

AGENDA MATERIALS  
AND SUPPORTING DOCUMENTS  
FOR THE MEETING OF  
JANUARY 9, 1968

Board Meeting  
Jan. 9, 1968 - 2:00  
Conf Room - Gov's Office

All Present

1) Wildlife

Waltz - to discontinue Plan

Immediate application - salary increases

(101)

2) Personnel Organization Section

& Reports for review & development of plans  
bills & so.

to M.P.

to M.P. & forward - passed to show any details necessary for  
further engagement

to M.P. - made for use in preparation of 1969-70 budget  
agreement (August, 1968).

Discussion of prospective District for system. No immediate  
conclusion.

3) Board & Rate Issues

a) Medical College -

6,000,000 State rates with in for med. program,  
matched by 9,000,000 fed. aid.

now ready for bidding - funds needed.

(14)

with Anticipation Rate - 3,000,000 - 6.2% - due 12/1/68

Remittance of \$6,000,000 to be determined in 1969. P.S.

(over)

4) Dept. of Education -

12,000,000 Ab. Ind. Bonds to be sold 4/6/68 - receipt of proceeds @ 2/15/68

(10)

2,000,000 Bond Anticipation Note - 6% - Due 4/1/68

for funds needed now.

Both of above to be taken by Anticipation System.

4) Pub. Services Appraisal

Library Board - to meet competition

Pub. Health - must systems

Parks & Zoo - new people

5) Ed. Comm. of Dallas

(10)

4,750 - Jan. 1 - June 30, 1968

6) Ind. Revenue Bonds - Shuter Co.

25,000,000 for Springs Mills Co.

New Intake plant - ch. 50.

5.15

January 4, 1968

TO THE STATE BUDGET AND CONTROL BOARD

Gentlemen:

A meeting of the Board has been set for 4:00 P. M. Tuesday, January 9, in the Conference Room of the Governor's Office. The following items will be submitted for consideration at this meeting.

1. The Board is requested to approve issuance of \$35,000,000.00 of Industrial Revenue Bonds by the Chester County Board of Directors for the construction of a textile plant by Springs Mills, Inc. A copy of the resolution to be acted upon by the Board is attached herewith and gives a description of the proposal.

2. The Board will be requested to give further consideration to the employment of a management consultant firm to undertake the initial surveys and other development work leading toward the installation of an employee classification plan for the State Government. You will recall that proposals have been received from Case and Company and Cresap, McCormick & Paget.

3. The Board is requested to approve a proposed arrangement between the Commission on Higher Education Facilities and Cresap, McCormick and Paget to undertake a study of space utilization in the private colleges throughout the State. The private colleges are beneficiaries of Federal funds allocated through the Commission for construction of academic facilities. The proposed survey will be financed entirely through Federal funds allocated to the Commission for this purpose.

Very truly yours,

P. C. Smith  
State Auditor

PCS:dr  
Enclosure



Proof of December 9, 1967

B & C PM  
1-9-68

## Lease and Agreement

BY AND AMONG

CHESTER COUNTY, SOUTH CAROLINA

AND

SPRINGS MILLS, INC.  
(a South Carolina corporation)

AND

as Trustee

\_\_\_\_\_  
Dated as of \_\_\_\_\_, 1968

## TABLE OF CONTENTS

	<u>Page</u>
Preliminary Recitals .....	1
Basic Agreements of the County and the Company.....	1
Terms and Conditions of Lease and Agreement .....	2
Paragraph 1. Term .....	2
Paragraph 2. Possession .....	2
Paragraph 3. Use and Occupancy.....	2
Paragraph 4. Basic Rent; Bond Service Fund.....	3
Paragraph 5. Additional Rents; Payments in Lieu of Taxes; etc.....	4
Paragraph 6. Insurance .....	5
Paragraph 7. Maintenance and Repair .....	6
Paragraph 8. Withdrawals and Removals .....	6
Paragraph 9. Remodeling, Expansion and Mechanics Liens.....	8
Paragraph 10. Casualty .....	9
Paragraph 11. Condemnation .....	9
Paragraph 12. Immunity of the County.....	10
Paragraph 13. Default and Termination of Lease.....	11
Paragraph 14. Reletting After Termination.....	11
Paragraph 15. Rights and Remedies of the County Cumulative .....	12
Paragraph 16. Force Majeure .....	12
Paragraph 17. Nature of Obligations of the Company.....	12
Paragraph 18. Sale of Bonds; Application of Funds; Covenants of the County.....	13
Paragraph 19. Optional Purchase Rights .....	13
Paragraph 20. Successors and Assigns.....	14
Paragraph 21. Concerning the Trustee .....	15
Paragraph 22. Third Party Beneficiaries.....	15
Paragraph 23. Communications .....	16
Paragraph 24. Miscellaneous .....	16
Testimonium, Signatures and Seals .....	17
Acknowledgments .....	
Appendix A (Description of Land).....	

## LEASE AND AGREEMENT

THIS LEASE AND AGREEMENT (hereinafter sometimes also referred to as "this lease") is made as of the ..... day of ....., 1968, by and among CHESTER COUNTY, SOUTH CAROLINA, a body politic and corporate under the laws of the State of South Carolina (hereinafter referred to as the "County"), and SPRINGS MILLS, INC., a South Carolina corporation having its principal business office at Fort Mill, South Carolina 29715 (hereinafter referred to as the "Company"), and ..... a ....., as Trustee (hereinafter referred to as the "Trustee").

### WITNESSETH:

WHEREAS, the County has all necessary power and authority to enter into this Lease and Agreement, for a proper public purpose and as an essential governmental function, in order to assist and encourage local industries to expand their investment in South Carolina, to promote the industrial development of the State and Chester County, to meet the growing competition for new industries, to strengthen the economy of the State and Chester County, to increase their commerce and to promote their welfare and prosperity, and to provide employment, all pursuant to the provisions of Act No. 103 of the General Assembly of South Carolina enacted at the 1967 Regular Session (hereinafter referred to as the "Act"); and

WHEREAS, the County proposes to obtain the anticipated public benefits mentioned above by acquiring the textile plant more particularly described and defined below as the Project and, in furtherance of such objectives, negotiations have been carried on between the County and the Company in respect to such acquisition and the leasing of the same by the County to the Company; and

WHEREAS, contemporaneously with the execution of this Lease and Agreement, the County, the Company, and the Trustee have entered into a contract of even date herewith (hereinafter referred to as the "Acquisition Contract") providing for the construction and completion of said Project by the Company and its sale by the Company to the County; and

WHEREAS, to provide funds for the acquisition of said Project by the County and to provide funds to pay the costs and expenses of the issuance of the Bonds hereinafter mentioned, the County will issue and sell its Industrial Revenue Bonds (Textile Series 1968) (hereinafter referred to as the "Bonds") in the aggregate principal amount of \$35,000,000 pursuant to the Act, and a Resolution of the Board of County Directors of Chester County adopted ..... 1968 (hereinafter referred to as the "Resolution") and the Trust Indenture between the County and the Trustee of even date herewith (hereinafter referred to as the "Trust Indenture").

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration and of the mutual benefits, covenants and agreements herein expressed, the County and the Company agree as follows:

Upon the terms and conditions hereinafter set forth, the County agrees to lease to the Company, and the Company agrees to lease from the County, the land, the industrial buildings and structures and the industrial machinery and equipment which shall be conveyed and transferred by the Company to the County pursuant to the Acquisition Contract or this lease, which is more particularly described as follows (all such properties being herein sometimes referred to collectively, whether the same are real, personal or mixed property, and as the same may from time to time exist during the term of this lease, as the "Project" or the "leased premises"):

(a) the land described in Appendix A hereto, and all appurtenances thereto, as the same shall be so conveyed to the County;

(b) the industrial buildings and structures suitable for and intended for or incidental to use by the Company as a plant for the production of sheeting containing natural or man-made fibers or blends of both and designed at full production to produce approximately 640,000 yards of sheeting



per week, as such plant may be constructed by the Company or as the same may be changed by the Company during or after construction (provided, however, that such design capacity shall not be significantly diminished); and

(c) the industrial machinery and equipment of every kind and nature which shall from time to time be situated and remain within the industrial buildings and structures referred to in clause (b) above and which shall be conveyed and transferred to the County by and described in the bills of sale delivered to the Trustee by the Company pursuant to the Acquisition Contract or this Lease, as the same shall be so conveyed and transferred to the County.

The terms and conditions of this Lease and Agreement are as follows:

#### 1. TERM

The term of the leasehold estate created in the Company by this lease (hereinafter referred to as the "term of this lease") shall commence simultaneously with the delivery of the deed by the Company which is provided for in the Acquisition Contract, not later than the date of substantial completion of the Project or on or about March 31, 1969 (but in no event more than 180 days after such date), whichever shall be earlier, and shall continue for the period ending on ..... 199 , unless terminated prior thereto as hereinafter provided. Neither the County nor the Company shall have any option to renew this lease. If the proceeds of the Bonds prove insufficient to effect the completion of the Project, the Company agrees, in accordance with Section 6 of the Act, to effect the completion of the Project, pursuant to the terms and provisions of the Acquisition Contract. The Company recognizes and agrees that it shall not be entitled to reimbursement, whether from the County or from the Trustee or from the holders of any of the Bonds, of such funds expended by the Company to effect such completion as exceed amounts available for such reimbursement under the Acquisition Contract, nor shall the Company be entitled to any diminution or abatement of the rents payable under this lease in consequence of any such unreimbursed expenditure.

#### 2. POSSESSION

The County agrees to place the Company in sole and full possession of the leased premises immediately upon the commencement of the term of this lease. The County covenants and represents that it has full right and lawful authority to enter into this Lease and Agreement for the full term hereof, including the grant of optional rights to purchase herein contained; and that so long as the Company shall pay the rent and all other sums payable by it hereunder, and shall duly observe all the covenants, stipulations and agreements herein contained, obligatory upon it, the Company shall have, hold and enjoy, during the term hereof, peaceful, quiet and undisputed possession of the leased premises subject to the matters hereinabove excepted, and the County shall from time to time take all necessary action to that end.

#### 3. USE AND OCCUPANCY

(a) The Company intends during the term of this lease to use and occupy the leased premises principally as a textile plant for the production of sheeting with the nature and extent of any manufacturing or storage and related activities there to be carried on, and whether in the textiles field or otherwise, to be as determined from time to time by the Company. The failure so to use and occupy the leased premises shall not abate or reduce or change the basic rent payable by the Company to the County under the provisions of this lease and shall not be a breach of this lease in any respect.

(b) The Company agrees that in the use and occupancy of the leased premises it will during the term of this lease comply with all laws and ordinances affecting the use and occupancy of the leased premises, and with all rules and regulations thereunder, as shall be binding upon it, provided, however, that the Company shall not be required to comply with any such laws, ordinances, rules or regulations so long as it shall contest the validity, existence or applicability thereof unless as a result of its failure so to comply the title of the County to any part of the leased premises would be materially endangered or the leased premises or any part thereof would become subject to loss or forfeiture, in which event the Company shall comply prior to the time when its noncompliance would so result. The County hereby agrees that it will cooperate with the Company, upon request from the Company, in any such contest at the expense of the Company. The County covenants that, to the full extent from time to time permitted by



law, it will not attempt to impose upon the use or occupancy of the leased premises any laws, ordinances, rules or regulations more burdensome or restrictive than those in effect upon the date of execution of this lease.

#### 4. BASIC RENT; BOND SERVICE FUND

(a) As basic rent (hereinafter referred to as "basic rent"), the Company agrees (i) to pay not later than \_\_\_\_\_ days prior to each interest payment date for the Bonds, whether or not the term of this lease has commenced or has terminated, an aggregate amount equal to the sum of the interest and the principal and redemption premium (if any) coming due, maturing or otherwise becoming payable on such interest payment date on the Bonds in accordance with their respective terms and the terms of the Trust Indenture, and (ii) to pay on any date on which all the Bonds shall be declared to be and shall become due and payable prior to their stated maturities pursuant to the provisions of the Trust Indenture, the aggregate amount of principal and interest so becoming due and payable on all the Bonds; provided first, however, that in the case of each of the first four payments of basic rent by the Company pursuant to clause (i) above, such aggregate amount payable by the Company shall be reduced by any amounts held by the Trustee in the Bond Service Fund referred to in paragraph 4(b) below at the time of such payment of basic rent and required by the Trust Indenture to be used only to pay interest coming due on the Bonds on the next interest payment date thereon; provided, second, that the Excess Amount (as hereinafter defined) on each date that is \_\_\_\_\_ days prior to each interest payment date for the Bonds shall be credited (after first deducting from such credit the amount, if any, by which such basic rent payment has been reduced in accordance with the provisions of the next preceding proviso) against the basic rent payment required to be made by the Company on such prior date; and provided, third, that if the Excess Amount on any interest payment date on the Bonds or date of payment pursuant to clause (ii) above, is not sufficient to pay the total amount due on such date as described above in this paragraph 4(a), the Company agrees to pay the amount of such deficiency to the Trustee on such date. For the purposes of payments pursuant to said clause (i), the term "Excess Amount" as of any date shall mean the amount held in the Bond Service Fund on such date (other than in special accounts thereof which are held as provided in paragraphs 10 and 11 below) in excess of the amount required for payment of Bonds matured or called for redemption prior to such date (not including, however, Bonds to be redeemed on such date pursuant to the requirements of the Trust Indenture for the annual redemption of specified principal amounts of such Bonds) and past due interest in all cases where such Bonds or coupons have not been presented for payment. For the purposes of a payment pursuant to said clause (ii), the term "Excess Amount" as of any date shall mean the amount held in the Bond Service Fund on such date in excess of the amount required for payment of Bonds maturing or otherwise becoming due and payable prior to such date and past due interest in all cases where such Bonds or coupons have not been presented for payment. The Company understands that under the circumstances specified in Sections 801 and 802 of the Trust Indenture the principal of the Bonds can be declared and thereupon shall become due and payable immediately.

(b) The County hereby agrees that it will establish with the Trustee as provided in the Trust Indenture a special fund in the name of the County to be designated the "Chester County, South Carolina, Industrial Revenue Bonds (Textile Series 1968) Service Fund" (herein referred to as the "Bond Service Fund"), and the Company shall pay to the County the basic rents required under this lease by remitting the same directly to the Trustee by check payable to the order of the Trustee for deposit in the Bond Service Fund. The Trustee will accept the Bond Service Fund so established and will administer it in accordance with the Trust Indenture, the Acquisition Contract and this lease. In addition to the basic rents under this lease, the Bond Service Fund shall also receive from time to time such other amounts as are required by the provisions of this lease, the Acquisition Contract or the Trust Indenture to be paid to the Trustee for deposit in or to be paid into the Bond Service Fund as well as the income or other gain from the investments of any amounts in the Bond Service Fund provided to be made in accordance with the Trust Indenture.

(c) Additional payments may be made from time to time by or on behalf of the Company to the Trustee for deposit in the Bond Service Fund, such payments to represent and to be designated as

advance payments of basic rents, but such payments shall not in any way alter or suspend any obligations of the Company under the terms of this lease and the Company shall continue to perform and be responsible for the performance of all the terms and provisions of this lease.

(d) No further payments of basic rents need be made during the term of this lease or thereafter when and so long as the amount held in the Bond Service Fund (other than in special accounts thereof which are held as provided in paragraphs 10 or 11 below) is sufficient to retire all of the Bonds then outstanding in accordance with the Trust Indenture, plus the applicable redemption premium, if any, and the amount of interest due and thereafter to become due on said Bonds on and prior to such retirement, and to pay the compensation to the Trustee described in paragraph 21(b) below. Anything in this lease or in the Acquisition Contract to the contrary notwithstanding, upon the transfer of amounts held in the Escrow Fund referred to in the Acquisition Contract directly to the Bond Service Fund as provided in paragraph 8 of the Acquisition Contract and the Company's making payment as provided in said paragraph 8, neither the County nor the Company shall be obligated under this lease except under the provisions of paragraphs 4(e) and 4(f) hereof; provided that if, subsequent to an interest payment date on the Bonds on which the Company is not obligated to pay basic rent pursuant to the foregoing provisions of this paragraph 4, losses (net of gains) shall be realized in respect of the investments in the Eligible Securities referred to in paragraph 4(e) below and such net losses shall have reduced the amounts in the Bond Service Fund below the amount sufficient at the time of such realization to make the redemption of and payments on the Bonds, the Trustee shall promptly notify the Company of such fact and the Company shall promptly pay to the Trustee for deposit in the Bond Service Fund as basic rent the amount of any such reduction below such sufficient amount.

(e) Pending payment of the amounts held in the Bond Service Fund (including the amount of any basic rent paid pursuant to paragraph 4(a) hereof prior to the application thereof to payments on the Bonds), the undisbursed portion of the same shall, if the Company so elects, be invested and reinvested in Eligible Securities as defined in Section 505 of the Trust Indenture. Such investments and reinvestments shall be made by the Trustee as directed by the Company. All income or other gain from such investments and reinvestments shall be carried to the credit of the Bond Service Fund. Anything to the contrary in this lease, in the Acquisition Contract and in the Trust Indenture notwithstanding, the right of the Company to control the investment and reinvestment, as above provided, of amounts held in the Bond Service Fund shall continue so long as any amounts remain therein.

(f) The County and the Trustee each agrees that after all of the Bonds have been retired and all interest and applicable premiums, if any, due thereon have been paid or provisions for such retirement and payment has been made, and all compensation payable to the Trustee in accordance with paragraph 21(b) below has been paid or provision for such payment has been made, any excess moneys in the Bond Service Fund shall be paid on demand by the Trustee to the Company in adjustment of rentals hereunder.

##### 5. ADDITIONAL RENTS; PAYMENTS IN LIEU OF TAXES; ETC.

(a) It is recognized that under the provisions of the third paragraph of Section 6 of the Act when any project is leased by a county pursuant to the Act the lessee thereof shall be required to make payments to the county, school district or school districts, and other political units wherein the project shall be located in lieu of taxes, in such amounts as would result from taxes levied on the project by such county, school district or school districts, and other political unit or units, if the project were owned by the lessee, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to the lessee if it were the owner of the project. For the sole purpose of enabling the Company to comply with the aforesaid obligation, it is agreed (subject to the provisions of this lease) that the County Board in cooperation with the Company and at the Company's request (i) shall cause the Project to be valued as if privately owned as aforesaid for purposes of the said taxes by the State Tax Commission of South Carolina or such other appropriate officer or officers as may from time to time be charged with responsibility for making such valuations; (ii) shall cause to be appropriately applied to the valuation or valuations so determined the respective rate or rates of such taxes, that would be applicable to the Project if so privately owned; (iii) shall cause the respective appropriate officer or officers charged with the duty of levying and collecting such taxes to submit to the Company, when the



respective levies are made for purposes of such taxes upon property privately owned as aforesaid, a statement specifying the amount and due date or dates of such taxes which the county, school district and other political units having taxing powers would receive if such property were so privately owned; and (iv) shall file any accounts or tax returns required with the appropriate officer or officers. The Company shall pay to the aforesaid taxing authorities when due all such payments in lieu of taxes with respect to the Project required by Section 6 of the Act to be paid to the aforesaid taxing authorities, subject in each case to the Company's right to obtain exemptions (and discounts, if any) therefrom which would be afforded to a private owner of the Project and to seek to obtain a refund of any such payments made. The Company's obligation to make such additional payments shall continue only so long as and to the extent the Company is required by law to pay the aforesaid amounts in lieu of taxes. Once having paid the amounts required by this paragraph 5 to be paid by it in lieu of taxes, the Company 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.

(b) The County and the Company acknowledge that (i) under their and other interpretations of present law no part of the leased premises owned by the County, nor the leasehold or possessory interest of the Company thereon, will be subject except as provided in paragraph 5(a) above to ad valorem taxation by the State of South Carolina or by any political or taxing subdivision thereof, and (ii) this factor, among others, materially induced the Company to enter into this lease. However, except as herein otherwise provided, the Company shall pay all taxes and assessments, general and special, if any, levied and assessed on the leased premises during the term of this lease, all water, electric and sewer charges, assessments and other governmental charges and levies whatsoever, foreseen or unforeseen, and all gross receipts, income and like taxes measured by rents payable hereunder or the net income therefrom (all of which taxes, assessments, charges and impositions, including the amounts in lieu of taxes referred to in paragraph 5(a) above, are in paragraph 5(c) below referred to as "impositions").

(c) The Company shall have the right, in its own name or (except in the case of an imposition assessed, imposed or collected by the County) in the County's name, to contest the validity or amount of any imposition by appropriate proceedings timely instituted, provided the Company gives the County and the Trustee written notice of its intention to contest and diligently prosecutes such contest and at all times effectively stays or prevents any official or judicial sale of the leased premises by reason of non-payment of any imposition. The County agrees that, at the request of the Company, the County will cooperate with the Company in connection with any such contest, provided that all reasonable out-of-pocket costs and expenses of the County thereby incurred shall be reimbursed to the County by the Company promptly after demand by the County therefor. The Company shall promptly pay any valid final judgment enforcing any imposition and cause the same to be satisfied of record. Any imposition relating to a fiscal period of the taxing authority part of which extends beyond the term of this lease shall be apportioned as of the expiration of such term. The County shall promptly forward to the Company any notice, bill or other advice received by the County concerning any imposition. The Company may pay any imposition in installments if so payable by law, whether or not interest accrues on the unpaid balance.

#### 6. INSURANCE

(a) The Company agrees to keep the improvements (as such term is defined in paragraph 8(c) below) from time to time constituting a part of the leased premises insured at all times during the term of this lease against loss or damage by fire under a policy or policies with Uniform Standard Extended Coverage Endorsements covering perils of windstorm, hail, explosion, riots, civil commotion, aircraft, vehicles and smoke (except as may be limited in such standard extended coverage endorsements), in an amount equal to not less than the full insurable value thereof or the total unpaid principal amount of the outstanding Bonds, whichever is less, and to pay the premiums on such insurance and to keep such insurance in force and effect during the term of this lease. The term "full insurable value" shall mean such value as shall be determined from time to time at the request of the Company by an architect, contractor, appraiser, appraisal company or insurer selected by the Company. Each such policy shall be so written or endorsed as to make losses, if any, payable to the Trustee (and the Trustee shall make application thereof in the manner provided by paragraph 10 hereof), except that losses not exceeding

§ shall be payable directly to the Company. Each policy shall provide by its terms that losses thereunder shall be adjusted with the insurer by the Company and that the policy may not be cancelled or materially altered without at least 10 days' prior written notice to the Company and the Trustee. Duplicate copies or certificates of each such policy of insurance shall be furnished to the Trustee for its records. Any such policy may provide that the insurer is not liable to the extent of the first \$ of any loss. No claim shall be made, and no suit or action at law or in equity shall be brought by the County or anyone claiming by, through or under the County against the Company for any damage to the leased premises, however caused, to the extent the same is covered by insurance as in this paragraph required, provided that nothing in this paragraph shall diminish the Company's obligations under paragraph 10 hereof.

(b) The Company agrees that during the term of this lease it will carry public liability insurance protecting the County, the Company, the Trustee and the holders of the Bonds, as their interests may appear, and covering the use by the Company of the leased premises, in respect of bodily injury, death or property damage, in each case in aggregate amounts of coverage and with deductible amounts comparable to those on the similar policies carried by other reputable companies owning and operating properties generally similar in size, function and otherwise to the leased premises.

(c) The County and the Trustee each agrees that, if and to the extent that the Company shall request, it will cooperate with the Company in connection with any action to be taken under or in respect of the insurance above provided for, and the County and the Trustee, each to the extent that it may lawfully do so, hereby appoints and designates the Company and reserves the right in and for the Company, in its own name or in the name of the County and the Trustee as the Company may elect, to take all action which the County and the Trustee may lawfully take in respect of such insurance and all matters relating thereto; provided, however, that all costs and expenses of the County and the Trustee thereby incurred at the request of the Company or by reason of any such action taken by the Company in behalf of the County or the Trustee shall be borne by the Company.

#### 7. MAINTENANCE AND REPAIR

The Company agrees that during the term of this lease it will keep the leased premises in good condition and repair at its own cost, ordinary wear and tear and acts of God excepted. The Company further agrees that, upon the expiration or termination of this lease (unless the Company shall purchase the leased premises), the Company will surrender the leased premises to the County in as good condition as prevailed at the commencement of the term of this lease, except for ordinary wear and tear and acts of God and except as otherwise in this lease expressly provided. The foregoing agreements in this paragraph 7 are subject to all the other provisions of this lease, particularly paragraphs 8, 9, 10 and 11.

#### 8. WITHDRAWALS AND REMOVALS

(a) Notwithstanding anything to the contrary that may be herein provided, the Company may from time to time specify in writing to the County and the Trustee a good and sufficient description of any of the land (which for purposes of this paragraph 8 shall include the fee or any lesser interest therein) included in the leased premises, other than land upon which are located such of the industrial buildings and structures described in clause (b) immediately following the recitals to this Lease and Agreement which in the opinion of the Company are and will be necessary for the efficient manufacturing of textiles by the Company on the leased premises (such buildings and structures being referred to in this paragraph 8 as the "base plant"). Upon any such specification by the Company, immediately by virtue of such specification and without any further act of anyone, the County shall execute a deed to such land so specified, conveying to the Company or its designee or designees as good a title to the land so specified as it received from the Company excepting only charges, liens, encumbrances, defects, restrictions, reservations, easements and agreements caused, created or consented to in writing by the Company or for the payment or satisfaction of which the Company may then be responsible under the terms of this lease; provided, however, that in any event and at all times there shall be reasonable ingress from public ways to the base plant and reasonable egress therefrom to public ways, and the effective use of the base plant shall not thereby be impaired. Such reasonable ingress and egress shall include, without limiting the generality of such terms, reasonable ingress and egress for persons, trucks, and



vehicles and by railroad through the use of any necessary railroad spur tracks adjacent to the base plant. All of such land not conveyed pursuant to the foregoing provisions of this paragraph 8(a) shall continue to be used in conjunction with the base plant, and all of such land so conveyed shall thereupon cease for any purpose to be a part of the leased premises under this lease and of the Project under the Trust Indenture and the Acquisition Contract. It shall not be necessary for anyone to execute such deed upon behalf of the holders of the Bonds. Upon any such specification by the Company there shall be paid, by or on behalf of the Company or the person so specified by the Company, to the Trustee for deposit in the Bond Service Fund against the delivery of such deed, an amount equal to the cost of such land so conveyed by the County, as the same shall be determined by the Company in such specification to the County and the Trustee. The withdrawal of any land under the provisions of paragraph 8 shall not reduce or abate the basic rent payable by the Company to the County.

