

MINUTES OF BUDGET AND CONTROL BOARD MEETING

MAY 2 1972

- o -

The Budget and Control Board met in the Governor's Office at 5:00 p. m. on Tuesday, May 2, 1972, with all Board members in attendance. The meeting was also attended by Messrs. P. C. Smith and W. T. Putnam.

The first portion of the meeting was held in the Governor's private office and was attended only by the Board members and Mr. P. C. Smith.

GOVERNOR'S PROPOSALS FOR 1972-73 BUDGET -

SOUTH CAROLINA RETIREMENT SYSTEM - Mr. Tatum Gressette, Director of the Retirement Division, appeared before the Board to request the adoption of a Resolution pertaining to the increasing of the interest rate used in valuing the liabilities of the Retirement System and authorizing the actuary to redetermine the accrued liability rate. The Resolution would become effective with the passage of legislation improving the service retirement benefit formula.

Mr. Gressette explained that the approval of the Resolution could make possible the introduction of legislation which would provide for increased retirement benefits. This increase would amount to 25% on the first \$4,800 of earnings and 10% on the remainder.

The Board approved the Resolution, a copy of which has been retained in these files and is identified as Exhibit I.

CRIMINAL JUSTICE COMPUTER SYSTEM - Mr. Pete Strom, Chief of the State Law Enforcement Division, and Mr. Jack David, of the Governor's Office, appeared before the Board to recommend that an IBM 360/40 computer be selected as the system to be installed at SLED to service the Criminal Justice Network. They presented additional documentation showing that this system will be the most effective and will result in the lowest over-all cost to the State.

The Board approved the acquisition of the IBM 360/40 computer system.

The documentation has been retained in the files and is identified as Exhibit II. (See Exhibit IV of the minutes of February 2, 1972 for other documentation.)

INDUSTRIAL REVENUE BONDS - GREENVILLE COUNTY - On April 19, 1972 the Budget and Control Board approved the request of the Greenville County Council for the issuance of Industrial Revenue Bonds in the amount of \$1,350,000. The lessee of the facilities to be constructed will be the Gladding Corporation.

The Board confirmed its action of April 19, 1972, and a copy of the proceedings have been retained in these files. These documents are identified as Exhibit III.

BUDGET AND CONTROL BOARD MEETING - Mr. P. C. Smith advised the Board of numerous matters which were pending and asked for a convenient date for the next meeting. It was agreed that the next meeting would be held at 9:30 a. m. on Wednesday, May 10, 1972.

(Secretary's Note: This meeting time was subsequently changed to 9:30 a. m. on Thursday, May 11, 1972.)

There being no further business, the meeting was adjourned at 6:00 p. m.

EXHIBIT I
MAY 2, 1972

SOUTH CAROLINA RETIREMENT SYSTEM

RESOLVED, that the State Budget and Control Board, acting in accordance with Sections 61-18 and 61-68 respectively, of the act governing the operation of the South Carolina Retirement System, hereby (1) adopts a regular interest rate of 5 1/4 per cent per annum for use in valuing the liabilities of the System and in calculating Employers' rates of contribution and (2) authorizes the actuary to redetermine the accrued liability rate so as to accomplish the liquidation of the unfunded accrued liability over a period of not more than 35 years; and be it further

RESOLVED, that for the purpose of crediting interest to members' accumulated contributions and for the purpose of computing the amount of any annuity, pension or optional benefit elected in lieu thereof a regular interest rate of 4 per cent per annum shall continue to be used; and be it further

RESOLVED, that all of the foregoing changes shall become effective coincident with the passage of legislation improving the service retirement benefit formula.

The State Budget and Control Board of the South Carolina Retirement
System passed on the preceding resolution on May 2, 1972.

State Budget and Control Board
South Carolina Retirement System

By
Chairman

Attest:

.....
Secretary

EXHIBIT II
MAY 2, 1972

STATE OF SOUTH CAROLINA
DIVISION OF TECHNOLOGY UTILIZATION
STATE BUDGET AND CONTROL BOARD
P. O. BOX 11333
COLUMBIA, S. C. 29211
803-758-3578

JOHN C. WEST
GOVERNOR

JEROME V. BENNETT
DIRECTOR

May 2, 1972

Governor John C. West
The State House
Columbia, South Carolina 29211

Dear Governor West:

Attached, hereto, is a recommendation from the State Law Enforcement Division on the computer procurement for the Criminal Justice Information System.

You will note that this recommendation is for an IBM 360 Model 40 computer system; that computer was not listed in our previous correspondence to the Budget and Control Board even though the configuration was included in IBM's original proposal to the State.

The IBM 360/40 was excluded because, while it is adequate for the initial police information part of the system, it is probably not adequate for all of our Criminal Justice system requirements over a five year period when we include all of the potential developments in the Courts, Corrections, and the Pardon, Probation and Parole Board. Already under active development is an on-line Juvenile Corrections System which can be made operational on the 360/40. When these developments come about, we will have to upgrade the 360/40 central processing unit portion of the computer.

It is my opinion that this can be done at that point in time at a cost of about \$150,000 which will make this procurement the lowest total cost to the State. In Attachment I I have summarized cost figures which relate to that conclusion.

It is the opinion of the Division of Technology Utilization, after thoroughly participating in and reviewing all of the several computer proposals and the oral presentations, that the selection of IBM represents the best and lowest cost computer vendor to the State of South Carolina.

The IBM Corporation is the best vendor for the several reasons listed by Lt. Stokes.

Because the 360/40 computer system is a lower cost than any other computer system bid to the State, the system does represent the lowest initial cost system and ultimately the lowest cost system overall.

In summary, the Division of Technology Utilization does endorse the selection of the IBM Corporation as the vendor of choice and concurs in the selection of the 360/40 computer system for the initial configuration.

Very truly yours,

J. V. Bennett
J. V. Bennett
Director

JVB:sc

cc: Budget and Control Board
Chief J. P. Strom
Mr. P. C. Smith

1943

ATTACHMENT I

PURCHASE COSTS FOR 5-YEAR OPERATION

	<u>Maintenance and Hardware Cost</u>	<u>Vendor's Other Costs</u>	<u>Total</u>
IBM 360/40	\$1,103,563	\$105,436	\$1,208,999
NCR	1,294,151	132,665	1,426,816
IBM 370/145 new and used	1,448,932	105,436	1,554,368
Burroughs - Used	1,530,102	31,965	1,562,067
IBM 370/145 all new	1,507,086	105,436	1,612,522
Univac - Used	1,616,565	18,465	1,635,030
Univac - new	1,764,931	18,465	1,783,396
Burroughs - new	1,755,940	31,965	1,787,905

State of South Carolina
Law Enforcement Division



JOHN C. WEST
GOVERNOR

J. PRESTON STROM
CHIEF

P. O. BOX 1166

PHONE 758-2461

COLUMBIA, S. C. 29202

April 19, 1972

Governor John C. West, Chairman
State Budget and Control Board
State Capitol
Columbia, South Carolina 29211

Dear Governor West:

RE: Criminal Justice Information System

I have noted that the information originally furnished to you with respect to the bid results of the Request for Proposal issued by the South Carolina Law Enforcement Division in December 1971 concerning the selection of a computer and software vendor for our Criminal Justice Information System did not include the IBM 360/40 computer. I have caused Lt. Carl B. Stokes to prepare a written report for me concerning this equipment, its cost and capabilities for your information. (See attached copy of Lt. Stokes' report).

I endorse Lt. Stokes' findings and recommendations. I await your decision or request for additional information.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "J. P. Strom".

J. P. Strom, Chief
South Carolina Law Enforcement Division

JPS:j

ATTACHMENT: 1

State of South Carolina
Law Enforcement Division



JOHN C. WEST
GOVERNOR

J. PRESTON STROM
CHIEF

P. O. BOX 1166 PHONE 758-2461
COLUMBIA, S. C. 29202

April 17, 1972

TO: Chief J. P. Strom
FROM: Lt. Carl B. Stokes
RE: Criminal Justice Information System

You will recall that it was noted after studying the original Request For Proposal (RFP) issued by SLED in December 1971, and a letter from Jerry Bennett, Director of Technology Utilization to Governor West and the Budget and Control Board dated February 1, 1972, that the bid of IBM on their 360/40 computer was not mentioned. I feel the information to follow is needed to assist in arriving at the fairest and best decision as far as the State of South Carolina is concerned. It should be noted that the following was determined after considerable discussion with other agencies who now have or are familiar with this equipment in our examination of the capabilities of the 360/40 to do the job needed by the South Carolina Criminal Justice Information System.

The above recommendation is based upon the following reasons:

1. The above system is the lowest bid at a figure of one million two hundred eight thousand nine hundred ninety-nine dollars (\$1,208,999) including maintenance for a five (5) year period and any software costs involved in getting the system running.
2. The State has already paid in excess of two hundred thousand dollars (\$200,000) towards the purchase of this system in the form of rent on the South Carolina Highway Department computer. This entire rental money can be credited towards purchase.
3. IBM equipment is presently installed in over one hundred fifty (150) Criminal Justice Systems in the country. Included in this group are the Kansas City System and the Federal Bureau of Investigation in Washington, D. C.
4. The system demonstrated in Kansas City is presently operating on an IBM 360/40 and is doing those things we desire to do in our Criminal Justice Information System. Your communication staff agrees that this package was the best it has seen demonstrated.

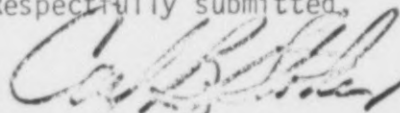
Chief J. P. Strom
Page 2
April 17, 1972

5. The Kansas City system is presently installed in approximately thirty (30) other law enforcement agencies throughout the country. This means that we will greatly benefit from all enhancements that have or will be incorporated into the system by picking up software packages that are already developed, tried, and proven thus eliminating much cost of experimenting.
6. The 360/40 machine will handle South Carolina's load as the population of the Kansas City area is approximately the same as that of South Carolina and their crime rate is higher.
7. Utilizing the System 7's to switch the messages will allow use of the 360/40 for other applications within SLED such as administrative, financial, and statistical reporting.
8. The IBM 360/40 is a proven piece of equipment that will not require expenditures of additional money for an acceptance test as it is already functioning within State Government.
9. In the future should it become necessary to expand the IBM 360/40, it can be done more economically through the use of other rentals credits accrued within State Government.

I feel that it should be further noted that our inquiries indicate that the IBM 360/40 is capable, core wise, to perform the work requirements of the Legislative Council. However, it was determined a much larger staff would be needed if this division is to do the people work of the Legislative Council. It might be suggested that this work can best be done on one of the State's larger computers where an adequate staff is already on hand. Since the Legislature is in session only approximately six months a year, it would not be economical for this division to keep so large a staff to do this one project.

Summary: The writer fully recognizes his limitations with respect to making a valid determination as to the mechanical capabilities of any computer equipment. However, I think that I am sufficiently law enforcement oriented to determine desired results. I have seen various systems throughout the country, and I am of the opinion that the IBM 360/40 with the Kansas City package is adequate to perform those things we desire to do here at SLED as referred to in the RFP. I have counseled with our technical staff in whom I have complete faith, and they are of the same opinion.

Respectfully submitted,



Lt. Carl B. Stokes
South Carolina Law Enforcement Division

CBS/daw

*Putt -
Not Board
records
BB*

May 5, 1972

Chief J. P. Strom
State Law Enforcement Division
P. O. Box 1166
Columbia, South Carolina 29202

Dear Chief:

This is to confirm action of the Budget and Control Board, at its meeting May 2, approving your acquisition of IBM 360/40 computer equipment for the Criminal Justice Information System.

This action of the Board clears the way for you to proceed with whatever negotiations are appropriate for the acquisition of this equipment.

Very truly yours,

P. C. Smith
State Auditor

PCS:dr

STATE OF SOUTH CAROLINA
DIVISION OF TECHNOLOGY UTILIZATION

STATE BUDGET AND CONTROL BOARD

P. O. BOX 11333
COLUMBIA, S. C. 29211
803-758-3578

JOHN C. WEST
GOVERNOR

JEROME V. BENNETT
DIRECTOR

May 2, 1972

Governor John C. West
The State House
Columbia, South Carolina 29211

Dear Governor West:

Attached, hereto, is a recommendation from the State Law Enforcement Division on the computer procurement for the Criminal Justice Information System.

You will note that this recommendation is for an IBM 360 Model 40 computer system; that computer was not listed in our previous correspondence to the Budget and Control Board even though the configuration was included in IBM's original proposal to the State.

The IBM 360/40 was excluded because, while it is adequate for the initial police information part of the system, it is probably not adequate for all of our Criminal Justice system requirements over a five year period when we include all of the potential developments in the Courts, Corrections, and the Pardon, Probation and Parole Board. Already under active development is an on-line Juvenile Corrections System which can be made operational on the 360/40. When these developments come about, we will have to upgrade the 360/40 "central processing unit" portion of the computer.

It is my opinion that this can be done at that point in time at a cost of about \$150,000 which will make this procurement the lowest total cost to the State. In Attachment I I have summarized cost figures which relate to that conclusion.


It is the opinion of the Division of Technology Utilization, after thoroughly participating in and reviewing all of the several computer proposals and the oral presentations, that the selection of IBM represents the best and lowest cost computer vendor to the State of South Carolina.

The IBM Corporation is the best vendor for the several reasons listed by Lt. Stokes.

Because the 360/40 computer system is a lower cost than any other computer system bid to the State, the system does represent the lowest initial cost system and ultimately the lowest cost system overall.

In summary, the Division of Technology Utilization does endorse the selection of the IBM Corporation as the vendor of choice and concurs in the selection of the 360/40 computer system for the initial configuration.

Very truly yours,


J. V. Bennett
Director

JVB:sc

cc: Budget and Control Board
Chief J. P. Strom
Mr. P. C. Smith

1949

ATTACHMENT I

PURCHASE COSTS FOR 5-YEAR OPERATION

	<u>Maintenance and Hardware Cost</u>	<u>Vendor's Other Costs</u>	<u>Total</u>
IBM 360/40	\$1,103,563	\$105,436	\$1,208,999
NCR	1,294,151	132,665	1,426,816
IBM 370/145 new and used	1,448,932	105,436	1,554,368
Burroughs - Used	1,530,102	31,965	1,562,067
IBM 370/145 all new	1,507,086	105,436	1,612,522
Univac - Used	1,616,565	18,465	1,635,030
Univac - new	1,764,931	18,465	1,783,396
Burroughs - new	1,755,940	31,965	1,787,905

State of South Carolina
Law Enforcement Division



JOHN C. WEST
GOVERNOR

J. PRESTON STROM
CHIEF

P. O. BOX 1166 PHONE 758-2461
COLUMBIA, S. C. 29202

April 19, 1972

Governor John C. West, Chairman
State Budget and Control Board
State Capitol
Columbia, South Carolina 29211

Dear Governor West:

RE: Criminal Justice Information System

I have noted that the information originally furnished to you with respect to the bid results of the Request for Proposal issued by the South Carolina Law Enforcement Division in December 1971 concerning the selection of a computer and software vendor for our Criminal Justice Information System did not include the IBM 360/40 computer. I have caused Lt. Carl B. Stokes to prepare a written report for me concerning this equipment, its cost and capabilities for your information. (See attached copy of Lt. Stokes' report).

I endorse Lt. Stokes' findings and recommendations. I await your decision or request for additional information.

Respectfully submitted,

J. P. Strom, Chief
South Carolina Law Enforcement Division

JPS:j

ATTACHMENT: 1

State of South Carolina
Law Enforcement Division



JOHN C. WEST
GOVERNOR

J. PRESTON STROM
CHIEF

P. O. BOX 1166
COLUMBIA, S. C. 29202

PHONE 756-2461

April 17, 1972

TO: Chief J. P. Strom
FROM: Lt. Carl B. Stokes
RE: Criminal Justice Information System

You will recall that it was noted after studying the original Request For Proposal (RFP) issued by SLED in December 1971, and a letter from Jerry Bennett, Director of Technology Utilization to Governor West and the Budget and Control Board dated February 1, 1972, that the bid of IBM on their 360/40 computer was not mentioned. I feel the information to follow is needed to assist in arriving at the fairest and best decision as far as the State of South Carolina is concerned. It should be noted that the following was determined after considerable discussion with other agencies who now have or are familiar with this equipment in our examination of the capabilities of the 360/40 to do the job needed by the South Carolina Criminal Justice Information System.

The above recommendation is based upon the following reasons:

1. The above system is the lowest bid at a figure of one million two hundred eight thousand nine hundred ninety-nine dollars (\$1,208,999) including maintenance for a five (5) year period and any software costs involved in getting the system running.
2. The State has already paid in excess of two hundred thousand dollars (\$200,000) towards the purchase of this system in the form of rent on the South Carolina Highway Department computer. This entire rental money can be credited towards purchase.
3. IBM equipment is presently installed in over one hundred fifty (150) Criminal Justice Systems in the country. Included in this group are the Kansas City System and the Federal Bureau of Investigation in Washington, D. C.
4. The system demonstrated in Kansas City is presently operating on an IBM 360/40 and is doing those things we desire to do in our Criminal Justice Information System. Your communication staff agrees that this package was the best it has seen demonstrated.

Chief J. P. Strom
Page 2
April 17, 1972

5. The Kansas City system is presently installed in approximately thirty (30) other law enforcement agencies throughout the country. This means that we will greatly benefit from all enhancements that have or will be incorporated into the system by picking up software packages that are already developed, tried, and proven thus eliminating much cost of experimenting.
6. The 360/40 machine will handle South Carolina's load as the population of the Kansas City area is approximately the same as that of South Carolina and their crime rate is higher.
7. Utilizing the System 7's to switch the messages will allow use of the 360/40 for other applications within SLED such as administrative, financial, and statistical reporting.
8. The IBM 360/40 is a proven piece of equipment that will not require expenditures of additional money for an acceptance test as it is already functioning within State Government.
9. In the future should it become necessary to expand the IBM 360/40, it can be done more economically through the use of other rentals credits accrued within State Government.

I feel that it should be further noted that our inquiries indicate that the IBM 360/40 is capable, core wise, to perform the work requirements of the Legislative Council. However, it was determined a much larger staff would be needed if this division is to do the people work of the Legislative Council. It might be suggested that this work can best be done on one of the State's larger computers where an adequate staff is already on hand. Since the Legislature is in session only approximately six months a year, it would not be economical for this division to keep so large a staff to do this one project.

Summary: The writer fully recognizes his limitations with respect to making a valid determination as to the mechanical capabilities of any computer equipment. However, I think that I am sufficiently law enforcement oriented to determine desired results. I have seen various systems throughout the country, and I am of the opinion that the IBM 360/40 with the Kansas City package is adequate to perform those things we desire to do here at SLED as referred to in the RFP. I have counseled with our technical staff in whom I have complete faith, and they are of the same opinion.

Respectfully submitted,



Lt. Carl B. Stokes
South Carolina Law Enforcement Division

CBS/daw

1153

EXHIBIT III

MAY 3, 1972

PROCEEDING OF THE STATE BUDGET
AND CONTROL BOARD OF SOUTH CAROLINA
Re: \$1,350,000
FIRST MORTGAGE INDUSTRIAL REVENUE
BONDS, SERIES A
(GLADDING CORPORATION - LESSEE)
OF
GREENVILLE COUNTY, SOUTH CAROLINA

1954

1954

EXHIBIT III
MAY 2, 1972

PROCEEDING OF THE STATE BUDGET
AND CONTROL BOARD OF SOUTH CAROLINA
Re: \$1,350,000
FIRST MORTGAGE INDUSTRIAL REVENUE
BONDS, SERIES A
(GLADDING CORPORATION - LESSEE)
OF
GREENVILLE COUNTY, SOUTH CAROLINA

FOR DENSITY TESTING PURPOSES ONLY

1954

1954

AGREEMENT OF INTENT

THIS AGREEMENT, made and entered into as of this 6th day of July, 1971, among Greenville County, South Carolina, a political subdivision of the State of South Carolina, ("County") and Gladding Corporation, a New York corporation, duly authorized to conduct business in the State of South Carolina ("Gladding").

WITNESSETH:

WHEREAS, the County is authorized under and pursuant to the provisions of Act No. 103 of the Acts of the General Assembly of the State of South Carolina for 1967 (Article 2.1, Chapter 8, Title 14, Code of Laws of South Carolina, 1962, 1969 Cumulative Supplement) (hereinafter referred to as 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 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, Gladding is presently leasing from others certain real property (the "real property") and a manufacturing plant thereon (such real property and manufacturing plant hereafter called the "Facility") located in Greenville County, South Carolina and has determined that it is necessary to expand its manufacturing capacity in Greenville County, through the acquisition of the Facility and the construction and equipping of a substantial addition to the manufacturing plant (the "Addition"); and

WHEREAS, in order to implement the public purposes enumerated in the Act and in furtherance thereof to induce Gladding to locate additional manufacturing facilities within the State of South Carolina and to remain in the State of South Carolina the County has been requested to issue approximately \$1,300,000 aggregate principal amount Industrial Revenue Bonds, Series A (Gladding Corporation) (the "Series A Bonds") under and pursuant to the Act to finance the cost of acquiring the Facility and constructing and equipping a manufacturing plant addition and related facilities (hereinafter collectively referred to as the "Expanded Facility") in the County of Greenville, South Carolina and to lease the Expanded Facility to Gladding under and pursuant to the terms of a lease (hereinafter referred to as the "Lease");

That for and in consideration of the representations, warranties and the several and mutual covenants of the respective parties hereto, and pursuant to the provisions of Section 8 of the Act it is agreed as follows:

ARTICLE I

Gladding represents that it desires to operate the Facility and the Addition, including machinery and equipment ("Equipment") installed therein to be located on certain land within the County of Greenville, South Carolina, as hereinafter more fully described. Gladding further represents that it has requested the County to issue the Series A Bonds in an aggregate principal amount of approximately One Million Three Hundred Thousand (\$1,300,000) Dollars, for the purpose of financing the Expanded Facility.

ARTICLE II

County represents that upon the written request of Gladding it will acquire certain land located within the County of Greenville, South Carolina comprising approximately Nine and Two Tenths (9.2) acres, more or less, which is more fully identified and described on Exhibit A to this Agreement together with the manufacturing plant located thereon, and to erect and install thereon the aforementioned manufacturing plant addition, Equipment and other facilities and improvements including necessary site preparation and parking areas, in accordance with plans approved by Gladding, and to lease the Expanded Facility to Gladding upon terms and conditions mutually satisfactory to the County and Gladding.

ARTICLE III

County agrees, subject to the requirements of law, that in order to finance acquisition and construction of the Facility and the Addition, it will issue its Industrial Revenue Bonds in an approximate amount of \$1,300,000 pursuant to and in accordance with the provisions of the Act. The terms, conditions and interest rate of the Series A Bonds shall be approved by Gladding.

ARTICLE IV

Gladding agrees to lease the Expanded Facility for a term commencing upon the date of issuance of the Series A Bonds, and terminating with the last maturity of the Series A Bonds and to pay for the use of the Expanded Facility a rental in an amount sufficient to retire the principal and interest on the Series A Bonds as they mature and such other amounts including payments in lieu of taxes as required by law and the Act. The rent shall be paid semi-annually; and the Lease shall contain options to renew and/or purchase for a nominal consideration.

ARTICLE V

County agrees, upon the written request of Gladding, to inaugurate the procedures required of it and to prosecute them with due diligence, including but not limited to the following:

1. Issuance and sale of the Series A Bonds upon terms agreeable to Gladding.

2. Upon the issuance of the Series A Bonds, to purchase the Facility, at a price not to exceed Six Hundred Thousand (\$600,000) Dollars, free and unencumbered, except for such easements and other exceptions as are approved by Gladding.
3. Authorize Gladding to enter into agreements for the construction and equipping of the Addition all in such form and with contractors and suppliers approved by County) to ensure full occupancy and use of the Expanded Facility by Gladding in accordance with its manufacturing requirements.

County and Gladding hereby agree that to assure completion and availability of the Expanded Facility to Gladding at an early date and to provide interim financing for such project, Gladding is hereby authorized by County, (1) to purchase the Facility and (2) to enter into an agreement with a reputable general contractor for the construction of the Addition and enter into such other related and necessary agreements with other contractors and suppliers for the equipping of the Addition (all in a form mutually acceptable to County and Gladding), which agreement or agreements and all of Gladding's right, title and interest in the Facility and the Addition whether completed or in process shall be assigned by County upon issuance and sale of the Series A Bonds. Any sums expended or paid by Gladding to acquire the Facility and to contractors and/or suppliers prior to assignment of such agreements shall be reimbursed to Gladding from the proceeds of the sale of the Series A Bonds.

ARTICLE VI

Gladding is aware of the requirements for the issuance of the Series A Bonds under the provisions of the Act, and recognizes that this Agreement of Intent is subject to the conditions and limitations therein contained. This Agreement of Intent may be terminated at any time by Gladding or the County in the event that the terms and provisions of the Series A Bonds, the Lease or the mortgage pursuant to which the Series A Bonds are to be secured shall not be satisfactory to Gladding or County.

ARTICLE VII

It is understood and agreed by County and Gladding that (unless otherwise specified herein) any and all costs of the Facility, the Addition and Equipment, bond issuance, accrued interest during construction, reasonable attorneys' fees of County and for local or national attorneys, if any, will be included in the proceeds from the Series A Bonds.

IN WITNESS WHEREOF, County and Gladding have caused this Agreement to be executed in their respective names, have caused their Seals to be affixed hereunto, have caused this Agreement to be attested, all by their duly authorized officers, in a number of counterparts, each of which is deemed an original, all being done on the day and date first above written.

GREENVILLE COUNTY, SOUTH CAROLINA

By Robert B. Vaughn
Chairman

ATTEST:

Cecil D. Buckner

GLADDING CORPORATION

By Walter E. Robb
Senior Vice-President and Treasurer

ATTEST:

L. A. Lerner

1953

Identification and Description of
Property described in Article 2
in Agreement of Intent

The property and all improvements thereon is situated on the western side of White Horse Road near the City of Greenville, County of Greenville, State of South Carolina, and described as follows:

BEGINNING at an iron pin on the western side of White Horse Road, and running thence with the western side of said Road, S. 25-49 E. 436.4 feet to an iron pin; thence S. 73-04 W. 1162.7 feet to an iron pin; thence N. 24-28 E. 351 feet to an iron pin; thence N. 10-33 W. 158.2 feet to an iron pin; thence N. 75-29 E. 660.9 feet to an iron pin; thence N. 61-20 E. 189.3 feet to the beginning corner.

Being the same property conveyed to the Sellers by deed recorded in Deed Book 718 at Page 149.

Greenville, South Carolina

April 4, 1972

The Greenville County Council of Greenville County, South Carolina, convened in public session at the regular meeting place of the County Council in the County Courthouse in the City of Greenville, South Carolina, at 2:30 o'clock P.M. on April 4, 1972, with the following members present:

There were also present Cecil D. Buchanan, Secretary of the County Council and E. P. Riley, 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 (the "State Board") for the approval by the State Board of the issuance by Greenville County of its First Mortgage Industrial Revenue Bonds, Series A (Glad-ding Corporation - Lessee) in the aggregate principal amount of \$1,350,000.

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

Aye: unanimous

Nay:

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

A RESOLUTION making application to the State Budget and Control Board of South Carolina for the approval by the Board of the issuance by Greenville County, South Carolina, of its First Mortgage Industrial Revenue Bonds, Series A (Gladding Corporation - Lessee) in the aggregate principal amount of \$1,350,000 pursuant to the provisions of Act No. 103 of the Acts of the General Assembly of the State of South Carolina for 1967 (Chapter 8, Title 14, Code of Laws of South Carolina, 1962, 1970 Cumulative Supplement)

WHEREAS, Greenville County, South Carolina (the "County") acting by and through its County Council of Greenville County is authorized and empowered under and pursuant to the provisions of Act No. 103 of the Acts of the General Assembly of the State of South Carolina for 1967 (Chapter 8, Title 14, Code of Laws of South Carolina, 1962, 1970 Cumulative Supplement) (hereinafter referred to as 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 enterprises to locate in and remain in the State of South Carolina and thus utilize and employ the manpower, agricultural products and natural resources of the State; and

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

WHEREAS, On July __, 1971 the County and Gladding Corporation, a New York corporation, entered into an agreement of intent (the "Agreement of Intent") pursuant to which Gladding Corporation agreed to acquire certain real property and existing manufacturing facilities and to construct and equip a substantial addition thereto (the land, buildings, machinery and equipment and related facilities constituting the manufacturing plant is hereafter referred to as the "Project") in Greenville County, South Carolina in reliance upon the agreement of the County to pay the cost incurred by Gladding Corporation in acquiring, constructing and equipping the Project through the issuance by the County of revenue bonds under and pursuant to the provisions and requirements of the Act and subject to the approval of the State Budget and Control Board of South Carolina; and

WHEREAS, in order to implement the public purposes enumerated in the Act and in furtherance thereof to comply with the undertakings of the County pursuant to the Agreement of Intent, the County proposes to issue \$1,350,000 aggregate principal amount First Mortgage Industrial Revenue Bonds, Series A (Gladding Corporation - Lessee) (the "Series A Bonds") under and pursuant to the Act to finance the costs incurred and to be incurred by Gladding Corporation in acquiring, constructing and equipping the Project and to lease the Project to Gladding Corporation under and pursuant to the terms of a lease to be entered into between the County and Gladding Corporation; and

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

NOW THEREFORE, BE IT RESOLVED by the County Council of Greenville County, South Carolina, as follows:

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

(a) That the Project will constitute a "project" as said term is referred to and defined in Section 2(3) of the Act, and that the issuance of the Series A Bonds in the aggregate principal amount of \$1,350,000 to finance the acquisition, construction and equipping of the Project will accomplish the purposes and in all respects conform to the provisions and requirements of the Act;

(b) That neither the Project, the Series A Bonds proposed to be issued by the County to finance the cost thereof, nor any documents or agreements entered into by the County in connection therewith 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 the Series A Bonds by the County in the aggregate principal amount of \$1,350,000 will be required to finance the cost of the Project;

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

<u>Period</u>	<u>Principal and Interest</u>	<u>Rental Payment of Gladding Corporation</u>
September 1, 1972 - March 1, 1973	\$87,102.50	\$87,102.50
September 1, 1973 - March 1, 1974	122,102.50	122,102.50
September 1, 1974 - March 1, 1975	120,177.50	120,177.50
September 1, 1975 - March 1, 1976	123,252.50	123,252.50
September 1, 1976 - March 1, 1977	121,052.50	121,052.50
September 1, 1977 - March 1, 1978	123,852.50	123,852.50
September 1, 1978 - March 1, 1979	121,377.50	121,377.50

<u>Period</u>	<u>Principal and Interest</u>	<u>Rental Payment of Gladding Corporation</u>
September 1, 1979 - March 1, 1980	123,902.50	123,902.50
September 1, 1980 - March 1, 1981	126,002.50	126,002.50
September 1, 1981 - March 1, 1982	122,812.50	122,812.50
September 1, 1982 - March 1, 1983	124,512.50	124,512.50
September 1, 1983 - March 1, 1984	125,912.50	125,912.50
September 1, 1984 - March 1, 1985	126,850.00	126,850.00
September 1, 1985 - March 1, 1986	127,475.00	127,475.00
September 1, 1986 - March 1, 1987	127,600.00	127,600.00
September 1, 1987 - March 1, 1988	127,000.00	127,000.00
September 1, 1988 - March 1, 1989	126,050.00	126,050.00
September 1, 1989 - March 1, 1990	124,750.00	124,750.00
September 1, 1990 - March 1, 1991	123,100.00	123,100.00
September 1, 1991 - March 1, 1992	126,100.00	126,100.00
September 1, 1992 - March 1, 1993	128,400.00	128,400.00

(e) That inasmuch as Gladding Corporation is a corporation with established credit, the establishment of reserve funds in connection with the retirement of the Series A Bonds and the maintenance of the Project is deemed unnecessary;

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

(g) That the Project will consist of land, buildings, equipment and machinery constituting a plant for the manufacturing of _____ and other products which may be lawfully manufactured or processed at the Project.

(h) That a reasonable estimate of the cost of the Project including necessary expenses incident thereto is \$1,350,000.

(i) It is anticipated that after the Project shall have been placed in full operation, the Project will provide additional permanent employment for approximately ____ persons from the County and elsewhere in the area with a resulting alleviation of unemployment, and a substantial increase in payrolls and other public benefits resulting from the conducting of industrial operations.

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

Section 3. That the Chairman of the County Council of Greenville County be and is hereby authorized and directed to execute said petition in the name and on behalf of the County Council of Greenville County; and that the Secretary be and is hereby authorized and directed to affix the seal of the County Council of Greenville County 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, South Carolina.

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

Passed and approved April 4, 1972.

Chairman of the County Council
of Greenville County

Attest:

Secretary of the County Council
of Greenville County

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

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

Robert B. Vaughn
Chairman

Attest:

Cecil D. Buchanan
Secretary

STATE OF SOUTH CAROLINA)
)
COUNTY OF GREENVILLE)

I, Cecil D. Buchanan, do hereby certify that I am the duly qualified and acting Secretary of the County Council of Greenville 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 Council of Greenville County held on April 4, 1972, 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 the County Council of Greenville County this 4th day of April, 1972.

