof 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 8% 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 or such greater period as may be covered by the then existing policy providing the coverage required by Section 6.4(a)(1)) 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 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 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 8% per annum from the date thereof, the Lessee agrees to pay.

SECTION 6.7. ADDITIONAL INSURANCE COVERAGE. In addition to the insurance required by Section 6.4 supra, the Lessee shall at Lessee's sole cost and expense at all times during the Lease Term keep the machinery, equipment and other personal property installed in the Building or on the Leased Land pursuant to the requirements of Section 4.1 (b) supra, together with any replacements thereof and substitutions therefor, insured against loss or damage in accordance with the customary insurance practices of Lessee and any benefits received by the Lessee from any such insurance shall be used to repair or replace the property damaged or destroyed, to the end that the Project shall be operated for the purpose prescribed in Section 4.1 (a) supra during the Lease Term.

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 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 manufacturing 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 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 manufacturing 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

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 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 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, after reasonable notice to the Lessee, (a) the right at all reasonable times to enter upon the Leased Land and to examine and inspect the Project; and (b) 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; provided that all such rights shall be exercised in such manner as not unreasonably to interfere with Lessee's operations at the Project.

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 the Building is not situated, but upon which transportation or utility facilities may be 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 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 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 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 Building as part of 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 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

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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.

(b) The Act prescribes and the parties intend that the County shall not incur pecuniary liability which would constitute a charge 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 REPAYMENT 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 (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 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 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 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 ABATEMENT 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 December 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. 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 (accrued and to accrue) 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. 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 of 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 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 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, 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;

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 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, the admission in writing by the Lessee or by the Guarantor of its inability to pay its debts generally as they become due, the filing of a Petition in Bankruptcy or the taking advantage of any insolvency act by the Lessee or the Guarantor, an assignment by the Lessee or the Guarantor for the benefit of its creditors, the entry by the Lessee or the Guarantor into an agreement of composition with its creditors, consent of the Lessee or the Guarantor to the appointment of a receiver of itself or of the whole or any substantial part of its property or an adjudication on a Petition filed in Bankruptcy against the Company or the Guarantor that the Company or the Guarantor is a bankrupt. 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 or the Guarantor resulting from a merger or consolidation of the Lessee or Guarantor into or with another corporation or a dissolution or liquidation of the Lessee or 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 in the case of the Guarantor the conditions permitting such action contained in the last paragraph of the Guaranty Agreement attached hereto as Exhibit "B" have been met.

(d) The filing by the Company or the Guarantor of a Petition or Answer seeking reorganization or arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America, or any state thereof; the entry by a Court of competent jurisdiction of an order, judgment or decree appointing, without the consent of the Lessee or the Guarantor, a receiver of the Lessee or the Guarantor or of the whole or any substantial part of its property or approving a Petition filed against the Lessee or the Guarantor seeking reorganization of the Lessee or the Guarantor under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within 60 days

from the date of the entry thereof; or the assumption by any Court of competent jurisdiction, under the provisions of any other law for the relief of debtors, of custody or control of the Company or the Guarantor, or of the whole or any substantial part of the property of either, and such custody or control shall not be terminated or stayed within 60 days from the date of assumption of such custody or control.

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 12.2 hereof, the Lessee shall not be deemed in default during the continuance of such liability. 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 OF 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,

including the Lessee's obligation to purchase the Project under Section 12.2 hereof.

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 Sections 5.3, 10.2(a) and 12.2, 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 County any and all sums then due to the County under this Agreement and 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, if any, expenses of redemption and Trustee's and paying agents' fees and expenses), and in case of redemption making arrangements satisfactory to the Trustee for the giving of the required notice of redemption.

(b) At any time after full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) 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 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 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.

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 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 equal to \$_____ 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 (d) (c) hereof, and (ii) the purchase will not impair the usefulness of the Building 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 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 as a manufacturing plant.

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 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 UPON TERMINATION OF LEASE TERM. 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 non-fulfillment of any condition to this right.

SECTION 12.2. LESSEE'S OBLIGATION TO PURCHASE PROJECT IN THE EVENT INTEREST ON THE BONDS BECOMES TAXABLE. The Bonds are being issued as tax free obligations by virtue of the provisions of Section 103 (c) (6) (A) of the Internal Revenue Code of 1954. In the event of the enactment into law at anytime hereafter by the United States Congress of legislation which shall make interest on the Bonds subject to Federal income taxes, the Lessee agrees within thirty days from the date such legislation shall become law to purchase, and the County agrees to sell, the Project and the purchase price shall be the amount prescribed in Section 11.2 (1), (2) and (3) hereof 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 has the effect of making interest on the Bonds in the hands of only certain holders subject to Federal income tax by reason of their peculiar circumstances; and no obligation to purchase is created hereunder in the event interest on any bond becomes subject to income tax by virtue of the provisions of Section 103 (c) (7) of the Internal Revenue Code of 1954.

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 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, 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 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 Directors of Dorchester County, Dorchester County Courthouse, St. George, South Carolina; if to the Lessee at _____

_____, Attention _____, with a copy to Devoe, Shadur, Mikva & Plotkin, 208 South LaSalle Street, Chicago, Illinois, 60604; if to the Guarantor, at 623 South Wabash Avenue, Chicago, Illinois, 60605, Attention: Eugene H. Edson; if to the Trustee, at One First National Plaza, Chicago, Illinois, 60670, Attention: Corporate Trust Officer. The County, the Lessee, the Guarantor and the Trustee may, by notice given to

all parties to this Agreement, the Guaranty Agreement attached hereto as Exhibit "B", 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 Dorchester 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 to any fixtures forming a part of the Project 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 said Clerk of Court for Dorchester 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 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 February 1, 1970, 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 by the County. 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 each January 1 following the Completion Date, a description of the Project, on such January 1, or Completion Date, 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 a description of the Project 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 13.5; 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 13.5. 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 limitation 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, diminutions 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, Dorchester County, South Carolina, has executed this Lease Agreement by causing its name to be hereunto subscribed by the Chairman of the County Board of Directors of Dorchester County and the official seal of said Board to be impressed hereon and attested by the Executive Secretary of said Board; and Desley Fabrics, 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 attested by its Secretary, all being done as of the day and year first above written.