(b) It shall not be necessary for the Company to specify the purpose for which land shall be conveyed in accordance with paragraph 8(a) above, but if such conveyance shall be in connection with the construction of additions to the base plant or of new buildings, the Company or the person so specified shall have the right to construct any such additions to the base plant and shall also have the right, so long as the base plant is not damaged and the structural supports are sufficiently maintained, to make both building and equipment connections between the buildings of the base plant and such additions or new buildings. Any contemplated exercise of the rights given by the foregoing sentence need not be taken into account by the Company in arriving at its opinion that the land to be conveyed is not necessary for the efficient operation of the base plant.

(c) If requested by the Company, the proper officer or officers of the County and of the Trustee, or any one or more of them as may be specified in such request, shall execute and deliver in the name and on behalf of the County a deed or deeds to land which the Company may from time to time specify in writing to the County pursuant to subparagraph (a) of this paragraph 8, and an appropriate instrument or instruments to effect any grant requested by the Company pursuant to subparagraph (d) of this paragraph 8, upon compliance with all the applicable terms and provisions of this paragraph 8, and to this end the County hereby irrevocably authorizes and empowers the Chairman and the Secretary of the Board of County Directors of the County, and the President or any Vice President of the Trustee, and each of them, acting jointly or singly, to execute and deliver in the name and on behalf of the County any such deed or deeds and any such instrument or instruments of grant as and when requested by the Company.

(d) The County shall grant such easements or lesser rights over, upon or beneath the surface of the leased premises as may reasonably be requested by the Company for itself or others for transportation, communication, utilities, drainage and similar purposes, with or without any payment on the part of the Company or the grantees and on such other terms, all as the Company shall specify, provided, that no such grants shall in the Company's opinion impair the efficient operation of the base plant or reasonable ingress and egress, as defined in paragraph 8(a), in connection therewith. Any such payments by the Company or such grantees shall be made to the Trustee for deposit in the Bond Service Fund.

(e) The Company may remove from the leased premises from time to time any improvements which have been included as part of the leased premises conveyed and transferred to the County by the Company pursuant to the Acquisition Contract or which shall after the date hereof be constructed or installed by the Company on the leased premises pursuant to any provision of this lease and conveyed and transferred to the County (the term "improvements" as used hereinafter in this lease shall mean and include without limiting the generality of such term, buildings, structures, fixtures, machinery, equipment, furniture, furnishings, and other tangible real, personal and mixed property of every kind and nature, except land or interests therein, whether above or below ground level, and vehicular equipment), and thereby acquire ownership thereof free and clear of all claims and rights of the County and the Trustee, whether under this lease or otherwise, in any case where (i) such improvements are replaced, or substitution therefor is made directly or indirectly, without cost to the County, by other improvements then having equivalent or greater value or utility, and (ii) such improvements are, in the opinion of the Company, worn out, unserviceable, undesirable or not useful in the operation of the leased premises. Not later than 60 days following the making of each basic rent payment during the term of this lease,

the Company shall furnish to the County and the Trustee a report of an officer of the Company summarizing the action taken by the Company pursuant to this paragraph 8(e) during the period covered by such payment and such report shall be accompanied by appropriate instruments conveying and transferring the ownership of the replacing or substituted improvements to the County as part of the leased premises, subject to the provisions of this lease; provided, however, that nothing herein shall require the filing of such a report or accompanying instruments of conveyance and transfer, in respect of the period covered by any such payment, as to improvements the cost of which to the Company does not exceed \$50,000 in the aggregate or \$10,000 in the case of any single improvement. If requested by the Company, the proper officer or officers of the County and of the Trustee, or any one or more of them as may be specified in such request, shall execute and deliver in the name and on behalf of the County an appropriate instrument or instruments conveying and transferring to the Company the ownership interest in any improvements removed in accordance with the provisions of this paragraph 8(e) promptly after the Company shall have furnished to the County and the Trustee the report and documents with respect to such removed improvements referred to in the immediately preceding sentence, and to this end the County hereby irrevocably authorizes and empowers the Chairman and Secretary of the Board of County Directors of the County, and the Trustee, and each of them, acting jointly or singly, to execute and deliver to the Company in the name and on behalf of the County such instrument or instruments of conveyance and transfer as and when requested by the Company; provided, however, that the execution and delivery of such instruments of conveyance and transfer shall not be necessary in order that the Company shall acquire the ownership interest in such removed improvements upon compliance with the requirements of this paragraph 8(e), but shall be merely confirmatory that such ownership interest was acquired automatically upon compliance by the Company with the conditions set forth in clauses (i) and (ii) of this paragraph 8(e). In the event such removal of improvements causes damage to improvements not being removed, restoration and repair of such damage shall be made at the cost and expense of the Company.

#### 9. REMODELING, EXPANSION AND MECHANICS LIENS

(a) The Company shall have the privilege of bringing onto, and keeping at, the leased premises any item of property, and of making, constructing, assembling and installing improvements, additions, substitutions, replacements, alterations, relocations, enlargements and expansions of, on and to the leased premises, from time to time as the Company in its discretion may determine to be desirable for its uses and purposes. The cost thereof shall be paid by the Company and any or all of the same which continue as or become a necessary part of the leased premises shall be the property of the County, subject, however, to the provisions hereof; provided, that each item of property which is brought on, made, constructed, assembled or installed on the leased premises by the Company without payment to the Company therefor pursuant to the Acquisition Contract or this lease and which is not in replacement or substitution for improvements owned by the County shall remain in the ownership of the Company even though becoming a necessary part of the leased premises if the Company has never expressly conveyed and transferred the same to the County pursuant to the Acquisition Contract or this lease, although the Company may, but shall not be required to, evidence its ownership of any such item by tagging or otherwise suitably marking it so as to indicate the Company's ownership. Any such item may be altered, consumed, removed or replaced by the Company at any time (and shall not be subject to any landlord's lien created under South Carolina law), provided that the overall operating efficiency of the leased premises as a manufacturing plant shall not thereby, in the opinion of the Company, be reduced materially below that of the Project as acquired by the County pursuant to the Acquisition Agreement. At the Company's request and expense, the County shall join in the application for such governmental authorizations as the Company may deem advisable to be obtained in connection with the foregoing.

(b) If any lien shall be filed against the interest of the County or the Company in the leased premises, or asserted against any basic rent payable hereunder, by reason of work, labor, services, or materials supplied or claimed to have been supplied on or to the leased premises, whether before or after the commencement of the term of this lease, at the request or with the permission of the Company, or of anyone claiming under it, the Company shall, within 180 days after notice of the filing thereof or the assertion thereof against such interest or such rents, cause the same to be discharged of record,



or effectively prevent the enforcement or foreclosure thereof against the leased premises or such rents, by contest, payment, deposit, bond, order of court or otherwise.

#### 10. CASUALTY

If the improvements constituting a part of the leased premises shall be damaged or either partially or totally destroyed at any time during the term of this lease, there shall be no abatement or reduction in the basic rent payable by the Company to the County, and the Company shall, at its own cost and expense, repair and restore such improvements so that they are of a value and utility at least equivalent to their value and utility immediately prior to such damage or destruction but all amounts paid to the Trustee under any and all policies of insurance covering such damage or destruction shall be held deposited in the Bond Service Fund for segregation into a special account thereof held by the Trustee, and amounts equal to such amounts so paid shall be paid by the Trustee to the Company from such special account as hereinafter provided. Such payment to the Company shall be made, at the Company's election, either upon the completion of such repair and restoration or periodically as such repair and restoration shall progress, payments prior to such completion to be made only to the extent of costs paid or incurred by the Company for the work of repair and restoration and the payment upon such completion to be in the amount of the balance held in such special account. All payments shall be made only upon a certification by an officer of the Company as to the progress of such work and, in the case of payments prior to completion, as to the amount of the costs paid or incurred by the Company for such work. In the event that, in the opinion of the Company, any one of the following conditions shall prevail: (i) the required restoration and repair cannot reasonably be expected to be completed within a period of four months from the commencement thereof, or (ii) the Company reasonably expects to be prevented due to such damage or destruction from carrying on its normal operations at the leased premises for a period of four months or more from the occurrence of such damage or destruction, or (iii) the cost of such repair and restoration can reasonably be expected to exceed the net amount of insurance proceeds by at least \$300,000, then the Company shall not be required to repair or restore such damaged or destroyed improvements (but may do so at its option), and if the Company shall elect not to repair and restore, there shall for that reason be no abatement or reduction in the basic rent payable by the Company to the County and the aggregate amount of insurance proceeds in connection with such damage or destruction shall be held in the Bond Service Fund (but not in the special account referred to above) and applied to the redemption of Bonds or otherwise as provided in the Trust Indenture.

#### 11. CONDEMNATION

(a) If title to the whole or any part of the leased premises, or the use or possession thereof, shall be taken or condemned by a competent authority for any public use or purpose at any time during the term of this lease, there shall be no abatement or reduction in the basic rent payable by the Company to the County and the Company shall, at its own cost and expense, repair and restore the leased premises so that they are in a condition at least equivalent to their condition immediately prior to such taking or condemnation (except for any land so taken or condemned), but any award, compensation or damages payable on account of such taking or condemnation, net of any expenses, including counsel fees, incurred in litigating, arbitrating, compromising or settling any claim arising out of such taking or condemnation (hereafter referred to as the "net award"), shall be paid to the Trustee and shall be held in a special fund by the Trustee, and such net award shall be deposited in the Bond Service Fund for segregation into a special account thereof held by the Trustee, and amounts equal to such net award shall be paid by the Trustee from such special account as hereinafter provided. Such payment to the Company shall be made, at the Company's election, either upon the completion of such repair and restoration or periodically as such repair and restoration shall progress; provided, however, that the aggregate sum or sums so paid by the Trustee shall in no event exceed the actual cost of such repair and restoration. Any surplus of such award or compensation or damages remaining after the completion of all payments for such repair and restoration shall be deposited by the Trustee in the Bond Service Fund, but any balance of such surplus over and above the amount thereof which, together with the amounts in the Bond Service Fund, will be sufficient to pay or provide for retirement of all outstanding Bonds pursuant to the Trust Indenture (and for the payment of applicable premiums, if any, in connection therewith, and for the payment of

the interest due and thereafter to become due on the Bonds on and prior to such retirement) shall be paid over to the Company. All payments shall be made only upon a certification of an officer of the Company as to the progress of such work and, in the case of payments prior to completion, as to the amount of the costs paid or incurred by the Company for such work. In the event that, in the opinion of the Company, any one of the following conditions shall prevail: (i) the required repair and restoration cannot reasonably be expected to be completed within a period of four months from the commencement thereof, or (ii) the Company reasonably expects to be prevented due to such taking or condemnation from carrying on its normal operations at the leased premises for a period of four months or more from the date of such taking or condemnation, or (iii) the cost of such repair and restoration can reasonably be expected to exceed the net award by at least \$300,000, or (iv) substantially all of the leased premises has been taken or condemned, then the Company shall not be required to repair and restore the improvements as provided above (but may do so at its option unless the conditions in (iv) above shall, in the opinion of the Company, exist), and if the Company shall not so repair and restore, there shall for that reason be no abatement or reduction in the basic rent payable by the Company to the County and the net award shall be held in the Bond Service Fund (but not in the special account referred to above) and applied to the redemption of Bonds or otherwise as provided in the Trust Indenture.

(b) The County and the Trustee each agrees that, if and to the extent that the Company may request, it will cooperate with the Company in all matters relating to any taking or condemnation of the leased premises or any part thereof and the County, to the extent that it may lawfully do so, hereby appoints and designates, and reserves the right in and for, the Company, in its own name or in the name of the County as the Company may elect, to take all action which the County may lawfully take in respect of any such taking or condemnation and all matters relating thereto; provided, however, that all costs and expenses of the County and the Trustee thereby incurred at the request of the Company or by reason of any action on its part taken in behalf of the County or the Trustee shall be borne by the Company.

## 12. IMMUNITY OF THE COUNTY

(a) The Company will at all times during the term of this lease protect the County and hold the County harmless, and will conduct the defense of the County, against claims for losses, damage or injury, including death of or injury to the person or damage to the property of others, arising upon the leased premises; and the County shall not be liable for any damage or injury occurring during the term of this lease to the persons or property of the Company or its officers, agents, servants or employees or any other person who or which may be upon the leased premises, due to any act or negligence of any person other than the County, its officers, agents, servants and employees.

(b) In connection with the sale of the Bonds, the Company has furnished to the County information concerning itself and its operations (and the Company has furnished to the County information concerning the Project) for inclusion in an Official Statement of the County relating to the Bonds. The Company agrees to indemnify and hold harmless the County, and will conduct the defense of the County, against any and all losses, claims, damages or liabilities to which the County may become subject under law and to reimburse the County for any out-of-pocket legal or other expenses (including reasonable counsel fees) incurred by the County in connection with investigating any such losses, claims, damages or liabilities or in connection with defending any actions, insofar as the same relate to the aforesaid information furnished to the County by the Company included in said Official Statement and are based upon any untrue statement (or alleged untrue statement) of material fact so included or the omission (or alleged omission) to state a material fact concerning the Company or its operations in said Official Statement necessary in order to make the statements therein not misleading.

(c) For the purposes of the foregoing indemnity agreement, estimates and expressions of belief or opinion shall not be considered as facts unless the Company did not believe such estimates or hold such beliefs or have such opinions. The County shall notify the Company in writing within 15 days after the receipt of notice of any claim against the County in respect of which such indemnity may be sought. In case any such claim shall be made against the County and it shall notify the Company of the making thereof, the Company shall be entitled to participate in (and, to the extent required above in this paragraph 12, to defend) the investigation of, or any litigation upon such claim, or both, at



the Company's own expense, and the County hereby authorizes the Company to conduct to a conclusion any such investigation, or litigation, or both. Unless requested by the Company, the County shall not be required to make any investigation of any claim based on an estimate, belief or opinion of the Company set forth in the Official Statement, but if the Company does so request the Company shall pay the reasonable costs of such investigation. The agreements contained in this paragraph 12 are not for the benefit of anyone other than the County; it covers only claims, losses, damages or liabilities to which the County may become subject under law; and it does not cover any situation where the loss, claim, damage or liability results from an admission on the part of the County or a voluntary payment or settlement by the County without the written consent of the Company. The County agrees, at the request of the Company, to cooperate in the making of any investigation of, or any litigation, or both, upon any such claim, and to assert any or all of the rights and privileges and defenses which may be available to the County.

### 13. DEFAULT AND TERMINATION OF LEASE

If the Company shall fail to make any payment of basic rent when the same becomes due and payable, or if the Company shall default in the due performance or observance of any other of the terms, provisions, covenants, or conditions on its part to be performed or observed hereunder, then and in any such event, the County, but only with the written consent of the Trustee, may at any time thereafter elect to terminate this lease and recover possession of the leased premises by giving 7 days' notice, in the case of such failure to pay basic rent, to the Company specifying such failure and such election to terminate and recover possession, or by giving 60 days' notice, in the case of such other default, to the Company specifying such default and such election to terminate and recover possession; and upon the expiration of such period of 7 days or 60 days, as the case may be, from the receipt by the Company of such notice, this lease and all of the estate, right, title and interest herein granted to or vested in the Company shall, subject to the provisions of paragraphs 14 and 17 below and to the further provisions of this paragraph 13, cease and terminate unless within such 7-day period all accrued unpaid basic rent shall have been paid by the Company and within such 60-day period any such other default shall have been fully cured by the Company or at the expiration of such 60-day period the Company shall be proceeding diligently to cure or cause to be cured the default. No such termination shall relieve the Company of its liability and obligations under this lease and such liability and obligations shall survive any such termination.

Notwithstanding the foregoing:

(a) Unless and until the County, pursuant to paragraph 14 hereof, shall have entered into a legally valid and binding bilateral agreement for the reletting of the leased premises for a period of at least five years, the Company may at any time pay all accrued and unpaid basic rent and fully cure all other defaults hereunder (which are, by their nature, capable of being cured), whereupon this lease shall be fully reinstated, as if it had never been terminated, and the Company shall be accordingly restored to the use, occupancy and possession of the leased premises; and

(b) No written notice of election to terminate this lease and recover possession shall be of any force or effect, nor shall this lease terminate as provided in any such notice, if at any time prior to the expiration of such period of 7 days or 60 days, as the case may be, either (i) the amount in the Bond Service Fund is sufficient to retire all of the Bonds then outstanding in accordance with the Trust Indenture, plus applicable redemption premium, if any, and the amount of interest due and thereafter to become due on said Bonds on and prior to such retirement, or (ii) the Company shall have given notice of the exercise of its optional right to purchase the leased premises pursuant to paragraph 19 hereof.

### 14. RELETTING AFTER TERMINATION

If the right of the Company to the use, occupancy and possession of the leased premises shall be terminated by the County in any way and any amount is due and unpaid on the Bonds in accordance with the provisions of the Trust Indenture or will become so due and unpaid on the next interest payment date on the Bonds, the County will use its best efforts to relet the leased premises or any part thereof for the account and benefit of the Company for such rental terms, to such persons, firms, or corpora-

tions and for such period or periods as may be fixed and determined by the County and approved by the Trustee; provided, however, that the County shall not unreasonably refuse to accept or receive any suitable occupancy or tenant offered by the Company. The County and the Trustee shall not otherwise be required to do any act or exercise any diligence to mitigate the damages to the County, and such sums as shall be received from any reletting, after paying the expenses of reletting and collection, shall be applied in reduction of the obligations of the Company under paragraph 4(a) hereof.

#### 15. RIGHTS AND REMEDIES OF THE COUNTY CUMULATIVE

The rights and remedies of the County under this lease shall be cumulative and shall not exclude any other rights and remedies of the County allowed by law, and not inconsistent with the provisions of this lease, with respect to any default under this lease. Failure by the County to insist upon the strict performance of any of the covenants and agreements herein set forth or to exercise any rights or remedies upon default by the Company hereunder shall not be considered or taken as a waiver or relinquishment for the future of the right to insist upon and to enforce by any appropriate legal remedy a strict compliance by the Company with all of the covenants and conditions hereof, or of the right to exercise any such rights or remedies, if such default by the Company be continued or repeated, or of the right to recover possession of the leased premises by reason thereof. Nothing in this paragraph 15 shall be deemed to restrict the rights of the Company to reinstate this lease as provided in paragraph 13.

#### 16. FORCE MAJEURE

In case by reason of force majeure any party hereto shall be rendered unable wholly or in part to carry out its obligations under this lease, then except as otherwise expressly provided in this lease, if such party shall give notice and full particulars of such force majeure in writing to the other parties within a reasonable time after occurrence of the event or cause relied on, the obligations of the party giving such notice, other than the obligations of the Company to make the payments of basic rent required under the terms hereof, so far as they are affected by such force majeure, shall be suspended during the continuance of the inability then claimed which shall include a reasonable time for the removal of the effect thereof, but for no longer period. The term "force majeure", as employed herein, shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of any kind of the Government of the United States or the State of South Carolina or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraining of government and people, civil disturbances, explosions, breakage or accidents to machinery, transmission pipes or canals, partial or entire failure of utilities, shortages of labor, material, supplies or transportation, or any other cause not reasonably within the control of the party claiming such inability. It is understood and agreed that the settlement of existing or impending strikes, lockouts or other industrial disturbances shall be entirely within the discretion of the party having the difficulty and that the above requirements that any force majeure shall be reasonably beyond the control of the party shall be deemed to be fulfilled even though such existing or impending strikes, lockouts or other industrial disturbances may not be settled but could have been settled by acceding to the demands of the opposing person or persons.

#### 17. NATURE OF OBLIGATIONS OF THE COMPANY

The obligations of the Company to pay basic rent as herein provided and to make all other payments provided for herein and to maintain the leased premises in accordance with paragraph 7 of this lease shall be absolute and unconditional, irrespective of any rights of set-off, recoupment or counterclaim it might otherwise have against the County or the Trustee or any party or parties for whom the Trustee is acting pursuant to this lease. The Company will not suspend or discontinue any such payment or terminate or cause to be terminated this lease or the Acquisition Contract for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute an eviction or constructive eviction, failure of consideration, failure of title, or commercial frustration of purpose, or any damage to or destruction of the leased premises, or the taking or condemnation of title to or the use or possession of all or any of the leased premises, or any change in the tax or other laws of the United States, the State of South Carolina or any political subdivision of either

thereof, or any failure of the County to perform and observe any agreement or covenant, whether express or implied, or to discharge any duty, liability or obligation arising out of or connected with this lease. Notwithstanding the foregoing, the Company may, at its own cost and expense, and in its name or in the name of the County prosecute or defend any action or proceeding or take any other action which the Company may deem reasonably necessary in order to secure or protect its or their right of use and occupancy and other rights hereunder. The provisions of the first and second sentences of this paragraph 17 shall apply only if and so long as there shall be outstanding and unpaid any principal or interest on the Bonds (or applicable redemption premium, if any), adequate provision for the payment of which shall not have been made, and nothing contained therein shall be construed to affect adversely or to impair the optional rights to purchase the leased premises granted to the Company in paragraph 19 hereof. Furthermore except to the extent provided in the first and second sentences of this paragraph 17, nothing contained herein shall be construed to prevent or restrict the Company from asserting any rights which it may have against the County (or the Trustee or the party or parties for whom the Trustee is acting pursuant to this lease) under this Lease and Agreement, the Acquisition Contract or under any provision of law.

#### 18. SALE OF BONDS; APPLICATION OF FUNDS; COVENANTS OF THE COUNTY

(a) Pursuant to paragraph 1 of the Acquisition Contract, the County has agreed that it will, on or before December 31, 1968 or such later date as shall be agreed to in writing by the Company, issue, sell and deliver the Bonds in the aggregate original principal amount of \$35,000,000, under and pursuant to the Act and the Trust Indenture. Such issuance, sale and delivery, including all the terms thereof and of the Bonds, shall be effected only with the written approval of the Company to be evidenced by a statement signed by its President or any Vice President prior to the time of such issuance, sale and delivery. Supplementing said paragraph 1 (but not in derogation thereof in any respect), if such approval of such issuance, sale and delivery is not given by the Company, or if the sale of the Bonds is not consummated by December 31, 1968 or such later date as shall be agreed to in writing by the Company, this Lease and Agreement shall be of no further force and effect, and the County, the Company and the Trustee in such event do hereby mutually discharge and release any claims which each one of them may have obtained or may after the date hereof obtain against any other by reason of or arising from this Lease and Agreement, the Acquisition Contract, or the transactions contemplated hereby or thereby. The County covenants and represents that it has full right and lawful authority to enter into this lease and the Acquisition Contract and, subject to the foregoing provisions of this paragraph, that it will perform and observe all of the obligations undertaken by it in such Contract. The County shall not without the prior written consent of the Company consent or agree to any waiver or modification of any of the terms or provisions of the Bond Purchase Agreement entered into pursuant to the Resolution.

(b) The County agrees that all monies received from the sale of the Bonds and all basic rent paid by the Company and all other monies received by the County in connection with the leased premises shall be applied solely and exclusively in the manner and for the purposes expressed and specified in the Trust Indenture and in the Bonds and as provided herein and in the Acquisition Contract, and that the Company shall have and may exercise all the rights, powers, authority and benefits stated to be in the Company, in the Trust Indenture, this lease, the Acquisition Contract and the Bonds, and that the Trust Indenture and the Bonds shall not be modified, altered or amended in any manner which adversely affects such rights, powers, authority or benefits so stated to be in the Company or otherwise adversely affects the Company without the prior written consent of the Company.

#### 19. OPTIONAL PURCHASE RIGHTS

(a) At any time after the commencement of the term of this lease but not more than 180 days subsequent to the expiration thereof, the Company shall have the option to purchase the leased premises (which shall include, for purposes of this paragraph 19, all rights to any insurance payments referred to in paragraph 10 above and all rights to any net awards referred to in paragraph 11 above, whether or not paid in full by the insurance carrier or the taking or condemning authority) at a purchase price



which shall be equal to the sum of (i) the amount, if any, which when added to the amount then held by the Trustee in the Bond Service Fund and available for such purpose, will be sufficient to redeem or pay, in accordance with the provisions of the Trust Indenture, on the interest payment date or dates on the Bonds next following the closing hereinafter provided for on which redemption or payment may be effected, the principal of all outstanding Bonds, and the applicable redemption premium, if any, and the amount of interest due and to become due on said Bonds on and prior to such redemption or payment, plus (ii) one dollar (\$1.00).

(b) To exercise such option to purchase, the Company shall give to the County and the Trustee written notice of its intention to do so which notice shall also state the time and date (not earlier than 60 days following the giving of the notice) of the closing, the place of the closing and the person to which the title to and the ownership interest in the leased premises shall be conveyed and transferred by the City.

(c) At the closing, which shall be held at the offices of the Board of County Directors of the County or at the principal office of the Trustee, as the Company shall specify, the County shall convey and transfer to the Company or its or their designee or designees (the Company and such designee or designees being hereinafter in this paragraph called the "purchaser") as good a title to and ownership interest in the leased premises as the County received from the Company excepting only charges, liens, encumbrances, defects, restrictions, reservations, easements and agreements caused, created or consented to in writing by the Company or for the payment or satisfaction of which the Company is responsible under the terms of this lease. Conveyance of title to that portion of the leased premises constituting real property shall be made by a deed in substantially the form of Exhibit D to the Acquisition Contract and conveyance and transfer of the ownership interest in that portion of the leased premises which does not constitute real property shall be made by bill of sale, such deed and bill of sale to be delivered by the County against payment to the Trustee for deposit in the Bond Service Fund of the purchase price specified above. The purchaser shall take title to and ownership of the leased premises subject to such laws, ordinances, rules or regulations as shall be binding upon it or them, and all violations thereof, and the purchaser shall bear the reasonable costs and expenses of the County in connection with the preparation of the deed and bill of sale, and the delivery thereof and all taxes and charges payable in connection with such conveyance and transfer. Upon conveyance and transfer of title to and ownership interest in the leased premises and payment therefor as aforesaid, the leasehold estate created by this lease (unless the same has expired) and all obligations of the Company hereunder shall terminate.

