

AGENDA MATERIALS
AND SUPPORTING DOCUMENTS
FOR THE MEETING OF

OCTOBER 7, 1970

October 12, 1970

Honorable Theodore B. Guerard
Sinkler, Gibbs, Simons & Guerard
2 Prioleau Street
Charleston, South Carolina 29402

RE: \$1,500,000.00 Union County First Mortgage
Industrial Revenue Bonds, Series 1970
(Sonoco Products Company - Lessee)

Dear Teddy:

At a meeting of the Budget and Control Board October 7, 1970, approval was given to the petition of Union County for the issuance of the above bonds.

At your request we are returning 12 copies of the Board's resolution approving these bonds. Each copy has attached a certificate of the Board's action.

(Please note that I have filled in details on only one copy of the resolution but have signed all 12 copies. We would appreciate your having details inserted on the remaining 11 copies.)

Very truly yours,

P. C. Smith
State Auditor

PCS:dr

Enclosures

SINKLER GIBBS SIMONS & GUERARD, P. A.
ATTORNEYS & COUNSELLORS AT LAW

TELEPHONE 722-3366
AREA CODE 803

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

2 PRIOLEAU STREET

CHARLESTON, S. C. 29402

POST OFFICE BOX 340

THOMAS A. HUTCHESON
ROBERT H. HOOD

October 2nd, 1970

Honorable P. C. Smith
State Auditor
Post Office Box 11333
Columbia, South Carolina 29202

Dear Pat:

In Re: \$1,500,000 Union County First Mortgage
Industrial Revenue Bonds, Series 1970
(Sonoco Products Company - Lessee).

You have received or shortly will receive from Larkin H. Jennings, Jr. a petition of the County Board to the State Board seeking approval of the project to be financed through the issuance of the captioned bonds.

Enclosed you will find the original and twelve (12) copies of a resolution of the State Board giving its approval to the proposed undertaking and providing for the publication of a notice to that effect.

In the event the State Board acts favorably on this matter, please provide us with twelve (12) certified copies of the enclosed resolution.

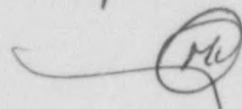
Very truly yours,

Proby Guerin

TBG:mbd
Encs.

cc: Robert F. Stamps, Esq.
cc: Philip Wilmeth, Esq.
cc: Larkin H. Jennings, Jr., Esq.

B C Bd
10/17/70



RESOLUTION

STATE OF SOUTH CAROLINA BUDGET AND CONTROL BOARD

WHEREAS, heretofore the Supervisor and Board of Township Commissioners of Union County (the County Board) did, pursuant to Act No. 103 of the General Assembly of the State of South Carolina for the year 1967 (the Act), petition the State Budget and Control Board of South Carolina (the State Board) seeking the approval of the State Board to an undertaking by the County Board pursuant to the Act; and

WHEREAS, the proposed undertaking consists of the acquisition by the County Board of a parcel of land containing approximately 54 acres of land, more or less, in Union County on which the County Board will, in fulfillment of a Contract between the County Board and Sonoco Products Company, a South Carolina corporation (Sonoco), finance the acquisition, construction and equipping of new industrial facilities for the manufacture of plastics (said 54 acres, located in the Pinckney Community in Union County, together with the buildings, equipment and machinery comprising the said manufacturing facilities being hereinafter referred to as the Project), including the repayment of funds heretofore advanced and loans heretofore incurred by Sonoco for such purpose.

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

WHEREAS, in order to finance the Project the County Board proposes to provide for an issue of \$1,500,000 of Union County

First Mortgage Industrial Revenue Bonds pursuant to the Act payable from the rentals derived from Sonoco and additionally secured by a Trust Indenture between Spartanburg County and North Carolina National Bank, as Trustee; and

WHEREAS, the form of the Lease Agreement between Union County and Sonoco and of the Trust Indenture have been considered by this Board.

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

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

(a) That the statement of facts set forth in the recitals of this Resolution are in all respects true and correct.

(b) That the County Board has filed a proper petition to the State Board establishing a reasonable estimate of the cost of the Project, a general summary of the terms and conditions of the Lease and the Trust Indenture to be made by the County Board and has established that Sonoco will pay as additional rentals, in lieu of taxes, the sums prescribed by Section 6 of the Act.

(c) That the Project will provide employment in its operation for approximately 140 persons and will be of benefit to Union County and adjoining areas.

(d) That the Project is intended to promote the purposes of the Act and is reasonably anticipated to effect such results.

2. On the basis of the foregoing findings the proposed undertaking of the County Board to acquire the land included in the Project, to finance the construction thereon of the buildings and

improvements and the acquisition and installation therein of the manufacturing equipment and machinery included in the Project, to lease the Project to Sonoco and to finance the cost of acquiring, constructing and equipping the Project, including the repayment of funds advanced or loans incurred by Sonoco for such purposes, through the issuance of \$1,500,000 Union County First Mortgage Industrial Revenue Bonds payable from the revenues to be derived from the leasing of the Project and additionally secured by the said Trust Indenture, all pursuant to the Act, be and the same is hereby approved.

3. Notice of the action of the State Board in giving approval to the undertaking of Union County above described in paragraph 2, supra, shall be published in THE STATE and in the UNION DAILY TIMES, both of which are newspapers having general circulation in Union County.

4. That notice to the published shall be in form substantially as set forth as Exhibit "A" of this Resolution.

NOTICE PURSUANT TO ACT NO. 103 OF THE
ACTS OF THE GENERAL ASSEMBLY OF SOUTH
CAROLINA FOR THE YEAR 1967

Notice is hereby given that following the filing of a Petition by the Supervisor and Board of Township Commissioners of Union County (the County Board) to the State Budget and Control Board of South Carolina (the State Board), approval has been given by the State Board, at its meeting held _____, 1970, to the following undertaking, viz:

The acquisition by the County Board of a parcel of land containing approximately 54 acres in Union County, on which new manufacturing facilities for the manufacture of plastics are under construction and about completed (said 54 acres, located in the Pinckney Community in Union County, together with the buildings, equipment and machinery comprising the said manufacturing facilities being hereinafter referred to as the Project). To finance the acquisition, construction and equipping of the Project, the County Board will issue \$1,500,000 Union County First Mortgage Industrial Revenue Bonds (the Bonds) pursuant to Act No. 103 of the Acts of the South Carolina General Assembly for the year 1967. The County Board will lease the Project to Sonoco Products Company, a South Carolina corporation, under a Lease Agreement and the Bonds will be payable solely from the rentals to be paid to the County by Sonoco which has irrevocably covenanted and agreed to pay when due, all sums required for the principal, premium, if any, and interest thereon, and the Bonds will be additionally secured by a Trust Indenture which will constitute a forecloseable lien upon the Project.

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

The Lease by which Union County will lease the Project to Sonoco will provide that Sonoco shall acquire the Project for the nominal sum of \$1.00 upon the payment in full of the abovementioned Union County First Mortgage Industrial Revenue Bonds.

When completed, it is estimated that the Project will provide employment for 140 persons, most of whom have already been employed at the Project.

Heretofore under date of June 9, 1969, Union County, South Carolina and Sonoco entered into an Inducement Contract whereby the County agreed that if Sonoco would construct industrial facilities for the manufacture of plastics at a cost originally estimated to be approximately One Million Eight Hundred Thousand Dollars (\$1,800,000), the County would finance the acquisition of the necessary land and the construction and equipping of the necessary facilities through the sale of industrial revenue bonds in the principal amount of not exceeding One Million Eight Hundred Thousand Dollars (\$1,800,000) pursuant to the authorizations of the Act. Based on these assurances, Sonoco has proceeded to construct the said manufacturing facilities using its funds therefor, and al-

though the facilities have not yet been fully completed and certain machinery still remains to be installed, the plant is in operation and provides employment for 140 persons. The permanent financing arrangements agreed to by the County Board as aforesaid have been postponed until this time due to adverse marketing conditions, but Sonoco has now advised the County Board that Sonoco has completed arrangements for the sale of One Million Five Hundred Thousand Dollars (\$1,500,000) Union County, South Carolina First Mortgage Industrial Revenue Bonds, Series 1970 (Sonoco Products Company - Lessee) (the Bonds) in order to finance the costs of acquiring, constructing and equipping the Project, including the repayment of funds advanced and loans incurred by Sonoco for such purposes.

Notice is further given that any interested party may at any time within twenty (20) days after the date of publication of this Notice, but not afterwards, challenge the validity of the action of the State Board in approving the undertaking of the County Board by action de novo instituted in the Court of Common Pleas of Union County.

THE STATE BUDGET AND CONTROL BOARD

By: P. C. SMITH, Secretary

PUBLICATION DATE:

LARKIN H. JENNINGS, JR.

ATTORNEY AT LAW

P. O. BOX 665

UNION, SOUTH CAROLINA 29379

803 427-7979

October 6, 1970

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

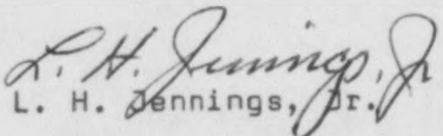
Re: \$1,500,000 Union County First
Mortgage Industrial Revenue Bonds,
Series 1970 (Sonoco Products
Company - Lessee).

Dear Mr. Smith:

Reference is made to a letter from Sinkler, Gibbs,
Simons & Guerard to you dated October 2, 1970 relating to
the above matter.

The original Petition of the County Board of Township
Commissioners of Union County is forwarded herewith seeking
approval of the project to be financed through the issuance
of Bonds as set forth in the aforementioned letter of October
2d.

Very truly yours,


L. H. Jennings, Jr.

CC: Sinkler, Gibbs, Simons & Guerard
Philip Wilmeth, Esq.

STATE OF SOUTH CAROLINA,
COUNTY OF UNION.

TO: THE STATE BUDGET AND CONTROL
BOARD OF SOUTH CAROLINA

P E T I T I O N

The Petition of Supervisor and Board of Township Commissioners of Union County (hereinafter collectively referred to as the County Board), pursuant to Act No. 103 of the Acts of the General Assembly of the State of South Carolina for the year 1967, respectfully shows:

1. The County Board is the governing body of Union County and was so constituted pursuant to Article II, Chapter 60, Title 14, South Carolina Code of Laws, 1962, as amended, and as such is the "County Board" referred to in Act No. 103 of the Acts of the 1967 General Assembly (the Act).

2. The Act authorizes and empowers the County Board if it shall comply with the provisions set forth in the Act, to acquire land, buildings, equipment and machinery and other improvements deemed necessary, suitable or useful by any manufacturing or processing enterprise; to lease the same; and to finance the acquisition of the same through the issuance of bonds payable from and secured by a pledge of the revenues to be derived from the leasing of such land, buildings, equipment and machinery and other improvements.

3. Heretofore under date of June 9, 1969, the County Board entered into an Inducement Contract with Sonoco Products

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Company, a South Carolina corporation (Sonoco) whereby the County Board agreed that if Sonoco would construct new manufacturing facilities in Union County for the manufacture of plastics on a tract of land containing approximately 54 acres located in the Pinckney Community in Union County, then the County Board would undertake to finance the acquisition of the said land, and the construction and equipping of the said manufacturing facilities through the sale of industrial revenue bonds in the principal amount of not exceed One Million Eight Hundred Thousand Dollars (\$1,800,000) pursuant to the Act. Pursuant to this agreement, Sonoco has proceeded to construct the said manufacturing facilities using its own funds therefor. The plant is not yet fully completed and additional machinery must be installed, but the plant is in operation and provides employment for 100 persons. The permanent financing arrangements agreed to by the County have heretofore been postponed because of adverse conditions in the bond market, but Sonoco has now advised the County Board that it has completed arrangements for the sale of One Million Five Hundred Thousand Dollars (\$1,500,000) Union County, South Carolina, First Mortgage Industrial Revenue Bonds, Series 1970 (Sonoco Products Company - Lessee) pursuant to the Act for the purpose of financing the acquisition, construction and equipping of the said manufacturing facilities (the said land, buildings, equipment and machinery being hereinafter referred to as the Project).

4. Accordingly, the County Board now proposes to accept from Sonoco a conveyance of the said 54 acre tract of land and to

3.

issue the Bonds in the amount of \$1,500,000 in order to acquire, construct and equip the Project, including the repayment of funds advanced or loans heretofore incurred for that purpose.

5. The construction of the Project has provided considerable employment and now that the Project is practically complete it provides employment for approximately 140 persons in its operation.

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

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

(b) That by reason of undertaking the Project no pecuniary liability will result to the County nor will there be a charge against its general credit or taxing power.

(c) The proposed Lease between the County Board and Sonoco will unconditionally obligate Sonoco to pay rent in an amount adequate to provide for the principal and interest payable on the Bonds which mature and bear interest as follows:

NOVEMBER 1	PRINCIPAL PAYABLE	RATE OF INTEREST
1971	\$ 10,000	5.30%
1972	↓	5.50%
1973		5.70%
1974	\$ 80,000	5.90%
1975	\$ 85,000	6.10%
1976	\$ 95,000	6.30%
1977	\$100,000	6.50%
1978	\$105,000	6.70%
1979	\$115,000	6.90%
1980	\$125,000	7.00%
1981	\$135,000	7.10%
1982	\$145,000	7.20%
1983	\$150,000	7.30%
1984	\$160,000	7.40%
1985	\$175,000	7.50%

The Indenture will provide that the Bonds maturing on and after November 1, 1981 will be callable at the option of the County on or after November 1, 1980, at the following redemption prices (expressed as percentages of principal amount):

<u>Redemption Dates</u> <u>(Dates Inclusive)</u>	<u>Redemption</u> <u>Price</u>
November 1, 1980 to November 1, 1981	104%
May 1, 1982 to May 1, 1983	103%
November 1, 1983 to November 1, 1984	102%
May 1, 1985	101%

The Indenture will also provide that the Bonds may be called at any time in whole at a redemption price of 101% of the principal amount upon the exercise of Sonoco of its option to purchase the Project upon the happening of certain events as more fully set forth in the Lease hereinafter mentioned.

The Indenture will further require that the Bonds be redeemed at a price of 106% of par value if interest thereon should become taxable because of a violation of the capital expenditures limitation prescribed by Section 103 (d) (6) (D) and (E) of the Internal Revenue Code of 1954 plus an additional premium determined by multiplying 1/3 of the annual interest on each Bond by the number of 180 day periods, or portion thereof, between the date as of which interest is taxable and the redemption date.

(d) Sonoco is a corporation with a well established credit and therefore it is unnecessary to establish reserve funds for the payment of such principal and interest.

(e) The terms of the Lease will require Sonoco to carry proper insurance and to pay all costs of maintaining the Project in good repair.

7. Pursuant to Section 14 of the Act, the County Board sets forth the following information:

(a) The Project consists of the said 54 acre tract of land and new manufacturing facilities for the manufacture of plastics, including buildings, machinery and equipment necessary therefor.

(b) The Project has provided considerable employment during the period of its construction and now provides employment for 140 persons. It is therefore believed that the Project has and will continue to have an extremely beneficial effect upon the economy of Union County and areas adjacent thereto.

(c) The cost of the Project is approximately One Million Five Hundred Thousand Dollars (\$1,500,000), including land acquisition, construction costs, equipment and machinery, financing costs, and all other expenses to be incurred in connection therewith.

8. The proposed Lease will provide, among other things, the following:

(a) To finance the cost of the acquisition, construction and equipping the Project the County will issue \$1,500,000 Union County, South Carolina First Mortgage Industrial Revenue Bonds, Series 1970 (Sonoco Products Company - Lessee). All Bonds will be secured by a pledge of the rents to be paid by Sonoco and will be further secured by a Trust Indenture, as authorized by Section 5 of the Act, to the North Carolina National Bank, as Trustee.

(b) The proceeds derived from the sale of the Bonds will be deposited with the Trustee and will be withdrawn on requisition of Sonoco and the County and applied solely for the payment of costs incident to the acquisition, construction and equipping of the Project and the issuance of the Bonds, including the repayment

of funds advanced or loans incurred for such purposes.

(c) The Lease will contain specific provision by which Sonoco will unconditionally agree to make payments to Union County, to any School District in Union County, and to all other political units in which the Project is situated, in lieu of taxes, in such amounts as would result from taxes levied on the Project by Union County, by any such School District, and by said political units if the Project were owned by Sonoco, but with appropriate reductions similar to the tax reductions, if any, which would be afforded to Sonoco were it the owner of the Project.

(d) The Lease contains no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing power.

(e) The lease term will expire November 1, 1985, and the Lease will provide that upon full payment of the Bonds, the County Board will sell and Sonoco will purchase the Project for the sum of One Dollar (\$1.00).

9. The proposed Trust Indenture is in conventional form and constitutes a forecloseable mortgage upon the Project. Included in the granting clause of the mortgage will be:

(a) All real property, equipment, and machinery and interest therein, acquired or to be acquired for the Project.

(b) The right, title and interest of the County in the Lease.

(c) All rentals and revenues derived by the County under the Lease, except those payments to be made in lieu of taxes or by way of indemnification to the County.

The Indenture makes provision for the immediate issuance of One Million Five Hundred Thousand Dollars (\$1,500,000) of Bonds to be secured thereunder. It provides for the payment and redemption of the Bonds, the establishment of a Bond Fund into which the proceeds of the rents payable by Sonoco are payable by Sonoco are placed, and the use of said fund for the payment of the Bonds. It imposes upon Sonoco as Lessee of the Project, the obligation to pay, in addition to the moneys required for the payment of the principal and interest of the Bonds, all other costs and expenses resulting from the execution and delivery of the Indenture and the issuance of the Bonds pursuant thereto.

10. The proposed Lease and the proposed Trust Indenture will be substantially in the forms of leases and trust indentures heretofore used in connection with previous industrial revenue financings.

11. The County Board proposes to make an election to have the provisions of Section 103 (c) (6) (D) of the Internal Revenue Code of 1954 apply to the Bonds so that interest thereon will not be subject to Federal Income Taxes.

Upon the basis of the foregoing, the County Board respectfully prays:

That the State Budget and Control Board accept the filing of the Petition presented herewith and that it do, thereafter, and as soon as practicable, make its independent investigation of the

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Project and the terms and provisions of the Lease and the Trust Indenture, as it deems advisable, and that thereafter, the said State Board make a finding that the proposed Project will promote the purpose of the Act and that it is reasonably anticipated to effect such result, and on the basis of such finding that it does approve the Project (including changes in any details of the financing hereinabove described as finally consummated which do not materially affect the said undertaking), and give published notice of its approval in the manner set forth in Section 14 of the Act.

Respectfully submitted,

UNION COUNTY, SOUTH CAROLINA

October 5, 1970.

By Joh L. Lee
Supervisor of Union County as
the Chairman of the Board of
Township Commissioners

Attested:

Ann Palmer
Secretary of the Board of
Township Commissioners of
Union County

October 12, 1970

Honorable Theodore B. Guerard
Sinkler, Gibbs, Simons & Guerard
2 Prioleau Street
Charleston, South Carolina 29402

RE: \$4,300,000.00 Spartanburg County First Mortgage
Industrial Revenue Bonds - Series 1970 (Cobis
Products Co., Inc. - Lessee)

Dear Teddy:

At a meeting of the Budget and Control Board October 7, 1970, approval was given to the petition of Spartanburg County for the issuance of the above bonds.

At your request we are returning 12 copies of the Board's resolution approving these bonds. Each copy has attached a certificate of the Board's action.

(Please note that I have filled in details on only one copy of the resolution but have signed all 12 copies. We would appreciate your having details inserted on the remaining 11 copies.)

Very truly yours,

P. C. Smith
State Auditor

PCS:dr

Enclosures

SINKLER GIBBS SIMONS & GUERARD, P. A.
ATTORNEYS & COUNSELLORS AT LAW

TELEPHONE 722-3366
AREA CODE 803

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

2 PRIOLEAU STREET

CHARLESTON, S. C. 29402

POST OFFICE BOX 340

THOMAS A. HUTCHESON
ROBERT H. HOOD

October 2nd, 1970

Honorable P. C. Smith
State Auditor
Post Office Box 11333
Columbia, South Carolina 29202

Dear Pat:

In Re: \$4,300,000 Spartanburg County First Mortgage
Industrial Revenue Bonds, Series 1970 (Cobis
Products Co., Inc. - Lessee).

You have received or shortly will receive from Roy Smith a petition of the County Board to the State Board seeking approval of the Project to be financed through the issuance of the captioned bonds.

Enclosed you will find the original and twelve (12) copies of a resolution of the State Board giving its approval to the proposed undertaking and providing for the publication of a notice to that effect.

In the event the State Board acts favorably on this matter, please provide us with twelve (12) certified copies of the enclosed resolution.

Very truly yours,

Rosay Guerard

TBG:mbd
Encs.

cc: Roy McBee Smith, Esq.
cc: Barry Phillips, Esq.
cc: John S. Tamagni, Esq.

B C Md
10/9/70
(H)

RESOLUTION

STATE OF SOUTH CAROLINA BUDGET AND CONTROL BOARD

WHEREAS, heretofore the Board of County Commissioners of Spartanburg County (the County Board) did, pursuant to Act No. 103 of the General Assembly of the State of South Carolina for the year 1967 (the Act), petition the State Budget and Control Board of South Carolina (the State Board) seeking the approval of the State Board to an undertaking by the County Board pursuant to the Act; and

WHEREAS, the proposed undertaking consists of the acquisition by the County Board of a parcel of land containing approximately 10 acres of land, more or less, in Spartanburg County, on which the County Board will finance the acquisition, construction and equipping of new facilities for the processing of milk, ice cream, and other dairy products (said 10 acre tract of land, and the buildings, machinery and equipment constituting the said facilities being hereinafter referred to as the Project), and which Project will be leased to Cobis Products Co., Inc., a Georgia corporation (Cobis); and

WHEREAS, the Project is to be leased to Cobis at a rental sufficient to provide for the payment of the bonds of Spartanburg County hereafter referred to, and costs and expenses resulting from the issuance thereof; and Colonial Stores Incorporated, a Virginia corporation, will unconditionally guarantee the performance of all of the obligations of Cobis under such Lease, including the payment of rentals and other amounts due; and

WHEREAS, in order to finance the Project the County Board proposes to provide for an issue of \$4,300,000 of Spartanburg County First Mortgage Industrial Revenue Bonds payable from the rentals derived from Cobis and additionally secured by a Trust Indenture between Spartanburg County and a bank yet to be named, as Trustee; and

WHEREAS, the form of the Lease Agreement between Spartanburg County and Cobis and of the Trust Indenture have been considered by this Board.

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

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

(a) That the statement of facts set forth in the recitals of this Resolution are in all respects true and correct.

(b) That the County Board has filed a proper petition to the State Board establishing a reasonable estimate of the cost of the Project, a general summary of the terms and conditions of the Lease and the Trust Indenture to be made by the County Board and has established that Cobis will pay as additional rentals, in lieu of taxes, the sums prescribed by Section 6 of the Act.

(c) That the Project will provide employment in its operation for approximately 40 persons and, furthermore, will stimulate milk production in Spartanburg County. Therefore, the Project will be of benefit to Spartanburg County and adjoining areas.

(d) That the Project is intended to promote the purposes of the Act and is reasonably anticipated to effect such results.

2. On the basis of the foregoing findings the proposed undertaking of the County Board to acquire the land included in the Project, to finance the construction thereon of the buildings and improvements and the acquisition and installation therein of the necessary equipment and machinery included in the Project, to lease the Project to Cobis and to finance the cost of acquiring, constructing and equipping the Project through the issuance of \$4,300,000 Spartanburg County First Mortgage Industrial Revenue Bonds payable from the revenues to be derived from the leasing of the Project and additionally secured by the said Trust Indenture, all pursuant to the Act, be and the same is hereby approved.

3. Notice of the action taken of the State Board in giving approval to the undertaking of Spartanburg County above described in paragraph 2, supra, shall be published in THE STATE and in THE SPARTANBURG HERALD, both of which are newspapers having general circulation in Spartanburg County.

4. That notice to be published shall be in form substantially as set forth as Exhibit "A" of this Resolution.

NOTICE PURSUANT TO ACT NO. 103 OF THE
ACTS OF THE GENERAL ASSEMBLY OF SOUTH
CAROLINA FOR THE YEAR 1967

Notice is hereby given that following the filing of a Petition by the Board of County Commissioners of Spartanburg County (the County Board) to the State Budget and Control Board of South Carolina (the State Board), approval has been given by the State Board, at its meeting held _____, 1970, to the following undertaking, viz:

The acquisition by the County Board of a parcel of land containing approximately 10 acres in Spartanburg County, on which the County Board will cause to be constructed and equipped new facilities for the processing of milk, ice cream, and other dairy products (said 10 acre tract of land, and the buildings, machinery and quipment constituting the said facilities being hereinafter referred to as the Project). To finance the acquisition, construction and equipping of the Project, the County Board will issue \$4,300,000 of Spartanburg County First Mortgage Industrial Revenue Bonds (the Bonds) pursuant to Act No. 103 of the Acts of the South Carolina General Assembly for the year 1967. The County Board will lease the Project to Cobis Products Co., Inc., a Georgia corporation (Cobis), under a Lease Agreement and the Bonds of Spartanburg County will be payable solely from the rentals to be paid to the County by Cobis, which has irrevocably covenanted and agreed to pay when due, all sums required for the principal and interest thereon, and the Bonds will be additionally

secured by a Trust Indenture which will constitute a forecloseable lien upon the Project. The performance of Cobis' obligations under the Lease Agreement will be unconditionally guaranteed by Colonial Stores Incorporated, a Virginia corporation.

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

The Lease by which Spartanburg County will lease the Project to Cobis will provide that Cobis may extend the original term (which will expire September 1, 1995) for two successive terms of five years each at an annual rental of \$110,000.

When completed, it is estimated that the Project will provide employment for approximately 40 persons and further it is believed that the Project will stimulate milk production in Spartanburg County.

Notice is further given that any interested party may at any time within twenty (20) days after the date of publication of this Notice, but not afterwards, challenge the validity of the action of the State Board in approving the undertaking of the County Board by action de novo instituted in the Court of Common

- 3 -

Pleas for Spartanburg County.

THE STATE BUDGET AND CONTROL BOARD

By: P. C. SMITH, Secretary

PUBLICATION DATE:

STATE OF SOUTH CAROLINA,
COUNTY OF SPARTANBURG.

TO THE STATE BUDGET AND CONTROL
BOARD OF SOUTH CAROLINA

P E T I T I O N

The Petition of the Board of County Commissioners of Spartanburg County (the County Board), pursuant to Act No. 103 of the Acts of the General Assembly of the State of South Carolina for the year 1967, respectfully shows:

1. The County Board is the governing body of Spartanburg County and was so constituted by Act No. 1035 of the Acts of the General Assembly of the State of South Carolina for the year 1968, as amended, and as such it is the "County Board" referred to in Act 103 of the General Assembly enacted at its 1967 Session (the Act).

2. The Act authorizes and empowers the County Board if it shall comply with the provisions set forth in the Act, to acquire land, buildings, equipment and machinery and other improvements deemed necessary, suitable or useful by any manufacturing or processing enterprise; to lease the same; and to finance the acquisition of the same through the issuance of bonds payable from and secured by a pledge of the revenues to be derived from the leasing of such land, buildings, equipment and machinery and other improvements.