DORCHESTER COUNTY, SOUTH CAROLINA

(SEAL)

BY

Chairman of the County Board of
Directors of Dorchester County

Attest:

Executive Secretary of the County
Board of Directors of Dorchester
County

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Signed, sealed and delivered
in the presence of:

DESLEY FABRICS, INC.

(SEAL)

BY _____
President

Attest:

Secretary

Signed, sealed and delivered
in the presence of:

STATE OF SOUTH CAROLINA

COUNTY OF DORCHESTER

Personally appeared before me _____
who being duly sworn says that he saw the seal of the County
Board of Directors of Dorchester County affixed to the foregoing
Lease, and that he also _____
as Chairman, and _____, as Execu-
tive Secretary of the County Board of Directors of Dorchester
County, sign and attest the same, and that he with _____
_____ witnessed the execution and delivery
thereof as the act and deed of the said Dorchester 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
Desley Fabrics, Inc. affixed to the foregoing Lease, and that he
also saw _____ as President, and
_____, as Secretary of Desley Fabrics, Inc.
sign and attest the same, and that he with _____
_____ witnessed the execution and delivery thereof
as the act and deed of the said Desley Fabrics, Inc.

Sworn to before me this
_____ day of _____, 1969.

(L.S.)
Notary Public for the State of _____
My Commission Expires: _____

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EXHIBIT A

DESCRIPTION OF LEASED LAND

ATTACHED TO LEASE AGREEMENT BETWEEN DORCHESTER COUNTY, SOUTH
CAROLINA AND DESLEY FABRICS, INC., DATED AS OF DECEMBER 1, 1969.

EXHIBIT B

LEASE GUARANTY AGREEMENT

FOR VALUE RECEIVED, and as an inducement to and as part of the consideration for the execution and delivery by Dorchester County, South Carolina (the "County") of the foregoing Lease (the "Lease") dated as of December 1, 1969, between the County and Desley Fabrics, Inc., a New York 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 \$600,000 Dorchester County, South Carolina, First Mortgage Industrial Revenue Bonds, Series 1969 (Desley Fabrics, 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 December 1, 1969, between the County and The First National Bank of Chicago, as Trustee (the "Trustee"), to provide for the acquisition and/or construction of the leased property, the undersigned Edson, Incorporated, an Illinois 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 such 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, regularity 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 of 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

liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceeding affecting Lessee or any of its assets, or the disaffirmance of the Lease in any such proceeding; (h) the release or discharge of Lessee from the performance or observance of any agreement, covenant, term or condition contained in any of such instruments by operation of law; (i) the release, substitution or replacement in accordance with the terms of the Lease 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 rights 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 or 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 corporation 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, Edson, Incorporation has caused this Agreement to be executed in its name and under its seal by its President, attested by its Secretary; and Dorchester County has caused this Agreement to be executed in its name and under its seal by the Chairman of the County Board of Directors of Dorchester County, attested by the Executive Secretary of said County Board, all as of December 1, 1969.

EDSON, INCORPORATED

(SEAL)

BY _____

President

Attest:

Secretary

Signed, sealed and delivered
in the presence of:

DORCHESTER COUNTY, SOUTH CAROLINA

(SEAL)

BY _____

Chairman of the County Board of
Directors of Dorchester County

Attest:

Executive Secretary of the County
Board of Directors of Dorchester County

Signed, sealed and delivered in the
presence of:

ASSIGNMENT

STATE OF SOUTH CAROLINA

COUNTY OF DORCHESTER

KNOW ALL MEN BY THESE PRESENTS, that DORCHESTER COUNTY, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the County Board of Directors of Dorchester 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 First National Bank of Chicago, as Trustee under that certain Trust Indenture dated as of December 1, 1969, between said Dorchester County and said The First National Bank of Chicago, as Trustee, and its successors in trust:

All of the right, title and interest of said Dorchester County in and to (a) the foregoing Lease Agreement, dated as of December 1, 1969, between said Dorchester County, as Landlord, and Desley Fabrics, Inc., as Tenant, and (b) the foregoing Lease Guaranty Agreement dated as of December 1, 1969, between Edson, Incorporated and said Dorchester County.

This Assignment is made pursuant to and subject to all the terms and conditions of said Trust Indenture, dated as of December 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, and this Assignment.

2.

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

DORCHESTER COUNTY, SOUTH CAROLINA

(SEAL)

BY _____
Chairman of the County Board of
Directors of Dorchester County

Attest:

Executive Secretary of the
County Board of Directors
of Dorchester County

Signed, sealed and delivered
in the presence of:

STATE OF SOUTH CAROLINA

COUNTY OF DORCHESTER

Personally appeared before me _____
 who being duly sworn says that he saw the corporate seal of the
 COUNTY BOARD OF DIRECTORS OF DORCHESTER COUNTY affixed to the
 foregoing Assignment of Lease, and that he also saw _____
 _____, as Chairman, and _____
 _____, as Executive Secretary of the County Board
 of Directors of Dorchester County sign and attest the same, and
 that he with _____ witnessed the execu-
 tion and delivery thereof as the act and deed of said DORCHESTER
 COUNTY, South Carolina.

Sworn to before me this
 _____ day of _____, 1969.

_____(L.S.)
 Notary Public for South Carolina
 My Commission Expires: _____

Called Teddy Sept. 7

Held for information on credit rating
of Edson.

AS

599

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

August 28th, 1969

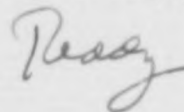
Honorable P. C. Smith
State Auditor
P. O. Box 11333
Columbia, South Carolina 29211

Dear Pat:

Re: \$600,000 Dorchester County, South Carolina,
First Mortgage Industrial Revenue Bonds,
Series 1969 (Edson, Incorporated - Lessee)

Enclosed you will find a copy of a Resolution which has been submitted to the Dorchester County Board of Directors. If it is adopted the attached Petition will be forwarded to the State Board and inasmuch as it appears likely that it will be adopted we are sending the enclosed to you at this time in case you have an opportunity to obtain State Board approval pending receipt by the State Board of the executed Petition. If this can be done it will expedite the delivery of these bonds which has been tentatively scheduled for the middle of October.