#### 20. SUCCESSORS AND ASSIGNS

(a) The Company may assign or transfer this lease and any or all of its rights hereunder including its optional rights to purchase the leased premises, and may sublet the whole or any part of the leased premises, without the consent of the County, provided in each case that, except as otherwise set forth in this paragraph 20, the Company shall nevertheless remain primarily liable to the County for the payment of all basic rents hereunder to be paid by it and for the full observance and performance of all of the covenants and conditions hereunder to be observed and performed by it.

(b) In the event of a merger or consolidation between the Company and any other corporation or a transfer of substantially all the assets of the Company, the corporation surviving or resulting from such merger or consolidation or the transferee of such assets shall succeed to and be substituted for the Company under this lease and under the Acquisition Contract with the same effect as if such surviving or resulting corporation or such transferee had been named herein as the Company; provided, however, that no such merger, consolidation or transfer of substantially all the assets of the Company shall be effected unless such surviving or resulting corporation or such transferee shall have expressly assumed, in an instrument delivered to the County and the Trustee, all the obligations of the Company under this lease and under the Acquisition Contract, and if such transferee shall have expressly so assumed, the Company shall have no further obligation or liability under this lease or under the Acquisition Contract.

(c) The Company agrees that if it should dissolve and terminate its corporate existence (otherwise than by merger or consolidation or after the sale of substantially all its assets), or if a receiver should be appointed by a court of competent jurisdiction to take charge of its business or assets, or if the Company should be adjudicated a bankrupt, whether or not through voluntary proceedings, and such receivership or bankruptcy proceedings are not dismissed within a period of 180 days thereafter, there shall forthwith and automatically become due and payable by the Company, and the Company shall pay to the Trustee for deposit in the Bond Service Fund, an amount equal to the sum of (i) the principal of and accrued interest on all outstanding Bonds, plus (ii) any applicable premium that would be payable if all of such Bonds were to be redeemed at the next following redemption date, plus (iii) any interest which would accrue on such Bonds to such redemption date, minus (iv) the amount then held in the Bond Service Fund.

(d) The County may pledge any monies receivable under this lease to the Trustee as security for payment of the interest and premium, if any, coming due and the principal maturing or otherwise becoming payable on the Bonds, but any such pledge shall be subject and subordinate to this lease. The Trustee, if then permitted by law, may upon the occurrence of an event of default under the Trust Indenture succeed to the rights of the County under this lease, subject in all respects to the Trustee's performing the obligations of the County hereunder.

(e) Except as otherwise provided above in this paragraph 20, all covenants, conditions and obligations herein contained shall be binding upon and inure to the benefit of any government or instrumentality which may succeed to the functions hereunder of the County, and the respective successors and transferees of substantially all of the assets of the other parties hereto, in each case to the same extent as if each such successor and transferee were named as such party hereto.

#### 21. CONCERNING THE TRUSTEE

(a) The Trustee shall have no duties hereunder except those specifically provided for in this Lease and Agreement and in the Trust Indenture.

(b) The Trustee, in administering the trust herein created, shall be entitled to the advice of counsel (which may be counsel to the County or to the Company) and shall be protected for any acts taken in good faith in reliance upon such advice. The Trustee shall be entitled to rely fully upon any reports, certifications, opinions, directions, elections, requests, determinations and demands furnished to it by any officer of the Company pursuant to the provisions of this Lease and Agreement, and the County for its part agrees to be bound by determinations made by the Trustee in these respects, whether based on said reports, certifications, opinions, directions, elections, requests, determinations and demands of such officers or upon the other information or opinions furnished by the Company. The Trustee shall not be liable for any action reasonably taken or omitted to be taken by it in good faith and reasonably believed by it to be within the discretion or power conferred upon it by this lease, or be responsible for the consequences of any oversight or error of judgment reasonably made by it, and the Trustee shall be answerable only for its own acts, receipts, neglects and defaults, and not for those of any person, firm or corporation employed and selected with reasonable care. The Company shall pay to the Trustee, the Escrow Agent (provided for in the Acquisition Contract and the Trust Indenture) and the Paying Agent (provided for in the Trust Indenture) reasonable compensation for all their services, together with their actual out-of-pocket expenses necessarily incurred (promptly after the receipt by the Company of a written description thereof and a request for such payment) in connection with acting as Trustee, Escrow Agent and Paying Agent under this lease, the Acquisition Contract and the Trust Indenture.

(c) Execution of the acceptance by \_\_\_\_\_ as Trustee, at the end of this Lease and Agreement, shall be sufficient for said \_\_\_\_\_ to become a party hereto in such capacity, pursuant to the terms set out herein, without the execution of any other instrument.

#### 22. THIRD PARTY BENEFICIARIES

The County and the Company agree that this lease is executed in part to induce the purchase by others of the Bonds, and for the further securing of the Bonds, and accordingly all covenants and

agreements on the part of the County and the Company as set forth in this lease are hereby declared to be for the benefit of the holders from time to time of the Bonds and may be enforced on behalf of the bondholders by and only by the Trustee at the request and direction of the holders of not less than a majority in principal amount of all the Bonds then outstanding or their duly authorized representatives. Except as hereinabove in this paragraph 22 provided nothing herein contained shall be deemed to create any right in any third party (other than the permitted successors and assigns of a party) and this lease shall not be construed in any respect to be a contract in whole or in part for the benefit of any third party.

#### 23. COMMUNICATIONS

All communications hereunder shall be in writing and shall be deemed sufficiently made when sent by United States registered mail, postage prepaid, addressed

if to the County:

Board of County Directors of Chester County  
County Court House  
Chester, South Carolina 29706  
Attention of the County Manager;

if to the Company:

Springs Mills, Inc.  
Fort Mill, South Carolina 29715  
Attention of the Secretary; and

if to the Trustee:

Attention of the Corporate Trust Department.

or, such communications may be given by telegram provided in each case the same is confirmed the same day in the manner just provided for in this paragraph 23, or, in each case, at such other address as may hereafter have been designated most recently in writing with specific reference to this paragraph 23, by the addressee to the addressor.

#### 24. MISCELLANEOUS

This Lease and Agreement (a) together with the Acquisition Contract constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter thereof; (b) may be executed simultaneously in five or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument; and (c) may be modified only in accordance with any applicable provisions of the Trust Indenture and by an instrument in writing signed by the duly authorized representative of all parties. Any communication permitted or required to be made, taken or held under the provisions of this lease by the Company, the County or the Trustee shall be conclusively evidenced for all purposes as having been made, taken or held by a written statement setting forth such communication which has been signed, in the case of the County, by the Chairman or Secretary of the Board of County Directors, and in the case of the Company or the Trustee, by an officer thereof. The Table of Contents at the beginning of this lease, and the paragraph and other headings contained in this lease, are for reference purposes only and shall not control or affect its interpretation in any respect. The term "person" when used in this Lease and Agreement shall mean any individual, corporation, governmental entity, partnership, joint venture, business association or other organization or entity. 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.



IN WITNESS WHEREOF, Chester County, South Carolina has caused its corporate name to be hereunto subscribed by ....., Chairman of the Board of County Directors of Chester County, and attested under its corporate seal by ....., Secretary of said Board of County Directors, and Springs Mills, Inc. has caused its corporate name to be subscribed hereto by its duly authorized President or Vice President, and attested under its corporate seal by its Secretary or Assistant Secretary, all being done as of the year and day first above written.

CHESTER COUNTY, SOUTH CAROLINA

[SEAL OF COUNTY]

Attest:

By .....  
*Chairman, Board of County Directors of  
Chester County*

.....  
*Secretary*

Signed, Sealed and Delivered in the  
Presence of

SPRINGS MILLS, INC.

[CORPORATE SEAL]

Attest:

By .....  
*President*

.....  
*Secretary*

Signed, Sealed and Delivered in the  
Presence of

Accepted this      day of      , 1968

[CORPORATE SEAL]

Attest:

By .....  
*Trust Officer*

.....  
*Assistant Secretary*

Signed, Sealed and Delivered in the  
Presence of

[Appropriate Acknowledgments to be Supplied]

DESCRIPTION OF LAND  
(Appendix A to Lease and Agreement)

Proof of December 9, 1967

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## Acquisition Contract

BY AND AMONG

CHESTER COUNTY, SOUTH CAROLINA

AND

SPRINGS MILLS, INC.  
(a South Carolina corporation)

AND

as Escrow Agent and Trustee

---

*Dated as of* \_\_\_\_\_, 1968



## TABLE OF CONTENTS

	<u>Page</u>
Preliminary Recitals	1
Basic Agreements of the County and the Company	1
Terms and Conditions of the Agreements of the County and the Company	2
Paragraph 1. Sale and Disposition of Proceeds of Bonds; Escrow Fund	2
(a) Sale of Bonds	2
(b) Disposition of Proceeds of Bonds	3
(c) Escrow Fund	3
Paragraph 2. Acquisition of Project	3
Paragraph 3. Determination and Payment of Purchase Price	4
(a) Determination of Purchase Price	4
(b) Installment Payments	4
Paragraph 4. Covenant Against Liens	5
Paragraph 5. Closing of Acquisition of Project	5
(a) Date of Closing	5
(b) Deeds and Bill of Sale	5
(c) Title Insurance	5
(d) Costs, Expenses and Taxes	6
(e) Withdrawal of Land	6
(f) Trustee as Agent for County	6
Paragraph 6. Taxes and Assessments	6
Paragraph 7. Violations and Nuisances	6
Paragraph 8. Nonconveyance of Title	7
Paragraph 9. Successors and Assigns	7
Paragraph 10. Escrow Agent and Trustee	7
Paragraph 11. Consulting Engineer	8
Paragraph 12. Force Majeure	8
Paragraph 13. Third Party Beneficiaries	8
Paragraph 14. Communications	9
Paragraph 15. Miscellaneous	9
Testimonium, Signatures and Seals	10
Acknowledgments	10
Appendix A (Description of Land)	11
Exhibit A (Certificate of Costs)	12
Exhibit B (Certificate of Use of Funds)	12
Exhibit C (Certificate of Contract Compliance)	12
Exhibit D (Form of Deed)	13
Exhibit E (Form of Bill of Sale)	14

## ACQUISITION CONTRACT

THIS ACQUISITION CONTRACT (hereinafter sometimes also referred to as "this contract") made as of the \_\_\_\_\_ day of \_\_\_\_\_, 1968, by and among Chester County, South Carolina, a body politic and corporate under the laws of the State of South Carolina (hereinafter referred to as the "County"), and Springs Mills, Inc., a South Carolina corporation having its principal business office at Fort Mill, South Carolina 29715 (hereinafter referred to as the "Company"), and \_\_\_\_\_, a \_\_\_\_\_, as Escrow Agent and Trustee hereunder (hereinafter in its several capacities referred to as the "Escrow Agent" or "Trustee"),

### WITNESSETH:

WHEREAS, the County has all necessary power and authority to enter into this contract, for a proper public purpose and as an essential government function, in order to assist and encourage local industries to expand their investment in South Carolina, to promote the industrial development of the State and Chester County, to meet the growing competition for new industries, to strengthen the economy of the State and Chester County, to increase their commerce and to promote their welfare and prosperity, and to provide employment, all pursuant to the provisions of Act No. 103 of the General Assembly of South Carolina enacted at the 1967 Regular Session (hereinafter referred to as the "Act"); and

WHEREAS, the County proposes to obtain the anticipated public benefits mentioned above by acquiring the "Project" which term shall hereinafter mean the land (including all rights and appurtenances thereto), the industrial buildings and structures and the industrial machinery and equipment more particularly described in clauses (i), (iii), (iv) and (v) immediately following these recitals, which Project is in the course of construction by the Company and, in furtherance of said objectives, negotiations have been carried on between the County and the Company in respect to such acquisition and construction and the leasing of the same by the County to the Company; and

WHEREAS, concurrently with the execution of this contract, the County, the Company and the Trustee have entered into a Lease and Agreement of even date herewith (hereinafter referred to as the "Lease and Agreement") providing for the leasing of the Project by the County to the Company commencing simultaneously with delivery of the deed by the Company at the closing which is provided for in paragraph 5 of this Contract; and

WHEREAS, to provide funds for the acquisition of the Project by the County as provided in this contract, and to provide funds to pay the costs and expenses of the issuance of the Bonds hereinafter mentioned, the County will issue and sell its Industrial Revenue Bonds (Textile Series 1968) (hereinafter referred to as the "Bonds") in the aggregate principal amount of \$35,000,000 pursuant to the Act and the Resolution \_\_\_\_\_ of the Board of County Directors of Chester County adopted \_\_\_\_\_, 1968 (hereinafter referred to as the "Resolution") and the Trust Indenture between the County and the Trustee of even date herewith (hereinafter referred to as the "Trust Indenture").

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration and of the mutual benefits, covenants and agreements herein expressed, the County and the Company agree as follows:

The Company agrees with the County:

(i) until the delivery of the deed by the Company at the closing which is provided for in paragraph 5 of this contract, to preserve its fee simple estate in the land (including all appurtenances thereto and any improvements thereto and thereon), subject to the provisions of paragraphs 4, 5 and 7 of this contract, which land is more particularly described in Appendix A hereto; provided, however, that the Company shall be entitled to acquire additional land contiguous to the land described above and upon such acquisition the same shall, at the election of the Company

and subject to the provisions of paragraph 5(e) hereof, be included in the land of the Project for all purposes of this contract and the Trust Indenture and the land of the leased premises under the Lease and Agreement. Upon any such acquisition and election by the Company the Company shall give notice of the acquisition and election to the County and the Trustee together with a particular description of such land:

(ii) until the delivery of the deed by the Company at the closing which is provided for in paragraph 5 of this contract, to obtain all necessary governmental permits and authorizations as from time to time may be required, and to comply with all zoning or other land use restrictions applicable to the construction or installation of the Project or to obtain variations therefrom to permit the same to be constructed or installed (provided that the Company shall have no obligation hereunder to obtain any such permits or authorizations or to comply with any such restrictions if it shall in good faith be contesting its obligation to comply therewith by appropriate proceedings); and

(iii) as provided in this contract, to construct or cause to be constructed on the land described in clause (i) above the industrial buildings and structures suitable for and intended for or incidental to use as a plant for the production of sheeting containing natural or man-made fibers or blends of both and designed at full production to produce approximately 640,000 yards of sheeting per week, as such plant may be constructed by the Company or as the same may be changed by the Company during or after construction (provided, however, that such design capacity shall not be significantly diminished); and

(iv) as provided in this contract, to acquire, construct, assemble and install, or cause to be acquired, constructed, assembled and installed, the industrial machinery and equipment which, in the opinion of the Company, shall be necessary, suitable, intended for or incidental to the use as a textile plant of the kind described in clause (iii) above, which from time to time shall be conveyed and transferred by the Company to the County by, and be described in, the bills of sale delivered to the Trustee by the Company pursuant to paragraph 5(b) of this contract; and

(v) to acquire ownership of or other interests in such easements, rights-of-way, covenants, restrictions and other rights and privileges as the Company shall, in its sole discretion, deem appropriate in connection with the operation of the Project.

The County agrees to purchase from the Company and the Company agrees to sell and convey to the County, upon the terms and conditions hereinafter set forth, the land, buildings and structures, machinery and equipment and rights and privileges described above constituting the Project.

The terms and conditions of this contract are as follows:

#### 1. SALE AND DISPOSITION OF PROCEEDS OF BONDS; ESCROW FUND

(a) *Sale of Bonds.* The County agrees that it will on or before \_\_\_\_\_, 1968 or such later date as shall be agreed to in writing by the Company and the County, issue, sell and deliver the Bonds in the aggregate principal amount of \$35,000,000 under and pursuant to the Act and the Trust Indenture. Such issuance, sale and delivery (including all the terms thereof, whether set forth in the Bond Purchase Agreement referred to in the Resolution, or otherwise, and the terms of the Bonds) shall be effected only with the written approval of the Company to be evidenced by a statement signed by its President or any Vice President at the time of the sale. If such approval of such sale is not given by the Company, or if such sale is not consummated by December 31, 1968, or such later date as shall be agreed to in writing by the Company and the County, this contract and the Lease and Agreement shall be of no further force and effect, and the County, the Trustee and the Company in such event do hereby mutually discharge and release any claims which each one of them may have against the other by reason of or arising from this contract, the Lease and Agreement, the Trust Indenture or the transactions contemplated hereby or thereby except that the Company shall pay the reasonable expenses of the County and a reasonable fee to Bond counsel in connection therewith.



(b) *Disposition of Proceeds of Bonds.* The County agrees that (i) from the proceeds of the Bonds there shall be deposited in the Bond Service Fund a sum equal to interest on such Bonds accrued to the date of delivery thereof; and (ii) the balance of the proceeds of the sale of the Bonds shall forthwith upon receipt be deposited in an escrow trust fund to be held by the Escrow Agent. Said fund is hereinafter referred to as the "Escrow Fund".

(c) *Escrow Fund.* The Escrow Agent shall pay, with amounts in the Escrow Fund, in the following order of priority:

(i) the expenses and disbursements of the County, including fees and disbursements of its counsel and the fees and disbursements of Bond counsel, (but only as and to the extent in each case approved in writing by the Company, such approval not to be unreasonably withheld and to be evidenced by a statement signed by the President or any Vice President thereof) to effect the authorization, issuance and sale of the Bonds;

(ii) to the Trustee for deposit in the Chester County, South Carolina, Industrial Revenue Bonds (Textile Series 1968) Service Fund established and maintained with the Trustee in accordance with the Trust Indenture and the Lease and Agreement (hereinafter referred to as the "Bond Service Fund"), amounts equal to the interest from time to time coming due on the Bonds to and including \_\_\_\_\_, 196\_\_\_\_, less the amount then on deposit in the Bond Service Fund and available for the payment of the interest on each such interest payment date, such payments to be made not later than \_\_\_\_\_ business days prior to the respective interest payment dates;

(iii) the price to be paid by the County to the Company for the Project, but only in accordance with paragraph 3 hereof, such payments to be made only after paying or making provision for the payments to be made pursuant to clauses (i) and (ii) of this paragraph 1(c);

(iv) to the Trustee for deposit in the Bond Service Fund for application as in the Trust Indenture provided, after making the payments referred to above, a final payment of the amount, if any, then remaining in the Escrow Fund.

Pending payment of the amounts in the Escrow Fund the undisbursed portion of the same shall, if the Company so elects, be invested and reinvested in Eligible Securities as defined in Section 505 of the Trust Indenture. Such investments shall be made by the Escrow Agent as directed and designated by the Company. All income or other gain from such investments shall become a part of and be credited to the Escrow Fund. Anything to the contrary in this contract and in the Trust Indenture notwithstanding, the rights of the Company with respect to the investment and reinvestment, as above provided, of amounts held in the Escrow Fund shall continue so long as amounts remain therein.

## 2. ACQUISITION OF PROJECT

The Company agrees to sell and convey, and the County agrees to purchase, the Project not later than the substantial completion thereof or earlier as provided in the following sentence. The Company shall use all reasonable efforts to cause the Project substantially to be completed on or before March 31, 1969, but if the Company is unable to cause such Project to be substantially completed by such date, nevertheless the Company shall sell and convey and the County shall purchase the Project on or about such date (but in no event more than 180 days after such date), and thereafter the Company shall proceed to cause the Project to be so completed. The substantial completion of the Project shall be evidenced by the delivery to the Trustee of a certificate to that effect of the Consulting Engineer (referred to in paragraph 11 hereof) which certification shall be final and conclusive for all purposes under this contract and the Lease and Agreement. The Consulting Engineer shall be entitled to rely in making such certification, upon the certificate of any licensor or supplier, from whom the Company has obtained rights to the use of any secret process or other trade secret incorporated in the work, as to facts, not within the knowledge of such Engineer, regarding the substantial completion of such portions of the Project as may incorporate in any material respect such process or secret.

### 3. DETERMINATION AND PAYMENT OF PURCHASE PRICE

(a) *Determination of Purchase Price.* The purchase price to be paid by the County to the Company for the Project shall be the cost thereof to the Company, whether incurred by the Company or by others on its behalf and before or after the date of this contract or the closing of title, for which certificates under paragraph 3(b) hereof shall have been delivered to the Escrow Agent and may include without limitation the costs, charges, fees and expenses of acquiring, preparing, improving and insuring the land and other rights and privileges relating to land and of causing to be constructed and equipped the remainder of the Project, including without limiting the generality of the foregoing: (i) the costs of acquisition of such land and rights and privileges, (ii) the costs of construction, installation and equipment, and all payments to contractors and subcontractors, suppliers, carriers and similar payments in connection therewith, (iii) the cost of all insurance, including the cost of title insurance whether required hereunder or considered advisable to protect the interest therein of the Company, (iv) the cost of all licenses, "know-how", technical data, permits, plans and designs, necessary or useful in the judgment of the Company to be obtained in connection with the construction of the Project, (v) the costs of providing for electricity, water, waste disposal, transportation loading and unloading and other utility services, and related substations and facilities, whether located on or off the land, (vi) the costs, fees and expenses of architectural, engineering, legal, accounting, investment banking, fiduciary and other services in connection with the foregoing and with this contract, the Lease and Agreement, the Resolution, the Trust Indenture and the authorization, issuance and sale of the Bonds, and (vii) all other costs, charges, fees and expenses properly allocable, in accordance with generally accepted accounting principles, to the acquisition, preparation, improvement, insurance and the constructing and equipping of the Project and the conducting of such tests and other operations as the Company may deem advisable to determine and achieve efficient commercial operation thereof. Notwithstanding the foregoing, the price shall not exceed the amounts in the Escrow Fund available for payment therefrom by the Escrow Agent in accordance with paragraph 1(c) hereof as the price of the Project, and the County shall have no obligation to pay any additional amount to the Company as such price and the Company shall nevertheless be obligated to expend such further amounts as may be required to complete the Project at its expense.

(b) *Installment Payments.* Subject to paragraphs 1 and 3 hereof, the price for the Project shall be paid by the Escrow Agent to the Company in installments, each installment being payable upon the Company's delivery to the Escrow Agent of the following described certificates, and being in the amount stated in the certificate of the Treasurer or Assistant Treasurer of the Company described in clause (i) of this paragraph 3(b) except the last installment which may be any lesser amount then remaining in the Escrow Fund:

(i) a certificate (in the form annexed hereto as Exhibit A) of the Treasurer or Assistant Treasurer of the Company certifying that there has been expended or is being expended concurrently with the delivery of such certificate, by or on behalf of the Company, an amount which (except in the case of the last such certificate) shall be not less than \$500,000 on account of the cost of the Project, and that no certificate in respect of such expenditures has previously been delivered to the Escrow Agent; together with an invoice or other statement in reasonable detail of the expenditures covered by such certificate (but in no event more detailed, in the case of payments to contractors, subcontractors and other suppliers, than the statements the Company shall have required of such contractors, subcontractors and other suppliers);

(ii) a certificate (in the form annexed hereto as Exhibit B) of the Consulting Engineer or supervising engineer on the work to the effect that no portion of the amount stated in the certificate of said Treasurer or Assistant Treasurer described in the foregoing clause (i) of this paragraph 3(b) has been expended or is being expended in connection with acquisition of tangible personal property (other than personal property consumed or to be consumed in the course and completion of construction of the Project or incorporated or to be incorporated into the Project in the course of completion of construction thereof) or for labor, services or materials not actually rendered or delivered;

(iii) a certificate (in the form annexed hereto as Exhibit C) of the President or a Vice President of the Company to the effect that the Company is not in default under this contract and that nothing has occurred to the knowledge of the Company which prevents the performance of its obligations hereunder; and

(iv) in the case of the first installment, evidence that a title insurance company or companies have insured or agreed to insure the Company's title to the land in an amount not less than the cost thereof to the Company, with only such excepted liens, charges or encumbrances or violations as are permitted by paragraphs 4 and 7 of this contract.

#### 4. COVENANT AGAINST LIENS

The Company agrees that the Project shall be sold and conveyed by the Company to the County free and clear of all liens, charges and encumbrances (other than the Lease and Agreement), except as set forth in Appendix A to this contract and except the following:

(a) liens for taxes due but not then delinquent or which are being contested in good faith by or on behalf of the Company;

(b) minor defects, irregularities, encumbrances, easements, rights of way, and clouds on title which do not in the opinion of the Company's counsel materially impair the property affected thereby for use as part of the Project;

(c) easements for roads and public utilities and similar easements;

(d) easements, restrictions and obligations relating to the operation of the Project; and

(e) mechanics', workmen's, repairmen's or carriers' liens or other similar liens, provided that the same shall be discharged by the Company in the ordinary course of business and without undue delay or the validity of the same shall be contested with any pending execution thereof appropriately stayed.

#### 5. CLOSING OF ACQUISITION OF PROJECT

(a) *Date of Closing.* The closing of the title shall occur not later than the date of substantial completion of the Project, as certified by the Consulting Engineer in accordance with paragraph 2 hereof, or on or about , 196 (but in no event more than 180 days after such date), whichever shall be earlier, and the Company shall give the County not less than 30 days' written notice of the exact date and place of the closing (such date being referred to herein as the "closing date").

(b) *Deeds and Bill of Sale.* At the closing the Company shall deliver to the County good and marketable title in the form of a deed or deeds substantially in the form annexed hereto as Exhibit D in proper form for recording, duly executed and acknowledged and having affixed thereto revenue stamps in the amount deemed proper by the Company, so as to convey to the County the title to the real property and interests therein constituting a part of the Project, free of all liens, charges and encumbrances and violations, except as permitted by paragraphs 4 and 7 of this contract. At the closing the Company shall also deliver to the County a bill of sale (substantially in the form of Exhibit E) transferring to the County title to such of the personal property then constituting or which may then constitute a part of the Project. Subsequent to the closing and prior to the sixtieth day after the date of completion of the Project the Company shall in like fashion deliver to the County from time to time such further deeds (in form, and subject to the exception, as aforesaid, which exception shall for the purposes of this sentence relate to the time of such delivery rather than to the closing date) and bills of sale as shall be required to convey to the County the title to such further real and personal property and interest therein as, upon completion of the Project, constitute, or which may constitute a part of the Project.