3. Cobis Products Co., Inc., a Georgia Corporation (Cobis), proposes to construct on a 10 acre parcel of land in Spartanburg County new facilities for the processing of milk, ice

2.

cream and other dairy products (said land, and the buildings, machinery and equipment constituting the said facilities being hereinafter referred to as the Project). The County Board has agreed to accept a conveyance of said 10 acre parcel of land and further, that the County Board would issue, at such time as the Underwriter selected by Cobis was successful in marketing the same, \$4,300,000 Spartanburg County First Mortgage Industrial Revenue Bonds, Series 1970 (Cobis Products Co., Inc. - Lessee), pursuant to the Act in order to finance the acquisition, construction and equipping of the Project.

4. Accordingly, the County Board now proposes to accept from Cobis a conveyance of the said 11 acre tract of land and to issue the Bonds in the amount of \$4,300,000 in order to acquire, construct and equip the Project.

5. The construction of the Project will provide considerable employment during the period of construction, and when completed will provide employment for approximately 40 persons. Furthermore, the Project, when completed, will stimulate milk production in Spartanburg County and thus provide additional employment.

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

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

(b) That by reason of undertaking the Project no pecuniary liability will result to the County nor will there be

a charge against its general credit or taxing power.

(c) The proposed Lease between the County Board and Cobis will unconditionally obligate Cobis to pay rent in an amount adequate to provide for the principal and interest payable on the Bonds which mature and bear interest as follows:

SEPTEMBER 1	PRINCIPAL PAYABLE	RATE OF INTEREST
1973	\$ 85,000	Not yet determined, but will not exceed <u>8</u> %
1974	90,000	
1975	95,000	
1976	100,000	
1977	105,000	
1978	110,000	
1979	120,000	
1980	125,000	
1981	135,000	
1982	140,000	
1983	150,000	
1995	3,045,000	

While it is believed that the schedule above is final, it is nevertheless subject to minor revisions and adjustments.

The \$3,045,000 term bonds due September 1, 1995, will be payable in the years 1984 through 1995, inclusive, by virtue of the mandatory redemption provisions of the Trust Indenture hereinafter mentioned so that the annual debt service on the Bonds will remain fairly level.

The Indenture will provide that the Bonds maturing on and after September 1, 1981 will be also callable at the option of the County on and after September 1, 1980, at the following redemption prices (expressed as percentages of principal amount):

Redemption Dates (Dates Inclusive)	Redemption Price
September 1, 1980 to March 1, 1983 . . .	104%
September 1, 1983 to March 1, 1986 . . .	103%
September 1, 1986 to March 1, 1989 . . .	102%
September 1, 1989 to March 1, 1991 . . .	101%
September 1, 1991 and thereafter	100%

The Indenture will further require that the Bonds be redeemed at a price of 106% of par value if interest thereon should become taxable because of a violation of the capital expenditures limitation prescribed by Section 103 (c) (6) (D) and (E) of the Internal Revenue Code of 1954 plus an additional premium (not to exceed 9%) determined by multiplying 1/3 of the annual interest on each Bond by the number of 180 day periods, or portion thereof, between the date as of which interest is taxable and the redemption date.

(d) The obligation of Cobis under the Lease, including the obligation to make rental payments will be unconditionally guaranteed by Colonial Stores Incorporated, a Virginia corporation (the Guarantor).

(e) The Guarantor is a corporation with a well established credit and therefore it is unnecessary to establish reserve funds for the payment of such principal and interest.

(f) The terms of the Lease will require Cobis to carry proper insurance and to pay all costs of maintaining the Project in good repair.

7. Pursuant to Section 14 of the Act, the County Board sets forth the following information:

(a) The Project consists of the said 10 acre tract of land, new facilities for the processing of milk, ice cream and other dairy products, including buildings, machinery and equipment necessary therefor.

(b) The Project will provide considerable employment during the period of its construction and will provide permanent employment, when completed, for approximately 40 persons. Also, when completed, the Project will stimulate the production of milk

5.

in Spartanburg County and thus create additional jobs. It is, therefore, believed that the Project will have an extremely beneficial effect upon the economy of the County and areas adjacent thereto.

(c) The cost of the Project is approximately Four Million Dollars (\$4,300,000), including land acquisition, construction costs, equipment and machinery, financing costs, and all other expenses to be incurred in connection therewith.

8. The proposed Lease will provide, among other things, the following:

(a) To finance the cost of the acquisition, construction and equipping the Project the County will issue \$4,300,000 of Spartanburg County First Mortgage Industrial Revenue Bonds, Series 1970 (Cobis Products Co., Inc. - Lessee). All Bonds will be secured by a pledge of the rents to be paid by Cobis and will be further secured by a Trust Indenture, as authorized by Section 5 of the Act, to a bank yet to be named, as Trustee.

(b) The proceeds derived from the sale of the Bonds will be deposited with the Trustee and will be withdrawn on requisition of Cobis and the County and applied solely for the payment of costs incident to the acquisition, construction and equipping of the Project and the issuance of the Bonds.

(c) The Lease will contain a specific provision by which Cobis will unconditionally agree to make payments to Spartanburg County, to any School District in Spartanburg County, and to all other political units in which the Project is situated,

in lieu of taxes, in such amounts as would result from taxes levied on the Project by Spartanburg County, by any such School District, and by said political units if the Project were owned by Cobis, but with appropriate reductions similar to the tax reductions, if any, which would be afforded to Cobis were it the owner of the Project.

(d) The Lease contains no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing power.

(e) The original term of the Lease will end September 1, 1995, and Cobis will have the option to extend the same for two (2) successive terms of five years each at an annual rental of \$110,000.

(f) All obligations of Cobis under the Lease will be unconditionally guaranteed by Colonial Stores Incorporated, a Virginia corporation, under a Lease Guaranty Agreement.

9. The proposed Trust Indenture is in conventional form and constitutes a forecloseable mortgage upon the Project. Included in the granting clause of the mortgage will be:

(a) All real property, equipment, and machinery and interests therein, acquired or to be acquired for the Project.

(b) The right, title and interest of the County in the Lease, including the Lease Guaranty Agreement.

(c) All rentals and revenues derived by the County under the Lease (including payments made by the Guarantor under the Lease Guaranty Agreement), except those payments to be made in lieu of taxes or by way of indemnification to the County.

The Indenture makes provision for the immediate issuance of Four Million Three Hundred Thousand Dollars (\$4,300,000) of Bonds to be secured thereunder and the issuance of not exceeding \$5,000,000 of additional bonds on a parity with the Bonds upon the terms and conditions therein contained. It provides for the payment and redemption of the Bonds, the establishment of a Bond Fund into which the proceeds of the rents payable by Cobis are placed, and the use of said fund for the payment of the Bonds. It imposes upon Cobis as Lessee of the Project, the obligation to pay, in addition to the moneys required for the payment of the principal and interest of the Bonds, all other costs and expenses resulting from the execution and delivery of the Indenture and the issuance of the Bonds pursuant thereto.

10. The proposed Lease and the proposed Trust Indenture will be substantially in the form heretofore used in previous industrial revenue financings.

11. The County Board proposes to make an election to have the provisions of Section 103 (c) (6) (D) of the Internal Revenue Code of 1954 apply to the Bonds so that interest thereon will not be subject to Federal Income Taxes.

Upon the basis of the foregoing, the County Board respectfully prays:

That the State Budget and Control Board accept the filing of the Petition presented herewith and that it do, thereafter, and as soon as practicable, make its independent investigation of the Project and the terms and provisions of the Lease and the Trust Indenture, as it deems advisable, and that thereafter, the said State Board make a finding that the proposed

Project will promote the purpose of the Act and that it is reasonably anticipated to effect such result, and on the basis of such finding that it does approve the Project, and give published notice of its approval in the manner set forth in Section 14 of the Act.

October 2, 1970.

Respectfully submitted,

SPARTANBURG COUNTY, SOUTH CAROLINA

(SEAL)

By C. B. Hayes Jr.
Chairman of the Board of County
Commissioners

Attest,

Dwight Stanton
Secretary of the Board of County
Commissioners

SINKLER GIBBS SIMONS & GUÉRARD, P. A.
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2 PRIOLEAU STREET

CHARLESTON, S. C. 29402

POST OFFICE BOX 340

November 16th, 1970

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

Dear Pat:

Re: \$4,300,000 Spartanburg County, South
Carolina, First Mortgage Industrial Revenue
Bonds, Series 1970 (Cobis Products Co., Inc. -
Lessee), Dated as of September 1, 1970

Enclosed for the records of the State Board is a copy
of the Trust Indenture and Lease Agreement used in connection
with the issuance of the captioned bonds. The enclosed are
in final form with the recording information shown thereon.

Very truly yours,

Reedy

TBG/bhs
Enclosures

SPARTANBURG COUNTY, SOUTH CAROLINA

to

THE SOUTH CAROLINA NATIONAL BANK

as Trustee

Trust Indenture

Dated as of September 1, 1970

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TRUST INDENTURE

THIS TRUST INDENTURE made and entered into as of the first day of September, 1970, by and between SPARTANBURG COUNTY, a body politic and corporate and a political subdivision of the State of South Carolina (hereinafter sometimes referred to as the "County"), as party of the first part, and The South Carolina National Bank, a national banking association duly organized, existing and authorized to accept and execute trusts of the character herein set out, under and by virtue of the laws of the United States, as Trustee, party of the second part;

WITNESSETH:

WHEREAS the County is authorized and empowered by the provisions of Act No. 103 of the Acts of the General Assembly of the State of South Carolina, for the year 1967, approved by the Governor of South Carolina on March 21, 1967 and appearing as Article 2.1, Chapter 8, Title 14, Code of Laws of South Carolina, 1962, 1969 Cumulative Supplement (the "Act") to acquire, own, lease, dispose of, and mortgage the properties hereinafter described in order that the industrial development of South Carolina will be promoted and trade developed by inducing manufacturing enterprises to locate in South Carolina and thus utilize and employ manpower and other resources of South Carolina; and

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

WHEREAS the County has made the necessary arrangements with Cobis Products Co., Inc., a corporation organized and existing under the laws of the State of Georgia and duly authorized to conduct business in the State of South Carolina (hereinafter sometimes referred to as the "Lessee"), for the acquisition of land, buildings, equipment and machinery constituting a plant for the processing of milk, ice cream and other dairy products (said land, buildings, machinery, equipment and other facilities hereinafter sometimes referred to as the "Project") which will be of the character and accomplish the purpose provided by the Act, and the County has further entered into a Lease Agreement

with the Lessee specifying the terms and conditions of the acquisition of the Project and the leasing of the same to the Lessee; and the obligations of the Lessee under the Lease Agreement have been unconditionally guaranteed by Colonial Stores Incorporated, a Virginia corporation; and

WHEREAS the execution and delivery of this Trust Indenture (hereinafter sometimes referred to as the "Indenture") have been authorized by Resolutions duly adopted by the Board of County Commissioners of Spartanburg County (hereinafter sometimes referred to as the "County Board") as constituted by Act Number 1035 of Acts of the General Assembly for the year 1968, as amended, and the County in accordance with the requirements of Section 14 of the Act has submitted its Petition to the State Budget and Control Board of South Carolina, including a general summary of the terms and conditions of the Indenture, and the State Budget and Control Board of South Carolina has duly approved the Project in accordance with the provisions of the Act and thereby authorized the County Board to proceed with the acquisition and financing of the Project. Notice of the approval was duly published in a newspaper having general circulation in Spartanburg County and notwithstanding more than twenty days have elapsed from the date of the publication of such notice, no challenge was made to the validity of such approval as provided in the Act; and

WHEREAS it has been determined that the estimated amount necessary to finance the cost of the Project, including necessary expenses incidental thereto, will require the issuance, sale and delivery of Bonds designated as First Mortgage Industrial Revenue Bonds, Series 1970 (Cobis Products Co., Inc.—Lessee) in the aggregate principal amount of \$4,300,000 as hereinafter provided; and

WHEREAS the issuance of such Series 1970 Bonds under the Act has been in all respects duly and validly authorized by resolutions duly passed and approved by the County Board; and

WHEREAS the \$4,300,000 aggregate principal amount of Series 1970 Bonds to be issued, the interest coupons to be attached thereto, and the Trustee's Certificate of Authentication to be endorsed on such Bonds, are all to be in substantially the following forms, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture, to wit:

(FORM OF COUPON BOND)

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
SPARTANBURG COUNTY

FIRST MORTGAGE INDUSTRIAL REVENUE BOND, SERIES 1970
(COBIS PRODUCTS CO., INC.—LESSEE)

Number -----

\$5,000

KNOW ALL MEN BY THESE PRESENTS that Spartanburg County, a body politic and corporate, and a political subdivision of the State of South Carolina (hereinafter called the "County"), for value received promises to pay, but only from the source and as hereinafter provided, to bearer, or, if this Bond be registered, to the registered holder hereof, on September 1, 19--, the principal sum of five thousand dollars and in like manner to pay interest on said sum from date hereof at the rate of -- per centum (--) per annum on March 1, 1971, and semi-annually thereafter on March 1, and September 1, of each year until said principal sum is paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may become applicable hereto, principal of, premium, if any, and interest on this Bond being payable in lawful money of the United States of America at the principal office of The South Carolina National Bank, in the City of Columbia, State of South Carolina, or its successor in trust.

This Bond is one of an authorized series of Bonds aggregating \$4,300,000 principal amount issued for the purpose of acquiring land, buildings, equipment and machinery constituting a plant for the processing of milk, ice cream and other dairy products, and leasing the same to Cobis Products Co., Inc., a Georgia corporation (hereinafter referred to as the "Lessee") (the land, buildings, equipment and machinery comprising the processing facilities being hereinafter called the "Project") and paying necessary expenses incidental thereto so as to thereby promote industry and develop trade in South Carolina. Said Bonds are issued under and are to be equally and ratably secured and entitled to the protection given by a Trust Indenture (hereinafter called the "Indenture"), dated as of September 1, 1970, duly executed and delivered by the County to The South Carolina National Bank, as Trustee (the term "Trustee" where used herein referring collectively to said Trustee or its successors in said trust). The Project has been leased to the Lessee under and pursuant to a Lease Agreement between the County and the Lessee dated as of September 1, 1970 (herein refer-

red to as the "Lease Agreement"). Under the Lease Agreement the Lessee must pay to the County such rentals as will be fully sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same mature and become due, and under the Lease Agreement it is the obligation of the Lessee to pay the cost of maintaining the Project in good repair and to keep it properly insured. The obligations of the Lessee under the Lease Agreement, including the obligation to make rental and other payments, have been unconditionally guaranteed by Colonial Stores Incorporated, a Virginia corporation (hereinafter referred to as the "Guarantor"), under the terms of a Lease Guaranty Agreement dated as of September 1, 1970. Copies of the Indenture, the Lease Agreement and the said Lease Guaranty Agreement are on file at the principal office of the Trustee in the City of Columbia, South Carolina, and are recorded in the office of the Register of Mesne Conveyances for Spartanburg County, South Carolina, and reference is made to the Indenture, the Lease Agreement and the said Lease Guaranty Agreement for a description of the security, the provisions, among others, with respect to the nature and extent of the security, the charging and collection of rentals for the Project, the rights and remedies of the holders of the Bonds and the coupons appertaining thereto, the rights, duties and obligations of the County, the Lessee, the Guarantor and the Trustee, and the terms upon which the Bonds are issued and secured.

As provided in the Indenture, bonds of other series ranking equally with the Bonds of the series of which this is one may be issued, and such additional bonds may vary in such manner as is provided and permitted in the Indenture.

This Bond and appurtenant coupons are fully negotiable and shall pass by delivery, but this Bond may be registered as to principal only on the registration books of the County in said principal office of the Trustee as Bond Registrar, upon presentation hereof at such office and the notation of such registration endorsed hereon by the Bond Registrar, and this Bond may thereafter be transferred on such books at the written request of the registered holder or by his legal representative, evidence of such transfer to be in like manner endorsed hereon. Such transfer may be to bearer, and thereby transferability by delivery shall be restored, subject, however, to successive registrations and transfers as before. The principal of this Bond, if registered, unless registered to bearer, shall be payable only to or upon the order of the registered holder or his legal representative. Interest accruing on this Bond will be paid only on presentation and surrender of the attached

interest coupons as they respectively become due, and registration of this Bond as to principal as aforesaid will not affect the transferability by delivery of such coupons.

The Bonds of this series are noncallable for redemption prior to September 1, 1980, except in the event of (1) exercise by the Lessee of its options to purchase the Project as provided in Section 11.2 of the Lease Agreement or (2) mandatory purchase of the Project by the Lessee pursuant to Section 12.2 of the Lease Agreement. If called for redemption in any of such events, such Bonds shall be subject to redemption by the County at any time, in whole and not in part, at the principal amount thereof plus accrued interest to the redemption date and, but only in the event of redemption as a result of the mandatory purchase of the Project pursuant to Section 12.2 of the Lease Agreement, a redemption premium equal to the sum of (a) a redemption premium in the amount of 6% of the principal amount of each Bond redeemed and (b) an additional premium determined by multiplying one-third of the annual interest on each Bond by the number of 180 day periods, or fraction thereof, between the date as of which interest on the Bonds is (or is determined by the Internal Revenue Service to be) taxable and the redemption date. Provided, however, that the additional redemption premium computed under (b), supra, shall not exceed 9% of the principal amount of such Bond. If it shall occur that any Bond shall have been paid or retired subsequent to the date as of which interest on the Bonds became taxable, but prior to the redemption of the Bonds from the purchase price derived from the mandatory purchase of the Project by the Lessee pursuant to Section 12.2 of the Lease Agreement, then in such event the holder of any such Bond on the occasion of its payment (whether at maturity or by redemption) shall be entitled to receive from the purchase price to be paid by the Lessee pursuant to Section 12.2 of the Lease Agreement a premium computed as aforesaid to the date of payment or redemption, less any optional redemption premium previously paid on such Bond.

Any such Bonds maturing on or after September 1, 1981, as may be outstanding on or after September 1, 1980, are also subject to redemption by the County prior to maturity on any interest payment date on or after September 1, 1980, in whole or in part in inverse order of their maturity (less than all of such Bonds of a single maturity to be selected by lot by the Trustee) at the redemption price (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date:

Redemption Dates (Dates Inclusive)	Redemption Price
September 1, 1980 to March 1, 1983	104%
September 1, 1983 to March 1, 1986	103%
September 1, 1986 to March 1, 1989	102%
September 1, 1989 to March 1, 1991	101%
September 1, 1991 and thereafter	100%

In addition, Bonds of this series maturing on September 1, 1995, are subject to mandatory redemption prior to maturity, in accordance with the sinking fund requirements of Section 307 of the Indenture, in part (selected by lot by the Trustee), at the principal amount thereof plus accrued interest to the redemption date, in the following principal amounts and on the dates set forth below:

September 1 of the Year	Principal Amount	September 1 of the Year	Principal Amount
1984	\$165,000	1990	\$255,000
1985	175,000	1991	270,000
1986	190,000	1992	295,000
1987	205,000	1993	315,000
1988	220,000	1994	340,000
1989	235,000		

In the event any of the Bonds are called for redemption as aforesaid, notice thereof identifying the Bonds to be redeemed shall be given by publication, at least once, not less than thirty days and not more than sixty days prior to the redemption date in a newspaper or financial journal of general circulation published in the City of New York, New York, and in the case of the redemption of registered Bonds (including Bonds registered as to principal only and fully registered Bonds), upon mailing a copy of the redemption notice by first class mail at least thirty days prior to the date fixed for redemption to the holder of each registered Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds. If all of the Bonds to be redeemed are registered Bonds, notice by mailing given by first class mail to the holder or holders thereof, at the addresses shown on the registration books, not less than thirty days prior to the date fixed for

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

This Bond and the series of which it forms a part are issued pursuant to the authorization of and for the purposes prescribed by Act No. 103 of the Acts and Joint Resolutions enacted at the 1967 Session of the General Assembly of the State of South Carolina, approved by the Governor of South Carolina on March 21, 1967, and pursuant to resolutions duly adopted by the Board of County Commissioners of Spartanburg County and with the approval of the State Budget and Control Board of South Carolina. This Bond and the series of which it forms a part and the interest coupons appertaining hereto are limited obligations of the County and are payable solely out of the lease rentals, revenues and receipts (excluding amounts paid by the Lessee to local taxing authorities in lieu of taxes, pursuant to Section 5.5 and amounts paid by the Lessee pursuant to Section 8.7 of the Lease Agreement) derived from the leasing of the Project, which has been financed through the issuance of the Bonds and leased to the Lessee.

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

Pursuant to the Lease Agreement, rental payments sufficient for the prompt payment when due of the principal of, premium, if any, and interest on the Bonds are to be paid to the Trustee for the account of the County and deposited in a special account created by the County and designated "Spartanburg County Industrial Revenue Bond Fund—Cobis Project" and have been pledged for that purpose, and in ad-

dition the Project has been subjected to the lien of the Indenture to secure payment of such principal and interest and premium.

The Bonds of this series are issuable in the form of bearer coupon Bonds in the denomination of \$5,000 each, registrable as to principal only, or in the form of fully registered Bonds in the denomination of \$5,000, or any multiple thereof, not exceeding the aggregate principal amount of Bonds maturing in any one year. The holder of any coupon Bond or Bonds (whether or not registered as to principal) may surrender the same, with all unmatured coupons attached, at the principal office of the Trustee, in exchange for an equal aggregate principal amount of fully registered Bonds of any authorized denomination in the manner and subject to the conditions provided in the Indenture. In like manner and subject to such conditions, the owner of any fully registered Bond or Bonds may surrender the same to the Trustee at its principal office (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney), in exchange for an equal aggregate principal amount of coupon Bonds (which may be registered as to principal if requested) with appropriate coupons attached, or of fully registered Bonds of any authorized denomination.

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

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

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

IN WITNESS WHEREOF, Spartanburg County, South Carolina, has caused this Bond to be executed by the Chairman of its Board of County Commissioners, by his facsimile signature, and its corporate seal to be reproduced hereon, and attested by the Secretary of its Board of County Commissioners, by his manual signature, and has caused the interest coupons attached to be executed by the facsimile signatures of said Chairman and said Secretary, all as of the 1st day of September, 1970.

Spartanburg County, South Carolina

By _____
Chairman of the Board of County
Commissioners of Spartanburg
County

Attest:

Secretary of the Board of County
Commissioners of Spartanburg
County

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

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

The South Carolina National Bank, Trustee.

By _____
Authorized Signature

CERTIFICATE OF REGISTRATION

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

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

(FORM OF INTEREST COUPON)

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

On the first day of-----, 19-----, Spartanburg County, South Carolina (unless the Bond to which this coupon appertains shall have been duly called for previous redemption and payment of the redemption price made or provided for) will pay to bearer, subject to the provisions of the Indenture, but solely from the lease rentals, revenues and receipts pledged therefor, all as described in the Bond hereinafter mentioned, upon presentation and surrender of this coupon at the principal office of the Trustee, The South Carolina National Bank, in the City of Columbia, State of South Carolina, or its successor in trust, the amount shown hereon in lawful money of the United States of America, as provided in and being semi-annual interest then due on its First Mortgage Industrial Revenue Bond, Series 1970 (Cobis Products Co., Inc.—Lessee), dated as of September 1, 1970, numbered -----

Spartanburg County, South Carolina

By -----
Chairman of the Board of County
Commissioners of Spartanburg
County

Secretary of the Board of County
Commissioners of Spartanburg
County

(FORM OF FULLY REGISTERED BOND)

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
SPARTANBURG COUNTY

FIRST MORTGAGE INDUSTRIAL REVENUE BOND, SERIES 1970

(COBIS PRODUCTS CO., INC.—LESSEE)

Number R ----- \$-----

KNOW ALL MEN BY THESE PRESENTS that Spartanburg County, a body politic and corporate, and a political subdivision of the State of South Carolina (hereinafter called the "County"), for value received promises to pay, but only from the source and as hereinafter provided,

to _____, or registered assigns, the principal sum of _____ Dollars on the first day of September, 19____, and in like manner to pay interest on said sum from date hereof at the rate of ____ per centum (____%) per annum on March 1, 1971, and semi-annually thereafter on March 1, and September 1, of each year until said principal sum is paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may become applicable hereto, principal of, premium, if any, and interest on this Bond being payable in lawful money of the United States of America. Payments of interest shall be by check or draft mailed by The South Carolina National Bank, Columbia, South Carolina, as Trustee, to the registered owner without the necessity of surrendering this Bond and all such payments shall fully discharge the obligation of the County herein to the extent of the payments so made. The Trustee shall keep a record of all such payments. The principal of this Bond is payable to or upon the order of the registered owner or his legal representative at the principal office of the Trustee in the City of Columbia, South Carolina, upon presentation and surrender of this Bond for cancellation and, if appropriate, exchange for a Bond in the principal amount equal to the balance of the principal amount of this Bond remaining unpaid.

This Bond is one of an authorized series of Bonds aggregating \$4,300,000 principal amount issued for the purpose of acquiring land, buildings, equipment and machinery constituting a plant for the processing of milk, ice cream and other dairy products, and leasing the same to Cobis Products Co., Inc., a Georgia corporation (hereinafter referred to as the "Lessee") (the land, buildings, equipment and machinery comprising the processing facilities, being hereinafter called the "Project") and paying necessary expenses incidental thereto so as to thereby promote industry and develop trade in South Carolina. Said Bonds are issued under and are to be equally and ratably secured and entitled to the protection given by a Trust Indenture (hereinafter called the "Indenture"), dated as of September 1, 1970, duly executed and delivered by the County to The South Carolina National Bank, as Trustee (the term "Trustee" where used herein referring collectively to said Trustee or its successors in said trust). The Project has been leased to the Lessee under and pursuant to a Lease Agreement between the County and the Lessee dated as of September 1, 1970 (herein referred to as the Lease Agreement). Under the Lease Agreement the Lessee must pay to the County such rentals as will be fully sufficient to pay

the principal of, premium, if any, and interest on the Bonds as the same mature and become due, and under the Lease Agreement it is the obligation of the Lessee to pay the cost of maintaining the Project in good repair and to keep it properly insured. The obligations of the Lessee under the Lease Agreement, including the obligation to make rental and other payments, have been unconditionally guaranteed by Colonial Stores Incorporated, a Virginia corporation (hereinafter referred to as the Guarantor) under the terms of a Lease Guaranty Agreement dated as of September 1, 1970. Copies of the Indenture, the Lease Agreement and the said Lease Guaranty Agreement are on file at the principal office of the Trustee in the City of Columbia, South Carolina, and are recorded in the office of the Register of Mesne Conveyances for Spartanburg County, South Carolina, and reference is made to the Indenture, the Lease Agreement and the said Lease Guaranty Agreement for a description of the security, the provisions, among others, with respect to the nature and extent of the security, the charging and collection of rentals for the Project, the rights and remedies of the holders of the Bonds and the coupons appertaining thereto, the rights, duties and obligations of the County, the Lessee, the Guarantor and the Trustee, and the terms upon which the Bonds are issued and secured.

As provided in the Indenture, bonds of other series ranking equally with the Bonds of the series of which is one may be issued, and such additional bonds may vary in such manner as is provided and permitted in the Indenture.