Very truly yours,



TBG/bhs
Enclosure

600

A RESOLUTION

APPROVING THE ACQUISITION AND CONSTRUCTION OF A CERTAIN MANUFACTURING PLANT IN DORCHESTER COUNTY (TO BE LEASED TO EDSON, INCORPORATED) THROUGH THE ISSUANCE OF SIX HUNDRED THOUSAND DOLLARS (\$600,000) OF DORCHESTER COUNTY, SOUTH CAROLINA, FIRST MORTGAGE INDUSTRIAL REVENUE BONDS, SERIES 1969 (EDSON, INCORPORATED - LESSEE); 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 ACTS OF THE SOUTH CAROLINA GENERAL ASSEMBLY.

As an incident to the adoption of this Resolution the County Board of Directors of Dorchester County (the County Board) has made the following findings of fact:

1. Edson, Incorporated, a Illinois corporation (Edson), has proposed that Dorchester County acquire a tract of land, containing approximately 15 acres and located north of the Town of Summerville, in Dorchester County, adjacent to Summerville Industries property and the Southern Railroad right of way, and finance the construction thereon of a manufacturing plant for the manufacture of draperies and bedspreads through the issuance of \$600,000 Dorchester County, South Carolina, First Mortgage Industrial Revenue Bonds, Series 1969 (Edson, Incorporated - Lessee) (the Bonds) pursuant to Act No. 103 enacted by the General Assembly of the State of South Carolina at its 1967 Session (the Act). Edson has advised that the cost of the land will be approximately \$35,000 and the cost of constructing the necessary building approximately \$550,000 (said land and building being hereinafter referred to as the Project).

2. In order that the Bonds may be issued to finance the Project, it is necessary that there be presented to the State Budget and Control Board of South Carolina (the State Board) a Petition setting forth the facts required by Section 14 of the Act.

A RESOLUTION

APPROVING THE ACQUISITION AND CONSTRUCTION OF A CERTAIN MANUFACTURING PLANT IN DORCHESTER COUNTY (TO BE LEASED TO EDSON, INCORPORATED) THROUGH THE ISSUANCE OF SIX HUNDRED THOUSAND DOLLARS (\$600,000) OF DORCHESTER COUNTY, SOUTH CAROLINA, FIRST MORTGAGE INDUSTRIAL REVENUE BONDS, SERIES 1969 (EDSON, INCORPORATED - LESSEE); 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 ACTS OF THE SOUTH CAROLINA GENERAL ASSEMBLY.

As an incident to the adoption of this Resolution the County Board of Directors of Dorchester County (the County Board) has made the following findings of fact:

1. Edson, Incorporated, a Illinois corporation (Edson), has proposed that Dorchester County acquire a tract of land, containing approximately 15 acres and located north of the Town of Summerville, in Dorchester County, adjacent to Summerville Industries property and the Southern Railroad right of way, and finance the construction thereon of a manufacturing plant for the manufacture of draperies and bedspreads through the issuance of \$600,000 Dorchester County, South Carolina, First Mortgage Industrial Revenue Bonds, Series 1969 (Edson, Incorporated - Lessee) (the Bonds) pursuant to Act No. 103 enacted by the General Assembly of the State of South Carolina at its 1967 Session (the Act). Edson has advised that the cost of the land will be approximately \$35,000 and the cost of constructing the necessary building approximately \$550,000 (said land and building being hereinafter referred to as the Project).

2. In order that the Bonds may be issued to finance the Project, it is necessary that there be presented to the State Budget and Control Board of South Carolina (the State Board) a Petition setting forth the facts required by Section 14 of the Act.

3. The County Board has determined that neither the Project nor the Bonds will give rise to any pecuniary liability of Dorchester County or a charge against its general credit or taxing power.

4. The amount necessary to finance the Project is Six Hundred Thousand Dollars (\$600,000).

5. Edson has submitted to the County Board an outline of the proposed Lease, under which Edson will agree to pay as rent the amount necessary to provide the annual payments of principal and interest on the Bonds, which will be dated October 1, 1969, will mature on October 1 in the years 1971 through 1989, and bear interest as set forth in paragraph 6 in the Petition attached hereto.

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

7. In view of the well established credit of Edson it is unnecessary to establish reserve funds for the payment of principal, interest, and premium, if any.

8. Edson has advised the County Board that Edson has arranged for the private placement of the Bonds to a single Purchaser, who will enter into a Purchase Agreement with Dorchester County for the purchase of the Bonds, and for that reason no public offering will be made nor will the services of an Underwriter be required.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY BOARD OF DIRECTORS OF DORCHESTER COUNTY, IN MEETING DULY ASSEMBLED:

That the County Board finds that the facts set forth above are in all respects true and correct and on such basis determines to finance the Project above described, and to authorize the sale of the Bonds by Dorchester County to the Purchaser who has agreed to take the same.

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 Executive Secretary.

(SEAL)

Chairman

Attest:

Constituting the Members of the County
Board of Directors of Dorchester
County

Secretary of the County Board
of Directors of Dorchester County

STATE OF SOUTH CAROLINA

COUNTY OF DORCHESTER

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 Directors of
Dorchester 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 Dorchester
County established pursuant to Article 1, Chapter 34, Title 14,
South Carolina Code of Laws, 1962, as amended, and as such it is
the "County Board" referred to in Act 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 and buildings and other improvements deemed necessary,
suitable and useful by any manufacturing or processing enterprise;
to lease the same; and to financing 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 and
buildings and other improvements.

3. Heretofore, Edson, Incorporated, a Illinois corpora-
tion (Edson) did propose that the County Board should acquire a
tract of approximately 15 acres, located north of the Town of
Summerville, in Dorchester County, adjacent to Summerville Indus-
tries property and the Southern Railroad right of way, and

that the County Board finance the construction thereon of a manufacturing plant for the manufacture of draperies and bedspreads, and that the County Board finance the cost of constructing such building and acquiring the necessary land therefor (such land and building being hereinafter referred to as the Project), through the issuance of First Mortgage Industrial Revenue Bonds of Dorchester County (the Bonds) pursuant to the Act.

4. The County Board has agreed to the proposal of Edson and now proposes to issue the Bonds in the amount of Six Hundred Thousand Dollars (\$600,000) in order to acquire the said land at an estimated cost of approximately \$35,000 and to construct the necessary building at a cost of approximately \$550,000.