Cecil D. Buchanan
Secretary

(AFFIX)
(SEAL)
(HERE)

STATE OF SOUTH CAROLINA)
)
COUNTY OF GREENVILLE)

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

I

Statement of facts

1. Jurisdiction of State Budget and Control Board.

Greenville County, South Carolina (the "County"), acting by and through its County Council of Greenville County (the "County Council"), 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 of the General Assembly of the State of South Carolina for 1967 (Chapter 8, Title 14, Code of Laws of South Carolina, 1962, 1970 Cumulative Supplement) (the "Act") and in particular Section 14 thereof, and respectfully requests the approval by the State Board of the issuance by the County of its First Mortgage Industrial Revenue Bonds, Series A (Gladding Corporation - Lessee) in the aggregate principal amount of \$1,350,000 (the "Series A Bonds").

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

- EXHIBIT 1 - Agreement of Intent dated July 6, 1971 by and between the County and Gladding Corporation.
- EXHIBIT 2 - Official Statement
- EXHIBIT 3 - Form of Lease dated as of March 1, 1972 to be entered into by and between the County and Gladding Corporation
- EXHIBIT 4 - Form of Indenture of Mortgage and Deed of Trust dated as of March 1, 1972 to be entered into by and between the County and a banking corporation or association, as Trustee.
- EXHIBIT 5 - Resolution of the County Council adopted April 4, 1972.

It is expected that the transaction as finally consummated will conform in all substantive respects with summary thereof contained in the enclosed Official Statement and the documents submitted herewith, however, it may be anticipated that formal changes will occur as is usual in transactions of this nature.

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 Act No. 573 of the General Assembly of the State of South Carolina for 1967, the County Council of Greenville County (the "County Council") 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 Agreement of Intent. On July __, 1971 the County and Gladding Corporation, a New York corporation, entered into an agreement of intent (the "Agreement of Intent") pursuant to which Gladding Corporation agreed to acquire certain real property and existing manufacturing facilities and to construct and equip a substantial addition thereto (the land, buildings, machinery and equipment and related facilities constituting the manufacturing plant is hereafter referred to as the "Project") in Greenville County, South Carolina in reliance upon the agreement of the County to pay the cost incurred by Gladding Corpora-

tion in acquiring, constructing and equipping the Project through the issuance by the County of revenue bonds under and pursuant to the provisions and requirements of the Act and subject to the approval of the State Budget and Control Board of South Carolina.

5. Findings of the County Council. By resolution duly adopted on April 4, 1972, a certified copy of which is submitted herewith as Exhibit 5, the County Council 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 A Bonds in the aggregate principal amount of \$1,350,000 to finance the acquisition, construction and equipping of the Project will accomplish the purposes and in all respects conform to the provisions and requirements of the Act;

(b) That neither the Project, the Series A Bonds proposed to be issued by the County to finance the cost thereof, nor any documents or agreements entered into by the County in connection therewith 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 the Series A Bonds by the County in the aggregate principal amount of \$1,350,000 will be required to finance the cost of the Project;

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

<u>Period</u>	<u>Principal and Interest</u>	<u>Rental Payment of Gladding Corporation</u>
September 1, 1972 - March 1, 1973	\$87,102.50	\$87,102.50
September 1, 1973 - March 1, 1974	122,102.50	122,102.50
September 1, 1974 - March 1, 1975	120,177.50	120,177.50
September 1, 1975 - March 1, 1976	123,252.50	123,252.50
September 1, 1976 - March 1, 1977	121,052.50	121,052.50
September 1, 1977 - March 1, 1978	123,852.50	123,852.50
September 1, 1978 - March 1, 1979	121,377.50	121,377.50
September 1, 1979 - March 1, 1980	123,902.50	123,902.50
September 1, 1980 - March 1, 1981	126,002.50	126,002.50
September 1, 1981 - March 1, 1982	122,812.50	122,812.50
September 1, 1982 - March 1, 1983	124,512.50	124,512.50
September 1, 1983 - March 1, 1984	125,912.50	125,912.50
September 1, 1984 - March 1, 1985	126,850.00	126,850.00
September 1, 1985 - March 1, 1986	127,475.00	127,475.00
September 1, 1986 - March 1, 1987	127,600.00	127,600.00
September 1, 1987 - March 1, 1988	127,000.00	127,000.00
September 1, 1988 - March 1, 1989	126,050.00	126,050.00
September 1, 1989 - March 1, 1990	124,750.00	124,750.00
September 1, 1990 - March 1, 1991	123,100.00	123,100.00
September 1, 1991 - March 1, 1992	126,100.00	126,100.00
September 1, 1992 - March 1, 1993	128,400.00	128,400.00

(e) That inasmuch as Gladding Corporation is a corporation with established credit, the establishment of reserve funds in connection with the retirement of the Series A Bonds and the maintenance of the Project is deemed unnecessary;

(f) That the Project will be leased by the County to Gladding Corporation upon terms which will require Gladding Cor-

poration at its own expense, to maintain the Project in good repair and to carry all proper insurance with respect thereto, and will require Gladding Corporation 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 consist of land, buildings, equipment and machinery constituting a plant for the manufacturing of _____ and other products which may be lawfully manufactured or processed at the Project.
2. Anticipated Effect of the Project upon Economy of the County and Adjacent Areas. It is anticipated that after the Project shall have been placed in full operation, the Project will provide additional permanent employment for approximately _____ persons from the County and elsewhere in the area with a resulting alleviation of unemployment, and a substantial increase in payrolls and other public benefits resulting from the conducting of industrial operations.
3. Reasonable Estimate of Cost of Project. A reasonable estimate of the cost of the Project including necessary expenses incident thereto is \$1,350,000.
4. General Summary of the Terms and Conditions of the Proposed Lease and Indenture. A general summary of the terms and conditions of the proposed Lease and Indenture are contained in the Official Statement which is attached hereto as Exhibit 2 and incorporated herein by reference as if set forth herein in its entirety.
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 Gladding Corporation 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 Gladding Corporation were the owner of the Project, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded Gladding Corporation if it were the owner of the Project.

III

Request for Approval

WHEREFORE, the County Council 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 A Bonds;
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,

GREENVILLE COUNTY, SOUTH CAROLINA

By Robert B. King
Chairman of the County Council
of Greenville County

Attest:

Cecil D. Buchanan
Secretary of the County Council
of Greenville County

(SEAL)

Columbia, South Carolina

April __, 1972

The State Budget and Control Board of South Carolina (the "Board") convened in called session at the regular meeting place of the Board at the office of the Governor, in the Capital Building, in the City of Columbia, South Carolina at ____ o'clock A.M., on April __, 1972 with the following members present:

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

Absent: _____

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

After the meeting had been duly called to order by the Chairman and the roll called with the above result, and after the minutes of the preceding meeting had been read and approved, the Chairman announced that one purpose of the meeting was to consider the adoption of a resolution approving the proposed issuance by Greenville County, South Carolina, of \$1,350,000 principal amount First Mortgage Industrial Revenue Bonds, Series A (Gladding Corporation - Lessee).

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

Aye: _____

1975

Columbia, South Carolina

April __, 1972

The State Budget and Control Board of South Carolina (the "Board") convened in called session at the regular meeting place of the Board at the office of the Governor, in the Capital Building, in the City of Columbia, South Carolina at ____ o'clock A.M., on April __, 1972 with the following members present:

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

Absent: _____

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

After the meeting had been duly called to order by the Chairman and the roll called with the above result, and after the minutes of the preceding meeting had been read and approved, the Chairman announced that one purpose of the meeting was to consider the adoption of a resolution approving the proposed issuance by Greenville County, South Carolina, of \$1,350,000 principal amount First Mortgage Industrial Revenue Bonds, Series A (Gladding Corporation - Lessee).

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

Aye: _____

Nay: _____

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

A RESOLUTION approving the issuance by Greenville County, South Carolina, of \$1,350,000 principal amount First Mortgage Industrial Revenue Bonds, Series A (Gladding Corporation - Lessee) pursuant to the provisions of Act No. 103 of the Acts of the General Assembly of the State of South Carolina for 1967 (Chapter 8, Title 14, Code of Laws of South Carolina, 1962, 1970 Cumulative Supplement).

WHEREAS the Greenville County Council of Greenville County, South Carolina (the "County Council") has heretofore, by submitting a petition under and pursuant to the provisions of Section 14 of Act No. 103 of the Acts of the General Assembly of the State of South Carolina for 1967 (Chapter 8, Title 14, Code of Laws of South Carolina, 1962, 1970 Cumulative Supplement) (the "Act"), requested the approval by the State Budget and Control Board of the issuance by Greenville County (the "County") pursuant to the Act of its First Mortgage Industrial Revenue Bonds, Series A (Gladding Corporation - Lessee) in the aggregate principal amount of \$1,350,000 (the "Bonds"); and

WHEREAS the County proposes to issue the Bonds for the purpose of financing the costs incurred in the acquisition, construction and equipping of an industrial development project under the Act, consisting of certain land and buildings located in Greenville County and a manufacturing plant addition, machinery, equipment and related facilities to be constructed and equipped thereon (collectively referred to as the "Project"); and

WHEREAS the Project is to be leased to Gladding Corporation, a New York corporation at a rental sufficient to pay the principal of and interest on the Bonds and the costs and expenses related to the issuance of the 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 the Project; and

WHEREAS the County has submitted with said petition, for review by the State Budget and Control Board, copies of (i) an Agreement of Intent dated July __, 1971 by and between the County and Gladding Corporation, (ii) Official Statement summarizing the provisions of the Lease, Construction Deposit Agreement and the Indenture and (iii) a proposed form of Lease dated as of March 1, 1972 by and between the County and Gladding Corporation, (iv) a proposed form of Indenture of Mortgage and Deed of Trust dated as of March 1, 1972 by and between the County and The National Bank of South Carolina of Sumter, as Trustee, and (v) a certified copy of a resolution adopted by the Greenville County Council of the County on April 4, 1972, 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 Council 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 Council 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 Council 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 Gladding Corporation and to finance the cost thereof and expenses incidental thereto as provided in the Agreement of Intent 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 the Project, 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 Greenville News, a newspaper having general circulation in Greenville County, the following notice of approval by this Board:

NOTICE PURSUANT TO ACT NO. 103 OF THE ACTS OF THE GENERAL
ASSEMBLY OF THE STATE OF SOUTH CAROLINA FOR 1967 (CHAPTER
8, TITLE 14, CODE OF LAWS OF SOUTH CAROLINA, 1962. 1970
CUMULATIVE SUPPLEMENT)

Notice is hereby given pursuant to the provisions and requirements of Section 14 of Act No. 103 of the Acts of the General

Assembly of the State of South Carolina for 1967 (Chapter 8, Title 14, Code of Laws of South Carolina, 1962, 1970 Cumulative Supplement), that the State Budget and Control Board of South Carolina, pursuant to petition duly filed by the Greenville County Council of Greenville County, has given its approval to the following undertaking by Greenville County, South Carolina:

The issuance by Greenville County of \$1,350,000 aggregate principal amount of its First Mortgage Industrial Revenue Bonds, Series A (Gladding Corporation - Lessee) to finance the acquisition of certain land and buildings and the construction and equipping thereon of a manufacturing plant addition and related facilities (the "Project"), to be located within the County of Greenville. The Project will be leased to Gladding Corporation, a New York corporation, 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 Gladding Corporation, and are to be additionally secured by a pledge of the Lease of the Project and a first mortgage on the Project property.

In addition, Gladding Corporation has agreed to pay, as additional rentals, to Greenville 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 Greenville County, said school district or school districts and other political units wherein the Project is located, if the Project were owned by Gladding Corporation, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to

Gladding Corporation if it were the owner of the Project.

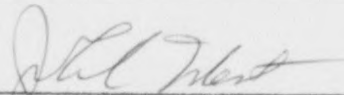
Notice is further given that any interested party may at any time within twenty (20) days after the date of the publication of this notice, challenge the validity of the State Budget and Control Board's approval of the Project and the issuance of the Bonds by Greenville County to finance the same, by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

STATE BUDGET AND CONTROL BOARD

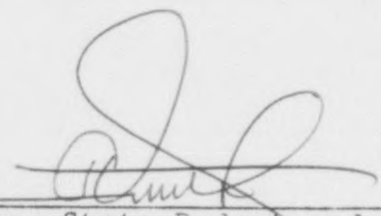
By P. C. Smith, Secretary

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

Passed and approved April 19, 1972.

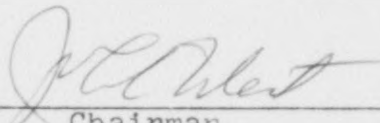

Chairman, State Budget and
Control Board

Attest:

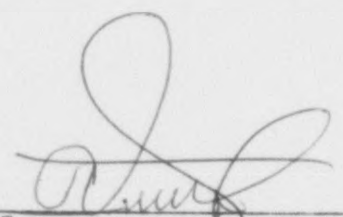

Secretary, State Budget and
Control Board

(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:

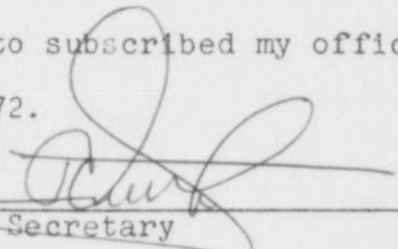
1. That the above and foregoing constitutes a true and correct copy of excerpts from the minutes of a meeting of the State Budget and Control Board held on April 19, 1972 and of a resolution adopted at said meeting, as said minutes and resolution are officially of record in my possession.

2. That attached hereto is a true and correct copy of a petition filed with the State Budget and Control Board by the Greenville County Council of Greenville 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>
John C. West	Governor of the State of South Carolina and Chairman of the Board
Grady L. Patterson, Jr.	State Treasurer and Member of the Board
John Henry Mills	Comptroller General of South Carolina and Member of the Board
Edgar A. Brown	Chairman of the Senate Finance Committee and Member of the Board
Robert J. Aycock	Chairman of the House Ways and Means Committee and Member of the Board

IN WITNESS WHEREOF, I have hereunto subscribed my official signautre this 19 day of April, 1972.


Secretary

STATE OF SOUTH CAROLINA)
)
COUNTY OF GREENVILLE)

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

I

Statement of facts

1. Jurisdiction of State Budget and Control Board.

Greenville County, South Carolina (the "County"), acting by and through its County Council of Greenville County (the "County Council"), 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 of the General Assembly of the State of South Carolina for 1967 (Chapter 8, Title 14, Code of Laws of South Carolina, 1962, 1970 Cumulative Supplement) (the "Act") and in particular Section 14 thereof, and respectfully requests the approval by the State Board of the issuance by the County of its First Mortgage Industrial Revenue Bonds, Series A (Gladding Corporation - Lessee) in the aggregate principal amount of \$1,350,000 (the "Series A Bonds").

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

EXHIBIT 1 - Agreement of Intent dated July __, 1971
by and between the County and Gladding
Corporation.

EXHIBIT 2 - Official Statement

EXHIBIT 3 - Form of Lease dated as of March 1, 1972
to be entered into by and between the
County and Gladding Corporation

EXHIBIT 4 - Form of Indenture of Mortgage and Deed
of Trust dated as of March 1, 1972 to
be entered into by and between the Coun-
ty and a banking corporation or associa-
tion, as Trustee.

EXHIBIT 5 - Resolution of the County Council adopted
April 4, 1972.

It is expected that the transaction as finally consummated will conform in all substantive respects with summary thereof contained in the enclosed Official Statement and the documents submitted herewith, however, it may be anticipated that formal changes will occur as is usual in transactions of this nature.

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 Act No. 573 of the General Assembly of the State of South Carolina for 1967, the County Council of Greenville County (the "County Council") 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 Agreement of Intent. On July __, 1971 the County and Gladding Corporation, a New York corporation, entered into an agreement of intent (the "Agreement of Intent") pursuant to which Gladding Corporation agreed to acquire certain real property and existing manufacturing facilities and to construct and equip a substantial addition thereto (the land, buildings, machinery and equipment and related facilities constituting the manufacturing plant is hereafter referred to as the "Project") in Greenville County, South Carolina in reliance upon the agreement of the County to pay the cost incurred by Gladding Corpora-

tion in acquiring, constructing and equipping the Project through the issuance by the County of revenue bonds under and pursuant to the provisions and requirements of the Act and subject to the approval of the State Budget and Control Board of South Carolina.

5. Findings of the County Council. By resolution duly adopted on April 4, 1972, a certified copy of which is submitted herewith as Exhibit 5, the County Council 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 A Bonds in the aggregate principal amount of \$1,350,000 to finance the acquisition, construction and equipping of the Project will accomplish the purposes and in all respects conform to the provisions and requirements of the Act;

(b) That neither the Project, the Series A Bonds proposed to be issued by the County to finance the cost thereof, nor any documents or agreements entered into by the County in connection therewith 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 the Series A Bonds by the County in the aggregate principal amount of \$1,350,000 will be required to finance the cost of the Project;

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

<u>Period</u>	<u>Principal and Interest</u>	<u>Rental Payment of Gladding Corporation</u>
September 1, 1972 - March 1, 1973	\$87,102.50	\$87,102.50
September 1, 1973 - March 1, 1974	122,102.50	122,102.50
September 1, 1974 - March 1, 1975	120,177.50	120,177.50
September 1, 1975 - March 1, 1976	123,252.50	123,252.50
September 1, 1976 - March 1, 1977	121,052.50	121,052.50
September 1, 1977 - March 1, 1978	123,852.50	123,852.50
September 1, 1978 - March 1, 1979	121,377.50	121,377.50
September 1, 1979 - March 1, 1980	123,902.50	123,902.50
September 1, 1980 - March 1, 1981	126,002.50	126,002.50
September 1, 1981 - March 1, 1982	122,812.50	122,812.50
September 1, 1982 - March 1, 1983	124,512.50	124,512.50
September 1, 1983 - March 1, 1984	125,912.50	125,912.50
September 1, 1984 - March 1, 1985	126,850.00	126,850.00
September 1, 1985 - March 1, 1986	127,475.00	127,475.00
September 1, 1986 - March 1, 1987	127,600.00	127,600.00
September 1, 1987 - March 1, 1988	127,000.00	127,000.00
September 1, 1988 - March 1, 1989	126,050.00	126,050.00
September 1, 1989 - March 1, 1990	124,750.00	124,750.00
September 1, 1990 - March 1, 1991	123,100.00	123,100.00
September 1, 1991 - March 1, 1992	126,100.00	126,100.00
September 1, 1992 - March 1, 1993	128,400.00	128,400.00

(e) That inasmuch as Gladding Corporation is a corporation with established credit, the establishment of reserve funds in connection with the retirement of the Series A Bonds and the maintenance of the Project is deemed unnecessary;

(f) That the Project will be leased by the County to Gladding Corporation upon terms which will require Gladding Cor-

poration at its own expense, to maintain the Project in good repair and to carry all proper insurance with respect thereto, and will require Gladding Corporation 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 consist of land, buildings, equipment and machinery constituting a plant for the manufacturing of _____ and other products which may be lawfully manufactured or processed at the Project.
2. Anticipated Effect of the Project upon Economy of the County and Adjacent Areas. It is anticipated that after the Project shall have been placed in full operation, the Project will provide additional permanent employment for approximately _____ persons from the County and elsewhere in the area with a resulting alleviation of unemployment, and a substantial increase in payrolls and other public benefits resulting from the conducting of industrial operations.
3. Reasonable Estimate of Cost of Project. A reasonable estimate of the cost of the Project including necessary expenses incident thereto is \$1,350,000.
4. General Summary of the Terms and Conditions of the Proposed Lease and Indenture. A general summary of the terms and conditions of the proposed Lease and Indenture are contained in the Official Statement which is attached hereto as Exhibit 2 and incorporated herein by reference as if set forth herein in its entirety.
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 Gladding Corporation 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 Gladding Corporation were the owner of the Project, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded Gladding Corporation if it were the owner of the Project.

III

Request for Approval

WHEREFORE, the County Council 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 A Bonds;
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,

GREENVILLE COUNTY, SOUTH CAROLINA

By

Chairman of the County Council
of Greenville County

Attest:

Secretary of the County Council
of Greenville County

(SEAL)

OFFICIAL STATEMENT

In the opinion of Bond Counsel (i) interest on the Bonds will be excludable from the gross income of the recipients thereof for Federal income tax purposes under existing statutes, regulations and court decisions, except possibly as provided by Section 103(c) of the Internal Revenue Code of 1954, as amended, as to any Bond during such period when such Bond is held by a "person" who is a substantial user of the Project, or by a "related person" and (ii) interest on the Bonds will be exempt from all taxation in the State of South Carolina except for inheritance, estate or transfer taxes.

\$1,350,000

GREENVILLE COUNTY, SOUTH CAROLINA

FIRST MORTGAGE INDUSTRIAL REVENUE BONDS
SERIES A

(GLADDING CORPORATION - LESSEE)

Payable solely from and secured by the Trust Estate, which includes lease rentals and other revenues and receipts derived under a Lease with Gladding Corporation and the Project deeded in trust to the Trustee.

Dated: March 1, 1972

Due: March 1, 1974 to
1993, inclusive.

Principal and semi-annual interest (March 1 and September 1) are payable at the principal office of _____ as Trustee. The Bonds are issuable as coupon bonds in the denomination of \$5,000, registrable as to principal only, and as fully registered bonds registrable as to both principal and interest in the denomination of \$5,000 and any multiple thereof.

The Bonds are subject to redemption prior to maturity as more fully described herein.

MATURITY SCHEDULE

<u>Maturity</u> <u>March 1,</u>	<u>Amount</u>	<u>Rate</u>	<u>Maturity</u> <u>March 1,</u>	<u>Amount</u>	<u>Rate</u>
------------------------------------	---------------	-------------	------------------------------------	---------------	-------------

(Plus accrued interest from March 1, 1972)

1989

These Bonds are offered when, as and if issued and received by the Underwriters and subject to the approval of legality by Marvin W. Leiter, Esq., Chicago, Illinois, Bond Counsel to the Underwriters, and certain other conditions. It is expected that the Bonds in definitive form will be available for delivery on or about March 15, 1972. The date of this Official Statement is February 15, 1972.

The Bonds have not been registered under the Securities Act of 1933 nor has the Indenture been qualified under the Trust Indenture Act of 1939 in reliance upon exemptions contained in such Acts.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by Greenville County, South Carolina (the "County"), Gladding Corporation, (the "Lessee") or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Bonds by any person in any State in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County the Lessee and other sources which are believed to be reliable, but it is not guaranteed as to the accuracy or completeness thereof, and is not to be construed as a representation, by the Underwriters. This information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or of the Lessee since the date hereof.

CONTENTS OF OFFICIAL STATEMENT

	<u>Page</u>
General	
The County	
The Bonds	
The Project	
The Lease	
The Indenture	
Tax Exemption	
Legal Matters	
Financial Statements	

\$1,350,000

GREENVILLE COUNTY, SOUTH CAROLINA

FIRST MORTGAGE INDUSTRIAL REVENUE BONDS
SERIES A

(GLADDING CORPORATION - LESSEE)

GENERAL

This Official Statement is provided to furnish information regarding Greenville County, South Carolina (the "County") First Mortgage Industrial Revenue Bonds, Series A (Gladding Corporation - Lessee) in the aggregate principal amount of \$1,350,000 (the "Bonds") to be issued under and pursuant to resolution duly adopted by the Greenville County Council and pursuant to an Indenture of Mortgage and Deed of Trust dated as of March 1, 1972 (the "Indenture"), between the County and as Trustee (the "Trustee").

The Bonds are to be issued for the purpose of providing funds to defray the cost of acquiring certain existing manufacturing facilities and constructing and equipping a substantial addition thereto in the County of Greenville, South Carolina (the "Project"), described below under "The Project". The cost of the Project is estimated to be \$1,350,000 including (1) expenses incurred in connection with the issuance and sale of the Bonds, and (2) the cost of acquiring, constructing and equipping the Project. The Company is obligated to complete the Project and to pay any costs therefor in excess of the proceeds from the sale of the Bonds.

The Project will be leased by the County to Gladding Corporation, a New York corporation (the "Lessee") pursuant to a Lease dated as of March 1, 1972 (the "Lease"), between the County as Lessor, and Gladding Corporation as Lessee

The Bonds are payable solely from the "Trust Estate" consisting of the County's interests in the real estate, (including the manufacturing plant, machinery and equipment and related facilities to be financed from the proceeds of the Bonds) in the Lease (including the rentals payable by the Lessee) and certain other rights, privileges and property, assigned, conveyed and deeded in trust to the Trustee under the Indenture. The Lease provides for the payment directly to the Trustee by the Lessee of rentals in amounts sufficient to pay the principal, interest and premium, if any, on the Bonds as the same shall become due and payable.

Brief descriptions of the County, the Bonds, the Project, the Lease, the Indenture, and the Lessee including its financial statements, are included hereafter in this Official Statement. Such descriptions do not purport to be comprehensive or definitive and all references herein to the Lease and the Indenture are qualified in their entirety by reference to each such document, copies of which are available from the County or from the Underwriter. All references to the Bonds are qualified in their entirety by the definitive forms thereof and the information with respect thereto included in the Lease and the Indenture.

THE COUNTY

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.

THE BONDS

These Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of South Carolina, including particularly the Act and pursuant to resolution of the Greenville County Council duly adopted and approved, which resolution authorizes the execution and delivery of the Lease and the Indenture. The Bonds 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 Bonds. The 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.

The Bonds will bear interest at the rates and mature in the amounts and on the dates set forth on the cover page of this Official Statement. Interest on the Bonds will be payable semi-annually on September 1 and March 1 of each year, first interest payable September 1, 1972. The Bonds are issuable as coupon bonds in the denomination of \$5,000, registrable as to principal only, and as fully registered bonds in the denomination of \$5,000 or any multiple thereof. Principal, interest and premium, if any, are payable at the principal office of the Trustee. (Sections 3.01 and 2.02 of Indenture.)

Redemption Provisions

The Bonds maturing on March 1, 1983 and thereafter are redeemable at the option of the County, in whole or in part, in inverse numerical order on March 1, 1982, and on any interest payment date thereafter at the principal amount of the Bonds to be redeemed, and accrued interest thereon to the date of redemption, plus a premium of 4 percent of such principal amount less 1/2 of 1 percent for each one year period elapsed from and including the first day of March in 1982 to the date of redemption, but in no event at less than the principal amount thereof plus accrued interest to the date of redemption. (Section 5.03 of Indenture.)

The Bonds are subject to mandatory redemption, at any time, in whole and not in part, at the principal amount of the Bonds to be redeemed and accrued interest thereon to the

date of redemption, plus a premium of 4 percent of such principal amount, in the event that Lessee or any "related person" takes or omits to take any action and as a result thereof the interest on the Bonds becomes subject to Federal income taxes. (Section 5.05 of Indenture.)

The Bonds are also redeemable in the event of:

(1) receipt by the Trustee of payment under the mortgage title insurance policy insuring the Trustee for the benefit of the holders of the Bonds as provided in Section 4.06 of the Indenture;

(2) condemnation of all or substantially all of the Project, or the taking by eminent domain of such use or control of the Project as to render the remainder of the Project unsatisfactory to the Lessee for its business purposes;

(3) condemnation of less than a material part of the Project, to the extent of any excess condemnation award proceeds, as provided in Section 11.03 of the Lease; or

(4) (a) purchase of the Project by the Lessee pursuant to Section 12.02 of the Lease which stipulates (i) that the Lessee shall be obligated to purchase the Project prior to full payment of the Bonds if the Project has been damaged or destroyed and the Lessee elects not to rebuild, repair or restore the Project, and (ii) that the Lessee shall have an option to purchase the Project prior to full payment of the Bonds if the Project has been damaged or destroyed to such an extent that the restoration cost would exceed the proceeds of insurance, and (b) purchase of the Project by Lessee pursuant to Section 22.01 of the Lease, which stipulates that the Lessee shall be obligated to purchase the Project prior to full payment of the Bonds, as a result of changes in the law or a judgment of any court, the Lease shall have become void or unenforceable or impossible of performance.

Upon the happening of one of the events described in (2) or (4) above the Bonds are redeemable as a whole, and upon the happening of one of the events described in (1) or (3) above the Bonds are redeemable either as a whole or in part in inverse numerical order at any time at the principal amount of the Bonds to be redeemed and accrued interest thereon to the date of redemption plus a premium of 4 percent of such principal amount less (in the case of any redemption after March 1, 1982) 1/2 of 1 percent for each one year period elapsed from and including the first day of March in 1982 to the date of redemption, but in no event at less than the principal amount thereof plus accrued interest to the date of redemption. (Section 5.04 of Indenture.)

At the request of the Lessee, the County will use its best efforts to issue at one time or from time to time one or more subsequent series of additional parity Bonds (the "Additional Bonds") for the purpose of paying the cost of making

additions, alterations of, and improvements to the Project, structural or otherwise, and of constructing and equipping additional buildings and facilities as a part of the Project. Before any Additional Bonds are issued, the Lessee must enter into a supplemental lease, whereby it agrees to pay additional rentals sufficient to pay the principal of and the interest on the Additional Bonds.

THE PROJECT

The Bond proceeds will be used by the County to acquire certain land, buildings, machinery and equipment, constructing a manufacturing plant in Greenville County, South Carolina and to construct and equip a substantial addition to the manufacturing plant. The total cost of the Project, including expenses of the bond issue, is estimated by the Lessee at \$1,350,000 broken down as follows:

Purchase of Existing Manufacturing Facilities	\$
Construction, site preparation and architect fees	
Equipment	
Underwriting, legal, printing and accounting	
TOTAL COST	\$1,350,000

The Lessee will be responsible for the construction of the Project according to the specifications approved by the Lessee and the County. If the proceeds of this Bond offering are insufficient, Gladding Corporation has agreed to complete the Project at its own expense in which event Lessee will not be entitled to any reimbursement or any diminution of the rents payable under the Lease. Any surplus of Bond proceeds not required for the purposes set forth above will be applied by the Trustee as a credit on the then next succeeding installments of Basic Rent payable by the Lessee. (Section 4.04 of the Indenture.)

THE LEASE

The following is a summary of certain provisions of the Lease.

Term and Rentals

The Lease will become effective upon its delivery which will occur at the time of or prior to the issuance of the Bonds but the term of the Lease shall commence on March 1, 1972, the date from which the Lessee's obligation to make rental payments for the account of the County accrues, and, subject to certain conditions therein, will expire at midnight on February 28, 1993, with optional renewal periods at the election of the Lessee not to exceed a total of twenty additional years. (Sections 3.07 and 3.08 of Lease.)

The Lessee agrees to pay rent semi-annually, directly to the Trustee for the account of the County, in amounts which will be sufficient in the aggregate to enable the Trustee to

make the required payments of principal of and interest on the Bonds as and when the same fall due. The obligation of the Lessee to make rental payments is unconditional (whether or not the Project is completed) and, until such time as all of the Bonds have been paid in full or provision therefor is made, the Lessee may not terminate the Lease for any cause. The Lessee is permitted to prepay all or any part of the rentals, such amounts, at the election of the Lessee, to be used for the redemption of Bonds to the extent provided in the Indenture (see "The Bonds"). (Sections 4.01 and 4.02 of Lease.)

Obligation to Construct and Complete Project

The Lessee will construct and equip the Project in accordance with such plans and specifications, as may be from time to time prepared, amended and approved by the Lessee and the County.

The Lessee has agreed to use its best efforts to cause such construction to be completed as promptly as practicable. In the event, however, that the costs of the Project should exceed the proceeds from the sale of the Bonds deposited in the Construction Fund Account (to be held and disbursed by the as Depositary under a Construction Deposit Agreement), the Lessee has agreed to complete the Project and to pay all the costs of the Project in excess of the moneys available from the Construction Fund Account. In such event the Lessee will not be entitled to any reimbursement therefor from the County, the Trustee or the holders of any of the Bonds, nor will it be entitled to any diminution of the rentals payable under the Lease.

Maintenance and Insurance

During the term of the Lease, the Lessee shall keep the Project in good repair at its own cost.

The Lessee will insure the Project, under valid and enforceable policies issued by insurers of recognized responsibility, to the full insurable value (actual replacement value) of the Project, with customary deductible provisions, against loss or damage by fire, with extended coverage endorsement covering loss or damage by explosion, vandalism, malicious mischief and such other hazards as are normally covered by such endorsement. The Lessee further agrees to carry public liability insurance with reference to the Project in the amounts specified in the Lease. (Section 9.01 et seq. of Lease.)

Net Lease

The Lease is a "Net Lease", and the Lessee agrees to pay all utility charges in connection with the Project and all taxes and other governmental charges which may be lawfully levied or assessed against or with respect to the Project or any interest of the Lessee or the County therein or in the Lease, or on any property of the Lessee thereon and (as long as any Bonds are outstanding), on the revenues or income of the County from the Project. The Lessee is not, however, required

to pay any such taxes or charges as long as it contests the same in good faith, if the lien of the Indenture will not be materially endangered or any part of the Project subjected to loss. The Lessee also agrees to pay the fees and expenses of the Trustee. (Sections 6.01, 6.02, 6.04 and 6.05 of Lease.)

Modifications, Improvements, Additions and Removal

The Lessee may, at its own expense (unless Additional Bonds shall be issued for such purpose by the County at the Lessee's request), make additions, modifications or improvements that do not damage the basic structure of the Project or materially decrease its value. All such additions, modifications and improvements shall become the property of the County upon the expiration or termination of the Lease unless removed by the Lessee without damage to the Project (or repair by the Lessee of any damage caused by such removal). (Section 13.01 of Lease.)

The Lessee shall have the further privilege from time to time, at its own expense and without damage to the Project, of installing machinery, equipment, fixtures or personal property which shall remain the property of the Lessee and which may be removed at any time by the Lessee.