The Bonds of this series are noncallable for redemption prior to September 1, 1980, except in the event of (1) exercise by the Lessee of its options to purchase the Project as provided in Section 11.2 of the Lease Agreement or (2) mandatory purchase of the Project by the Lessee pursuant to Section 12.2 of the Lease Agreement. If called for redemption in any of such events, such Bonds shall be subject to redemption by the County at any time, in whole and not in part, at the principal amount thereof plus accrued interest to the redemption date and, but only in the event of redemption as a result of the mandatory purchase of the Project pursuant to Section 12.2 of the Lease Agreement, a redemption premium equal to the sum of (a) a redemption premium in the amount of 6% of the principal amount of each Bond redeemed and (b) an additional premium determined by multiplying one-third of the annual interest on each Bond by the number of 180 day periods, or fraction thereof, between the date as of which interest

on the Bonds is (or is determined by the Internal Revenue Service to be) taxable and the redemption date. Provided, however, that the additional redemption premium computed under (b), supra, shall not exceed 9% of the principal amount of such Bond. If it shall occur that any Bond shall have been paid or retired subsequent to the date as of which such interest on the Bonds became taxable, but prior to the redemption of the Bonds from the purchase price derived from the mandatory purchase of the Project by the Lessee pursuant to Section 12.2 of the Lease Agreement, then in such event the holder of any such Bond on the occasion of its payment (whether at maturity or by redemption) shall be entitled to receive from the purchase price to be paid by the Lessee pursuant to Section 12.2 of the Lease Agreement a premium computed as aforesaid, less any optional redemption premium previously paid on such Bond.

Any such Bonds maturing on or after September 1, 1981, as may be outstanding on or after September 1, 1980, are also subject to redemption by the County prior to maturity on any interest payment date on or after September 1, 1980, in whole or in part in inverse order of their maturity (less than all of such Bonds of a single maturity to be selected by lot by the Trustee) at the redemption price (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date:

Redemption Dates (Dates Inclusive)	Redemption Price
September 1, 1980 to March 1, 1983	104%
September 1, 1983 to March 1, 1986	103%
September 1, 1986 to March 1, 1989	102%
September 1, 1989 to March 1, 1991	101%
September 1, 1991 and thereafter	100%

In addition, Bonds of this series maturing on September 1, 1995, are subject to mandatory redemption prior to maturity, in accordance with the sinking fund requirements of Section 307 of the Indenture, in part (selected by lot by the Trustee), at the principal amount thereof plus accrued interest to the redemption date, in the following principal amounts and on the dates set forth below:

September 1 of the Year	Principal Amount	September 1 of the Year	Principal Amount
1984	\$165,000	1990	\$255,000
1985	175,000	1991	270,000
1986	190,000	1992	295,000
1987	205,000	1993	315,000
1988	220,000	1994	340,000
1989	235,000		

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

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

This Bond and the series of which it forms a part are issued pursuant to the authorization of and for the purposes prescribed by Act No. 103 of the Acts and Joint Resolutions enacted at the 1967 Session of the General Assembly of the State of South Carolina, approved by the Governor of South Carolina on March 21, 1967, and pursuant to resolutions duly adopted by the Board of County Commissioners of Spartanburg County and with the approval of the State Budget and Control Board of South Carolina. This Bond and the series of which it forms a part are limited obligations of the County and are payable solely out of the lease rentals, revenues and receipts (excluding amounts paid by the Lessee to local taxing authorities in lieu of taxes, pursuant to Section 5.5 and amounts paid by the Lessee pursuant to Section 8.7 of the Lease Agreement) derived from the leasing or sale of the Project, which has been financed through the issuance of the Bonds and leased to the Lessee.

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

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

This Bond is transferable, as provided in the Indenture, only upon the books of the County kept for that purpose at the above mentioned office of the Trustee by the registered owner hereof in person, or by

his duly authorized attorney, upon surrender of this Bond 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 registered Bond or Bonds, or at the option of the transferee, coupon Bonds, with appropriate coupons attached, which may be registered as to principal if requested, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The County, the Trustee and any paying agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The Bonds of this series are issuable in the form of bearer coupon Bonds in the denomination of \$5,000 each, registrable as to principal only, or in the form of fully registered Bonds in the denomination of \$5,000, or any multiple thereof, not exceeding the aggregate principal amount of Bonds maturing in any one year. The holder of any coupon Bond or Bonds (whether or not registered as to principal) may surrender the same, with all unmatured coupons attached, at the principal office of the Trustee, in exchange for an equal aggregate principal amount of fully registered Bonds of any authorized denomination in the manner and subject to the conditions provided in the Indenture. In like manner and subject to such conditions, the owner of any fully registered Bond or Bonds may surrender the same to the Trustee at its principal office (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney), in exchange for an equal aggregate principal amount of coupon Bonds (which may be registered as to principal if requested) with appropriate coupons attached, or of fully registered Bonds of any authorized denomination.

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

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

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

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

IN WITNESS WHEREOF, Spartanburg County, South Carolina, has caused this Bond to be executed by the Chairman of its Board of County Commissioners, by his facsimile signature, and its corporate seal to be reproduced hereon, and attested by the Secretary of its Board of County Commissioners, by his manual signature, all as of the ----- day of -----, 19-----.

Spartanburg County, South Carolina

By -----
Chairman of the Board of County
Commissioners of Spartanburg
County

Attest:

Secretary of the Board of County
Commissioners of Spartanburg
County

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

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

The South Carolina National Bank, Trustee

By -----
Authorized Signature

(FORM OF ASSIGNMENT)

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

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE)

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

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

Dated: -----

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

and;

WHEREAS all things necessary to make the Series 1970 Bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligations of the County according to the import thereof, and to constitute this Indenture a valid lien on the properties mortgaged and a valid pledge of the lease rentals, revenues and receipts herein made to the payment of the principal of, premium, if any, and interest on the Series 1970 Bonds, have been done and performed, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Series 1970 Bonds, subject to the terms hereof, have in all respects been duly authorized;

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

That the County in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the holders and owners thereof, and of the sum of one dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable considerations, the

receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect and the performance and observance by the County of all the covenants expressed or implied herein and in the Bonds, does hereby, subject to the terms and provisions of the Lease Agreement, grant, bargain, sell, convey, mortgage, pledge and assign unto The South Carolina National Bank, as Trustee, and unto its successors in trust, and to its assigns forever, for the securing of the performance of the obligations of the County hereinafter set forth, the following:

I

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

II

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

III

All right, title and interest of the County in and to the Lease Agreement, dated as of September 1, 1970, between the County and Cobis Products Co., Inc. and all lease rentals, revenues and receipts received or to be received under said Lease Agreement, except amounts paid by the Lessee thereunder to the County and other local taxing authorities in lieu of taxes pursuant to Section 5.5 thereof and all amounts paid by Lessee to the County pursuant to Section 8.7 thereof.

IV

All right, title and interest of the County in and to the Lease Guaranty Agreement, dated as of September 1, 1970, by Colonial Stores

Incorporated, a Virginia corporation, and all amounts received or to be received under the said Lease Guaranty Agreement except amounts paid thereunder in fulfillment of the obligations of the Lessee under Section 5.5 or Section 8.7 of the Lease Agreement.

V

All lease rentals, revenues and receipts arising out of or in connection with the ownership of the Project, except amounts paid under Section 5.5 or Section 8.7 of the aforementioned Lease Agreement.

VI

Any and all other property from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by the County or by anyone on its behalf or with its written consent to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

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

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

PROVIDED, HOWEVER, that if the County shall pay or cause to be paid to the holders and owners of the Bonds and bearers of interest coupons the principal, interest and premium, if any, to become due thereon at the times and in the manner stipulated therein and herein and if the County shall keep, perform and observe all and singular the covenants and promises in the Bonds and in this Indenture expressed as to be kept, performed and observed by it or on its part, or if the issuance of the Series 1970 Bonds is not made within the time provided in Section 4.2 of the Lease Agreement, then these presents and the estate and rights hereby granted shall, at the option of the County, cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the County

such instruments in writing as shall be requisite to satisfy the lien hereof, and reconvey to the County the estate hereby conveyed, and assign and deliver to the County any property at the time subject to the lien of this Indenture which may then be in its possession, except amounts in the Bond Fund required to be paid to the Lessee under Section 510 hereof and except cash held by the Trustee for the payment of interest on and retirement of the Bonds; otherwise this Indenture to be and remain in full force and effect.

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

ARTICLE I

DEFINITIONS

SECTION 101. The terms defined in this Section 101 (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section 101.

"Act" means Act No. 103 of the Acts of the General Assembly of the State of South Carolina, for the year 1967, approved by the Governor of South Carolina on March 21, 1967, and appearing as Article 2.1, Chapter 8, Title 14, Code of Laws of South Carolina, 1962, 1969 Cumulative Supplement.

"Additional Bonds" means the Bonds of the County issued under Section 213 of this Indenture.

"Bond" or *"Bonds"* means the Spartanburg County First Mortgage Industrial Revenue Bonds of all series from time to time authenticated and delivered under this Indenture.

"Bond Fund" or *"Spartanburg County Industrial Revenue Bond Fund-Cobis Project"* means the fund created in Section 502 hereof.

"*Bondholder*" or "*holder*" or "*owner of the Bonds*" means the bearer of any coupon Bond not registered as to principal and the registered owner of any coupon Bond registered as to principal or of any fully registered Bond.

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

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

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

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

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

"*Guarantor*" means Colonial Stores Incorporated, a Virginia corporation, its successors and assigns.

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

"*Lease Agreement*" means the Lease Agreement executed by and between the County and the Lessee dated as of September 1, 1970, and any amendments or supplements thereto.

"*Lease Guaranty Agreement*" means the Lease Guaranty Agreement executed by the Guarantor, dated as of September 1, 1970, and attached as Exhibit C to the Lease Agreement.

"*Lessee*" means Cobis Products Co., Inc., a Georgia corporation, and its successors and assign and any surviving, resulting or transferee corporation as provided in Section 8.3 of the Lease Agreement.

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

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

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

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

(b) Bonds for the payment or redemption of which cash funds shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee, shall have been filed with the Trustee; and

(c) Bonds in lieu of which others have been authenticated under Section 205 hereof, unless proof satisfactory to the Trustee is presented to the Trustee that any such Bonds are held by bona fide purchasers as that term is defined in Article 8 of the South Carolina Uniform Commercial Code, as amended, in which case the Bond or Bonds so replaced and the Bond or Bonds authenticated and delivered therefor shall be deemed outstanding.

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

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

"*Series 1970 Bonds*" means the \$4,300,000 Spartanburg County First Mortgage Industrial Revenue Bonds, Series 1970 (Cobis Products Co., Inc.—Lessee) of the County to be initially issued pursuant to the Indenture.

"*Trust estate*" means the Mortgaged Property.

"*Trustee*" means The South Carolina National Bank, the party of the second part hereto, and any successor trustee pursuant to Sections 1105 or 1108 hereof at the time serving as successor trustee hereunder.

ARTICLE II

THE BONDS

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

The total principal amount of Bonds that may be issued hereunder is expressly limited to \$9,300,000.

SECTION 202. *Execution; Limited Obligation.* The Bonds shall be executed on behalf of the County by the Chairman of the County Board and the corporate seal of the County or a facsimile thereof shall be impressed or reproduced thereon and attested by the Secretary (or Assistant Secretary, as Secretary) of the County Board, provided that at least one of said signatures shall be a manual signature. The coupons attached to the Bonds shall be executed by the facsimiles of the official signatures of said Chairman and Secretary (or Assistant Secretary, as Secretary) and such facsimiles shall have the same force and effect as if said Chairman and Secretary had manually signed each of the coupons. The Bonds, together with interest thereon, shall be limited obligations of the County payable from the Bond Fund and shall be a valid claim of the respective holders thereof only against such fund and the lease rentals, revenues and receipts from the leasing or sale of the Project pledged to such fund (but in addition shall be secured by the lien of the Indenture on the Project), which lease rentals, revenues and receipts (except amounts paid by the Lessee to local taxing authorities in lieu of taxes pursuant to Section 5.5 and amounts paid pursuant to Section 8.7 of the Lease Agreement) are hereby pledged and assigned for the equal and ratable payment of the Bonds and the coupons and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in this Indenture. The Bonds and coupons do not now and shall never constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

In case any officer whose signature or facsimile of whose signature shall appear on any 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 203. *Authentication.* Only such Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinabove set forth duly executed by the Trustee shall be entitled to any right or benefit under this Indenture. No Bond and no coupon appertaining to any Bond shall be valid or obligatory for any purpose

unless and until such certificate of authentication shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized signature of the Trustee, but it shall not be necessary that the same person sign the certificate of authentication on all of the Bonds, or on all of the Bonds of any series, issued hereunder. Before authenticating or delivering any Bonds, the Trustee shall detach and cancel all matured coupons, if any, appertaining thereto, and such cancelled coupons shall be cremated by the Trustee.

SECTION 204. *Forms; Denominations; Medium of Payment.* The Bonds shall be either in coupon form, registrable as to principal only, or in fully registered form without coupons. Bonds of each series shall be issued in the denomination of \$5,000 in the case of coupon Bonds, or in denominations of \$5,000 or any multiple thereof not exceeding the principal amount of Bonds of such series maturing in any one year in the case of fully registered Bonds. The Bonds shall be substantially in the form set forth in the recitals of this Indenture with such variations, insertions or omissions as are appropriate and not inconsistent therewith and shall conform generally to the rules and regulations of any governmental authority or usage or requirement of law with respect thereto. The Bonds shall be payable with respect to principal, interest, and premium, if any, 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.

SECTION 205. *Mutilated, Lost, Stolen or Destroyed Bonds or Coupons.* In the event any Bond is mutilated, lost, stolen or destroyed, the County may execute and the Trustee may authenticate a new Bond, dated as provided herein, of like series, maturity and denomination as that mutilated, lost, stolen or destroyed, which new Bond shall have attached thereto coupons corresponding in all respects to those (if any) on the Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond together with all coupons (if any) appertaining thereto shall first be surrendered to the County, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the County and the Trustee evidence of such loss, theft or destruction satisfactory to the County and the Trustee, together with indemnity satisfactory to them. In the event any such Bond

or coupon shall have matured, instead of issuing a duplicate Bond or coupon the County may pay the same without surrender thereof. The County and the Trustee may charge the holder or owner of such Bond with their reasonable fees and expenses in this connection.

SECTION 206. *Registration of Bonds; Persons Treated As Owners.* Title to any coupon Bond, unless such Bond is registered in the manner hereinafter provided, and to any interest coupon shall pass by delivery in the same manner as a negotiable instrument payable to bearer. The County shall cause books for the registration and for the transfer of the Bonds as provided in this Indenture to be kept by the Trustee as Bond registrar. At the option of the bearer, any coupon Bond may be registered as to principal only on such books, upon presentation thereof to the Bond registrar, which shall make notation of such registration thereon. Any coupon Bond registered as to principal may thereafter be transferred only upon an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond registrar, such transfer to be made on such books and endorsed on the coupon Bond by the Bond registrar. Such transfer may be to bearer and thereafter transferability by delivery shall be restored, subject, however, to successive registrations and transfers as before. The principal of any coupon Bond registered as to principal only, unless registered to bearer, shall be payable only to or upon the order of the registered owner or his legal representative, but the coupons appertaining to any Bond registered as to principal shall remain payable to bearer notwithstanding such registration. No charge shall be made to any Bondholder for the privilege of registration and transfer hereinabove granted, but any Bondholder requesting any such registration or transfer shall pay any tax or other governmental charge required to be paid with respect thereto.

As to any fully registered Bond and any coupon Bond registered as to principal, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of or on account of the principal of any such Bond shall be made only to or upon the order of the registered owner thereof or his legal representative, and neither the County, the Trustee, any paying agent, nor the Bond registrar shall be affected by any notice to the contrary, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such fully registered Bond or coupon Bond registered as to principal to the extent of the sum or sums so paid.

The County, the Trustee, the Bond registrar and any paying agent may deem and treat the bearer of any coupon Bond which shall not at the time be registered as to principal, (except to bearer), and the bearer of any coupon appertaining to any coupon Bond, whether such coupon Bond be registered as to principal or not, as the absolute owner of such coupon Bond or coupon, as the case may be, whether such coupon Bond or coupon shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and neither the County, the Trustee, the Bond registrar nor any paying agent shall be affected by any notice to the contrary.

SECTION 207. *Negotiability and Transfer.* Each registered Bond shall be transferable only upon the books of the County, which shall be kept for the purpose at the principal office of the Trustee, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such registered Bond the County shall issue, subject to the provisions of Section 210, in the name of the transferee a new registered Bond or Bonds and/or, at the option of the transferee, coupon Bonds (which may be registered as to principal, if requested), with appropriate coupons attached, of the same series and of the same aggregate principal amount, maturity and interest rate as the surrendered Bond.

All Bonds issued under the Indenture, whether in coupon or registered form, shall have such attributes of negotiability as are provided for under the laws of South Carolina.

SECTION 208. *Numbers, Date and Payment Provisions.* The Bonds shall be numbered and designated in such manner as the County, with the concurrence of the Trustee, shall determine. Coupon Bonds shall bear interest from their date. Each fully registered Bond shall bear interest from its date and shall be dated as of the interest payment date next preceding the date of its authentication, unless authentication shall be upon an interest payment date, in which case it shall be dated as of the date of its authentication, or unless authentication shall precede the first interest payment date for such Bonds, in which case it shall be dated as of the same date as the coupon Bonds of the same series. Provided, however, that if at the time of authentication of any such fully registered Bonds, any interest on such Bond is in default, such Bond shall be dated as of the date to which interest on such Bond has been paid.

Interest on the coupon Bonds shall be evidenced by interest coupons. The principal of the coupon Bonds, premium, if any, and the interest thereon (except as otherwise provided in the case of the registration of Bonds in Section 206) shall be payable to bearer upon presentation and surrender of the coupon Bonds or interest coupons at the office of the Trustee in the City of Columbia, South Carolina. Payments of interest made in respect of any fully registered Bond shall be by check or draft mailed to the registered owner at the address shown on the registration books maintained by the Trustee under Section 206. Payments of principal and premium, if any, made in respect of any Bond which is fully registered shall be made to or upon the order of the registered owner or his legal representative upon presentation or surrender of such Bond at the principal office of the Trustee in the City of Columbia, South Carolina, for cancellation and, if appropriate, exchange for a Bond in the principal amount equal to the balance of the principal amount of such Bond remaining unpaid.

SECTION 209. *Interchangeability of Bonds.* Coupon Bonds (whether or not registered as to principal), upon surrender thereof to the Trustee as Bond registrar with all unmatured coupons attached, may at the option of the holder thereof, and upon payment by such holder of any charges which the County may make as provided, and subject to the other provisions contained in Section 210, be exchanged for an equal aggregate principal amount of fully registered Bonds of any authorized denomination. Fully registered Bonds, upon surrender thereof to the Bond registrar with a written instrument of transfer satisfactory to the Bond registrar, duly executed by the registered owner or by his duly authorized attorney, may, at the option of the registered owner thereof, and upon payment by such registered owner of any charges which the County may make as provided and subject to the other provisions contained in Section 210, be exchanged for an equal aggregate principal amount of coupon Bonds (which may be registered as to principal if requested) with appropriate coupons attached, or of fully registered Bonds of any other authorized denominations.

SECTION 210. *Regulations With Respect to Exchanges and Transfer.* In all cases in which the privilege of exchanging the Bonds or transferring Bonds which are fully registered or registered as to principal is exercised, the County shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions hereof. The Bonds in changed form or denominations shall be exchanged for the surrendered Bonds in such manner that no over-lapping interest

is paid, and such Bonds in changed form or denominations shall be of the same series, of like tenor, shall bear interest at the same rate or rates and mature on the same date or dates as the Bonds for which they are exchanged. All Bonds and coupons surrendered in any such exchanges and transfers shall forthwith be cancelled by the Bond registrar. For every such exchange or transfer of Bonds, the Bond registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer.

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

SECTION 211. *Series 1970 Bonds.* The Series 1970 Bonds in the aggregate principal amount of \$4,300,000 dated as of September 1, 1970, except as otherwise provided in Section 208 of this Indenture in the case of fully registered Bonds, shall be designated "First Mortgage Industrial Revenue Bonds, Series 1970 (Cobis Products Co., Inc.—Lessee)" and shall be in coupon or fully registered form as herein provided. The Series 1970 Bonds shall bear interest from September 1, 1970 at the respective rates per annum as set forth in the following schedule, payable March 1, 1971, and semi-annually thereafter on March 1, and September 1 of each year. They shall mature on September 1 in each of the years set forth in, and in the principal amount set opposite each year in, the following schedule:

September 1 in the Year	Principal Amount Maturing	Interest Rate
1973	\$ 85,000	5.10%
1974	90,000	5.40%
1975	95,000	5.65%
1976	100,000	5.85%
1977	105,000	6.00%
1978	115,000	6.15%
1979	120,000	6.25%
1980	125,000	6.40%
1981	135,000	6.55%
1982	145,000	6.70%
1983	155,000	6.80%
1995	3,030,000	7.50%

SECTION 212. *Delivery of Series 1970 Bonds.* Upon the execution and delivery of this Indenture, the County shall execute and deliver to the Trustee and the Trustee shall authenticate the Series 1970 Bonds in the aggregate principal amount of \$4,300,000 and deliver them to the purchasers as may be directed by the County as hereinafter in this Section 212 provided.

Prior to the authentication by the Trustee of any of the Series 1970 Bonds there shall be filed with the Trustee:

1. A copy, duly certified by the Secretary of the County Board, of the resolution of the County Board authorizing the execution and delivery of the Lease Agreement and the Lease Guaranty Agreement.

2. Original executed counterparts of the Lease Agreement and of the Lease Guaranty Agreement.

3. A copy, duly certified by the Secretary of the County Board, of the resolution of the County Board authorizing the execution and delivery of this Indenture and the issuance of the \$4,300,000 aggregate principal amount of the Series 1970 Bonds.

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

5. A title insurance policy (or an appropriate binder) meeting the requirements of Section 3.3 of the Lease Agreement.

6. A request and authorization to the Trustee on behalf of the County Board and signed by the Chairman and Secretary of the County Board to authenticate and deliver the Series 1970 Bonds in the aggregate principal amount of \$4,300,000 to the purchasers therein identified upon payment to the Trustee but for account of the County of a sum specified in such request and authorization, plus accrued interest thereon to the date of delivery. Such proceeds shall be paid over to the Trustee and deposited to the credit of the Bond Fund and Construction Fund as hereinafter provided under Article VI hereof.

SECTION 213. *Issuance of Additional Bonds.* The County, at the request of the Lessee and to the extent permitted by law in effect at the time thereof, shall use its best efforts to issue Additional Bonds from time to time for the purpose of providing additional moneys, to be used for the purpose of providing for the acquisition of additional lands or interests therein within the County which shall become part

of the Leased Land (as defined in the Lease Agreement), or for the acquisition, construction or improvement of buildings, structures, facilities, machinery or equipment, all to become part of the Project and to be located on the Leased Land (as defined in the Lease Agreement) on a parity with the Series 1970 Bonds and any Additional Bonds theretofore or thereafter issued and payable from the Bond Fund; provided that no Additional Bonds shall be issued prior to the expiration of three years from the date of delivery of the Series 1970 Bonds to the purchaser or purchasers thereof pursuant to Section 212 hereof. Before any Additional Bonds are authenticated there shall be delivered to the Trustee the items required therefor by Section 214 hereof. The proceeds of any Additional Bonds shall be used solely to pay the costs of improvement of the Project and to pay the costs incident to the issuance of the Additional Bonds, in accordance with Section 8.10 of the Lease Agreement. The aggregate principal amount of all Additional Bonds issued shall not exceed \$5,000,000.

Such Additional Bonds shall be issued in such series and principal amounts (not to exceed \$5,000,000 in aggregate principal amount), shall be dated (but not prior to the expiration of three years from the date of delivery of the Series 1970 Bonds), shall bear interest at such rate or rates, shall be subject to redemption at such times and prices, and shall mature in such years as the indenture supplemental hereto authorizing the issuance thereof shall fix and determine, and shall be deposited with the Trustee for authentication and delivery.

SECTION 214. *Delivery of Additional Bonds.* Upon the execution and delivery in each instance of an appropriate indenture supplemental hereto the County shall execute and deliver to the Trustee, and the Trustee shall authenticate, such Additional Bonds and deliver them to the purchaser or purchasers as may be directed by the County, as hereinafter in this Section 214 provided. Prior to the delivery by the Trustee of any such Bonds there shall be filed with the Trustee:

(1) A valid and effective amendment to the Lease Agreement, pursuant to Section 8.10 thereof, providing for the inclusion within the "Project", as defined in the Lease Agreement, of any real estate and interest therein and any buildings, structures, facilities, machinery, equipment and related property to be acquired by purchase or construction from the proceeds of the Additional Bonds, and providing for an increase in the obligations of the County and the Lessee in accordance with Section 5.3 of the Lease Agreement; together with a valid and effective amendment to the Lease Guaranty Agreement by which the Guarantor unconditionally

guarantees the performance of all of the obligations of the Lessee under the Lease Agreement (as so amended).

(2) A valid and effective supplemental indenture providing for the issuance of such new series of Additional Bonds and subjecting to the lien of this indenture any and all real estate and interest therein, and any building structures, facilities, machinery, equipment and related property acquired by purchase or construction from the proceeds of such Additional Bonds, and pledging and assigning the additional rentals to the payment of the Bonds, subject to the rights of the Lessee under the Lease Agreement.

(3) A copy, duly certified by the Secretary of the County Board, of the resolutions theretofore adopted and approved authorizing the execution and delivery of such supplemental indenture and such amendments to the Lease Agreement and Lease Guaranty Agreement and the issuance of such Bonds.

(4) A request and authorization to the Trustee on behalf of the County and signed by the Chairman and the Secretary of the County Board to deliver such Bonds to the purchaser or purchasers therein identified upon payment to the Trustee, for the account of the County of a specified sum plus any accrued interest. The proceeds of such Bonds shall be paid over to the Trustee and deposited to the credit of the Bond Fund and Construction Fund as hereinafter provided under Article VI hereof.

(5) A written opinion by an attorney or firm of attorneys of recognized national standing on the subject of municipal bonds, to the effect that the issuance of such Bonds and the execution thereof have been duly authorized, the conditions precedent to the delivery thereof have been fulfilled, and that the tax exempt status of the interest on the Bonds is not affected by the issuance of such Additional Bonds.

Provided that the final maturity of any series of Additional Bonds shall not be earlier than the final maturity of any Bond outstanding at the time of issuance of the Additional Bonds, and the amortization schedule, including any mandatory sinking fund installments, of any series of Additional Bonds shall be approximately level.

ARTICLE III

REDEMPTION OF BONDS BEFORE MATURITY

SECTION 301. *Privilege of Redemption and Redemption Price.* The Bonds shall be subject to redemption prior to maturity to the extent and in the manner provided in this Indenture in the case of the

Series 1970 Bonds and in any indenture supplemental hereto pursuant to which Additional Bonds shall be issued.