5. The construction of the Project will provide considerable employment during the period of construction, and will provide employment for approximately 200 to 250 local persons in its operation.

6. For the reasons above set forth and hereafter disclosed, the County Board has found:

(a) That the proposed Edson 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 Edson will unconditionally obligate Edson to pay rent in an amount adequate to provide for the principal, premium, if any, and interest payments on the Bonds which mature* and bear interest as follows:

3.

OCTOBER 1	PRINCIPAL PAYABLE	RATE OF INTEREST
1971	\$ 25,000	7.50%
1972	25,000	7.50%
1973	25,000	7.50%
1974	25,000	7.50%
1975	25,000	7.50%
1976	25,000	7.50%
1977	25,000	7.50%
1978	25,000	7.50%
1979	25,000	7.50%
* 1980	25,000	7.50%
1981	25,000	7.50%
1982	25,000	7.50%
1983	25,000	7.50%
1984	25,000	7.50%
1985	50,000	7.50%
1986	50,000	7.50%
1987	50,000	7.50%
1988	50,000	7.50%
1989	50,000	7.50%

* The Indenture will provide that the Bonds will be callable at the option of the County on and after October 1, 1979 at a price of 107½% of par value, which redemption price will reduce three-fourths (¾) of one per centum (1%) in each subsequent year.

(d) Edson is a corporation with a well established credit and therefore it is unnecessary to establish reserve funds for the payment of such principal, interest, and premium, if any.

(e) That the terms of the Lease will require Edson 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, a building and other improvements which will be necessary for, and part of, facilities for the manufacture of draperies and bedspreads.

(b) The Project will provide considerable employment during the period of its construction and will provide permanent

employment for approximately 200 to 250 local persons, replacing the similar but temporary operation now being conducted by Edson in Dorchester County employing about 30 persons. 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 Six Hundred Thousand Dollars (\$600,000), including construction cost, cost of land, financing costs and all other expenses to be incurred in connection therewith.

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 \$600,000 of Dorchester County First Mortgage Industrial Revenue Bonds, Series 1969 (Edson Incorporated - Lessee). All Bonds will be secured by a pledge of the rents to be paid by Edson and will be further secured by a Trust Indenture, as authorized by Section 5 of the Act, to a yet unnamed bank as Trustee.

(b) The proceeds derived from the payment of the Bonds will be deposited with the Trustee and will be withdrawn on requisition of Edson and the County and applied solely for the payment of costs incident to the acquisition and construction of the Project, including the repayment of any expenses previously incurred in connection with the Project and the issuance of the Bonds.

(c) The Lease will contain a specific provision by which Edson will unconditionally agree to make payments to Dorchester County, to any School District in Dorchester 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 Dorchester County, by any such School District, and by said political units if the Project were owned by Edson, but with appropriate reductions similar to the tax reductions, if any, which would be afforded to Edson 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 interest 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 Six Hundred Thousand Dollars (\$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 Edson are placed, and the use of said fund for the payment of the Bonds. It imposes upon Edson as Lessee of the Project, the obligation to pay, in addition to the moneys required for the payment of the principal, interest, and premium, if any, 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.

6.

10. The proposed Lease and the proposed Trust Indenture will be substantially in the forms heretofore used in the issuance of Industrial Revenue Bonds pursuant to the Act, with the addition of a provision obligating Edson to purchase the Project in the event legislation should be enacted which would make interest on the Bonds subject to Federal income taxes.

11. Edson has arranged for the private placement of the Bonds to a Purchaser, who will enter into a Purchase Agreement with Dorchester County for the Bonds. For this reason the proposed sale of the Bonds will not involve a public offering nor require the services of an Underwriter.

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.

August____, 1969.

(SEAL)

Attest:

Respectfully submitted,

DORCHESTER COUNTY, SOUTH CAROLINA

BY_____
Chairman of the County Board of
Directors

s

Executive Secretary

STATE OF SOUTH CAROLINA

COUNTY OF DORCHESTER

I, the undersigned, Executive Secretary of the County Board of Directors of Dorchester County, DO HEREBY CERTIFY:

That the foregoing is a true, correct and verbatim copy of the Resolution duly adopted by said County Board of Directors at a meeting duly called and regularly held and attended by all members of the Board who remained present throughout the meeting.

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 ____ day of _____, 1969.

(SEAL)

Executive Secretary, County Board
of Directors of Dorchester County

EDSON, INCORPORATED
(an Illinois Corporation)
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH AUDITORS' REPORT

DECEMBER 31, 1968

HERBERT SCHOENBROD & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
221 NORTH LA SALLE STREET
CHICAGO, ILLINOIS 60601

EDSON, INCORPORATED
(an Illinois Corporation)
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH AUDITORS' REPORT

DECEMBER 31, 1968

HERBERT SCHOENBROD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

221 NORTH LA SALLE STREET

CHICAGO, ILLINOIS 60601

PHONE 346-8545

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

April 25, 1969

AUDITORS' REPORT

Board of Directors
Edson, Incorporated
623 South Wabash Avenue
Chicago, Illinois 60605

Gentlemen:

We have examined the consolidated balance sheet of EDSON, INCORPORATED (an Illinois Corporation) AND SUBSIDIARIES as of December 31, 1968 and the related consolidated statements of income, shareholders' equity and source and application of working capital for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements present fairly the financial position of Edson, Incorporated and Subsidiaries as of December 31, 1968 and the results for the year then ended in conformity with generally accepted accounting principles applied on the basis consistent with that of the preceding year.