The Lessee may remove any item of equipment leased from the Board which it determines is inadequate, obsolete or worn out, provided that either (a) such equipment is replaced by other equipment having equal or greater value, or (b) the Lessee pays into the Bond Redemption Account created by the Indenture the proceeds from the sale of such equipment or scrap value thereof or trade-in value. No such payment into the Bond Redemption Account need be made by the Lessee until the amount of all such sales, trade-ins or other dispositions reported aggregate at least \$50,000. (Section 13.04 of Lease.)

Damage to the Project

Unless the Lessee has elected to exercise its option to purchase or is obligated to purchase the Project pursuant to the provisions of Section 12.02 of the Lease, if prior to full payment of the Bonds (or provisions for payment thereof having been made in accordance with the provisions of the Indenture), the Project shall be damaged or partially or totally destroyed, all net insurance proceeds resulting from loss or damage exceeding \$50,000 in the aggregate shall be paid to the Trustee, whereupon

(1) the Lessee will proceed promptly to rebuild, restore and repair the Project to at least the value thereof immediately prior to such destruction, and

(2) the Trustee will apply so much as may be necessary of the net insurance proceeds to the payment of the costs of such rebuilding, restoration or repair.

In the event the net insurance proceeds are insufficient, the Lessee will nonetheless complete the work and the Lessee will pay the portion of the cost in excess of the amount of such net proceeds.

Any balance of the net insurance proceeds remaining after the payment of all costs shall be paid into the Bond Redemption Account created by the Indenture and used for the redemption of Bonds.

Condemnation

Unless the Lessee is obligated to purchase the Project pursuant to Section 11.02 of the Lease, in the event that title to, or the temporary use of, any part of the Project shall be taken under the exercise of the power of eminent domain, any net proceeds received by the County and the Lessee from any award in such proceeding will be paid to and held by the Trustee, whereupon

(1) the Lessee shall either (a) promptly and diligently restore and rebuild the Project to such condition as shall be reasonable in view of the nature of the taking and the then intended use of the Project by the Lessee (without diminution of the rentals otherwise payable under the Lease), or (b) furnish the Trustee with a certificate executed by an authorized representative of the Lessee that such restoration and rebuilding is not required, and

(2) the Trustee will apply so much as may be necessary of the net proceeds of such award (after the payment of collection expenses) to the costs, if any, of such restoration and rebuilding.

Any balance of the net proceeds of the award in such eminent domain proceedings shall be paid into the Bond Redemption Account created by the Indenture and used for the redemption of Bonds. If the Bonds have been fully paid (or provision therefor has been made in accordance with the provisions of the Indenture), all net proceeds shall be paid to the Lessee. (Section 11.03 of Lease.)

Options to Purchase

The Lessee shall have the option to purchase the Project (thereby terminating the Lease) prior to full payment of the Bonds (or provision therefor having been made in accordance with the provisions of the Indenture) upon the conditions set forth in (4) (ii) of the fifth full paragraph under the heading "The Bonds" above. The purchase price shall be equal to the sum of (1) the amount, if any, which when added to the amount then held by the Trustee and available for such purpose will be sufficient to redeem the outstanding Bonds in accordance with the provisions of the sixth full paragraph under the heading "The Bonds" above, plus (2) an amount equal to the Trustee's fees and expenses accrued and to accrue until final payment and redemption of the Bonds. (Section 22.02 of Lease.)

The Lessee also has the option exercisable on or after March 1, 1982 to purchase the Project for a price equal to the sum of (1) the amount, if any, which when added to the amount then held by the Trustee and available for such purpose will be sufficient to redeem the outstanding Bonds in accordance with

the provisions of the third full paragraph under the heading "The Bonds" above, plus (2) an amount equal to the Trustee's fees and expenses accrued and to accrue until final payment and redemption of the Bonds, plus (3) the sum of \$100.00. (Section 22.03 of Lease.)

Upon compliance with conditions set forth in the Lease the Lessee will have the option to purchase at any time or from time to time any part of the unimproved land on which no part of the buildings or improvements leased from the County other than transportation or utility facilities is located. The proceeds derived from such purchase or purchases will be deposited in the Bond Redemption Account. (Section 22.04 of Lease.)

Obligations to Purchase

The Lessee is obligated to purchase the Project prior to full payment of the Bonds (or provision therefor having been made in accordance with the provisions of the Indenture) upon the happening of any of the events set forth in the fourth full paragraph under the heading "The Bonds" above and in (2) and (4) (i) of the fifth full paragraph under the heading "The Bonds" above. The purchase price in any such event shall be equal to the sum of (1) the amount, if any, which when added to the amount then held by the Trustee and available for such purpose will be sufficient to redeem the outstanding Bonds in accordance with the respective provisions of the fourth and sixth full paragraph under the heading "The Bonds" above, plus (2) an amount equal to the Trustee's fees and expenses accrued and to accrue until final payment and redemption of the Bonds. (Sections 22.01 and 22.02 of Lease.)

Easements, Dedications, Annexations

Upon compliance with conditions set forth in the Lease the Lessee shall have the right to cause the County at any time or from time to time, to (i) grant easements affecting the Project, (ii) to dedicate portions of the Project for road, highway, and other public purposes, and (iii) to execute petitions to have the Project or portions thereof annexed to any municipality or included within any utility, highway or other improvement or service district.

Default

The Lease provides that the happening of one of more of the following events will constitute an "Event of Default":

(1) failure of the Lessee to pay when due the rentals required to be paid under the terms of the Lease, continued for a period of five days,

(2) failure to observe and perform certain covenants under the Lease,

(3) assignment, mortgaging, encumbrance or subletting by the Lessee of the Project, the Lease or the Lessee's estate, except as permitted by the Lease,

(4) failure of the Lessee to observe and perform any other of its covenants, conditions or agreements under the Lease, continued for a period of 60 days (or such longer period as might be required by the Lessee diligently to cure such default) after written notice given by the County,

(5) certain events of bankruptcy, liquidation or reorganization by the Lessee,

(6) breach of representation or warranty, and

(7) abandonment of the Project by the Lessee, if the Project shall remain uncared for, for more than 30 days.

Remedies

Upon the happening of an Event of Default, the County may,

(1) pursuant to 20 days' notice to the Lessee, terminate the Lease, thereby terminating the rights (but not the obligations) of the Lessee under the Lease;

(2) re-enter and take possession of the Project, with or without terminating the Lease, and hold the Lessee liable for the rent and other payments due under the Lease on each rental date; and

(3) after retaking possession of the Project and whether or not the Lease has been terminated, re-let the Project to another for the account of the Lessee, holding the Lessee liable for all rent and other payments due up to the effective date of such re-letting and for the difference in the amounts payable by such new lessee (after payment of all expenses of re-letting) and the amounts payable by the Lessee under the Lease.

As an alternative to the collection of the rent and other amounts due under the Lease (less the net proceeds of any re-letting) from the Lessee on the due dates thereof, (or if the Lease has been terminated, on the dates when the same would have fallen due absent such termination), the County may (i) declare an amount sufficient to redeem the outstanding Bonds to be immediately due and payable (but, under the United State Bankruptcy Act, the claim provable in respect thereof may be limited to one year's rent in the case of the bankruptcy of the Lessee and three years' rent in the case of the reorganization of the Lessee), or (ii) if the amount realized by the Trustee would be greater, declare all installments of rent and other amounts payable for the remainder of the term of the Lease, less the fair net rental value of the Project for the same period, to be immediately due and payable.

The Trustee, as assignee of the County's rights under the Lease, has the right to pursue the remedies accorded to the County under the Lease.

Assignment and Merger

Under certain conditions the Lessee may assign the Lease or sublet the Project, but such assignment or subletting

will not operate to relieve the Lessee of its primary liability under the Lease. The Lessee may consolidate or merge with, or transfer all or substantially all of its business and assets to another corporation which shall succeed to and be substituted for the Lessee under the Lease, provided that the surviving corporation, after giving effect to such consolidation, merger or transfer of business and assets, shall have a net worth equal to not less than the net worth of the Lessee immediately prior thereto.

Modification of the Lease

Pursuant to the provisions of the Indenture, the Lease may be amended or modified only with the written approval or consent of the holders of at least two-thirds of the principal amount of all Bonds then outstanding, except that amendments, changes or modifications (1) required by the provisions of the Lease and the Indenture of (2) in connection with (a) the issuance of Additional Bonds, or (b) the curing of ambiguities or formal defects or omissions, or (c) in connection with the release of real estate or leased equipment leased from the County pursuant to the provisions of the Lease (see "Options to Purchase" above), may be made with the concurring consent of the Trustee only.

THE INDENTURE

The following is a summary of certain provisions of the Indenture.

Application of Bond Proceeds

The proceeds from the sale of the Bonds shall be applied as follows: the accrued interest will be deposited in the Interest Account, which is the source of payment of all interest thereafter accruing on the Bonds, and will constitute a credit to the Lessee on the next succeeding payment or payments of rentals falling due under the Lease; the amount of \$_____ will be deposited in an Expense Account for the payment of the expenses incurred in connection with the issuance and sale of the Bonds; the sum of \$_____ will be paid to the Lessee as the purchase price of the real property and facilities; and the balance of the Bond proceeds will be deposited in a Construction Fund Account held by the Depositary under a Construction Deposit Agreement, and applied to the cost of acquiring, constructing and equipping the Project. The Construction Deposit Agreement prescribes the procedures and showings required for the disbursement of moneys in the Construction Fund Account. (Section 3.02 of Indenture.)

Upon completion of the Project, any surplus moneys remaining in the Construction Fund Account will be paid into the Revenue Account and will constitute a credit to the Lessee on its next succeeding payment or payments of rentals under the Lease. (Section 4.04 of Indenture.)

Application of Funds

The semi-annual rental payments derived from the Project will be deposited in a special account maintained

with the Trustee and designated the Revenue Account. Moneys will be withdrawn by the Trustee from the Revenue Account not less than three business days prior to each interest payment date on the Bonds and deposited (a) in the Interest Account for the payment of the interest on the Bonds falling due on such interest payment date, and (b) in the Bond Retirement Account for the payment of the principal amount of any Bonds maturing on such interest payment date. (Section 4.03 of Indenture.)

A Bond Redemption Account is also created by the Indenture, into which all moneys earmarked for the redemption of Bonds by any of the provisions of the Lease or Indenture are deposited, and out of which is paid the principal of and premium, if any, and interest on any Bonds called for redemption prior to maturity. (Section 5.01 of Indenture.)

Investment

Any moneys held in any of the accounts created by the Indenture (except the Bond Redemption Account) shall, at the request of the County and the Lessee (so long as the Trustee shall not have knowledge of any default by the Lessee under the Lease), be invested or reinvested by the Trustee in Qualified Investments as defined in the Indenture.

Any moneys held as a part of the Bond Redemption Account shall be invested or reinvested by the Trustee in direct obligations of the United States of America maturing not later than the date on which the Bonds for which such moneys are held are redeemable.

Any interest, profit or loss on any investments made by the Trustee shall be credited or charged to the Revenue Account (and hence either constitute a credit to the Lessee on the next succeeding rental payments under the Lease or an additional charge to be made up by the Lessee, as the case may be). (Section 4.05 of Indenture).

Defaults and Remedies

Upon the occurrence of any of the following events, the Trustee may, and upon the written request of the holders of not less than 25 percent in aggregate principal amount of the Bonds then outstanding shall, declare the principal and accrued interest on all outstanding Bonds immediately due and payable, subject to waiver of such default (except a default in the payment of principal of or interest on the Bonds) and rescission and annulment of such declaration by the holders of at least two-thirds in aggregate principal amount of the Bonds then outstanding under the conditions stated in the Indenture, if all sums due except unmatured principal are paid and all defaults remedied:

- (1) default in the due and punctual payment of any principal of or interest or premium on any Bonds;
- (2) default in the performance of any other covenant, condition or agreement of the County contained in the Inden-

ture or the Bonds, continued for a period of 60 days after written notice given to the County by the Trustee, or to the County and the Trustee given by the holders of not less than 25 percent in aggregate principal amount of the Bonds then outstanding; and

(3) default by the Lessee under the Lease and the continuance of such default for the applicable period for the remedy thereof.

Upon the occurrence of an Event of Default, the Trustee may, and upon the written request of not less than a majority in principal amount of the Bonds then outstanding shall:

(1) take possession of the Project and operate and manage the same, and

(2) pursue any available remedy to enforce the payment of the Bonds, including the bringing of a suit in equity, the appointment of a receiver and foreclosure on and sale of the Project.

Modifications

The Indenture may not be modified or amended without the approval of the holders of 66-2/3 percent or more in principal amount of the Bonds outstanding, except

(1) to cure any ambiguity or formal defect or omission,

(2) to grant to the Trustee additional rights for the benefit of the holders of the Bonds,

(3) to subject, describe or redescribe any property or collateral subjected or to be subjected to the lien and pledge of the Indenture,

(4) to qualify the Indenture under the Trust Indenture Act of 1939, and

(5) in connection with the issuance of Additional Bonds.

In any event, no such modification or amendment of the Indenture shall be made which will

(1) permit an extension of the maturity of the principal or interest on any Bond, or a reduction in the amount of principal, interest or redemption premium,

(2) reduce the percentage of holders of Bonds required for consent to such supplemental indentures, or

(3) permit the creation of any lien prior to or on a parity with the lien of the Indenture.

TAX EXEMPTION

In the opinion of Bond Counsel, interest on the Bonds is exempt from all present Federal income taxes under existing statutes and court decisions and existing regulations and rulings of the Internal Revenue Service. The existence and continuation of such tax exemption is subject to two qualifications presently contained in Section 103(c) of the Code which provides generally that interest upon the obligations of a state or political subdivision thereof is not includable in the gross income of the recipient and is therefore exempt from Federal income taxes. Section 103(c) thereof declares that an "industrial development bond" (therein defined) shall be treated as an obligation not described in Section 103(a). While the Bonds fall within the definition of industrial development bonds set forth in Section 103(c), paragraph (6) of Section 103(c) continues tax exemption for certain industrial development bond issues the aggregate authorized face amount of which is \$5,000,000 or less and, as applied to the Bonds, provides in effect that in determining the aggregate authorized face amount of the Bonds (an industrial development bond issue) there will be taken into account certain prior issues of obligations outstanding as of the date of issuance of the Bonds (the "outstanding obligations") if, among other requirements, (a) the proceeds of the outstanding obligations and those of the Bonds (whether or not the issuer of each such issue is the same) are or will be used primarily with respect to facilities located in the same incorporated municipality or located in the same county (but not in any incorporated municipality) and (b) the principal user of such facilities is or will be the same person or two or more related persons (defined in Section 103(c)(6)(C)). The face amount of any such outstanding obligations at the time the Bonds are issued will be taken into account in determining compliance with the \$5,000,000 limitation as if such outstanding obligations were a part of the issue of Bonds. In addition, there will be added to the face amount of such issue of Bonds the aggregate amount of certain capital expenditures (financed otherwise than out of the proceeds of outstanding obligations) with respect to the type of facilities mentioned above paid or incurred during the six-year period beginning three years before the date of such issue of Bonds and ending three years after such date, as if the aggregate amount of such capital expenditures during such six-year period constituted an addition to the face amount of the Bonds.

The second qualification with respect to tax exemption presently contained in Section 103(c) is, in effect, that the tax exemption accorded to industrial development bond issues of less than \$5,000,000 will not apply with respect to any Bond for any period during which it is held by a person who is a substantial user of the Project or a related person (as defined in said subsection (c)).

The Lessee has covenanted under the Lease that the aggregate amount of (a) the principal amount of the Bonds and (b) capital expenditures with respect to any land and interests therein, buildings, structures, furnishings, equipment and other facilities of which the Lessee or a related person as defined

in Section 103(c)(6)(D) of the Internal Revenue Code of 1954 is the principal user and located within the corporate limits of the County of Greenville, South Carolina as such corporate limit existed at the date of issuance of the Bonds, paid or incurred during the six-year period beginning three years before the date of issue of the Bonds and ending three years after such date of issue (and financed otherwise than out of the proceeds of the Bonds), shall not exceed \$5,000,000 or such lesser or greater amount as may from time to time be permitted by federal statute or regulations and which does not affect the exemption from federal income taxation of the interest paid on the Bonds.

LEGAL MATTERS

All legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Marvin W. Leiter, Esq., Chicago, Illinois, Bond Counsel to the Underwriters, and Messrs./McNair, Konduros & Corley Counsel to Greenville County, South Carolina the approval of certain legal matters by Messrs. Counsel to Gladding Corporation.

Copies of the approving opinion of Bond Counsel will be available at the time of the delivery of the Bonds.

GREENVILLE COUNTY, SOUTH CAROLINA

TO

GLADDING CORPORATION

LEASE

DATED AS OF MARCH 1, 1972

I N D E X

<u>ARTICLE I</u>	<u>Definitions</u>
1.01.	Use of Certain Terms
1.02.	Definitions
1.03.	References to Lease
1.04.	References to Divisions
1.05.	Headings
<u>ARTICLE II</u>	<u>Representations and Undertakings</u>
2.01.	Representations by Lessor
2.02.	Representations by Lessee
<u>ARTICLE III</u>	<u>Demising Clause, Warranty of Title, Title Insurance, Use of Leased Premises, Compliance with Laws, Term</u>
3.01.	Demise of the Leased Land, Facilities and the Leased Equipment
3.02.	Warranty of Title
3.03.	Title Insurance
3.04.	Primary Use
3.05.	Compliance with Laws
3.06.	Permitted Contests
3.07.	Original Term
3.08.	Renewal Option
<u>ARTICLE IV</u>	<u>Rent</u>
4.01.	Basic Rent
4.02.	Advance Payment of Rent
4.03.	Additional Rent
4.04.	Net Lease
<u>ARTICLE V</u>	<u>Rent Absolute; State of Title</u>
5.01.	No Termination or Abatement for Damage or Destruction, Etc.
5.02.	No Termination for Insolvency, Etc. of Lessor

5.03.	Waiver of Rights by Lessee
5.04.	Condition and Title of Leased Premises
5.05.	No Conveyance of Title by Lessor
<u>ARTICLE VI</u>	<u>Taxes and Other Charges</u>
6.01.	Payment by Lessee - General
6.02.	Payments in Lieu of Taxes
6.03.	Taxes and Other Governmental Charges
6.04.	Lessee Subrogated to the Lessor's Rights
6.05.	Utility Services
6.06.	Fees and Expenses of Trustee and Lessor
6.07.	Lessee to Furnish Proof of Payment of Taxes, Etc.
6.08.	Proration
<u>ARTICLE VII</u>	<u>Liens</u>
7.01.	Permitted Liens
<u>ARTICLE VIII</u>	<u>Indemnification and Non-Liability of Lessor</u>
8.01.	General
8.02.	Costs of Repossession
<u>ARTICLE IX</u>	<u>Insurance</u>
9.01.	Insurers
9.02.	Fire and Extended Coverage
9.03.	Public Liability
9.04.	Loss Payable
9.05.	Evidence of Existence; Modification of Policies
9.06.	Adjustment of Claims
<u>ARTICLE X</u>	<u>Maintenance and Repair</u>
10.01.	Maintenance of Facilities
10.02.	Maintenance of Leased Equipment
10.03.	Lessor Not Required to Repair
<u>ARTICLE XI</u>	<u>Condemnation</u>
11.01.	Awards Assigned to Trustee

11.02.	Condemnation of All or Material Part of Leased Premises
11.03.	Condemnation of Less than Material Part of Leased Premises
<u>ARTICLE XII</u>	<u>Casualty</u>
12.01.	Lessee to Rebuild or Repair
12.02.	Major Casualty; Lessee May Terminate Lease
12.03.	Damage or Destruction When No Bonds are Outstanding
<u>ARTICLE XIII</u>	<u>Additions, Alterations, Improvements, Replacements and New Construction</u>
13.01.	Additions, Alterations and Improvements by Lessee
13.02.	Installation and Removal of Machinery and Fixtures by Lessee
13.03.	Alteration, Improvement and Modifications of Equipment by Lessee
13.04.	Removal and Disposition of Inadequate, Worn-Out or Obsolete Leased Equipment
13.05.	Additions and Alterations Not To Diminish Value of Leased Premises
13.06.	Quality of Work
<u>ARTICLE XIV</u>	<u>Subletting, Assignment and Mortgaging</u>
14.01.	Continuing Obligation of Lessee
14.02.	Merger, Consolidation or Transfer of Assets
14.03.	Conditions and Requirements Governing Per- mitted Mergers, Consolidations and Transfers
14.04.	Collection of Rent from Others No Release of Lessee
<u>ARTICLE XV</u>	<u>Performance of Lessee's Obligations by Lessor; Permitted Contests</u>
15.01.	Performance of Lessee's Obligations by Lessor
15.02.	Permitted Contests
<u>ARTICLE XVI</u>	<u>Events of Default; Termination</u>
16.01.	
<u>ARTICLE XVII</u>	<u>Repossession</u>
17.01	
<u>ARTICLE XVIII</u>	<u>Reletting</u>
18.01	

<u>ARTICLE XIX</u>	<u>Survival of Lessee's Obligations; Damages</u>
19.01.	Lessee's Obligations to Survive Expiration or Repossession
19.02.	Amounts Payable by Lessee on Expiration by Default
19.03.	Optional Recovery by Lessor on Expiration by Default
19.04.	Rights and Obligations on Default Unchanged by Non-Termination
19.05.	Law Affecting Liquidated Damages
<u>ARTICLE XX</u>	<u>Additional Bonds</u>
20.01.	Lessor to Use Best Efforts to Issue and Sell
20.02.	Inability of Lessor to Sell
20.03.	Modification and Extension of Lease
<u>ARTICLE XXI</u>	<u>Purchases and Purchase Prices</u>
21.01.	Change in Circumstances
21.02.	Purchase Price in Certain Events
21.03.	Option to Purchase
21.04.	Purchase of Unimproved Land
21.05.	Purchase of Equipment-Investment Tax Credit
21.06.	Granting of Easements
21.07.	Title
21.08.	Charges Incident to Conveyance
21.09.	Time of Payment of Purchase Price
<u>ARTICLE XXII</u>	<u>Assignment of Lessor's Interest</u>
22.01.	Assignment of Lessor's Interest to Trustee
22.02.	Rights of Assignee
22.03.	No Modification by Lessor or Lessee
<u>ARTICLE XXIII</u>	<u>Particular Covenants and Miscellaneous</u>
23.01.	Recording and Filing
23.02.	Opinion of Counsel
23.03.	Reports of Lessee

23.04.	Waiver of Statutory Rights
23.05.	Non-Waiver by Lessor
23.06.	Remedies Cumulative
23.07.	No Claim Against Lessor
23.08.	Right to Inspect
23.09.	No Covenant of Quiet Possession
23.10.	Applicable Law - Entire Understanding
23.11.	Severability
23.12	Notices; Demands; Requests
23.13.	Headings and References
23.14.	Successors and Assigns
23.15.	Multiple Counterparts
	Acknowledgments
	Schedule A
	Schedule B
	Schedule C

LEASE

This Lease made and entered into as of this 1st day of March, 1972, by and between Greenville County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina acting by and through the Greenville County Council of Greenville County as established under Article 2.1, Chapter 39, Title 14 Code of Laws of South Carolina, 1962 (hereinafter called "Lessor"), and Gladding Corporation, a corporation organized and existing under the laws of the State of New York, duly qualified to conduct business in the State of South Carolina (hereinafter called "Lessee"),

WITNESSETH:

In consideration of the respective representations and agreements hereinafter contained, Lessor and Lessee agree as follows (provided that in the performance of the agreements of the Lessor herein contained, any obligation it may thereby incur for the payment of money shall not create a pecuniary liability or a charge upon its general credit or against its taxing powers but shall be payable solely out of the proceeds derived from this Lease, the sale of the Bonds referred to in Section 2.01 hereof and the insurance proceeds, proceeds from released property and condemnation awards as herein and in the Act provided):

ARTICLE I

DEFINITIONS

Section 1.01. Use of Certain Terms. Certain terms used in this Lease 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 1.02. Definitions. The following terms are defined terms under this Lease:

"ACT" means Act No. 103 of the Acts of the General Assembly of the State of South Carolina for the year 1967, 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.

"ADDITIONAL IMPROVEMENTS" means those particular improvements, additions, enlargements or expansions in, on or to the Leased Premises including equipment which are described in Section 20.01 hereof.

"AGREEMENT" or "LEASE" means the within Lease between the Lessor and Lessee.

"ALL UNPAID INSTALLMENTS OF RENT" means an amount equal to the entire principal amount of the then outstanding Bonds together with any applicable redemption premiums specified in Article V of the Indenture and all interest accrued or to accrue on and prior to the next earliest redemption date or dates speci-

fied in Article V of the Indenture on which the Trustee can redeem the Bonds after giving notice to the holders thereof as required by the Indenture, less moneys available for such purpose then held by the Trustee, plus any additional rental due or to become due hereunder, including, without limitation, any unpaid fees and expenses of the Lessor or the Trustee which are then due or will become due prior to the time that the Bonds are paid in full and the trust established by the Indenture is terminated.

"AUTHORIZED REPRESENTATIVE" with respect to Lessor, means the person at the time designated to act in behalf of Lessor by written certificate furnished to Lessee and the Trustee, containing the specimen signature of such person and signed on behalf of Lessor by the Chairman of the County Council. Such certificate may designate an alternate or alternates.

"AUTHORIZED REPRESENTATIVE" with respect to Lessee, means the person at the time designated to act in behalf of Lessee by written certificate furnished to Lessor and the Trustee containing the specimen signature of such person and signed on behalf of Lessee by its President, any Vice President or by the Chairman of its Board of Directors. Such certificate may designate an alternate or alternates.

"BONDS" means the First Mortgage Industrial Revenue Bonds (Gladding Corporation - Lessee) of all series issued and outstanding under the Indenture.

"CONSTRUCTION DEPOSIT AGREEMENT" means the Construction Deposit Agreement of even date herewith described in Section 2.01 hereof.

"COUNTY COUNCIL" means the Greenville County Council of Lessor, and any successor body.

"FACILITIES" means the buildings, structures and all other facilities forming a part of the Leased Premises and not constituting part of the Leased Equipment which, are presently located on the Leased Land together with the buildings, structures and all other facilities which are required by Section 2.01 hereof to be constructed and equipped on the Leased Land, as they may at any time exist, including any air conditioning and heating systems (which shall be deemed fixtures).

"INDENTURE" means the Indenture of Mortgage and Deed of Trust between the Lessor and The National Bank of South Carolina of Sumter, as Trustee, of even date herewith pursuant to which (i) the terms, conditions and provisions of the Bonds are prescribed, and (ii) the Lessor's interest in this Lease, and the lease rentals, revenues and receipts received by Lessor from the Leased Premises (except payments pursuant to Section 6.02 or Section 8.01 of this Lease) are pledged and the Leased Premises are mortgaged as security for the payment of principal, premium, if any, and interest on the Bonds, including any indenture supplemental thereto, as therein permitted.

"INDEPENDENT COUNSEL" means an attorney duly admitted to practice law before the highest court of any state and not an employee of either Lessor, or 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 Lessor or Lessee.

"LEASED EQUIPMENT" means those items of machinery, equipment and related property required herein to be acquired and installed in the Facilities or elsewhere on the Leased Land acquired with the proceeds from the sale of the Bonds, and any item of machinery, equipment and related property acquired and installed in the Facilities or elsewhere on the Leased Land in substitution therefor and renewals and replacements thereof pursuant to the provisions of Sections 10.02, 11.03 12.01 and 13.04 hereof and is further defined as all property owned by Lessor and hereby leased to Lessee which is not included in the definition of Leased Land or Facilities, but not including Lessee's own machinery and equipment installed under the provisions of Section 13.02 hereof. Leased Equipment is more particularly described in Schedule B attached hereto which, by this reference thereto, is incorporated herein.

"LEASED LAND" means the real property described in Schedule A attached hereto which by this reference thereto is incorporated herein.

"LEASED PREMISES" means the Leased Land, the Facilities, and the Leased Equipment, all of which constitute new facilities for manufacture, storage, office, shipping facilities, and any other lawful use under the Act.

"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 14.02 hereof.

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

"PERMITTED ENCUMBRANCES" means, as of any particular time, (i) liens for ad valorem taxes not then delinquent, (ii) this Lease and the Indenture, (iii) utility, access and other easements and rights of way, flood rights, leases, restrictions and exceptions that an Independent Engineer and the Authorized Representative of Lessee certify will not interfere with or impair the operations being conducted in the Facilities (or, if no operations are being conducted therein, the operations for which the Facilities were designed or last modified), (iv) such minor defects, irregularities, encumbrances, easements, rights of way, and clouds on title as normally exist with respect to properties similar in character to the Facilities and as do not in the opinion of an Independent Counsel, materially impair the property affected thereby for the purposes for which it was acquired or is held by Lessor, 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 of South Carolina 1962, as in effect on the date hereof or otherwise.

"SERIES A BONDS" means the \$1,350,000 principal First Mortgage Industrial Revenue Bonds, Series A (Gladding Corporation - Lessee) of Lessor issued and outstanding under the Indenture.

"TERM" means the Original Term and any additional terms as set forth in Sections 3.07 and 3.08 hereof.

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

Section 1.03. References to Lease. The words "hereof", "herein", "hereunder", and other words of similar import refer to this Lease as a whole.

Section 1.04. References to Divisions. References to Articles, Sections, and other subdivisions of this Lease are to the designated Articles, Sections, and other subdivisions of this Lease as originally executed.

Section 1.05. Headings. The headings of this Lease are for convenience only and shall not define or limit the provisions hereof.

ARTICLE II

REPRESENTATIONS AND UNDERTAKINGS

Section 2.01. Representations by Lessor. The Lessor makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Lessor 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 Lease and to carry out its obligations hereunder. The Leased Premises constitutes and will constitute a "project" within the meaning of the Act. By proper action by the County Council and the State Budget and Control Board of South Carolina, Lessor has been duly authorized to execute and deliver this Lease, the Indenture and any and all agreements collateral thereto.

(b) The Lessor has acquired the Leased Land, and certain Facilities presently located thereon, and has authorized, and does hereby authorize, the Lessee to construct thereon additional Facilities thereon constituting a substantial addition to the existing manufacturing plant located thereon to acquire and install the Leased Equipment in the Facilities or on the Leased Land, and to acquire, install and construct all other things deemed necessary in connection with the Leased Premises, and the Grantor proposes to lease the Leased Premises to the Lessee and to sell the Leased Premises to Lessee at the expiration or earlier termination of the Term, all for the purposes of promoting the industrial develop-

ment, developing the trade, and utilizing and employing the manpower, agricultural products and natural resources of South Carolina.

(c) Heretofore, and before construction of the Facilities was begun, Lessor and Lessee did agree that Lessor would finance the cost to be incurred by the Lessor or the Lessee in acquiring, constructing, and equipping the Leased Premises. The Lessee has determined that such cost including expenses incident thereto is equal to \$1,350,000, and on that basis Lessor now proposes to issue the Series A Bonds in the aggregate principal amount of \$1,350,000 which will be dated, mature and bear interest as set forth in Section 3.01 of the Indenture and which will be subject to redemption on the occasions and at the redemption prices set forth in Sections 5.03, 5.04 and 5.05 of the Indenture in order to finance the cost incurred in acquiring, constructing and equipping the Leased Premises.

(d) Concurrently with the delivery hereof Lessor will execute and deliver the Indenture. Lessor and Lessee will execute with the Trustee, as depositary, a Construction Deposit Agreement providing for the payments to be made for constructing and equipping the Facilities and the acquisition of the Leased Equipment.

(e) Promptly upon the execution and delivery of the Indenture, Lessor will proceed in good faith to issue and sell One Million Three Hundred Fifty Thousand Dollars (\$1,350,000) principal amount, of the Series A Bonds described in the Indenture, and will cause the proceeds thereof to be deposited, held and used in accordance with the provisions of the Indenture and the Construction Deposit Agreement.

(f) Lessor will not, without the prior written consent of Lessee:

(i) Enter into any amendment or supplement to the Indenture; or

(ii) Issue pursuant to the Indenture any Bonds other than the Series A Bonds and Improvement Bonds the issuance of which has been requested by Lessee pursuant to Section 20.01; or

(iii) Directly or indirectly create or consent to the creation or existence of any lien or encumbrance (other than the lien of this Lease and the Indenture) upon the Leased Premises or Lessor's interest therein.

Section 2.02. Representations by the Lessee. The Lessee makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Lessee is a corporation duly incorporated under the laws of New York, in good standing under its Charter and the laws of South Carolina, and has power to enter into this Lease and by proper corporate action has been duly authorized to execute and deliver this Lease.

(b) Neither the execution and delivery of this Lease, the consummation of the transactions contemplated hereby, not the fulfillment of or compliance with the terms and conditions of this Lease, conflict with or result in a breach of any of the terms, conditions or provisions of any corporate restriction or any agreement or instrument to which the Lessee is now a party or by which it is bound, or constitute a default under any of the foregoing, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Lessee under the terms of any instrument or agreement, other than as may be created by this Lease and the Indenture.

(c) Relying upon the agreement of Lessor to finance the cost of acquiring, constructing and equipping the Leased Premises as aforesaid, the Lessee has heretofore acquired the Leased Land and certain existing Facilities and proposes to commence the construction of the Facilities on the Leased Land and to acquire and install the Leased Equipment.

(d) The Lessee intends to operate the Leased Premises as a manufacturing plant including, without limitation, office, storage, production and shipping facilities, and for the manufacture of such products permitted under the Act as the Lessee may deem appropriate.

(e) The acquiring of the Leased Premises by Lessor through the issuance of the Series A Bonds and the leasing of the Leased Premises to Lessee has induced Lessee to establish this industrial enterprise in the County of Greenville.