SECTION 302. *County's Election to Redeem.* The County shall give written notice to the Trustee of its election so to redeem, of the redemption date and of the principal amount of each maturity of each series of redeemable Bonds to be redeemed, which notice shall be given at least forty-five (45) days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as in Section 303 provided, the County shall, and hereby covenants that it will prior to the redemption date, pay to the Trustee an amount in cash which, in addition to other moneys, if any, available therefor held by the Trustee, will be sufficient to redeem at the redemption price thereof, plus interest accrued to the redemption date, all of the redeemable Bonds which the County has so elected to redeem.

SECTION 303. *Notice of Redemption.* In the event of any of the Bonds are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed shall be given by publication at least once in a financial journal of general circulation published in the City of New York, State of New York, not less than thirty nor more than sixty days prior to the redemption date, and in case of the redemption of fully registered Bonds or portions thereof or Bonds at the time registered as to principal only, upon mailing a copy of the redemption notice by first class mail at least thirty days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds. If all of the Bonds to be redeemed are at that time fully registered or registered as to principal only, notice by mailing given by first class mail to the registered owner or owners thereof, at the addresses shown on the registration books, not less than thirty days prior to the date fixed for redemption as aforesaid shall be sufficient and published notice of the call for redemption need not be given and failure duly to give such notice by mailing, or any defect in the notice, to the registered owner of any Bond designated for redemption shall not affect the validity of the proceedings for the redemption of any other Bond. All Bonds so called for redemption shall cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time, and shall no longer be protected

by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture. If, because of the temporary or permanent suspension of the publication or general circulation of any such financial journal or for any other reason, it is impossible or impractical to publish such notice of call for redemption in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice. Each notice shall specify the numbers of the Bonds being called, if less than all of the Bonds are being called, the redemption date, the place or places where amounts due upon such redemption will be payable, and in the case of registered Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that payment of the applicable redemption price plus accrued interest to the date fixed for redemption will be made upon presentation and surrender of the Bonds.

SECTION 304. *Cancellation.* All bonds which have been redeemed shall be cancelled and destroyed by the Trustee together with the unmatured coupons appertaining thereto and shall not be reissued and a counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Trustee to the County and the Lessee.

SECTION 305. *Unpaid Coupons.* All unpaid Coupons which appertain to Bonds so called for redemption and which shall have become payable on or prior to the date fixed for redemption shall continue to be payable to the bearers thereof severally and respectively upon the presentation and surrender of such Coupons.

SECTION 306. *Redemption Dates and Prices for Series 1970 Bonds.* The \$4,300,000 in aggregate principal amount of Series 1970 Bonds are noncallable for redemption prior to September 1, 1980 except in the event of (1) exercise by the Lessee of its options to purchase the Project as provided in Section 11.2 of the Lease Agreement or (2) mandatory purchase of the Project by the Lessee pursuant to Section 12.2 of the Lease Agreement. If called for redemption in either of such events, Series 1970 Bonds shall be subject to redemption by the County at the earliest possible date after notice as provided in Section 303 of this Indenture, whether or not such date is an interest payment date, in whole and not in part, at the principal amount thereof plus accrued interest to the redemption date and, but only in the event of redemption as a result of the mandatory purchase of the Project

pursuant to Section 12.2 of the Lease Agreement, a redemption premium in an amount equal to the aggregate of the premiums computed on each such Bond outstanding on the date as of which interest on the Bonds is determined to be taxable as follows: the sum of (a) redemption premium in the amount of 6% of the principal amount of each such Bond and (b) an additional premium determined by multiplying one-third of the annual interest on each such Bond by the number of 180 day periods, or fraction thereof, between the date as of which interest on the Bonds is (or is determined by the Internal Revenue Service to be) taxable and the earliest possible date of redemption or the earlier payment date of any Bond which shall have been paid (whether at maturity or by redemption) subsequent to the date as of which interest on the Bonds is (or is determined by the Internal Revenue Service to be) taxable and prior to the earliest possible redemption date (less any optional redemption premium previously paid on any such Bond); provided, however, that the additional redemption premium computed under clause (b) next above of this Section 306, shall not exceed 9% of the principal amount of such Bond.

If it shall occur that any Series 1970 Bonds are paid or retired subsequent to the date as of which interest on the Series 1970 Bonds is taxable as a result of the violation of any covenant set forth in Section 8.9 (2) or Section 8.9 (4) of the Lease Agreement and prior to the redemption of the Series 1970 Bonds by use of the purchase price derived from the mandatory purchase of the Project by the Lessee pursuant to Section 12.2 of the Lease Agreement, then in such event the person who shall have been the holder of any such Bond on the occasion of its payment (whether at maturity or by redemption) shall receive a premium computed in accordance with the provisions of Section 12.4 of the Lease Agreement to be paid from the purchase price paid by the Lessee under Section 12.2 of the Lease Agreement.

Any of such Bonds maturing on or after September 1, 1981 as may be outstanding on or after September 1, 1980 are also subject to redemption by the County prior to maturity on any interest payment date on or after September 1, 1980 in whole or in part in inverse order of their maturity (less than all of such Bonds of a single maturity to be selected by lot by the Trustee) at the redemption prices (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date:

Redemption Dates (Dates Inclusive)	Redemption Price
September 1, 1980 to March 1, 1983	104%
September 1, 1983 to March 1, 1986	103%
September 1, 1986 to March 1, 1989	102%
September 1, 1989 to March 1, 1991	101%
September 1, 1991 and thereafter	100%

Series 1970 Bonds maturing on September 1, 1995 are also subject to mandatory redemption prior to maturity in part (selected by lot by the Trustee) in specified annual amounts pursuant to the terms of the sinking fund provided in Section 307 hereof at 100% of the principal amount thereof plus accrued interest to the redemption date.

If less than all of the Series 1970 Bonds shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Trustee in such manner as the Trustee in its discretion may determine; provided, however, that the portion of any Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof, and that, in selecting portions of such Bonds for redemption, the Trustee shall treat each such Bond as representing that number of Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by \$5,000. If there shall be drawn for redemption less than all a Bond, the County shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, at the option of the owner thereof, either coupon Bonds or registered Bonds in any of the authorized denominations.

SECTION 307. *Sinking Fund for Series 1970 Bonds.* As and for a sinking fund for the retirement of Series 1970 Bonds which mature on September 1, 1995, the rental payment specified in Section 5.3 of the Lease Agreement which is to be deposited in the Bond Fund on or before the seventh day prior to September 1, 1984, and on or before the seventh day prior to each September 1, thereafter to and including September 1, 1994 shall include an amount sufficient to redeem (after credit as provided below) the following principal amounts of such Bonds:

September 1 of the Year	Principal Amount	September 1 of the Year	Principal Amount
1984	\$165,000	1990	\$255,000
1985	175,000	1991	270,000
1986	190,000	1992	295,000
1987	205,000	1993	315,000
1988	220,000	1994	340,000
1989	235,000		

At its option, to be exercised on or before the forty-fifth day next preceding any such sinking fund payment date, the County may (a) deliver to the Trustee for cancellation such Bonds in any aggregate principal amount desired with all unmatured coupons attached or (b) receive a credit in respect of its sinking fund redemption obligation for any such Bonds which prior to said date have been purchased or redeemed (otherwise than through the operation of the sinking fund) and cancelled by the Trustee and not theretofore applied as a credit against any sinking fund redemption obligation. Each Series 1970 Bond so delivered or previously purchased or redeemed shall be credited by the Trustee at 100% of the principal amount thereof on the obligation of the County on such sinking fund payment date and any excess shall be credited on future sinking fund redemption obligations in chronological order, and the principal amount of such Bonds to be redeemed by operation of the sinking fund shall be accordingly reduced.

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

The Trustee shall redeem, in the manner provided in Section 307 hereof, such an aggregate principal amount of such Bonds at 100% of the principal amount thereof plus accrued interest to the redemption date as will exhaust as nearly as practicable each cash sinking fund payment.

SECTION 308. *Purchase of Bonds.* The Trustee shall, if and to the extent practicable, purchase Bonds at the written direction of the

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

ARTICLE IV

GENERAL COVENANTS

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

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

SECTION 402. *Performance of Covenants; Authority of County.* The County covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings pertaining thereto. The County covenants that it is duly authorized under the Constitution and laws of the State of South Carolina, to issue the Bonds authorized hereby and to execute this Indenture, to convey the property described

in and conveyed hereby and to pledge the lease rentals, revenues and receipts hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken, and that the Bonds in the hands of the holders and owners thereof and the coupons appertaining thereto in the hands of the bearers thereof are and will be valid and enforceable obligations of the County according to the import thereof.

SECTION 403. *Ownership; Instruments of Further Assurance.* The County covenants that it lawfully owns and is lawfully possessed of the land described in Exhibit A attached hereto and that it has good and indefeasible title and estate therein (except for Permitted Encumbrances as defined in the Lease Agreement), and that it lawfully owns and is lawfully possessed of the equipment and machinery described in Exhibit B attached hereto (or, in the case of any such equipment and machinery not yet acquired, that the same will be acquired by the County from the moneys in the Construction Fund or furnished by the Lessee pursuant to Section 4.6 of the Lease Agreement), and that it will defend the title to the Project and every part thereof to the Trustee, for the benefit of the holders and owners of the Bonds and the bearers of the coupons appertaining thereto against the claims and demands of all persons whomsoever. The County covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee all and singular the property herein described and the lease rentals, revenues and receipts pledged hereby to the payment of the principal of and interest and premium, if any, on the Bonds. Any and all property hereafter acquired which is of the kind or nature herein provided to be and become subject to the lien hereof shall *ipso facto*, and without any further conveyance, assignment or act on the part of the County or the Trustee, become and be subject to the lien of this Indenture as fully and completely as though specifically described herein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the County under this Section 403. The County covenants and agrees that, except as herein and in the Lease Agreement provided, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Project or the lease rentals, revenues and receipts therefrom or of its rights under the Lease Agreement.

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

SECTION 405. *Maintenance and Repair.* Pursuant to the provisions of Section 6.1 of the Lease Agreement the Lessee has agreed at its own expense to cause the Project to be kept in as reasonably safe condition as its operations shall permit, and that it will from time to time cause to be made all needed repairs so that the Project shall at all times be kept in good repair and in good operating condition, and that the Lessee may, at its own expense, make from time to time additions, modifications and improvements to the Project under the terms and conditions set forth in Section 6.1 of the Lease Agreement.

SECTION 406. *Inspection of Project Books.* The County covenants and agrees that all books and documents in its possession relating to the Project and the lease rentals, revenues and receipts derived from the Project shall at all times be open to inspection by such accountants or other agencies as the Trustee may from time to time designate.

SECTION 407. *Rights Under Lease Agreement.* The Lease Agreement, a duly executed counterpart of which has been filed with the Trustee, sets forth the covenants and obligations of the County, and the Lessee including a provision that subsequent to the initial issuance of the Bonds and prior to their payment in full, or provision for payment thereof in accordance with the provisions hereof, the Lease Agreement may not be effectively amended, changed, modified, altered or terminated (other than as provided therein) without the written consent of the Trustee and reference is hereby made to the Lease Agreement for a detailed statement of said covenants and obligations of the Lessee under the Lease Agreement, and the County agrees that the Trustee in its name or in the name of the County may enforce all rights of the County and all obligations of the Lessee under and pursuant to the Lease Agreement and may enforce all rights of the County and all obligations of the Guarantor under and pursuant to the Lease Guaranty Agreement for and on behalf of the Bondholders whether or not the County is in default hereunder.

SECTION 408. *List of Bondholders.* To the extent that such information shall be made known to the County, under the terms of Section 206 and Section 408, it will keep on file at the corporate trust office of the Trustee a list of names and addresses of the last known holders of all Bonds payable to bearer and believed to be held by each of such last known holders. Any Bondholder may request that his name and address be placed on said list by filing a written request with the County or with the Trustee, which request shall include a statement of the principal amount of Bonds held by such holder and the numbers of such Bonds. The Trustee shall be under no responsibility with regard to the accuracy of said list. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by the Lessee or by holders and/or owners (or a designated representative thereof) of twenty-five percent or more in principal amount of Bonds then outstanding, such ownership and the authority of any such designated representative to be evidenced to the satisfaction of the Trustee.

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

ARTICLE V

REVENUES AND FUNDS

SECTION 501. *Source of Payment of Bonds.* The Bonds herein authorized and all payments by the County hereunder are not general obligations of the County but are limited obligations payable solely

from the lease rentals, revenues and receipts derived from the Project and as authorized and provided in this Indenture.

The Project has been leased under the Lease Agreement and the rental payments provided for in Section 5.3 of the Lease Agreement are to be remitted directly to the Trustee for the account of the County and deposited in the Bond Fund. Said rental payments are sufficient in amount to pay the principal of, premium, if any, and interest on the Bonds, and the entire amount of lease rentals, revenues and receipts from said Lease Agreement (except amounts paid by the Lessee to local taxing authorities in lieu of taxes pursuant to Section 5.5 and amounts paid pursuant to Section 8.7 of the Lease Agreement) are pledged to the payment of the principal of, premium, if any, and interest on the Bonds. The County hereby covenants and agrees that it will not create any lien upon said lease rentals, revenues and receipts or the Project other than the lien hereby created.

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

SECTION 503. *Payments into the Bond Fund.* There shall be deposited into the Bond Fund all accrued interest derived from the sale of the Bonds. In addition, there shall be deposited into the Bond Fund, as and when received (a) any amount remaining in the Construction Fund to the extent provided in Section 4.3(k) of the Lease Agreement except as otherwise directed pursuant to said Section 4.3(k); (b) all rental payments specified in Section 5.3 of the Lease Agreement; and (c) all other moneys received by the Trustee under and pursuant to any of the provisions of the Lease Agreement when accompanied by directions by Lessee that such moneys are to be paid into the Bond Fund. The County hereby covenants and agrees that so long as any of the Bonds issued hereunder are outstanding it will deposit, or cause to be deposited, in the Bond Fund for its account sufficient sums from lease rentals, revenues and receipts derived from the Project promptly to meet and pay the principal of, interest and premium, if any, on the Bonds as the same become due and payable and to this end the County covenants and agrees that, so long as any Bonds issued hereunder are outstanding, it will cause the Project to be continuously and efficiently leased as a revenue and income producing undertaking, and that,

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

SECTION 504. *Use of Moneys in the Bond Fund.* Except as provided in Section 510 hereof, moneys in the Bond Fund shall be used solely for the payment of the principal of, premium, if any, and interest on the Bonds and for the redemption of the Bonds at or prior to maturity. Except as provided in Section 307 hereof, no part of said rental payments in the Bond Fund shall be used to redeem, prior to maturity, a part of the Bonds outstanding; provided, that whenever the amount in the Bond Fund from any source whatsoever is sufficient to redeem all of the Bonds outstanding hereunder and to pay interest to accrue thereon to such redemption, the County covenants and agrees to take and cause to be taken the necessary steps to redeem all of said Bonds on the next succeeding redemption date for which the required redemption notice may be given; and provided further that any moneys in the Bond Fund other than rental payments may be used at the request of the County to redeem a part of the Bonds outstanding on the next succeeding redemption date for which the required notice of redemption may be given so long as the Lessee is not in default with respect to any rental payments under the Lease Agreement and to the extent said moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption and past due interest in all cases where such Bonds or coupons have not been presented for payment.

SECTION 505. *Custody of the Bond Fund.* The Bond Fund shall be in the custody of the Trustee but in the name of the County and the County hereby authorizes and directs the Trustee to withdraw

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

SECTION 506. *Non-presentment of Bonds or Coupons.* In the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, or in the event any coupon shall not be presented for payment at the due date thereof, if funds sufficient to pay such Bonds or coupons shall have been made available to the Trustee for the benefit of the holder or holders thereof, all liability of the County to the holder thereof for the payment of such Bond or coupon, as the case may be, shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the holder of such Bond, or the bearer of such coupon, as the case may be, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Bond or coupon.

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

may, without creating a default hereunder, contest in good faith the necessity for any such Extraordinary Services and Extraordinary Expenses and the reasonableness of any of the fees, charges or expenses referred to herein.

SECTION 508. *Moneys to Be Held in Trust.* All moneys required to be deposited with or paid to the Trustee for account of the Bond Fund or the Construction Fund under any provision of this Indenture shall be held by the Trustee in trust, and except for moneys deposited with or paid to the Trustee for the redemption of Bonds, notice of the redemption of which has been duly given, shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien hereof.

SECTION 509. *Insurance and Condemnation Proceeds.* Reference is hereby made to Article VII of the Lease Agreement whereunder it is provided that under certain circumstances the net proceeds of insurance and condemnation awards are to be paid to the Trustee and deposited in separate trust accounts and to be disbursed and paid out as therein provided. The Trustee hereby accepts and agrees to perform the duties and obligations as therein specified.

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

ARTICLE VI

CUSTODY AND APPLICATION OF PROCEEDS OF BONDS

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

SECTION 602. *Construction Fund; Disbursement.* There is hereby created and established with the Trustee a trust in the name of the County to be designated "Spartanburg County Industrial Construction Fund—Cobis Project". The balance of the proceeds of the issuance and delivery of Bonds remaining after the deduction provided by Section 601 hereof shall have been made shall be deposited in the Construction Fund. Moneys in the Construction Fund shall be

expended in accordance with the provisions of the Lease Agreement, and particularly Section 4.3 thereof.

The Trustee is hereby authorized and directed to issue its checks for each disbursement required by the aforesaid provisions of the Lease Agreement.

The Trustee shall keep and maintain adequate records pertaining to the Construction Fund and all disbursements therefrom, and after the Project shall have been completed and a certificate of payment of all costs filed as provided in Section 603 hereof, the Trustee shall, if requested by the Lessee, file an accounting thereof with the County and with the Lessee.

SECTION 603. *Completion of the Project.* The completion of the Project and the payment of all costs and expenses incident thereto shall be evidenced by the filing with the Trustee of (i) the certificate of the Authorized Lessee Representative required by the provisions of Section 4.5 of the Lease Agreement and (ii) a certificate signed by the Chairman of the County Board and by the Lessee (by one of the authorized officers of the Lessee), which certificate shall state that all obligations and costs in connection with the Project and payable out of the Construction Fund have been paid and discharged except for amounts retained by the Trustee with the approval of the Authorized Lessee Representative for the payment of costs of the Project not then due and payable as provided in the Lease Agreement. As soon as practicable and in any event after sixty days from the date of the certificate referred to in clause (ii) of the preceding sentence any balance remaining in the Construction Fund (other than the amounts retained by the Trustee and referred to in the preceding sentence) shall without further authorization be deposited in the Bond Fund by the Trustee with advice to the County and to the Lessee of such action unless the Lessee shall have directed the Trustee to purchase Bonds in the open market for the purpose of cancellation in accordance with Section 4.3(k) of the Lease Agreement.

ARTICLE VII

INVESTMENTS

SECTION 701. *Investment of Construction Fund Moneys.* Any moneys held as part of the Construction Fund shall, at the written request of and as specified by the Authorized Lessee Representative (as defined in the Lease Agreement), be invested and reinvested by

the Trustee in accordance with the provisions of Section 4.9 of the Lease Agreement. Any such investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Construction Fund and the interest accruing thereon and any profit realized from such investments shall be credited to such fund, and any loss resulting from such investments shall be charged to such fund. The Trustee is directed to sell and reduce to cash funds a sufficient amount of such investments whenever the cash balance in the Construction Fund is insufficient to pay a requisition when presented.

SECTION 702. *Investment of Bond Fund Moneys.* Any moneys held as part of the Bond Fund shall, at the written request of and as specified by the Authorized Lessee Representative (as defined in the Lease Agreement), be invested or reinvested by the Trustee in any bonds or other obligations which as to principal and interest constitute direct obligations of the United States of America. Any such investments shall be held by or under control of the Trustee and shall be deemed at all times a part of the Bond Fund and the interest accruing thereon and any income and profit realized therefrom shall be credited to such fund and any loss resulting from such investments shall be charged to such fund. The Trustee shall sell and reduce to cash funds a sufficient portion of investments under the provisions of this Section 702 whenever the cash balance in the Bond Fund is insufficient to pay the current interest and principal requirements.

SECTION 703. *Trustee's Own Bond Department.* The Trustee may make any and all investments permitted under Section 701 and Section 702 through its own Bond Department.

ARTICLE VIII

POSSESSION, USE AND PARTIAL RELEASE OF LEASED PROPERTY

SECTION 801. *Subordination to Rights of the Lessee.* This Indenture and the rights and privileges hereunder of the Trustee and the holders of the Bonds and bearers of coupons appertaining thereto are specifically made subject and subordinate to the rights and privileges of the Lessee set forth in the Lease Agreement. So long as not otherwise provided in this Indenture the County shall be suffered and permitted to possess, use and enjoy the Mortgaged Property and appurtenances so as to carry out its obligations under the Lease Agreement.

SECTION 802. *Release of Leased Land.* Reference is made to the provisions of the Lease Agreement, including without limitation Sec-

tions 8.5 and 11.3 thereof, whereby the County and the Lessee have reserved the right to withdraw certain portions of the Leased Land (as defined in the Lease Agreement) upon compliance with the terms and conditions of the Lease Agreement. The Trustee shall release from the lien of this Indenture any such land upon compliance with the provisions of the Lease Agreement.

SECTION 803. *Release of Leased Equipment.* Reference is made to the provisions of the Lease Agreement, including without limitation Section 6.2 thereof, whereby the Lessee may withdraw certain items of equipment constituting Leased Equipment (as defined in the Lease Agreement) upon compliance with the terms and conditions of the Lease Agreement. The Trustee shall release from the lien of this Indenture any such item of equipment upon compliance with the provisions of the Lease Agreement.

SECTION 804. *Granting of Easements.* Reference is made to the provisions of the Lease Agreement, including, without limitation Section 8.6 thereof, whereby the Lessee may grant easements and take other action upon compliance with the terms and conditions of the Lease Agreement. The Trustee shall execute or confirm the grants or releases of easements, licenses, rights of way and other rights and privileges permitted by Section 8.6 thereof upon compliance with the provisions of the Lease Agreement.

ARTICLE IX

DISCHARGE OF LIEN

SECTION 901. *Discharge of Lien of the Indenture.* If the County shall pay or cause to be paid to the holders and owners of the Bonds and bearers of coupons the principal, interest and premium, if any, to become due thereon at the times and in the manner stipulated therein and herein, and shall have paid all fees and expenses of the Trustee and each paying agent, and if the County shall keep, perform and observe all and singular the covenants and promises in the Bonds and in this Indenture expressed as to be kept, performed and observed by it or on its part, or if the issuance of the Series 1970 Bonds is not made within the time provided in Section 4.2 of the Lease Agreement, then these presents and the estate and rights hereby granted shall, at the option of the County, cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the County such instruments in writing as shall be requisite

to satisfy the lien hereof, and re-convey to the County the estate hereby conveyed, and assign and deliver to the County any property at the time subject to the lien of this Indenture which may then be in its possession, except amounts in the Bond Fund required to be paid to the Lessee under Section 510 hereof and except funds held by the Trustee for the payment of principal of, interest and premium, if any, on the Bonds.

Bonds and coupons for the payment or redemption of which moneys shall have been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds) shall be deemed to be paid within the meaning of this Article; provided, however, that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or arrangements satisfactory to the Trustee shall have been made for the giving thereof.

ARTICLE X

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

SECTION 1001. *Defaults; Events of Default.* If any of the following events occur, subject to the provisions of Sections 1012 and 1013 hereof, it is hereby defined as and declared to be and to constitute an "event of default"

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

(b) Default in the due and punctual payment of (i) the principal of any Bonds (or premium thereon, if any), whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon the maturity thereof by declaration or upon the mandatory purchase of the Project contemplated by Section 12.2 of the Lease Agreement, or (ii) any sinking fund payment required by Section 307; or

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

(d) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the County in this Indenture or in the Bonds contained; or

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

The term "default" shall mean default by the County in the performance or observance of any of the covenants, agreements or con-

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

SECTION 1002. *Acceleration.* Upon the occurrence of an event of default the Trustee may, and upon the written request of the holders of not less than twenty-five per cent in aggregate principal amount of Bonds then outstanding shall, by notice in writing delivered to the County, declare the principal of all Bonds then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

SECTION 1003. *Surrender of Possession of Mortgaged Property; Rights and Duties of Trustee in Possession; Other Remedies.* Upon the occurrence of an event of default the County, upon demand of the Trustee, shall forthwith surrender the possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the Mortgaged Property together with the books, papers and accounts of the County pertaining thereto, and including the rights and the position of the County under the Lease Agreement, and to hold, operate and manage the same, and from time to time make all needful repairs and improvements as by the Trustee shall be deemed wise; and the Trustee may lease the Project or any part thereof in the name and for account of the County and collect, receive and sequester the rents, revenues, issues, earnings, income, products and profits therefrom, and out of the same and any moneys received from any receiver of any part thereof pay, and/or set up proper reserves for the payment of all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to the Trustee, its agents and counsel, and any charges of the Trustee hereunder, and any taxes and assessments and other charges prior to the lien of this Indenture which the Trustee may deem it wise to pay, and all expenses of such repairs and improvements, and apply the remainder of the moneys so received in accordance with the provisions of Section 1008 hereof. Whenever all that is due upon the Bonds shall have been paid and all defaults made good, the Trustee shall surrender possession to the County; the same right of entry, however, to exist upon any subsequent event of default.

While in possession of such property the Trustee shall render annually to the County and the Lessee and also to the Bondholders, at

their addresses set forth in the list required by Section 408 hereof and to the holders of all Bonds then registered as to principal (except to bearer) at their addresses shown by the registration books, a summarized statement of income and expenditures in connection therewith.

Upon the occurrence of an event of default the lien on the Project created and vested by this Indenture may be foreclosed either by sale at public outcry or by proceedings in equity and the Trustee or the holder or holders of any of the Bonds then outstanding, whether or not then in default of payment of principal or interest, may become the purchaser at any foreclosure sale if the highest bidder.

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

SECTION 1004. *Rights of Bondholders.* If an event of default shall have occurred, and if requested so to do by the holders of not less than twenty-five per cent in aggregate principal amount of Bonds then outstanding and if indemnified as provided in Section 1101 (1) hereof the Trustee shall be obliged to exercise such one or more of the rights and powers conferred by this Section and by Sections 1003 and 1004 as the Trustee, being advised by counsel, shall deem most expedient in the interest of the Bondholders.

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

No delay or omission to exercise any right or power accruing upon any default or event of default shall impair any such right or

power or shall be construed to be a waiver of any such default or event of default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

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

SECTION 1005. *Rights of Bondholders to Direct Proceedings.* Anything in this Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Bonds then outstanding (determined subject to the provision of Section 1401(e) hereof) shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

SECTION 1006. *Appointment of Receivers.* Upon the occurrence of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders or the bearers of the coupons under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Mortgaged Property and of the rents, revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

SECTION 1007. *Foreclosure of Indenture.* Upon the occurrence of an event of default, to the extent that such right may then lawfully be waived, neither the County, nor anyone claiming through or under it, shall set up, claim, or seek to take advantage of any appraisement, valuation, stay, extension or redemption laws now or hereinafter in force, in order to prevent or hinder the enforcement of the Indenture or the foreclosure of the Indenture, and the County, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all right of appraisement and redemption to which it may be entitled under the laws of South Carolina.