HERBERT SCHOENBROD & COMPANY

Herbert Schoenbrod & Company
Certified Public Accountants

EDSON, INCORPORATED
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1968

<u>ASSETS</u>		<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	
Current Assets:		Current Liabilities:	
Cash	\$ 275 207	Notes Payable to Bank	\$1 650 000
Accounts Receivable, less Reserve for doubtful accounts of \$87,998	1 464 258	Portion of Long Term Debt Due within One Year	221 904
Inventories, at Lower of Cost or Market	3 292 593	Accounts Payable	1 072 875
Prepaid Expenses and Deposits	85 834	Accrued Expenses	387 601
Total Current Assets	5 117 892	Federal and State Taxes on Income (Note 7)	61 764
		Total Current Liabilities	3 394 144
Cash Surrender Value of Life Insurance:		Long Term Debt:	
Officers - Net of \$25,417 loans	82 777	Note Payable, less \$150,000 current portion above (Note 2)	\$150 000
Former Officers - Net of \$72,418 loans	8 362	Note Payable (Note 3)	21 350
Property and Equipment, at Cost:		Note Payable, less \$59,400 current portion above (Note 4)	477 600
Land	\$ 34 719	Obligation to Former Officer, less \$12,504 current portion above (Note 5)	89 579
Buildings and Building Improvement	632 250		738 529
Leasehold Improvements	151 597	Shareholders' Equity:	
Machinery and Equipment	483 577	Capital Stock:	
Furniture and Fixtures	185 320	Preferred, Non Dividend, callable \$300 Par Value, Authorized 5,000 Shares, Issued and Outstanding 2,993.687 Shares	896 106
Total Property and Equipment	1 487 463	Common, \$10 Par Value, Authorized 20,000 Shares, Issued and Outstanding 3,391.18 Shares	33 912
Less - Accumulated Depreciation and Amortization	879 930	Retained Earnings:	
Other Assets	32 777	Balance at January 1, 1968	\$325 768
		Net Income and Special Credit for the Year ended December 31, 1968 (Exhibit B) (Note 1)	278 301
Total Assets	\$5 849 341	Deferred Credit resulting from acquisition of subsidiary (Note 8)	180 581
		Total Liabilities and Shareholders' Equity	\$5 849 341

The accompanying notes are an integral part of this statement.

EDSON, INCORPORATED
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1968 (NOTE 1)

Net Sales			\$8 396 962
Cost of Sales:			
Cost of Goods Manufactured	\$6 378 448		
Shipping and Warehouse Expense	313 108		
Sample and Product Design Expense	<u>38 350</u>	6 729 906	
Gross Profit			1 667 056
Cost of Operations:			
Selling Expense	657 801		
General and Administrative Expense	<u>589 749</u>	1 247 550	
Net Profit from Operations			419 506
Other Expense, Net:			
Interest	66 980		
Employees' Profit Sharing and Retirement			
Trust Contribution	30 463		
Sundry	<u>209</u>	97 652	
Net Income before Provision for Federal and State			
Income Taxes and Special Credit			321 854
Provision for Federal and State Income Taxes (Note 7)			<u>63 000</u>
Net Income for the Year before Special Credit			258 854
Special Credit -			
Amortization of Credit resulting from acquisition of			
subsidiary (Note 8)			<u>19 447</u>
Net Income and Special Credit (Exhibit A)			<u>\$ 278 301</u>

The accompanying notes are an integral part of this statement.

EDSON, INCORPORATED
AND SUBSIDIARIES

STATEMENT OF CONSOLIDATED SOURCE AND APPLICATION OF WORKING CAPITAL

DECEMBER 31, 1968

Source of Funds:

Operations -

Net Income and Special Credit (Exhibit B)	\$ 278 301
Add Back Depreciation, a Non Cash Expense	<u>71 602</u>

Total Funds Provided from Operations	\$ 349 903
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Increase in Long Term Debt	567 179
Deferred Credit resulting from acquisition of subsidiary, net	<u>180 581</u>

Total Source of Funds	1 097 663
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Application of Funds:

Reduction of Long Term Debt	150 000
Increase in Other Assets	32 777
Increase in Cash Surrender Value of Officers and Former Officers Life Insurance	15 440
Acquisition of Fixed Assets, net - due primarily to the acquisition of Desley Fabrics, Inc.	<u>155 369</u>

Total Funds Applied	<u>353 586</u>
---------------------	----------------

Resulting in an Increase in Working Capital:

	<u>1967</u>	<u>1968</u>	<u>Increase</u>
Current Assets	\$2 254 001	\$5 117 892	2 863 891
Current Liabilities	<u>1 274 330</u>	<u>3 394 144</u>	<u>2 119 814</u>
Working Capital	<u>\$ 979 671</u>	<u>\$1 723 748</u>	
Increase in Working Capital			<u>\$ 744 077</u>

The accompanying notes are an integral part of this statement.

EDSON, INCORPORATED
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1968

NOTE 1 - PRINCIPLES OF CONSOLIDATION

The consolidated balance sheet at December 31, 1968 includes the accounts of Edson, Incorporated (an Illinois Corporation) and its wholly-owned subsidiaries, Edson, Incorporated (an Indiana Corporation), Edson, Inc. of California (a California Corporation), and Desley Fabrics, Inc. (a New York Corporation) acquired September 12, 1968 and its subsidiary Desley Fabrics, Inc. (a California Corporation). The consolidated statement of income reflects the Desley operation only from September 12, 1968. All significant inter-company items have been eliminated in consolidation.

NOTE 2 - NOTE PAYABLE TO THE FIRST NATIONAL BANK OF CHICAGO

The loan agreement with the First National Bank of Chicago, dated December 31, 1964, includes the following schedule of principal payments:

January 2, 1969	\$ 50 000
July 1, 1969	100 000
January 2, 1970	<u>150 000</u>
Total	<u>\$300 000</u>

Optional prepayments of principal may be made at a premium. Interest is payable semi-annually, at the rate of 5-1/2% per year.

Under the terms of the loan agreement, the Companies, among other things, are subject to certain restrictions on the payments of cash dividends on preferred and common shares, the creation of additional debts and guarantees, the acquisition of their own capital stock, the payment of officers' salaries and the acquisitions of fixed assets. Further, consolidated working capital cannot be less than \$500,000.

NOTE 3 - NOTE PAYABLE TO THE MARTIN COUNTY DEVELOPMENT CORPORATION

The note payable to the Martin County Development Corporation, Loogootee, Indiana, by Edson, Incorporated (Indiana) provides for payment of the principal balance of \$21,350 in 61 equal installments beginning August 1, 1984, with prepayments permitted without penalty. Interest is being paid currently on the note, at the rate of 6% per year. The note is secured by a mortgage on real estate owned by the Indiana Corporation.