ARTICLE III

DEMISING CLAUSE, WARRANTY OF TITLE, TITLE INSURANCE, USE OF LEASED PREMISES, COMPLIANCE WITH LAWS, TERM

Section 3.01 Demise of the Leased Land, Facilities and the Leased Equipment. The Lessor demises and leases to Lessee, and the Lessee leases from the Lessor, the Leased Land, the Facilities and the Leased Equipment at the rental set forth in Sections 4.01 and 4.03 hereof and in accordance with the provisions of this Lease.

Section 3.02. Warranty of Title. Lessor represents that at the time of the delivery of the Bonds, Lessor will furnish a written opinion of Independent Counsel that Lessor has

a good and marketable fee simple title to the Leased Land and Facilities, free from all encumbrances other than Permitted Encumbrances.

Section 3.03. Title Insurance. At the time of the delivery of the Bonds, the Lessee will provide a Mortgage Title Insurance Policy (or an appropriate Binder) upon the Leased Land and Facilities issued by a company approved by the Trustee insuring the lien of the Indenture upon the Leased Land and Facilities, subject to no encumbrances other than Permitted Encumbrances, in the amount of not less than \$ _____. Any net proceeds therefrom shall be used to remedy the title defect resulting in the payment thereof or deposited in the Bond Redemption Account established under the Indenture.

Section 3.04. Primary Use. Lessee is granted and shall have the right during the term of this Lease to occupy and use the Leased Premises as a "Project" (as defined in the Act) for any purpose authorized under and pursuant to the provisions of the Act. The Lessor agrees that it will use all reasonable efforts to insure that such uses are and will continue to be lawful uses under all applicable zoning laws and regulations.

Section 3.05. Compliance with Laws. Lessee will throughout the term of this Lease and, at no expense to Lessor promptly comply or cause compliance with all laws ordinances, orders, rules, regulations and requirements of duly constituted public authorities, which may be obligatory upon the Lessee or the Lessor and applicable to the Leased Premises, the repair and alteration thereof (including, without limitation, the Facilities and the streets, sidewalks and passageways adjoining the Leased Premises) and the use or manner or 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 (as defined in Section 1.02) of the Lessor are outstanding, Lessee, in lieu of compliance with such laws, orders, rules, regulations and requirements, or the making of such additions, changes or alterations, may elect to terminate this Lease or to purchase the Leased Premises, and in either such event, shall have no further liability hereunder. With regard to Lessor, Lessee accepts the Leased Premises in their condition on the date of the commencement of the term of this Lease, 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 legal requirements applicable thereto, reserving however, any and all rights of Lessee with respect to parties other than the Lessor.

Section 3.06. Permitted Contests. Lessee shall not be required to comply or cause compliance with such laws, ordinances, orders, rules, regulations or requirements, so long as Lessee shall, after prior written notice to Lessor, at Lessee's expense, contest the same or the validity thereof in good faith, by appropriate proceedings. Such contest may be made by Lessee in the name of Lessor or of Lessee, or both, as Lessee shall determine, and Lessor agrees that it will, at Lessee's expense, cooperate

with Lessee in any such contest to such extent as Lessee may reasonably request. It is understood, however, that Lessor shall not be subject to any liability for the payment of any costs or expenses in connection with any such proceedings brought by Lessee, and Lessee covenants to pay, and to indemnify and save Lessor from, any such costs or expenses.

Section 3.07. Original Term. Subject to the terms and provisions herein contained, this Lease shall be and remain in full force and effect for a term of twenty-one (21) years, commencing as of March 1, 1972 and ending at midnight on February 28, 1993 (hereinafter called the "Original Term").

Section 3.08. Renewal Option. Upon the expiration of the Original Term, this Lease shall be automatically renewed or extended for not exceeding four additional terms of five years each unless and until notice be given in writing by the Lessee at least 30 days before the end of the Original Term of this Lease, or any additional term thereof, of its intention to terminate the Lease at the end of such term, in which event the Lease shall terminate in accordance with such notice. All such renewal terms shall be upon the terms and conditions herein specified with respect to the Original Term or as otherwise agreed upon by the Lessor and the Lessee except that the rental during any such additional term shall be as provided in Section 4.01 (b) hereof.

ARTICLE IV

Rent

Section 4.01. Basic Rent. Lessee will pay to Lessor without notice or demand, 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, at the main office of The National Bank of South Carolina of Sumter, Attention: Corporate Trust Department, the following net basic rental (hereinafter called the "Basic Rent"):

- (a) at least seven days before September 1, 1972, and at least seven days before each September 1 and March 1 thereafter until the principal of, premium, if any, and interest on the Series A 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 as Basic Rent for the Leased Premises (i) if such date is March 1, a sum equal to the amount payable on such date as principal and interest upon the Series A Bonds and (ii) if such date is September 1, a sum equal to the amount payable on such date as interest upon the Series A Bonds, as provided in the Indenture; which dates and amounts are more specifically set forth in Schedule C hereto; in any event each Basic Rent payment under this Section 4.01 (a) 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 Revenue Account established with the Trustee is insufficient to make the required payments of principal (whether at maturity or by redemption or acceleration as provided in the Indenture) and premium, if any, and interest on such date, the Lessee shall forthwith pay any such deficiency; provided that any amount at any time held by the Trustee in the Revenue Account shall be credited against the next rental payment to the extent such amount is in excess of the amount required for payment of Series A Bonds theretofore matured or called for redemption and past due interest in all cases where such Series A Bonds or coupons have not been presented for payment; and provided further, that if the amount held by the Trustee in the Revenue Account should be sufficient to pay at the times required the principal of, premium, if any, and interest on the Series A Bonds then remaining unpaid, the Lessee shall not be obligated to make any further rental payments under the foregoing provisions of this Section.

- (b) during any renewal term, semi-annually on September 1 and March 1 in each year and in the amount of \$100.00 on each such rental payment date;

provided that so long as any Bonds are outstanding under the Indenture, all such payments shall be made to the Trustee under the Indenture for the account of Lessor. The Basic Rent shall be absolutely net to Lessor, free of any taxes, costs, expenses, liabilities, charges or other deduction whatsoever with respect to the Leased Premises and the possession, operation, 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 Original Term.

Section 4.02. Advance Payment of Rent. Lessee may at any time on or after March 1, 1982, at its option, pay in advance any installment or installments of Basic Rent to become due hereunder. The entire amount of any such advance payments shall be applied by Lessor and the Trustee under the Indenture on the next succeeding redemption date or dates at which Bonds may be redeemed by the Lessor, to redeem outstanding Bonds at the principal amount thereof, plus accrued interest to the date or dates of redemption and the premium or premiums applicable in the case of the redemption of Bonds at the option of the Lessor. If Bonds are redeemed in part, the Basic Rent to be paid by Lessee over the remainder of the Original Term shall be appropriately reduced as provided in Schedule C. Upon re-

tirement of all Bonds both as to principal and interest, the Lessee shall have no further obligation to pay Basic Rent during the remaining portion of the Original Term hereof. 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.

Section 4.03. Additional Rent. Lessee will pay, as additional rent, all other amounts, liabilities and obligations which Lessee herein assumes or agrees to pay, except that the liquidated damages referred to in Section 19.02 and 19.03 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 non-payment of the Basic Rent. Lessee will also pay Lessor, 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 installments of the Basic Rent from the due date thereof until payment.

Section 4.04. Net Lease. This Lease is a net Lease and so long as any Bonds are outstanding and unpaid the Basic Rent, additional rent and all other sums payable hereunder to or for the account of Lessor whether as All Unpaid Installments of Rent 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 and so long as any Bonds are outstanding, 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, it being the intention of the parties hereto that the Basic Rent and additional rent reserved hereunder shall continue to be payable in all events and the obligations of Lessee hereunder shall continue unaffected, unless the requirement to pay or perform the same shall be terminated pursuant to an express provision of this Lease.

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 abate-

ment of any rent or any reduction thereof, nor shall the obligations hereunder of Lessee be otherwise affected by reason of or due to the condition of the Leased Premises, including the Facilities either before, during or after construction or by reason of or due to any failure to complete the construction of the Facilities.

The obligations of the Lessee to make the payments required in Article IV and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional. Until such time as the principal of and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Lessee (i) will not suspend or discontinue any payments provided for in Article IV, (ii) will perform and observe all of its other agreements contained in this Lease and (iii) except as provided in Article XXI 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 of the State of South Carolina.

Section 5.02. No Termination for Insolvency, Etc. of Lessor. Except as provided in Article XXI hereof, Lessee covenants and agrees that it will remain obligated under this Lease in accordance with its terms and that Lessee will not take any action to terminate, rescind, or avoid this Lease, notwithstanding the bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding up or other proceeding affecting Lessor or any assignee of Lessor in any such proceeding and notwithstanding any action with respect to this Lease which may be taken by any trustee or receiver of Lessor or by any court in any such proceeding. Lessor covenants and agrees that it will not voluntarily take any action to terminate, rescind or void this Lease and will not voluntarily submit to any bankruptcy, insolvency, reorganization, composition, readjustment, action for appointment of a receiver, liquidation, dissolution, winding up or other proceeding affecting it or any assignee under this Lease so long as Lessee is not in default hereunder.

Section 5.03. Waiver of Rights by Lessee. So long as any Bonds are outstanding Lessee waives, to the extent legally permissible, 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. Condition and Title of Leased Premises. Lessee acknowledges that it has examined the premises described in Schedule A attached hereto and the state of Lessor's title thereto prior to the making of this Lease and knows the condition and state thereof as of the first day of the Term of

this Lease, and accepts the same in said condition and state; that no representations as to the condition or state thereof have been made by representatives of Lessor; and that Lessee in entering into this Lease is relying solely upon its own examination thereof. Lessor shall not be liable to Lessee for any damages resulting from failure or any defect in Lessor's title which interferes with, prevents or renders burdensome the use or occupancy of the Leased Premises or the compliance by the Lessee with any of the terms of this Lease, or from any cause whatsoever, and no such failure of or defect in the Lessor's title or delay shall terminate this Lease or entitle Lessee to any abatement, in whole or in part, of any of the rentals or any other sums provided to be paid by Lessee pursuant to any of the terms of this Lease.

The Lessor makes no warranty, either express or implied, that the Leased Premises will be suitable for the Lessee's purposes or needs.

Section 5.05. No Conveyance of Title by Lessor. Lessor covenants and agrees that, during the Term of this Lease, it will not convey, or suffer or permit the conveyance of, by any voluntary act on its part, its title to the Leased Premises to any person, firm or corporation whatsoever 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 conveyance or transfer of the Leased Premises in accordance with any terms or requirements of this Lease or of the Indenture.

ARTICLE VI

Taxes and Other Charges

Section 6.01. Payment by Lessee - General. Lessee agrees, subject to Section 15.02, during the Term hereof, to pay and discharge, as additional rent, punctually as and when the same shall become due and payable, each and every cost, expense and obligation of every kind and nature, foreseen or unforeseen, for the payment of which Lessor or Lessee is or shall become liable by reason of its estate or interest in the Leased Premises or any portion thereof, by reason of any right or interest of Lessor or Lessee in or under this Lease, or by reason of or in any manner connected with or arising out of the possession, operation, maintenance, alteration, repair, rebuilding, use or occupancy of the Leased Premises.

Section 6.02. Payments in Lieu of Taxes. It is recognized that under the provisions of the Act when any project is leased by a county pursuant to the Act the lessee thereof shall be required to make payments to the county, the school district or school districts, and other political units wherein the project shall be located in lieu of taxes, in such amounts as would result from taxes levied on the project by such county, school district or school districts and other political unit or units, if the project were owned by the Lessee, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to the lessee if it were the owner of the project. For the sole purpose of

enabling the Lessee to comply with the aforesaid obligation, it is agreed that the Lessor in cooperation with the Lessee (i) shall cause the Leased Premises to be valued as if privately owned as aforesaid for purposes of 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 Leased Premises if so privately owned; (iii) shall cause the respective appropriate officer or officers charged with the duty of levying and collecting such taxes to submit to the Lessee, when the respective levies are made upon property privately owned as aforesaid, a statement specifying the amount and due date of such taxes which the county, school district and other political units having taxing powers would receive if the Leased Premises were so privately owned; and Lessee shall file any accounts or tax returns required with the appropriate officer or officers. The Lessee shall pay to the aforesaid taxing authorities when due all such payments in lieu of taxes with respect to the Leased Premises 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 Leased Premises and to seek to obtain a refund of any such payments made, and to contest the same in the manner and to the extent provided in Section 15.02 in the case of taxes and other governmental charges. The Lessee's obligation to make such additional payments shall continue only so long as and to the extent the Lessee is required by law to pay the aforesaid amounts in lieu of taxes. Once having paid the amounts required by this Section 6.02 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.

Section 6.03. Taxes and Other Governmental Charges.

The Lessor and the Lessee acknowledge (i) that pursuant to Section 13 of the Act, no part of the Leased Premises owned by the Lessor will be subject to taxation in South Carolina, that under present law the income and profits (if any) of the Lessor from the Leased Premises 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 Lease. However, Lessee agrees, subject to Section 15.02, during the Term hereof, to pay and discharge as additional rent, punctually as and when the same shall become due and payable without penalty, all real estate taxes, personal property and income taxes, business and occupational taxes, occupational license taxes, water charges, sewage charges, assessments (including, but not limited to, assessments for public improvements or benefits) and all other governmental taxes, impositions and charges of every kind and nature, extraordinary or ordinary, general or special, unforeseen or foreseen, whether similar or dissimilar to any of the foregoing, which at any time during the Term shall be or

become due and payable by Lessor or Lessee and which shall be levied, assessed or imposed:

- (i) upon, or which shall be or become liens upon, the Leased Premises or any portion thereof or any interest of Lessor or Lessee therein or under this Lease or upon the rents payable hereunder;
- (ii) upon or with respect to the possession, operation, maintenance, alteration, repair, rebuilding, use or occupancy of the Leased Premises or any portion thereof; or
- (iii) upon this transaction or any document to which Lessee is a party creating or transferring an interest or an estate in the Leased Premises,

under and by virtue of any present or future law, statute, ordinance, regulation or other requirement of any governmental authority, whether federal, state, county, city, municipal or otherwise; provided, however, that Lessee shall have no liability with respect to payment of any taxes, impositions or charges imposed upon Lessor's income for any period during which no Bonds of Lessor are outstanding. It is the intention of the parties hereto that, insofar as the same may be lawfully done, Lessor shall be free from all costs, expenses and obligations and all such taxes, water charges, sewer charges, assessments and all such other governmental impositions and charges, and that this Lease shall yield net to Lessor not less than the Basic Rent reserved hereunder throughout the Original Term. In no event shall Lessee pay any costs, expenses, obligations, taxes or impositions incurred by the Lessor as a consequence of any Project (as defined in the Act) or any other activity other than the Leased Premises undertaken by the Lessor hereunder and under the Indenture.

Section 6.04. Lessee Subrogated to the Lessor's Rights. To the extent of any payments (except the payments in lieu of taxes made by Lessee pursuant to Section 6.02 hereof) of additional rent by Lessee under Section 6.01 or 6.03, Lessee shall be subrogated to the Lessor's rights in respect to the proceedings or matter which resulted in the payment of additional rent pursuant to Sections 6.01 and 6.03 and any recovery by the Lessor or release to the Lessor of moneys in such proceedings or matter shall be used to reimburse Lessee for the amount of such additional rent so paid by Lessee, provided always that the Basic Rent is paid in the manner and at the times herein set forth.

Section 6.05. Utility Services. Lessee agrees to pay or cause to be paid all charges for gas, water, sewer, electricity, light, heat, power, telephone, and other utilities and services, used, rendered or supplied to, upon or in connection with the Leased Premises.

Section 6.06. Fees and Expenses of Trustee and Lessor. 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 but in no event to exceed \$ per annum, (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 the extraordinary expenses incurred by it under the Indenture, as and when the same become due; provided, that Lessee may, without creating a default hereunder, contest in good faith the necessity for any such extraordinary services and extraordinary expenses and the reasonableness of any such fees, charges or expenses.

Lessee also agrees to pay as additional rent the reasonable expenses of the Lessor which are incurred with the prior written approval of the Lessee in connection with administering the Leased Premises.

Section 6.07. Lessee to Furnish Proof of Payment of Taxes, Etc. Lessee covenants to furnish to Lessor, promptly upon request, proof of the payment of any tax, assessment, and other governmental or similar charge, and any utility charge, which is payable by Lessee as provided in this Article.

Section 6.08. Proration. Upon expiration or earlier termination of this Lease (except for the termination hereof pursuant to the provisions of Article XVI) real estate taxes, assessments and other charges which shall be levied, assessed or become due upon the Leased Premises or any part thereof shall be prorated to the date of such expiration or earlier termination.

ARTICLE VII

Liens

Section 7.01. Permitted Liens. Subject to Sections 14.01 and 15.02, Lessee will not create or permit to be created or to remain, and will discharge, any lien, encumbrance or charge (other than Permitted Encumbrances) upon the Leased Premises or any part thereof or upon Lessee's leasehold interest therein provided that the existence of any mechanic's, laborer's, materialman's, supplier's or vendor's lien or right in respect thereof shall not constitute a violation of this Section 7.01 if payment is not yet due and payable under the contract in question.

ARTICLE VIII

Indemnification and Non-Liability of Lessor

Section 8.01. General. Lessee covenants and agrees, at its expense, to pay, and to indemnify and save Lessor and the Trustee harmless, against and from, any and all claims by or on behalf of any person, firm, corporation, or governmental authority, arising from the occupation, use, possession,

conduct or management of or from any work done in or about the Leased Premises or from the subletting of any part thereof, including any liability for violation of conditions, agreements, restrictions, laws, ordinances, or regulations affecting the Leased Premises or the occupancy or use thereof. Lessee also covenants and agrees, at its expense, to pay, and to indemnify and save Lessor and the Trustee harmless against and from any and all claims arising from (i) any condition of the Leased Premises and the adjoining sidewalks and passageways, (ii) any breach or default on the part of Lessee in the performance of any covenant or agreement to be performed by Lessee pursuant to this Lease, (iii) any act or negligence of Lessee, or any of its agents, contractors, servants, employees or licensees, or (iv) any accident, injury or damage whatever caused to any person, firm or corporation, in or about the Leased Premises or upon or under the sidewalks and from and against all costs, reasonable counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any claim referred to in this Section. In the event that any action or proceeding is brought against Lessor or the Trustee by reason of any such claim, Lessee, upon notice from Lessor or the Trustee, covenants to resist or defend such action or proceeding by counsel reasonably satisfactory to Lessor or the Trustee.

Notwithstanding the fact that it is the intention of the Lessor and the Lessee that the 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, the Lessee shall defend Lessor in any such action or proceeding.

Section 8.02. Costs of Repossession. Lessee covenants and agrees to pay, and to indemnify Lessor and the Trustee against, all costs and charges, including reasonable counsel fees, lawfully and reasonably incurred in obtaining possession of the Leased Premises after default of Lessee or upon expiration or earlier termination of the Term hereof, or in enforcing any covenant or agreement of Lessee contained in this Lease.

ARTICLE IX

Insurance

Section 9.01. Insurers. All insurance provided for in this Article shall be effected under valid and enforceable policies issued by insurers of recognized responsibility.

Section 9.02. Fire and Extended Coverage. Lessee shall, at its expense, keep the Facilities and the Leased Equipment insured against loss or damage by fire, with extended coverage endorsement covering loss or damage, by lightning, windstorm, explosion, aircraft, smoke damage, vehicle damage, sprinkler leakage, vandalism, malicious mischief and such other risks as are normally covered under such endorsement in amounts that are not less than the full insurable value thereof with deductible provisions not exceeding \$25,000. The term "full insurable value", as used in this Lease, means the actual replacement value or an amount equal to All Unpaid Installments of Rent whichever shall be less.

Section 9.03. Public Liability. Lessee shall, at its expense, maintain general public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Leased Premises, and the adjoining sidewalks and passageways, such insurance to afford protection to Lessor of not less than \$500,000 with respect to bodily injury or death to any one person, not less than \$1,000,000 with respect to any one accident, and not less than \$100,000 with respect to property damage. Policies for such insurance shall be for the mutual benefit of Lessor and Lessee.

Section 9.04. Loss Payable. All policies of insurance required pursuant to this Article IX may be in the form of blanket policies of insurance. All policies of insurance required by Section 9.02 shall name Lessor and Lessee as the assured and shall provide that in the case of any particular casualty resulting in loss or damage not exceeding \$50,000 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 notwithstanding any act or negligence of Lessee which might otherwise result in forfeiture of said insurance.

So long as any Bonds of Lessor remain outstanding, the policies of insurance described in Section 9.02 shall be payable to the Trustee under the Indenture, under a standard mortgage loss payable clause as the interest of such Trustee may appear, subject to the provisions in this Section 9.04 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 \$50,000 in the aggregate. In the event no Bonds of the Lessor remain outstanding, the policies of insurance described in Section 9.02 shall provide that the loss, if any, shall be payable to the Lessee.

Section 9.05. 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. 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 the Lessor or the Trustee or cancelled without at least 10 days prior written notice to Lessor and to the Trustee. Not less than 10 days prior to the expiration dates of the policies, originals of the

renewal policies (or certificates therefor from the insurers evidencing the existence thereof) shall be deposited with the Trustee.

Section 9.06. Adjustment of Claims. Any claims under the policies of insurance described in this Article shall be adjusted by and at the expense of Lessee or its insurance carrier, provided, that the proceeds from such insurance shall be applied pursuant to the terms of this Lease.

ARTICLE X

Maintenance and Repair

Section 10.01. Maintenance of Facilities. Subject to the provisions of Sections 2.03 and 12.02 hereof, Lessee at its expense, will keep and maintain the Facilities in good repair. Lessee shall promptly make, or cause to be made, all repairs, interior and exterior, structural and non-structural, ordinary and extraordinary, foreseen and unforeseen, necessary to keep the Facilities in good and lawful order and condition, wear and tear from reasonable use excepted, whether or not such repairs are due to any laws, rules, regulations or ordinances hereafter enacted which involve a change of policy on the part of the government body enacting the same, provided, however, that if there shall be no Bonds of Lessor outstanding, Lessee, in lieu of making any structural or extraordinary repairs required during the Term hereof, may elect to purchase the Leased Premises or to terminate this Lease, and in either such event Lessee shall have no further obligations hereunder.

Section 10.02. Maintenance of Leased Equipment. Subject to the provisions of Section 12.02 hereof, Lessee at its cost and expense, shall maintain and keep the Leased Equipment in good repair and operating condition, including repairs and renewals and upon the expiration or termination of this Lease shall surrender the same or replacements thereof, to Lessor in good condition, ordinary wear and tear excepted. Subject to the provisions of Section 13.04 hereof, all replacements, renewals, attachments and accessories made to or placed on or affixed to the Leased Equipment shall become a part of the same and the property of Lessor as made. Lessor shall not be required by the provisions of this paragraph to maintain or keep in condition the Leased Equipment or to make any repairs, replacements or renewals to the same or to make any expenditure thereon whatsoever in connection with this Lease. Lessee hereby waives all rights it may have under any law or otherwise now or hereafter in effect to require Lessor to do the same.

Section 10.03. Lessor Not Required to Repair. Lessor shall not be required to rebuild or to make any repairs, replacements or renewals of any nature or description to the Leased Premises or to make any expenditure whatsoever in connection with this Lease or to maintain the Leased Premises in any way. Lessee expressly waives the right contained in any law now or hereafter in effect to make any repairs at the expense of Lessor.

ARTICLE XI

Condemnation

Section 11.01. Awards Assigned to Trustee. If, during the Term, all or any part of the Leased Premises be taken by the exercise of the power of eminent domain or condemnation, Lessor and Lessee shall, subject to all the terms of this Article, be entitled to, and shall receive, the entire award for the taking. So long as any Bonds of the Lessor remain outstanding, Lessor and Lessee hereby irrevocably assign all their right, title and interest in and to such award or awards to the Trustee under the Indenture, or, in the event no Bonds of the Lessor remains outstanding, to the Lessee, and Lessor and Lessee shall immediately pay the same to the Trustee, or the Lessee, as the case may be, for the benefit of the Trustee or the Lessee as the case may be, and any such award or awards shall be held and disbursed as provided herein. The phrase "all right, title and interest in and to any such award or awards" with respect to Lessee, shall mean for purposes of this Article XI, all or any portion of any amount or amounts awarded to Lessee which, together with any amount or amounts awarded to Lessor, may be equal to All Unpaid Installments of Rent.

Section 11.02. Condemnation of All or Material Part of Leased Premises. If title to, or the temporary use or control of, all or substantially all of the Leased Premises shall be taken by the exercise of the power of eminent domain or condemnation, or if such use or control of all or a substantial part of the Leased Premises shall be so taken as results in rendering the Leased Premises unsatisfactory to Lessee for purposes for which the same was used immediately prior to such taking or condemnation (to be determined in the sole judgment of Lessee), Lessee shall purchase for cash the award or payment for such taking and the remaining portion of the Leased Premises not taken, if any, and such purchase shall be made within 90 days after the effective date of such taking and the receipt of the award and payment for such taking. The purchase price for such award or payment for such taking and the remaining portion of the Leased Premises not taken, if any, shall be determined as set forth in Section 21.02. Lessee shall deliver to Lessor and the Trustee, in the event any Bonds of the Lessor are outstanding, at least 30 days before the proposed date of purchase a certificate, signed by an Authorized Representative of Lessee, to the effect that title to all or substantially all of the Leased Premises has been taken by the exercise of the power of eminent domain or condemnation, or that such use or control of all or a substantial part of the Leased Premises has been so taken and has resulted in rendering the Leased Premises unsatisfactory to Lessee for purposes for which the same was used immediately prior to such taking or condemnation. On the proposed date of purchase and upon payment of the purchase price in cash, Lessor shall convey the remaining portion, if any, of the Leased Premises to Lessee, subject to and pursuant to Section 21.07' hereof, and the Trustee pursuant to Section 6.01 (B) of the Indenture, or the Lessor in the event no Bonds of the Lessor are outstanding, shall assign and pay over the entire

award for the taking to Lessee, less any expenses incurred by Lessor in collecting such award (hereinafter called the "Net Award").

Section 11.03. Condemnation of Less than Material Part of Leased Premises. If a lesser portion of the Leased Premises be taken by exercise of the power of eminent domain or condemnation, this Lease shall nevertheless continue in full force and effect without abatement of rent (except such rental reduction as is expressly provided pursuant to Schedule C hereof), and if such taking shall have caused damage to, or necessitated restoration or rebuilding of, any of the improvements on the Leased Premises, Lessee, at its sole cost and expense, shall promptly and diligently restore and rebuild such improvements to such condition as shall be reasonable in view of the nature of the taking and the then intended use of the Leased Premises by Lessee, whether or not the Net Award is sufficient for the purpose. So long as any Bonds remain outstanding, upon compliance with the provisions of Section 6.01 (C) of the Indenture and the receipt by the Trustee of the certificates and instruments provided for in Section 6.01(C), the Trustee shall assign and pay over to Lessee such portion of the Net Award as will reimburse the Lessee for the cost of the restoration and rebuilding if any, as is so certified up to the full amount of the Net Award, and if there shall remain any balance of such Net Award, the Trustee shall apply the balance, if any, of the Net Award to the redemption of Bonds as provided in Section 6.01 (C) of the Indenture. In lieu of such rebuilding or restoring as herein provided, Lessee may direct that the entire amount of the Net Award be used by the Trustee to repay and redeem Bonds as provided in Article V of the Indenture. In the event no Bonds of the Lessor are outstanding, the Lessee shall be entitled to receive the entire Net Award for such taking.

ARTICLE XII

Casualty

Section 12.01. Lessee to Rebuild or Repair. Subject to the provisions of Section 12.02 hereof, if, while any Bonds are outstanding, all or any part of the Leased Premises shall be destroyed or damaged, Lessee shall promptly notify Lessor, and at Lessee's expense (whether or not the insurance proceeds hereinafter mentioned are sufficient for the purpose) Lessee shall promptly and diligently rebuild, restore, replace and repair the same in such manner as to restore the Leased Premises to at least the value thereof immediately prior to such damage or destruction. So long as any Bonds shall be outstanding, upon compliance with the provisions of Section 6.01 (A) of the Indenture and the receipt by the Trustee of the certificates and instruments provided for in Section 6.01 (A), the Trustee under the Indenture, shall pay to Lessee the insurance proceeds received and held by said Trustee on account of such damage or destruction, as is so certified up to the full amount of such insurance proceeds and the Trustee shall apply the balance, if any, of such insurance proceeds to the redemption of Bonds as provided in Section 6.01 (A) of the Indenture.

Section 12.02. Major Casualty; Lessee May Terminate Lease. If, during the Term, the entire Leased Premises or any substantial part thereof (for the purposes of this Section 12.02, "any substantial part thereof" shall mean a loss or casualty exceeding \$200,000 in the aggregate), shall be damaged or destroyed to such an extent as to render the Leased Premises unsuitable to Lessee for the purpose for which the same were used immediately prior to such damage or destruction and if Lessee deems it unwise to rebuild, repair and restore (to be determined in the sole judgment of Lessee), Lessee, in lieu of rebuilding, restoring, replacing and repairing the Leased Premises shall purchase the remainder of the Leased Premises. If, during the Term, the entire Leased Premises, or any substantial part thereof, shall be damaged or destroyed to such an extent that the restoration cost would exceed by 20%, the proceeds of insurance, Lessee in lieu of rebuilding, restoring, replacing and repairing the Leased Premises shall have an option to purchase the remainder of the Leased Premises. Such purchase in either event, shall be made within 90 days after the date of such damage or destruction and the receipt of the insurance proceeds therefor and the purchase price therefor shall be determined as set forth in Section 21.02. Upon the purchase of the Leased Premises, Lessee shall be relieved of its obligation to rebuild, restore, replace and repair the Facilities as required pursuant to Section 12.01 hereof. Lessee shall deliver to Lessor at least 30 days before the proposed date of purchase a certificate, signed by an Authorized Representative of Lessee, stating the proposed date of purchase and certifying that the Board of Directors of Lessee has determined in good faith that the Leased Premises have been damaged or destroyed to such an extent as to render the Leased Premises unsuitable to Lessee for the purposes for which the same were used immediately prior to such damage or destruction and that Lessee deems it unwise to rebuild, repair and restore or that the restoration cost would exceed by 20% the proceeds of insurance and delivery of the certificate shall constitute an exercise of the option by Lessee. On the proposed date of purchase and upon payment of the purchase price in cash, Lessor shall convey the Leased Premises to Lessee subject to and pursuant to Section 21.07 hereof and Lessee shall be entitled to all insurance proceeds resulting from such damage or destruction and the Trustee under the Indenture or the Lessor shall assign and pay over to Lessee all such insurance proceeds.

Section 12.03. Damage or Destruction When No Bonds are Outstanding. Notwithstanding any other provision hereof, if all or any part of the Leased Premises shall be destroyed or damaged and at such time Lessor shall have no Bonds outstanding, Lessee may elect to effect such repair or restoration from its own funds and upon written notice of such election to the Lessor any insurance proceeds payable on account of such damage or destruction shall be paid to Lessee, in which event this Lease shall continue in accordance with its terms, or Lessee may elect by written notice to Lessor to purchase the Leased Premises pursuant to Section 21.03 hereof, in which event Lessee shall have no further liability hereunder and any insurance proceeds payable on account of such damage or destruction shall be paid to Lessee.

ARTICLE XIII

Additions, Alterations, Improvements Replacements and New Construction

Section 13.01. Additions, Alterations and Improvements by Lessee. Lessee shall have the right to make additions to, alterations of, and improvements on the Leased Premises, structural or otherwise, and to construct or add additional Facilities, at its expense, subject, however, to the provisions of Article XX.

The Lessee shall have the privilege of erecting any additional building or buildings and of remodeling the Facilities from time to time as it in its discretion may determine to be desirable for its uses and purposes, provided that such remodeling shall not damage the basic structure of the then existing Facilities or materially decrease their value, with no obligation to restore or return the Facilities to their original condition, but the cost of such new building or buildings and improvements and remodeling shall be paid for by it and upon the expiration or termination of this Lease, shall belong to and be the property of the Lessor, subject, however, to the Lessee's right to purchase under Article XXI hereof and to the right of the Lessee to remove from the Leased Premises at any time before the expiration or termination of this Lease and 30 days thereafter and while it is in good standing with reference to the payment of Basic Rent and its performance of other obligations hereunder, all improvements, machinery, fixtures, equipment and appliances placed in or upon the Leased Premises by the Lessee which can be removed without material damage to the existing building or structures or if they cannot be removed without such damage, then provided that Lessee repairs any damage caused by such removal.

In the event of the purchase by Lessee of any unimproved part of the Leased Premises pursuant to Section 21.04 hereof, the Lessee shall have the right to erect any additional building or buildings thereon which may utilize any wall or walls contained in the Facilities as party walls.

Section 13.02. Installation and Removal of Machinery and Fixtures by Lessee. The Lessee may at any time or times during the Term of this Lease, install or commence the installation of any machinery, equipment, fixtures or personal property to such extent as the Lessee may deem desirable, and the Lessee may also remove any machinery, equipment or fixtures so installed by it; provided, however, that such installation or removal shall not be permitted to interfere with the construction of the Facilities. 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 the Lessee and shall not be included within the definition of Leased Equipment and may be removed at any time and from time to time by Lessee.