SECTION 1008. *Application of Moneys.* All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys in the Bond Fund shall be applied as follows:

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

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

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

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

(c) If the principal of all the Bonds shall have been declared

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

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

Whenever all principal of, premium, if any, and interest on all Bonds have been paid under the provisions of this Section 1008 and all expenses and charges of the Trustee shall have been paid, any balance remaining in the Bond Fund shall be paid to the Lessee as provided in Section 510 hereof.

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

SECTION 1010. *Rights and Remedies of Bondholders.* No holder or bearer of any Bond or coupon, as the case may be, shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any

trust thereof or for the appointment of a receiver or any other remedy hereunder, unless also a default has occurred of which the Trustee has been notified as provided in subsection (g) of Section 1101, or of which by said subsection it is deemed to have notice, nor unless also such default shall have become an event of default and the holders of at least twenty-five per cent in aggregate principal amount of Bonds then outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in Section 1101 (1) nor unless the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its, his or their own name or names; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more holders or bearers of the Bonds or coupons shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the holders of all Bonds and the bearers of all coupons then outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Bondholder to enforce the payment of the principal of, premium, if any, and interest of any Bond at and after the maturity thereof, or the obligation of the County to pay the principal of, premium, if any, and interest on each of the Bonds issued hereunder to the respective holders thereof and to the bearers of the coupons at the time, place from the source and in the manner in said Bonds and the coupons expressed.

SECTION 1011. *Termination of Proceedings.* In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the County and the Trustee shall be restored to their former positions and rights

hereunder with respect to the Mortgaged Property herein conveyed, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

SECTION 1012. *Waivers of Events of Default.* The Trustee shall waive any event of default hereunder and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds upon the written request of the holders of a majority in aggregate principal amount of all Bonds then outstanding; provided, however, that there shall not be waived (a) any event of default in the payment of the principal of any outstanding Bonds at the date of maturity specified therein, or upon proceedings for redemption pursuant to Section 307 of this Indenture in the case of the Series 1970 Bonds, or any mandatory sinking fund payments required by any supplemental indenture with respect to any Additional Bonds, or (b) any default in the payment when due of the interest or premium on any such Bonds unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such default shall have occurred on overdue installments of interest or all arrears of payments of principal or premium, if any, when due (whether at the stated maturity thereof or upon proceedings for redemption pursuant to Section 307 of this Indenture) as the case may be, and all expenses of the Trustee, in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the County, Trustee and Bondholders and bearers of coupons shall be restored to their former positions and rights hereunder respectively, but not such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

SECTION 1013. *Notice of Defaults; Opportunity of the County and Lessee to Cure Defaults.* Anything herein to the contrary notwithstanding, no default (other than a default under Section 1001(a), Section 1001(b) or Section 1001(c) hereof, to which this Section 1013 shall not be applicable) shall constitute an event of default until actual notice of such default by registered or certified mail shall be given by the Trustee or by the holders of not less than twenty-five per cent of the aggregate principal amount of Bonds then outstanding to the Lessee and the County, and the County shall have had thirty days after receipt of such notice to correct said default or cause said default to be corrected, and

shall not have corrected said default or caused said default to be corrected within the applicable period; provided, however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an event of default if corrective action is instituted by the Lessee or the County as the case may be, within the applicable period and diligently pursued until the default is corrected.

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

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

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

In case there shall be pending proceedings for the bankruptcy or for the reorganization of any obligor under the Lease Agreement (including the Guarantor) under the National Bankruptcy Act or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of any such obligor, or in case any other judicial proceedings relative to any obligor under the Lease

Agreement (including the Guarantor) or to the creditors or property of any such obligor, the Trustee, irrespective of whether the principal of the Bonds shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the power vested in it by the Indenture, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee, its agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee except as a result of its negligence or bad faith) and of the Bondholders allowed in any such judicial proceedings relative to the Lessee or any other obligor under the Lease Agreement or to the creditors or property of the Lessee, or any such other obligor, as the case may be, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute all amounts received with respect to the claims of the Bondholders and of the Trustee on their behalf; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by each of the Bondholders to make payments to the Trustee and, in the event that the Trustee shall consent to the making of payments directly to the Bondholders, to pay to the Trustee such amount as shall be sufficient to cover reasonable compensation to the Trustee, its agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee except as a result of its negligence or bad faith.

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

ARTICLE XI

THE TRUSTEE

SECTION 1101. *Acceptance of the Trusts.* The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may be reasonably employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the County or the Lessee). The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(b) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the authentication certificate of the Trustee endorsed on the Bonds), or for insuring the property conveyed hereby, or for collecting any insurance moneys, or for the validity of the execution by the County of this Indenture or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value or title of the property conveyed hereby or otherwise as to the maintenance of the security hereof; except that in the event the Trustee enters into possession of a part or all of the property conveyed hereby pursuant to any provision of this Indenture it shall use due diligence in preserving such property; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the County or on the part of the Lessee under the Lease Agreement, except as herein expressly set forth; but the Trustee may require of the County or the Lessee full information and advice as to the performance of the covenants, conditions and agreements aforesaid and as to the condition of the property conveyed hereby. Except as otherwise provided in Section 1003 hereof, the Trustee

shall have no obligation to perform any of the duties or obligations of the County, as lessor, under the Lease Agreement.

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

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

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

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

(g) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except (i) failure

by the County to cause to be made any of the payments to the Trustee required to be made by Article V and (ii) failure by the Lessee to make any of the payments to the Trustee required to be made by Section 5.3 of the Lease Agreement, unless the Trustee shall be specifically notified in writing of such default by the County or by the holders of at least twenty-five per cent in aggregate principal amount of all Bonds then outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee, must, in order to be effective, be delivered at the principal office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

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

(i) At any and all reasonable times, the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all of the Project, including all books, papers and records of the County pertaining to the Project and the Bonds, and to take such memoranda from and in regard thereto as may be desired; subject to the limitations imposed upon such rights of inspection pursuant to Section 8.2 of the Lease Agreement.

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

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

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

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

SECTION 1102. *Fees, Charges and Expenses of Trustee.* The Trustee shall be entitled to payment and/or reimbursement for reasonable fees for its Ordinary Services rendered hereunder, and all advances, counsel fees and other Ordinary Expenses reasonably and necessarily made or incurred by the Trustee in connection with such Ordinary Services and, in the event that it should become necessary that the Trustee perform Extraordinary Services, it shall be entitled to reasonable extra compensation therefor, and to reimbursement for reasonable and necessary Extraordinary Expenses in connection therewith; provided, that if such Extraordinary Services or Extraordinary Expenses are occasioned by the neglect or misconduct of the Trustee, it shall not be entitled to compensation or reimbursement therefor. The Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as Bond Registrar and paying agent for the Bonds and coupons as hereinabove provided. The Trustee shall have a lien with right of payment prior to payment on account of interest or principal of any Bond upon the Project for the foregoing advances, fees, costs, and expenses incurred.

SECTION 1103. *Notice to Bondholders If Default Occurs.* If a default occurs of which the Trustee is by subsection (g) of Section 1101 hereof required to take notice or if notice of default be given as in said subsection (g) provided, then the Trustee shall give such notice to the Lessee and the County as is specified in Section 1013 hereof, and such notice to the Lessee and to the Guarantor as is specified in Section 10.1 of the Lease Agreement, in order to have such default mature as an event of default upon the passage of the period of time therein specified and shall give written notice thereof by mail to the

last known holders or owners of all Bonds then outstanding shown by the list of Bondholders required by the terms of Section 408 hereof to be kept at the office of the Trustee and by the registration books maintained by the Trustee pursuant to Section 206 hereof.

SECTION 1104. *Intervention by Trustee.* In any judicial proceeding to which the County is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of owners of the Bonds, the Trustee may intervene on behalf of Bondholders and shall do so if requested in writing by the owners of at least twenty-five per cent in aggregate principal amount of all Bonds then outstanding. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction.

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

SECTION 1106. *Resignation by the Trustee.* The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving thirty days written notice to the County, to the Lessee and by registered or certified mail to each registered owner of Bonds then outstanding and to each holder of Bonds as shown by the list of Bondholders required by Section 408 hereof to be kept at the office of the Trustee, and such resignation shall take effect at the end of such thirty days, or upon the earlier appointment of a successor Trustee by the Bondholders or by the County. Such notice to the County and to the Lessee may be served personally or sent by registered mail.

SECTION 1107. *Removal of the Trustee.* The Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Trustee and to the County, and signed by the owners of a majority in aggregate principal amount of all Bonds then outstanding.

SECTION 1108. *Appointment of Successor Trustee by the Bondholders; Temporary Trustee.* In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of Bonds then outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of vacancy the County by an instrument executed and signed by the Chairman of the County Board and attested by the Secretary of the County Board under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by such Bondholders in the manner above provided; and any such temporary Trustee so appointed by the County shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank organized under the laws of the United States of America or any state thereof and which is in good standing, within or outside the State of South Carolina, having a reported capital and surplus of not less than \$12,000,000 if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

SECTION 1109. *Concerning Any Successor Trustee.* Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the County an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the County, or of its successor, and upon payment of all amounts due such predecessor pursuant to Section 1102 hereof, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the County be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to

be vested in the predecessor any and all such instruments in writing, shall, on request, be executed, acknowledged and delivered by the County. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article shall be filed and/or recorded by the successor Trustee in each recording office where the Indenture shall have been filed and/or recorded.

SECTION 1110. *Right of Trustee to Pay Taxes and Other Charges.* In case any tax, assessment or governmental or other charge upon any part of the property herein conveyed is not paid as required herein, the Trustee may pay such tax, assessment or governmental or other charge, without prejudice, however, to any rights of the Trustee or the Bondholders hereunder arising in consequence of such failure; and any amount at any time so paid under this Section, with interest thereon from the date of payment at the rate of eight per cent per annum, shall become so much additional obligation secured by this Indenture, and the same shall be given a preference in payment over any of the Bonds, and shall be paid out of the revenues herein pledged to the payment of the Bonds if not otherwise caused to be paid; but the Trustee shall be under no obligation to make any such payment unless it shall have been requested to do so by the holders of at least twenty-five per cent in the aggregate principal amount of all Bonds then outstanding and shall have been provided with adequate funds for the purpose of such payment.

SECTION 1111. *Trustee Protected in Relying Upon Resolutions, etc.* The resolutions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for the release of property and the withdrawal of cash hereunder.

SECTION 1112. *Successor Trustee as Trustee of Bond Fund and Construction Fund, Paying Agent and Bond Registrar.* In the event of a change in the office of Trustee the predecessor Trustee which has resigned or has been removed shall cease to be trustee of the Bond Fund and the Construction Fund, and paying agent for principal of and interest and premium, if any, on the Bonds and Bond Registrar and the successor Trustee shall become such Trustee, paying agent and Bond Registrar.

SECTION 1113. *Trust Estate May be Vested in Separate or Co-Trustee.* It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of South Carolina) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or the Lease Agreement, and in particular in case of the enforcement of either on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the Mortgaged Property, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section 1113 are adapted to these ends.

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

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

ARTICLE XII

SUPPLEMENTAL INDENTURES

SECTION 1201. *Supplemental Indentures Not Requiring Consent of Bondholders.* The County and the Trustee may without the consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental to this Indenture as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

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

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

(c) to subject to the lien and pledge of this Indenture additional revenues, properties or collateral; and

(d) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar Federal statute hereafter in effect or under any state Blue Sky Law.

The County and the Trustee shall without the consent of, or notice to, any of the Bondholders enter into an indenture or indentures supplemental to this Indenture (i) in connection with the issuance of any Additional Bonds in accordance with Section 213 hereof and the inclusion of additional Mortgaged Property in connection therewith, (ii) to the extent necessary with respect to the land and interests in land, buildings, machinery and equipment forming a part of the Project and generally described in Exhibits A and B attached hereto so as to more precisely identify the same or to substitute or add additional land or interests in land, buildings, machinery and equipment, (iii) with respect to any changes required to be made in the description of the Mortgaged Property in order to conform with similar changes made in the Lease Agreement as permitted by Section 1301.

SECTION 1202. *Supplemental Indentures Requiring Consent of Bondholders.* Exclusive of indentures supplemental hereto covered by Section 1201 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the holders of not less than two-

thirds in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the County and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the County for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing in this Section contained shall permit, or be construed as permitting (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate, or extension of the time of payment, of interest on, or reduction of any premium payable on the redemption of, any Bonds, without the consent of the holder of such Bond, or (b) a reduction in the amount or extension of the time of any payment required by the sinking fund provided in Section 307, or (c) the creation of any lien (other than any Permitted Encumbrances as defined in the Lease Agreement) prior to or on a parity with the lien of this Indenture, or (d) a reduction in the aforesaid aggregate principal amount of Bonds the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all the Bonds at the time outstanding which would be affected by the action to be taken, or (e) the modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee.

If at any time the County shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be published as shall be requested by the County and in any event one time in a newspaper or financial journal of general circulation published in the City of New York, New York, and shall also cause a similar notice to be mailed, postage prepaid, to all registered Bondholders; provided, however, that no publication of such notice shall be required and notice by mail as aforesaid shall be deemed sufficient notice where all Bonds outstanding are registered. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the corporate trust office of the Trustee for inspection by all Bondholders. If, within sixty days or such longer period as shall be prescribed by the County following the final publication of such notice, the holders of not less than two-thirds in aggregate principal amount of the Bonds

outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no holder of any Bond and no bearer of any coupon shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the County from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith. The Trustee may rely upon an opinion of counsel as conclusive evidence that execution and delivery of a supplemental indenture has been effected in compliance with the provisions of this Article XII.

Anything herein to the contrary notwithstanding, a supplemental indenture under this Article XII which affects any rights of the Lessee shall not become effective unless and until the Lessee shall have consented to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture together with a copy of the proposed supplemental indenture to be mailed by certified or registered mail to the Lessee at least fifteen days prior to the proposed date of execution and delivery of any supplemental indenture. The Lessee shall be deemed to have consented to the execution and delivery of any such supplemental indenture if the Trustee does not receive a letter of protest or objection thereto signed by or on behalf of the Lessee on or before 2:30 o'clock P. M., E. S. T., of the fifteenth day after mailing of said notice and a copy of the proposed supplemental indenture.

ARTICLE XIII

AMENDMENT OF LEASE AGREEMENT

SECTION 1301. *Amendments, etc., to Lease Agreement Not Requiring Consent of Bondholders.* The County and the Trustee shall without the consent of or notice to the Bondholders consent to any amendment, change or modification of the Lease Agreement as may be required (i) by the provisions of the Lease Agreement and this Indenture, (ii) in connection with the issuance of Additional Bonds as provided in Section 213 hereof, (iii) for the purpose of curing any ambiguity or formal defect or omission, (iv) in connection with the lands and interests in land, buildings, machinery and equipment described in Exhibits

A and B to the Lease Agreement so as to identify more precisely the same or substitute or add additional land or interests in land, buildings, machinery and equipment, or (v) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee, or materially adverse to the holders of the Bonds.

SECTION 1302. *Amendments, etc., to Lease Agreement Requiring Consent of Bondholders.* Except for the amendments, changes or modifications as provided in Section 1301 hereof, neither the County nor the Trustee shall consent to any other amendment, change or modification of the Lease Agreement without notice to and the written approval or consent of the holders of not less than two-thirds in aggregate principal amount of the Bonds at the time outstanding given and procured as in Section 1202 provided. If at any time the County and the Lessee shall request the consent of the Trustee to any such proposed amendment, change or modification of the Lease Agreement, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided by Section 1202 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the corporate trust office of the Trustee for inspection by all Bondholders. If, within sixty days or such longer period as shall be prescribed by the County following the giving of such notice, the holders of not less than two-thirds in aggregate principal amount of the Bonds outstanding at the time of the execution of such proposed amendment shall have consented to and approved the execution thereof as herein provided, no holder of any Bond and no bearer of any coupon shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the County from consenting to the execution thereof or from taking any action pursuant to the provisions thereof. Upon the execution of any such amendment as in this Section permitted and provided, the Lease Agreement shall be and be deemed to be modified and amended in accordance therewith.

ARTICLE XIV

MISCELLANEOUS

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

(a) The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership such affidavit or certificate shall also constitute sufficient proof of his authority.

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

amount and distinguishing numbers of Bonds held by the person so executing such request, consent or other instrument may also be proved in any other manner which the Trustee may deem sufficient. The Trustee may nevertheless, in its discretion, require further proof in cases where it may deem further proof desirable.

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

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

(e) In determining whether the holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned by the County, by the Lessee, by the Guarantor or by any other obligor under the Lease Agreement or on the Bonds, or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the County, the Lessee, the Guarantor or any other obligor under the Lease Agreement or on the Bonds, shall be disregarded and deemed not to be outstanding for the purpose of any such determination, provided that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver only Bonds which the Trustee knows to be so owned shall be disregarded. Bonds so owned which have been pledged in good faith may be regarded as outstanding for the purposes of this Section 1401 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by or under common control with the County or any other obligor under the Lease Agreement or on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

SECTION 1402. *Limitation of Rights.* With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto, and the holders of the Bonds and the bearers of coupons appertaining

thereto, any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the holders of the Bonds and coupons as herein provided.

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

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

SECTION 1404. *Notices.* All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, or given when dispatched by telegram when telegraphic notice is permitted by express provisions of this Agreement, addressed as follows: if to the County, to the Board of County Commissioners of Spartanburg County, Spartanburg County Courthouse, Spartanburg, South Carolina; if to the Lessee, at 2251 North Sylvan Road, East Point, Georgia, 30344, Attention: President; if to the Guarantor, at 2251 North Sylvan Road, East Point, Georgia, 30344, Attention: President; if to the Trustee at Columbia, South Carolina, Attention: Corporate Trust Officer; The County, the Lessee, and the Trustee may, by notice given to all parties to this Agreement and the Indenture, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 1405. *Trustee as Paying Agent and Registrar.* The Trustee is hereby designated and agrees to act as a paying agent and the Bond Registrar for and in respect to the Bonds.

SECTION 1406. *Payments Due on Sundays and Holidays.* In any case where the date of maturity of interest on or principal of the Bonds

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

SECTION 1407. *Counterparts.* This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 1408. *Laws Governing Indenture and Situs and Administration of Trust.* The effect and meaning of this Indenture and the rights of all parties hereunder shall be governed by, and construed according to, the laws of the State of South Carolina, but it is the intention of the County that the situs of the trust created by this Indenture be in the state in which is located the corporate trust office of the Trustee from time to time acting under this Indenture. The word "Trustee" as used in the preceding sentence shall not be deemed to include any additional individual or institution appointed as a separate or co-trustee pursuant to Section 1113 of this Indenture. It is the further intention of the County that the Trustee administer said trust in the state in which is located, from time to time, the situs of said trust.

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

SPARTANBURG COUNTY, SOUTH CAROLINA

By

[Signature]
Chairman of the Board of County
Commissioners of Spartanburg
County.

(SEAL)

Attest:

Asst.

[Signature]
Secretary of the Board of County Com-
missioners of Spartanburg County.

In the presence of:

Ruth Bagwell

Quantita J. Holt

The South Carolina National Bank,
as Trustee.

By

[Signature]
Trust Officer

(SEAL)

Attest:

[Signature]
Assistant Trust Officer

In the presence of:

[Signature]

[Signature]

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

Personally appeared before me Lewis C. Miller who being duly sworn says that he saw the corporate seal of The South Carolina National Bank, as Trustee, affixed to the foregoing Trust Indenture, and that he also saw H. P. MABRY, JR., as a Trust Officer and HELEN Y. NORTON as an Assistant Trust Officer of the said bank, as Trustee, sign and attest the same, and that he with ROSS E. BARBER witnessed the execution and delivery thereof as the act and deed of the said The South Carolina National Bank, as Trustee.

-----, as Trustee.

Sworn to before me this

6 day of November, 1970.

Christine J. Andarvis
Notary Public for the State of South Carolina

My Commission expires 1-1-71

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

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

R. D. Blackmon, as Chairman of the Board of County
Commissioners of Spartanburg County, S. C., and Hubert E. Tabacon

as Assistant Secretary of the Board of County Commis-
sioners of Spartanburg County, S. C., sign and attest the same and

that he with Teante J. Holt witnessed the execution and delivery
thereof as the act and deed of the said Spartanburg County, S. C.

Ruth Bagwell

Sworn to before me this

10 day of Nov., 1970.

Jason H. Stevens
Notary Public for the State of South Carolina

My Commission expires 1/1/71

EXHIBIT A

Attached to Trust Indenture dated as of September 1, 1970,
between Spartanburg County, South Carolina, and
The South Carolina National Bank, as Trustee

All that certain lot or parcel of land, containing 10.13 acres more or less fronting 874.5 feet along the southern edge of New Cut Road in Spartanburg County, South Carolina and being more particularly known and designated as Tract No. 2 on survey for Colonial Stores Incorporated made by Gooch and Taylor, Surveyors, dated August 17, 1970 as more particularly described thereon as follows:

Beginning at a point in the center of the New Cut Road, said point being at the northwest corner of Tract No. 1 as shown on said plat, and also being N. 58-12W a distance of 463.7 feet from a nail in the center of said road at the corner of the Firestone Tract and running thence with the western line of Tract No. 1, S. 30-00 W. 252.3 feet to an old iron pin; thence with the line of the property of Addie W. Smith, S. 1-10 W. 248 feet to an old iron pin; thence with the line of El Bethel Baptist Assembly, S. 87-54 W. 65 feet to an iron pin; thence with the northern line of Tract No. 3, N. 60-00 W. 852.3 feet to an iron pin; thence N. 20-26 E. 604.5 feet to a nail in the center of the New Cut Road; thence with the center of the New Cut Road, the following courses and distances: S. 59-49 E. 200 feet; S. 61-53 E. 257 feet; and S. 58-12 E. 417.5 feet to the beginning corner.

EXHIBIT B

Attached to Trust Indenture dated as of September 1, 1970,
between Spartanburg County, South Carolina, and

The South Carolina National Bank, as Trustee

EQUIPMENT LIST

Cobis Products—Milk and Ice Cream Plant, Spartanburg, S. C.

Dairy Processing Equipment:

- 4—40,000 gal. tanks.
- 2—10,000 gal. tanks.
- 7— 7,000 gal. tanks.
- 2— 3,000 gal. tanks.
- 1— 5,800 GPH Milk pasturizing & homogenizing systems.
- 1— 2,000 GPH Mix blending pasturizing & homogenizing systems.
- 1— 1,800 gal. flavor tank.
- 1— 1,800 GPH Ice cream freezer.
- 1— 1,800 GPH Ice cream hardener.
- 1— Product piping & in-place cleaning system.

Material Handling:

- 1—Conveyor system for packing unit trucks (4 wheel carts) and for moving them through the cold storage areas to truck loading positions.

Power & Refrigeration:

- 2—300 horsepower packaged boilers, complete with feed water and fuel systems.
- 2—75 HP air compressors.
- 2—360 ton refrigeration compressors.
- 4—Refrigeration booster compressors totaling 200 tons.
- 2—1500 GPM cooling towers.
- 4—air conditioning systems for office, processing, blow mold and laboratory areas.

SPARTANBURG COUNTY, SOUTH CAROLINA

and

COBIS PRODUCTS CO., INC.

Lease Agreement

Dated as of September 1, 1970

Deed Book 37-L,
Page 387

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THIS LEASE AGREEMENT dated as of September 1, 1970, between Spartanburg County, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through its Board of County Commissioners, which is the governing body of Spartanburg County as constituted by Act No. 1035 of the Acts of the General Assembly of the State of South Carolina for the year 1968, as amended, party of the first part, and COBIS PRODUCTS Co., Inc., a corporation organized and existing under the laws of the State of Georgia, duly qualified to conduct business in the State of South Carolina, party of the second part,

WITNESSETH

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

ARTICLE I

DEFINITIONS

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

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

"Act" means Act No. 103 of the Acts of the General Assembly of the State of South Carolina for the year 1967, approved by the Governor of South Carolina on March 21, 1967, and appearing as Article 2.1, Chapter 8, Title 14, Code of Laws of South Carolina, 1962, 1969 Cumulative Supplement.

"Additions or Alterations" means improvements, replacements, alterations, additions, enlargements or expansions in, on or to the Project including any and all machinery and equipment therefor.

"Agreement" or *"Lease Agreement"* means the within Lease Agreement between the County and the Lessee as the same may be amended from time to time in accordance with the provisions hereof.

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

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

"Bonds" means the bonds of the County from time to time issued and outstanding under the Indenture.

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

"Building" means the buildings and all other facilities forming a part of the Project and not constituting part of the Leased Equipment which, as set out in Section 4.1(a) hereof, are to be constructed on the Leased Land, as they may at any time exist, including any air conditioning and heating systems (which shall be deemed fixtures).

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

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

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

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

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

"Guarantor" means Colonial Stores Incorporated, a Virginia corporation, which has unconditionally guaranteed the performance of all of the obligations of the Lessee under this Agreement, including the payment of all rentals and other amounts to become due, as is more fully set forth in the Lease Guaranty Agreement dated as of September 1, 1970, between the Guarantor and the County attached hereto as Exhibit "C".

"Indenture" means the Trust Indenture between the County and The South Carolina National Bank, as Trustee, of even date herewith, pursuant to which (i) Bonds are authorized to be issued and (ii) the County's interest in this Agreement, including the Lease Guaranty Agreement attached hereto as Exhibit "C", and the lease rentals, revenues and receipts received by the County from the Project (except payments pursuant to Section 5.5 or Section 8.7 of this Agreement) are pledged and the Project is mortgaged as security for the payment of principal, premium, if any, and interest on the Bonds, including any indenture supplemental thereto.

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

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

"Lease Term" means the duration of the leasehold estate created in this Agreement as specified in Section 5.1 hereof, including the Original Term prescribed in Section 5.1(a) and any renewals as provided in Section 5.1 (b).

"Leased Equipment" means those items of machinery, equipment and related property required herein to be acquired and installed in the Building or elsewhere on the Leased Land with proceeds from the sale of the Series 1970 Bonds, or the proceeds of any payment by Lessee pursuant to Section 4.6 hereof and any item of machinery, equipment and related property acquired and installed in the Building or elsewhere on the Leased Land in substitution therefor and renewals and replacements thereof pursuant to the provisions of Sections 4.1(b), 6.1, 6.2(a), 7.1 and 7.2 hereof and is further defined as all property owned by the County and hereby leased to the Lessee which is not included in the definition of Leased Land or Building, but not including Lessee's own machinery and equipment installed under the provisions of Section 9.7

hereof. Leased Equipment is more particularly described in Exhibit "B" attached hereto which, by this reference thereto, is incorporated herein.

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

"*Lessee*" means (i) the party of the second part hereto and its successors and assigns and (ii) any surviving, resulting or transferee corporation as provided in Section 8.3 hereof.

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

"*Original Term*" means the term described in Section 5.1 (a) which shall expire, subject to the provisions of this Agreement, on September 1, 1995.