EDSON, INCORPORATED
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1968

NOTE 4 - NOTE PAYABLE TO ARTHUR SANDERSON & SONS LIMITED (CANADA)

Desley Fabrics, Inc. is the primary debtor on a note to Arthur Sanderson & Sons Limited (Canada) its former parent in the amount of \$537,000 payable \$59,400 September 12, 1969 and four annual payments of \$119,400 beginning September 12, 1970 together with 6% interest on the unpaid balance from September 12, 1968. This obligation is guaranteed by Edson, Incorporated, the parent company.

NOTE 5 - OBLIGATION TO FORMER OFFICER

The obligation under agreement with a former officer is due in monthly amounts of \$1,042 to February 1977.

NOTE 6 - LEASE COMMITMENTS

The Companies operations are conducted in part in leased facilities and with some leased equipment under leases expiring on various dates to 1976. The current annual rentals are approximately \$210,000.

NOTE 7 - PROVISION FOR FEDERAL AND STATE INCOME TAXES

Federal and State income tax liabilities were reduced by a net operating loss arising from the consolidation for tax purposes of Desley Fabrics, Inc. The Desley Fabrics, Inc. loss reflected on the income tax returns exceeds the loss shown on the accompanying statement by \$227,000. This relatively low tax provision as compared to pre-tax income arose from certain inventory adjustments for book purposes which were not adjusted for tax purposes. We concur with management's decision as to these adjustments, and believe that they properly reflect the true operating results.

NOTE 8 - DEFERRED CREDIT RESULTING FROM ACQUISITION OF SUBSIDIARY

On September 12, 1968 Edson, Incorporated purchased all of the outstanding shares of Desley Fabrics, Inc. At the date of acquisition the net assets exceeded the book cost and specific allocations were made to inventory and accrued expenses with an unallocable amount of \$200,028 which is being amortized by credit to consolidated income over a period of 36 months from the date of acquisition.

EDSON, INCORPORATED
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1968

NOTE 9 - RECAPITALIZATION

Edson, Incorporated (an Illinois Corporation) adopted a plan of recapitalization, effective January 1, 1967. Under this plan, as a result of exchanges of stock, Eugene H. Edson, President of the company, is the sole common shareholder and the remaining shareholders own all the outstanding shares of the newly created class of preferred stock, issued in amounts representing both the par value and the accumulated, unpaid dividends as of December 31, 1966, on the prior outstanding preferred stock. A shareholders' agreement, adopted in connection with the plan of recapitalization, requires the redemption by the company of all the new preferred shares over a period of years after the demise of Max Edson, present Chairman of the Board of Directors of the Company. Should the demise of Max Edson occur during the period that the present loan agreement with The First National Bank of Chicago is in effect, certain provisions of the redemption agreement appear to be at variance with the restrictive covenants in the loan agreement.



EDSON INCORPORATED

623 S. WABASH AVENUE, CHICAGO, ILLINOIS 60605 - (312) 939-5600

December 19, 1969

Mr. P. C. Smith
State Auditor
Secretary State Budget and
Control Board
Columbia, South Carolina

Dear Mr. Smith:

At the request of Mr. Sidney B. Jones, Esq. of
Summerville, South Carolina, we are enclosing
herewith:

1. Audited Consolidated financial
statements as of December 31, 1968
2. Unaudited Consolidated financial
statements as of June 30, 1969

If there is any other information necessary,
please do not hesitate to contact us.

Thank you.

Very truly yours,

EDSON, INCORPORATED

Eugene H. Edson @
Eugene H. Edson

GEjg

cc: Sidney Jones, Esq.
Milton I. Shadur
Theodore B. Guerard

2:58 P.M., Jan. 5

Mr. Smack:

Please call Operator
296 Chicago, Ill. and ask
for Mr. Milton Shadur,

263-3700.

Lervey

621

EDSON, INCORPORATED AND SUBSIDIARIES

CONSOLIDATING FINANCIAL STATEMENTS

FOR THE SIX MONTHS

ENDED JUNE 30, 1969

EDSON, INCORPORATED AND SUBSIDIARIESCONSOLIDATING BALANCE SHEETJUNE 30, 1969ASSETS

	<u>Edson (A)</u>	<u>Desley (B)</u>	<u>Adj. & Elim'n.</u>	<u>Cons'd.</u>
Current Assets:				
Cash	\$ 127,658	\$ 5,095		\$ 132,753
Accounts receivable, less reserves for doubtful of 14,500 and 56,500	1,622,762	534,680		2,157,442
Inventories	2,625,511	1,305,549	(\$196,174)	3,734,886
Prepaid expenses	57,614	29,003		86,617
Total current assets	<u>\$4,433,545</u>	<u>\$1,874,327</u>	<u>(\$196,174)</u>	<u>\$6,111,698</u>
Cash Surrender Value of Life Insurance, Net of Loans:				
Officers	\$ 82,352			\$ 82,352
Former officers		\$ 8,361		8,361
Property and Equipment, at Cost	1,053,409	477,410		1,530,819
Less accumulated depreciation and amortization	(521,103)	(398,743)		(919,846)
Net property and equipment	<u>\$ 532,306</u>	<u>\$ 78,667</u>		<u>\$ 610,973</u>
Other Assets	\$ 59,166	\$ 16,430		\$ 75,596
Investments in and advances to subsidiary	<u>558,715</u>	<u>(365,715)</u>	<u>(\$ 193,000)</u>	<u>-</u>
Total Assets	<u>\$5,666,084</u>	<u>\$1,612,070</u>	<u>(\$ 389,174)</u>	<u>\$6,888,980</u>

(A) Edson, Incorporated (Illinois) Parent, Edson, Incorporated (Indiana)
and Edson, Inc. of California (California)

(B) Desley Fabrics, Inc. (New York) and Desley Fabrics, Inc. (California)