Section 13.03. Alteration, Improvement and Modifications of Leased Equipment by Lessee. Lessee shall have the privilege of altering, improving and modifying the Leased Equipment from time to time as it may determine is desirable for its use and purposes, provided that the same does not substantially

decrease the use of the Leased Premises for the purposes of this Lease and does not decrease the value of the same. The cost of all such alterations, improvements and modifications shall be borne solely by Lessee and shall become a part of the Leased Equipment and the property of Lessor as made. All work done in connection with such alterations, improvements and modifications shall be done in a good and workmanlike manner.

Section 13.04. Removal and Disposition of Inadequate Worn-Out or Obsolete Leased Equipment. Lessor shall be under no obligation to renew, repair or replace any inadequate, obsolete or worn-out Leased Equipment. In the event Lessee determines that any items of Leased Equipment have become inadequate, obsolete or worn-out and that the removal thereof will not interfere with the operation or substantially decrease the use of the Leased Premises for the purposes of this Lease, and so long as Lessee is not in default hereunder Lessee may remove such items of Leased Equipment from the Leased Premises and (on behalf of Lessor) sell, trade in, exchange or otherwise dispose of them, provided that Lessee substitutes and installs on the Leased Premises other machinery or equipment having a market value not less than the then market value of the equipment being removed and gives Lessor or the Trustee prompt written notice thereof. All such substituted machinery or equipment shall be free of any liens and encumbrances, shall be and become part of the Leased Equipment subject to the provisions hereof, shall be added to Schedule B attached hereto and shall be held by Lessee on the same terms and conditions as items originally comprising the Leased Equipment; further provided, however, that Lessee will not be required to substitute and install other machinery or equipment in lieu of removed Leased Equipment if Lessee pays into the Bond Redemption Account established under the Indenture:

- (i) in the case of the sale of any such Leased Equipment to someone other than the Lessee or in the case of the scrapping thereof, the proceeds from the sale of such Leased Equipment or the scrap value thereof, as the case may be, or
- (ii) in the case of the trade-in of any such Leased Equipment for other equipment not to be installed on the Leased Premises, or, if installed on the Leased Premises, not to be added to Schedule B attached hereto, the amount of the credit received by it on such trade-in, and
- (iii) in the case of the sale of any such Leased Equipment to Lessee, or in the case of any other disposition thereof, an amount equal to the sale price or the depreciated value thereof, whichever is greater.

The Lessee will promptly report to the Trustee each such removal, substitution, sale and other disposition and will pay to the Trustee such amounts as are required by the provisions of the preceding subsection to be paid into the Bond Redemption

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

Section 13.05. Additions and Alterations Not to Diminish Value of Leased Premises. The Leased Premises as improved or altered upon completion of additions, alterations, improvements or construction made pursuant to the provisions of this Article XIII shall be of a value not less than the value of the Leased Premises immediately prior to the making of such additions, alterations, improvements or the construction of additional Facilities.

Section 13.06. Quality of Work. All work done in connection with such additions, alterations, improvements or construction shall be done promptly and in good and workmanlike manner.

ARTICLE XIV

Subletting, Assignment and Mortgaging

Section 14.01. Continuing Obligation of Lessee. Lessee may sublet the Leased Premises or any part thereof, and may assign or otherwise transfer all of its rights and interests hereunder; provided that (a) each such sublease shall not be inconsistent with the provisions of the Act, the Indenture or this Lease, (b) 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, and (c) that Lessee shall give Lessor and the Trustee under the Indenture not less than 10 days prior written notice of any such proposed assignment, transfer or sublease. So long as any Bonds of Lessor are outstanding 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 sub-lease or the rentals payable thereunder.

Section 14.02. Merger, Consolidation or Transfer of Assets by Lessee. Lessee agrees it shall maintain during the term of this Lease 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 corporations to consolidate with or merge into it; provided, however, that Lessee may do or perform either of the following, subject to the conditions and requirements set forth in Section 14.03 hereof:

(a) Lessee may consolidate with or merge into another corporation, with or without one or more other corporations, or may permit one or more other corporations to consolidate with or merge into Lessee; or

(b) Lessee may transfer all or substantially all of its assets to another corporation and thereafter dissolve.

Section 14.03. Conditions and Requirements Governing Permitted Mergers, Consolidations and Transfers. Any merger, consolidation, transfer of assets or other act permitted under the proviso in Section 14.02 hereof shall be subject to the following conditions and requirements, as mentioned in such proviso:

(a) the total Consolidated Tangible Net Worth (hereinafter defined) of the corporation surviving any such merger or resulting from such consolidation or to whom the transfer of such assets shall be made (hereinafter in this Section called the "Assignee") shall be, following the consummation of such merger, consolidation or transfer of assets, not less than 100% of the total Consolidated Tangible Net Worth of Lessee and its subsidiaries immediately prior to such merger, consolidation or transfer;

(b) there shall be duly executed an instrument of assignment by novation, acceptable as to form and substance to the Lessor and the Trustee, pursuant to which the Assignee shall assume all of the obligations, duties and liabilities of Lessee under this Lease and shall become and remain fully bound and obligated from the effective date of such assignment to observe and perform all the terms, covenants, conditions and provisions thereof in the same manner and to the same extent as if such Assignee had originally executed this Lease instead of Lessee; and

(c) there shall be filed with the Lessor and the Trustee signed counterparts of such instrument of assignment, accompanied by the signed opinion of counsel for the Assignee stating that such instrument has been validly executed, is in conformity with the requirements of this Lease and applicable law and is valid and binding upon the Assignee, and that the Assignee is qualified to do business in the State of South Carolina.

When the above conditions and requirements of this Section have been satisfied, Lessee shall be relieved of all further obligations and shall no longer have any rights under this Lease.

The term "Consolidated Tangible Net Worth" as used in this Section shall mean the total tangible assets less the total liabilities (exclusive of liabilities under leases having a remaining term of more than one year's duration except to the extent that an offset to such liabilities is included as an asset), computed in accordance with generally accepted accounting principles.

Section 14.04. Collection of Rent from Others No Release of Lessee. Except as otherwise specifically provided in Section 14.02 hereof, if this Lease be assigned or trans-

ferred, or if the Leased Premises or any part thereof be sublet or occupied by anybody other than Lessee, the 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 the Lessor for all and any acts and omissions of any and all assignees, transferees, subtenants and similar occupants.

ARTICLE XV

Performance of Lessee's Obligations by Lessor; Permitted Contests

Section 15.01. Performance of Lessee's Obligations by Lessor. If Lessee at any time shall fail to make any payment or perform any act on its part to be made or performed under this Lease, then subject to the provisions of Section 15.02, Lessor may (but shall not be obligated to), upon 10 days prior written notice to Lessee and without waiving or releasing Lessee from any obligations or default of Lessee hereunder, make any such payment or perform any such act for the account and at the expense of Lessee, and may enter upon the Leased Premises for the purpose and take all such action thereon as may be reasonably necessary therefor. No such entry shall be deemed an eviction of Lessee. All sums so paid by Lessor and all necessary and incidental costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection with the performance of any such act by Lessor, together with interest at the rate of 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 15.02. Permitted Contests. Lessee shall not be required to pay, discharge or remove any tax, payment in lieu of tax, lien or assessment, or any mechanic's, laborer's or materialman's lien, or any other lien or encumbrance, or any other imposition or charge against the Leased Premises or any part thereof, so long as Lessee shall, after prior written notice to Lessor, at Lessee's expense, contest the same or the validity thereof in good faith, by action or inaction which shall operate to prevent the collection of the tax, payment in lieu of tax, lien, assessment, encumbrance, imposition or charge so contested and the sale of said Leased Premises or any part thereof to satisfy the same. Such contest may be made by Lessee in the name of Lessor or of Lessee or both, as Lessee shall determine, the Lessor agrees that it will, at Lessee's expense, cooperate with Lessee in any such contest to such extent as Lessee may reasonably request. It is

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

ARTICLE XVI

Events of Default; Termination

Section 16.01. If any one or more of the following events (herein called "Events of Default") shall happen:

- (a) if default shall be made in the due and punctual payment of any Basic Rent, additional rent or other amount payable to Lessor hereunder, for more than five (5) days after the same has become due and payable;
- (b) if default shall be made by Lessee in the due performance of or compliance with any of the provisions contained in Section 22.01 hereof;
- (c) if Lessee shall assign, mortgage or encumber this Lease, or sublet the whole or any part of the Leased Premises, otherwise than as expressly permitted hereunder, or if this Lease or the estate of Lessee hereunder shall be transferred, passed to or devolved upon any person, firm or corporation other than Lessee herein named, except in the manner permitted hereunder;
- (d) 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), (b) and (c) 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 the 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);

- (e) if Lessee shall file a voluntary petition in bankruptcy, or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking any reorganization, composition, readjustment, liquidation or similar relief for itself under any present or future statute, law or regulation, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Lessee or of all or any substantial part of its properties or of the Leased Premises, or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due;
- (f) 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 90 days (whether or not consecutive), or if any trustee, receiver or liquidator of Lessee or of all or any substantial part of its properties or of the Leased Premises shall be appointed without the consent or acquiescence of Lessee and such appointment shall remain unvacated or unstayed for an aggregate of 90 days (whether or not consecutive);
- (g) if any representation or warranty made by the Lessee herein, or made by the Lessee in any statement or certificate furnished by the Lessee in connection with the execution and delivery of this Lease, proves untrue in any material respect as of the date of the issuance or making thereof and shall not be made good within 30 days after notice thereof to the Lessee by the Trustee or any holder or holders of the Bonds; or
- (h) if Lessee shall abandon the Leased Premises and the same shall remain uncared for and unoccupied for more than 30 days,

then in any such event (regardless of the pendency of any proceeding which has or might have the effect of preventing Lessee from complying with the terms of this Lease) Lessor at any time thereafter and while such Event of Default shall continue may give a written termination notice to Lessee, which notice shall specify the nature of the Event of Default and a date of termination of this Lease not less than 20 days after the giving of such notice, and, subject to the provisions of Section 19.01 relating to the survival of Lessee's obligations and unless such Event of Default shall have been cured

prior to the expiration of said 20 day period, the term of this Lease shall expire and terminate by limitation and all rights of Lessee under this Lease shall cease on such date.

ARTICLE XVII

Repossession

Section 17.01. At any time after the expiration of the term of this Lease pursuant to Section 16.01, Lessor without further notice may enter upon and repossess the Leased Premises and may remove Lessee and all other persons and any and all property from the Leased Premises. If an Event of Default occurs and shall be continuing, Lessor shall also, prior to the expiration of the term of this Lease and without any obligation on the part of Lessor to terminate this Lease, have the right of entry, repossession, and removal, after not less than 20 days prior written notice to Lessee of its intent to exercise such right and specifying the nature of the Event of Default, 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 its 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 16.01. Lessor shall be under no liability for or by reason of any such entry, repossession or removal.

ARTICLE XVIII

Reletting

Section 18.01. At any time or from time to time after the expiration of the term of this Lease pursuant to Section 16.01, Lessor may (but shall be under no obligation to) relet the Leased Premises or any part thereof for the account of Lessee, in the name of Lessee or Lessor, or otherwise without notice to Lessee, for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the term of this Lease), on such conditions and for such uses as Lessor in its discretion may determine; and Lessor may collect and receive the rents therefor. Lessor shall have the same right to relet if it shall exercise its right of entry, repossession or removal without termination of this Lease as provided in Section 17.01. Lessor shall not be responsible or liable for any failure to relet the Leased Premises or any part thereof, or for any failure to collect any rent due upon any such reletting.

ARTICLE XIX

Survival of Lessee's Obligations; Damages

Section 19.01. Lessee's Obligations to Survive Expiration or Repossession. Except as hereinafter provided, no expiration of the term of this Lease pursuant to Section

16.01 or repossession of the Leased Premises pursuant to Section 17.01 shall relieve Lessee of its liability and obligations hereunder, all of which shall survive any such expiration or repossession.

Section 19.02. Amounts Payable by Lessee on Expiration By Default. In the event of the expiration of the term of this Lease pursuant to Section 16.01, Lessee shall pay to Lessor the Basic Rent and all additional rent and other charges required to be paid, and not theretofore paid, under this Lease, or otherwise, by Lessee up to the time of such expiration; and thereafter Lessee, until the end of what would have been the Original 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:

- (1) the Basic Rent and all additional rent and other charges which would be payable under this Lease by Lessee if the Original Term of this Lease had not so expired, less
- (11) the net proceeds, if any, of any reletting effected for the account of Lessee pursuant to the provisions of Section 18.01, after deducting all Lessor's necessary and incidental expenses in connection with such reletting, including, without limitation, all repossession costs, brokerage commissions, legal expenses, attorneys' fees and expenses, employees' expenses, reasonable alteration costs, and expenses of preparation for such reletting.

Lessee shall pay such current damages on the days on which the Basic Rent would have been payable under this Lease if the Original 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 19.02 shall be the same if Lessor shall exercise its right of entry, repossession or removal without termination of this Lease as provided in Section 17.01.

Section 19.03. Optional Recovery by Lessor On Expiration by Default. At any time after the expiration of the term of this Lease pursuant to Section 16.01, whether or not Lessor shall have collected any current damages as aforesaid, Lessor shall, at its option, be entitled to recover from Lessee, and Lessee will pay to Lessor on demand, as and for liquidated and agreed final damages for Lessee's default and in lieu of all current damages beyond the date of such demand, an amount equal to the greater of:

- (1) The Basic Rent and additional rent and other charges which would be payable under this Lease from the date of such demand (or, if it be earlier, the date to which Lessee shall have satisfied in full its obligations under

Section 19.02 to pay current damages) for what would be the then unexpired Original 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 Installments of Rent as defined in Section 1.02 hereof if any Bonds of Lessor are then outstanding and unpaid.

Section 19.04. 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 19.03 shall be the same if Lessor shall exercise its right of entry, repossession or removal without termination of this Lease as provided in Section 17.01.

Section 19.05. 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 19.03, Lessor shall be entitled to the maximum amount allowable under such statute or rule of law.

ARTICLE XX

Additional Bonds

Section 20.01. Lessor to Use Best Efforts to Issue and Sell. As provided in Article XIII, Lessee shall have the right to make additions to, alterations of, and improvements on the Leased Premises, structural or otherwise, and to construct and equip additional Facilities (hereinafter collectively called "Additional Improvements"). The cost of any Additional Improvements shall be paid for by the Lessee or the Lessee at its option, and pursuant to the limitations hereinafter set forth, by notice to the Lessor, specifying the Additional Improvements proposed and the estimated cost thereof, may request the Lessor to pay for or reimburse Lessee for the Additional Improvements by the sale of Additional Bonds. In the latter event the Lessor agrees that if the estimated cost of any such Additional Improvements shall equal not less than \$100,000, the Lessor will use its best efforts to issue and sell Additional Bonds aggregating not less than \$100,000 under and pursuant to the provisions and limitations set forth in the Indenture and that it will apply the proceeds of such sale to pay the cost of such improvements. The schedule of payments and the rate of interest on such Additional Bonds shall be subject to the Lessee's approval.

Section 20.02. Inability of Lessor to Sell. If the Lessor is unable within a period of six months following its receipt of said request of Lessee successfully to issue, sell and deliver such Additional Bonds, the Lessee, at its option, may decide not to make the proposed improvement, or may make the proposed improvement at its own cost.

Section 20.03. Modification and Extension of Lease. Prior to each issuance of Additional Bonds under the Indenture the parties hereto shall enter into a supplement to this Lease.

Said supplement to this Lease shall, among other things, modify and extend the Original Term hereof and increase the Basic Rent to be paid hereunder by an amount at least sufficient to enable the Lessor to pay the principal of and interest on such improvement bonds. As and when such revised Basic Rent payments are agreed upon, a supplement to this Lease shall be executed by the parties hereto and recorded in all appropriate public offices necessary to give notice thereof.

ARTICLE XXI

Purchases and Purchase Prices

Section 21.01. Change in Circumstances. Lessor is issuing the Series A Bonds pursuant to an election made under Section 103(c)(6)(D), of the Internal Revenue Code of 1954, as amended (hereinafter referred to as the "Code") and the regulations (whether final or proposed) of the Internal Revenue Service with respect to Section 103 of the Code (hereinafter referred to as the "Regulations"). In order to insure that interest on the Series A Bonds will not become subject to Federal income taxes as a result of a violation of the capital expenditures and other limitations prescribed in Section 103(c)(6)(D) of the Code, the Lessee covenants with the Lessor, the Trustee, and with each of the future holders of any Series A Bonds or interest coupons appertaining thereto as follows:

- (1) The Lessee covenants and agrees that the sum of:
 - (a) the aggregate principal amount of the Series A Bonds including the aggregate principal amount of any certain prior issues taken into account under Section 103(c)(6)(B) of the Code and Section 1.103-10(d) of the Regulations, and
 - (b) the aggregate amount of capital expenditures with respect to facilities described in Section 103(c)(6)(E) of the Code, paid or incurred during the 6 year period beginning 3 years before the date of issue of the Series A Bonds and ending 3 years after such date of issue (and financed otherwise than out of the proceeds of outstanding issues to which Section 103(c)(6)(A) of the Code applies), taken into account under Section 103(c)(6)(D) of the Code, (as limited in Section 103(c)(6)(F) of the Code) and Section 1.103-10(b)(2)(b) of Regulations,

shall not exceed \$5,000,000 or such lesser or greater amount as may from time to time be permitted by federal statute or regulations and which does not affect the exemption from Federal income taxes of the interest paid on the Series A Bonds. The words and terms used in this Section 22.01 (1) shall have the meanings assigned thereto in the Code and the Regulations. All references to the Regulations shall include any modification thereof or amendment thereto.

- (2) Lessee covenants and agrees that within 60 days following (i) March 1, 1973 and (ii) the first day of each March thereafter to and including

March 1, 1975 (or the third anniversary date of the issuance of the Series A Bonds) the Lessee will furnish to the Trustee, a certificate of an Authorized Representative of Lessee, evidencing compliance with the provisions of Section 21.01 (1).

- (3) Lessee covenants and agrees to comply with the Regulations to the extent that compliance therewith is necessary in order that interest on the Series A Bonds shall remain exempt from Federal income taxes.
- (4) If during the Term any one or more of the following events shall happen:
 - (a) in the event the Lessee or any related person as that term is defined in Section 103(c)(6)(C) of the Code takes or omits to take any action or in the event of any actual or claimed violation of any covenant contained in this Section 21.01 (whether through act of Lessee or circumstances not under Lessee's control or otherwise) and as a result thereof the interest on any of the then outstanding Series A Bonds is determined by the United States of America or by any agency or instrumentality thereof including the Internal Revenue Service or by any court of competent jurisdiction, to be subject to Federal income taxes by reason of a violation (actual or claimed) of the capital expenditures and other limitations prescribed in Section 103(c)(6)(D) of the Code; or
 - (b) 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, this Lease shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties hereto as expressed in this Lease:

then in any such event, so long as any Bonds outstanding Lessee upon written notice of the occurrence of such event from the Trustee or the holder or holders of any of the Bonds, shall purchase in full discharge of all liability of Lessee under this Lease, the Leased Premises within 60 days after the mailing of such notice. The purchase price shall be determined as set forth in Section 21.02 hereof. On the date of purchase and upon payment of the purchase price in cash, Lessor shall convey the Leased Premises to Lessee subject and pursuant to this Article.

The Lessee may in good faith to the extent permitted by law, contest, at Lessee's expense, any such determination, provided in subsection (a) above, in which event, at Lessee's option, the performance of its obligation to purchase pursuant to the foregoing provisions of this Section 21.01 (a) as a

result of that determination may be postponed for six months from the date of Lessee's receipt of written notice regarding the earliest such determination. If such determination is reversed or withdrawn by competent authority within such six month period Lessee shall be relieved of such obligation to purchase.

The parties recognize that the Series A Bonds are being issued as tax exempt obligations by virtue of an election made under Section 103(c)(6)(D) of the Internal Revenue Code of 1954, and that circumstances (not now contemplated or anticipated) may hereafter result in a determination as described in subsection (a) above (which may be disputed) that interest on the Series A Bonds is no longer tax exempt. It is the intention of the parties hereto that the Lessee, in such event, shall provide each person who is a holder of a Series A Bond on the occasion as of which interest on the Series A Bonds becomes (or is determined to be) taxable, with the relief herein prescribed without regard to final outcome of any dispute, and such determination as described above shall be conclusive even though it might be thereafter determined by Court order, ruling or otherwise that interest on the Series A Bonds was, in fact, not subject to Federal Income Taxes.

Section 21.02. Purchase Price in Certain Events.

If Lessee is required to purchase the remaining portion of the Leased Premises under the provisions of Section 11.02 (condemnation), is required to purchase or has an option to purchase the remainder of the Leased Premises under the provisions of Section 12.02 (casualty) or is required to purchase the Leased Premises under the provisions of Section 21.01 (change in circumstances), the purchase price for any such purchase shall be an amount equal to All Unpaid Installments of Rent.

Section 21.03. Option to Purchase.

Lessee shall have an option to purchase the Leased Premises at any time for an amount equal to All Unpaid Installments of Rent plus the sum of \$100.00. Lessee shall deliver to Lessor at least 120 days before the proposed date of purchase a notice signed by an Authorized Representative of Lessee stating that the Lessee desires to exercise its option to purchase under the provisions of this Section 21.03. 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 this Article.

The options respectively granted to the Lessee in this Article except under Section 21.04 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 Leased Premises by making the payments required hereunder.

Section 21.04. Purchase of Unimproved Land.

The Lessee shall have, and is hereby granted, the option to purchase any unimproved part of the Leased Premises at any time

and from time to time at and for a purchase price equal to \$_____ per acre provided that it furnishes the 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 the Lessee intends to exercise its option to purchase such portion of the Leased Premises on a date stated, which shall not be less than 45 nor more than 90 days from the date of such notice;
- (b) A certificate of an Independent Engineer (as defined in the Indenture) who is acceptable to the Trustee, dated not more than 90 days prior to the date of the purchase and stating that, in the opinion of the person signing such certificate, (i) the portion of the Leased Premises with respect to which the option is exercised is not needed for the operation of the Leased Premises for the purposes herein above stated, and (ii) the purchase will not impair the usefulness of the Facilities and will not destroy the means of ingress thereto and egress therefrom; and
- (c) An amount of money equal to the purchase price computed as provided in this Section.

The Lessor agrees that upon receipt of the notice, certificate and money required in this Section to be furnished to it by the Lessee, the Lessor will promptly deliver the same to the Trustee for deposit in the Bond Redemption Account. 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 hereunder except as otherwise provided in Schedule C hereto, and if such option relates to Leased Premises on which transportation or utility facilities are located, the Lessor shall retain an easement to use such transportation or utility facilities to the extent necessary for the efficient operation of the Leased Premises. On the proposed date of purchase and upon payment of the purchase price in cash, Lessor shall convey the portion herewith described to Lessee subject and pursuant to the provisions of this Article XXI.

Section 21.05. Purchase of Leased Equipment - Investment Tax Credit. The Lessee hereby agrees to purchase, and the Lessor hereby agrees to sell, the Leased Equipment described on Schedule B hereto for one dollar at the expiration or sooner termination of the Original Term or any additional Term hereof following full payment of the Bonds or provision for payment thereof having been made in accordance with the provisions of the Indenture. 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 such default will not result in nonfulfillment of any condition of this right.

Lessor and Lessee hereby elect and agree that Lessee shall be entitled to any investment tax or similar credit with respect to the Facilities and particularly the Leased Equipment now or hereafter authorized pursuant to the Internal Revenue Code of 1954, as amended, and Lessor agrees to take all reasonable action necessary to effectuate such election and agreement in order that Lessee will obtain the benefits of any such investment tax or similar credit.

Section 21.06. Granting of Easements. From time to time during the Term of this Lease the Lessee shall have the right to cause Lessor (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 21.06: (a) the Lessee shall notify the Lessor in writing of the action to be taken, (b) the Lessee shall furnish the Lessor with an Authorized Representative's certificate certifying that the action to be taken will not either adversely affect the market value of the Leased Premises or the use of the Leased Premises in the Lessee's business, and (c) the Lessee shall furnish the Lessor an undertaking of Lessee to the effect that Lessee shall remain obligated under the terms of the Lease to the same extent as if the action being taken had not taken place and that Lessee shall, if necessary, restore and rebuild the premises to good condition and repair. Upon compliance with the provisions hereof the Lessor shall, to the extent necessary, execute and deliver all such documents as are necessary, to effectuate the intent of this Section 21.06.

Section 21.07. Title. In the event of any purchase of the Leased Premises or any portion thereof by Lessee pursuant to any provision of this Lease, Lessor shall convey merchantable title by a deed 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) Permitted Encumbrances, (ii) any liens, encumbrances, charges, exceptions and restrictions not created or caused by Lessor, and (iii) any laws, regulations and ordinances. Although Lessor shall be obligated to convey title to the Leased Premises as aforesaid on the date of purchase upon receipt of the purchase price therefor, 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.

Section 21.08. Charges Incident to Conveyance. Upon the date fixed for the purchase of the Leased Premises or any portion thereof by Lessee, Lessee shall tender the purchase price therefor to Lessor, and Lessor shall deliver a deed for the Leased Premises or such portion thereof 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 and the like, including federal documentary and local taxes.

Section 21.09. Time of Payment of Purchase Price.

Notwithstanding any other provisions hereof, this Lease shall not terminate on the date on which Lessee shall 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 until Lessee shall have paid the purchase price then payable for the Leased Premises or any portion thereof, without set-off, counterclaim, abatement, suspension, deduction, diminution, or defense for any reason whatsoever, so long as any Bonds of Lessor are outstanding 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 date for the purchase of the Leased Premises or any portion thereof, including the obligation to pay the Basic Rent due and payable on the date for the purchase of the Leased Premises or such portion thereof.

ARTICLE XXII

Assignment of Lessor's Interest

Section 22.01. Assignment of Lessor's Interest to Trustee. Lessee agrees that Lessor shall have the right to assign to the Trustee under the Indenture, all right, title and interest of Lessor under this Lease as further security for the obligations of Lessor under the Indenture. No such assignment shall release Lessor from any of its obligations under this Lease nor constitute an assumption of any such obligation by the assignee.

Section 22.02. Rights of Assignee. Lessee covenants and agrees that:

- (a) the Trustee may enforce any and all of the terms of this Lease, to the extent so assigned, as though the Trustee had been a party hereto;
- (b) Lessee will pay all Basic Rent and other sums payable under this Lease to or upon the direction of the Trustee, without any set-off, deduction, abatement or diminution and will not seek to recover from the Trustee any moneys paid to the Trustee by virtue of such assignment;
- (c) no action, or failure to act on the part of Lessor shall adversely affect or limit any rights of the Trustee;
- (d) no amendment, modification, or termination of this Lease and no waiver of any of the terms and provisions hereof shall be valid unless consented to in writing by the Trustee as provided in the Indenture;

(e) all notices, demands, certificates, insurance policies and other instruments given by Lessee hereunder shall be delivered to the Trustee; and

(f) all references to Lessor herein shall be deemed to include the Trustee to the full extent necessary or desirable for the full protection of the Trustee.

Section 22.03. No Modification by Lessor or Lessee.
Except as otherwise expressly permitted herein Lessee shall not:

(i) modify or in any way alter the terms of this Lease, including, without limitation the covenant to pay rent set forth in Section 4.01 hereof, or terminate the Term hereof, or offer a surrender hereof without the prior written consent of the Trustee as required under the Indenture;

(ii) anticipate the rental hereunder except as herein provided or accept a waiver, offering, excuse or in any manner secure or obtain a release or discharge of Lessee of or from any orders, obligations, covenants, conditions and agreements including the obligation to pay the rent called for herein in the manner and at the place and at the time specified herein without the prior written consent of the Trustee as provided in the Indenture; and

(iii) obtain any consents, approvals, or permissions or participate with Lessor in the exercise of any of Lessor's rights, options, elections or privileges as Lessor without the prior written consent of the Trustee as provided in the Indenture; and any attempt on the part of Lessee to do any of the aforesaid without the prior written consent of the Trustee shall be of no force or effect.

ARTICLE XXIII

Particular Covenants and Miscellaneous

Section 23.01 Recording and Filing. This Lease and every supplement, assignment and modification hereof shall be recorded in such public office or offices as may be at the time provided by law as the proper place for the recordation of a deed conveying the Leased Premises. This Lease as originally executed shall be so recorded prior to the recordation of the Indenture. The security interest of the Lessor created by this Lease and any supplement thereto in the personal property and fixtures which are to be part of the Leased Premises and the assignment of such security interest to the Trustee, shall be perfected by the filing prior to the issuance of the Bonds, in such public office or offices as may be at the time provided by law as the proper place for such filing, of financing statements which fully comply with the Uniform Commercial Code - Secured Transactions.

Section 23.02. Opinion of Counsel. The Lessee covenants to deliver to the Lessor and the Trustee within 60 days after March 1, _____ and in March of each fourth year a written opinion of counsel (who may be counsel for the Lessor or the Lessee), addressed to the Trustee that the descriptions of the Leased Equipment contained in Schedule B to the Indenture, as supplemented, and the descriptions of the Leased Equipment contained in this Lease, as supplemented, are adequate for all purposes thereof, and hereof, that such descriptions include descriptions of all of the Leased Equipment; that the Indenture, as supplemented, constitutes a valid mortgage lien on the interest of the Lessor in the said Leased Equipment, subject only to liens permitted by the provisions thereof; that the Indenture, as supplemented, this Lease as supplemented, and all financing statements, continuation statements, notices and other instruments required by applicable law have been recorded or filed in such manner and in such places required by law in order fully to preserve and protect the rights of the holders of the Bonds and the Trustee in the Leased Equipment (and in the assignment thereof to the Trustee) as against creditors of, or purchasers for value from, the Lessor or the Lessee.

The Lessee, the Lessor and the Trustee shall execute and deliver all instruments and shall furnish all information and evidence deemed necessary or advisable by counsel (and counsel shall be entitled to rely thereon) in order to enable him to render the opinion referred to. The Lessee shall file and record or cause to be filed and recorded all instruments required to be filed and recorded in 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 Lease required.

Section 23.03. Reports of Lessee. The Lessee agrees that it will keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions of or in relation to the business and affairs of Lessee, in accordance with generally accepted principles of accounting consistently maintained, and will furnish to the Trustee and to any requesting holder or holders of the Bonds the following reports within 90 days after the last day of each fiscal year of Lessee, a complete audit report certified by an independent public accountant or firm of independent accountants covering the operations of Lessee for such fiscal year and containing a balance sheet as at the end of such fiscal year and a statement of income and expenses of Lessee for such fiscal year, showing in comparative form the figures for the preceding fiscal year, together with a separate written statement of the accountants preparing such report that such accountants have obtained no knowledge of any default by Lessee in the fulfillment of any of the terms, covenants, provisions or conditions of this Lease, or if such accountants shall have obtained knowledge of any such defaults, they shall disclose in such statement the default or defaults and the nature thereof; but such accountants shall not be liable directly to anyone for failure to obtain knowledge of any default.

Section 23.04. 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 dates of termination of their respective leases, or otherwise.

Section 23.05. Non-Waiver by Lessor. No failure by Lessor or by any assignee to insist upon the strict performance of any term hereof or to exercise any right, power or remedy consequent upon a breach thereof, and no acceptance of the Basic Rent, in full or in part, during the continuance of such breach, shall constitute a waiver of such breach or of such term. No waiver of any breach, shall affect or alter this Lease or constitute a waiver of a then existing or subsequent breach.

Section 23.06. 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 23.07. No Claim Against Lessor. Except as specifically provided herein or in the Construction Deposit Agreement, nothing contained in this Lease shall constitute any consent or request by Lessor, expressed or implied, for the performance of any labor or services or the furnishing of any materials or other property in respect of the Leased Premises or any part thereof, nor give Lessee any right, power or authority to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any claim against Lessor. Lessor shall have the right to post and keep posted at all reasonable times on the Leased Premises any notices which Lessor shall be required to post for the protection of Lessor and the Leased Premises from the perfecting of any lien.

Section 23.08. Right to Inspect. Lessee agrees to permit the Lessor or the Trustee and the authorized representatives of Lessor or the Trustee to enter the Leased Premises at all reasonable times during the usual business hours for the purpose of (i) inspecting the same or (ii) making any necessary repairs to the Facilities and performing any work therein that may be necessary by reason of Lessee's default under the terms of this Lease.

Section 23.09. No Covenant of Quiet Possession. The Lessor does not make any representation or covenant that Lessee shall have quiet and peaceful possession of the Leased Premises, provided, however, Lessor agrees that it will not

take any action to interfere with Lessee's peaceful and quiet enjoyment of the Leased Premises, and Lessor agrees that in the event the peaceful and quiet enjoyment of the Leased Premises shall be denied to Lessee or contested by anyone, Lessor shall upon request of the Lessee join where necessary in any proceeding to protect and defend the quiet enjoyment of Lessee, provided that Lessee shall pay the entire cost of any such proceeding, reimburse and indemnify and hold harmless Lessor from any cost or liability whatsoever. The provisions of this Section 23.09 shall be subject and subordinate to the obligations of Lessee set forth in Article IV hereof.

Section 23.10. Applicable Law - Entire Understanding.

This Lease shall be governed exclusively by the provisions hereof and by the applicable laws of the State of South Carolina. This Lease expresses the entire understanding and all agreements of the parties hereto with each other and neither party hereto has made or shall be bound by any agreement or any representation to the other party which is not expressly set forth in this Lease or in certificates delivered in connection with the execution and delivery hereof.

Section 23.11. Severability. In the event that any clause or provision of this Lease shall be held to be invalid by any court of competent jurisdiction, the invalidity of such clause or provision shall not affect any of the remaining provisions hereof.