"*Permitted Encumbrances*" means, as of any particular time, (i) liens for ad valorem taxes not then delinquent, (ii) this Agreement and the Indenture, (iii) utility, access and other easements and rights of way, flood rights, encroachments, leases, restrictions and exceptions that an Independent Engineer and the Authorized Lessee Representative certify will not interfere with or impair the operations being conducted in the Building (or, if no operations are being conducted therein, the operations for which the Building was designed or last modified), (iv) such minor defects, irregularities, encumbrances, easements, rights of way, and clouds on title as normally exist with respect to properties similar in character to the Project and as do not in the opinion of an Independent Counsel, materially impair the property affected thereby for the purposes for which it was acquired or is held by the County, and (v) mechanics' and materialmen's liens not filed or perfected in the manner prescribed by Chapter 5 of Title 45, Code of Laws, South Carolina, 1962, as amended, as in effect on the date hereof or otherwise.

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

"*Series 1970 Bonds*" means the \$4,300,000 Spartanburg County, First Mortgage Industrial Revenue Bonds, Series 1970 (Cobis Products Co., Inc.—Lessee) of the County to be issued pursuant to the Indenture.

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

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

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

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

ARTICLE II

REPRESENTATIONS AND UNDERTAKINGS

SECTION 2.1. *Representations by the County.* The County makes the following representations as the basis for the undertakings on its part herein contained:

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

(b) The County has acquired the Leased Land and has authorized, and does hereby authorize, the Lessee to construct thereon the Building, to acquire and install the Leased Equipment in the Building or on the Leased Land, and to acquire, install and construct all other things deemed necessary in connection with the Project, and the County proposes to lease the Project to the Lessee for and during the Lease Term, all for the purposes of promoting the industrial development, developing the trade, and utilizing and employing the manpower, agricultural products and natural resources of South Carolina.

(c) Heretofore the County Board and the Lessee did agree that the County would finance the cost of acquiring, constructing, and equipping the Project. The Lessee has estimated that such cost will not exceed \$4,300,000 and on that basis the County now

proposes to issue the Series 1970 Bonds in the aggregate principal amount of \$4,300,000, dated as of September 1, 1970, which will mature and bear interest as set forth in Section 211 of the Indenture and which will be subject to redemption on the occasions and at the redemption prices set forth in Sections 306 and 307 of the Indenture, in order to finance the cost of acquiring, constructing and equipping the Project.

SECTION 2.2. *Representations by the Lessee.* The Lessee makes the following representations as the basis for the undertakings on its part herein contained:

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

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

(c) The acquiring, constructing and equipping of the Project by the County through the issuance of the Series 1970 Bonds and the leasing of the Project to the Lessee has induced the Lessee to establish this industrial enterprise in Spartanburg County, South Carolina.

(d) The Lessee intends to operate the Project (or to sublease the Project to the Guarantor to be operated) from the Completion Date to the expiration or earlier termination of the Lease Term as provided herein as a plant for the processing of milk, ice cream and other dairy products.

(e) Relying upon the agreement of the County to finance the cost of acquiring, constructing and equipping the Project as aforesaid, the Guarantor has heretofore acquired the Leased Land and the Lessee has recently begun land improvement thereon.

ARTICLE III

DEMISING CLAUSE, WARRANTY OF TITLE, TITLE INSURANCE

SECTION 3.1. *Demise of the Leased Land, Building, and the Leased Equipment.* The County demises and leases to the Lessee, and the Lessee leases from the County, the Leased Land, the Building, and the Leased Equipment at the rental set forth in Section 5.3 hereof and in accordance with the provisions of this Agreement.

SECTION 3.2. *Warranty of Title.* The County warrants that it has acquired a good and marketable fee simple title to the Leased Land, free from all encumbrances other than Permitted Encumbrances, and the County will furnish, at the time of the delivery of the Series 1970 Bonds, a written opinion of Independent Counsel that it has good and marketable fee simple title to the Leased Land, subject to Permitted Encumbrances.

SECTION 3.3. *Title Insurance.* At the time of the delivery of the Series 1970 Bonds, the County will provide a Mortgagee Title Insurance Policy (or an appropriate Binder) upon the Leased Land and Building issued by a Company approved by the Trustee insuring the lien of the Indenture upon the Leased Land and Building, subject to no encumbrances other than Permitted Encumbrances, in the amount of not less than \$1,000,000. Any Net Proceeds therefrom shall be used to remedy the title defect resulting in the payment thereof or be deposited in the Bond Fund.

ARTICLE IV

CONSTRUCTION OF THE PROJECT; ISSUANCE OF THE SERIES 1970 BONDS; CONSTRUCTION FUND

SECTION 4.1. *Agreement to Construct and Equip the Building on the Leased Land.* The County has acquired the Leased Land by deed of the Guarantor recorded simultaneously herewith. The Lessee agrees that it will exercise the authorizations given to it by the County in Section 2.1 (b) and:

(a) It will cause the Building to be constructed on the Leased Land wholly within the boundary lines thereof (the Building to contain approximately 56,500 square feet, and designed to be used for the processing of milk, ice cream and other dairy products); all of which will be constructed in accordance with a general description heretofore furnished to the County by the Lessee.

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

The Lessee agrees to complete the construction of the Building as promptly as practicable after receipt of proceeds from the sale of Series 1970 Bonds and to continue the said construction with all reasonable dispatch, and to effect the acquisition and installation of the Leased Equipment as promptly as practicable.

SECTION 4.2. *Agreement to Issue Series 1970 Bonds; Application of Bond Proceeds.* In order to provide funds for payment of the costs of the Project, the County agrees that it will, on or before the 31st day of December, 1970, sell and cause to be delivered to the initial purchaser the Series 1970 Bonds in the aggregate principal amount of \$4,300,000 and will thereupon (i) deposit in the Bond Fund all accrued interest received on the sale of the Series 1970 Bonds and (ii) deposit in the Construction Fund the balance of the proceeds received from said sale.

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

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

(b) Payment to the Guarantor, the Lessee and the County, as the case may be, of such amounts, if any, as shall be necessary to

reimburse the Guarantor, the Lessee and the County in full for all advances and payments made by them or any of them prior to or after the delivery of the Series 1970 Bonds for expenditures in connection with (i) the acquisition by the County of title to the Leased Land, including the cost of the Leased Land and the preparation of plans and specifications for the Project (including any preliminary study or planning of the Project or any aspect thereof) (ii) clearing the Leased Land, the construction of the Building, the acquisition and installation of, the Leased Equipment, and all construction, acquisition and installation expenses required to provide utility services or other facilities, and all real or personal properties deemed necessary in connection with the Project (including architectural, engineering and supervisory services with respect to any of the foregoing), and (iii) any other costs and expenses relating to the Project.

(c) Payment of the cost of legal, and accounting fees and expenses, title insurance premium, and printing and engraving costs incurred in connection with the authorization, sale and issuance of the Series 1970 Bonds, the preparation of this Agreement, the Indenture, and all other documents in connection therewith and in connection with the acquisition of title to the Leased Land, Building and Leased Equipment.

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

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

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

(g) To such extent as they shall not have been paid by a contractor for construction or installation with respect to any part of

the Project, payment of the premiums on all insurance required to be taken out and maintained during the Construction Period under this Agreement, or reimbursement thereof if paid by the Lessee or the Guarantor.

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

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

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

(k) All moneys remaining in the Construction Fund after completion of the construction of the Building and acquisition and installation of the Leased Equipment and payment in full of the costs thereof, and after payment of all other items provided for in the preceding subsections (a) to (j), inclusive, of this Section, shall at the direction of the Lessee be (i) used by the Trustee for the purchase of Series 1970 Bonds for the purpose of cancellation, at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of delivery, or (ii) paid into the Bond Fund, except for amounts retained by the Trustee with the approval of the Authorized Lessee Representative for payment of Project costs not then due and payable, any balance remaining of such retained funds after full payment of all such Project costs to be used by the Trustee as directed by the Lessee in the manner specified in clauses (i) and (ii) of this subsection.

Provided that:

(1) Each of the payments made pursuant to the preceding subsections (a), (b), (c), (d), (e), (g), (i) and (j) of this Section shall be made only upon receipt by the Trustee of a written order by the Authorized Lessee Representative and by the Authorized County Representative which shall certify with respect to each such payment: (i) that none of the items for which the payment is proposed to be made has formed the basis for any payment theretofore made from the Construction Fund and (ii) that each item for which the payment is proposed to be made is or was necessary in connection with the Project.

(2) In the case of any contract providing for retention by the Lessee of a portion of the contract price, there shall be paid from

the Construction Fund only the net amount remaining after deduction of any such portion, until such retainage becomes due in accordance with the terms of such contract.

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

SECTION 4.5. *Establishment of Completion Date.* The Completion Date shall be evidenced to the Trustee by a certificate signed by the Authorized Lessee Representative stating that, except for amounts retained by the Trustee for Project costs not then due and payable as provided in Section 4.3 (k), (i) construction of the Building has been completed in accordance with the specifications therefor and all labor, services, materials and supplies used in such construction have been paid for, and (ii) all other facilities necessary in connection with the Project have been constructed, acquired and installed in accordance with the specifications therefor and all costs and expenses incurred in connection therewith have been paid, the Leased Equipment has been installed to his satisfaction, the Leased Equipment so installed is suitable and sufficient for the efficient operation of the Project for the purposes specified in Section 4.1(a) hereof and all costs and expenses incurred in the acquisition and installation of the Leased Equipment have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. It shall be the duty of the Lessee to cause the certificate contemplated by this Section 4.5 to be furnished as soon as the Project shall have been completed.

SECTION 4.6. *Lessee Required to Pay Construction Costs in Event Construction Fund Insufficient.* In the event the moneys in the Construction Fund available for payment of the costs of the Project shall not be sufficient to pay the costs thereof in full, the Lessee agrees to complete, or to cause to be completed, the Project and to pay all that portion of the costs of the Project as may be in excess of the moneys available therefor in the Construction Fund. The County does not make any warranty, either express or implied, that the moneys which will be paid into the Construction Fund and which, under the provisions of this Agreement, will be available for payment of the costs of the Project,

will be sufficient to pay all the costs which will be incurred in that connection. The Lessee agrees that if after exhaustion of the moneys in the Construction Fund the Lessee shall pay any portion of the said costs of the Project pursuant to the provisions of this Section, it shall not be entitled to any reimbursement therefor from the County or from the Trustee or from the holders of any of the Series 1970 Bonds, nor shall it be entitled to any diminution of the rents payable under Section 5.3 hereof. The obligation of the Lessee to complete the Project shall survive any termination of this Agreement, subject to the force majeure provisions of the concluding paragraph of Section 10.1.

SECTION 4.7. *Authorized Lessee and County Representatives and Successors.* The Lessee and the County Board, respectively, shall designate, in the manner prescribed in Section 1.2, the Authorized Lessee Representative and the Authorized County Representative. In the event that any person so designated and his alternate or alternates, if any, should become unavailable or unable to take any action or make any certificate provided for or required in this Agreement, a successor shall be appointed in the same manner.

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

SECTION 4.9. *Investment of Construction Fund Moneys Permitted.* Any moneys held as a part of the Construction Fund shall at the written request of the Authorized Lessee Representative be invested or re-invested by the Trustee in (i) obligations of the United States and agencies thereof; (ii) general obligations of the State of South Carolina or any of its political units; (iii) Savings and Loan Associations to the extent that the same are insured by the Federal Savings and Loan Insurance Corporation; (iv) certificates of deposit where such certificates of deposit are collaterally secured by securities of the type described in (i) and (ii) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; or (v) to the extent such investments are not prohibited by law for investment of bond proceeds by the County, certificates of deposit of banks or trust companies, including the Trustee, organized under the laws of the United States or any state thereof, which have a combined capital and surplus of at least \$20,000,000, or prime commercial paper. Such investments shall be as specified by the Authorized Lessee Representative.

ARTICLE V

EFFECTIVE DATE OF THE AGREEMENT; DURATION OF ORIGINAL TERM; RENEWAL OPTIONS; RENTAL PROVISIONS; PAYMENTS IN LIEU OF TAXES AND UNCONDITIONAL OBLIGATIONS OF LESSEE

SECTION 5.1. *Effective Date of This Agreement; Duration of Original Term; Renewal Options.* (a) This Agreement shall become effective upon its delivery and shall be in full force and effect for an Original Term ending September 1, 1995, subject to the provisions of this Agreement (including particularly Articles X, XI and Section 12.2).

(b) This Lease shall, upon the expiration of the Original Term, provided the Bonds have been fully paid, or provision for payment has been made in accordance with the Indenture, and no default exists and is continuing hereunder, be automatically renewed or extended for not exceeding two (2) additional, successive terms of five years each unless notice be given in writing by the Lessee to the County at least 180 days before the end of the Original Term, or any renewal term, of its intention to terminate the Lease Term at the end of the Original Term or of the said renewal term, as the case may be, in which event the Lease Term shall terminate in accordance with such notice.

All such renewal terms shall be upon the terms and conditions herein specified except that an annual rental shall be paid by the Lessee on September 1 of each year during any such renewal term on the last day thereof in the amount of \$110,000, and the Lease Term, in any event, shall terminate not later than September 1, 2005.

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

SECTION 5.3. *Rents and Other Amounts Payable.* At least seven days before March 1, 1971, and at least seven days before each September 1 and March 1 thereafter until the principal of, premium, if any, and interest on the Series 1970 Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Lessee shall pay to the Trustee as rent for the Project (i) if such date is September 1, a sum equal to the amount payable on such date as principal (whether at maturity or by sinking fund redemption as provided in the Indenture) and interest upon the Series 1970 Bonds and (ii) if such date is March 1, a sum equal to the amount payable on such date as interest upon the Series 1970 Bonds, as provided in the Indenture.

In the event additional Bonds shall be issued pursuant to Section 213 of the Indenture, thereafter at least seven days before any date on which the principal or interest of any such Bonds shall be due, until the principal of, premium, if any, and interest on all such Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Lessee shall pay to the Trustee a sum equal to the amount payable on such date as principal (whether at maturity or by such sinking fund redemption as may be provided in the Indenture) and/or interest upon such Bonds, as provided in the Indenture.

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

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

The Lessee agrees to pay to the Trustee until the principal of, premium, if any, and interest on the Bonds shall have been fully paid (i) an amount equal to the annual fee of the Trustee for the ordinary services of the Trustee, as Trustee, rendered and its ordinary expenses, as Trustee, incurred under the Indenture, as and when same becomes due, (ii) reasonable fees and charges of the Trustee as Bond Registrar and paying agent, and any other paying agents on the Bonds, for acting as paying agents as provided in the Indenture, as and when the same become due, and (iii) the reasonable fees and charges of the Trustee for the necessary extraordinary services rendered by it and extraordinary expenses incurred by it under the Indenture, as and when the same become due: provided, that the Lessee may, without creating a default hereunder, contest in good faith the necessity for any such extraordinary services and extraordinary expenses and reasonableness of any such fees, charges or expenses.

In the event the Lessee shall fail to make any of the payments required in this Section, the item or installment so in default shall continue as an obligation of the Lessee until the amount in default shall have been fully paid, and the Lessee agrees to pay the same with interest thereon at the rate of 8% per annum until paid. The provisions of this Section shall be subject to the provisions of Section 9.6 hereof.

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

SECTION 5.5. *Payments in Lieu of Taxes.* It is recognized that under the provisions of the Act when any project is leased by a county pursuant to the Act the lessee thereof shall be required to make payments to the county, the school district or school districts, and other political units wherein the project shall be located in lieu of taxes, in such amounts as would result from taxes levied on the project by such county, school district or school districts, and other political unit or units, if the project were owned by the lessee, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to the lessee if it were the owner of the project. For the sole purpose of enabling the Lessee to comply with the aforesaid obligation, it is agreed that the County in cooperation with the Lessee (i) shall cause the Project to be valued as if privately owned as aforesaid for purposes of the said taxes by the State Tax Commission of South Carolina or such other appropriate officer or officers as may from time to time be charged with responsibility for making such valuations; (ii) shall cause to be appropriately applied to the valuation or valuations so determined the respective rate or rates of such taxes, that would be applicable to the Project if so privately owned; (iii) shall cause the respective appropriate officer or officers charged with the duty of levying and collecting such taxes to submit to the Lessee, when the respective levies are made upon property privately owned as aforesaid, a statement specifying the amount and due date of such taxes which the county, school district and other political units having taxing powers would receive if the Project were so privately owned; and Lessee shall file any accounts or tax returns required with the appropriate officer or officers. The Lessee shall pay to the aforesaid taxing authorities when due all such payments in lieu of taxes with respect to the Project required by the Act to be paid to the aforesaid taxing authorities, subject in each case to the Lessee's right to obtain exemptions (and discounts), if any, therefrom which would be afforded to a private owner of the Project and to seek to obtain a refund of any such payments made, and to contest the same in the manner and to the extent provided in Section 6.3 in the case of taxes and other governmental charges. The Lessee's obligation to make such additional payments shall continue only so long as and to the extent the Lessee is required by law to pay the aforesaid amounts in lieu of taxes. Once having paid the amounts required by this Section 5.5 to be paid by it in lieu of taxes, the Lessee shall not be required to pay any such taxes for which a payment in lieu thereof has been made to the State or to any city, county, town, school district or other political unit, any other

statute to the contrary notwithstanding. In the event the Lessee shall fail to make any of the payments required by this Section 5.5, the amount or amounts so in default shall continue as an obligation of the Lessee until fully paid and the Lessee agrees to pay the same with interest thereon at eight per centum (8%) per annum until paid.

SECTION 5.6. *Obligations of Lessee Hereunder Unconditional.* Subject to the provisions of this Section and Section 9.6 hereof, the obligations of the Lessee to make the payments required in Sections 5.3 and 5.5 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional and until such time as the principal of, and interest and premium, if any, on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Lessee (i) will not suspend or discontinue any payments provided for in Section 5.3 hereof, (ii) will perform and observe all of its other agreements contained in this Agreement, and (iii) except as provided in Section 11.1 hereof will not terminate the Lease Term for any cause including, without limiting the generality of the foregoing, failure of the Lessee to complete the Project, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or South Carolina or any political subdivision of either thereof or any failure of the County to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement. Nothing contained in this Section shall be construed to release the County from the performance of any of the agreements on its part herein contained; and in the event the County should fail to perform any such agreement on its part, the Lessee may institute such action against the County as the Lessee may deem necessary to compel performance so long as such action does not abrogate the Lessee's obligations contained in the first sentence of this Section 5.6. The Lessee may, however, at its own cost and expense and in its own name or in the name of the County, prosecute or defend any action or proceeding or take any other action involving third persons which the Lessee deems reasonably necessary in order to secure or protect its right of possession, occupancy and use hereunder, and in such event the County hereby agrees to cooperate fully with the Lessee and to take all action necessary to effect the substitution of the Lessee for the County in any such action or proceeding if the Lessee shall so request.

ARTICLE VI

MAINTENANCE, TAXES AND INSURANCE

SECTION 6.1. *Maintenance and Modifications of Project by Lessee.* The Lessee agrees that during the Lease Term it will at its own expense (i) keep the Project in as reasonably safe condition as its operations shall permit and (ii) keep the Building and Leased Equipment and all other improvements forming a part of the Project in good repair and in good operating condition, making from time to time, subject to the provisions of Section 6.2, all necessary repairs thereto and renewals and replacements thereof. Subject to the provisions of Section 8.9, the Lessee may, also at its own expense, make from time to time any Additions or Alterations to the Project it may deem desirable for its business purposes that do not adversely affect the operations being conducted in and upon the Project (or, if no operations are being conducted, the operations for which the Project was designed or last modified). Subject to the provisions of Section 9.7 hereof, such Additions and Alterations so made by the Lessee shall be on the Leased Land and become a part of the Project. The Lessee shall not permit any mechanics' or other liens to be established or remain against the Project for labor or materials furnished in connection with any additions, modifications, improvements, repairs, renewals or replacements so made by it; provided, that if the Lessee shall first notify the Trustee of its intention so to do, the Lessee may in good faith contest any mechanics' or other liens filed or established against the Project, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Trustee shall notify the Lessee that, in the opinion of Independent Counsel, by non-payment of any such items the lien of the Indenture as to any part of the Project will be materially endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event the Lessee shall promptly pay and cause to be satisfied and discharged all such unpaid items. The County will cooperate fully with the Lessee in any such contest.

SECTION 6.2. *Removal of Leased Equipment.* The County shall not be under any obligation to renew, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary Leased Equipment. If no event of default under this Agreement shall have happened and be continuing, in any instance where the Lessee in its discretion determines that any items of Leased Equipment have be-

come inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, subject to the provisions of Section 8.9 hereof the Lessee may remove such items of Leased Equipment from the Building and the Leased Land and (on behalf of the County) sell, trade in, exchange or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the County or the Trustee therefor, provided that the Lessee shall either:

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

(b) Not make any such substitution and installation, provided (i) that in the case of the sale of any such Leased Equipment to anyone other than itself or in the case of the scrapping thereof, (ii) that in the case of the trade-in of such Leased Equipment for other machinery, equipment or related property not to be installed in the Building or on the Leased Land, and (iii) that in the case of the sale of any such Leased Equipment to the Lessee or in the case of any other disposition thereof, the Lessee shall pay into the Bond Fund an amount equal to the original cost thereof less depreciation at rates calculated in accordance with generally accepted accounting practice.

The removal from the Project of any portion of the Leased Equipment pursuant to the provisions of this Section shall not entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof.

The Lessee shall promptly report to the Trustee each such removal, substitution, sale and other disposition and shall pay to the Trustee such amounts as are required by the provisions of the preceding subsection (b) of this Section to be paid into the Bond Fund promptly after the sale, trade-in or other disposition requiring such payment; provided, that no such report and payment need be made until the amount to be paid into the Bond Fund on account of all such

sales, trade-ins or other dispositions not previously reported aggregates at least \$50,000. The Lessee shall not remove, or permit the removal of, any of the Leased Equipment from the Leased Land except in accordance with the provisions of this Section.

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

However, the Lessee will pay, as the same become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project or any machinery, equipment or other property installed or brought by the Lessee therein or thereon (including, without limiting the generality of the foregoing, any taxes levied upon or with respect to the lease rentals, revenues or receipts of the County from the Project which, if not paid, will become a lien on the Project prior to or on a parity with the lien of the Indenture or a charge on the revenues and receipts therefrom prior to or on a parity with the charge thereon and the pledge or assignment thereof to be created and made in the Indenture, and including all ad valorem taxes lawfully assessed upon the leasehold estate hereby granted and conveyed to the Lessee in the Project), all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by lien on the Project; provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Lessee shall be obligated to pay only such installments as are required to be paid during the Lease Term.

If the Lessee shall first notify the Trustee of its intention so to do, the Lessee may, at its expense and in its own name and behalf or in the name and behalf of the County, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any

appeal therefrom unless the Trustee shall notify the Lessee that, in the opinion of Independent Counsel, by nonpayment of any such items the lien of the Indenture will be materially endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event such taxes, assessments or charges shall be paid promptly. The County will cooperate fully with the Lessee in any such contest. In the event that the Lessee shall fail to pay any of the foregoing items required by this Section to be paid by the Lessee, the County or the Trustee may (but shall be under no obligation to) pay the same and any amounts so advanced therefor by the County or the Trustee shall become an additional obligation of the Lessee to the one making the advancement, which amounts, together with interest thereon at the rate of 8% per annum from the date thereof until paid, the Lessee agrees to pay.

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

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

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

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

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

The term "full insurable value" means such value as shall be determined from time to time at the request of the County, Lessee or Trustee (but not more frequently than once in every twenty-four (24) months) by one of the insurers selected by Lessee.

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

(i) General public liability insurance (including workmen's compensation insurance in amounts usually carried by similar operations) against claims for bodily injury or death occurring upon, in or about the Project, with such insurance (other than workmen's compensation insurance) to afford protection to the limits of not less than \$250,000 in respect of bodily injury or death to any one person and to the limit of not less than \$500,000 in respect of any one accident; and

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

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

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

(e) Policies of insurance provided for in Section 6.4 (a) and any builder's risk insurance referred to in Section 6.4 (c) shall name the

County and the Lessee as insureds as their respective interests may appear, provided, however, that the Trustee shall also be named as a party insured pursuant to a standard mortgagee clause as its interests may appear, and provided further that while any Bonds remain outstanding all casualty insurance shall be payable as provided in Section 7.1 hereof.

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

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

SECTION 6.6. *Advances by the County or the Trustee.* In the event the Lessee shall fail to maintain the full insurance coverage required by this Agreement or shall fail to keep the Project in as reasonably safe condition as its operations will permit, or shall fail to keep the Project in good repair, the County or the Trustee may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or make required repairs; and all amounts so advanced therefor by the County or the Trustee shall become an additional obligation of the Lessee to the one making the advancement, which amounts, together with interest thereon at the rate of 8% per annum from the date thereof until paid, the Lessee agrees to pay.

ARTICLE VII

DAMAGE, DESTRUCTION AND CONDEMNATION

SECTION 7.1. *Damage and Destruction.* (a) Unless the Building or the Leased Equipment shall be damaged to the extent prescribed by, and the Lessee shall elect to exercise its option to purchase pursuant to, the provisions of Section 11.2(a) hereof, if prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) the Project is damaged by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.4(a) and Section 6.4(c) hereof resulting from such destruction or damage is not greater than \$100,000, the Lessee (i) shall promptly repair, rebuild or restore the Project to substantially the same condition thereof as existed prior to the event causing such damage or destruction with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not impair the value or the character of the Project as a processing plant for dairy products or such other products as Lessee may deem appropriate, and (ii) will apply for such purpose so much as may be necessary of any Net Proceeds of insurance resulting from such claims for losses. All Net Proceeds of insurance resulting from such claims for losses not in excess of \$100,000 shall be paid to the Lessee, subject to the provisions of Section 7.1(e).

(b) Unless the Building or the Leased Equipment shall be destroyed or damaged to the extent prescribed by, and the Lessee shall elect to exercise its option to purchase pursuant to, the provisions of Section 11.2(a) hereof, if prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) the Project is destroyed or is damaged (in whole or in part) by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.4(a) and Section 6.4(c) hereof resulting from such destruction or damages is in excess of \$100,000, the Lessee shall promptly give written notice thereof to the Trustee. All Net Proceeds of insurance resulting from such claims for losses in excess of \$100,000 shall be paid to and held by the Trustee in a separate trust account, whereupon the Lessee shall proceed promptly to repair, rebuild or restore the Project to substantially the same condition thereof as existed prior to the event causing such damage or destruction with such changes, alterations

and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not impair the value or the character of the Project as a processing plant for dairy products or such other products as Lessee may deem appropriate, whereupon the Trustee shall apply so much as may be necessary of the Net Proceeds of such insurance to payment of the costs of such repair, rebuilding or restoration, either on completion thereof or as the work progresses.

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

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

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

(f) Notwithstanding any other provision of this Section, in any event of damage or destruction when no Bonds are then outstanding and unpaid, there shall be no obligation on the part of Lessee to restore or repair the Project.

SECTION 7.2. *Condemnation.* Unless title to, or temporary use of, all or substantially all, or any material portion, of the Project shall have been taken by condemnation and the Lessee shall elect to exercise its option to purchase pursuant to the provisions of Section 11.2(b) hereof, in the event that title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Lessee shall be obligated to continue to make the rental payments specified in Section 5.3 hereof. The County, the Lessee and the Trustee shall cause the Net Proceeds received by them or any of them from any award made in such eminent domain proceedings, to be paid to and held by the Trustee in a separate trust account, to be applied in one or more of the following ways as shall be directed in writing by the Lessee:

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

(b) To the acquisition, by construction or otherwise, in the name of the County of improvements consisting of a building or buildings, facilities, machinery, equipment or other properties suitable for the Lessee's operations at the Project (which improvements shall be deemed a part of the Project and available for use and occupancy by the Lessee without the payment of any rent other than as herein provided to the same extent as if such other improvements were specifically described herein and demised hereby); provided, that such improvements shall be acquired by the County subject to no liens or encumbrances prior to or on a parity with the lien of the Indenture, other than Permitted Encumbrances.