(c) *Title Insurance.* At the closing and thereafter, at the same time or times as it delivers each of the respective aforesaid deeds, the Company will deliver to the County a policy or policies of title insurance issued by a title insurance company or companies insuring the County against a loss as a



result of defects in the title of the County to the real property and interests therein described in such deeds constituting a part of the Project with only such excepted liens, charges and encumbrances and violations as are permitted to exist under the applicable provisions of this contract. The aggregate amount of such insurance shall be \$1,000,000. Until the Bonds are fully paid, or provision therefor has been made in accordance with the provisions of the Trust Indenture, the proceeds of such insurance shall be payable to the Trustee for deposit in the Bond Service Fund.

(d) *Costs, Expenses and Taxes.* The Company shall bear all of the costs and expenses in connection with the preparation of said deeds and bills of sale, the obtaining of the title insurance policy or policies, the delivery of any of said instruments and documents and their filing or recording if required, and all taxes and charges payable in connection with any of the foregoing or the conveyance and transfer of the Project, and all such costs and expenses and taxes and charges shall be costs to the Company of the Project.

(e) *Withdrawal of Land.* If the Company, in its sole discretion, shall determine to convey and transfer a lesser quantity of land than that comprised in the description set forth in Appendix A to this contract, the Company may so convey and transfer such lesser quantity without default under the provisions of this contract, provided, however, that (i) such conveyance and transfer shall include land upon which is located such of the industrial buildings as, in the opinion of the Company, are and will be necessary for the efficient manufacturing of textiles by the Company substantially on the scale contemplated by clause (iii) next following the recitals to this contract, (ii) in any event and at all times there shall be reasonable ingress from public ways to the land on which such buildings are located and reasonable egress therefrom to the public ways, (iii) if the Company shall have earlier received the same, the Company shall pay back into the Escrow Fund the cost to the Company of the land (and any improvements thereto) not so conveyed and transferred (which payment shall thereupon become for all purposes part of the Escrow Fund), and (iv) the Company shall give notice to the County and to the Trustee of its intention to convey and transfer a lesser quantity of land which shall also set forth a particular description of such lesser quantity. If the right to convey and transfer such lesser quantity of land under this paragraph 5(e) is exercised by the Company, such lesser quantity of land shall constitute the land of the Project for all purposes of this contract and the Trust Indenture and the land of the leased premises under the Lease and Agreement.

(f) *Trustee as Agent for County.* To induce the Company to enter into this contract the County hereby irrevocably constitutes and appoints the Trustee its agent to accept and hold in the name and on behalf of the County, the notice, deeds, bills of sale and policy or policies of title insurance referred to in this paragraph 5, and to record such deeds and file or record such of the other instruments as shall be appropriate. Upon delivery as aforesaid by the Company at the closing of the deed or deeds and bill of sale to the Trustee on behalf of the County, title to the Project shall for the purposes hereof vest in the County. Copies of the aforesaid notice referred to in paragraph 5(e) and other instruments delivered to the Trustee shall be delivered by the Company to the County.

#### 6. TAXES AND ASSESSMENTS.

It is agreed that all taxes, assessments and other governmental charges and impositions (including sales and use taxes) in connection with the Project, which shall be attributable to periods prior to completion of the Project and shall have been paid by the Company shall be costs to the Company of the Project.

#### 7. VIOLATIONS AND NUISANCES

The County agrees that the existence on the closing date of any violations or alleged violations of construction, sanitary, safety or similar laws, ordinances or regulations or any nuisances or alleged nuisances shall not excuse any failure on its part to accept title to the Project at the closing of title, and the Company shall not have any obligation with respect to any such violations or alleged violations or nuisances or alleged nuisances except that the Company shall (notwithstanding that such violations, alleged violations, nuisances or alleged nuisances occurred at or prior to the closing date) have the obligations with respect thereto provided in the Lease and Agreement.

#### 8. NONCONVEYANCE OF TITLE

The Company agrees that if conveyance of title to the Project to the County shall not be made by the Company as provided herein and such failure to convey title shall not result from an act or omission of the County, the Escrow Agent or the Trustee, no further payments shall be made by the Escrow Agent to the Company from the Escrow Fund, and the Escrow Agent shall promptly pay all amounts, if any, in the Escrow Fund into the Bond Service Fund, and the Company shall promptly pay to the Trustee for deposit in the Bond Service Fund, such additional amounts as together with the amounts then in the Bond Service Fund shall be sufficient to redeem and pay, in accordance with the provisions of the Trust Indenture, on the next interest payment date on the Bonds on which redemption and payment may be effected, all outstanding Bonds, plus applicable redemption premium, if any, and the amount of interest due and to become due on said Bonds on and prior to such redemption and payment, including all expenses of redemption and the Escrow Agent's and Trustee's and paying agent's fees. Anything in this contract to the contrary notwithstanding, upon the accomplishment of the transfer from the Escrow Fund and the Company's making payment as provided in the preceding sentence, the Company shall have no further obligations to the County under this contract and neither the County nor the Company shall be obligated under the Lease and Agreement.

#### 9. SUCCESSORS AND ASSIGNS

(a) The Company may assign or transfer this contract and any or all of its rights hereunder without the consent of the County, provided in each case that, except as otherwise set forth in this paragraph 9 the Company shall nevertheless remain primarily liable to the County for the full observance and performance of all of the covenants and conditions hereunder to be observed and performed by it.

(b) In the event of a merger or consolidation between the Company and any other corporation or a transfer of substantially all the assets of the Company, the corporation surviving or resulting from such merger or consolidation or the transferee of such assets shall succeed to and be substituted for the Company under this contract and under the Lease and Agreement with the same effect as if such surviving or resulting corporation or such transferee had been named herein as the Company; provided, however, that no such merger, consolidation or transfer of substantially all the assets of the Company shall be effected unless such surviving or resulting corporation or such transferee shall have expressly assumed, in an instrument delivered to the County and the Trustee, all the obligations of the Company under this contract and under the Lease and Agreement, and if such transferee shall have expressly so assumed, the Company shall have no further obligation or liability under this contract or under the Lease and Agreement.

(c) The County may pledge any monies receivable by it under this contract to the Trustee as security for payment of the interest and premium, if any, coming due and the principal maturing or otherwise becoming payable on the Bonds, but any such pledge shall be subject to and subordinate to this contract and the Lease and Agreement.

(d) Except as otherwise provided above in this paragraph 9, all covenants, conditions and obligations herein contained shall be binding upon and inure to the benefit of any government or instrumentality which may succeed to the functions hereunder of the County, and the respective successors and transferees of substantially all of the assets of the other parties hereto, in each case to the same extent as if each such successor and transferee were named as such party hereto.

#### 10. ESCROW AGENT AND TRUSTEE

(a) The Escrow Agent and Trustee shall have no duties hereunder except those specifically provided for in this contract and in the Trust Indenture.

(b) The Escrow Agent and Trustee, in performing its duties hereunder, shall be entitled to the advice of counsel (which may be counsel to the County or to the Company) and shall be protected for any acts taken in good faith in reliance upon such advice. The Escrow Agent and Trustee shall be entitled to rely fully upon any reports, certifications, opinions, directions, elections, requests, determinations and demands furnished to it by any officer of the Company pursuant to the provisions of this contract, and the County for its part agrees to be bound by the determinations made by the Escrow

Agent and the Trustee in these respects, whether based on said reports, certifications, opinions, directions, requests, determinations and demands of such officers or upon the other information or opinions furnished by the Company. The Trustee shall not be liable for any action reasonably taken or omitted to be taken by it in good faith and reasonably believed by it to be within the discretion or power conferred upon it by this contract, or be responsible for the consequences of any oversight or error of judgment reasonably made by it, and the Trustee shall be answerable only for its own acts, receipts, neglects and defaults, and not for those of any person, firm or corporation employed and selected with reasonable care. The Company has agreed in the Lease and Agreement, to pay reasonable compensation to the Escrow Agent and Trustee, together with its actual out-of-pocket expenses necessarily incurred promptly after the receipt by the Company of a written description thereof and a request for such payment in connection with acting as Escrow Agent and Trustee under this contract. Such compensation and expenses paid by the Company which shall be attributable to periods prior to the completion of the Project shall be costs to the Company of the Project.

(c) Execution of the acceptance by \_\_\_\_\_, as Escrow Agent and Trustee, at the end of this contract, shall be sufficient for said \_\_\_\_\_ to become a party hereto in such capacity, pursuant to the terms set out herein without the execution of any other instrument.

#### 11. CONSULTING ENGINEER

The Company agrees that it will name an engineer or engineers or engineering firm or firms as its consulting engineer (herein called the "Consulting Engineer") in respect of the Project, the Company, however, reserving the right to remove and replace any such Consulting Engineer at any time in its discretion. Any such Consulting Engineer shall be qualified as an Engineer under the laws of the State of South Carolina and may be an officer, employee or contractor of the Company.

#### 12. FORCE MAJEURE

In case by reason of force majeure any party hereto shall be rendered unable wholly or in part to carry out its obligations under this contract, then except as otherwise expressly provided in this contract, if such party shall give notice and full particulars of such force majeure in writing to the other parties within a reasonable time after occurrence of the event or cause relied on, the obligations of the party giving such notice, other than the obligations of the Company to make the payments of basic rent required under the terms of the Lease and Agreement, so far as they are affected by such force majeure, shall be suspended during the continuance of the inability then claimed which shall include a reasonable time for the removal of the effect thereof, but for no longer period. The term "force majeure", as employed herein, shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of any kind of the Government of the United States or the State of South Carolina or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraining of government and people, civil disturbances, explosions, breakage or accidents to machinery, transmission pipes or canals, partial or entire failure of utilities, shortages of labor, material, supplies or transportation, or any other cause not reasonably within the control of the party claiming such inability. It is understood and agreed that the settlement of existing or impending strikes, lockouts or other industrial disturbances shall be entirely within the discretion of the party having the difficulty and that the above requirements that any force majeure shall be reasonably beyond the control of the party shall be deemed to be fulfilled even though such existing or impending strikes, lockouts or other industrial disturbances may not be settled but could have been settled by acceding to the demands of the opposing person or persons.

#### 13. THIRD PARTY BENEFICIARIES

The County and the Company agree that this contract is executed in part to induce the purchase by others of the Bonds, and for the further securing of the Bonds, and to induce the Company to enter into the Lease and Agreement, and accordingly all covenants and agreements on the part of the County and the Company as set forth in this contract are hereby declared to be for the benefit of the holders from time



to time of the Bonds and may be enforced on behalf of the bondholders by and only by the Trustee at the request and direction of the holders of not less than a majority in principal amount of all the Bonds then outstanding or their duly authorized representatives. Except as hereinabove in this paragraph 13 provided, nothing herein contained shall be deemed to create any right in any third party (other than the permitted successors and assigns of a party) and this contract shall not be construed in any respect to be a contract in whole or in part for the benefit of any third party.

#### 14. COMMUNICATIONS

All communications hereunder shall be in writing and shall be deemed sufficiently made when sent by United States registered mail, postage prepaid, addressed

if to the County:

Board of County Directors of Chester County  
County Court House  
Chester, South Carolina 29706  
Attention of the County Manager;

if to the Company:

Springs Mills, Inc.  
Fort Mill, South Carolina 29715  
Attention of the Secretary; and

if to the Escrow Agent and Trustee:

Attention of the Corporate Trust Department;

or, such communications may be given by telegram provided in each case the same is confirmed the same day in the manner just provided in this paragraph 14, or, in each case, at such other address as may hereafter have been designated most recently in writing with specific reference to this paragraph, by the addressee to the addressor.

#### 15. MISCELLANEOUS

This contract (a) together with the Lease and Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof; (b) may be executed simultaneously in five or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument; and (c) may be modified only in accordance with any applicable provisions of the Trust Indenture and by an instrument in writing signed by the duly authorized representatives of all parties. Any communication permitted or required to be made, taken or held, under the provisions of this contract by the Company, the County or the Escrow Agent and Trustee shall be conclusively evidenced for all purposes as having been made, taken or held by a written statement setting forth such communication which has been signed in the case of the County by the Chairman or Secretary of the Board of County Directors of the County and in the case of the Company or the Escrow Agent and Trustee by an officer thereof. The Table of Contents at the beginning of this contract, and paragraph and other headings contained in this contract are for reference purposes only and shall not control or affect its interpretation in any respect. The term "person" when used in this contract shall mean any individual, corporation, governmental entity, partnership, joint venture, business association or other organization or entity. In the event that any clause or provision of this contract shall be held to be invalid in any court of competent jurisdiction, the invalidity of such clause or provision shall not affect any of the remaining provisions hereof. The Company shall in all matters regarding its performance and observance of this contract be the independent contractor of the County and nothing contained herein shall be construed to constitute the Company the servant, agent, attorney-in-fact, partner or joint venturer of or with the County.

IN WITNESS WHEREOF, Chester County, South Carolina has caused its corporate name to be hereunto subscribed by \_\_\_\_\_, the Chairman of the Board of County Directors of Chester County, and attested under its corporate seal by \_\_\_\_\_, Secretary of said Board of County Directors, and Springs Mills, Inc. has caused its corporate name to be subscribed hereto by its duly authorized President or Vice President, and attested under its corporate seal by its Secretary or Assistant Secretary, all being done as of the year and day first above written.

CHESTER COUNTY, SOUTH CAROLINA

[SEAL OF COUNTY]

By \_\_\_\_\_,  
*Chairman*  
*Board of County Directors of Chester County*

Attest:

\_\_\_\_\_  
*Secretary*

Signed, Sealed and Delivered in the Presence of

[CORPORATE SEAL]

SPRINGS MILLS, INC.

By \_\_\_\_\_,  
*President*

Attest:

\_\_\_\_\_  
*Secretary*

Signed, Sealed and Delivered in the Presence of

[CORPORATE SEAL]

Accepted, this \_\_\_\_\_ day of \_\_\_\_\_ 1968  
By \_\_\_\_\_,  
*Trust Officer*

Attest:

\_\_\_\_\_  
*Secretary*

Signed, Sealed and Delivered in the Presence of

[Appropriate Acknowledgments to be Supplied]

**DESCRIPTION OF LAND**  
**(Appendix A to Acquisition Contract)**



**CERTIFICATE OF COSTS**  
**(Exhibit A to Acquisition Contract)**

The undersigned, the \_\_\_\_\_ of Springs Mills, Inc., hereby certifies, in accordance with the Acquisition Contract dated as of \_\_\_\_\_, 1968, between Chester County, South Carolina and said Springs Mills, Inc., that there has been expended or is being expended concurrently with the delivery of this certificate by or on behalf of said Springs Mills, Inc., on account of and as a part of the cost of the Project referred to in said contract, the amount of \$ \_\_\_\_\_; and that no certificate in respect of such expenditures has previously been delivered to the Escrow Agent under said contract.

Dated: \_\_\_\_\_, 196 .

**CERTIFICATE OF USE OF FUNDS**  
**(Exhibit B to Acquisition Contract)**

The undersigned, the Consulting Engineer of Springs Mills, Inc., hereby certifies, in accordance with the Acquisition Contract dated as of \_\_\_\_\_, 1968, between Chester County, South Carolina and said corporation, that no portion of the amount stated in the accompanying Certificate of Costs has been expended or is being expended in connection with acquisition of tangible personal property (other than personal property consumed or to be consumed in the course and completion of construction of the Project referred to in said contract, or incorporated or to be incorporated into such Project in the course and in completion of construction thereof, in such amounts as to become fixtures or real estate) or for labor, services or materials not actually rendered or delivered.

Dated: \_\_\_\_\_, 196 .

**CERTIFICATE OF CONTRACT COMPLIANCE**  
**(Exhibit C to Acquisition Contract)**

The undersigned, the \_\_\_\_\_ of Springs Mills, Inc., hereby certifies that said corporation is not in default under the Acquisition Contract dated as of \_\_\_\_\_, 1968 between Chester County, South Carolina and said corporation. The undersigned further certifies that nothing has occurred to the knowledge of said corporation which prevents the performance of its obligations under said Acquisition Contract.

Dated: \_\_\_\_\_, 196 .

**FORM OF DEED**  
**(Exhibit D to Acquisition Contract)**

**FORM OF BILL OF SALE**  
**(Exhibit E to Acquisition Contract)**



Proof of December 9, 1967

Pr C Prd  
1-9-68

appx 4-30-68

CHESTER COUNTY, SOUTH CAROLINA

TO

Spring 9

as Trustee and Escrow Agent

\_\_\_\_\_  
Trust Indenture  
\_\_\_\_\_

Dated as of \_\_\_\_\_, 1968

## TABLE OF CONTENTS

	<u>Page</u>
Parties .....	
Recitals:	
Power and Authority of County .....	
Execution of Acquisition Contract .....	
Execution of Lease and Agreement .....	
Authorization of Trust Indenture and 1968 Bonds .....	
Forms of 1968 Bonds .....	
Desire to Provide for Additional Bonds .....	
Validity .....	
Granting Clauses .....	

### ARTICLE I

#### THE 1968 BONDS

SECTION 101.	Authorization of Project; Principal Amounts, Maturities, Interest on 1968 Bonds .....
SECTION 102.	Execution .....
SECTION 103.	Limited Obligation .....
SECTION 104.	Authentication .....
SECTION 105.	Form of 1968 Bonds .....
SECTION 106.	Delivery of 1968 Bonds .....
SECTION 107.	Mutilated, Lost, Stolen or Destroyed 1968 Bonds or Coupons .....
SECTION 108.	Registration of 1968 Bonds; Persons Treated as Owners .....

### ARTICLE II

#### ADDITIONAL BONDS

SECTION 201.	Authorized Amount of Additional Bonds .....
SECTION 202.	Issuance of Additional Bonds .....
SECTION 203.	Parity of Bonds .....

### ARTICLE III

#### REDEMPTION OF 1968 BONDS BEFORE MATURITY

SECTION 301.	Limitation on Redemption .....
SECTION 302.	Mandatory Redemption in Installments .....
SECTION 303.	Optional Redemption .....
SECTION 304.	Redemption in Whole in Certain Events .....
SECTION 305.	Partial Redemption—Excess Funds .....
SECTION 306.	Notice of Redemption .....

## ARTICLE IV

## ESCROW FUND

- SECTION 401. Establishment of Escrow Fund .....
- SECTION 402. Disbursement of Escrow Fund .....
- SECTION 403. Investment of Escrow Fund .....

## ARTICLE V

## BOND SERVICE FUND

- SECTION 501. Establishment of Bond Service Fund .....
- SECTION 502. Disbursement of Bond Service Fund .....
- SECTION 503. Redemption, Payment, Etc. ....
- SECTION 504. Investment of Bond Service Fund .....
- SECTION 505. Eligible Securities .....
- SECTION 506. Moneys to be Held in Trust .....
- SECTION 507. Insurance and Condemnation Proceeds .....

## ARTICLE VI

## GENERAL COVENANTS AND PROVISIONS

- SECTION 601. Payments of Principal and Interest .....
- SECTION 602. Performance of Covenants; Authority .....
- SECTION 603. Instruments of Further Assurance .....
- SECTION 604. Recordation of the Trust Indenture .....
- SECTION 605. Inspection of Project Books .....
- SECTION 606. List of Bondholders .....
- SECTION 607. Rights Under Certain Agreements .....
- SECTION 608. Refunding .....
- SECTION 609. Subordination to Rights of the Lessee; Action by Trustee .....

## ARTICLE VII

## DISCHARGE

- SECTION 701. Discharge .....

## ARTICLE VIII

## DEFAULT AND REMEDIES

- SECTION 801. Events of Default .....
- SECTION 802. Acceleration .....
- SECTION 803. Surrender of Possession of Project; Rights and Duties of Trustee in Possession .....

(ii)



	<u>Page</u>
SECTION 804. Other Remedies; Rights of Bondholders .....	
SECTION 805. Right of Bondholders to Direct Proceedings .....	
SECTION 806. Appointment of Receivers .....	
SECTION 807. Application of Moneys .....	
SECTION 808. Remedies Vested in Trustee .....	
SECTION 809. Rights and Remedies of Bondholders .....	
SECTION 810. Termination of Proceedings .....	
SECTION 811. Waivers of Events of Default .....	

## ARTICLE IX

### AMENDMENT OF TRUST INDENTURE AND OTHER INSTRUMENTS AND OTHER LEASES

SECTION 901. Amendments Requiring Consent of Bondholders .....	
--	--

## ARTICLE X

### THE TRUSTEE AND THE ESCROW AGENT

SECTION 1001. Acceptance of the Trustee .....	
SECTION 1002. Fees, Charges and Expenses of Trustee .....	
SECTION 1003. Notice to Bondholders if Default Occurs .....	
SECTION 1004. Intervention by Trustee .....	
SECTION 1005. Successor Trustee .....	
SECTION 1006. Resignation by the Trustee .....	
SECTION 1007. Removal of the Trustee .....	
SECTION 1008. Appointment of Successor Trustee by the Bondholders; Temporary Trustee .....	
SECTION 1009. Concerning Any Successor Trustees .....	
SECTION 1010. Rights of Trustee to Pay Taxes, Etc. ....	
SECTION 1011. Trustee Protected in Relying Upon Resolutions, Etc. ....	
SECTION 1012. Successor Trustee as Custodian of Bond Service Fund and Bond Registrar .....	
SECTION 1013. Co-Trustee .....	
SECTION 1014. The Escrow Agent .....	

## ARTICLE XI

### MISCELLANEOUS

SECTION 1101. Consents, Etc., of Bondholders .....	
SECTION 1102. Limitation of Rights .....	
SECTION 1103. Severability .....	
SECTION 1104. Notices .....	
SECTION 1105. Payments Due on Sundays and Holidays .....	
SECTION 1106. Counterparts .....	
SECTION 1107. Paying Agent .....	
Testimonium, Signatures and Seals .....	
Acknowledgments .....	

## TRUST INDENTURE

**THIS TRUST INDENTURE** made and entered into the       day of       , 1968 by and between CHESTER COUNTY, SOUTH CAROLINA, a body politic and corporate under the laws of South Carolina (hereinafter referred to as the "County"), party of the first part, and       , a       with its principal office located at       , as Trustee and Escrow Agent (hereinafter in its several capacities referred to as the "Trustee" and as the "Escrow Agent"), party of the second part.

### WITNESSETH:

WHEREAS, the County has the necessary power and authority to acquire from and lease to Springs Mills, Inc., a South Carolina corporation (hereinafter referred to as the "Company"), certain land, industrial buildings and structures, and industrial machinery and equipment to be located in the County and to constitute upon the completion thereof a plant for the production of sheeting containing natural or man-made fibers or blends of both and designed at full production to produce not less than approximately 640,000 yards of sheeting per week (said land, buildings and structures, and machinery and equipment as the same shall be constructed and conveyed and transferred to the County and as the same shall exist thereafter being herein referred to as the "Project"), such acquisition and leasing being for a proper public purpose and as an essential governmental function, in order to assist and encourage local industries to expand their investment in South Carolina, to promote the industrial development of the State and Chester County, to meet the growing competition for new industries, to strengthen the economy of the State and Chester County, to increase their commerce and to promote their welfare and prosperity, and to provide employment, all pursuant to the provisions of Act No. 103 of the General Assembly of South Carolina enacted at the 1967 Regular Session (hereinafter referred to as the "Act"); and

WHEREAS, contemporaneously with the execution of this Trust Indenture, the County, the Company and the Trustee and Escrow Agent have entered into a contract of even date (hereinafter referred to as the "Acquisition Contract"), providing for the construction and completion of the Project by the Company and its sale by the Company to the County; and

WHEREAS, contemporaneously with the execution of this Trust Indenture, the County, the Company and the Trustee have entered into a Lease and Agreement of even date (hereinafter referred to as the "Lease and Agreement"), providing for the leasing of the Project by the County to the Company commencing simultaneously with the conveyance and transfer thereof by the Company to the County pursuant to the Acquisition Contract; and

WHEREAS, to provide funds for the acquisition of the Project by the County and to provide funds to pay the costs and expenses of the issuance of the 1968 Bonds hereinafter mentioned, the County has authorized the issuance of its Industrial Revenue Bonds (Textile Series 1968) (hereinafter referred to as the "1968 Bonds") in the aggregate principal amount of \$35,000,000 pursuant to the Act and a Resolution of the Board of County Directors of Chester County adopted

     , 1968 (hereinafter referred to as the "Resolution") and this Trust Indenture; and

WHEREAS, the 1968 Bonds, including coupon 1968 Bonds and interest coupons and fully registered 1968 Bonds, and the Trustee's certificate of authentication shall be in substantially the following forms,

with necessary and appropriate variations, omissions and insertions as permitted or required by this Trust Indenture:

(FORM OF COUPON 1968 BOND)

UNITED STATES OF AMERICA

STATE OF SOUTH CAROLINA

CHESTER COUNTY

INDUSTRIAL REVENUE BOND

(TEXTILE SERIES 1968)

No. ....

\$5,000

KNOW ALL MEN BY THESE PRESENTS, that Chester County, South Carolina, a body politic and corporate under the laws of the State of South Carolina, for value received, hereby promises to pay to the bearer hereof, or, if this revenue bond be registered as to principal, to the registered holder hereof, but solely from the source and in the manner hereinafter provided, on the first day of ..... 19 .., upon presentation and surrender of this revenue bond, the principal sum of Five Thousand Dollars (\$5,000) and to pay interest on said sum from the date hereof at the rate of ..... per cent (.....%) per annum, semi-annually on the first day of ..... and ..... of each year until this revenue bond shall be paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may become applicable hereto. All such interest accruing on and prior to maturity hereof is payable only on presentation and surrender of the respective annexed interest coupons, as they severally mature, and principal and interest are payable in lawful moneys of the United States of America at the principal office of ..... (Trustee) in the City of ..... or, at the option of the holder hereof, at the principal office of ..... (Paying Agent) in the City of .....