Section 23.12. Notices; Demands; Requests. All notices, demands and requests to be given or made hereunder to or by Lessor, the Lessee or the Trustee shall be in writing and shall be deemed to be properly given or made if sent by United States registered mail, postage prepaid, addressed as follows:

(a) As to Lessor

(b) As to the Lessee

(c) As to the Trustee
Trustee at its principal
office and, as to the Trustee
initially designated,

Any of such addressees and addresses may be changed at any time upon written notice of such change sent by United States registered mail, postage prepaid, to the other parties by the party effecting the change.

Section 23.13. Headings and References. The headings in this Lease are for convenience of reference only and shall not define or limit the provisions thereof. All references in this Lease to particular Articles or Sections are references to Articles or Sections of this Lease.

Section 23.14. 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 23.15. Multiple Counterparts. This Lease may be executed in multiple counterparts, each of which shall be an original but all of which together shall constitute but one and the same instrument.

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

GREENVILLE COUNTY, SOUTH CAROLINA

By _____
Chairman of Greenville
County Council

(SEAL)

Attest:

Secretary of the Greenville
County Council

Signed, sealed and delivered in
the presence of:

GLADDING CORPORATION

By _____
Vice President

SEAL

Attest:

Secretary

Signed, sealed and delivered
in the presence of:

GREENVILLE COUNTY, SOUTH CAROLINA

TO

THE NATIONAL BANK OF SOUTH CAROLINA OF SUMTER

AS TRUSTEE

INDENTURE OF MORTGAGE AND DEED OF TRUST

DATED AS OF MARCH 1, 1972

RELATING TO GREENVILLE COUNTY, SOUTH CAROLINA
FIRST MORTGAGE INDUSTRIAL REVENUE BONDS
(GLADDING CORPORATION - LESSEE)

TABLE OF CONTENTS*

	<u>Page</u>
Parties	1
Recitals	1
Forms of Series A Bonds, Coupons and Certificate of Authentication	2
Granting Clauses	13

ARTICLE I

DEFINITIONS

Section 1.01.	Definitions	16
Section 1.02.	Construction of Words	19

ARTICLE II

EXECUTION, AUTHENTICATION, MATURITY, FORM AND REGISTRATION OF BONDS

Section 2.01.	Designation of Bonds, Limited Obligations	20
Section 2.02.	Paying Agent, Form of Payment	20
Section 2.03.	Authentication	21
Section 2.04.	Execution of Bonds and Coupons	21
Section 2.05.	Lost, Stolen or Destroyed Bonds or Coupons	21
Section 2.06.	Registration of Bonds	21
Section 2.07.	Exchange of Bonds	22
Section 2.08	Persons Deemed Owners	22
Section 2.09.	Municipality Not Liable	23

ARTICLE III

THE SERIES A BONDS AND BONDS OF OTHER SERIES

Section 3.01.	Series A Bonds: Amount, Denomina- tion, Interest Rate	23
Section 3.02.	Disposition of Bond Proceeds	24
Section 3.03.	Issuance of Additional Bonds	25
Section 3.04.	Provisions of Additional Bonds	26
Section 3.05.	Additional Bonds to be Authorized by Grantor	26
Section 3.06.	Documents Required for Additional Bonds	26
Section 3.07.	All Bonds Ratably Secured	28

*Table of Contents is not a part of the Indenture
of Mortgage and Deed of Trust

ARTICLE IV

ACCOUNTS AND INVESTMENT OF FUNDS

Section 4.01.	Creation of Revenue Account, Interest Account and Bond Retirement Account	29
Section 4.02.	Basic Rent to be Credited to Revenue Account	29
Section 4.03.	Transfers from Revenue Account to Interest Account and Bond Retirement Account	29
Section 4.04.	Moneys Held by Trustee to be Trust Funds	30
Section 4.05.	Investment of Moneys in Accounts	30
Section 4.06.	Proceeds of Title Insurance	30

ARTICLE V

REDEMPTION OF BONDS

Section 5.01.	Creation of Bond Redemption Account	31
Section 5.02.	Investment of Certain Moneys	31
Section 5.03.	Redemption of Bonds at Option of Grantor	31
Section 5.04.	Required Redemption in Certain Events	32
Section 5.05.	Mandatory Redemption	32
Section 5.06.	Redemption of Bonds in Whole or in Part	32
Section 5.07.	Grantor to Notify Trustee of Election to Redeem	32
Section 5.08.	Notice of and Procedure for Redemption	33
Section 5.09.	Effect of Notice of Redemption	33
Section 5.10.	Redemption of Fully Registered Bonds	33
Section 5.11.	Redemption of Additional Series of Bonds	34

ARTICLE VI

COVENANTS OF THE GRANTOR AND RELEASE OF PROPERTY

Section 6.01.	Insurance and Condemnation Proceeds	34
Section 6.02.	Release of Mortgaged Land; Mort- gaged Equipment; Granting of Ease- ments	37
Section 6.03.	Payment of Principal, Premium, if any, and Interest on Bonds	38
Section 6.04.	No Extension of Interest	38
Section 6.05.	Rentals Sufficient to Pay Expenses	39
Section 6.06.	Books of Record and Account	39
Section 6.07.	Annual Statement of Trust Estate	39
Section 6.08.	Title; Instruments of Further Assurance	39
Section 6.09.	Grantor Not to Encumber	40
Section 6.10.	Rights Under Lease and Guaranty Agreement	40

		<u>Page</u>
Section 6.11.	Powers of Trustee Under Lease	41
Section 6.12.	Warranty of Authority; Modification of Lease	41
Section 6.13.	Compliance with Lease; Payment of Taxes, Charges, Etc.	42
Section 6.14.	Instruments of Further Assurance	42
Section 6.15.	Recordation of Documents	42
Section 6.16.	Opinion of Counsel as to Recordation of Lease and Indenture	43
Section 6.17.	Limited Obligations of Grantor	43

ARTICLE VII

REMEDIES ON DEFAULT

Section 7.01.	Defaults, Events of Default	43
Section 7.02.	Remedies	45
Section 7.03.	Application of Proceeds of Sale	46
Section 7.04.	Waiver of Appraisal Rights	48
Section 7.05.	Remedies Cumulative	48
Section 7.06.	Rights and Remedies of Bondholders	48

ARTICLE VIII

CONCERNING THE TRUSTEE

Section 8.01.	Duties of the Trustee	49
Section 8.02.	Exculpatory Provisions Relating to Trustee	50
Section 8.03.	No Representations by Trustee	52
Section 8.04.	Trustee May Acquire Bonds	52
Section 8.05.	Funds Held by Trustee	52
Section 8.06.	Fees, Charges and Expenses of Trustee	52
Section 8.07.	Eligibility of Trustee	53
Section 8.08.	Trustee May Resign	53
Section 8.09.	Rights and Duties of Successor Trustee	54
Section 8.10.	Merger or Consolidation of Trustee	55
Section 8.11.	Appointment of Co-Trustee	55

ARTICLE IX

EVIDENCE OF RIGHTS OF BONDHOLDERS

Section 9.01.	Consents, Etc. of Bondholders	55
Section 9.02.	Evidence of Consents or Other Instruments	56
Section 9.03.	Evidence of Ownership of Bonds	56
Section 9.04.	Certain Bonds to be Disregarded	56

ARTICLE X

SUPPLEMENTAL INDENTURES

Section 10.01.	Supplemental Indenture Not Requiring Consent of Bondholders	57
Section 10.02.	Supplemental Indentures Requiring Consent of Bondholders	58

	<u>Page</u>
Section 10.03. Effect of Supplemental Indentures	58
Section 10.04. Trustee May Rely on Opinion of Counsel	58
Section 10.05. Bonds May Bear Notation of Change	58
 <u>ARTICLE XI</u> 	
DEFEASANCE: UNCLAIMED MONEYS	
Section 11.01. Satisfaction and Discharge of Indenture	60
Section 11.02. Release of Lien of Indenture Upon Deposit of Moneys	61
Section 11.03. Unclaimed Moneys	61
 <u>ARTICLE XII</u> 	
MISCELLANEOUS PROVISIONS	
Section 12.01. Agreements Inure to Successors and Assigns	61
Section 12.02. Limitations of Rights	61
Section 12.03. Waiver of Written Notice	61
Section 12.04. Cancellation of Cancelled Bonds and Coupons	61
Section 12.05. Severability	61
Section 12.06. Notices	61
Section 12.07. Payment Dates	61
Section 12.08. Counterparts of Indenture	62
Section 12.09. Laws of State of South Carolina to Govern	62
Testimonium	
Signatures and Seals	
Acknowledgments	
Schedule A	
Schedule B	

This Indenture of Mortgage and Deed of Trust made and entered into as of the first day of March, 1972 (the "Indenture"), by and between Greenville County, a body politic and corporate and a political subdivision of the State of South Carolina (hereinafter sometimes referred to as the "Grantor"), as party of the first part and The National Bank of South Carolina of Sumter, Sumter, South Carolina, a national banking association duly organized, existing and authorized to accept and execute trusts of the character herein set out, under and by virtue of the laws of the United States, as Trustee, (hereinafter sometimes referred to as the "Trustee"), party of the second part;

WITNESSETH:

WHEREAS, the Grantor is authorized and empowered by the provisions of Act No. 103 of the Acts of the General Assembly of the State of South Carolina, for the year 1967, 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, 1970 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 Grantor is further authorized by the Act to issue revenue bonds payable solely from the lease rentals, revenues and receipts from any such project and secured by a pledge of said lease rentals, revenues and receipts and by a mortgage on the land, buildings, improvements, machinery and equipment so acquired; and

WHEREAS, the Grantor has entered into an agreement with Gladding Corporation, 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 referred to as the "Corporation") for the acquisition of certain land and buildings constituting a manufacturing plant and the constructing and equipping of a substantial addition thereto (said land, buildings, machinery, equipment and other facilities are hereinafter referred to as the "Facility") which will be of the character and accomplish the purpose provided by the Act and the Grantor has further entered into a lease with the corporation specifying the terms and conditions of the acquisition and construction of the Facility and the leasing of the same to the corporation; and

WHEREAS, the Grantor, pursuant to resolution duly adopted and approved, has entered into a Lease dated as of March 1, 1972 (hereinafter referred to as the "Lease") of the Facility with the Corporation, which Lease has been duly recorded in the office of the Register of Mesne Conveyance of Greenville County, and to which Lease reference may be made by any interested person for the rental, terms, conditions and obligations of the parties thereto; and

WHEREAS, the Grantor is authorized by the Act and deems it necessary to borrow money for the purposes of acquiring, constructing and equipping the Facility and to carry out its obligations under the terms of the Lease and to that end has duly authorized and directed the issue of its Bonds, to be known as its First Mortgage Industrial Revenue Bonds (Gladding Corporation - Lessee), to be issued as coupon bonds registrable as to princi-

pal only (hereinafter referred to as "coupon Bonds") and as fully registered bonds without coupons (hereinafter referred to as "fully registered Bonds") in one or more series (all bonds from time to time outstanding under the terms of the 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 Grantor has authorized the execution and delivery of this Indenture; and

WHEREAS, the execution and delivery of this Indenture has been authorized by Resolutions duly adopted by the Greenville County Council of Greenville County, South Carolina (hereinafter sometimes referred to as the "County Council") as constituted by Article 2.1, Chapter 39, Title 14 Code of Laws of South Carolina, 1962, and the Grantor 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 Lease and Indenture, and the State Budget and Control Board of South Carolina has duly approved the Facility in accordance with the provisions of the Act and thereby authorized the County Council to proceed with the acquisition and financing of the Facility. Notice of the approval was duly published in a newspaper having general circulation in Greenville 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, the Grantor has determined that the amount necessary to finance the cost of the Facility, including necessary expenses incidental thereto, will require the issuance, sale and delivery of an initial series of Bonds hereunder, designated "First Mortgage Industrial Revenue Bonds, Series A (Gladding Corporation - Lessee)" (hereinafter called the "Series A Bonds") in the aggregate principal amount of One Million Three Hundred Fifty Thousand Dollars (\$1,350,000); and

WHEREAS, the Grantor has elected with respect to the Series A Bonds that the provisions of Section 103 (c)(6)(D) of the Internal Revenue Code of 1954, as amended, shall be applied thereto, all as more fully set forth therein; and

WHEREAS, the issuance of the Series A Bonds under the Act has been in all respects duly and validly authorized by resolutions duly passed and approved by the County Council; and

WHEREAS, the \$1,350,000 aggregate principal amount of Series A Bonds to be issued hereunder, the interest coupons to be attached thereto, and the Trustee's Certificate of Authentication to be endorsed on such Series A Bonds, are all to be in substantially the following forms, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture, to wit:

(Form of Coupon Bond)

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
GREENVILLE COUNTY

FIRST MORTGAGE INDUSTRIAL REVENUE BOND, SERIES A
(GLADDING CORPORATION - LESSEE)

No. _____

\$5,000

Know All Men By These Presents that Greenville County, South Carolina, a body politic and corporate, and a political subdivision of the State of South Carolina (hereinafter referred to as the "County"), for value received, hereby promises to pay, but solely from the source and as hereafter provided and not otherwise, to the bearer, or if this Bond be registered as to principal, to the registered owner hereof, on the 1st day of March 19__, the principal sum of

FIVE THOUSAND DOLLARS (\$5,000)

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 and to pay interest thereon, but solely from said source and as so provided and not otherwise in like coin or currency from the date hereof at the rate of per cent (%) per annum payable semi-annually on the 1st days of September and March of each year upon presentation and surrender of the attached coupons as they become due until payment of such principal sum, or if this Bond shall be duly called for redemption, until the redemption date, and to pay interest on overdue principal, premium, if any and interest (to the extent legally enforceable) at the rate per annum above specified. Both principal of and interest on this Bond are payable at the principal office of The National Bank of South Carolina of Sumter or its successor or successors, as Trustee (herein referred to as the "Trustee").

This Bond is one of a duly authorized issue of Bonds of the County known as its "County of Greenville, South Carolina First Mortgage Industrial Revenue Bonds, Series A (Gladding Corporation - Lessee)" in an aggregate principal amount of One Million Three Hundred Fifty Thousand Dollars (\$1,350,000). All of the Series A Bonds are issued under and equally and ratably secured as to principal, premium, if any, and interest by an Indenture of Mortgage and Deed of Trust (hereinafter called the "Indenture") dated as of March 1, 1972, executed by the County and the Trustee, to all of the provisions of which any holder of this Bond by his acceptance hereof thereby assents and to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the trust estate, the nature and extent of the security, and a statement of the terms and conditions upon which the Series A Bonds are issued and secured, the rights of the holders thereof and of the Trustee thereunder, and the indebtedness which is equally secured and the other matters set forth therein. As provided in said Indenture, Bonds of other series ranking equally with Series A Bonds may be issued thereunder, 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".

The Series A Bonds have been issued for the purpose of acquiring certain real property and improvements in the County of Greenville, South Carolina and constructing and equipping a manufacturing plant addition and related facilities and improvements thereon (hereinafter collectively referred to as the "Project") and leasing the Project to Gladding Corporation, a New York corporation (hereinafter referred to as the "Lessee") and paying necessary expenses incidental thereto so as thereby to promote industry and develop trade in South Carolina. The Project has been leased to the Lessee under and pursuant to a Lease between the County and the Lessee dated as of March 1, 1972 (herein referred to as the "Lease"). Under the Lease 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 Series A Bonds as the same mature and become due and under the Lease it is the obligation of the Lessee to pay the cost of maintaining the Project in good repair and to keep it properly insured. Copies of the Indenture and the Lease are on file at the principal office of the Trustee in the City of Sumter, South Carolina, and are recorded in the office of the Register of Mesne Conveyances for Greenville County, South Carolina.

Pursuant to law and the proceedings under which this Series A Bond is issued, this Series A Bond is a limited obligation of the County, the principal of and interest on which is payable solely and exclusively out of revenues derived from the leasing or sale by the County of the Project. The rental to be paid by the Lessee for the lease of the Project has been assigned to the Trustee as further security for the Bonds.

This Series A Bond is issued pursuant to and in full compliance with the Constitution and laws of the State of South Carolina, particularly of Act No. 103 of the Acts of the General Assembly of the State of South Carolina for 1967 (Chapter 8, Title 14, Code of Laws of South Carolina, 1962, 1970 Cumulative Supplement) and pursuant to resolutions of the Greenville County Council duly adopted and approved, which resolution authorizes the execution and delivery of the Indenture. This Series A 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 or sale of the Project financed through the issuance of the Series A Bonds. The Series A 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.

As provided in, and to the extent permitted by, the Indenture or any indenture supplemental thereto, the rights and obligations of the County and of the holders of the Bonds and coupons may be modified by the County with the written consent of the holders of 66 2/3% in principal amount of the Bonds then outstanding (which written consent shall be binding upon every future holder hereof); provided, however, that no such modification shall effect the reduction of, or the extension

of the stated time of payment of, the principal hereof or the interest hereon or of any premium payable on the redemption hereof or permit the creation of any lien on the trust estate prior to or on a parity with the lien of the Indenture or deprive the holder hereof of the lien created by the Indenture on the trust estate without the consent of the holder hereof.

The Series A Bonds maturing on March 1, 1983 and thereafter are redeemable at the option of the County, in whole or in part in inverse numerical order on March 1, 1982 and on any interest payment date thereafter at the principal amount of the Series A Bonds to be redeemed, and accrued interest thereon to the date of redemption, plus a premium of 4% of such principal amount less 1/2 of 1% for each one year period elapsed from and including the first day of March in 1982 to the date of redemption, but in no event at less than the principal amount thereof plus accrued interest to the date of redemption.

The Series A Bonds are also redeemable at any time out of certain moneys including condemnation and casualty proceeds, received by the Trustee as provided in the Indenture, either as a whole or in part, in inverse numerical order at the principal amount of the Series A Bonds to be redeemed and accrued interest thereon to the date of redemption plus a premium of 4% of such principal amount less (in the case of any redemption after March 1, 1982) 1/2 of 1% for each one year period elapsed from and including the first day of March in 1982 to the date of redemption, but in no event at less than the principal amount thereof plus accrued interest to the date of redemption.

The Series A Bonds are subject to mandatory redemption at any time out of certain moneys received by the Trustee from the mandatory purchase by Gladding Corporation of the Project resulting from any violation of restrictions and limitations contained in Section 103(c)(6)(D) of the Internal Revenue Code of 1954, as amended, at the principal amount of the Series A Bonds to be redeemed and accrued interest thereon to the date of redemption plus a premium of 4% of such principal amount, plus an additional premium, if any, determined by multiplying one-third of the 12 months interest on each Series A Bond redeemed by the number of 180 day periods, or fractions thereof, between the date as of which interest on the Series A Bonds is taxable and the redemption date.

The principal hereof may be declared or may become due on the conditions and in the manner and at the time set forth in the Indenture upon the occurrence of an event of default as in the Indenture provided.

As provided in the Indenture notice of redemption (unless waived) shall be given by publication at least once in a financial newspaper printed in the English language and customarily published on each business day, whether or not published on Saturdays, Sundays or holidays, of general circulation in the City of New York, New York (such publication to be not less than 30 nor more than 60 days before the redemption date). If any Bond called for redemption is registered as to principal, notice of redemption thereof shall also be mailed by first class mail postage prepaid not less than 30 nor more than 60 days before the redemption date, to the registered

owner of such Bond, but neither failure to mail such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption.

This Series A Bond may be registered as to principal only on books of the County kept by the Trustee under the Indenture, upon presentation hereof to said Trustee, such registration to be made on such books and endorsed hereon by said Trustee, and after such registration no transfer hereof shall be valid unless made on said books of registration at the request of the registered owner or his duly authorized attorney and similarly noted hereon. This Bond may be discharged from registration by like transfer to bearer and thereby transferability by delivery shall be restored, but this Bond shall again be subject 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 owner or his legal representative. Notwithstanding the registration of this Bond, the coupons shall remain payable to bearer and shall continue to be transferable by delivery.

Subject to the provisions for registration included herein and contained in the Indenture, this Bond and the coupons appurtenant hereto shall have all the qualities and incidents of and shall be negotiable instruments.

The Series A Bonds are issuable as coupon Bonds, registrable as to principal only, in the denomination of \$5,000, and as fully registered Bonds without coupons in denominations of \$5,000 and any authorized multiple thereof. Subject to the limitations and upon payment of the charges provided in the Indenture, fully registered Bonds without coupons may be exchanged for a like aggregate principal amount of coupon Bonds of the same maturity bearing all unmatured coupons or for a like aggregate principal amount of fully registered Bonds without coupons of the same maturity of other authorized denominations, and coupon Bonds bearing all unmatured coupons may be exchanged for a like aggregate principal amount of fully registered Bonds without coupons of the same maturity of authorized denominations.

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 Series A Bond do exist, have happened and have been performed in due time, form and manner as required by law; that the issuance of this Series A 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 Series A Bond and the series of which it forms a part, as the same become due, will be sufficient in amount for that purpose.

Neither this Series A Bond nor the coupons attached hereto shall be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until it shall have been authenticated by the certificate of the Trustee endorsed hereon.

IN WITNESS WHEREOF, Greenville County, South Carolina has caused this Series A Bond to be duly executed in its name by the facsimile signature of the Chairman of its Greenville County Council and its corporate seal to be impressed or imprinted hereon and attested by the manual signature of the Secretary of its Greenville County Council and has caused coupons for interest bearing the facsimile signatures of said Chairman and said Secretary to be attached hereto as of the 1st day of March, 1972.

GREENVILLE COUNTY, SOUTH CAROLINA

By _____
Chairman of the Greenville
County Council

(SEAL)

Attest:

Secretary of the Greenville
County Council

(Form of Interest Coupon)

On _____, 19__ Greenville County, South Carolina, a political subdivision of the State of South Carolina, will pay but solely from the source and in the manner specified in the Bond mentioned below and not otherwise, to bearer, unless such Bond shall previously have been called for redemption as provided in the Indenture referred to in said Bond and provision for payment thereof shall have been duly made, at the principal office of The National Bank of South Carolina of Sumter, in Sumter, South Carolina, upon the presentation and surrender hereof the sum of _____ Dollars (\$_____) in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, for the interest then due upon its First Mortgage Industrial Revenue Bond, Series A (Gladding Corporation - Lessee) dated as of the 1st day of March, 1972, No.

Secretary, Greenville County
Council

Chairman, Greenville County
Council

WHEREAS, the certificates to be printed on all Bonds are to be substantially in the following form:

(Form of Certificate of Registration)

(Note: There must be no writing in the space below except by the Trustee)

Date of Registration	:	Name of Registered Owner	:	Signature of Trustee
	:		:	
	:		:	
	:		:	
	:		:	
	:		:	
	:		:	
	:		:	
	:		:	
	:		:	

(Form of Trustee's Certificate of Authentication)

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

THE NATIONAL BANK OF SOUTH
CAROLINA OF SUMTER, As Trustee

By _____
Authorized Officer

(Form of Fully Registered Bond)

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
GREENVILLE COUNTY

FIRST MORTGAGE INDUSTRIAL REVENUE BOND, SERIES A
(GLADDING CORPORATION - LESSEE)

No. _____ \$ _____

Know All Men By These Presents that Greenville County, South Carolina, a body politic and corporate, and a political subdivision of the State of South Carolina (hereinafter referred to as the "County"), for value received, hereby promises to pay, but solely from the source and as hereafter provided and not otherwise, to _____ or registered assigns, on the 1st of March, 19__, the principal sum of _____ Dollars 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 and to pay interest thereon, but solely from said source and as so provided and not otherwise, in like coin or currency from the date hereof, at the rate of _____ per cent (%) per annum payable semi-annually on the 1st days of September and March of each year until payment of such principal sum, of if this Bond shall be duly called for redemption, until the redemption date, and to pay interest on overdue principal, premium, if any, and interest (to the extent legally enforceable) at the rate per annum above specified. Payments of interest shall be by check or draft mailed by The National Bank of South Carolina of Sumter, as Trustee (herein referred to as the "Trustee") to the registered owner

without the necessity of surrendering this Series A 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 Series A Bond is payable to or upon the order of the registered owner or his legal representative at the principal office of the Trustee in the City of Sumter, South Carolina upon presentation and surrender of this Series A Bond.

This Bond is one of a duly authorized issue of Bonds of the County known as its "County of Greenville, South Carolina First Mortgage Industrial Revenue Bonds, Series A (Gladding Corporation - Lessee)" in an aggregate principal amount of One Million Three Hundred Fifty Thousand Dollars (\$1,350,000). All of the Series A Bonds are issued under and equally and ratably secured as to principal, premium, if any, and interest by an Indenture of Mortgage and Deed of Trust (hereinafter called the "Indenture") dated as of March 1, 1972, executed by the County and the Trustee, to all of the provisions of which any holder of this Bond by his acceptance hereof thereby assents and to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the trust estate, the nature and extent of the security, and a statement of the terms and conditions upon which the Series A Bonds are issued and secured, the rights of the holders thereof and of the Trustee thereunder, and the indebtedness which is equally secured and the other matters set forth therein. As provided in said Indenture, Bonds of other series ranking equally with Series A Bonds may be issued thereunder, 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".

The Series A Bonds have been issued for the purpose of acquiring certain real property and improvements in the County of Greenville, South Carolina and constructing and equipping a manufacturing plant addition and related facilities and improvements thereon (hereinafter collectively referred to as the "Project") and leasing the Project to Gladding Corporation, a New York corporation (hereinafter referred to as the "Lessee") and paying necessary expenses incidental thereto so as thereby to promote industry and develop trade in South Carolina. The Project has been leased to the Lessee under and pursuant to a Lease between the County and the Lessee dated as of March 1, 1972 (herein referred to as the "Lease"). Under the Lease 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 Series A Bonds as the same mature and become due and under the Lease it is the obligation of the Lessee to pay the cost of maintaining the Project in good repair and to keep it properly insured. Copies of the Indenture, and the Lease are on file at the principal office of the Trustee in the City of Sumter, South Carolina, and are recorded in the office of the Register of Mesne Conveyances for Greenville County, South Carolina.

Pursuant to law and the proceedings under which this Series A Bond is issued, this Series A Bond is a limited obligation of the County, the principal of and interest on which is payable solely and exclusively out of revenues derived from

the leasing or sale by the County of the Project. The rental to be paid by the Lessee for the lease of the Project has been assigned to the Trustee as further security for the Bonds.

This Series A Bond is issued pursuant to and in full compliance with the Constitution and laws of the State of South Carolina, particularly of Act No. 103 of the Acts of the General Assembly of the State of South Carolina for 1967 (Chapter 8, Title 14, Code of Laws of South Carolina, 1962, 1970 Cumulative Supplement) and pursuant to resolutions of the Greenville County Council duly adopted and approved, which resolution authorizes the execution and delivery of the Indenture. This Series A 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 or sale of the Project financed through the issuance of the Series A Bonds. The Series A 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.

As provided in, and to the extent permitted by, the Indenture or any indenture supplemental thereto, the rights and obligations of the County and of the holders of the Bonds and coupons may be modified by the County with the written consent of the holders of $66 \frac{2}{3}\%$ in principal amount of the Bonds then outstanding (which written consent shall be binding upon every future holder hereof); provided, however, that no such modification shall effect the reduction of, or the extension of the stated time of payment of, the principal hereof or the interest hereon or of any premium payable on the redemption hereof or permit the creation of any lien on the trust estate prior to or on a parity with the lien of the Indenture or deprive the holder hereof of the lien created by the Indenture on the trust estate without the consent of the holder hereof.

The Series A Bonds maturing on March 1, 1983 and thereafter are redeemable at the option of the County, in whole or in part in inverse numerical order on March 1, 1982 and on any interest payment date thereafter at the principal amount of the Series A Bonds to be redeemed, and accrued interest thereon to the date of redemption, plus a premium of 4% of such principal amount less $\frac{1}{2}$ of 1% for each one year period elapsed from and including the first day of March in 1982 to the date of redemption, but in no event at less than the principal amount thereof plus accrued interest to the date of redemption.

The Series A Bonds are also redeemable at any time out of certain moneys including condemnation and casualty proceeds, received by the Trustee as provided in the Indenture, either as a whole or in part, in inverse numerical order at the principal amount of the Series A Bonds to be redeemed and accrued interest thereon to the date of redemption plus a premium of 4% of such principal amount less (in the case of any redemption after March 1, 1982) $\frac{1}{2}$ of 1% for each one year period elapsed from and including the first day of March in 1982 to the date of redemption, but in no event at less than the principal amount thereof plus accrued interest to the date of redemption.

The Series A Bonds are subject to mandatory redemption at any time out of certain moneys received by the Trustee from the mandatory purchase by Gladding Corporation of the Project resulting from any violation of restrictions and limitations contained in Section 103(c)(6)(D) of the Internal Revenue Code of 1954, as amended, at the principal amount of the Series A Bonds to be redeemed and accrued interest thereon to the date of redemption plus a premium of 4% of such principal amount, plus an additional premium, if any, determined by multiplying one-third of the 12 months interest on each Series A Bond redeemed by the number of 180 day periods, or fractions thereof, between the date as of which interest on the Series A Bonds is taxable and the redemption date.

The principal hereof may be declared or may become due on the conditions and in the manner and at the time set forth in the Indenture upon the occurrence of an event of default as in the Indenture provided.

As provided in the Indenture notice of redemption (unless waived) shall be given by publication at least once in a financial newspaper printed in the English language and customarily published on each business day, whether or not published on Saturdays, Sundays or holidays, of general circulation in the City of New York, New York (such publication to be not less than 30 nor more than 60 days before the redemption date). If any Bond called for redemption is registered as to principal, notice of redemption thereof shall also be mailed by first class mail postage prepaid not less than 30 nor more than 60 days before the redemption date, to the registered owner of such Bond, but neither failure to mail such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption.

This Series A Bond is transferable by the registered holder hereof in person or by his attorney duly authorized in writing at the principal office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture, and upon surrender and cancellation of this Series A Bond. Upon such transfer a new fully registered Bond or Bonds without coupons of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor.

The County and the Trustee may deem and treat the registered holder hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and premium, if any, hereon and interest due hereon and for all other purposes and neither the County nor the Trustee nor any paying agent shall be affected by any notice to the contrary.

The Series A Bonds are issuable as coupon Bonds, registrable as to principal only, in the denomination of \$5,000, and as fully registered Bonds without coupons in denominations of \$5,000 and any authorized multiple thereof. Subject to the limitations and upon payment of the charges provided in the Indenture, fully registered Bonds without coupons may be exchanged for a like aggregate principal amount of coupon Bonds of the same maturity bearing all unmatured coupons or for a like aggregate principal amount of fully registered Bonds without coupons

of the same maturity of other authorized denominations, and coupon Bonds bearing all unmatured coupons may be exchanged for a like aggregate principal amount of fully registered Bonds without coupons of the same maturity of authorized denominations.

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 Series A Bond do exist, have happened and have been performed in due time, form and manner as required by law; that the issuance of this Series A 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 Series A Bond and the series of which it forms a part, as the same become due, will be sufficient in amount for that purpose.

This Series A Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until it shall have been authenticated by the certificate of the Trustee endorsed hereon.

IN WITNESS WHEREOF, Greenville County, South Carolina, has caused this Series A Bond to be duly executed in its name by the facsimile signature of the Chairman of its Greenville County Council and its corporate seal to be impressed or imprinted hereon and attested by the manual signature of the Secretary of its Greenville County Council as of the ____ day of _____, 19__.

GREENVILLE COUNTY, SOUTH CAROLINA

By

Chairman of the Greenville
County Council

(SEAL)

Attest:

Secretary of the Greenville
County Council

(Form of Trustee's Certificate of Authentication)

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

THE NATIONAL BANK OF SOUTH
CAROLINA OF SUMTER, As Trustee

By

Authorized Officer

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED
hereby sell_, assign_, and transfer_, unto _____
_____ the within Bond, together with
accrued interest thereon, and all right, title and interest
thereto, and hereby irrevocably authorize and appoint _____
_____, attorney, to transfer said Bond on the
books of the within named County with full power of substitution
in the premises.

Dated: _____, 19__.

(L.S.)

In the presence of: _____

WHEREAS, the Bonds of other series, and coupons to be attached thereto, are to be in substantially the form of the Bonds of Series A and coupons appertaining thereto, which are hereinbefore set forth but with such appropriate omissions, insertions and variations as are in this Indenture or any indenture supplemental thereto provided or permitted; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as in this Indenture provided, valid, binding and legal special obligations of the Grantor, and to constitute this Indenture a valid and binding agreement securing the payment of the principal of, premium, if any, 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 WITNESSETH:

That Greenville County, South Carolina, party of the first part, 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 Grantor 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, grant a security interest in and confirm, unto The National Bank of South Carolina of Sumter, as 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 the Corporation,

its successors and assigns, under the Lease, all and singular the property, real and personal, hereinafter described (said property being herein sometimes referred to as the "mortgaged property", "trust estate" or "Trust Estate"), to wit:

DIVISION I

The parcel of real estate located in the County of Greenville, South Carolina, specifically described in Schedule A attached hereto and hereby made a part hereof, together with all right, title and interest of the Grantor 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 Grantor, if any, in and to all fixtures and appurtenances now or hereafter existing of every kind and nature whatsoever on said premises or in any building now or hereafter standing on said property, or any part thereof, and the reversion or reversions, remainder or remainders, in and to said property and each and every part thereof, and together with the entire interest of the Grantor in and to all and singular the tenements, hereditaments, 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 Grantor either in law or in equity, in possession or expectancy, of, in and to said property, it being the intention of the parties hereto that so far as may be permitted by law, all tangible property now owned or hereafter acquired by the Grantor and affixed to, attached to, placed upon, or used in any way in connection with the enjoyment, occupancy or operation of said property shall be deemed to be, and shall be considered as, fixtures and appurtenances to the real property of the Grantor.