EDSON, INCORPORATED AND SUBSIDIARIESCONSOLIDATING BALANCE SHEETJUNE 30, 1969LIABILITIES AND SHAREHOLDERS' EQUITY

	<u>Edson (A)</u>	<u>Desley (B)</u>	<u>Adj. & Elim'n.</u>	<u>Cons'd.</u>
Current Liabilities:				
Note payable to Bank	\$1,950,000			\$1,950,000
Portion of long term debt due within one year	250,000	\$ 71,900		321,900
Accounts payable	1,416,977	378,066		1,795,043
Accrued expenses	217,316	39,946	\$ 50,000	307,262
Federal and state taxes on income	196,764	(135,000)	44,000	105,764
Total current liabilities	<u>\$4,031,057</u>	<u>\$ 354,912</u>	<u>\$ 94,000</u>	<u>\$4,479,969</u>
Long Term Debt:				
Note payable, Bank	\$ 250,000			\$ 250,000
Note payable, Martin County Development	21,350			21,350
Note payable, Arthur Sanderson & Sons, Ltd.		\$ 537,700		537,700
Obligation to former officer		95,501		95,501
Total long term debt	<u>\$ 271,350</u>	<u>\$ 633,201</u>		<u>\$ 904,551</u>
Less portion due within one year shown above	250,000	71,900		321,900
Net long term debt	<u>\$ 21,350</u>	<u>\$ 561,301</u>		<u>\$ 582,651</u>
Shareholders' Equity:				
Capital stock:				
Preferred	\$ 898,106			\$ 898,106
Common	33,912	\$1,237,500	(\$1,237,500)	33,912
Capital surplus		406,800	(406,800)	
Retained Earnings				
Balance Dec. 31, 1968	478,465	(669,922)	795,526	604,069
Profit, six months ended June 30, 1969 EXHIBIT B	203,194	(49,500)	(10,660)	143,034
Less Treasury stock		(229,019)	229,019	
Deferred credit result- ing from acquisition of subsidiary			147,241	147,241
Net shareholders' equity	<u>\$1,613,677</u>	<u>\$ 695,859</u>	<u>(\$ 483,174)</u>	<u>\$1,826,362</u>
Total Liabilities and Shareholders' Equity	<u>\$5,666,084</u>	<u>\$1,612,070</u>	<u>(\$ 389,174)</u>	<u>\$6,888,980</u>

EDSON, INCORPORATED AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 1969

	Edson (A)	Desley (B)	Adj. & Elim'n.	Cons'd.
Net sales	\$4,170,764	\$1,456,141		\$5,626,905
Cost of goods sold	3,459,459	1,179,789		4,639,248
Gross profit	<u>\$ 711,305</u>	<u>\$ 276,352</u>		<u>\$ 987,657</u>
Cost of operations:				
Selling expense	\$ 184,956	\$ 169,642		\$ 354,598
General and administra-				
tive expense	231,755	126,799		358,554
Total	<u>\$ 416,711</u>	<u>\$ 296,441</u>		<u>\$ 713,152</u>
Net profit or (loss) from operations	<u>\$ 294,594</u>	(\$ 20,089)		<u>\$ 274,505</u>
Other expense, net				
Interest	\$ 82,600	\$ 19,915		\$ 102,515
Sundry	8,800	9,496		18,296
Total	<u>\$ 91,400</u>	<u>\$ 29,411</u>		<u>\$ 120,811</u>
Net profit or (loss) for the six months ended June 30, 1969 before provision for income taxes	<u>\$ 203,194</u>	(\$ 49,500)		<u>\$ 153,694</u>
Provision for State and Federal income taxes Note C			(\$44,000)	44,000
Net profit for the year before special credit	<u>\$ 203,194</u>	(\$ 49,500)	(44,000)	<u>\$ 109,694</u>
Special credit:				
Amortization of credit resulting from acquisi-				
tion of subsidiary	<u>-</u>	<u>-</u>	<u>33,340</u>	<u>33,340</u>
Net profit or (loss) and special credit (EXHIBIT A)	<u>\$ 203,194</u>	(\$ 49,500)	(\$10,660)	<u>\$ 143,034</u>

(A) Edson, Incorporated (Illinois) Parent, Edson, Incorporated (Indiana) and Edson, Inc. of California (California)

(B) Desley Fabrics, Inc. (New York) and Desley Fabrics, Inc. (California)

(C) Desley losses for tax purposes are approximately 72,000 in excess of losses for accounting purposes and provision is reduced 38,000 to reflect this fact.

A RESOLUTION

AUTHORIZING THE ISSUANCE OF BOND ANTICIPATION NOTES 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 Notes 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, as amended (Act 1377), the Governor and the State Treasurer of South Carolina, when requested by the State Board, are duly authorized and empowered to issue State Capital Improvement (General Obligation) Bonds for, among others, the following specific purposes and in the following amounts:

- (a) For the construction of teaching and related facilities on properties owned by the Medical College (University), for the purpose of providing teaching and related facilities for the training of physicians and nurses and for the purpose of providing teaching and related facilities for a school of dentistry\$6,000,000
- (b) 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	\$11,000,000
(c)	Improvements at State Parks	6,249,000
(d)	Acquisition of land and construction of facilities relating to the official Tri Centennial Celebration of the founding of South Carolina	6,600,000
(e)	Additional administrative, housing, educational and health facilities at the South Carolina Opportunity School	1,500,000
(f)	Construction of new kitchen and dining facilities and general repairs or renovation of the John de la Howe School	700,000
(g)	Improvements at South Carolina State College	3,500,000
(h)	Acquisition of property for Trade School in Beaufort County	500,000

For the payment of the principal of and interest on the bonds issued pursuant to Act 1377 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 Act 1377, 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 Act 1377 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.

Heretofore, pursuant to Act No. 116 of the Acts of the General Assembly of the State of South Carolina for the year 1965, as amended (Act 116), and in anticipation of the issuance of State Capital Improvement Bonds pursuant to said Act 1377, Bond Anticipation Notes of the State of South Carolina, bearing the dates, being in the amounts and having the maturities set forth below, have been issued and are now outstanding, viz.:

<u>AMOUNT OF NOTES</u>	<u>DATE OF ISSUANCE</u>	<u>DATE OF MATURITY</u>
\$12,000,000	October 30, 1969	January 30, 1970
\$12,000,000	December 15, 1969	April 30, 1970

SECTION 4.

It is provided by said Act 116 that Bond Anticipation Notes heretofore issued may be renewed from time to time; and it is further provided that where such Notes are issued in anticipation of the issuance of general obligation bonds, such Bond Anticipation Notes shall be secured by a pledge of the full faith, credit and taxing power of the issuer and in addition, by the proceeds of the bonds thereafter to be issued.