This revenue bond is one of an issue of revenue bonds (herein sometimes called the "Bonds") aggregating \$35,000,000 principal amount authorized by a Resolution of the Board of County Directors of Chester County adopted ....., 1968, to be issued under a Trust Indenture dated ....., 1968 made by Chester County to ..... as Trustee pursuant to and in full conformity with the Constitution of the State of South Carolina and the laws thereof including particularly the provisions of Act No. 103 of the 1967 Regular Session of the General Assembly of said State, for the purpose of defraying a portion of the cost of acquiring a textile plant, including land, buildings and structures and machinery and equipment, for said County, so as thereby to promote industrial development and the welfare and prosperity of said State and County and reference is hereby made to said Trust Indenture for the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the County, the Trustee and the holders of the Bonds, the terms upon which the Bonds are issued and secured, and the modification or amendment of any of the foregoing or of the Acquisition Contract or Lease and Agreement referred to below. The issue of which this revenue bond is a part is one of a series of issues of revenue bonds which may be issued under and pursuant to said Act No. 103, said Resolution of the Board of County Directors of Chester County and any resolution or resolutions supplemental thereto and said Trust Indenture and any indenture or indentures supplemental thereto, for the purpose of defraying the cost of acquiring and enlarging, improving and expanding said textile plant. As provided in said Trust Indenture, such revenue bonds may be issued from time to time pursuant to supplemental resolutions of the Board of County Directors or successor governing body of the County in one or more series in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as may be provided in said indenture or indentures supplemental to the Trust Indenture. The



aggregate principal amount of revenue bonds which may be issued under the Trust Indenture as supplemented is not limited except that not more than \$ ..... principal amount of such revenue bonds may be outstanding at any one time and all revenue bonds issued and to be issued under the Trust Indenture as supplemented are and will be equally secured by the pledge and covenants contained therein except as otherwise provided or permitted.

Except as provided in the next five succeeding paragraphs, the Bonds shall not be subject to redemption.

The Bonds maturing ....., 19..., shall be subject to redemption in part prior to maturity and shall be redeemed on the first day of ..... in each of the years 19... to and including 19... in the principal amount provided to be redeemed under the Trust Indenture on such date, the particular Bonds to be redeemed to be selected by lot by the Trustee under the Trust Indenture and each such redemption to be upon terms of par and accrued interest to the redemption date, without premium.

The Bonds shall be subject to redemption prior to maturity on any interest payment date after ....., in whole, or in part and if in part in inverse order of maturity with less than all the Bonds of a single maturity to be selected by lot by the Trustee under the Trust Indenture, and any such redemption to be upon terms of par and accrued interest to the redemption date plus a redemption premium in an amount equal to ..... per cent (.....%) of the principal amount thereof if called for redemption on or prior to .....; ..... per cent (.....%) of the principal amount thereof if called for redemption thereafter and on or prior to .....; ..... per cent (.....%) of the principal amount thereof if called for redemption thereafter and on or prior to .....; and without premium if called for redemption thereafter.

The Bonds shall be subject to redemption prior to maturity as a whole (except for any Bonds maturing on the redemption date) on any interest payment date, upon terms of par and accrued interest to the redemption date, without premium, provided that (a) there shall then be held in the Chester County, South Carolina, Industrial Revenue Bonds (Textile Series 1968) Service Fund under the Trust Indenture (hereinafter called the "Bond Service Fund") an amount sufficient to retire all of the bonds then outstanding of the series of issues of revenue bonds referred to above which are subject to redemption, from amounts held in such Fund, under substantially the same circumstances as those specified in this paragraph, including payment of all interest due thereon at the time of such redemption, and (b) one or more of the following events shall have occurred:

(i) conveyance of title to said textile plant to the County shall not have been made as provided in the Acquisition Contract entered into between said County and Springs Mills, Inc., a South Carolina corporation (hereinafter referred to as the "Company") (to which the County pursuant to a Lease and Agreement has agreed to lease said plant) because of a decree or judgment of a court, or an order, rule or regulation of a governmental body or agency, which in the opinion of the Company would cause the sale of said plant by the Company to the County, and the leasing thereof by the County to the Company, to impose or result in unreasonable burdens or excessive liabilities upon the Company or its stockholders; or

(ii) title to the whole or any part of said textile plant, or the use or possession thereof, shall have been taken or condemned by a competent authority for any public use or purpose and such taking or condemnation shall have been such that, in the opinion of the Company either the required repair or restoration could not reasonably be expected to be completed within a period of four months, or the Company would reasonably expect to be prevented due to such taking or condemnation from carrying on its normal operations at said plant for a period of four months or more, or the cost of such repair and restoration could reasonably be expected to exceed the net award by at least \$300,000, or substantially all of said plant has been taken or condemned; or

(iii) said textile plant shall have been damaged or destroyed to the extent that, in the opinion of the Company, either the required restoration and repair could not reasonably be expected to be

completed within a period of four months, or the Company would reasonably expect to be prevented due to such damage or destruction from carrying on its normal operation at said plant for a period of four months or more, or the cost of such repair and restoration could reasonably be expected to exceed the net amount of insurance proceeds by at least \$300,000; or

(iv) as a result of changes in the Constitutions of the United States or South Carolina or the laws of the United States or South Carolina or a decree or judgment of a court or an order, rule or regulation of a governmental body or agency, in the opinion of counsel to the Company, said Lease and Agreement or any material part thereof, including any purchase option thereunder, shall have become void or unenforceable or impossible of performance, or, in the opinion of the Company, unreasonable burdens or excessive liabilities shall have been imposed upon the Company or its stockholders.

The Bonds shall be subject to redemption prior to maturity as a whole (except for any Bonds maturing on the redemption date) on any interest payment date, upon terms of par and accrued interest to the redemption date plus a redemption premium in an amount equal to .... % of the principal amount thereof, provided that (a) there shall then be held in said Bond Service Fund an amount of money sufficient to retire all of the bonds then outstanding of the series of issues of revenue bonds referred to above which are subject to redemption, from amounts held in such Fund, under substantially the same circumstances as those specified in this paragraph, including payment of such premium and all interest as may be due thereon at the time of such redemption, and (b) conveyance of title to said textile plant to the County shall not be made as provided in said Acquisition Contract and none of the events described in clauses (i) to (iv) inclusive of the preceding paragraph shall have occurred.

The Bonds maturing ....., 19.... shall also be subject to redemption in part prior to maturity on any interest payment date, the particular Bonds to be redeemed to be selected by lot by the Trustee under the Trust Indenture, upon terms of par and accrued interest to the redemption date, without premium, and with the principal component of the redemption price being payable out of moneys in said Bond Service Fund attributable to certain payments into said Fund from the Escrow Fund provided for in the Trust Indenture, all as set forth in the Trust Indenture.

Notice of each such redemption identifying the Bonds or portions thereof to be redeemed shall be given by the Trustee in the name of the County by publication at least once not less than thirty days nor more than sixty days prior to the redemption date in a newspaper then of general circulation in Chester County, South Carolina, and in a newspaper or journal then of general circulation among dealers in municipal securities in New York, New York. A similar notice shall be mailed by the Trustee, postage prepaid, not less than thirty days nor more than sixty days prior to the redemption date, to each registered holder of Bonds to be redeemed in whole or in part, addressed to such holder at its address appearing on the register maintained by the Trustee; but failure to mail or receive such notice or any defect therein or in the mailing thereof shall not affect the validity of any proceedings for the redemption of said Bonds.

Notice having been so given, the Bonds or portions thereof designated for redemption shall on the redemption date specified in such notice become due and payable at the proper redemption price as herein provided, and from and after the redemption date (unless the County shall make default in the payment of the redemption price) interest on such Bonds or portions thereof shall cease to accrue, and upon presentation and surrender of such Bonds at the principal office of the Trustee, together in the case of coupon Bonds, with all coupons thereto appertaining maturing after said redemption date, such Bonds or portions thereof shall be paid at the redemption price aforesaid, except that interest called for by coupons, if any, which shall mature on or before said redemption date shall be paid only upon presentation and surrender of such coupons.

This revenue bond and the issue of which it is a part are limited obligations of the County. The principal of and interest on this revenue bond and the other revenue bonds of such issue are payable

solely out of and are secured by a pledge of the revenues derived from the leasing of said textile plant, including the leasing of said plant under the aforesaid Lease and Agreement, except for principal and interest paid out of moneys in said Bond Service Fund attributable to payments into said Fund from the aforesaid Escrow Fund. The rentals payable by the Company under said Lease and Agreement will be sufficient to pay the principal of and interest on this revenue bond and the other revenue bonds of such issue, except for principal and interest otherwise paid as aforesaid. Such rentals are required to be set apart and paid into said Bond Service Fund. The revenues derived from the leasing of said plant are pledged to secure the payment of the principal of and interest on this revenue bond and the other revenue bonds of the series of issues of revenue bonds referred to above. This revenue bond and the other revenue bonds of such issue and the interest coupons annexed shall never constitute an indebtedness of the County within the meaning of any provision of the Constitution of the State of South Carolina or any statutory limitation, and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

This revenue bond shall be transferable by delivery unless registered as to principal in the name of the holder on the books of the Trustee, such registration being noted hereon by the Trustee, after which no transfer shall be valid unless made on said books and similarly noted hereon, but it may be discharged from such registration by being transferred to bearer, after which it shall be again transferable by delivery. Such registration of this revenue bond shall not affect the transferability of the attached coupons by delivery merely.

The holder of any coupon revenue bond or bonds may surrender the same, with all unmatured coupons attached, at the principal office of the Trustee, in exchange for an equal aggregate principal amount of fully registered revenue bonds of any of the authorized denominations of the same maturity or maturities, in the manner, subject to the conditions and upon the payment of the charges provided in the Trust Indenture. In like manner, subject to such conditions and upon payment of such charges, the owner of any fully registered revenue bond or bonds may surrender the same to the Trustee at its principal office (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney), in exchange for an equal aggregate principal amount of coupon revenue bonds with appropriate coupons attached, or of fully registered revenue bonds, of any authorized denominations of the same maturity or maturities.

Under the aforesaid Lease and Agreement the right has been reserved to withdraw certain portions of the land, and any lesser interests therein, leased thereunder, free and clear of any right of the revenue bonds of the issue of which this revenue bond is a part; provided, however, that in any event and at all times there shall be reasonable ingress from public ways to said textile plant and reasonable egress therefrom to public ways and the effective use of said plant shall not be impaired, all as is more specifically set out in said Lease and Agreement.

Neither this revenue bond nor any appertaining interest coupons shall be valid or obligatory unless this revenue bond is authenticated by the Trustee, its successor or successors, by the execution of the Trustee's Certificate endorsed hereon.

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 issuance of this revenue bond do exist, have happened and have been performed in due time, form and manner as required by law; that the issuance of this revenue bond and the issue of which it is a part, together with all other obligations of the County, does not exceed or violate any constitutional or statutory limitation.

IN TESTIMONY WHEREOF, said Chester County, South Carolina, has caused this revenue bond to be executed on its behalf by the Chairman of the Board of County Directors of Chester County, and the same to be attested by the Secretary of said Board of County Directors, and the corporate seal of said



County to be affixed hereto, and has caused the interest coupons hereto annexed to be executed by said Chairman by his reproduced facsimile signature, all as of the \_\_\_\_\_ day of \_\_\_\_\_, 1968.

CHESTER COUNTY, SOUTH CAROLINA

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

[SEAL OF COUNTY]

Attest:

\_\_\_\_\_  
Secretary

(FORM OF COUPON)

Number \_\_\_\_\_ \$ \_\_\_\_\_

On the first day of \_\_\_\_\_, 19... (unless the revenue bond described below shall have been theretofore redeemable and shall have been duly called for previous redemption and payment of the redemption price duly made or provided for), Chester County, South Carolina, will pay to bearer solely out of the revenues and rental income referred to in said revenue bond upon presentation hereof the sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) in lawful money of the United States of America, at the principal office of \_\_\_\_\_ (Trustee), in the City of \_\_\_\_\_, or, at the option of the holder hereof, at the principal office of \_\_\_\_\_ (Paying Agent) in the City of \_\_\_\_\_, as provided in, and being semi-annual interest due that day on, its Industrial Revenue Bond (Textile Series 1968) dated \_\_\_\_\_, 1968, numbered \_\_\_\_\_.

CHESTER COUNTY, SOUTH CAROLINA

\_\_\_\_\_  
Chairman

(FORM OF REGISTRATION OF OWNERSHIP OF PRINCIPAL TO BE PRINTED ON THE  
BACK OF EACH COUPON 1968 BOND)

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

(FORM OF TRUSTEE'S CERTIFICATE TO BE PRINTED ON THE BACK OF EACH COUPON 1968 BOND)

TRUSTEE'S CERTIFICATE

This is to certify that this revenue bond is one of the revenue bonds issued under the provisions of the within-mentioned Trust Indenture.

By \_\_\_\_\_, Trustee  
Authorized Officer

(FORM OF FULLY REGISTERED 1968 BOND)

UNITED STATES OF AMERICA  
STATE OF SOUTH CAROLINA  
CHESTER COUNTY

INDUSTRIAL REVENUE BOND

(TEXTILE SERIES 1968)

No. \_\_\_\_\_ \$ \_\_\_\_\_,000

KNOW ALL MEN BY THESE PRESENTS, that Chester County, South Carolina, a body politic and corporate under the laws of the State of South Carolina, for value received, hereby promises to pay to \_\_\_\_\_ or registered assigns, but solely from the source and in the manner hereinafter provided, on the first day of \_\_\_\_\_, 19\_\_\_\_, upon presentation and surrender of this revenue bond at the principal office of \_\_\_\_\_ (Trustee) in the City of \_\_\_\_\_, or, at the option of the holder hereof, at the principal office of \_\_\_\_\_ (Paying Agent) in the City of \_\_\_\_\_, the principal sum of \_\_\_\_\_ Thousand Dollars (\$ \_\_\_\_\_,000) in lawful money of the United States of America, and to pay to the registered owner hereof interest on said sum at said principal office in lawful money of the United States of America from \_\_\_\_\_, 19\_\_\_\_ at the rate of \_\_\_\_\_ per cent (\_\_\_\_%) per annum, semi-annually on the first day of \_\_\_\_\_ and \_\_\_\_\_ of each year until this revenue bond shall be paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may become applicable hereto.

This revenue bond is one of an issue of revenue bonds (herein sometimes called the "Bonds") aggregating \$35,000,000 principal amount, authorized by a Resolution of the Board of County Directors of Chester County adopted \_\_\_\_\_, 1968 to be issued under a Trust Indenture dated \_\_\_\_\_, 1968 made by Chester County to \_\_\_\_\_, as Trustee pursuant to and in full conformity with the Constitution of the State of South Carolina and the laws thereof including particularly the provisions of Act No. 103 of the 1967 Regular Session of the General Assembly of said State, for the purpose of defraying a portion of the cost of acquiring a textile plant, including land, buildings and structures and machinery and equipment, for said County, so as thereby to promote industrial development and the welfare and prosperity of said State and County and reference is hereby made to said Trust Indenture for the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the County, the Trustee and the holders of the Bonds, the terms upon which the Bonds are issued and secured, and the modification or amendment of any of the foregoing or of the Acquisition Contract or Lease and Agreement referred to below. The issue of which this revenue bond is a part is one of a series of issues of revenue bonds issued and which may be issued under and pursuant to said Act No. 103, said Resolution of the Board of County Directors of Chester County and any resolution or resolutions supplemental thereto and said Trust Indenture and any indenture or indentures supplemental thereto, for the purpose of defraying the cost of

acquiring and enlarging, improving and expanding said textile plant. As provided in said Trust Indenture, such revenue bonds may be issued from time to time pursuant to supplemental resolutions of the Board of County Directors or successor governing body of the County in one or more series in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as may be provided in said indenture or indentures supplemental to the Trust Indenture. The aggregate principal amount of revenue bonds which may be issued under the Trust Indenture as supplemented is not limited except that not more than \$ ..... principal amount of such revenue bonds may be outstanding at any one time and all revenue bonds issued and to be issued under the Trust Indenture as supplemented are and will be equally secured by the pledge and covenants contained therein, except as otherwise provided or permitted.

Except as provided in the next five succeeding paragraphs, the Bonds shall not be subject to redemption.

The Bonds maturing ....., 19... shall be subject to redemption in part prior to maturity and shall be redeemed on the first day of ..... in each of the years 19... to and including 19... in the principal amount provided to be redeemed under the Trust Indenture on such date, the particular Bonds to be redeemed to be selected by lot by the Trustee under the Trust Indenture and each such redemption to be upon terms of par and accrued interest to the redemption date, without premium.

The Bonds shall be subject to redemption prior to maturity on any interest payment date after ....., 19..., in whole, or in part and if in part in inverse order of maturity with less than all the Bonds of a single maturity to be selected by lot by the Trustee under the Trust Indenture, and any such redemption to be upon terms of par and accrued interest to the redemption date plus a redemption premium in an amount equal to ..... per cent ( ... %) of the principal amount thereof if called for redemption on or prior to .....; ..... per cent ( ... %) of the principal amount thereof if called for redemption thereafter and on or prior to .....; ..... per cent ( ... %) of the principal amount thereof if called for redemption thereafter and on or prior to .....; and without premium if called for redemption thereafter.

The Bonds shall be subject to redemption prior to maturity as a whole (except for any Bonds maturing on the redemption date) on any interest payment date, upon terms of par and accrued interest to the redemption date, without premium, provided that (a) there shall then be held in the Chester County, South Carolina, Industrial Revenue Bonds (Textile Series 1968) Service Fund under the Trust Indenture (hereinafter called the "Bond Service Fund") an amount sufficient to retire all of the bonds then outstanding of the series of issues of revenue bonds referred to above which are subject to redemption, from amounts held in such Fund, under substantially the same circumstances as those specified in this paragraph, including payment of all interest due thereon at the time of such redemption, and (b) one or more of the following events shall have occurred:

(i) conveyance of title to said textile plant to the County shall not have been made as provided in the Acquisition Contract entered into between said County and Springs Mills, Inc., a South Carolina corporation (hereinafter referred to as the "Company") (to which the County pursuant to a Lease and Agreement has agreed to lease said plant) because of a decree or judgment of a court, or an order, rule or regulation of a governmental body or agency, which in the opinion of the Company would cause the sale of said plant by the Company to the County, and the leasing thereof by the County to the Company, to impose or result in unreasonable burdens or excessive liabilities upon the Company or its stockholders; or

(ii) title to the whole or any part of said textile plant, or the use or possession thereof, shall have been taken or condemned by a competent authority for any public use or purpose and such taking or condemnation shall have been such that, in the opinion of the Company either the required repair or restoration could not reasonably be expected to be completed within a period of four months, or the Company would reasonably expect to be prevented due to such taking or condemnation from carrying on its normal operations at said plant for a period of four months or



more, or the cost of such repair and restoration could reasonably be expected to exceed the net award by at least \$300,000, or substantially all of said plant has been taken or condemned; or

(iii) said textile plant shall have been damaged or destroyed to the extent that, in the opinion of the Company, either the required restoration and repair could not reasonably be expected to be completed within a period of four months or the Company would be prevented from carrying on its normal operations at said plant for a period of four months or more, or the cost of such repair and restoration could reasonably be expected to exceed the net amount of insurance proceeds by at least \$300,000; or

(iv) as a result of changes in the Constitutions of the United States or South Carolina or the laws of the United States or South Carolina or a decree or judgment of a court or an order, rule or regulation of a governmental body or agency, in the opinion of counsel to the Company, said Lease and Agreement or any material part thereof, including any purchase option thereunder, shall have become void or unenforceable or impossible of performance or, in the opinion of the Company, unreasonable burdens or excessive liabilities shall have been imposed upon the Company or its stockholders.

The Bonds shall be subject to redemption prior to maturity as a whole (except for any Bonds maturing on the redemption date) on any interest payment date, upon terms of par and accrued interest to the redemption date plus a redemption premium in an amount equal to .....% of the principal amount thereof, provided that (a) there shall then be held in said Bond Service Fund an amount of money sufficient to retire all of the bonds then outstanding of the series of issues of revenue bonds referred to above which are subject to redemption, from amounts held in such Fund, under substantially the same circumstances as those specified in this paragraph, including payment of such premium and all interest as may be due thereon at the time of such redemption, and (b) conveyance of title to said textile plant to the County shall not be made as provided in said Acquisition Contract and none of the events described in clauses (i) to (iv) inclusive of the preceding paragraph shall have occurred.

The Bonds maturing ..... 19... shall also be subject to redemption in part prior to maturity on any interest payment date, the particular Bonds to be redeemed to be selected by lot by the Trustee under the Trust Indenture, upon terms of par and accrued interest to the redemption date, without premium, and with the principal component of the redemption price being payable out of moneys in the said Bond Service Fund attributable to certain payments into said Fund from the Escrow Fund provided for in the Trust Indenture, all as set forth in the Trust Indenture.

Notice of each such redemption identifying the Bonds or portions thereof to be redeemed shall be given by the Trustee in the name of the County by publication at least once not less than thirty days nor more than sixty days prior to the redemption date in a newspaper then of general circulation in Chester County, South Carolina, and in a newspaper or journal then of general circulation among dealers in municipal securities in New York, New York. A similar notice shall be mailed by the Trustee, postage prepaid, not less than thirty days nor more than sixty days prior to the redemption date, to each registered holder of Bonds to be redeemed in whole or in part, addressed to such holder at its address appearing on the register maintained by the Trustee; but failure to mail or receive such notice or any defect therein or in the mailing thereof shall not affect the validity of any proceedings for the redemption of said Bonds.

Notice having been so given, the Bonds or portions thereof designated for redemption shall on the redemption date specified in such notice become due and payable at the proper redemption price as herein provided, and from and after the redemption date (unless the County shall make default in the payment of the redemption price) interest on such Bonds or portions thereof shall cease to accrue, and upon presentation and surrender of such Bonds at the principal office of the Trustee, together in the case of coupon revenue bonds, with all coupons thereto appertaining maturing after said redemption date, such Bonds or portions thereof shall be paid at the redemption price aforesaid, except that interest called for by coupons, if any, which shall mature on or before said redemption date shall be paid only upon presentation and surrender of such coupons. Upon presentation of any Bond which is redeemed in part

only, the County shall execute and the Trustee shall authenticate and deliver or cause to be delivered to the holders thereof without charge a new Bond in principal amount equal to the unredeemed portion of the Bond so presented.

This revenue bond and the issue of which it is a part are limited obligations of the County. The principal of and interest on this revenue bond and the other revenue bonds of such issue are payable solely out of and are secured by a pledge of the revenues derived from the leasing of said textile plant, including the leasing of said plant under the aforesaid Lease and Agreement, except for principal and interest paid out of moneys in said Bond Service Fund attributable to payments into said Fund from the aforesaid Escrow Fund. The rentals payable by the Company under said Lease and Agreement will be sufficient to pay the principal of and interest on this revenue bond and the other revenue bonds of such issue, except for principal and interest otherwise paid as aforesaid. Such rentals are required to be set apart and paid into said Bond Service Fund. The revenues derived from the leasing of said plant are pledged to secure the payment of the principal of and interest on this revenue bond and the other revenue bonds of the series of issues of revenue bonds referred to above. This revenue bond and the other revenue bonds of such issue and the interest coupons annexed shall never constitute an indebtedness of the County, within the meaning of any provision of the Constitution of the State of South Carolina or any statutory limitation, and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

This revenue bond is transferable, as provided in the aforesaid Trust Indenture only upon the registration books kept for that purpose at the principal office of the Trustee by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this revenue bond to the Trustee together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new fully registered revenue bond, without coupons, and in the same aggregate principal amount and of the same maturity, shall be issued to the transferee in exchange herefor as provided in the Trust Indenture, and upon payment of the charges therein prescribed.

The holder of any coupon revenue bond or bonds may surrender the same, with all unmatured coupons attached, at the principal office of the Trustee, in exchange for an equal aggregate principal amount of fully registered revenue bonds of any of the authorized denominations of the same maturity, in the manner, subject to the conditions and upon the payment of the charges provided in the Trust Indenture. In like manner, subject to such conditions and upon payment of such charges, the owner of any fully registered revenue bond or bonds may surrender the same to the Trustee at its principal office (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney), in exchange for an equal aggregate principal amount of coupon revenue bonds with appropriate coupons attached, or of fully registered revenue bonds, of any authorized denominations of the same maturity or maturities.

Under the aforesaid Lease and Agreement the right has been reserved to withdraw certain portions of the land, and any lesser interests therein, leased thereunder, free and clear of any right of the revenue bonds of the issue of which this revenue bond is a part; provided, however, that in any event and at all times there shall be reasonable ingress from public ways to said textile plant and reasonable egress therefrom to public ways and the effective use of said plant shall not be impaired, all as is more specifically set out in said Lease and Agreement.

This revenue bond shall not be valid or obligatory unless authenticated by the Trustee, its successor or successors, by the execution of the Trustee's Certificate endorsed hereon.

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 issuance of this revenue bond do exist, have happened and have been performed in due time, form and manner as required by law; that the issuance of this revenue bond and the issue of which it is a part, together with all other obligations of the County, does not exceed or violate any constitutional or statutory limitation.

IN TESTIMONY WHEREOF, Chester County, South Carolina, has caused this revenue bond to be executed on its behalf by the Chairman of the Board of County Directors of Chester County, and the same to be attested by the Secretary of said Board of County Directors, and the corporate seal of said County to be affixed hereto, as of the ..... day of ....., 19.....

CHESTER COUNTY, SOUTH CAROLINA

[SEAL OF COUNTY]

By .....  
Chairman

Attest:

.....  
Secretary

(FORM OF TRUSTEE'S CERTIFICATE TO BE PRINTED ON THE BACK OF EACH FULLY REGISTERED 1968 BOND)

This is to certify that this revenue bond is one of the revenue bonds issued under the provisions of the within-mentioned Trust Indenture.

....., Trustee

By .....  
Authorized Officer

WHEREAS, the County wishes to make provision as permitted by the Act for the issuance from time to time in the future of additional industrial revenue bonds of the County for the purpose of defraying the cost as defined in the Act of any enlargement, improvement or expansion of the Project (such additional industrial revenue bonds being hereinafter referred to as the "Additional Bonds", and, together with the 1968 Bonds, as the "Bonds"); and

WHEREAS, all things necessary to make the 1968 Bonds, when authenticated by the Trustee and issued as in this Trust Indenture provided, the valid, binding and legal obligations of the County according to the import thereof, and to constitute this Trust Indenture a valid pledge of the lease rentals and revenues from the Project for the payment of the principal of and interest and premium, if any, on the Bonds as herein provided, have been done and performed, and the creation, execution and delivery of this Trust Indenture, and the creation, execution and issuance of the 1968 Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THIS TRUST INDENTURE WITNESSETH:

That the County in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the holders thereof, and of the sum of one dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable considerations, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of and interest and premium, if any, on the Bonds according to their tenor and effect and the performance and observance by the County of all the covenants expressed or implied herein and in the Bonds, hereby pledges to ....., as Trustee, and to its successors in trust, all revenues from or in connection with the Project including, without limitation, all monies received under the Lease and Agreement (or subsequent lease of the Project) required to be paid into the Bond Service Fund hereinafter provided for (including the investments, if any, thereof).