DIVISION II

All machinery, equipment, fixtures and other personal property acquired by the Grantor with proceeds from the Bonds whether now owned or hereafter acquired including the machinery, equipment and fixtures described in Schedule B attached hereto and by this reference made a part hereof and all machinery, equipment, fixtures and other personal property installed in and about the property described in Division I in replacement, substitution or renewal of such machinery, equipment, fixtures and personal property. In the event any such machinery, equipment, fixtures or other personal property is not sufficiently ascertainable at the time of the execution of this Indenture to be specifically described in Schedule B, in order to constitute this Indenture a valid and enforceable lien thereon, this Indenture shall be supplemented from time to time in order to bring within the lien of this Indenture any and all such machinery, equipment, fixtures and other personal property of the Grantor.

DIVISION III

All right, title and interest of the Grantor 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 Grantor, as Lessor, in, under and to the Lease, between the Grantor, as

Lessor, and the Corporation, as Lessee, covering the property described in Divisions I and II and all rents, issues, profits, income and other sums due and to become due under and pursuant to or by reason of the Lease, (excluding, however, amounts paid by the corporation thereby to the Grantor and other land taxing authorities pursuant to Section 6.02 thereof and all amounts paid by the Corporation to the Grantor pursuant to Section 8.01 thereof) 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. So long as the Lease shall not have been terminated in accordance with the provisions thereof, the Grantor 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 IV

All rights, privileges, licenses, permits, immunities and easements of every kind and nature appurtenant to the properties and estates described in Divisions I through III 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 III 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 Grantor now has or may hereafter acquire in and to the property and estates described in Divisions I through III hereof or any part thereof, whether now owned or hereafter acquired.

DIVISION V

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

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

(i) to the restrictions or encumbrances set forth on Schedule A following the description of the real estate and (ii) to Permitted Encumbrances as defined in the Lease and (iii) to the rights of the Corporation, its successors and assigns, under the Lease.

IN TRUST, however, for the equal and proportionate benefit and security of the holders from time to time of the Bonds and coupons authenticated and delivered hereunder and issued by the Grantor 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 Grantor shall well and truly pay or cause to be paid fully and promptly when due all indebtedness, liabilities, obligations and sums at any time secured hereby, including interest and attorney's 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 words and terms elsewhere defined in this Indenture, the following words and terms as used in this Indenture and in the Bonds shall have the following meanings, unless some other meaning is plainly intended:

"Authorized Newspaper" means a financial 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 Section 4.01 of the Lease.

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

"Bonds" mean the First Mortgage Industrial Revenue Bonds, Series A (Gladding Corporation - Lessee) of all series from time to time authenticated and delivered under this Indenture.

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

"Construction Deposit Agreement" shall mean the agreement by that name between the Grantor, the Corporation and the Trustee, as Depositary, providing for the disbursement of part of the proceeds of sale of the Bonds for the purpose of acquiring constructing and equipping the Facility.

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

"Corporation" or "Lessee" shall mean Gladding Corporation, a New York corporation, and its successors and assigns under the Lease.

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

"Facility" shall mean the real estate described in Schedule A attached hereto, together with the buildings, equipment, machinery and related facilities constituting a manufacturing plant leased to the Corporation under the Lease.

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

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

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

"Lease" shall mean the Lease dated as of March 1, 1972 executed by the Grantor, as Lessor, and the Corporation, as Lessee, as from time to time amended and supplemented.

"Mortgaged Equipment" shall mean the machinery, equipment and personal property mortgaged and to be mortgaged hereunder including the machinery, equipment and personal property set forth in Schedule B hereto or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto.

"Officers' Certificate" with reference to the Corporation shall mean a certificate in writing signed by the President or any Vice President and by the Secretary or any Assistant Secretary and with reference to the Grantor shall mean a certificate in writing signed by the Chairman and by the Secretary of the County Council.

"Opinion of Counsel" means a written opinion of counsel, duly admitted to practice law before the highest court of any state and not an employee of either the Grantor or the Corporation.

"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, provided that if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as provided in Article V or provision satisfactory to the Trustee shall have been made for giving such notice; and
- (c) Bonds in substitution for which other Bonds shall have been authenticated and delivered pursuant to the terms of Sections 2.06 and 2.07.

"Permitted Encumbrances" shall mean Permitted Encumbrances as defined in the Lease.

"Qualified Investments" shall mean:

- (a) obligations of the United States and agencies thereof;
- (b) general obligations of the State of South Carolina or any of its political units;
- (c) obligations of Savings and Loan Associations to the extent that the same are secured by the Federal Deposit Insurance Corporation;
- (d) certificates of deposit where such certificates of deposit are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; or
- (e) to the extent such investments are not prohibited by law for investment of bond proceeds by the Grantor, certificates of deposit of banks or trust companies, including the Trustee, organized under the laws of the United States or any state thereof, which have a combined capital, surplus and unlimited profits and revenues of at least \$4,000,000.

"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.

"Registered Owner" shall mean the person or persons in whose name or names a Bond shall be registered, on the books of the Grantor kept for that purpose in accordance with the terms of this Indenture.

"Series A Bonds" shall mean the \$1,350,000 principal amount of First Mortgage Industrial Revenue Bonds, Series A (Gladding Corporation - Lessee) from time to time issued and outstanding under this Indenture.

"Trustee" shall mean The National Bank of South Carolina of Sumter, party of the second part to this Indenture and its successors in interest.

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

"Written Request" with reference to the Grantor shall mean a request in writing signed by the Chairman and by the Treasurer or the Secretary of the County Council and with reference to the Corporation shall mean a request in writing signed by the President or any Vice President and by the Treasurer or any Assistant Treasurer or the Secretary or any Assistant Secretary of the Corporation.

Section 1.02. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. The word "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, associations and natural persons unless the context shall otherwise indicate.

Any certificate or opinion made or given by an officer of the Grantor 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 Grantor), upon the certificate or opinion of or representations by an officer or officers of the Grantor, 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 "Greenville County, South Carolina First Mortgage Industrial Revenue Bonds (Gladding Corporation - Lessee)" and shall be issuable as coupon Bonds registrable as to principal only and as fully registered Bonds without coupons. The total principal amount of Bonds that may be issued hereunder is expressly limited to \$4,500,000. The Series A Bonds shall be issuable in the denominations specified in Section 3.01 hereof. All Bonds issued under this Indenture shall be payable solely from the revenues and receipts derived from the leasing or sale of the Facility. The principal of and interest on the Bonds issued hereunder are secured by a mortgage and pledge of the revenues and receipts from the Trust Estate and are further secured by the lien of this Indenture on the Trust Estate.

Section 2.02. The Grantor covenants that so long as the Bonds or any of them shall be outstanding it will cause to be maintained an office or agency where the Bonds and coupons may be presented for payment. The principal of, premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts, and such principal, premium, if any, and interest, shall be payable at the principal office of The National Bank of South Carolina of Sumter, in the City of Sumter, South Carolina. Payment of the interest on the coupon Bonds shall be made only upon presentation and surrender of the coupons representing such interest as the same respectively falls due. Payment of the interest on any fully registered Bond on any interest payment date shall be made to the person appearing on the Bond registration books of the Grantor as the registered owner thereof and shall be paid by check or draft mailed to the registered owner at his address as it appears on such registration books or at such other address as is furnished the Trustee in writing by such holder. 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, at maturity, upon redemption or otherwise.

Section 2.03. 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 such 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 2.04. All Bonds issued and to be issued under this Indenture shall be executed in the name of the Grantor by the manual or facsimile signature of the Chairman of the County Council and shall have impressed or reproduced thereon the corporate seal of the Grantor attested by the manual signature of the Secretary (or Assistant Secretary as Secretary) of the County Council. In case any of the officers of the County Council 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 Grantor. The coupons to be attached to all Bonds shall be authenticated by the engraved or lithographed facsimile signatures of the Chairman and Secretary (or Assistant Secretary, as Secretary) and the Grantor may use for that purpose the engraved or lithographed signature of such Chairman, and Secretary (or Assistant Secretary, as Secretary) notwithstanding the fact that they may have ceased to be such Chairman or Secretary (or Assistant Secretary as Secretary) at the time when such Bonds shall be actually authenticated and delivered or issued.

Section 2.05. Subject to the provisions of applicable law, in case any temporary or definitive Bond or coupon issued hereunder shall become mutilated, or be lost, stolen or destroyed, the Grantor, 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 a number not contemporaneously outstanding, in exchange and substitution for, and upon 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 Grantor may pay such Bond or coupon without surrender thereof. In every case of destruction, loss or theft the applicant shall furnish evidence satisfactory to the Grantor and the Trustee, shall furnish indemnity satisfactory to the Grantor and the Trustee and shall comply with such other reasonable regulations as the Grantor or the Trustee may prescribe; and the Grantor or Trustee may charge for the issue of such new Bond or coupon an amount sufficient to reimburse the Grantor or the Trustee for the expense incurred by it in the issue thereof.

Section 2.06. 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 a negotiable instrument payable to bearer. The Grantor shall cause books for the registration and for the transfer of the Bonds as provided in this Indenture to be kept by the Trustee which is hereby constituted and appointed the Registrar of the Grantor. At the option of the bearer, any coupon Bond may be registered as to principal alone on such books upon presentation thereof to the Trustee which shall make notation of such registration thereon. Any coupon Bond registered as to principal alone may thereafter be transferred only upon an assignment duly executed by the registered owner

or his attorney in such form as shall be satisfactory to the Trustee, such transfer to be made on such books and endorsed on the Bond by the Trustee. 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 any Bond registered as to principal alone, unless registered to bearer, shall be payable only to or upon the order of the registered owner or his legal representative, but the coupons appertaining to any coupon Bond registered as to principal alone shall remain payable to bearer notwithstanding such registration.

No charge shall be made to any Bondholder for the privilege of registration, but any Bondholder requesting any such registration shall pay any tax or other governmental charge required to be paid with respect thereto.

Section 2.07. Upon surrender for transfer of any fully registered Bond at the principal office of the Trustee, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee, the Grantor shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same maturity for a like aggregate principal amount. Fully registered Bonds may be exchanged at said office of the Trustee for a like aggregate principal amount of coupon Bonds (or for a like aggregate amount of fully registered Bonds of other authorized denominations) of the same maturity, and coupon Bonds may be exchanged at said office of the Trustee for a like aggregate principal amount of fully registered Bonds of authorized denominations of the same maturity. All coupon Bonds surrendered for exchange and delivered in exchange (i) shall have attached thereto all unmatured coupons appertaining thereto (together with any matured coupons in default appertaining thereto) and (ii) shall be held and retained by the Trustee for subsequent transfer or exchange. The Grantor shall execute and the Trustee shall authenticate and deliver coupon Bonds which the Bondholder making the exchange is entitled to receive, bearing numbers not contemporaneously then outstanding. The execution by the Grantor of any fully registered Bond without coupons of any denomination shall constitute full and due authorization of such denomination and the Trustee shall thereby be authorized to authenticate and deliver such registered Bond. The Trustee shall not be required to transfer or exchange any fully registered Bond during the period of fifteen days next preceding any interest payment date of such Bond, nor to transfer or exchange any Bond after the publication of notice calling such Bond for redemption has been made, nor during a period of fifteen days next preceding publication of a notice of redemption of any Bonds. The Trustee may charge a sum not exceeding \$2.00 for any such transfer or exchange.

Section 2.08. As to any coupon Bond registered as to principal alone or as to any fully registered Bond without coupons the Grantor and the Trustee may deem and treat the person in whose name the same shall be registered as the absolute owner thereof for all purposes, whether such Bond shall be overdue or not, and payment of or on account of the principal of any such coupon Bond registered as to principal alone,

or payment of either principal or interest on any fully registered Bond without coupons, shall be made only to or upon the order of the registered owner thereof or his legal representative, but such registration may be changed as hereinabove 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, and neither the Grantor nor the Trustee shall be affected by any notice to the contrary. The Grantor and the Trustee 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 Bond, whether such Bond shall 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 Grantor nor the Trustee shall be affected by any notice to the contrary.

Section 2.09. 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 Grantor shall be subject to the provisions of this Section 2.09. The Bonds shall be limited obligations of the Grantor, the principal of and interest on which are payable solely out of the revenues derived from the leasing or sale of the Facility 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 Grantor 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 Grantor or a charge against its general credit or taxing powers. No breach by the Grantor of any of the terms and conditions of this Indenture shall impose any pecuniary liability upon the Grantor or any charge upon its general credit or against its taxing powers.

ARTICLE III

The Series A Bonds and Bonds of Other Series

Section 3.01. The first series of Bonds to be issued hereunder shall be entitled "Greenville County, South Carolina First Mortgage Industrial Revenue Bonds, Series A (Gladding Corporation - Lessee)" and shall be in the aggregate principal amount of One Million Three Hundred Fifty Thousand Dollars (\$1,350,000). The Series A Bonds are issuable as coupon Bonds, registrable as to principal only, in the denomination of \$5,000 and as fully registered Bonds without coupons in denominations of \$5,000 and any multiple thereof within a maturity.

The Series A coupon Bonds shall be dated as of March 1, 1972 and shall bear interest from such date payable semi-annually on the first days of September and March of each year with the first interest payment to be made on September 1, 1972. The Series A fully registered Bonds without coupons shall be dated as of and bear interest from the next preceding interest

payment date to which interest has been paid (unless issued prior to the first interest payment date in which case they shall be dated as of and bear interest from March 1, 1972 or unless issued on an interest payment date, in which case they shall be dated as of and bear interest from said interest payment date). Except as to distinguishing numbers and denominations, the Series A Bonds, in fully registered and coupon form, the interest coupons to be annexed to coupon Bonds, and the Trustee's certificate of authentication shall be substantially in the form and be of the tenor and purport, respectively hereinbefore set forth, with appropriate insertions, omissions and changes approved by the Trustee as may be appropriate for different denominations. The Series A Bonds shall mature and shall bear interest as follows:

<u>Maturity Date</u>	<u>Principal</u>	<u>Bond Numbers</u>	<u>Interest Rate</u>
March 1, 1974	\$35,000		
March 1, 1975	35,000		
March 1, 1976	40,000		
March 1, 1977	40,000		
March 1, 1978	45,000		
March 1, 1979	45,000		
March 1, 1980	50,000		
March 1, 1981	55,000		
March 1, 1982	55,000		
March 1, 1983	60,000		
March 1, 1984	65,000		
March 1, 1985	70,000		
March 1, 1986	75,000		
March 1, 1987	80,000		
March 1, 1988	85,000		
March 1, 1989	90,000		
March 1, 1990	95,000		
March 1, 1991	100,000		
March 1, 1992	110,000		
March 1, 1993	120,000		

The Series A coupon Bonds shall be numbered consecutively as above provided. Fully registered Bonds shall be numbered consecutively, each number preceded by the prefix "R" and each number corresponding to coupon Bond or Bonds of the denomination of \$5,000 represented by such registered Bond.

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 Grantor of the Series A Bonds and without any further action on the part of the Grantor, shall authenticate Series A Bonds in the aggregate principal amount of not to exceed One Million Three Hundred Fifty Thousand Dollars (\$1,350,000) and shall deliver them to or upon the Written Request of the Grantor.

The Grantor shall simultaneously deposit with the Trustee all of the proceeds from the sale of the Series A Bonds (including accrued interest on the Series A Bonds from their date to the date of their delivery to the purchasers) as set forth in the Written Request of the Grantor 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 A Bonds from their date to the date of their delivery. It is understood that the amount so deposited shall constitute a credit to the Corporation 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 (herein the "Expense Account") hereby created the sum of \$ _____ and pay out of such Expense Account upon the Written Request of the Grantor and (so long as the Corporation is not in default under the Lease) of the Corporation, any legal and underwriting fees and expenses, recording expenses, trustee's and depository's fees, title insurance costs and other reasonable fees and expenses incurred or to be incurred by or on behalf of the Grantor as may be necessary or incident to the financing of the Facility through the issuance and sale of the Series A Bonds. At such time as the Grantor and the Corporation shall furnish the Trustee with a letter that all such fees and expenses have been paid, the Trustee shall transfer any moneys remaining in such account to the Construction Fund Account.

(c) Pay to the Corporation the sum of \$ _____ as the purchase price of the existing real property and manufacturing facilities described in Schedule A hereto.

(d) Pay to the Trustee, as depository under the terms of the Construction Deposit Agreement the balance of the proceeds from the sale of the Bonds. The Grantor has simultaneously with the delivery hereof executed a Construction Deposit Agreement with the Depository. Such Construction Deposit Agreement provides for the disbursement of part of the proceeds of the Bonds for the purpose of constructing and equipping the Facility. 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 with the consent of (i) the Trustee, and (ii) the Corporation so long as the Corporation is not in default under the Lease. The Trustee (with the concurrence of the Corporation so long as it is not in default under the Lease) may consent to amendments and changes in the Construction Deposit Agreement upon the request of the Grantor and upon the report of an Independent Engineer or Independent Architect to the effect that the change or changes to be consented to will not be detrimental to the interests of the holders of the Outstanding Bonds or upon the prior written consent of the holders of 51% in aggregate principal amount of the Outstanding Bonds.

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

The aggregate principal amount of all Bonds of all Series excluding the Series A Bonds authorized to be issued hereunder shall not exceed \$3,150,000.

Section 3.04. Bonds of additional series other than Series A Bonds shall be fully registered Bonds and/or coupon Bonds which may or may not be registrable as to principal, shall be of such denomination or denominations and shall be in such form or forms, not substantially different from the form of Series A 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 Sections 3.03 and 3.06, one or more series of Bonds in addition to the Series A Bonds may be authenticated and delivered from time to time when authorized by resolution or resolutions of the County Council of the Grantor which shall specify:

- (a) The authorized principal amount of such series, the designation and denomination or denominations thereof and the directions for the authentication and delivery of the Bonds upon payment of the purchase price therein set forth.
- (b) The purposes for which such series are 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 in such series and the interest payment dates shall be semiannual and shall be identical for all Bonds of a series.
- (e) The redemption premium and redemption term, if any, for such Bonds.
- (f) Any other matters deemed appropriate or necessary by the County Council of the Grantor and not inconsistent with the provisions of this Indenture.

Section 3.06. So long as no event of default shall be continuing hereunder, the Grantor at the request of the Corporation and to the extent limited by law in effect at the time thereof, may issue additional Bonds under this Indenture pursuant to the provisions and limitations herein set forth, provided, however, that in no event shall the Grantor issue any additional Bonds hereunder if as a result of the issuance thereof the interest on the Series A 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 provided in Section 103 (c) (6) (or any modification thereof or similar provision hereafter enacted) of the Internal Revenue Code of 1954, as amended. The Bonds of each series other than Series A Bonds shall be executed by the Grantor and delivered to the

Trustee and thereupon shall be authenticated by the Trustee and delivered to or upon the Written Request of the Grantor for the purpose of paying the "cost" (as defined in the Act) of additional "Projects" (as defined in the Act) to be leased to the Corporation, provided, however, that such facilities shall be additions and improvements to the Facility originally acquired with the proceeds of the Series A Bonds, but only upon receipt by the Trustee of:

- (a) The Certified Resolution referred to in Section 3.05 hereof and a Certified Resolution of the Grantor authorizing or ratifying the supplemental instrument referred to in paragraph (b) of this Section 3.06, and authorizing or ratifying a supplemental indenture authorizing the new series and pledging and assigning all rights of the Grantor 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 Grantor and the Corporation pursuant to Section 20.03 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.
- (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 property paid for with the proceeds of such new series of Bonds and pledging and assigning all the right, title and interest of the Grantor 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 Grantor under said supplemental instrument.
- (d) An Opinion of Counsel to the effect that (i) such Bonds are valid and binding obligations of the Grantor 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 and this Indenture and the Lease; and that the interest upon such Bonds is excludable from the gross income of the recipients thereof under existing statutes; (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 Grantor and the Corporation, subject to bankruptcy and insolvency laws; and (iv) the Indenture

constitutes a valid first mortgage lien on the property described in the granting clause thereof, as supplemented and amended, subject only to the rights of the Corporation under the Lease, to Permitted Liens 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 Facility; and that all rights of the Grantor 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 Grantor 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 Grantor, nor the Corporation is in default in the performance or observance of any of the covenants, conditions, agreements or provisions of this Indenture or the Lease.
- (f) A copy of the resolution or resolutions of the Board of Directors of the Corporation, 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 Corporation.
- (g) An Officers' Certificate of the Corporation stating 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.
- (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 Grantor for the authentication and delivery of such Bonds.
- (j) A standard ALTA mortgage title insurance policy in an amount of insurance at least equal to the principal amount of the Bonds of the additional series, insuring the Trustee and the holder or holders of the Bonds issued and secured under this Indenture.

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 Corporation pursuant to the terms of the Lease is assigned hereunder by the Grantor to the Trustee so that such moneys shall be paid by the Corporation 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, 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.
- (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 A Bonds such dates and amounts shall be as follows:

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
March 1, 1974	\$35,000	March 1, 1979	\$45,000
March 1, 1975	35,000	March 1, 1980	50,000
March 1, 1976	40,000	March 1, 1981	55,000
March 1, 1977	40,000	March 1, 1982	55,000
March 1, 1978	45,000	March 1, 1983	60,000

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
March 1, 1984	\$65,000	March 1, 1989	\$90,000
March 1, 1985	70,000	March 1, 1990	95,000
March 1, 1986	75,000	March 1, 1991	100,000
March 1, 1987	80,000	March 1, 1992	110,000
March 1, 1988	85,000	March 1, 1993	120,000

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

Section 4.04. 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 the lien or attachment of any creditor of the Grantor or the Corporation. Such moneys shall be held in trust and applied in accordance with the provisions of this Indenture.

Moneys deposited under any Construction Deposit Agreement not required for the purposes specified therein, when received by the Trustee from the Depositary, shall be deposited by the Trustee in the Revenue Account and shall constitute a credit to the Corporation on the next succeeding payment or payments of Basic Rent.

Section 4.05. Substantially all moneys in any of the accounts to be established by the Trustee pursuant to Article IV of this Indenture shall be invested and reinvested by the Trustee in Qualified Investments (as defined in Section 1.01 hereof) if and to the extent requested so to do by the Written Request of the Grantor and the Corporation so long as the Trustee shall not have knowledge of a default by the Corporation under the Lease. Any interest, profit or loss on investments made pursuant to this Section 4.05 shall be credited or charged to the Revenue Account and are to constitute a credit to the Corporation which shall reduce the next succeeding payment or payments of rental by the Corporation to the Trustee. Pursuant to Schedule C of the Lease any losses on such investments are to be made up by the Corporation and any moneys paid to the Trustee by the Corporation for such purpose shall be deposited in 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.

When all of the Bonds shall have been paid in full, any money remaining in any of the accounts established under this Indenture shall be paid to the Corporation.

Section 4.06. A mortgage title insurance policy has been issued by _____ insuring the Trustee for the benefit of the holders of the Bonds. In the event that payment is made to the Trustee under said policy the Trustee shall apply such moneys as provided in Section 3.03 of the Lease.

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. Under the terms of Sections 3.03, 4.02, 11.02, 11.03, 12.01, 12.02, 21.01, 21.03 and 21.04 of the Lease, moneys are to be paid to the Trustee and shall be deposited by the Trustee in the Bond Redemption Account to be used for the purpose of redeeming Bonds when redeemable. The Series A Bonds shall be so redeemable pursuant to the provisions of Sections 5.03, 5.04 and 5.05 hereof and Bonds of other series shall be so redeemable pursuant to the provisions of Section 5.10 hereof. The Grantor 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 apply any and all moneys deposited in the Bond Redemption Account to redeem Bonds in accordance with the provisions of Sections 5.03, 5.04 and 5.05 hereof. The Trustee shall, if and to the extent practicable, purchase Bonds at the written direction of the Grantor upon request of the Corporation at such time in such manner and at such price as may be specified by the Corporation. The Trustee may so purchase Bonds with any moneys then held by the Trustee and available for the redemption or purchase of Bonds in excess of any amount set aside for payment of Bonds called for redemption; provided, that any limitations or restrictions on such redemption or purchase contained in the Lease or this Indenture shall be complied with.

Section 5.02. Moneys held by the Trustee pursuant to Section 5.01 shall be invested and reinvested by the Trustee in direct obligations of the United States of America maturing not later than the earliest date on which the Bonds 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 under the Lease, moneys so credited to the Revenue Account are to constitute a credit to the Corporation and shall reduce the next succeeding payment or payments of rental to the Trustee. In no event shall moneys be deposited in any accounts created hereunder or invested pursuant to the provisions of this Indenture or the Construction Deposit Agreement if such deposit or investment shall cause any Bond to be an "arbitrage bond" within the meaning of Section 103 (d) (2) of the Internal Revenue Code of 1954, as amended.

Section 5.03. The Series A Bonds maturing on March 1, 1983 and thereafter may be redeemed, at the option of the Grantor, in whole or in part, in inverse numerical order on March 1, 1982 and on any interest payment date thereafter at the principal amount of the Series A Bonds so to be redeemed, and accrued interest thereon to the date of redemption plus a premium of 4% of such principal amount less 1/2 of 1% for each one year period elapsed from and including the first day of March in 1982 to the date of redemption, but in no event at less than the principal amount thereof plus accrued interest to the date of redemption.

Section 5.04. The Series A Bonds are also redeemable and the Trustee is hereby directed to use moneys received by it pursuant to the provisions of Sections 3.03, 11.02, 11.03, 12.01, 12.02 and 21.01(4) (b) of the Lease for the purpose of redeeming Series A Bonds. The Series A Bonds shall be subject to redemption through the application of such moneys at any time on or after the date hereof, in inverse numerical order at the principal amount of the Series A Bonds to be redeemed and accrued interest thereon to the date of redemption plus a premium of 4% of such principal amount less (in the case of any redemption after March 1, 1982) 1/2 of 1% for each one year period elapsed from and including the first day of March in 1982 to the date of redemption, but in no event at less than the principal amount thereof plus accrued interest to the date of redemption.

Section 5.05. The Series A Bonds are also redeemable and the Trustee is hereby directed to use moneys received by it pursuant to the provisions of Section 21.01(4)(a) of the Lease for the purpose of redeeming Series A Bonds. The Series A Bonds shall be subject to redemption through the application of such moneys at any time on or after the date hereof, in whole and not in part, at the principal amount of the Series A Bonds to be redeemed and accrued interest thereon to the date of redemption plus a premium of 4% of such principal amount, plus an additional premium, if any, determined by multiplying one-third of the 12 months interest on each Series A Bond redeemed by the number of 180 day periods, or fraction thereof, between the date as of which interest on the Series A Bonds is taxable and the earliest possible date of redemption or the earlier payment date of any Series A Bond which shall have been paid (whether at maturity or by redemption) subsequent to the date as of which interest on the Series A Bonds is taxable and prior to the earliest possible redemption date (less any optional redemption premium previously paid on any such Series A Bond).

If it shall occur that any Series A Bond shall have been paid subsequent to the date as of which such interest on the Series A Bonds became taxable, but prior to the redemption of the Series A Bonds from the purchase price derived from the mandatory purchase of the Facility by the Lessee pursuant to Section 21.01(4) (a) of the Lease, then in such event the holder of any such Series A Bond on the occasion of its payment (whether at maturity or by redemption) shall be entitled to receive from the purchase price to be paid by the Lessee pursuant to Section 21.01(4) (a) of the Lease a premium computed as aforesaid to the date of payment or redemption, less any optional redemption premium previously paid on such Bond.

Section 5.06. Redemption of Series A Bonds through the application of moneys received pursuant to Sections 11.02, 12.02, 21.01 and 21.03 of the Lease must be sufficient to redeem the Series A Bonds as a whole, but redemption of Series A Bonds through the application of moneys received pursuant to Sections 3.03, 4.02, 11.03, 12.01 or 21.04 of the Lease may redeem the Series A Bonds in part or as a whole.

Section 5.07. In the event the Grantor shall elect to redeem the Series A Bonds pursuant to Section 5.03 hereof

the Grantor shall, at least 15 days prior to the date upon which the notice of redemption provided for in Section 5.08 hereof is to be given, notify the Trustee in writing of such election, stating the aggregate principal amount of the Series A Bonds to be redeemed.

Section 5.08. Notice of redemption shall be given by publication by the Trustee at least once in an Authorized Newspaper, the publication to be not less than 30 nor more than 60 days before the redemption date. If any Bond called for redemption is registered as to principal, notice of redemption thereof shall also be mailed by first class mail not less than 30 nor more than 60 days prior to the redemption date, to each registered owner of such Bond, but neither failure to mail such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds. 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). If at the time of giving notice of redemption, no Bonds are outstanding hereunder except Bonds registered as to principal, publication of such notice shall be deemed to have been waived if such notice shall have been mailed first class postage prepaid to the registered owner or owners of such Bonds.

Section 5.09. 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, or portions thereof so called for redemption shall, on the redemption date designated in such notice, become due and payable at the redemption price provided for redemption of such Bonds or portions thereof on such date and interest on the Bonds or portions thereof 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 or portions thereof shall cease to be entitled to any lien, benefit or security under this Indenture, and (iv) the holders of said Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All unpaid interest installments 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 or portions thereof, if called only in part, so redeemed and all unmatured coupons appertaining thereto, if any, shall be cancelled upon surrender thereof.

Section 5.10. In the case of Bonds in fully registered form of denominations greater than \$5,000, if less

than all of the Bonds then outstanding are to be called for redemption, then for all purposes in connection with redemption, each \$5,000 of face value shall be treated as though it was a separate Bond of the denomination of \$5,000 bearing one of the numbers borne by such registered Bond. If it is determined that one or more, but not all of the \$5,000 units of face value represented by any Bond in fully registered form is to be called for redemption, then upon notice of intention to redeem such \$5,000 unit or units, the owner of such fully registered Bond shall forthwith surrender such Bond to the Trustee (1) for payment of the redemption price (including the redemption premium and interest to the date fixed for redemption) of the \$5,000 unit or units of face value called for redemption and (2) exchange for a new Bond or Bonds of the aggregate principal amount of the unredeemed balance of the principal amount of such fully registered Bond, and such new Bond or Bonds shall be numbered corresponding to the numbers of the \$5,000 units of face value not called for redemption. New Bonds representing the unredeemed balance of the principal amount of such fully registered Bond shall be issued to the registered owner thereof, without charge therefor. If the owner of any such Bond in fully registered form of a denomination greater than \$5,000 shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the \$5,000 unit or units of face value called for redemption (and to that extent only); interest shall cease to accrue on the portion of the principal amount of such Bond represented by such \$5,000 unit or units of face value on and after the date fixed for redemption, and (funds sufficient for the payment of the redemption price having been deposited with the Trustee, and being available for the redemption of said units on the date fixed for redemption) such Bond shall not be entitled to the benefit or security of this Indenture to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption) represented by such \$5,000 unit or units of face value, nor shall new Bonds be thereafter issued corresponding to said unit or units.

Section 5.11. 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 Grantor and Release of Property

Section 6.01. (A) The Grantor agrees to cause the Corporation to procure and maintain insurance of the type required to be procured and maintained by the Corporation under Article IX of 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 evidencing the existence of all policies required by Article IX of the Lease shall be filed with the Trustee to the extent required by Section 9.06 of the Lease together with a certificate of a person acceptable to the Trustee reciting that the amounts and types of insurance comply with the requirements of the Lease.

If all or any part of the Facility shall be destroyed, or damaged and the Corporation repairs, rebuilds, replaces, restores or reconstructs the damaged Facility pursuant to the provisions of Section 12.01 of the Lease, the Trustee shall pay to the Corporation from time to time during the course of such repairs, rebuilding, replacing and restoring, the proceeds received and held by it on account of such damage or destruction up to the full amount of such insurance proceeds, and the balance if any, shall be deposited in the Bond Redemption Account to be used for the redemption of Bonds. Such payments shall be made upon receipt of an Officers' Certificate of the Corporation accompanied by an approving certificate of an engineer or architect employed by the Corporation or the Grantor stating that the Corporation has repaired, rebuilt, replaced, restored or reconstructed the damaged Facility in such manner as to restore the Facility, or portion thereof, to at least the value thereof prior to such damage or destruction, that such repair, rebuilding, replacement, restoration and reconstruction has been completed, or a portion thereof has been completed, that the cost thereof was the amount stated in such certificate and the Officers' Certificate of the Corporation shall state that the Corporation is not in default under the Lease.

Upon completion of such repairs, rebuilding, replacement, restoration or reconstruction, the Corporation shall furnish to the Trustee (i) 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 Grantor's right, title and interest in and to the repaired, rebuilt, replaced, restored or reconstructed Facility and stating that the instruments and supplemental indenture, if any, have been recorded or filed in such a manner so as to constitute this Indenture as supplemented and amended a valid first mortgage lien upon all of the Grantor's right, title and interest in and to all such property as against all creditors and subsequent purchasers, subject to the rights of the Corporation under the Lease, to Permitted Encumbrances 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 Facility, and (ii) the instruments of further assurance and supplemental Indenture specified in such opinion.

If all or any part of the Facility shall be destroyed or damaged while any Bonds are outstanding and the Corporation purchases the Facility and delivers and pays to the Trustee the certificate and amount required to be delivered and paid by it pursuant to the provisions of Section 12.02 of the Lease, the Trustee shall pay to the Corporation in accordance with the provisions of Section 12.02 of the Lease any insurance proceeds received and held by it on account of such damage or destruction to the Facility.