SECTION 5.

Conditions in the municipal bond market are presently extremely unfavorable, and it has been decided that the Bond Anticipation Notes maturing January 30, 1970, should be refunded.

Moneys have been appropriated for the payment of the interest on the maturing Bond Anticipation Notes, so that the proceeds of the sum so borrowed may be utilized for the payment of the principal of the Bond Anticipation Notes maturing on January 30, 1970.

SECTION 6.

Negotiations have been conducted by the State Treasurer pursuant to the authorizations of this Board and the Governor of the State of South Carolina, with BANKERS TRUST OF SOUTH CAROLINA, THE SOUTH CAROLINA NATIONAL BANK, THE CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA, and THE FIRST NATIONAL BANK OF SOUTH CAROLINA, which negotiations have resulted in agreement on the part of said banks to lend the State the sum of \$12,000,000, to be evidenced by four (4) Bond Anticipation Notes of the State of South Carolina, each in the principal amount of \$3,000,000, each to be dated January 30, 1970, to mature April 30, 1970, or on the occasion of the delivery of the State Capital Improvement Bonds to be issued, whichever shall first occur, and each to bear interest at the rate of 6.00% per annum, payable on the maturity of the Notes.

SECTION 7.

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 sufficient to provide for the payment, when due, of all Bond Anticipation Notes heretofore or herein authorized, which shall be dated as of an occasion which will permit the use of the proceeds thereof to meet the payment of the Bond Anticipation Notes at the maturities thereof;

(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 Notes hereinabove set forth; and

(d) direct the application of the proceeds thereof to the payment of the principal of the now outstanding \$12,000,000 of Bond Anticipation Notes maturing January 30, 1970.

SECTION 8.

It is hereby determined that additional temporary financing pursuant to Act 116, to the extent of \$12,000,000, in anticipation of the issuance of State Capital Improvement Bonds, in the sum specified by Section 7, supra, shall be immediately undertaken in accordance with the recitals 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 9.

That there shall be issued by the State of South Carolina Bond Anticipation Notes of the State of South Carolina, in the aggregate principal amount of \$12,000,000, which shall bear date January 30, 1970, shall be expressed to mature on April 30, 1970, or on the occasion of the delivery of the State Capital Improvement Bonds heretofore referred to, whichever shall first occur. If by reason of the issuance of the bonds, in anticipation of which said Notes are to be issued, on a date earlier than the stated maturity of the Notes, the said Notes shall be redeemable in whole, at the principal amount thereof, plus interest thereon to the redemption date, upon publication of a notice of redemption, not less than 30 days prior to the date fixed for redemption, in a financial journal published in the City of New York, New York.

SECTION 10.

The said Notes shall be numbered from 1 to 4, inclusive, each in the denomination of \$3,000,000, shall be payable,

both principal and interest, at the principal office of the respective named payees thereof, in Columbia, South Carolina.

SECTION 11.

The said Notes shall bear interest from date at the rate of 6:00% per annum, payable upon the stated maturity or earlier redemption of said Notes.

SECTION 12.

The said Notes 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 13.

The said Notes shall be substantially in the form attached hereto as "EXHIBIT A."

SECTION 14.

For the payment of the principal of and interest on the said Notes, as the same shall fall due, the full faith, credit and taxing power of the State of South Carolina shall be pledged, and in addition thereto so much of the principal proceeds of the State Capital Improvement Bonds authorized by Section 15, 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 15.

This Board authorizes the issuance of State Capital Improvement Bonds of the State of South Carolina in an aggregate

principal amount sufficient to provide for the retirement of all Bond Anticipation Notes heretofore or herein authorized to be issued.

SECTION 16.

The said Bond Anticipation Notes shall be forthwith prepared, executed in the manner hereinabove set forth, and thereafter delivered to the respective purchasers thereof, upon receipt of the proceeds thereof. The proceeds shall be paid to the State Treasurer and applied to the payment of the principal of the Bond Anticipation Notes heretofore issued, which mature on January 30, 1970. In addition, from the general funds of the State, the State Treasurer shall utilize funds sufficient to pay the interest on the outstanding Bond Anticipation Notes maturing January 30, 1970.

SECTION 17.

In adopting this Resolution, making provision for the issuance of the Bond Anticipation Notes in the amount heretofore stated and in authorizing the issuance of State Capital Improvement Bonds in an amount sufficient to pay all Bond Anticipation Notes heretofore and now authorized, this Board has found and hereby certifies that the actual receipts for the preceding fiscal year from the tax levied pursuant to Chapter 5, Title 65, exceeded 150% of the maximum annual debt service requirements for all State Ports Bonds (as such term is defined in said Act) now outstanding and all State Capital Improvement Bonds to be issued to provide funds for the payment of all Bond Anticipation Notes issued in anticipation of the issuance of such bonds, and that

the estimate made indicates that collections in future fiscal years will not be less than 150% of maximum annual principal and interest requirements of all State Ports Bonds and all State Capital Improvement Bonds hereafter to be outstanding, including those issued to provide funds for the payment of the aforesaid Bond Anticipation Notes.

SECTION 18.

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 Notes and apprising them of 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. _____

\$3,000,000

KNOW ALL MEN BY THESE PRESENTS That the STATE OF SOUTH CAROLINA hereby acknowledges itself indebted, and for value received, promises to pay to

at the principal office of the named payee, in the City of Columbia, South Carolina, on the 30th day of April, 1970, 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 6.00% per annum, payable upon the maturity or payment of this Note.

If by reason of the issuance of the bonds, in anticipation of which this Note is issued, on a date earlier than the stated maturity of this Note, this Note shall be redeemable in whole, at the principal amount hereof, plus interest thereon to the redemption date.

Both the principal of and interest on this Note are payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for the payment of public and private debts.

THIS NOTE is one of an issue of Bond Anticipation Notes, aggregating \$12,000,000, issued by 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 Capital Improvement Bonds of the State of South Carolina 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, together with the full faith, credit and taxing power of the State of South Carolina.

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.

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 30th day of January, A. D. 1970.

Governor

(SEAL)

State Treasurer

Attest:

Secretary of State

E N D