Said pledge shall be upon the terms and trusts herein set forth for the benefit, security and protection of the holders of the Bonds and interest coupons thereto attached issued under this Trust Indenture.



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

## ARTICLE I

### THE 1968 BONDS

SECTION 101. *Authorization of Project; Principal Amounts, Maturities, Interest on 1968 Bonds.* In order to promote the general welfare of Chester County and its inhabitants by providing opportunities for employment and in consideration of the recitals above, the County is hereby authorized to acquire the Project and to lease it to the Company in accordance with the Lease and Agreement. The Project shall be constructed and acquired pursuant to the provisions of the Act. It is hereby found and declared by the County that such construction, acquisition and leasing are for a public corporate purpose and are necessary in furtherance of the objectives referred to in the recitals of this Trust Indenture.

The 1968 Bonds shall be issuable in the original aggregate principal amount of \$35,000,000. Such Bonds shall mature serially on the dates and in the principal amounts set forth below, and such Bonds of each serial maturity shall bear interest payable ..... 1968 and semi-annually thereafter, until paid, on the first day of ..... and ..... of each year at the rate set forth below opposite the maturity date and principal amount of such maturity:

<u>Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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Such Bonds maturing in 19... are hereinafter sometimes referred to as the "1968 Term Bonds".

The 1968 Term Bonds shall have the benefit of certain mandatory redemptions of such Bonds in the principal amounts and on the dates set forth in Section 302 hereof.

The 1968 Bonds shall be issued as coupon bonds in the denomination of \$5,000 registrable as to principal or as fully registered bonds in the denomination of \$5,000 or a multiple thereof and shall be numbered in numerical order, assigning a number to each \$5,000 of principal and in such manner so as to distinguish between coupon 1968 Bonds and fully registered 1968 Bonds. The coupon 1968 Bonds shall be dated ..... 1968 and the fully registered 1968 Bonds shall be dated the date of authentication thereof by the Trustee. Fully registered 1968 Bonds shall bear interest from the date six months preceding the interest payment date next following the date of authentication thereof by the Trustee, unless such date of authentication shall be an interest payment date, in which case they shall bear interest from such date of authentication; provided, however, that if, as shown by the records of the Trustee, interest on the 1968 Bonds shall be in default, the fully registered 1968 Bonds issued in lieu of such Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid on such Bonds surrendered; provided, further, that if the date of authentication shall be prior to the first interest payment date for the 1968 Bonds, fully registered 1968 Bonds shall bear interest from ..... 1968. For the purpose of any selection by lot the Trustee shall assign a letter and number for each \$5,000 principal amount of each 1968 Bond of a denomination of more than \$5,000.

Principal, interest and redemption premium, if any, shall be payable in lawful money of the United States of America at the principal office of the Trustee in the City of ..... (or that of its successor in trust, as the case may be), or at the option of the holder thereof, at the principal office

of ..... the Paying Agent under this Trust Indenture (hereinafter referred to as the "Paying Agent") in the City of .....

SECTION 102. *Execution.* The 1968 Bonds shall be executed on behalf of the County with the official manual or facsimile signature of the Chairman of the Board of County Directors of the County and attested with the official manual or facsimile signature of the Secretary of said Board of County Directors and shall have affixed, impressed, imprinted or otherwise reproduced thereon the corporate seal of the County. The coupons attached to the 1968 Bonds shall be executed on behalf of the County by the official facsimile signatures of said Chairman and such facsimile shall have the same force and effect as if said Chairman had manually signed each of said coupons. In case any officer whose signature or facsimile of whose signature shall appear on the 1968 Bonds or coupons shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery.

SECTION 103. *Limited Obligation.* The 1968 Bonds shall be limited obligations of the County. The principal of and interest on such Bonds shall be payable solely out of the revenues derived from the leasing of the Project, except for principal and interest paid out of moneys in the Bond Service Fund (provided for in Article V hereof) attributable to payments into the Bond Service Fund from the Escrow Fund (provided for in Article IV hereof). The 1968 Bonds and interest coupons shall never constitute an indebtedness of the County, within the meaning of any provision of the Constitution of the State of South Carolina or any statutory limitation, and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers. Such limitation shall be plainly stated on the face of each 1968 Bond.

SECTION 104. *Authentication.* Only such 1968 Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinabove set forth duly executed by the Trustee shall be entitled to any right or benefit under this Trust Indenture. No 1968 Bond and no coupon appertaining to any such Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Trust Indenture. The Trustee's certificate of authentication on any 1968 Bond shall be deemed to have been executed by it if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the 1968 Bonds issued hereunder. Before authenticating or delivering any 1968 Bonds, the Trustee shall detach and cancel all matured coupons, if any (except coupons in default) appertaining thereto, and such cancelled coupons shall be cremated by the Trustee.

SECTION 105. *Form of 1968 Bonds.* The 1968 Bonds issued under this Trust Indenture and the coupons attached thereto shall be substantially in the form hereinbefore set forth with such appropriate variations, omissions and insertions as are permitted or required by this Trust Indenture.

SECTION 106. *Delivery of 1968 Bonds.* Upon the execution and delivery of this Trust Indenture, the County shall execute and deliver to the Trustee and the Trustee shall authenticate the 1968 Bonds in the aggregate principal amount of \$35,000,000 and deliver them to the purchasers as may be directed by the County as hereinafter in this Section 106 provided.

Prior to the delivery by the Trustee of any of the 1968 Bonds there shall be filed with the Trustee:

1. A copy, duly certified by the Secretary of the Board of County Directors of the County, of the resolution adopted and approved by said Board of County Directors authorizing the execution and delivery of the Acquisition Contract, the Lease and Agreement and this Trust Indenture, and authorizing the issuance, execution and delivery of the 1968 Bonds.
2. An original executed counterpart of the Acquisition Contract, the Lease and Agreement and this Trust Indenture.



3. A request and authorization to the Trustee on behalf of the County and signed by the Chairman of the Board of County Directors of the County and the Secretary of said Board of County Directors to authenticate and deliver the 1968 Bonds in the aggregate principal amount of \$35,000,000 to the purchaser or purchasers therein identified upon payment to the Trustee but for account of the County of a specified sum plus accrued interest.

SECTION 107. *Mutilated, Lost, Stolen or Destroyed 1968 Bonds or Coupons.* In the event that any 1968 Bond or coupon is mutilated, lost, stolen or destroyed, the County may execute and the Trustee may authenticate a new 1968 Bond of like date, maturity, series and denomination as the 1968 Bond mutilated, lost, stolen or destroyed, which new 1968 Bond shall have attached thereto coupons corresponding in all respects to those (if any) on the 1968 Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated 1968 Bond, such mutilated Bond together with all coupons (if any) appertaining thereto shall first be surrendered to the Trustee, and in the case of any such lost, stolen or destroyed Bond, there shall be first furnished to the County and the Trustee evidence of such loss, theft or destruction satisfactory to the County and the Trustee, together with indemnity satisfactory to them. In the event any such 1968 Bond or coupon shall have matured, instead of issuing a substitute 1968 Bond or coupon the County may pay the same without surrender thereof. The County and the Trustee may charge the holder or owner of such 1968 Bond with their reasonable fees and expenses in this connection.

SECTION 108. *Registration of 1968 Bonds; Persons Treated as Owners.* The Trustee shall be the Bond registrar for the 1968 Bonds. Any presentations or surrenders to the registrar shall be to the principal office of the Trustee in the City of . Coupon 1968 Bonds and interest coupons appertaining thereto shall be transferable by delivery. Upon presentation to the registrar of any of such Bonds, the same may be registered as to principal only on the books of the registrar, and such registration shall be evidenced by notation to that effect on the reverse side of said Bonds by the registrar, after which no transfer shall be valid unless made, at the request of the registered owner or his duly authorized representative or assigns, on the books of the registrar and similarly endorsed upon said Bonds. Such registered 1968 Bonds may be so transferred to bearer, whereupon transferability by delivery shall be restored, but they may again, from time to time, be registered as to principal only or fully registered or transferred to bearer as before. Such registration as to principal only shall not affect the transferability by delivery only of the interest coupons thereunto appertaining.

Coupon 1968 Bonds, upon surrender thereof to the registrar with all unmatured coupons attached, may, at the option of the holder thereof, and upon payment by such holder of any charges which the registrar may make as hereinbelow provided, be exchanged for an equal aggregate principal amount of fully registered 1968 Bonds of the same maturity of any of the authorized denominations. Fully registered 1968 Bonds, upon surrender thereof to the registrar with a written instrument of transfer satisfactory to the registrar, duly executed by the registered owner or his duly authorized attorney, may, at the option of the registered owner thereof, and upon payment by such registered owner of any charges which the registrar may make as provided hereinbelow, be exchanged for an equal aggregate principal amount of coupon 1968 Bonds of the same maturity with appropriate coupons attached, or of fully registered 1968 Bonds of the same maturity of any other authorized denominations.

Each fully registered 1968 Bond shall be transferable only upon the books of the registrar by the registered owner thereof in person or by his duly authorized attorney, upon surrender thereof to the registrar with a written instrument of transfer satisfactory to the registrar duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such registered Bond the County shall issue in the name of the transferee a new fully registered 1968 Bond or Bonds or, at the option of the transferee, coupon 1968 Bonds, with appropriate coupons attached, of the same aggregate principal amount and maturity as the surrendered 1968 Bond.

In all cases in which the privilege of exchanging the 1968 Bonds or transferring fully registered 1968 Bonds is exercised, the County shall execute and the Trustee shall authenticate and deliver 1968 Bonds in accordance with the provisions hereof. The 1968 Bonds in changed form or denominations



shall be exchanged for the surrendered 1968 Bonds in such manner that no overlapping interest is paid, and such Bonds in changed form or denominations shall bear interest at the same rate or rates and mature on the same date or dates as the 1968 Bonds for which they are exchanged. All Bonds and coupons surrendered in any such exchanges or transfers shall forthwith be cancelled by the registrar. For every such exchange or transfer of 1968 Bonds, the registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, and may also, except in the case of the first exchange by a holder of an originally issued fully registered 1968 Bond, or in the case of a registered 1968 Bond issued upon the first exchange of a coupon 1968 Bond or Bonds surrendered for such purpose within 90 days after the first authentication and delivery of any 1968 Bonds, make a charge for the preparation of each new 1968 Bond issued upon such exchange or transfer. Neither the County nor the registrar shall be required (a) to register, transfer or exchange 1968 Bonds for a period of ten days next preceding an interest payment date on such Bonds or next preceding any selection by lot of such Bonds to be redeemed or thereafter until after the first publication or mailing of any notice of redemption; or (b) to register, transfer or exchange any such Bonds called for redemption.

As to any 1968 Bond registered as to principal only, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of or on account of the principal of any such Bond shall be made only to or upon the order of the registered owner thereof, or his duly authorized representative, and neither the County, the Trustee, the Paying Agent nor the Bond registrar shall be affected by any notice to the contrary, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. The County and the Trustee may deem and treat the bearer of any 1968 Bond which shall not at the time be registered as to principal only (except to bearer), and the bearer of any coupon appertaining to any 1968 Bond, whether such Bond be registered as to principal only or not, as the absolute owner of such Bond or coupon, as the case may be, whether such Bond or coupon shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and neither the County nor the Trustee shall be affected by any notice to the contrary.

## ARTICLE II

### ADDITIONAL BONDS

SECTION 201. *Authorized Amount of Additional Bonds.* Subsequent to the issuance and delivery of the 1968 Bonds, one or more series of Additional Bonds may be authenticated and delivered by the Trustee hereunder upon original issuance for the purpose of defraying the cost of projects for providing enlargements, improvements or expansions of the Project which the Company may consider advisable. No such Additional Bonds shall be authenticated and delivered upon original issuance at any time if, at the time of such issuance, after giving effect thereto and to the redemption or payment of any Bonds concurrently being redeemed or paid, the aggregate principal amount of all Bonds then outstanding shall exceed \$ . . . . . For purposes of the preceding sentence the term "outstanding" shall mean Bonds which have been authenticated and delivered except: (a) Bonds cancelled upon surrender for exchange or transfer, or cancelled because of redemption prior to maturity or payment; (b) Bonds for whose payment or redemption sufficient moneys shall have been deposited with, or shall be held by, the Trustee, provided that if such bonds are to be redeemed, notice of such redemption has been duly given pursuant to this Trust Indenture as from time to time supplemented, or provision therefor satisfactory to the Trustee has been made; and (c) Bonds which shall have been mutilated, destroyed or lost, and in lieu of which others have been authenticated.

SECTION 202. *Issuance of Additional Bonds.* Additional Bonds permitted to be authenticated and delivered hereunder may be executed and delivered at any time and from time to time, be in whatever form and denominations, be of whatever tenor, be fully registered or registrable as to principal or in bearer form, be payable in installments, be payable at such time or times and at such place or places,

bear interest at such rate or rates, provide for such redemption prior to maturity with or without premium on whatever terms or prices, be evidenced in whatever manner and contain other provisions not inconsistent with this Trust Indenture, all as may then be permitted by law and as shall be provided in respect of the foregoing and other matters in the proceedings of the Board of County Directors or successor governing body of the County whereunder such Additional Bonds are authorized to be issued. The County may execute and deliver to the Trustee, and the Trustee shall thereupon authenticate, such Additional Bonds and deliver them to such purchaser or purchasers as may be directed by the said Board or any successor governing body of the County; provided, however, that prior to such delivery there be filed with the Trustee:

(i) A copy duly certified by the Secretary thereof of the resolution or resolutions of said Board or successor governing body of the County authorizing such Additional Bonds and the execution and delivery of an indenture supplemental to this Trust Indenture providing for the terms and conditions upon which they shall be issued, together with a counterpart executed by the County and the Trustee of such supplemental indenture;

(ii) An executed counterpart of an amendment of the Lease and Agreement, effective on or before the date of issuance of such Additional Bonds, increasing the basic rent payable under said Lease and Agreement to an amount sufficient to pay, as and when the same matures or becomes due, the principal of and interest and premium, if any, on all the Bonds except in each case to such extent as the same may be paid out of the respective proceeds of the original sale of such Bonds or from such other sources as may be specified in this Trust Indenture as then supplemented;

(iii) An executed counterpart of an amendment of the Acquisition Contract, or an original executed counterpart of a construction or acquisition contract to which the County is party, effective in either case on or before the date of issuance of such Additional Bonds, providing for the making of enlargements, improvements or expansions of the Project, the cost of which is to be defrayed by the issuance and sale of such Additional Bonds; and

(iv) A written request and authorization to the Trustee on behalf of the County to authenticate and deliver such Additional Bonds to the purchaser or purchasers therein identified upon payment to the Trustee for the account of the County of a specified sum plus accrued interest. The proceeds of such Additional Bonds shall be deposited to the credit of such account or accounts of the County with the Trustee as may be specified in such supplemental indenture.

SECTION 203. *Parity of Bonds.* Each of such Additional Bonds of whatever series shall rank equally and on a parity with the 1968 Bonds and shall be equally and ratably secured hereunder with the 1968 Bonds and all other series of Additional Bonds, if any, without preference, priority or distinction of any of the aforesaid Bonds, or coupons thereunto appertaining, over any other thereof except as expressly provided in or permitted by this Trust Indenture as supplemented. Nothing in this Section shall require (a) that any industrial revenue bonds or other obligations (referred to in this sentence as "related bonds") which may be issued by the County or any other issuer for the purpose of defraying the cost of enlargements, improvements or expansions of the Project (except such related bonds as may be secured by a pledge of revenues derived from the leasing of the "leased premises" as then defined by the Lease and Agreement) must be issued as Additional Bonds, or (b) that the Bonds must rank equally and on a parity with any such related bonds not issued as Additional Bonds, or (c) that the Bonds must be secured, together with any such related bonds not issued as Additional Bonds, by a pledge of the revenues derived from the leasing of such enlargements, improvements or expansions (except as such revenues derive from the leasing of the "leased premises", as then defined in the Lease and Agreement, and except and to such extent as the respective resolutions whereunder such related bonds are authorized to be issued shall expressly so provide). References to this Trust Indenture, the Acquisition Contract or the Lease and Agreement elsewhere in this Trust Indenture shall upon the issuance of Additional Bonds be deemed to refer respectively to this Trust Indenture as then supplemented, the Acquisition Contract as then amended and any construction or acquisition contracts referred to in this Article, and the Lease and Agreement as then amended.

The County shall not incur any indebtedness or issue any bonds or other obligations of any sort, other than the 1968 Bonds and any Additional Bonds issued pursuant to Article II hereof, secured by a pledge of revenues and rental income from or in connection with the Project which is prior to or equal with the pledge securing the Bonds hereunder.

### ARTICLE III

#### REDEMPTION OF 1968 BONDS BEFORE MATURITY

SECTION 301. *Limitation on Redemption.* Except as provided in this Article, the 1968 Bonds or portions of registered 1968 Bonds shall not be subject to redemption.

SECTION 302. *Mandatory Redemption in Installments.* The 1968 Term Bonds shall be subject to redemption prior to maturity in part and shall be redeemed on the dates set forth below and in principal amounts set opposite such dates, the particular such Bonds to be redeemed to be selected by lot by the Trustee and each such redemption to be upon terms of par and accrued interest to the redemption date, without premium:

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
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Provided, however, that the principal amount of such Bonds to be redeemed on each date set forth above shall be reduced by any principal amount of such Bonds which shall have been purchased by the Trustee in accordance with Section 502 hereof at least 65 days prior to such date and which shall not have been previously made the basis for reduction under this proviso.

SECTION 303. *Optional Redemption.* The 1968 Bonds shall be subject to redemption prior to maturity on any interest payment date after \_\_\_\_\_, 19\_\_\_\_, in whole, or in part, in integral multiples of \$5,000, and if in part in inverse order of maturity with less than all the 1968 Bonds of a single maturity to be selected by lot by the Trustee, and any such redemption to be upon terms of par and accrued interest to the redemption date plus a redemption premium in an amount equal to \_\_\_\_\_% of the principal amount thereof if called for redemption on or prior to \_\_\_\_\_; \_\_\_\_\_% of the principal amount thereof if called for redemption thereafter and on or prior to \_\_\_\_\_; \_\_\_\_\_% of the principal amount thereof if called for redemption thereafter and on or prior to \_\_\_\_\_; and without premium if called for redemption thereafter.

#### SECTION 304. *Redemption in Whole in Certain Events.*

(a) The 1968 Bonds shall be subject to redemption prior to maturity as a whole (except for any such Bonds maturing on the redemption date) on any interest payment date, upon terms of par and accrued interest to the redemption date, without premium, provided that (A) there shall then be held in the Bond Service Fund an amount sufficient to retire all of the 1968 Bonds then outstanding and all such Additional Bonds then outstanding which are subject to redemption, from amounts held in such Fund, under substantially the same circumstances as those specified in this subsection, including payment of



all interest due thereon at the time of such redemption, and (B) one or more of the following events shall have occurred:

(i) conveyance of title to the Project to the County shall not have been made as provided in the Acquisition Contract, because of a decree or judgment of a court or an order, rule or regulation of a governmental body or agency, which in the opinion of the Company would cause the sale of the Project by the Company to the County and the leasing of the same by the County to the Company to impose or result in unreasonable burdens or excessive liabilities upon the Company or its stockholders; or

(ii) title to the whole or any part of the Project or the use or possession thereof, shall have been taken or condemned by a competent authority for any public use or purpose and such taking or condemnation shall have been such that, in the opinion of the Company, either the required repair or restoration could not reasonably be expected to be completed within a period of four months, or the Company would reasonably expect to be prevented due to such taking or condemnation from carrying on its normal operations at the Project for a period of four months or more, or the cost of such repair and restoration could reasonably be expected to exceed the net award by at least \$300,000, or substantially all of the Project had been taken or condemned; or

(iii) the Project shall have been damaged or destroyed to the extent that, in the opinion of the Company, either the required restoration and repair could not reasonably be expected to be completed within a period of four months, or the Company would reasonably expect to be prevented due to such damage or destruction from carrying on its normal operations at the Project for a period of four months or more, or the cost of such repair and restoration could reasonably be expected to exceed the net amount of insurance proceeds by at least \$300,000; or

(iv) as a result of changes in the Constitutions of the United States or South Carolina or the laws of the United States or South Carolina or a decree or judgment of a court or an order, rule or regulation of a governmental body or agency, in the opinion of counsel to the Company, the Lease and Agreement or any material part thereof, including any purchase option thereunder, shall have become void or unenforceable or impossible of performance, or, in the opinion of the Company unreasonable burdens or excessive liabilities shall have been imposed upon the Company or its stockholders.

(b) The 1968 Bonds shall be subject to redemption prior to maturity as a whole (except for any such Bonds maturing on the redemption date) on any interest payment date, upon terms of par and accrued interest to the redemption date plus a redemption premium in an amount equal to % of the principal amount thereof, provided that (A) there shall then be held in the Bond Service Fund an amount sufficient to retire all of the 1968 Bonds then outstanding and all such Additional Bonds then outstanding which are subject to redemption, from amounts held in such Fund, under substantially the same circumstances as those specified in this subsection, including payment of all applicable premium and all interest as may be due thereon at the time of such redemption, and (B) conveyance of title to the Project to the County shall not be made as provided in the Acquisition Contract and none of the events described in clauses (i) to (iv) inclusive of the preceding subsection shall have occurred.

(c) Any opinion of the Company or its counsel above referred to shall be evidenced by a writing by the Company or such counsel.

**SECTION 305. Partial Redemption—Excess Funds.** The 1968 Term Bonds shall be subject to redemption prior to maturity in part, in integral multiples of \$5,000, on any interest payment date, the particular 1968 Term Bonds, or portions of fully registered such Bonds, to be redeemed to be selected by lot by the Trustee, upon terms of par and accrued interest to the redemption date, without premium, and with the principal component of the redemption price being payable out of moneys in the Bond Service Fund attributable to certain payments into the Bond Service Fund from the Escrow Fund.

SECTION 306. *Notice of Redemption.* Notice of each redemption identifying the 1968 Bonds or portions thereof to be redeemed shall be given by the Trustee in the name of the County (a) by publication at least once not less than thirty days nor more than sixty days prior to the redemption date in a newspaper then of general circulation in Chester County, South Carolina, and in a newspaper or journal then of general circulation among dealers in municipal securities in New York, New York, and (b) by first class mail, postage prepaid, not less than thirty days nor more than sixty days prior to the redemption date, to each registered holder of 1968 Bonds to be redeemed in whole or in part, addressed to such holder at its address appearing on the register maintained by the Trustee and to the Bondholders on the list required to be kept by the Trustee pursuant to Section 606 hereof. Failure to mail or receive such notice or any defect therein or in the mailing thereof shall not affect the validity of any proceedings for the redemption of the 1968 Bonds.

Notice having been so given, the 1968 Bonds or portions thereof designated for redemption shall on the redemption date specified in such notice become due and payable at the proper redemption price as herein provided, and from and after the redemption date (unless the County shall make default in the payment of the redemption price) interest on such Bonds or portions thereof shall cease to accrue, and upon presentation and surrender of such Bonds at the principal office of the Trustee, together in the case of coupon 1968 Bonds, with all coupons thereto appertaining maturing after said redemption date, such 1968 Bonds or portions thereof shall be paid at the redemption price aforesaid, except that interest called for by coupons, if any, which shall mature on or before said redemption date shall be paid only upon presentation and surrender of such coupons. Upon presentation of any 1968 Bond which is redeemed in part only, the County shall execute and the Trustee shall authenticate and deliver or cause to be delivered to the holder thereof without charge a new 1968 Bond in principal amount equal to the unredeemed portion of the 1968 Bond so presented.

#### ARTICLE IV

##### ESCROW FUND

SECTION 401. *Establishment of Escrow Fund.* From the proceeds of the 1968 Bonds there shall be deposited in the Bond Service Fund referred to in Section 501 hereof a sum equal to interest on such Bonds accrued to the date of delivery thereof. The balance of the proceeds of the sale of the 1968 Bonds shall forthwith upon receipt by the County be deposited in an escrow trust fund, which fund is hereby established by the County with the Trustee pursuant to the Acquisition Contract. Said fund is herein referred to as the "Escrow Fund".

SECTION 402. *Disbursement of Escrow Fund.* The Escrow Agent shall, pay with amounts in the Escrow Fund, in the following order of priority:

(i) the expenses and disbursements of the County, including fees and disbursements of its counsel, and the fees and disbursements of Bond Counsel, (but only as and to the extent in each case approved in writing by the Company, such approval not to be unreasonably withheld and to be evidenced by a statement signed by the President or any Vice President thereof) to effect the authorization, issuance and sale of the 1968 Bonds;

(ii) to the Trustee for deposit in the Bond Service Fund, amounts equal to the interest from time to time coming due on the 1968 Bonds to and including \_\_\_\_\_, 196\_\_\_\_, less the amount then on deposit in the Bond Service Fund and available for the payment of the interest on such interest payment date, such payments to be made not later than \_\_\_\_\_ business days prior to the respective interest payment dates;

(iii) the price to be paid by the County to the Company for the Project, but only in accordance with paragraph 3 of the Acquisition Contract, such payments to be made only after paying or making provision for the payments to be made pursuant to clauses (i) and (ii) above; and

(iv) to the Trustee for deposit in the Bond Service Fund, after making the payments referred to above, a final payment of the amount, if any, then remaining in the Escrow Fund.

Disbursements from the Escrow Fund shall be made only as provided herein and in the Acquisition Contract and notice of all such disbursements shall be given promptly thereafter to the County and the Trustee by the Escrow Agent.