(B) If the entire Facility or any part thereof which is sufficient to render the remaining portion unsatisfactory for the Corporation's business purposes is taken by condemnation while any Bonds remain outstanding and the Lessee purchases the Facility and delivers and pays to the Trustee the certifi-

cate and amount required to be delivered and paid by it pursuant to the provisions of Section 11.02 of the Lease, the Trustee shall pay to the Corporation in accordance with the provisions of Section 11.02 of the Lease any condemnation award received and held by it on account of such taking.

(C) If a portion of the Facility which is less than that referred to in paragraph (B) of this Section 6.01 is taken by condemnation while any Bonds remain outstanding, the Trustee shall be furnished with the following:

- (1) an Officers' Certificate of the Corporation stating that the Corporation has made the necessary adjustments in the Facility 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) a certificate of the Grantor stating either that the Grantor has incurred expenses in collecting the award and the amount of such expenses or that no such expenses have been incurred; and
- (3) the instruments of further assurance and supplemental indenture, if any, specified in the Opinion of Counsel referred to in the following clause (4); and
- (4) an Opinion of Counsel specifying the instruments of further assurance and supplemental 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 Grantor's right, title and interest in and to the Facility, and stating that the instruments and supplemental indenture, if any, have been recorded or filed in such a manner as to constitute this Indenture as supplemented and amended a valid first mortgage lien upon all of the Grantor's right, title and interest in and to such property as against all creditors and subsequent purchasers, subject to the rights of the Corporation under the Lease, to Permitted Encumbrances 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 Facility.

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 Grantor the amount of any expenses stated in the certificate of the Grantor to have been incurred by the Grantor in collecting such award;
- (b) pay to the Corporation the amount of costs stated in the Officers' Certificate of the Corporation to have been incurred by it in making the adjustment; and

- (c) deposit the balance, if any into the Bond Redemption Account to be used for the redemption of Bonds in accordance with the provisions of Article V hereof.

Section 6.02. (a) The Trustee shall execute and deliver a release of any unimproved portion of the Trust Estate from the lien of this Indenture, but only pursuant to the provisions of Section 21.04 of the Lease, upon receipt by the Trustee of the following, all in form and substance satisfactory to the Trustee:

(i) cash equal to the purchase price for the portion to be released as provided for in said Section 21.04 of the Lease;

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

(iii) a certificate of an independent engineer who is acceptable to the Trustee, dated not more than 90 days prior to the date of the purchase and stating that, in the opinion of the person signing such certificate, (i) the portion of the Trust Estate with respect to which the option is exercised is not needed for the operation of the Trust Estate for the purposes hereinabove stated and (ii) the purchase will not impair the usefulness of the Facility as a manufacturing plant and will not destroy the means of ingress thereto and egress therefrom; and

(iv) the request of the Grantor 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 6.02 (a) shall be deposited in the Bond Redemption Account to be used for the redemption of Bonds in accordance with the provisions of Article V hereof.

The Trustee shall at the request of the Grantor or of the Corporation release and confirm that any Mortgaged Equipment is no longer subject to the lien of this Indenture upon compliance with the applicable provisions of the Lease.

(b) The Grantor may at any time or times grant easements affecting, dedicate or convey and execute petitions with respect to, any portion or portions of any property included in the Trust Estate free from the lien of this Indenture or subordinate thereto but only as provided in and subject to the provisions of Section 21.06 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 Grantor and the Corporation is in conformity with Section 21.06 of the Lease relating to such property;

(ii) an Officers' Certificate of the Corporation stating that the conveyance of said portion does not adversely affect the market value of the remaining portion thereof, nor the use of such remaining portion in the Corporation's business; and

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

Section 6.03. Each and every covenant herein made, including all covenants made by the various sections of this Article VI, is predicated upon the condition that any obligation for the payment of money incurred by the Grantor shall not create a pecuniary liability of the Grantor 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 Trust Estate, including all moneys received under the Lease, which are required to be set apart and transferred to the Revenue Account, which lease rentals, revenues and receipts are herein 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 Grantor.

Subject to the provisions of Sections 2.09 and 6.17 hereof, the Grantor covenants that it will promptly pay the principal of and interest on every Bond issued under the provisions of this Indenture at the places, and 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 subject to the provisions of Article IV hereof, 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 Grantor 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 over-due installments of principal or interest at the rate per annum specified in each such Bond.

Section 6.04. So long as any of the Bonds shall remain outstanding, the Grantor 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 Grantor, 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, premium, if any, thereon, and of such interest coupons and claims for interest as shall not have been so extended.

Section 6.05. The Grantor covenants that while any Bonds are outstanding hereunder and so long as no default exists under the Lease in the payment of the rental therein provided, moneys received by it from rentals under the Lease and from all services rendered by the Grantor in connection with the operation of the Facility will, in aggregate, produce revenues which will be sufficient (i) to pay all expenses (except those assumed by Lessee) of the proper operation, maintenance and repair of the Facility 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 6.06. The Grantor 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 6.07. The Trustee shall prepare a statement for each calendar year of all transactions relating to the operation of the Trust Estate and the application and allocation of the revenues thereof. Not more than two months after the close of each calendar year the Trustee shall furnish to the Grantor 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%) in principal amount 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 Grantor. Also, the records of the Trustee pertaining to the issue shall be available to and open for inspection by any Bondholder, and the Grantor 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.

Section 6.08. The Grantor covenants that so long as any Bonds are outstanding hereunder, it will retain good title to the trust estate, subject to the provisions of the Lease and this Indenture, and that it will use its best efforts to assure that the Facility is fully and continuously occupied by a responsible tenant or responsible tenants. The Grantor 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 described in Schedule A hereto, 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 Grantor 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 Schedule A hereto and Permitted Encumbrances.

Section 6.09. The Grantor covenants that there shall be no default hereunder but until default shall be made by the Grantor, as provided for herein, the Grantor shall, subject to the Lease, be entitled to possess, manage, operate, use and enjoy the facilities and property herein encumbered. The Grantor covenants and agrees that it will not except as permitted herein mortgage, encumber, hypothecate, sell, transfer, assign or otherwise dispose of all or any part of the Facility or the revenues and receipts thereof (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 Grantor further covenants and agrees that except as permitted herein it will not create or consent to the creation or existence of any mortgage or lien (other than this Indenture) 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 6.10. (a) The Grantor covenants and agrees (i) to perform and discharge each and every obligation, covenant and agreement of the Grantor contained in the Lease; (ii) to give prompt notice to the Trustee of any notice, request, report or other document received from Lessee, together with an accurate and complete copy thereof; (iii) at the sole cost and expense of the Grantor and subject to the limitations contained in this Section 6.10 and to the power conferred in Section 6.11 hereof, enforce or secure the performance of each and every obligation, covenant, condition and agreement of Lessee contained in the Lease.

(b) Except as otherwise expressly permitted herein, the Grantor shall not: (i) modify or in any way alter the terms of the Lease; (ii) waive, excuse or in any manner release or discharge Lessee of or from any of its obligations, covenants, conditions and agreements, including the obligation to pay rental called for in the Lease in the manner and at the place and at the time specified therein; (iii) grant any consents, approvals, or permissions or exercise any of its rights, options, elections or privileges (as distinguished from duties) as Lessor; and any attempt on the part of the Grantor to exercise any of the aforesaid powers, privileges, or rights shall be of no force or effect and shall constitute a default hereunder.

(c) The Grantor shall, at its sole cost and expense, appear in and defend any action or proceedings arising under, growing out of or in any manner connected with the Lease or the obligations, duties or liabilities of the Grantor, as Lessor, or of Lessee, as Lessee, and shall pay all costs and expenses of Trustee in any such action or proceeding in which the Trustee may appear.

(d) Should the Grantor fail to make any payment or to do any act as herein provided within the time permitted herein or in the Lease, then the Trustee, but without obligation so to do and without notice to or demand on the Grantor, and without releasing the Grantor from any obligation contained herein, shall have the right to make or do the same in such manner and to such extent as the Trustee may deem necessary to protect the security hereof, including, specifically, without limiting its general powers: (i) the right to appear in and defend any action or proceeding proposing to affect the security hereof or the rights or powers of the Trustee; and (ii) the right to perform and discharge each and every obligation, covenant and agreement of the Grantor contained in the Lease.

Section 6.11. The Grantor covenants and agrees that the Trustee shall at any and all times have the power to exercise any of the rights, powers or privileges of the Grantor under the Lease including, but without limiting the generality of the foregoing, the right (i) to grant consents, approvals or permissions (ii) to declare an event of default, (iii) to exercise any and all remedies provided for therein, (iv) to exercise any and all rights of entry, and (v) to perform the Grantor's covenants as provided for therein.

Section 6.12. The Grantor covenants that it is, at the date of the execution and delivery of the Series A Bonds and will be so long as any Bonds are outstanding hereunder, lawfully possessed of the trust estate (subject to the rights of Lessee under the Lease); that the Grantor 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; and that the Grantor forever will warrant and defend the title to the same to the Trustee against the claims of all persons whomsoever except for claims arising from restrictions or encumbrances set forth on Schedule A hereto attached and Permitted Encumbrances.

The Grantor and the Trustee shall, 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 to more precisely identify the same or substitute, add or delete machinery and equipment acquired with the proceeds of the Bonds in accordance with the provisions hereof, or (v) in connection with the release of real estate pursuant to provisions of Section 22.04 of the Lease.

Except for the amendments, changes or modifications as hereinabove provided in this Section 6.12, neither the Grantor nor the Trustee shall consent to any other amendment, change or modification of the Lease, without the written approval or consent of the holders of not less than two-thirds in aggregate principal amount of the Outstanding Bonds, provided, however, that no such modification of the Lease shall result in the violation of any terms and provisions of Section 10.02 hereof.

Section 6.13. The Grantor 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 Grantor 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; that the Grantor will cause Lessee to pay all taxes, assessments and other charges, if any, that may be levied, assessed or charged upon the trust estate, or any part thereof, promptly as and when the same shall become due and payable, but it shall not be a breach of this covenant if the Grantor fails to cause Lessee to pay any such tax, assessment or charge during any period in which the Grantor or Lessee, in good faith, shall be contesting the amount or validity of such tax, assessment or charge; and that the Grantor will not suffer said trust estate hereby conveyed and transferred in trust, or any part thereof, to be sold for any taxes, assessments or other charges whatsoever, or to be forfeited therefor, nor do or permit to be done, in, upon or about said trust estate, or any part thereof, anything that might in anywise weaken, diminish or impair the security intended to be given by or under this Indenture, nor suffer any portion of the trust estate to be sold under any proceeding.

Section 6.14. The Grantor will 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 Grantor 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 6.15. The Grantor, 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 Grantor will pay or cause to be paid all filing, registration and recording taxes and fees incident to such filing, refiling, 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 6.16. Promptly after any filing, registration or recording or any re-filing, re-registration or re-recording of this Indenture or the Lease or any filing, registration, recording, re-filing, re-registration or re-recording of any supplement to any of said instruments, or any instruments of further assurance which is required pursuant to Section 6.15, the Grantor will deliver to the Trustee an Opinion of Counsel to the effect that such filing, registration, recording, re-filing, re-registration or re-recording has been duly accomplished and setting forth the particulars thereof.

Section 6.17. Anything in this Indenture to the contrary notwithstanding, the performance by the Grantor of all duties and obligations imposed upon it hereby, the exercise by it of all powers granted to it hereunder, the carrying out of all covenants, agreements, and promises made by it hereunder, and the liability of the Grantor for all warranties and other covenants hereunder, shall be limited, as provided in the Act, solely to the Trust Estate including revenues and receipts derived from the sale or leasing by it of the Facility and the Grantor shall not be required to effectuate any of its duties, obligations, powers or covenants hereunder except to the extent of the Trust Estate and such revenues and receipts.

ARTICLE VII

Remedies on Default

Section 7.01. If one or more of the following events (herein called "Events or Event 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;
- (b) if default shall be made by the Grantor 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 Grantor by the Trustee, or to the Grantor and the Trustee by the holders of not less than twenty-five per cent (25%) in aggregate principal amount of the Outstanding Bonds (or in the case of any default which cannot with due diligence be cured within such sixty (60) day period, if the Grantor 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 the default not susceptible of being cured with due diligence within the sixty (60) days that the time of the Grantor 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);

- (c) if the Grantor shall file 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;
- (d) 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 in Section 16.01 of the Lease expressed;

then and in each and every case during the continuance of such Event of Default unless cured by the Grantor or the Lessee within 30 days after written notice thereof except for an Event of Default specified in subsection (a) hereof, in which case immediately, and, unless the principal of all the Bonds shall have already become due and payable, the Trustee by notice in writing to the Grantor, 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 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 Grantor or the Lessee shall pay to or shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest at the highest rate the Bonds shall bear on such overdue principal and premium, if any, and (to the extent legally enforceable) on such overdue installments of

interest and the reasonable expenses of Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal 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 2/3%) in aggregate principal amount of the Bonds then outstanding, by written notice to the Grantor 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 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. If and to the extent then permitted by law 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 Grantor 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 or both. 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 Grantor, in its name and stead, to execute and deliver all necessary deeds, bills of sale, assignments and transfers, the Grantor 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 Grantor or anyone claiming under it, may have a receiver appointed of all the mortgaged property and of the earnings, income, rents, issues and profits 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 Grantor does hereby irrevocably consent to such appointment.

E. The Trustee is hereby appointed, and the successive respective holders of the Bonds by taking and holding the same shall be conclusively deemed to have so appointed the Trustee, the true and lawful attorney-in-fact of the respective holders of the Bonds, with authority to make or file, in the respective names of the holders of the Bonds or in behalf of all holders of the Bonds, as a class, any proof of debt, amendment to proof of debt, petition or other document; to receive payment of all sums becoming distributable on account thereof; to execute any other papers and documents and to do and perform any and all acts and things for and in behalf of all holders of the Bonds as a class, as may be necessary or advisable in the opinion of the Trustee, in order to have the respective claims of the holders of the Bonds against the Grantor allowed in any equity receivership, insolvency, liquidation, bankruptcy or other proceedings to which the Grantor shall be a party. The Trustee shall have full power of substitution and delegation in respect of any such powers. Upon the occurrence of an event of default under the Lease the Trustee may enforce any and all rights of the Grantor thereunder.

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

Section 7.03. 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 Revenue Account and all moneys in the Revenue Account 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 in-

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

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

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal, premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal, premium, if any, and interest, to the persons entitled thereto without any discrimination or privilege.

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

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the bearer of any unpaid coupon or the holder of any Bond until such coupon or such Bond and all

unmatured coupons, if any, appertaining to such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all principal of, premium, if any, and interest on all Bonds have been paid under the provisions of this Section 7.03 and all expenses and charges of the Trustee shall have been paid, any balance remaining in the Revenue Account shall be paid to the Lessee as provided in Section 9.04 hereof.

Section 7.04. The Grantor, for it and for all who may claim through or under it, hereby expressly waives and releases all rights to have the mortgaged property 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 and in a single parcel in the discretion of the Trustee) and the Grantor 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 Grantor (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 Grantor 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 Grantor 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 foreclosing hereof, for the appointment of a receiver of the Grantor, for the enforcement of any of the provisions hereof or of any remedies hereunder in respect to the mortgaged property unless the Trustee shall have neglected for 60 days to take such action after request in writing by the holders of 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 and provided, further, that the right of any holder of any Bond to receive payment of the principal thereof and/or interest thereon on or after the respective due dates expressed therein or to institute suit for the enforcement of any such payment shall not be impaired or affected without the consent of such holder.

ARTICLE VIII

Concerning the Trustee

Section 8.01. The Trustee shall, prior to an Event of Default as defined in Section 7.01, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture, and as a corporate trustee ordinarily would perform under a corporate mortgage. The Trustee shall, during the existence of any 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 an Event of Default hereunder and after the curing of all Events of Default which may have occurred:
 - (1) The duties and obligations of the Trustee shall be determined solely by the express provisions of this 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 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 document believed by it to be genuine and to have been signed or affixed and presented by the proper party or parties;
- (b) Any notice, request, direction, election, order or demand of the Grantor mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the Grantor by any officer of the Grantor (unless other evidence in respect thereof be herein specifically prescribed), and any resolution of the County Council of the Grantor 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 Grantor) 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 Grantor and such Officers' Certificate of the Grantor 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 Grantor and shall not be considered as made by, or imposing any obligation or liability upon, the Trustee. The Trustee makes no representation as to the value or condition of the trust estate or any part thereof, or as to the title of the Grantor, or as to the security afforded thereby or hereby, or as to the validity of this Indenture or of the Bonds or coupons issued hereunder, and the Trustee shall incur no liability or responsibility in respect of any of such matters;
- (f) The Trustee shall not be personally liable in case of entry by it, upon the trust estate, for debts contracted or liability or damages incurred in the management or operation of the trust estate. The Trustee shall not in any event be required to take, defend or appear in any legal action or proceeding hereunder or to exercise any of the trusts or powers hereof unless it shall first be adequately indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred thereby. Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section;
- (g) Subject to the provisions of the Lease and this Indenture, the Trustee shall not be under any obligation to give any consent, enter into any agreement, release any property or to take any other action which is discretionary with the Trustee under the provisions hereof except on written request of the holders of not less than any applicable specified percentage provided for in this Indenture or if no percentage is specified then 66 2/3% in principal amount of the Bonds outstanding hereunder;
- (h) 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;
- (i) 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; and

- (j) 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 mortgaged property, including all books, papers and records of the Grantor pertaining to the mortgaged property and the Bonds, and to take such memoranda from and in regard thereto as may be desired subject to the provisions of Section 24.09 of the Lease.

Section 8.03. The Trustee makes no representation as to the validity or sufficiency of this Indenture, the Lease, or of the Bonds or coupons other than the written authentication of an Authorized Officer of the Trustee. The Trustee shall not be accountable for the use or application by the Grantor of any of the Bonds authenticated or delivered hereunder or of the proceeds of such Bonds unless deposited with the Trustee.

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 Grantor 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, and need not be segregated from other funds except to the extent required by law. Subject to the provisions of Section 4.05 and 5.02 hereof, the Trustee shall be under no liability for interest on any moneys received by it hereunder except such as it may agree with the Grantor to pay thereon.

Section 8.06. The Grantor 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 Grantor will pay or reimburse the Trustee upon its request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ), except any such expense, disbursement or advance as may arise from its negligence or bad faith. If any property other than cash, shall at any time be held by the Trustee subject to this Indenture, or any supplemental indenture, as security for the Bonds, the Trustee, if and to the extent authorized by a receivership, bankruptcy or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Indenture as such security for the Bonds, shall be entitled to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The Grantor also covenants to indemnify the Trustee for, and to hold it harmless against, any loss, liability, expense or advance incurred

or made without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance of this trust, including the costs and expenses of defending itself against any claim of liability in the premises. The obligations of the Grantor under this Section 8.06 to compensate the Trustee for services and to pay or reimburse the Trustee for expenses, disbursements, liability and advances shall constitute additional indebtedness hereunder. Such additional indebtedness 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 or association organized and doing business under the laws of the United States or any State authorized under such laws to exercise corporate trust powers, having a combined capital, surplus and unlimited profits and reserves of at least Four Million Dollars (\$4,000,000) 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 Grantor and by giving to 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 Grantor shall promptly appoint (with the prior approval of the Lessee) a successor trustee by an instrument in writing executed by order of its County Council.

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 other 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 Grantor 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 Grantor may remove the Trustee and (with the prior approval of the Lessee) appoint a successor trustee by an instrument in writing executed by order of its County Council, 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 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 Grantor 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 Grantor 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 Grantor 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.

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 Grantor 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 Grantor 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 Grantor.

Section 8.10. Any corporation or association into which the Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger, or any corporation or association 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. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of South Carolina) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or the Lease, and in particular in case of the enforcement of either on default, or in case of 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 8.11 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 Grantor 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, right, 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 Grantor. 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, right, 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 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

the 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 Grantor 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 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 Grantor 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 Grantor pursuant to 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 Grantor, or by any person directly or indirectly controlling or controlled by or under common control with the Grantor, shall be disregarded and deemed not to be outstanding for the purpose of any such determination, provided that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver only Bonds which the Trustee knows to be so owned shall be disregarded. Bonds so owned which have been pledged in good faith may be regarded as outstanding for the purposes of this Section 9.04 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by or under common control with the Grantor. 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 Grantor, when authorized by resolution of its County Council, and the Trustee from time to time and at any time, subject to the conditions and restrictions in this Indenture contained, may enter into an indenture or indentures supplemental hereto, which indenture or indentures thereafter shall form a part hereof, for any one or more or all of the following purposes:

- (a) To add to the covenants and agreements of the Grantor in this Indenture contained, other covenants and agreements thereafter to be observed or to surrender any right or power herein reserved to or conferred upon the Grantor;
- (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 Grantor may deem necessary or desirable 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, condi-

tions 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 Grantor 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.

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 Grantor, when authorized by a resolution of its County Council, and the Trustee may from time to time and at any time enter into an indenture or indenture 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 (except for the issuance of additional Bonds permitted hereunder) 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 Grantor in the execution of 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 obligation under this Indenture of the Grantor, the Trustee and all holders of Bonds outstanding thereunder shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 10.04. Subject to the provisions of Section 8.01 the Trustee may rely on an Opinion of Counsel as conclusive

evidence that any supplemental indenture executed pursuant to the provisions of this Article X complies with the requirements of this Article X.

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

ARTICLE XI

Defeasance, Unclaimed Moneys

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

- A. By well and truly paying or causing to be paid the principal of (including redemption premium, if any) and interest on Bonds outstanding hereunder, as and when the same become due and payable;
- B. By depositing or causing to be deposited with the Trustee, in trust, at or before the date of maturity or redemption, money in the necessary amount to pay or redeem the Bonds outstanding hereunder; and/or
- C. By delivering to the Trustee, for cancellation by it, Bonds outstanding hereunder, together with all unpaid coupons thereto belonging;

and if the Grantor shall also pay or cause to be paid all other sums payable hereunder by the Grantor, 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 Grantor, and upon receipt by the Trustee of an Officers' Certificate of the Grantor 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 Grantor for any expenditure which it may thereafter incur in connection herewith.

The Grantor 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 Grantor may have acquired in any

manner whatsoever, and such Bonds and coupons, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 11.02. Upon the deposit with the Trustee, in trust, at or before maturity, of money in the necessary amount to pay or redeem Bonds outstanding hereunder and upon payment of all other sums due 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 Grantor in respect to this Indenture shall cease, determine and be completely discharged and the holders of the Bonds shall thereafter be entitled to payment out of the money deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 11.03.

Section 11.03. Notwithstanding any provisions of this Indenture, any moneys deposited with the Trustee or any other paying agent in trust for the payment of the principal of, or interest or premium on, any Bonds and remaining unclaimed for six 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 Grantor upon its Written Request, and the holders of such Bonds and coupons shall thereafter be entitled to look only to the Grantor 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 Grantor as aforesaid, the Trustee or other paying agent, as the case may be, may (at the cost of the Grantor) 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 Grantor 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 Grantor as aforesaid, the holders of the Bonds and coupons in respect of which such moneys were deposited shall thereafter be deemed to be unsecured creditors of the Grantor for amounts equivalent to the respective amounts deposited for the payment of such Bonds and coupons and so repaid to the Grantor (without interest thereon). Notwithstanding the foregoing, the Trustee shall, upon the Written Request of the Grantor, repay such moneys to the Grantor at any time earlier than six years if failure to repay such moneys to the Grantor 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 Grantor, 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 Grantor, the Trustee, and the holders of the Bonds and coupons issued hereunder, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provisions therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Grantor, the Trustee and the holders of the Bonds and coupons issued hereunder.

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 Grantor of any Bonds or any coupons the Trustee may, upon the Written Request of the Grantor, in lieu of such cancellation and delivery, cremate or destroy such Bonds and coupons, in the presence of an officer of the Grantor (if the Grantor shall so require), and deliver a certificate of such cremation or destruction to the Grantor.

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, 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. 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 Grantor, to the Board of County Commissioners of Greenville County, Greenville County Courthouse, Greenville, South Carolina; if to the Lessee at _____, Attention: President; if the Trustee, at _____ Attention: Trust Officer; the Grantor, the Corporation and the Trustee may, by notice given to all parties to this Indenture, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 12.07. 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 South Carolina a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal (and premium if any) need not be made on such date in such city but may be made on the next succeeding business day not a Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close with the same force and effect

as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 12.08. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts, or as many of them as the Grantor and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 12.09. 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 Grantor that the situs of the trust created by this Indenture be in the state in which is located the corporate trust office of the Trustee from time to time acting under this Indenture. The word "Trustee" as used in the preceding sentence shall not be deemed to include any additional individual or institution appointed as a separate or co-trustee pursuant to this Indenture. It is the further intention of the Grantor 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, Greenville County has caused these presents to be signed in its name and behalf by the Chairman of its Greenville County Council and its corporate seal to be hereunto affixed and attested by the Secretary of said Council, and to evidence its acceptance of the trust hereby created, The National Bank of South Carolina of Sumter, has caused these presents to be signed in its name and behalf by one of its Trust Officers, its official seal to be hereunto affixed, and the same to be attested by one of its Assistant Trust Officers, all as of the day and year first hereinabove written.

GREENVILLE COUNTY, SOUTH CAROLINA

By

Chairman of the Greenville
County Council

(SEAL)

Attest:

Secretary of the Greenville
County Council

In the presence of:

THE NATIONAL BANK OF SOUTH
CAROLINA IN SUMTER, As Trustee

By _____
Trust Officer

(SEAL)

Attest:

Assistant Trust Officer

In the presence of:

STATE OF SOUTH CAROLINA)
) SS
COUNTY OF GREENVILLE)

Personally appeared before me _____
who being duly sworn says that he saw the corporate seal of
Greenville County, South Carolina, affixed to the foregoing
Indenture of Mortgage and Deed of Trust, and that he also saw
_____, as Chairman of the County Council of
Greenville County, South Carolina, and _____
as Secretary of Greenville County, South Carolina sign and
attest the same and that he with _____ witnessed
the execution and delivery thereof as the act and deed of the
said Greenville County, South Carolina.

Witness

Sworn to before me this _____

(L.S.)

Notary Public for the State
of South Carolina

My Commission Expires: _____

STATE OF SOUTH CAROLINA)
) SS
COUNTY OF)

Personally appeared before me _____ who
being duly sworn says that he saw the corporate seal of The
National Bank of South Carolina of Sumter, as Trustee affixed
to the foregoing Indenture of Mortgage and Deed of Trust, and
that he also saw _____, as Trust Officer and _____
as an Assistant Trust Officer of The National
Bank of South Carolina of Sumter, as Trustee sign and attest the
same, and that he with _____ witnessed the execution and
delivery thereof as the act and deed of The National Bank of South
Carolina of Sumter, as Trustee.

Witness

Sworn to before me this _____

(L.S.)

Notary Public for the State
of South Carolina

My Commission Expires: _____

Greenville, South Carolina

April 4, 1972

The Greenville County Council of Greenville County, South Carolina, convened in public session at the regular meeting place of the County Council in the County Courthouse in the City of Greenville, South Carolina, at ____ o'clock P.M. on April 4, 1972, with the following members present:

There were also present Cecil D. Buchanan, Secretary of the County Council and E. P. Riley, 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 (the "State Board") for the approval by the State Board of the issuance by Greenville County of its First Mortgage Industrial Revenue Bonds, Series A (Gladding Corporation - Lessee) in the aggregate principal amount of \$1,350,000.

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

Aye:

Nay:

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

A RESOLUTION making application to the State Budget and Control Board of South Carolina for the approval by the Board of the issuance by Greenville County, South Carolina, of its First Mortgage Industrial Revenue Bonds, Series A (Gladding Corporation - Lessee) in the aggregate principal amount of \$1,350,000 pursuant to the provisions of Act No. 103 of the Acts of the General Assembly of the State of South Carolina for 1967 (Chapter 8, Title 14, Code of Laws of South Carolina, 1962, 1970 Cumulative Supplement)

WHEREAS, Greenville County, South Carolina (the "County") acting by and through its County Council of Greenville County is authorized and empowered under and pursuant to the provisions of Act No. 103 of the Acts of the General Assembly of the State of South Carolina for 1967 (Chapter 8, Title 14, Code of Laws of South Carolina, 1962, 1970 Cumulative Supplement) (hereinafter referred to as 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 enterprises to locate in and remain in the State of South Carolina and thus utilize and employ the manpower, agricultural products and natural resources of the State; and

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

WHEREAS, On July __, 1971 the County and Gladding Corporation, a New York corporation, entered into an agreement of intent (the "Agreement of Intent") pursuant to which Gladding Corporation agreed to acquire certain real property and existing manufacturing facilities and to construct and equip a substantial addition thereto (the land, buildings, machinery and equipment and related facilities constituting the manufacturing plant is hereafter referred to as the "Project") in Greenville County, South Carolina in reliance upon the agreement of the County to pay the cost incurred by Gladding Corporation in acquiring, constructing and equipping the Project through the issuance by the County of revenue bonds under and pursuant to the provisions and requirements of the Act and subject to the approval of the State Budget and Control Board of South Carolina; and

WHEREAS, in order to implement the public purposes enumerated in the Act and in furtherance thereof to comply with the undertakings of the County pursuant to the Agreement of Intent, the County proposes to issue \$1,350,000 aggregate principal amount First Mortgage Industrial Revenue Bonds, Series A (Gladding Corporation - Lessee) (the "Series A Bonds") under and pursuant to the Act to finance the costs incurred and to be incurred by Gladding Corporation in acquiring, constructing and equipping the Project and to lease the Project to Gladding Corporation under and pursuant to the terms of a lease to be entered into between the County and Gladding Corporation; and

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

NOW THEREFORE, BE IT RESOLVED by the County Council of Greenville County, South Carolina, as follows:

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

(a) That the Project will constitute a "project" as said term is referred to and defined in Section 2(3) of the Act, and that the issuance of the Series A Bonds in the aggregate principal amount of \$1,350,000 to finance the acquisition, construction and equipping of the Project will accomplish the purposes and in all respects conform to the provisions and requirements of the Act;

(b) That neither the Project, the Series A Bonds proposed to be issued by the County to finance the cost thereof, nor any documents or agreements entered into by the County in connection therewith 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 the Series A Bonds by the County in the aggregate principal amount of \$1,350,000 will be required to finance the cost of the Project;

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

<u>Period</u>	<u>Principal and Interest</u>	<u>Rental Payment of Gladding Corporation</u>
September 1, 1972 - March 1, 1973	\$87,102.50	\$87,102.50
September 1, 1973 - March 1, 1974	122,102.50	122,102.50
September 1, 1974 - March 1, 1975	120,177.50	120,177.50
September 1, 1975 - March 1, 1976	123,252.50	123,252.50
September 1, 1976 - March 1, 1977	121,052.50	121,052.50
September 1, 1977 - March 1, 1978	123,852.50	123,852.50
September 1, 1978 - March 1, 1979	121,377.50	121,377.50

<u>Period</u>	<u>Principal and Interest</u>	<u>Rental Payment of Gladding Corporation</u>
September 1, 1979 - March 1, 1980	123,902.50	123,902.50
September 1, 1980 - March 1, 1981	126,002.50	126,002.50
September 1, 1981 - March 1, 1982	122,812.50	122,812.50
September 1, 1982 - March 1, 1983	124,512.50	124,512.50
September 1, 1983 - March 1, 1984	125,912.50	125,912.50
September 1, 1984 - March 1, 1985	126,850.00	126,850.00
September 1, 1985 - March 1, 1986	127,475.00	127,475.00
September 1, 1986 - March 1, 1987	127,600.00	127,600.00
September 1, 1987 - March 1, 1988	127,000.00	127,000.00
September 1, 1988 - March 1, 1989	126,050.00	126,050.00
September 1, 1989 - March 1, 1990	124,750.00	124,750.00
September 1, 1990 - March 1, 1991	123,100.00	123,100.00
September 1, 1991 - March 1, 1992	126,100.00	126,100.00
September 1, 1992 - March 1, 1993	128,400.00	128,400.00

(e) That inasmuch as Gladding Corporation is a corporation with established credit, the establishment of reserve funds in connection with the retirement of the Series A Bonds and the maintenance of the Project is deemed unnecessary;

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

(g) That the Project will consist of land, buildings, equipment and machinery constituting a plant for the manufacturing of _____ and other products which may be lawfully manufactured or processed at the Project.

(h) That a reasonable estimate of the cost of the Project including necessary expenses incident thereto is \$1,350,000.

(i) It is anticipated that after the Project shall have been placed in full operation, the Project will provide additional permanent employment for approximately ____ persons from the County and elsewhere in the area with a resulting alleviation of unemployment, and a substantial increase in payrolls and other public benefits resulting from the conducting of industrial operations.

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

Section 3. That the Chairman of the County Council of Greenville County be and is hereby authorized and directed to execute said petition in the name and on behalf of the County Council of Greenville County; and that the Secretary be and is hereby authorized and directed to affix the seal of the County Council of Greenville County 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, South Carolina.

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

Passed and approved _____, 1972.

Chairman of the County Council
of Greenville County

Attest:

Secretary of the County Council
of Greenville County

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

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

Chairman

Attest:

Secretary

STATE OF SOUTH CAROLINA)
)
COUNTY OF GREENVILLE)

I, Cecil D. Buchanan, do hereby certify that I am the duly qualified and acting Secretary of the County Council of Greenville 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 Council of Greenville County held on April 4, 1972, 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 the County Council of Greenville County this ____ day of April, 1972.

Secretary

(AFFIX)
(SEAL)
(HERE)

E N D