(c) For deposit into the Bond Fund, provided that the Lessee shall furnish to the County and the Trustee a certificate of an Independent Engineer acceptable to the County and the Trustee stating (i) that the property forming a part of the Project that was taken by such condemnation proceedings is not essential to the Lessee's use or occupancy of the Project, or (ii) that the Project has been restored to a condition substantially equivalent to its condition prior to the taking by such condemnation proceedings or (iii) that improvements have been acquired which are suitable for the Lessee's operations at the Project as contemplated by the foregoing subsection (b) of this Section.

Unless the Lessee shall have elected to exercise its option to purchase pursuant to the provisions of Section 11.2(b) hereof within ninety days from the date of entry of a final order in any eminent domain proceedings granting condemnation, the Lessee shall direct the County and the Trustee in writing as to which of the ways specified in this Section the Lessee elects to have the condemnation award applied.

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

The County shall cooperate fully with the Lessee in the handling and conduct of any prospective or pending condemnation proceeding with respect to the Project or any part thereof and shall, to the extent it may lawfully do so, permit the Lessee to litigate in any such pro-

ceeding in the name and behalf of the County. In no event shall the County voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Project or any part thereof without the written consent of the Lessee.

Notwithstanding any other provision of this Section, in any event of condemnation when no Bonds are then outstanding and unpaid, there shall be no obligation on the part of Lessee to restore or repair the Project.

SECTION 7.3. *Condemnation of Lessee-Owned Property.* The Lessee shall also be entitled to the Net Proceeds of any condemnation award or portion thereof made for damages to or takings of its own property not included in the Project (except for damages for the value of its leasehold estate under this Agreement which shall be disposed of pursuant to Section 7.2 hereof).

ARTICLE VIII

SPECIAL COVENANTS, IMPROVEMENT BONDS

SECTION 8.1. *No Warranty of Condition or Suitability by the County.* The County makes no warranty, either express or implied, as to the condition of the Project or that it will be suitable for the Lessee's purposes or needs.

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

SECTION 8.3. *Lessee to Maintain its Corporate Existence, Conditions Under Which Exceptions Permitted.* The Lessee agrees that during the Lease Term it will maintain its corporate existence, will

not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided, that the Lessee may, without violating the agreement contained in this Section, consolidate with or merge into another corporation, other than the Guarantor, or permit one or more other corporations, other than the Guarantor, to consolidate with or merge into it, or sell or otherwise transfer to another corporation, other than the Guarantor, all or substantially all of its assets as an entirety and thereafter dissolve, provided the surviving, resulting or transferee corporation, as the case may be, assumes in writing all of the obligations of the Lessee under this Agreement; in which event the County shall release in writing, concurrently with and contingent upon such assumption, the Lessee from all liability hereunder, and provided that prior to such sale, transfer, consolidation or merger the Trustee shall be furnished a certificate from a firm of independent certified public accountants stating that the covenants contained in Section 8.9 and Section 8.10 hereof will not be violated as a result of such sale, transfer, consolidation or merger.

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

SECTION 8.5. *Release of Certain Land.* In addition to the rights granted by Section 11.3 hereof, the parties hereto reserve the right at any time and from time to time to amend this Agreement for the purpose of effecting the release of and removal from this Agreement and the leasehold estate created hereby of (i) any unimproved part of the Leased Land (on which neither the Building nor any Leased Equipment is situated, but upon which transportation or utility facilities may be situated) on which the County then proposes to construct, or cause to be constructed, improvements for lease to the Lessee or any subsidiary or affiliated corporation thereof under another and different lease agreement or (ii) any part (or interest in such part) of the Leased Land with respect to which the County proposes to grant an easement or convey fee title to a railroad, public utility or public body in order that railroad, utility services or roads may be provided for the Project; provided, that if at the time any such amendment is made any of the Bonds are outstanding and unpaid there shall be deposited with the Trustee the following:

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

(b) A resolution of the County Board (i) stating that the County is not in default under any of the provisions of the Indenture and the Lessee is not to the knowledge of the County in default under any of the provisions of this Agreement, (ii) giving an adequate legal description of that portion (together with the interest in such portion) of the Leased Land to be released, (iii) stating the purpose for which the County desires the release, (iv) stating that the said improvements which will be so constructed will be such as will promote the continued industrial development of South Carolina and (v) requesting such release.

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

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

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

And, provided further, if such release relates to Leased Land on which transportation or utility facilities are located, the County shall retain an easement to use such transportation or utility facilities to the extent necessary for the efficient operation of the Project as a manufacturing plant.

If all of the conditions of this Section 8.5 are met, the Trustee shall be authorized to release any such property from the lien of the Indenture.

No release effected under the provisions of this Section shall entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof.

SECTION 8.6 *Granting of Easements.* If no event of default under this Agreement shall have happened and be continuing, the Lessee may at any time or times grant easements, licenses, rights of way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property included in the Project, free from the lien of the Indenture, or the Lessee may release existing easements, licenses, rights of way and other rights or privileges with or without consideration, and the County agrees that it shall execute and deliver and will cause and direct the Trustee to execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right of way or other right or privilege upon receipt of: (i) a copy of the instrument of grant or release, (ii) a written application signed by the president or a vice president or the chairman of the board of directors of the Lessee requesting such instrument, and (iii) a certificate executed by the president or a vice president or the chairman of the board of directors of the Lessee stating (1) that such grant or release is not detrimental to the proper conduct of the business of the Lessee, and (2) that such grant or release will not impair the effective use or interfere with the operation of the Project and will not weaken, diminish or impair the security intended to be given by or under the Indenture. No grant or release effected under the provisions of this Section shall entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof.

SECTION 8.7. *Indemnification Covenants.*

(a) Lessee shall and agrees to indemnify and save the County and the Trustee harmless against and from all claims by or on behalf of any person, firm or corporation arising from the conduct or management of, or from any work or thing done on, the Project during the Lease Term, and against and from all claims arising during the Lease Term from (i) any condition of the Project, (ii) any breach or default on the part of Lessee in the performance of any of its obligations under this Agreement, (iii) any act or negligence of Lessee or of any of its agents, contractors, servants, employees or licensees, or (iv) any act or negligence of any assignee or sublessee of Lessee, or of any agents, contractors, servants, employees or licensees of any assignee or sublessee of Lessee. Lessee shall indemnify and save the County and the Trustee harmless from and against all costs and expenses incurred in

or in connection with any such claim arising as aforesaid from (i), (ii), (iii) or (iv) supra, or in connection with any action or proceeding brought thereon, and upon notice from the County, or the Trustee, Lessee shall defend them or either of them in any such action or proceeding.

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

SECTION 8.8. *Financial Statements of Guarantor.* Lessee is a wholly owned subsidiary of the Guarantor and in and by the Lease Guaranty Agreement attached hereto as Exhibit C the Guarantor agrees to furnish the County such information respecting the business affairs, operation and financial condition of the Guarantor and its consolidated subsidiaries as may be reasonably requested; and without any request to furnish to the Trustee and, upon request, to the holder of any Bond (a) as soon as available and in any event at the time the same are made available to the stockholders of the Guarantor, copies of all quarterly and other interim financial statements as the Guarantor shall furnish to its stockholders, and (b) as soon as available and in any event within one hundred fifty (150) days after closing of each fiscal year of the Guarantor a copy of the annual audit report (including balance sheets, profit and loss, and surplus statements) of the Guarantor and its consolidated subsidiaries for each fiscal year, all as prepared and certified by independent public accountants of recognized standing; provided, however, that if the annual report of Guarantor to its stockholders shall contain financial statements of substantially similar detail and similarly prepared and certified, copies of such

annual report may be delivered in lieu of the copies of the annual reports referred to herein.

SECTION 8.9. *Covenants of Lessee with Respect to Capital Expenditures.* The County is issuing the Series 1970 Bonds pursuant to an election made under Section 103 (c) (6) (D) of the Internal Revenue Code of 1954. In order to insure that interest on the Series 1970 Bonds will not become subject to Federal Income Taxes as a result of a violation of the capital expenditures limitation prescribed in said Section 103 (c) (6) (D), the Lessee covenants with the County, the Trustee, and with each of the future holders of any Series 1970 Bonds or interest coupons appertaining thereto as follows:

(1) That all rights and privileges granted to the Lessee hereunder shall be exercised in such manner that the covenants made by this Section 8.9 shall be observed, and if any conflict between Section 8.9 and any other provision in this Agreement shall arise, then in such case, Section 8.9 shall control;

(2) That it will never permit the occurrence of any circumstance set forth in Section 103 (c) (6) (D) and (E) of the Internal Revenue Code of 1954 which might cause interest on the Series 1970 Bonds to lose its tax exempt status;

(3) That as of the close of each fiscal year of the Lessee and within sixty (60) days of the close thereof, commencing with the fiscal year ending January 2nd, 1971, and thereafter to and including the fiscal year ending December 29th, 1973, the Lessee will furnish to the Trustee a certificate of independent certified public accountants, and as of the end of the sixth accounting period of the Lessee and within sixty (60) days after the close thereof, Lessee will furnish to the Trustee an interim certificate of the Lessee's chief financial officer or of the Lessee's Treasurer, stating in each instance that during the period beginning September 1st, 1967 to the date as of which such certificate speaks (or in the case of the December 29th, 1973 certificate, to the third anniversary of the date of the delivery of the Series 1970 Bonds), capital expenditures (including the \$4,300,000 principal amount of the Series 1970 Bonds) in excess of the greater of (a) \$5,000,000, or (b) the capital expenditures limitation prescribed by said Section 103 (c) (6) (D) if hereafter amended so as to increase the limitation, have not been paid or incurred with respect to "facilities" described in Section (103) (c) (6) (E) of the Internal Revenue Code of 1954, in Spartanburg County, South Carolina, of which the Lessee or a related person as

defined in Section 103 (c) (6) (C) of the Internal Revenue Code of 1954 is the principal user; and

(4) That it will comply with the governing regulations applicable to Section 103 of the Internal Revenue Code of 1954 to the extent that compliance therewith is necessary in order that interest on the Series 1970 Bonds shall remain exempt.

Nothing herein contained is intended to create any obligation upon the Lessee as a result of interest on any Series 1970 Bond becoming taxable or any deficiency being asserted against the holder of any Series 1970 Bond by virtue of the provisions of Section 103 (c) (7) of the Internal Revenue Code of 1954.

SECTION 8.10. *Improvement Bonds.* Subject to the obligations of the County under the Indenture and subject to the provisions of Section 8.9 hereof, the County and the Lessee may hereafter negotiate one or more amendments to this Agreement pertaining to an increase in the obligations of the County and the Lessee upon an undertaking of the County to provide Additions or Alterations for the Project through the issuance of Additional Bonds pursuant to Section 213 of the Indenture; provided that no obligation is imposed on County by this Section 8.10 to enter into any such amendment and no such amendment is permitted hereunder which would result either in the breach of the County's agreements pursuant to the Indenture or in the reduction of Lessee's obligations pursuant to this Agreement.

ARTICLE IX

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

SECTION 9.1. *Assignment and Subleasing.* This Agreement may be assigned, and the Project may be subleased as a whole or in part, by the Lessee without the necessity of obtaining the consent of either the County or the Trustee, subject, however, to each of the following conditions:

(a) No assignment (other than pursuant to Section 8.3 hereof) or subleasing shall relieve the Lessee from primary liability for any of its obligations hereunder, and in the event of any such assignment or subleasing, the Lessee shall continue to remain primarily liable for payment of the rents specified in Section 5.3 hereof and for the payment, performance and observance of the

other obligations and agreements on its part herein provided to be performed and observed by it.

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

(c) The Lessee shall, within thirty days after the delivery thereof, furnish or cause to be furnished to the County and to the Trustee a true and complete copy of each such assignment or sublease, as the case may be, accompanied by a certificate of an independent certified public accountant and an opinion of Independent Counsel that nothing in the transaction so done has violated any covenant of Section 8.9.

SECTION 9.2. *Mortgage of Project by County.* The County will mortgage the Project by the Indenture, and assign its interest in and pledge any moneys receivable under this Agreement (except payments made in lieu of taxes pursuant to Section 5.5 and payments made pursuant to Section 8.7) pursuant to the Indenture, to the Trustee as security for payment of the principal of, premium, if any, and interest on the Bonds, but each such mortgage, assignment or pledge shall be subject and subordinate to this Agreement.

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

SECTION 9.4. *Redemption of Bonds.* The County, at the request at any time of the Lessee and if the same are then callable, shall forthwith take all steps that may be necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the then outstanding Bonds, as may be specified by the Lessee, on the earliest redemption date on which such redemption may be made under such applicable provisions. The certificate of the County required by Section 307 of the Indenture shall contain such information as is requested by the Lessee.

SECTION 9.5 *Prepayment of Rents.* There is expressly reserved to the Lessee the right, and the Lessee is authorized and permitted, at any time it may choose, to prepay all or any part of the rents payable under Section 5.3 hereof, and the County agrees that the Trustee may

accept such prepayment of rents when the same are tendered by the Lessee. All rents so prepaid shall be credited on the rental payments specified in Section 5.3 hereof, in the order of their due dates.

SECTION 9.6. *Lessee Entitled to Certain Rent Abatements if Series 1970 Bonds Paid Prior to Maturity.* If at any time the aggregate moneys in the Bond Fund shall be sufficient to retire in accordance with the provisions of the Indenture all of the Series 1970 Bonds at the time outstanding, and to pay all fees and charges of the Trustee and any paying agents on the Series 1970 Bonds due or to become due through the date on which the last of the Series 1970 Bonds is retired, under circumstances not resulting in termination of the Lease Term, and if the Lessee is not at the time otherwise in default hereunder, the Lessee shall be entitled to use and occupy the Project from the date on which such aggregate moneys are in the hands of the Trustee to and including September 1, 1995, with no obligation to make the rental payments specified in the first paragraph of Section 5.3 hereof during that interval (but otherwise on the terms and conditions hereof).

SECTION 9.7 *Installation of Lessee's Own Machinery and Equipment.* Subject always to the provisions of Section 8.9, the Lessee may from time to time, in its sole discretion and at its own expense, install machinery, equipment and other personal property in the Building or on the Leased Land and which may be attached or affixed to the Building or the Leased Land. All such machinery, equipment and other personal property shall remain the sole property of the Lessee and the Lessee may remove the same from the Building or the Leased Land at any time, in its sole discretion and at its own expense; provided, that any damage to the Project resulting from any such removal shall be repaired by the Lessee at the expense of the Lessee. The Lessee may create any mortgage, encumbrance, lien or charge on any such machinery, equipment and other personal property provided that the same will not diminish or impair the security intended to be given by or under the Indenture. Neither the County nor the Trustee shall have any interest in or landlord's lien on any such machinery, equipment or personal property so installed pursuant to this Section 9.7 and all such machinery, equipment and personal property shall be and remain identified as the property of the Lessee by appropriate tags or other markings.

SECTION 9.8 *Reference to Bonds Ineffective After Bonds Paid.* Upon payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture)

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

(a) If there is no default under Section 8.9 and there is on deposit in the Bond Fund a total amount sufficient to pay the principal of all the then outstanding Bonds plus the interest due thereon until and at their respective maturities and provision for payment of all Trustee's and paying agents' fees, accrued and to accrue, has been made in a manner satisfactory to the Trustee and such paying agents, or

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

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

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

(a) Failure by the Lessee to pay the rents required to be paid under Section 5.3 of this Agreement at the times specified therein and continuing for a period of five days after notice by telegram, or if telegraphic service is not available then after notice by mail given to the Lessee and the Guarantor by either the Trustee or the County that the payment referred to in such notice has not been received.

(b) Violation by the Lessee of any of the covenants set forth in Section 8.9 (2) and Section 8.9 (4) hereof and failure of the Lessee to fulfill its obligation to purchase the Project as provided in Section 12.2 hereof.

(c) Failure by the Lessee to observe and perform any covenant, condition or agreement in this Agreement on the part of the Lessee to be observed or performed, other than as referred to in subsections (a) and (b) of this Section, for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, given to the Lessee and the Guarantor by the County or the Trustee, unless the County and the Trustee shall agree in writing to an extension of such time prior to its expiration (or in the case of any such default, which cannot with due diligence be cured within such 30-day period [other than a default in the payment of the rental prescribed in Section 5.1(b) for any renewal term], if Lessee shall fail to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence, it being intended in connection with such a default not susceptible of being cured with due diligence within the 30 days that the time of Lessee within which to cure the same shall be extended for such period as may be necessary to complete the curing of the same with all due diligence).

(d) The dissolution or liquidation of the Lessee or the Guarantor or the filing by the Lessee or Guarantor of a voluntary petition in bankruptcy, or failure by the Lessee promptly to lift any execution, garnishment or attachment of such consequence as will impair the ability of the Lessee to carry on its operations at the Project, or the commission by the Lessee or Guarantor of any act of bankruptcy, or adjudication of the Lessee or Guarantor as a bankrupt, or assignment by the Lessee or Guarantor for the benefit of its creditors, or the entry by the Lessee or Guarantor into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Lessee or Guarantor in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act in any domestic or foreign jurisdiction which may now be in effect or hereafter enacted. The term "dissolution or liquidation of the Lessee or Guarantor," as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Lessee resulting either from a merger or consolidation of the Lessee into or with another corporation or a dissolution or liquidation of the Lessee following a transfer of all or substantially all of its assets as an entirety, provided, that the conditions permitting such actions contained in Section 8.3 hereof shall have been met; nor to include the cessation of the corporate existence

of the Guarantor resulting either from a merger or consolidation of the Guarantor into or with another corporation or a dissolution or liquidation of the Guarantor following a transfer of all or substantially all of its assets as an entirety, provided, that the conditions permitting such actions contained in the Lease Guaranty Agreement attached herein as Exhibit C shall have been met.

The foregoing provisions of this Section are subject to the following limitations: If by reason of force majeure the Lessee is unable in whole or in part to carry out the agreements of the Lessee on its part herein contained (other than the obligations on the part of the Lessee contained in Article V and Sections 6.3, 6.4, 8.7, 8.9 and 12.2 hereof, to which this paragraph shall have no application), the Lessee shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of South Carolina or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricane; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Lessee, it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Lessee, and the Lessee shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Lessee, unfavorable to the Lessee.

SECTION 10.2. *Remedies on Default.* Whenever any event of default referred to in Section 10.1 hereof shall have happened and be subsisting, the County may take any one or more of the following remedial steps:

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

(b) The County, with the prior written consent of the Trustee, may re-enter and take possession of the Project without terminat-

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

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

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

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

Any amounts collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Indenture) and the Lessee is then in good standing with respect to the payment of rent hereunder and shall have paid the County and the Trustee all other sums due and owing hereunder, to the Lessee.

No action taken pursuant to this Section (including repossession of the Project or termination of the Lease Term) shall relieve the Lessee from the Lessee's obligations pursuant to Section 5.3, Section 10.2(a) and Section 12.2 hereof, all of which shall survive any such action, and the Lessor may take whatever action at law or in equity as

may appear necessary and desirable to collect the rent and other amounts then due and thereafter to become due and/or to enforce the performance and observance of any obligation, agreement or covenant of the Lessee hereunder, including the Lessee's obligation to purchase the Project under Section 12.2 hereof.

SECTION 10.3. *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the County is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the County to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the County hereunder shall also extend to the Trustee, and the Trustee and the holders of the Bonds shall be deemed third party beneficiaries of all covenants and agreements herein contained.

SECTION 10.4. *Agreement to Pay Attorneys' Fees and Expenses.* In the event the Lessee should default under any of the provisions of this Agreement and the County or the Trustee should employ attorneys or incur other expenses for the collection of rent or the enforcement of performance or observance of any obligation or agreement on the part of the Lessee herein contained, the Lessee agrees that it will on demand therefor pay to the County or the Trustee the reasonable fee of such attorneys and such other expenses so incurred by the County or the Trustee.

SECTION 10.5. *No Additional Waiver Implied by One Waiver.* In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE XI

OPTIONS IN FAVOR OF LESSEE

SECTION 11.1. *Options to Terminate.* The Lessee shall have, and is hereby granted, the following options to terminate the Lease Term:

(a) At any time prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), the Lessee may terminate the Lease Term (i) by paying to the Trustee an amount which, when added to the amount on deposit in the Bond Fund, will be sufficient to pay, retire and redeem all the outstanding Bonds in accordance with the provisions of the Indenture (including, without limiting the generality of the foregoing, principal, interest to maturity or earliest applicable redemption date, as the case may be, premium, if any, expenses of redemption and Trustee's and paying agents' fees and expenses), and in case of redemption making arrangements satisfactory to the Trustee for the giving of the required notice of redemption, (ii) by paying to the County any and all sums then due to the County under this Agreement, and (iii) by giving the County notice in writing of such termination, and such termination shall forthwith become effective.

(b) At any time after full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and of any and all sums then due to the County under this Agreement, the Lessee may terminate the Lease Term by giving the County notice in writing of such termination and such termination shall forthwith become effective.

SECTION 11.2. *Option to Purchase Project Prior to Payment of the Bonds.* The Lessee shall have, and is hereby granted, the option to purchase the Project prior to the full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), if any of the events set forth in the following clauses shall have occurred:

(a) The Building or the Leased Equipment shall have been damaged or destroyed (i) to such extent that it cannot be reasonably restored within a period of six months to the condition thereof immediately preceding such damage or destruction, or (ii) to such extent that the Lessee is thereby prevented from carrying on its normal operations at the Project for a period of six months, or (iii) to such extent that the cost of restoration thereof would exceed by \$250,000 the Net Proceeds of insurance carried

thereon pursuant to the requirements of Section 6.4(a) and Section 6.4(c) hereof, plus the deductible amounts for which the Lessee is self-insured with respect to the Project.

(b) Title to, or the temporary use of, all or substantially all the Project, or such part thereof as shall materially interfere, in Lessee's judgment, with the operation of the Project for the purpose for which the Project is designed, shall have been taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority (including such a taking or takings as results in the Lessee being thereby prevented from carrying on its normal operations at the Project for a period of six months).

(c) As a result of any changes in the Constitution of South Carolina or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Lessee in good faith, this Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in this Agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the County or the Lessee in respect to the Project including without limitation federal, state or other ad valorem, property, income or other taxes not being imposed on the date of this Agreement.

To exercise such option, the Lessee shall, within ninety days following the event authorizing the exercise of such option, give written notice to the County, and to the Trustee if any of the Bonds shall then be unpaid, and shall specify therein the date of closing such purchase, which date shall be not less than forty-five nor more than ninety days from the date such notice is mailed, and in case of a redemption of the Bonds in accordance with the provisions of the Indenture, shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption. The purchase price payable by the Lessee in the event of its exercise of the option granted in this Section shall be the sum of the following:

(1) An amount of money which, when added to the amount then on deposit in the Bond Fund, will be sufficient to retire and redeem all the then outstanding Bonds on the earliest possible date after notice as provided by the Indenture, whether or not such date is an interest payment date, including without limitation,

principal, all interest to accrue to said redemption date and redemption expense, plus

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

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

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

SECTION 11.3. *Option to Purchase Unimproved Land.* If no event of default under this Agreement shall have happened and then be continuing, the Lessee shall have, and is hereby granted the option to purchase any part of the Leased Land on which neither the Building nor any Leased Equipment is located, but upon which transportation or utility facilities may be located, at any time and from time to time at and for a purchase price of \$3,000 per acre provided that it furnishes the County with the following:

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

(b) A certificate of an Independent Engineer who is acceptable to the Trustee, dated not more than ninety days prior to the date of the purchase and stating that, in the opinion of the person signing such certificate, (i) the portion of the Leased Land with respect to which the option is exercised is not needed for the operation of the Project for the purposes hereinabove stated, and (ii) the purchase will not impair the usefulness of the Project as a processing plant and will not destroy the means of ingress thereto and egress therefrom.

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

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

SECTION 11.4. *Conveyance on Exercise of Option to Purchase.* At the closing of any purchase pursuant to any option to purchase granted herein, the County shall upon receipt of the purchase price deliver to the Lessee the following:

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

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

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

ARTICLE XII

ADDITIONAL OBLIGATIONS OF LESSEE AND COUNTY

SECTION 12.1. *No Obligation to Purchase Project.* The Lessee shall be under no obligation to purchase the Project except as herein expressly required or provided.

SECTION 12.2. *Lessee's Obligation to Purchase Project Under Certain Circumstances.* Should, by reason of any actual or claimed violation of any covenant set forth in Section 8.9 (2) or Section 8.9 (4) (whether through act of the Lessee or circumstances not under the Lessee's control or otherwise) interest on any Series 1970 Bond become subject to Federal Income Tax by reason of a violation (actual or claimed) of the capital expenditure limitation prescribed in Section 103 (c) (6) (D) of the Internal Revenue Code of 1954, as evidenced by the imposition of a deficiency assessment against the holder of any Series 1970 Bond or the Lessee's inability to provide any certificate required by section 8.9(3), the Lessee agrees to purchase, in full discharge of all liability hereunder, the Project within thirty days after such fact becomes known at a purchase price equal to the principal amount of all Series 1970 Bonds then outstanding plus accrued interest to the redemption date and redemption premium computed in the manner prescribed in Section 12.4, plus any expenses of redemption and the Trustee's and paying agent's fees and charges, but after the deduction of the amount if any, then in the Bond Fund. The obligation of the Lessee under this Section 12.2 shall survive any termination of the Lease Term or this Agreement. At the closing of the foregoing purchase the County shall deliver to the Lessee the documents referred to in Section 11.4. Such purchase price shall be applied, together with other available moneys in the Bond Fund, to the redemption of the Series 1970 Bonds on the earliest possible date after notice as provided in the Indenture, whether or not such date is an interest payment date, and to the payment of any redemption premium required by Section 12.4 on account of previously paid Series 1970 Bonds.

Provided, that nothing herein contained is intended to create any obligation upon the Lessee as a result of interest on any Series 1970 Bond becoming taxable by virtue of the provisions of Section 103 (c) (7) of the Internal Revenue Code of 1954.

SECTION 12.3. *Obligation of Lessee Further Defined.* The parties recognize that Series 1970 Bonds are being issued as tax free obligations by virtue of an election made under Section 103 (c) (6) (D) of the

Internal Revenue Code of 1954, and that circumstances (not now contemplated or anticipated) may hereafter result in the contention by the Internal Revenue Service (which may be disputed) that interest on the Series 1970 Bonds is no longer tax free. It is the intention of the parties hereto that the Lessee, in such event, shall provide the holders of the Series 1970 Bond with the relief prescribed in Sections 12.2 and 12.4 hereof, without regard to the final outcome of any such dispute, and the inability to provide any certificate required by Section 8.9(3) or the imposition of a deficiency assessment by reason of any such contention or determination by the Internal Revenue Service shall be conclusive for the purposes of Section 12.2 even though it might be thereafter determined by Court order, ruling or otherwise that interest on the Series 1970 Bonds was, in fact, not subject to Federal Income Taxes.