SECTION 403. *Investment of Escrow Fund.* The Escrow Fund shall be held subject to the further provisions of this Article by the Escrow Agent and segregated in trust. Pending payment of the amounts in the Escrow Fund the undisbursed portion of the same shall, if the Company so elects, be invested and reinvested, if and to the extent permitted by law, in Eligible Securities as defined in Section 505 hereof. Such investments shall be made by the Escrow Agent as directed and designated by the Company. Such investments shall mature in such amounts and not later than such times as may be necessary to provide funds when needed to make payments from the Escrow Fund. All income or other gain (net of losses) from the investments shall become a part of and shall be credited to the Escrow Fund. As and when any amounts invested as aforesaid may be needed for disbursement from the Escrow Fund the Escrow Agent shall cause a sufficient amount of such investments to be sold and converted into cash to the credit of the Escrow Fund.

## ARTICLE V

### BOND SERVICE FUND

SECTION 501. *Establishment of Bond Service Fund.* The County hereby establishes with the Trustee a special fund in the name of the County designated the "Chester County, South Carolina, Industrial Revenue Bonds (Textile Series 1968) Service Fund" (herein referred to as the "Bond Service Fund"). There shall be paid into the Bond Service Fund the amounts required to be paid to the Trustee for deposit therein out of the Escrow Fund in accordance with the provisions hereof and of the Acquisition Contract, the amounts provided to be paid to the Trustee for deposit therein under the Acquisition Contract and the title insurance policy or policies referred to in paragraph 5 thereof, the rentals (whether representing payments of basic rent or advance payments of basic rents) provided to be paid under the Lease and Agreement, the other amounts provided to be paid to the Trustee for deposit in the Bond Service Fund under the Lease and Agreement, and the rentals provided to be paid and the other amounts provided to be paid to the Trustee for deposit in the Bond Service Fund under any other lease agreement with respect to the Project. Amounts paid into the Bond Service Fund together with all income or other gain (net of losses) from any investment of any amounts in the Bond Service Fund shall become a part of and be credited to the Bond Service Fund. Any amounts in the Bond Service Fund shall be used, and are hereby pledged, for only the purposes hereinafter in this Article V authorized. Subject to the provisions of the second paragraph of Section 503 hereof and to the provisions of the Lease and Agreement, the County hereby covenants and agrees that so long as any of the Bonds issued hereunder are outstanding it will deposit, or cause to be deposited, in the Bond Service Fund for its account sufficient sums from revenues derived from the Project (whether or not under and pursuant to the Lease and Agreement) promptly to meet and pay the principal of and interest and premium, if any, on the Bonds as the same become due and payable by their terms (but not upon the maturity thereof by declaration); provided, however, that nothing in this Trust Indenture shall be construed as requiring the County to operate the Project or to use any funds or revenues from any source other than funds and revenues derived from the Project.

SECTION 502. *Disbursement of Bond Service Fund.* Except as otherwise provided in this Section 502 and elsewhere in this Trust Indenture, the amounts in the Bond Service Fund shall be used solely for the payment of the interest and premium, if any, coming due and principal maturing or otherwise becoming payable on the Bonds.

Amounts in the Bond Service Fund deposited therein from the Escrow Fund pursuant to clause (ii) of Section 402 hereof shall be used only to pay interest coming due on the 1968 Bonds, commencing on the next succeeding interest payment date.

Amounts in the Bond Service Fund attributable to payments into the Bond Service Fund from the Escrow Fund pursuant to clause (iv) of Section 402 hereof shall, if such amounts exceed \$50,000,



be used on the next succeeding interest payment date on which the 1968 Term Bonds may be redeemed in accordance with the provisions hereof, to pay the principal component of the redemption price in a redemption of such Bonds.

If the Company shall exercise the option to purchase the Project pursuant to paragraph 19 of the Lease and Agreement and the amounts in the Bond Service Fund shall be sufficient to redeem or pay, in accordance with the provisions of this Trust Indenture, on the earliest date or dates next following the date of closing pursuant to said paragraph 19 on which redemption or payment may be effected, all outstanding Bonds plus applicable redemption premium, if any, and expenses of redemption and the amount of interest due and to become due on said Bonds on and prior to such redemption or payment, such amounts shall be used to redeem or pay said Bonds on such date or dates, in the case of Bonds to be redeemed at the lowest applicable redemption price, if more than one such price shall be applicable.

If the foregoing paragraph shall not be applicable and the amounts in the Bond Service Fund shall be sufficient to redeem or pay all outstanding Bonds on the earliest date or dates on which the same may be redeemed or paid in accordance with the provisions of this Trust Indenture, such amounts shall be used to redeem or pay said Bonds on such date or dates, and in the case of Bonds to be redeemed at the lowest applicable redemption price if more than one such price shall be applicable.

If so specified in writing by the Company to the Trustee, and if the amounts in the Bond Service Fund shall not be sufficient to redeem all outstanding Bonds as above provided, amounts representing advance payments of basic rents shall be used by the Trustee as promptly as practicable to purchase Bonds in such manner (through brokers or otherwise and with or without receiving tenders) and at such prices as the Trustee (with the approval of the Company) shall determine, but any such amounts which were paid after, or have not been so used by the date which shall be 65 days before the next interest payment date on any Bonds, shall regardless of such specification by the Company be held for any use of the Bond Service Fund.

If so requested in writing by the Company to the Trustee, and if there shall be in the Bond Service Fund amounts which shall not be expected to be required for the payment of interest and premium, if any, coming due and principal maturing or otherwise becoming payable on the Bonds within the next ensuing six months and which shall not be required to be used for any of the other purposes set forth above, such amounts or such portion thereof as the Company may request shall be used to redeem Bonds on the next succeeding interest payment date on which Bonds may be redeemed in accordance with the provisions of this Trust Indenture.

After all of the Bonds have been retired and all interest and applicable premiums, if any, due thereon have been paid or provision for such retirement and payment has been made, and all compensation payable to the Trustee or Escrow Agent has been paid or provision for such payment has been made, any excess moneys in the Bond Service Fund shall be paid to the Company in adjustment of rentals.

**SECTION 503. *Redemption, Payment, Etc.*** The Trustee shall make the payments and redemptions provided for in the preceding Sections of this Article V as and when required by the terms of this Trust Indenture without any further authorization. The Trustee shall give notice of redemption of the 1968 Term Bonds which are required by Section 302 hereof to be redeemed from time to time even though sufficient amounts for such redemption are not then in the Bond Service Fund.

If any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, or in the event any coupons shall not be presented for payment at the due date thereof and if funds sufficient to pay such Bonds or coupons shall be held by the Trustee, all liability of the County to the holders thereof for the payment of such Bonds or coupons, as the case may be, shall forthwith cease, determine and be completely discharged, and such funds shall be held in the Bond Service Fund for the benefit of the holders of such Bonds or coupons, as the case may be, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on their part relating to such Bonds or coupons.

All Bonds or coupons paid or redeemed or purchased as provided herein shall forthwith be cancelled (together with the unmatured coupons appertaining to such Bonds) upon the making of proper records as to such payment, redemption or purchase and shall not be reissued. The Trustee shall cremate cancelled Bonds and coupons and deliver a certificate of cremation thereof to the County and to the Company.

SECTION 504. *Investment of Bond Service Fund.* Any moneys in the Bond Service Fund shall, if the Company so elects, be invested and reinvested if and to the extent permitted by law in Eligible Securities as defined in Section 505 hereof. Such investments shall be made by the Trustee as directed and designated by the Company. Such investments shall mature in such amounts and not later than such times as may be necessary to provide funds when needed to make payments from the Bond Service Fund. All income or other gain from such investments shall be carried to the credit of the Bond Service Fund and any loss resulting from such investments shall be charged to such Bond Service Fund. As and when any amounts thus invested may be needed for disbursement from the Bond Service Fund the Trustee shall cause a sufficient amount of such investments to be sold and reduced to cash to the credit of the Bond Service Fund.

SECTION 505. *Eligible Securities.* As used herein the term "Eligible Securities" means the following obligations or securities, maturing at such time or times as to enable disbursements to be made from the Escrow Fund or the Bond Service Fund in accordance with the terms hereof or which shall be marketable prior to the maturities thereof:

- (i) obligations issued or guaranteed by the United States;
- (ii) obligations issued or guaranteed by any person controlled or supervised by and acting as an instrumentality of the United States pursuant to authority granted by the Congress of the United States;
- (iii) obligations issued or guaranteed by any State of the United States or the District of Columbia, or any political subdivision of any such State or District; provided, however, that such obligations are rated for investment purposes at not less than A by Moody's Investors Service or another rating service of comparable standing;
- (iv) prime commercial paper;
- (v) prime finance company papers;
- (vi) bankers acceptances drawn on and accepted by commercial banks having total assets in excess of \$250,000,000;
- (vii) certificates of deposit issued by commercial banks having total assets in excess of \$250,000,000; and
- (viii) repurchase agreements secured by any of the obligations or securities referred to in clauses (i) through (vii) of this Section 505.

SECTION 506. *Moneys to be Held in Trust.* All moneys required to be deposited with or paid to the Trustee for the account of the Bond Service Fund under any provision of this Trust Indenture shall be held by the Trustee segregated in trust.

SECTION 507. *Insurance and Condemnation Proceeds.* Reference is hereby made to the Lease and Agreement wherein it is provided that under certain circumstances the net proceeds of insurance and condemnation awards are to be paid to the Trustee and deposited in the Bond Service Fund and to be disbursed and paid out as therein provided, and to the Trustee's duties and obligations in such connection which the Trustee hereby acknowledges.

## ARTICLE VI

### GENERAL COVENANTS AND PROVISIONS

SECTION 601. *Payment of Principal and Interest.* Subject to the provisions of Section 103 hereof, the County covenants that it will duly and punctually pay the interest and premium, if any, coming due and the principal maturing or otherwise becoming payable on the Bonds on the dates and in the manner provided in this Trust Indenture and in said Bonds and in the coupons appertaining thereto according to the true intent and meaning thereof.

SECTION 602. *Performance of Covenants; Authority.* The County covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Trust Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings of its Board of County Directors pertaining thereto. The County covenants that it is duly authorized under the Constitution of the State of South Carolina and the laws thereof, including particularly the Act, to issue the Bonds authorized hereby and to execute this Trust Indenture and to pledge the revenues of the Project in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Trust Indenture has been duly and effectively taken and that the Bonds in the hands of the holders thereof are and will be valid and enforceable obligations of the County according to the import thereof.

The County shall faithfully and punctually perform and observe all duties and obligations of the County with respect to the Project required by the Constitution of the State of South Carolina and the laws thereof, including particularly the Act, and by this Trust Indenture and will cause to be charged, collected and accounted for sufficient revenues therefrom to meet the requirements of this Trust Indenture and will segregate said revenues and make application thereof, or cause the same to be segregated and applied, as herein provided. So long as any of the Bonds are outstanding and there shall not be in the Bond Service Fund amounts sufficient to retire all the Bonds in accordance with the provisions hereof, if and during any period when the Project shall not be leased to the Company or any other tenant, the County shall, to the extent it may lawfully do so, cause the Project to be maintained and insured, and shall cause public liability insurance to be kept with respect to the Project, to the extent provided in the Lease and Agreement, and all such insurance shall be for the benefit of the holders of the Bonds. So long as any of the Bonds are outstanding and there shall not be in the Bond Service Fund amounts sufficient to retire all the Bonds in accordance with the provisions hereof, and so long as the optional purchase rights of the Company under the Lease and Agreement shall be in force and effect, the County shall not sell, convey, transfer, lease, mortgage or encumber the Project or create or cause to be created any lien or charge on any of the revenues derived from the Project, except as provided herein and in the Lease and Agreement.

SECTION 603. *Instruments of Further Assurance.* The County covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better pledging and confirming unto the Trustee the revenues pledged hereby.

Promptly after any re-filing, re-registering or re-recording of this Trust Indenture or the Acquisition Contract or the Lease and Agreement or any filing, registration, recording, re-filing, re-registration or re-recording of any supplement or amendment to any of said instruments, any financing statement or instrument of similar character relating to any of said instruments or any instrument of further assurance which is required pursuant to the preceding paragraph, the County will deliver to the Trustee an opinion of counsel (which may be counsel to the Company) 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. On or before \_\_\_\_\_, 1969 and on or before each \_\_\_\_\_ thereafter the County will deliver to the Trustee an opinion of counsel (which may be counsel to the Company) addressed to the Trustee stating that no filing, registration or recording and no re-filing, re-registration or



re-recording of any instrument is necessary during the annual period immediately succeeding the date of such opinion in order to comply with this Section 603, or if such filing, registration or recording or re-filing, re-registration or re-recording is necessary, setting forth the requirements with respect thereto. To induce the Company to enter into the Acquisition Contract and Lease and Agreement the County has irrevocably constituted and appointed the Trustee its agent to accept and hold in the name and on behalf of the County, the notice, deeds, bill of sale and policy or policies of title insurance and other instruments provided to be delivered to it in paragraph 5 of the Acquisition Contract and to record such deeds and file or record such of the other instruments as shall be appropriate.

SECTION 604. *Recordation of the Trust Indenture.* The County covenants that it will cause this Trust Indenture and all supplements hereto to be kept recorded and filed in such manner and in such places, if any, as may be required by law in order to fully preserve and protect the security of the holders of the Bonds and the rights of the Trustee hereunder.

SECTION 605. *Inspection of Project Books.* The County covenants and agrees that all books and documents in its possession relating to the Project and the revenues derived from or in connection with the Project shall at all times be open to inspection by such accountants or other agencies as the Trustee may from time to time designate. So long as any of the Bonds are outstanding, proper books of record and account shall be kept by the Trustee and separate and apart from all other records and accounts, showing all transactions relating to the Project carried on by the Trustee hereunder and under the Acquisition Contract and the Lease and Agreement, and the County and the Company shall have the right at all reasonable times to inspect all such records and accounts and data relating thereto.

SECTION 606. *List of Bondholders.* To the extent that such information shall have been furnished to the Trustee in accordance with the next sentence there shall be kept on file at the principal office of the Trustee a list of names and addresses of the last known holders of all Bonds payable to bearer. Any bondholder may request that his name and address be placed on said list by filing a written request with the County or with the Trustee, which request may include a statement of the principal amount of Bonds held by such holder and the number of such Bonds. The Trustee shall be under no responsibility with respect to the accuracy of said list.

SECTION 607. *Rights Under Certain Agreements.* The Acquisition Contract and the Lease and Agreement set forth the covenants and obligations of the County and the Company and reference is hereby made to such instruments for a detailed statement of said covenants and obligations of the Company thereunder, including, without limitation, the Company's covenants and obligations with respect to the payment of taxes on, payments in lieu of taxes on, and maintenance and repair of, the Project pursuant to paragraphs 5 and 7, respectively, of the Lease and Agreement. So long as any of the Bonds are outstanding the County shall faithfully and punctually perform and observe all obligations and undertakings on its part to be performed or observed under, and preserve and enforce all the terms and provisions of, the Acquisition Contract, the Lease and Agreement and any other lease agreement with respect to the Project. Except as provided in the Acquisition Contract and the Lease and Agreement, the County shall not permit or authorize any change or variation in the terms of the Acquisition Contract or Lease and Agreement or any such other lease agreement without the prior written consent of the Trustee, and (except as provided as aforesaid) any modification or amendment of the terms of any thereof which in any manner materially adversely affects the rights of the holders of any of the Bonds shall be made only as provided in Section 901 hereof. The County agrees that the Trustee, subject to the conditions thereof, may enforce for and on behalf of the holders of the Bonds all of the covenants and agreements of the County and the Company, as set forth in the Acquisition Contract and Lease and Agreement whether or not the County is in default thereunder. The revenues derived under the Lease and Agreement and under any other lease of the Project or any part thereof by the County shall be paid directly to the Trustee for deposit in the Bond Service Fund, or otherwise dealt with as provided in the Lease and Agreement or such other lease, and shall be set apart from all other funds of the County.

SECTION 608. *Refunding.* At the request of the Company, with the consent of the County and in the manner and to the extent then permitted by law, any issue of Bonds may be redeemed in whole through the issuance by the County of its refunding bonds in an amount sufficient to redeem the principal

of the Bonds to be so redeemed, any unpaid interest thereon and any premiums and commissions (and all other expenses of redemption) necessary to be paid in connection therewith. Any such refunding may be effected whether the Bonds to be redeemed shall have matured or shall thereafter mature, either by sale of the refunding bonds and the application of the proceeds thereof for the payment of the Bonds to be redeemed thereby, or by exchange of the refunding bonds for the Bonds to be redeemed thereby; provided, however, that in any such refunding, no holder of Bonds shall without his consent (i) be required to surrender his Bonds in exchange for any refunding bond or bonds, (ii) be deprived of the right of such holder to receive payment of the principal, interest and applicable premium, if any, on the Bonds held by such holder as and when the same become due and payable in accordance with the provisions of this Trust Indenture, or (iii) otherwise be deprived of any right under this Trust Indenture, the Acquisition Contract and Lease and Agreement (except in accordance with the provisions thereof and of this Trust Indenture relating to modification or amendment of their respective terms). In connection with any such refunding there shall be made any amendments to this Trust Indenture and to the Acquisition Contract and Lease and Agreement necessary to reflect the issuance of such refunding bonds (but only in accordance with the said provisions thereof and of this Trust Indenture relating to such amendment). The costs and expenses of such refunding shall be paid from the proceeds of the refunding bonds and if there are not sufficient proceeds available for such purpose the deficiency shall be borne by the Company.

SECTION 609. *Subordination to Rights of the Lessee; Action by Trustee.* This Trust Indenture and the rights and privileges hereunder of the Trustee and the holders of the Bonds are specifically made subject and subordinate to the rights and privileges of the Company set forth in the Acquisition Contract and the Lease and Agreement including, particularly, any grant, release, agreement, or other arrangement made pursuant to paragraphs 8, 9, 19 and 20 thereof.

The Trustee shall take such action in respect of any such grant, release, agreement or other arrangement as is provided for in said paragraphs upon compliance by the Company and the County with the provisions of the Lease and Agreement relating to the same.

SECTION 610. *Obligation to Lease Project.* Subject to the provisions of the Lease and Agreement and of Article IX hereof, the County covenants and agrees that, so long as any Bonds issued hereunder are outstanding, it will cause the Project to be continuously and sufficiently leased as a revenue producing undertaking, and that, should there be a default under the Lease and Agreement with the result that the leasehold estate of the Company thereunder shall terminate it shall fully cooperate with the Trustee and with the Bondholders to the end of fully protecting the rights and security of the Bondholders and shall diligently proceed in good faith and use its best efforts to secure another tenant for the premises to the end that at all times sufficient revenues will be derived from the Project promptly to meet and pay the principal of and interest and premium, if any, on the Bonds as the same become due and payable as aforesaid, as well as covering the cost of maintaining and insuring the Project to the extent provided in the Lease and Agreement; provided, however, that nothing in this Trust Indenture shall be construed as requiring the County to operate the Project or to use any funds or revenues from any source other than funds and revenues derived from the Project.

## ARTICLE VII

### DISCHARGE

SECTION 701. *Discharge.* If, when the Bonds shall have become due and payable in accordance with their terms or otherwise as provided in this Trust Indenture, the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the Bonds and coupons then outstanding shall be paid or sufficient moneys or obligations in which such moneys may be invested shall be held by the Trustee or the Paying Agent for such purpose, and provision shall also be made for paying all other sums payable hereunder, and if the County shall keep, perform and observe all and singular the covenants and promises in the Bonds and in this Trust Indenture expressed as to be kept, performed



and observed by it or on its part, or if all Bonds and coupons issued hereunder and not theretofore cancelled shall be delivered for cancellation to the Trustee, then this Trust Indenture and rights hereby granted shall cease, determine and be of no further effect, except that the Trustee shall be obligated to pay over to the Company amounts in the Bond Service Fund required to be paid to the Company under Section 502 hereof and to pay to holders of Bonds funds held by the Trustee for the payment of interest and redemption premium on and principal of such Bonds.

## ARTICLE VIII

### DEFAULT AND REMEDIES

SECTION 801. *Events of Default.* Each of the following events is hereby declared an "event of default", that is, if:

(a) Payment of the principal of or premium, if any, on any of the Bonds shall not be made either at the stated maturity thereof or the date of redemption thereof or upon the maturity thereof by declaration; or

(b) Payment of any interest on any of the Bonds shall not be made when the same shall become due and payable; or

(c) Other than as provided in subparagraphs (a) and (b) of this Section, default shall be made on the part of the County in the due and punctual observance or performance of any of the covenants, terms, conditions and agreements in the Bonds or in this Trust Indenture contained, and such default shall continue for a period of thirty days after written notice specifying such default and requiring the same to be remedied shall be given to the County in writing by the Trustee or any holder or holders of not less than twenty-five per cent in aggregate principal amount of the Bonds then outstanding.

SECTION 802. *Acceleration.* Upon the occurrence of an event of default the Trustee may, and upon the written request of the holders of not less than twenty-five per cent in aggregate principal amount of the Bonds then outstanding shall, by notice in writing delivered to the County and the Company, declare the principal of all Bonds then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable; provided, however, that no such declaration shall be made unless and until the leasehold estate of the Company under the Lease and Agreement shall terminate by reason of the default of the Company in the payment of rent or other sums payable thereunder.

SECTION 803. *Surrender of Possession of Project; Rights and Duties of Trustee in Possession.* Subject in all respects to the rights of the Company under the Lease and Agreement, upon the occurrence of an event of default, the County, upon demand of the Trustee, shall forthwith surrender the possession of the Project and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the Project together with the books, papers and accounts of the County pertaining thereto, and including the rights of the County under the Lease and Agreement and to hold, operate and manage the same, and from time to time make all needful repairs and improvements as the Trustee shall deem wise; and the Trustee may lease the Project, or any part thereof, in the name and for account of the County and collect, receive and sequester the rents, revenues, issues, earnings, income, products and profits therefrom, and out of the same and any moneys received from any receiver of any part thereof pay, and/or set up proper reserves for the payment of, all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to the Trustee, its agents and counsel, and any charges of the Trustee hereunder, and any taxes and assessments and other charges which the Trustee may deem it advisable to pay, and all expenses of such repairs and improvements, and apply the remainder of the moneys so received in accordance with the provisions of Section 807 hereof. Whenever all that is due upon the Bonds shall have been paid and all defaults made good, the Trustee shall surrender possession to the County, its successors or assigns; the same right of entry, however, to exist upon any subsequent event of default.



While in possession of such property the Trustee shall render annually to the County, and the Company and also to the Bondholders, at their addresses set forth in the list required by Section 606 hereof and to the holders of all Bonds then registered as to principal at their addresses shown by the register required to be maintained by Section 108 hereof, a summarized statement of income and expenditures in connection therewith.

**SECTION 804. *Other Remedies; Rights of Bondholders.*** Upon the occurrence of an event of default, the Trustee may, as an alternative, either after entry or without entry, pursue any available remedy by action at law or suit in equity to enforce the payment of the principal of and interest on the Bonds then outstanding.

If an event of default shall have occurred, and if requested so to do by the holders of a majority in principal amount of the Bonds then outstanding and indemnified as provided in subsection (1) of Section 1001 hereof, the Trustee shall be obliged to exercise such one or more of the rights and powers conferred by this Section and by Section 803 as the Trustee, being advised by counsel, shall deem most expedient in the interests of the bondholders.

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

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

No waiver of any default or event of default hereunder, whether by the Trustee pursuant to the provisions of Section 811 hereof, or by the Bondholders, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereon.

**SECTION 805. *Right of Bondholders to Direct Proceedings.*** Anything in this Trust Indenture to the contrary notwithstanding, the holders of a majority in principal amount of the Bonds then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Trust Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Trust Indenture, and provided, further, that the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability.

**SECTION 806. *Appointment of Receivers.*** Subject in all respects to the rights of the Company under the Lease and Agreement, upon the occurrence of an event of default, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Project and of the rents, revenues, issues, earnings, income, products and profits thereof, with such powers as the court making such appointment shall confer.

**SECTION 807. *Application of Moneys.*** All moneys received by the Trustee with respect to the Project pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Service Fund and all moneys so deposited in the Bond Service Fund and all moneys held or deposited in the Bond Service Fund during the continuance of an event of default (other than moneys for the payment

of Bonds which have matured or otherwise become payable prior to such event of default or for the payment of interest due prior to such event of default) shall (after payment of the fees and expenses of the Trustee) be applied as follows:

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

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

*Second*—To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds which have matured or otherwise become payable prior to such event of default and moneys for the payment of which are held in the Bond Service Fund), with interest on such principal from the respective dates upon which the same became due and, if the amount available shall not be sufficient to pay in full the amount of principal due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon all of the Bonds (other than Bonds which have matured or otherwise become payable prior to such event of default and moneys for the payment of which are held in the Bond Service Fund), 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 (except as aforesaid), ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

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

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

Whenever all the Bonds and interest thereon have been paid under the provisions of this Section 807 and all expenses and charges of the Trustee and Escrow Agent have been paid, any balance remaining in the Bond Service Fund shall be paid to the Company.

**SECTION 808. Remedies Vested in Trustee.** All rights of action (including the right to file proof of claims) under this Trust Indenture or under any of the Bonds or coupons may be enforced by the



Trustee without the possession of any of the Bonds or coupons or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any holders of the Bonds and any recovery of judgment shall, subject to the provisions of Section 807 hereof, be for the equal benefit of all the holders of the outstanding Bonds and coupons.

SECTION 809. *Rights and Remedies of Bondholders.* No holder of any Bond or coupon shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Trust Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred of which the Trustee has been notified as provided in subsection (g) of Section 1001 hereof, or of which by said subsection it is deemed to have notice, nor unless also such default shall have become an event of default and the holders of a majority in principal amount of the Bonds then outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in Section 1001 hereof, nor unless the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its, his or their own name or names; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Trust Indenture, and to any action or cause of action for the enforcement of this Trust Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more holders of the Bonds or coupons shall have any right in any manner whatsoever to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the holders of all the Bonds then outstanding. Nothing in this Trust Indenture contained shall, however, affect or impair the right of any Bondholder to payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the County to pay the principal of and interest and premium, if any, on each of the Bonds issued hereunder to the respective holders thereof at the time, place, from the source and in the manner herein and in said Bonds and the appurtenant coupons expressed.

SECTION 810. *Termination of Proceedings.* In case the Trustee shall have proceeded to enforce any right under this Trust Indenture by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the County, the Company and the Trustee shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

SECTION 811. *Waivers of Events of Default.* The Trustee shall waive any event of default hereunder and its consequences and rescind any declaration of maturity of principal upon the written request of the holders of a majority in principal amount of the Bonds then outstanding in respect of which such default exists; provided, however, that there shall not be waived without the consent of the holder of each Bond so affected (a) any event of default in the payment of the principal of such Bond at the date of maturity specified therein or (b) any default in the payment when due of the interest on such Bond unless, prior to such waiver or rescission, all arrears of interest on all such Bonds with interest (to the extent permitted by law) at the rates borne by such Bonds on overdue installments of interest in respect of which such default shall have occurred, or all arrears of payments of principal when due on all such Bonds, as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, then and in every such case the County, the Company, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.



## ARTICLE IX

### AMENDMENT OF TRUST INDENTURE AND OTHER INSTRUMENTS AND OTHER LEASES

SECTION 901. *Amendments Requiring Consent of Bondholders.* Modifications or amendments of this Trust Indenture or of the rights and obligations of the County or of the holders of the Bonds, or modifications or amendments of the terms of the Acquisition Contract or Lease and Agreement, which in Section 607 hereof are provided to be made only as provided in this Section, or the County's entry into any other lease agreement with respect to the Project shall be made or authorized only as provided in this Section.

The County may propose any such modifications or amendments or its entry into any such other lease agreement in the following manner: The Board of County Directors of the County shall duly pass a resolution declaring or authorizing such modifications, amendments or entry but providing therein that such resolution shall not become effective unless and until it has had the approval of the Company and the holders of the Bonds affected by such modifications or amendments or entry (hereinafter referred to in this Section as the "Affected Bonds") and, if required, the consent of the Trustee, all as hereinafter set forth. Immediately upon adoption of such resolution the Board of County Directors shall set a time and place for and call a meeting of the holders of the Affected Bonds. Every such meeting shall be held at such place as may be specified in the notice calling such meeting; provided that no place shall be so specified outside New York, New York or Fort Mill, South Carolina without the Company's prior written consent. Written notice of any such meeting stating the place and the time thereof and in general terms the business to be submitted shall be mailed not less than thirty days before such meeting to each registered owner of Affected Bonds addressed to him at his address appearing on the register maintained by the Trustee as Bond registrar and to the last known address of the holders of Affected Bonds then outstanding shown on the list of Bondholders required to be kept by the Trustee pursuant to Section 606 hereof, and shall be published at least once in each of two successive calendar weeks immediately preceding the week which includes the date fixed for such meeting, in a newspaper or journal then of general circulation among dealers in municipal securities in New York, New York.

At such meeting there shall be submitted to the holders of the Affected Bonds for their approval such resolution theretofore duly passed by the Board of County Directors.

All holders of Affected Bonds outstanding at the time of such meeting shall be entitled to vote thereat, and attendance at such meeting may be in person or by proxy. Each person seeking to attend or vote at such meeting must, if required, produce proof of ownership of Affected Bonds or of personal identity as shall be satisfactory to the inspectors of votes. Every proxy shall be signed by the holder of Affected Bonds or his duly authorized attorney and shall be witnessed, and its genuineness if questioned must be established to the satisfaction of the inspectors of votes. The holders of Affected Bonds and the holders of proxies present shall, by a vote of the majority in principal amount of Affected Bonds present or represented, select a chairman of the meeting and a secretary of the meeting and also two persons to act as inspectors of votes, who shall count all votes cast at such meeting and who shall make and file with the secretary their verified written report in duplicate of all such votes cast at said meeting.

The holders of not less than two-thirds in aggregate principal amount of the Affected Bonds outstanding must be present at such meeting in person or by proxy in order to constitute a quorum for the transaction of business, less than a quorum, however, having power to adjourn.

Any such resolution declaring or authorizing such modifications, amendments or entry may be approved at such meeting or at any due adjournment thereof at which a quorum is present, but only if such approval is given by the affirmative vote, in person or by proxy, of the holders of two-thirds or more in aggregate principal amount of the Affected Bonds outstanding; provided, however, that any such resolution declaring or authorizing any modification or amendment of this Trust Indenture or of the rights of the holders of the Bonds shall not be deemed to have the approval of the holders of the Affected Bonds required by this Section if it (i) permits an extension of the time of payment of the principal of or interest on any Affected Bond, or a reduction in the amount of principal or interest

or premium payable thereon, unless such resolution shall be approved in writing by the holder of such Affected Bond; or (ii) reduces the percentage of holders of Affected Bonds required by the provisions of this Section for the taking of any action, unless such resolution shall be approved by the holders of all the Affected Bonds; and provided further any resolution provided for in this Section which in the opinion of the Trustee affects the rights, duties or immunities of the Trustee shall not become effective without the written consent of the Trustee.

A record of the proceedings of each such meeting shall be prepared by the Secretary and shall have attached thereto the reports of the inspectors of votes and affidavits by one or more persons having knowledge of the facts, setting forth a copy of the notice of the meeting and a copy of the record of any adjournment thereof, and showing that such notice was duly given as herein provided. Such record shall be signed and verified and filed with the Trustee and the Secretary of the Board of County Directors of the County, and thereupon the proceedings taken shall become effective, but otherwise shall be null and void.

Nothing in this Trust Indenture shall require the consent or approval of the holders of any Bonds to the issuance, sale or delivery of Additional Bonds or to any indenture supplemental to this Trust Indenture or to any amendment of the Acquisition Contract or the Lease and Agreement or any new construction or acquisition contract referred to in Section 202 hereof. Such issuance, sale and delivery of Additional Bonds may be authorized, and such supplemental indentures, amendments or new contracts authorized and made, by means of an enabling resolution of the Board of County Directors or any successor governing body of the County duly passed and approved and without any necessity for obtaining or providing for obtaining (whether prior to, in connection with or as a condition of its adoption or effectiveness) the consent or approval of any persons other than the Company; but such enabling resolution may require, or provide for obtaining as a condition to its effectiveness, the consent by the escrow agent and trustee specified in such resolution to their respective designations as such contained therein (but no such consent shall be necessary, except as in such enabling resolution provided, if such escrow agent and trustee shall be the person already holding the same offices under this Trust Indenture and if, under such enabling resolution, it shall be entitled to the same rights, privileges and immunities pertaining to its aforesaid respective offices as shall theretofore have been provided by this Trust Indenture). Nothing in this Trust Indenture shall require the consent or approval of the holders of any Bonds to the adoption of a corrective amendment to this Trust Indenture, the Acquisition Contract or the Lease and Agreement, for the purpose of curing any ambiguity or formal defect or omission, or of curing, correcting or supplementing any defective or inconsistent provision contained therein, or of making any other provision in regard to matters or questions arising thereunder which the County and the Company may deem necessary or desirable and not inconsistent with the instrument thereby amended and which shall not adversely affect in any material respect the interests of the holders of the Bonds.

The Trustee may receive an opinion of counsel which may be counsel to the Company as conclusive evidence that the provisions of this Section have been complied with.

## ARTICLE X

### THE TRUSTEE AND THE ESCROW AGENT

SECTION 1001. *Acceptance of the Trusts.* The Trustee hereby accepts the trusts imposed upon it by this Trust Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Trust Indenture against the Trustee:

(a) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standards hereinbelow specified, and shall be entitled to act upon the opinion or advice of its counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trust hereof. The Trustee may

act upon an opinion of its counsel and shall not be responsible for any loss or damage resulting from any action or non-action by it taken or omitted to be taken in good faith in reliance upon such opinion of counsel.

(b) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect of the certificate of the Trustee endorsed on the Bonds), or for the recording or re-recording, filing or re-filing of this Trust Indenture, or for the validity of the execution by the County of this Trust Indenture or instruments of further assurance, or for the sufficiency or maintenance of the security for the Bonds except that in the event the Trustee enters into possession of a part or all of the Project pursuant to any provision of this Trust Indenture it shall use due diligence in preserving the same; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the County or on the part of the Company under the Acquisition Contract or Lease and Agreement, but the Trustee may require of the County full information and advice as to the performance of the covenants, conditions and agreements aforesaid; provided, that nothing herein shall require disclosure by the County of (i) any trade secrets of the Company or (ii) any other confidential processes, techniques or information which the County or the Company is not free to disclose, whether by virtue of any applicable statute, governmental security regulation, technical assistance agreement, patent license or similar agreement relating to the acquisition or interchange of technology or otherwise. Except as otherwise provided in Section 803 hereof, the Trustee shall have no obligation to perform any of the duties of the County as lessor under the Lease and Agreement; and the Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Trust Indenture.

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

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

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

(f) The permissive right of the Trustee to do things enumerated in this Trust Indenture shall not be construed as a duty and the Trustee shall not be liable for any action reasonably taken or omitted to be taken by it in good faith and reasonably believed by it to be within the discretion or power conferred upon it hereby, or be responsible other than for its own negligence or wilful acts or omissions.



(g) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except a failure to make any of the payments to the Trustee required to be made by Article IV and V hereof unless the Trustee shall be specifically notified in writing of such default by the County or by the holders of at least twenty-five per cent in aggregate principal amount of the Bonds then outstanding and all notices or other instruments required by this Trust Indenture to be delivered to the Trustee, must, in order to be effective, be delivered at the principal office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

(h) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or nonfulfillment of contracts during any period in which it may be in the possession of or managing the Project.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right, but shall not be required, to inspect any and all of the books, papers and records of the County pertaining to the Project and the Bonds, and to make such memoranda from and in regard thereto as may be desired; provided, that nothing herein shall require disclosure by the County of (A) any trade secrets of the Company or (B) any other confidential processes, techniques or information which the County or the Company is not free to disclose, whether by virtue of any applicable statute, governmental security regulation, technical assistance agreement, patent license or similar agreement relating to the acquisition or interchange of technology or otherwise.

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

(k) All moneys received by the Trustee or any paying agent shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Trust Indenture or law.

(l) Before taking any action under this Section 1001, the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or wilful default, by reason of any action so taken.

The Trustee hereby acknowledges that it has also accepted the trusts imposed upon it by the Acquisition Contract and the Lease and Agreement subject to the terms and conditions thereof.

**SECTION 1002. Fees, Charges and Expenses of Trustee.** The Trustee shall be entitled to reasonable compensation for its services rendered hereunder and to reimbursement for its actual out-of-pocket expenses necessarily incurred in connection therewith. Pursuant to the provisions of paragraph 21(b) of the Lease and Agreement, the Company has agreed to pay to the Trustee such compensation and reimbursement but the Company may, without creating a default hereunder, contest in good faith the necessity for and the reasonableness of any such services and expenses. The Trustee shall have a first lien with right of payment prior to payment on account of interest or principal of any Bond, but subject to the provisions of the Lease and Agreement, upon the cash received by it pursuant to this Trust Indenture for the foregoing fees and expenses.

**SECTION 1003. Notice to Bondholders if Default Occurs.** If a default occurs consisting of a failure to make a payment of which the Trustee is by subsection (g) of Section 1001 hereof required to take notice, then if such default continues for at least \_\_\_\_\_ days the Trustee shall give written notice thereof by first class mail to the last known holders of all Bonds then outstanding shown by the list of Bondholders required by Section 606 hereof to be kept at the office of the Trustee and to the registered holders of Bonds, addressed to such holders at their addresses appearing on the register kept by the Trustee as required by Section 108 hereof.

**SECTION 1004. Intervention by Trustee.** Subject to the Lease and Agreement, in any judicial proceeding to which the County is a party and which in the opinion of the Trustee and its counsel has a

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

SECTION 1005. *Successor Trustee.* Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor Trustee hereunder and vested with all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 1006. *Resignation by the Trustee.* The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving thirty days' written notice to the County and by first class mail to each registered owner of Bonds then outstanding and to each holder of Bonds as shown by the list of Bondholders required by Section 606 hereof to be kept by the Trustee, and such resignation shall take effect at the end of such thirty days, or upon the earlier appointment of a successor Trustee by the Bondholders or by the County. Such notice to the County may be served personally or sent by registered mail.

SECTION 1007. *Removal of the Trustee.* The Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Trustee and to the County, and signed by the owners of not less than two-thirds in aggregate principal amount of the Bonds then outstanding.

SECTION 1008. *Appointment of Successor Trustee by the Bondholders; Temporary Trustee.* In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the holders of a majority in aggregate principal amount of the Bonds then outstanding, by an instrument or concurrent instruments in writing (with the prior approval of the Company if the Company is then not in default under the Lease and Agreement, which approval shall not unreasonably be withheld) by such holders, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of such vacancy the County by an instrument executed and signed by the Chairman of the Board of County Directors of the County and attested by the Secretary of said Board of County Directors under the seal of the County, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders in the manner above provided; and any such temporary Trustee so appointed by the County shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company, banking association or bank in good standing, within or outside the State of South Carolina having a reported capital and surplus of not less than fifteen million dollars if there be such an institution willing, qualified and able to accept the trust upon the terms stated herein.

SECTION 1009. *Concerning Any Successor Trustees.* Every successor Trustee appointed under the provisions of Section 1008 shall execute, acknowledge and deliver to its predecessor and also to the County an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the County, or of its successor, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts for such predecessor hereunder. Every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor together with all books and records, or facsimile copies thereof, pertaining to the discharge of the functions of



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

SECTION 1010. *Right of Trustee to Pay Taxes, Etc.* In case any tax, amount in lieu of taxes, assessment or governmental or other charge upon any part of the Project is not paid as required herein, the Trustee may pay such tax, amount in lieu, assessment or governmental charge, without prejudice, however, to any rights of the Trustee or the Bondholders hereunder arising in consequence of such failure; and any amount at any time so paid under this Section, with interest thereon from the date of payment at the rate of six per cent per annum, shall become so much additional indebtedness secured by this Trust Indenture, and the same shall be given a preference in payment over any of the Bonds, and shall be paid out of the proceeds of revenues collected from the Project, if not otherwise caused to be paid; but the Trustee shall be under no obligation to make any such payment unless it shall have been requested to do so by the holders of at least a majority in principal amount of the Bonds then outstanding and shall have been provided with adequate funds for the purpose of such payment.

SECTION 1011. *Trustee Protected in Relying Upon Resolutions, Etc.* The resolutions, opinions, certificates and other instruments provided for in this Trust Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein.

SECTION 1012. *Successor Trustee as Custodian of Bond Service Fund and Bond Registrar.* In the event of a change in the office of Trustee the predecessor Trustee which has resigned or been removed shall cease to be custodian of the Bond Service Fund and Bond registrar and the successor Trustee shall become such custodian and Bond registrar.

SECTION 1013. *Co-Trustee.* It is the intent of this Trust Indenture that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State of South Carolina) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under this Trust Indenture or the Lease and Agreement, and in particular in case of the enforcement of either on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee, 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 1013 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 and immunity, expressed or intended by this Trust 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 the co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any deed, conveyance or instrument in writing from the County be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the County. In case any separate trustee or co-trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.



SECTION 1014. *The Escrow Agent.* The Escrow Agent shall have no duties hereunder except those specifically provided for in this Indenture and in the Acquisition Contract. The Escrow Agent shall be entitled to the advice of counsel and shall be protected for any acts taken in good faith in reliance upon such advice. The Escrow Agent shall be entitled to rely fully upon certificates and instruments and documents furnished to it pursuant to the provisions hereof and the Acquisition Contract. The Escrow Agent shall not be liable for any action reasonably taken or omitted to be taken by it in good faith and reasonably believed by it to be within the discretion or power conferred upon it hereby or by the Acquisition Contract or be responsible for the consequences of any oversight or error of judgment reasonably made by it, and the Escrow Agent shall not be answerable other than for its negligence or wilful acts or omissions. Under the Lease and Agreement, the Company shall pay to the Escrow Agent reasonable compensation for its services, together with its actual out-of-pocket expenses necessarily incurred, in connection with acting as Escrow Agent.

## ARTICLE XI

### MISCELLANEOUS

SECTION 1101. *Consents, etc., of Bondholders.* Any consent, request, direction, approval, objection or other instrument required by this Trust Indenture to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by duly authorized attorney. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such attorney and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Trust Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken under such request or other instrument, namely:

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

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

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

SECTION 1102. *Limitation of Rights.* With the exception of rights conferred upon the Company herein or in the Lease and Agreement, nothing expressed or mentioned in or to be implied from this Trust Indenture or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto, and the holders of the Bonds and coupons, any legal or equitable right, remedy or claim under or in respect to this Trust Indenture or any covenants, conditions and provisions herein contained; this Trust Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the holders of the Bonds and coupons as herein provided.

SECTION 1014. *The Escrow Agent.* The Escrow Agent shall have no duties hereunder except those specifically provided for in this Indenture and in the Acquisition Contract. The Escrow Agent shall be entitled to the advice of counsel and shall be protected for any acts taken in good faith in reliance upon such advice. The Escrow Agent shall be entitled to rely fully upon certificates and instruments and documents furnished to it pursuant to the provisions hereof and the Acquisition Contract. The Escrow Agent shall not be liable for any action reasonably taken or omitted to be taken by it in good faith and reasonably believed by it to be within the discretion or power conferred upon it hereby or by the Acquisition Contract or be responsible for the consequences of any oversight or error of judgment reasonably made by it, and the Escrow Agent shall not be answerable other than for its negligence or wilful acts or omissions. Under the Lease and Agreement, the Company shall pay to the Escrow Agent reasonable compensation for its services, together with its actual out-of-pocket expenses necessarily incurred, in connection with acting as Escrow Agent.

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SECTION 1101. *Consents, etc., of Bondholders.* Any consent, request, direction, approval, objection or other instrument required by this Trust Indenture to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by duly authorized attorney. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such attorney and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Trust Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken under such request or other instrument, namely:

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

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

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

SECTION 1102. *Limitation of Rights.* With the exception of rights conferred upon the Company herein or in the Lease and Agreement, nothing expressed or mentioned in or to be implied from this Trust Indenture or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto, and the holders of the Bonds and coupons, any legal or equitable right, remedy or claim under or in respect to this Trust Indenture or any covenants, conditions and provisions herein contained; this Trust Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the holders of the Bonds and coupons as herein provided.

SECTION 1103. *Severability.* If any provision of this Trust Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or Sections in this Trust Indenture contained, shall not affect the remaining portions of this Trust Indenture, or any part thereof.

SECTION 1104. *Notices.* All communications hereunder shall be in writing and shall be deemed sufficiently made when sent by United States registered mail, postage prepaid, addressed

if to the County:

Board of County Directors of Chester County  
County Court House  
Chester, South Carolina 29706  
Attention of the County Manager; and

if to the Trustee or Escrow Agent:

Attention of the Corporate Trust Department; and

if to the Company:

Springs Mills, Inc.  
Fort Mill, South Carolina 29715  
Attention of the Secretary;

or, such communications may be given by telegram provided in each case the same is confirmed the same day in the manner just provided for above, or, in each case, at such other address as may hereafter have been designated most recently in writing with specific reference to this Section, by the addressee to the addressor.

SECTION 1105. *Payments Due on Sundays and Holidays.* In any case where the date of maturity of principal of the Bonds, or an interest payment date, or the date fixed for redemption of any Bonds, shall be a Sunday or a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal (and premium, if any) need not be made on such date 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, interest payment date or the date fixed for redemption, as the case may be, and no interest shall accrue for the period after such date and prior to the date of payment as aforesaid.

SECTION 1106. *Counterparts.* This Trust Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 1107. *Paying Agent.* \_\_\_\_\_ is hereby appointed Paying Agent for the 1968 Bonds. The Paying Agent and any successor Paying Agent may at any time resign and be discharged of the duties and obligations created by this Trust Indenture by giving at least sixty days' written notice to the County and the Trustee. Any successor Paying Agent shall be appointed by the County, with the prior approval of the Trustee, and shall be a trust company, banking association or bank in good standing (with its principal office in the City of New York, New York, if there be such an institution willing, qualified and able to accept the office upon the terms stated herein) having a reported capital stock and surplus of not less than fifteen million dollars, and willing, qualified and able to accept the office on reasonable and customary terms. In the event of the resignation or removal of



any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent. The County hereby covenants and agrees to cause the necessary arrangements to be made through the Trustee and to be thereafter continued whereby funds will be made available for the payment of such of the Bonds and interest coupons thereunto appertaining as are presented when due at the principal office of the Paying Agent.

IN WITNESS WHEREOF, Chester County, South Carolina has caused these presents to be signed in its name and behalf by the Chairman of the Board of County Directors of Chester County and the corporate seal of Chester County to be hereunto affixed and attested by the Secretary of said Board of County Directors, and to evidence its acceptance of the trusts hereby created, ..... has caused these presents to be signed in its name and behalf by one of its Trust Officers and its official seal to be hereunto affixed, and the same to be attested by one of its Assistant Secretaries, all as of the day and year first above written.

CHESTER COUNTY, SOUTH CAROLINA

[SEAL OF COUNTY]

By .....  
*Chairman, Board of Directors of  
Chester County*

Attest:

.....  
*Secretary*

Signed, Sealed and Delivered  
in the Presence of:

....., as Trustee  
and Escrow Agent

[CORPORATE SEAL]

By .....  
*Trust Officer*

Attest:

.....  
*Assistant Secretary*

Signed, Sealed and Delivered  
in the Presence of:

[Appropriate Acknowledgments to be Supplied]

THE STATE OF SOUTH CAROLINA.

WHEREAS, The Medical College of South Carolina (the College) is proceeding with the program of expanding its facilities pursuant to Act No. 1095 of the Acts of the General Assembly of the State of South Carolina for the year 1964, as amended by Act No. 484 of the Acts of 1965 (the Act), and proposes to advertise for construction bids for the cost thereof, and upon the letting of contracts will require advances from time to time in order to meet the costs incident thereof, and

WHEREAS, it is provided by the Act that if the conditions thereof be met, the Governor and the State Treasurer shall be empowered to borrow on behalf of the College not exceeding \$6,000,000, which shall be evidenced by certain Notes authorized by the Act, and

WHEREAS, heretofore, pursuant to action taken by the State Budget and Control Board on the 11th day of January, 1967, \$150,000 was borrowed in anticipation of the issuance of the Notes, the same being evidenced by a Note numbered 1 and dated the first day of February, A. D. 1967, and maturing on the first day of August, 1968, and

WHEREAS, it now appears desirable (a) that the maturity date of the Note dated February 1, 1967 be extended to December 1, 1968, and (b) that further borrowing, up to not exceeding \$5,500,000, be authorized in anticipation of the issuance of the Notes authorized by the Act, and

WHEREAS, public agencies of the State are authorized, pursuant to Act No. 116 of the Acts of 1965, as amended, to effect borrowing in anticipation of the issuance of bonds or notes thereafter to be issued, and

WHEREAS, the State Budget and Control Board of South Carolina (the State Board) has determined (a) to extend the maturity date of the \$150,000 Note, dated February 1, 1967, from August 1, 1968 to December 1, 1968, and (b) to make provision for the issuance of Notes in the principal amount of not exceeding \$5,500,000, but in multiples of \$50,000, that may be required to meet the cost of the program authorized by the Act,

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

SECTION 1.

It is hereby determined that temporary financing pursuant to Act No. 116 of the Acts of 1965, as amended, to the extent of \$5,500,000 shall be authorized and that the approval of this Board should be given to the proposed action by the Governor and the State Treasurer which would enable such officers to effect such temporary borrowing.

SECTION 2.

That Notes of the State of South Carolina, in the aggregate principal amount of not exceeding \$5,500,000 (including the Note heretofore issued) be authorized and that the same shall be from time to time issued on behalf of the State by the Governor and the State Treasurer. Said Notes shall be in the form herewith attached, shall be dated as of the date of issue, shall be expressed to mature on December 1, 1968, or on the occasion of the issuance of the Notes authorized by the Act, whichever shall first occur.



SECTION 3.

The action taken by the Board in extending the term of the Note heretofore issued on the first day of February, 1967, shall be evidenced by a notation written across the face of the Note that by action this day taken, its maturity has been extended to December 1, 1968.

SECTION 4.

To secure the payment of the Notes, both principal and interest, so much of the proceeds of the Notes, in anticipation of which the Notes are issued, as is necessary therefor, are hereby pledged, and the officers of the College are hereby directed to utilize the proceeds of the said Notes to effect such payment.

SECTION 5.

The proceeds derived from the sale of the Notes shall be deposited with the State Treasurer and by him made available to the College for the purpose of its expansion program and for no other purpose.

SECTION 6.

A certified copy of this Resolution shall be transmitted to each of the State Governor and the State Treasurer, as a means of authorizing the approval required by Section 3 of the Act, as a means of authorizing the borrowing herein authorized.

UNITED STATES OF AMERICA  
STATE OF SOUTH CAROLINA  
NOTE ANTICIPATION NOTE  
(ISSUED ON BEHALF OF THE MEDICAL COLLEGE OF SOUTH CAROLINA)  
PURSUANT TO ACT NO. 116 OF THE ACTS OF 1965, AS AMENDED

No.

\$

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

STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA,

as Trustee of the funds of the South Carolina Retirement System, the sum of

DOLLARS

on the first day of December, 1968, or on the occasion of the delivery of the Notes hereinafter referred to, whichever shall first occur, and to pay interest on said principal sum from the date hereof, at the rate of % per annum, payable upon the maturity or payment of this Note.

Both the principal of and interest on this Note are payable in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts, by check or draft issued by the State Treasurer of the State of South Carolina to the payee hereof.

THIS NOTE is issued on behalf of The Medical College of South Carolina, pursuant to the authorization of Act No. 116 of the Acts of the General Assembly of the State of South Carolina for the year 1965, as amended, in anticipation of the proceeds to be derived from the sale of Notes to be issued on behalf of The Medical College of South Carolina pursuant to the provisions of Act No. 1095 of the Acts of the General Assembly for the year 1964, as amended. For the payment of the principal of and interest on this Note, as the same shall fall due, the proceeds of said Notes are hereby irrevocably pledged.

THIS NOTE and the interest hereon are exempt from all State, County, Municipal, School District, and all other taxes or assessments of the State of South Carolina, direct or indirect, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate or transfer taxes.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things, required by the Constitution and Laws of the State of South Carolina to exist, to happen, or to be performed precedent to or in the issuance of this Note, have happened and have been performed in regular and due time, form and manner.

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

Seal of the State to be affixed hereto or impressed hereon, and  
attested by the Secretary of State, and this Note to be dated  
the first day of , A. D. 19 .

(SEAL)

\_\_\_\_\_  
Governor

\_\_\_\_\_  
State Treasurer

Attest:

\_\_\_\_\_  
Secretary of State



E N D