SECTION 12.4. *Computation of Additional Redemption Premium.* In the event the Lessee is required to purchase the Project by virtue of the provisions of Section 12.2, the redemption premium payable shall be the aggregate of the premiums computed on each Series 1970 Bond outstanding on the date as of which interest on the Series 1970 Bonds becomes taxable as follows: the sum of (a) a redemption premium in the amount of 6% of the principal amount and (b) an additional redemption premium determined by multiplying one-third ($1/3$) of the annual interest on such Series 1970 Bond by the number of 180 day periods, or fraction thereof, between the date as of which interest on the Series 1970 Bonds is (or is determined or contended by the Internal Revenue Service to be) taxable and the earliest possible date of redemption or the earlier payment date of any Series 1970 Bond which shall have been paid (whether at maturity or by redemption) subsequent to the date as of which interest on the Series 1970 Bonds is (or is determined or contended by the Internal Revenue Service to be) taxable and prior to the earliest possible redemption date (less any optional redemption premium previously paid on such Series 1970 Bond). Provided, however, that the additional redemption premium computed under clause (b) next above of this Section 12.4 shall not exceed, in the case of any Series 1970 Bond, 9% of the principal amount thereof. On the occasion of the purchase of the Project pursuant to the requirements of Section 12.2 the purchase price paid by Lessee shall include the premium above prescribed so that each person who is the holder of any Bond on the earliest possible redemption date, as well as each person who was the holder of any Series 1970 Bond on the occasion when the same was paid (whether at maturity or by redemption) prior

to such redemption date but subsequent to the date as of which interest on the Bonds became (or was determined or contended by the Internal Revenue Service to have become) taxable, shall receive a premium on each such Bond computed according to the provisions of this Section 12.4.

ARTICLE XIII

MISCELLANEOUS

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

SECTION 13.2. *Surrender of Project.* Except as otherwise provided in this Agreement at the expiration or sooner termination of the Lease Term, the Lessee agrees to surrender possession of the Project peaceably and promptly to the County in as good condition as at the commencement of the Lease Term, ordinary wear, tear and obsolescence only excepted.

SECTION 13.3. *Notices.* All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, or given when dispatched by telegram when telegraphic notice is permitted or required by express provisions of this Agreement, addressed as follows: if to the County, to the Board of County Commissioners of Spartanburg County, Spartanburg County Courthouse, Spartanburg, South Carolina; if to the Lessee, at 2251 North Sylvan Road, East Point, Georgia, 30344. Attention: President; if to the Trustee, at Columbia, South Carolina, Attention: Corporate Trust Officer; if to the Guarantor, at 2251 North Sylvan Road, East Point, Georgia, 30344, Attention: President. The County, the Lessee, and the Trustee may, by notice given to all parties to this Agreement and the Indenture, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 13.4. *Recording and Filing.*

(a) This Agreement as originally executed shall be recorded prior to the recordation of the Indenture. It shall be recorded and indexed as a miscellaneous conveyance and as a security agreement in the R. M. C. Office for Spartanburg County, South Carolina,

or in such other office as may at the time be provided by law as the proper place for recordation thereof. The security interest of the County created herein as to any personal property, equipment and fixtures forming a part of the Project shall be perfected by the filing of financing statements which fully comply with the South Carolina Uniform Commercial Code—Secured Transactions, in the R. M. C. Office for Spartanburg County and in the Office of the Secretary of State in the City of Columbia, S. C. The parties further agree that all necessary continuation statements shall be filed within the time prescribed by the South Carolina Uniform Commercial Code—Secured Transactions, in order to continue the security interests created by this Agreement, to the end that the rights of the holders of the Series 1970 Bonds and the Trustee in the Project shall be fully preserved as against creditors of, or purchasers for value from, the County or the Lessee.

(b) The deed conveying the Leased Land to the County, this Agreement and the Indenture may be recorded prior to the delivery of the Series 1970 Bonds. If subsequent to such recording the Series 1970 Bonds shall not be delivered on or before December 31, 1970, or such later date as the Lessee may agree upon in writing, then the said deed, this Agreement and the Indenture shall be of no force and effect and in such event the County and the Lessee do hereby mutually release and discharge each other from any and all claims of any character which either may have against the other by reason of or arising from a failure to deliver the Series 1970 Bonds; and the County shall transfer and convey to the Lessee or its designee all properties conveyed to the County by the said deed and for the same consideration paid by the County less any advances made therefor by the Lessee or Guarantor. All parties shall execute such further instruments as may be necessary to fully implement the provisions of this subsection (b) of Section 13.4.

SECTION 13.5. *Other Instruments.*

(a) The Lessee covenants to deliver to the County and the Trustee within 60 days after January 2, 1971, after each January 1 thereafter until the Completion Date, after the Completion Date and after the close of each fiscal year of the Lessee following the Completion Date, a description of the Project, on such January 1, Completion Date or such last day of a fiscal year, as appropriate, if the Project is not adequately described in the granting clauses of the Indenture as then supplemented, and in the demising clauses of this Agreement as then amended. Such de-

scription shall be sufficiently detailed so as to enable counsel to render the opinion referred to in clause (4) of the next succeeding sentence. Within 30 days after delivery of such description the Lessee covenants that it will:

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

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

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

(4) deliver to the Trustee a written opinion of counsel (who may be counsel for the County or the Lessee), addressed to the Trustee that the description of the Mortgaged Property (as defined in Article I of the Indenture) contained in the granting clauses of the Indenture, as supplemented, and the description of the Project contained in the demising clauses of this Agreement, as supplemented, are adequate for all purposes thereof and hereof and in the opinion given with respect to the Completion Date, that such descriptions include descriptions of the entire Project; that the Indenture, as supplemented, constitutes a valid first mortgage lien on the interest of the County in the said Mortgaged Property, subject only to Permitted Encumbrances other than the Indenture; that the Indenture, as supplemented, this Agreement, as supplemented and all financing statements, continuation statements, notices and other instruments required by applicable law have been recorded or filed or re-recorded or re-filed in such manner and in such places required by law in order fully to preserve and protect the rights of the holders or owners of the Series 1970 Bonds and the Trustee in the Project (and in the assignment to the Trustee of the rents payable under this Agreement) as against creditors of, or purchasers for value from, the County or the Lessee.

(b) The Lessee, the County and the Trustee shall execute and deliver all instruments and shall furnish all information and evidence deemed necessary or advisable by such counsel in order to

enable him to render the opinion referred to in subsection (a) (4) of this Section 13.5. The Trustee shall file and record and re-record or cause to be filed and recorded and re-recorded all instruments required to be filed and recorded and re-recorded pursuant to the opinion of such counsel and shall continue or cause to be continued the liens of such instruments for so long as the Series 1970 Bonds shall be outstanding, except as otherwise in this Agreement required.

SECTION 13.6. *Binding Effect.* This Agreement shall inure to the benefit of and shall be binding upon the County, the Lessee and their respective successors and assigns, subject, however, to the limitations contained in Sections 8.3, 9.1, 9.2 and 9.3 hereof.

SECTION 13.7. *Severability.* In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 13.8. *Amounts Remaining in Bond Fund.* It is agreed by the parties hereto that any amounts remaining in the Bond Fund after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and the fees, charges and expenses of the Trustee and paying agents in accordance with the Indenture, shall belong to and be paid to the Lessee by the Trustee as overpayment of rents.

SECTION 13.9. *Amendments, Changes and Modifications.* Except in the instance of an amendment pursuant to Section 8.10 hereof, this Agreement may not be amended, changed, modified, altered or terminated without in each instance the prior written consent of the Trustee.

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

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

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

IN WITNESS WHEREOF, Spartanburg County, South Carolina, has executed this Lease Agreement by causing its name to be hereunto subscribed by the Chairman of its Board of County Commissioners and the official seal of said Board to be impressed hereon and attested by the Secretary or Assistant Secretary of said Board; and Cobis Products Co., Inc., has executed this Lease Agreement by causing its corporate name to be hereunto subscribed by its President and its corporate seal to be impressed hereon and attested by its Secretary, all being done as of the day and year first above written.

SPARTANBURG COUNTY, SOUTH CAROLINA

By R. D. Black
Chairman of the Board of County Commissioners of Spartanburg County.

(Seal)

Attest:

Hubert E. John
ASST. Secretary of the Board of County Commissioners of Spartanburg County

Signed, sealed and delivered in the presence of:

Juanita J. Holt
Elizabeth L. Fowler

COBIS PRODUCTS CO., INC.

By Ernest F. Boyce
President

(Seal)

Attest:

B. Tollard
Secretary

Signed, sealed and delivered in the presence of:

Henry
Lewis B. Allen

STATE OF SOUTH CAROLINA,
COUNTY OF SPARTANBURG,

Personally appeared before me Juanita J. Holt who being duly sworn says that she saw the corporate seal of Spartanburg County, South Carolina, affixed to the foregoing Lease Agreement, and that she also saw R. D. Blackman as Chairman and Robert E. Johnson as Asst. Secretary of the Board of County Commissioners of Spartanburg County, South Carolina, sign and attest the same and that she with Elysebeth W. Fowler witnessed the execution and delivery thereof as the act and deed of the said Spartanburg County, South Carolina.

Sworn to before me this

10th day of Nov 1970.

Joan N. Stevens
Notary Public for the State of South Carolina

My Commission Expires: 11/21

STATE OF GEORGIA,
COUNTY OF FULTON,

Personally appeared before me Lewis B. Allen, who being duly sworn says that he saw the corporate seal of Cobis Products Co., Inc. affixed to the foregoing Lease Agreement, and that he also saw Ernest F. Bayne as President and B. Ballard as Secretary of said Corporation, sign and attest the same, and that he with G. J. Kintz witnessed the execution and delivery thereof as the act and deed of the said Cobis Products Co., Inc.

Sworn to before me this

6th day of Nov, 1970.

Ernie B. Dyster
Notary Public for the State of Georgia.

My Commission Expires: _____

EXHIBIT "A"

DESCRIPTION OF LEASED LAND

Attached to Lease Agreement between Spartanburg County, South Carolina and Cobis Products Co., Inc., dated as of September 1, 1970.

All that certain lot or parcel of land, containing 10.13 acres more or less fronting 874.5 feet along the southern edge of New Cut Road in Spartanburg County, South Carolina and being more particularly known and designated as Tract No. 2 on survey for Colonial Stores, Incorporated made by Gooch and Taylor, Surveyors, dated August 17, 1970 as more particularly described thereon as follows:

Beginning at a point in the center of the New Cut Road, said point being at the northwest corner of Tract No. 1 as shown on said plat, and also being N. 58-12W a distance of 463.7 feet from a nail in the center of said road at the corner of the Firestone Tract and running thence with the western line of Tract No. 1, S. 30-00 W. 252.3 feet to an old iron pin; thence with the line of the property of Addie W. Smith, S. 1-10 W. 248 feet to an old iron pin; thence with the line of El Bethel Baptist Assembly, S. 87-54 W. 65 feet to an iron pin; thence with the northern line of Tract No. 3, N. 60-00 W. 852.3 feet to an iron pin; thence N. 20-26 E. 604.5 feet to a nail in the center of the New Cut Road; thence with the center of the New Cut Road, the following courses, and distances: S. 59-49 E. 200 feet; S. 61-53 E. 257 feet; and S. 58-12 E. 417.5 feet to the beginning corner.

EXHIBIT "B"

DESCRIPTION OF LEASED EQUIPMENT

Attached to Lease Agreement between Spartanburg County, South Carolina and Cobis Products Co., Inc., dated as of September 1, 1970.

EQUIPMENT LIST

Cobis Products—Milk and Ice Cream Plant, Spartanburg, S. C.

Dairy Processing Equipment:

- 4—40,000 gal. tanks.
- 2—10,000 gal. tanks.
- 7— 7,000 gal. tanks.
- 2— 3,000 gal. tanks.
- 1— 5,800 GPH Milk pasturizing & homogenizing systems.
- 1— 2,000 GPH Mix blending pasturizing & homogenizing systems.
- 1— 1,800 gal. flavor tank.
- 1— 1,800 GPH Ice cream freezer.
- 1— 1,800 GPH Ice cream hardener.
- 1— Product piping & in-place cleaning system.

Material Handling:

- 1—Conveyor system for packing unit trucks (4 wheel carts) and for moving them through the cold storage areas to truck loading positions.

Power & Refrigeration:

- 2—300 horsepower packaged boilers, complete with feed water and fuel systems.
- 2—75 HP air compressors.
- 2—360 ton refrigeration compressors.
- 4—Refrigeration booster compressors totaling 200 tons.
- 2—1500 GPM cooling towers.
- 4—air conditioning systems for office, processing, blow mold and laboratory areas.

EXHIBIT "C"

LEASE GUARANTY AGREEMENT

Attached to Lease Agreement between Spartanburg County, South Carolina and Cobis Products Co., Inc., dated as of September 1, 1970.

FOR VALUE RECEIVED, and as an inducement to and as part of the consideration for the execution and delivery by Spartanburg County, South Carolina (the "County") of the foregoing Lease Agreement (the "Lease") dated as of September 1, 1970, between the County and Cobis Products Co., Inc., a Georgia corporation (the "Lessee") and the leasing by the County of any property thereunder, and as an inducement to and as part of the consideration for the issuance, execution, sale, delivery and purchase of \$4,300,000 Spartanburg County, South Carolina, First Mortgage Industrial Revenue Bonds, Series 1970 (Cobis Products Co., Inc.—Lessee) (the "Bonds") described in the Lease, by the purchasers thereof, and the assignment by the County of all its right, title and interest in, to and under the Lease by the Indenture dated as of September 1, 1970, between the County and The South Carolina National Bank, as Trustee (the "Trustee"), to provide for the acquisition and construction of the Project (as defined in this Lease) the undersigned Colonial Stores Incorporated, a Virginia corporation (the "Guarantor"), guarantees to the County and the Trustee or assigns the full and prompt payment, when due and at all times thereafter, of each and all of the rents and other sums required to be paid by the Lessee to the County or the Trustee under the terms of the Lease, as amended or supplemented by an instrument amending or supplementing the Lease (as from time to time amended or supplemented being hereinafter called the "Lease") and the full and prompt performance and observance by the Lessee of each and all of the covenants and agreements required to be performed and observed by the Lessee under the terms of the Lease. Guarantor further agrees to pay all expenses and charges, legal or otherwise (including court costs and attorneys' fees) paid or accrued by the County, its successors or assigns, in realizing upon any of the payments or enforcing covenants hereby guaranteed or in enforcing this Lease Guaranty Agreement (sometimes referred to as the "Agreement").

Each and every default by the Lessee under the terms of the Lease shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises.

This Agreement shall remain in full force and effect until the Lessee shall have fully and satisfactorily discharged all of its obligations to the County under the Lease, irrespective of the genuineness, validity, regularity or enforceability of said Lease or any assignment thereof, or the bankruptcy, insolvency, reorganization or dissolution of the County or Lessee, or the assignment for benefit of creditors by the County or Lessee.

This Agreement and the liability hereunder shall in no wise be affected or impaired by (and the County, its successors or assigns are hereby expressly authorized to make from time to time without notice to anyone) any compromise, settlement or release of any of the obligations and liabilities of the Lessee under the Lease, or by any redelivery, repossession, surrender or destruction of the Project (as defined in the Lease), in whole or in part, or by any failure, neglect or omission on the part of the County, its successors or assigns, to realize upon any obligations or liabilities of the Lessee, or to give notice to the Guarantor of the occurrence of any default under the Lease.

The obligations, covenants, agreements and duties of Guarantor under this Agreement shall not be affected or impaired by reason of the happening from time to time of any of the following with respect to the Lease or said assignment thereof or this Agreement or the assignment hereof to the Trustee, although without notice to or consent of Guarantor: (a) any assignment or mortgaging or the purported assignment or mortgaging of all or any part of the interest of Lessee in the Lease or in the Project (as defined in the Lease); (b) the waiver by the County or the Trustee of the performance or observance by Lessee or by Guarantor of any of the agreements, covenants, terms or conditions contained in any of such instruments; (c) the extension of the time for payment by Lessee or Guarantor of any rents or other sums or any part thereof owing or payable under any of such instruments or of the time for performance by Lessee or Guarantor of any other obligations under or arising out of any of such instruments or the extension or the renewal of any thereof; (d) the modification (whether material or otherwise) of any duty, agreement or obligation of Lessee set forth in any such instrument; (e) the taking or the omission of any of the actions referred to in any of such instruments; (f) any failure, omission, delay or lack on the part of the County or the Trustee to enforce, assert or exercise any right, power or remedy conferred on the County or the Trustee in any of such instruments or any action on the part of the County or the Trustee granting indulgence or extension in any form; (g) the voluntary or involuntary liquidation, dissolution,

sale or other disposition of all or substantially all the assets, marshaling of assets and liability, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceeding affecting Lessee or any of its assets, or the disaffirmance of the Lease in any such proceeding; (h) the release or discharge of Lessee from the performance or observance of any agreement, covenant, term or condition contained in any of such instruments by operation of law; (i) the release, substitution or replacement in accordance with the terms of the Lease or any property subject thereof; or (j) the receipt and acceptance by the County or the Trustee of notes, checks or other instruments for the payment of money made by Lessee and extensions and renewals thereof.

Without limiting the foregoing, it is specifically understood that any modification, limitation or discharge of the Lessee's liability under the Lease arising out of or by virtue of any bankruptcy arrangement, reorganization or similar proceeding for relief of debtors under Federal or State law hereinafter initiated by or against the Lessee shall not affect, modify, limit or discharge the liability of the Guarantor in any manner whatsoever and this Agreement shall remain and continue in full force and effect and shall be enforceable against the Guarantor to the same extent and with the same force and effect as if any such proceedings had not been instituted; and it is the intent and purpose of this Agreement that the Guarantor shall and does hereby waive all rights and benefits which might accrue to it by reason of any such proceeding and that it shall be liable for the full amount of rent and other sums, including all damages imposed, or payable under the terms of the Lease, irrespective and without regard to any modification, limitation or discharge of the liability of the Lessee that may result from any such proceeding.

No act of commission or omission of any kind or at any time upon the part of the County, its successors or assigns, in respect of any matter whatsoever shall in any way affect or impair the rights of the County or any successor or assignee of the County to enforce any right, power or benefit of the County under this Agreement, and no set-off, claim, reduction, or diminution of an obligation, or any defense of any kind or nature which the Guarantor has or may have against the County or any assignee or successor thereof shall be available to the Guarantor against the County or against any assignee or successor of the County.

The County may without any notice whatsoever to anyone sell, assign or transfer all of its right, title and interest as the Lessor under

the Lease or all of its right, title and interest in and to the rents and other sums at any time due and to become due thereunder, to the Trustee, or the Trustee's successors or assigns and in such event each and every immediate and successive assignee or transferee of the right, title and interest of the County shall have all of the rights, powers and benefits of the County under this Agreement, including, without limitation, the right to enforce this Agreement by suit or otherwise for the benefit of such assignee or transferee as fully as if such assignee or transferee were herein by name specifically given all of such rights, powers and benefits.

Upon the happening of an event of default, as defined in the Lease, the County, its successors and assigns, in its or their sole discretion, shall have the right to proceed first and directly against the Guarantor, its successors and assigns, under this Agreement without proceeding against or exhausting its remedies against the Lessee, its successors or assigns, and without resorting to any other security held by the County or its successors or assigns.

The Guarantor will keep and will cause each of its consolidated subsidiaries to keep proper books of record and account in accordance with generally accepted principles of accounting and will furnish to the County such information respecting the business affairs, operations and financial condition of the Guarantor and such subsidiaries as may be reasonably requested; and without any request will furnish to the Trustee described in the Lease in triplicate:

(a) As soon as available and in any event at the time the same are made available to stockholders of the Guarantor, copies of all quarterly and other interim financial statements as the Guarantor shall furnish to its stockholders;

(b) As soon as available and in any event within 150 days after the close of each fiscal year of the Guarantor a copy of the annual audit report (including balance sheets, profit and loss and surplus statements) of the Guarantor and its consolidated subsidiaries for each fiscal year, all as prepared and certified by independent public accountants of recognized standing; provided, however, that if the annual report of Guarantor to its stockholders shall contain financial statements of substantially similar detail and similarly prepared and certified, copies of such annual report may be delivered in lieu of the copies of the audit report referred to herein.

This Agreement and every part thereof shall be binding upon the Guarantor and its successors and assigns and shall inure to the benefit

of the County and its successors and assigns including the Trustee. The Guarantor agrees that during the term of the Lease it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided, that the Guarantor may, without violating the agreement contained in this paragraph, consolidate with or merge into another corporation, or permit one or more other corporations to consolidate or merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve, provided the surviving, resulting or transferee corporation, as the case may be, assumes in writing all of the obligations of the Guarantor under this Agreement (in which event the County shall concurrently with and contingent upon any such assumption release the Guarantor from all liability hereunder), and the net worth of the surviving, resulting or transferee corporation, as the case may be, after the consolidation, merger or sale be at least equal to the net worth of the Guarantor immediately prior to such consolidation, merger or sale. Guarantor is advised that the rights of the County under this Agreement are about to be assigned to the Trustee, and upon such assignment and so long as any Bonds shall be unpaid in whole or in part, all rights against Guarantor arising under this Agreement shall be for the sole benefit of the Trustee and the holders of the Bonds, and the Trustee shall be entitled to bring any suit, action or proceeding against Guarantor for the enforcement of any provisions of this Agreement in its name as Trustee, and it shall not be necessary in any such suit, action or proceeding to make County a party thereto; and this Agreement may not be modified or amended without the prior written consent of the Trustee, and any attempted modification or amendment without such consent shall be void. The terms of this Agreement may be enforced as to any one or more breaches either separately or cumulatively. Notice of acceptance of this Agreement and notice of the execution and delivery of the Lease by Lessee and of the assignment thereof and of this Agreement to the Trustee are waived by Guarantor.

Guarantor represents that it is a corporation duly incorporated under the laws of Virginia and is in good standing under its Charter and the laws of Virginia and South Carolina, and has power to enter into this Agreement and by proper corporate action has been duly authorized to execute and deliver this Agreement; and further represents that neither the execution and delivery of this Agreement, the

consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement, conflict with or result in a breach of any of the terms, conditions or provisions of any corporate restriction or any agreement or instrument to which the Guarantor is now a party or by which it is bound or constitute a default under any of the foregoing, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Guarantor under the terms of any instrument or agreement.

IN WITNESS WHEREOF, Colonial Stores Incorporated has caused this Agreement to be executed in its name and under its seal by its President, attested by its Secretary; and Spartanburg County has caused this Agreement to be executed in its name and under its seal by the Chairman of the Board of County Commissioners of Spartanburg County, attested by the Secretary of said Board, all as of September 1, 1970.

COLONIAL STORES INCORPORATED

(Seal)

By

Ernest F. Boyce
President

Attest:

J. B. Holland
Secretary

Signed, sealed and delivered in
the presence of

James B. Allen

SPARTANBURG COUNTY, SOUTH CAROLINA,

By

R. D. Black

(Seal)

Chairman of the Board of County Commissioners of Spartanburg County.

Attest:

Hubert E. Johnson

ASST.

Secretary of the Board of County
Commissioners of Spartanburg County.

Signed, sealed and delivered in
the presence of

Juanita J. Holt
Elizabeth L. Fowler

ASSIGNMENT

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

KNOW ALL MEN BY THESE PRESENTS, that Spartanburg County, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the Board of County Commissioners of Spartanburg County, in consideration of the sum of One Dollar (\$1) to it in hand paid at and before the sealing of these presents, the receipt of which is hereby acknowledged, has assigned, transferred and set over unto The South Carolina National Bank, as Trustee under that certain Trust Indenture dated as of September 1, 1970, between said Spartanburg County and said The South Carolina National Bank, as Trustee, and its successors in trust:

(a) All of the right, title and interest of said Spartanburg County in and to the foregoing Lease Agreement dated as of September 1, 1970, between said Spartanburg County, as Landlord, and COBIS PRODUCTS Co., Inc., as Tenant.

(b) All of the right, title and interest of said Spartanburg County in and to the foregoing Lease Guaranty Agreement dated as of September 1, 1970, between said Colonial Stores Incorporated and Spartanburg County, South Carolina.

This assignment is made pursuant to and subject to all the terms and conditions of said Trust Indenture dated as of September 1, 1970, the terms of which are incorporated by this reference as fully as if the same were set forth at length herein, the Trust Indenture being intended to be duly recorded immediately, subject to the recording of said Lease Agreement and this Assignment.

IN WITNESS WHEREOF, Spartanburg County, South Carolina, has executed this Assignment by causing its name to be hereunto subscribed by the Chairman of its Board of County Commissioner and the official seal of said Board to be impressed hereon and attested by the Secretary or Assistant Secretary of the said Board, all being done as of the 1st day of September, 1970.

SPARTANBURG COUNTY, SOUTH CAROLINA,

By R.D. Blackman

Chairman of the Board of County Commissioners of Spartanburg County.

(Seal)

Attest:

Hubert P. Johnson

ASST. Secretary of the Board of County Commissioners of Spartanburg County.

Signed, sealed and delivered in the presence of:

Juanita J. Helt

Elizabeth W. Fowler

STATE OF SOUTH CAROLINA,
COUNTY OF SPARTANBURG

Personally appeared before me Juanita J. Holt who being duly sworn says that he saw the corporate seal of Spartanburg County, South Carolina, affixed to the foregoing Assignment of Lease Agreement, and that he also saw Robt. Blackman as Chairman, and Hubert E. Johnson as Asst. Secretary of the Board of County Commissioners of Spartanburg County, South Carolina, sign and attest the same, and that he with Elizabeth W. Fink witnessed the execution and delivery thereof as the act and deed of the said Spartanburg County, South Carolina.

Juanita J. Holt

Sworn to before me this

10th day of Nov. 1970.

Joan H. Stevens
Notary Public for the State of South Carolina

My Commission Expires: 4/1/71



OFFICE OF
County Board of Commissioners
COUNTY COURT HOUSE
Spartanburg, South Carolina 29301

October 2 , 1970

ROY MCBEE SMITH
COUNTY ATTORNEY
312 MONTGOMERY BUILDING
P. O. Box 5306
SPARTANBURG, S. C. 29301

Hon. P. C. Smith
State Auditor
State Budget and Control Board
200 Hampton Office Bldg.
Columbia, S. C.

Dear Mr. Smith:

Re: \$4,300,000.00 Spartanburg County,
South Carolina, First Mortgage
Industrial Revenue Bonds, Series
1970 (Cobis Products Co., Inc.--
Lessee)

and

\$2,800,000.00 Spartanburg County,
First Mortgage Industrial Revenue
Bonds, Series 1970 (Clevite
Corporation - Lessee)

I enclose the original Petition in each of the
above proposed Bond issues under the Industrial Revenue
Bond Act, both of which have been duly executed and attested
by the County.

With kind regards,

Very truly yours,

ROY MCBEE SMITH
County Attorney

RMS:hhh

Enc.

cc: Theodore B. Guerard, Esq.
Hon. Dewey B. Blanton

564

October 12, 1970

Honorable Theodore B. Guerard
Sinkler, Gibbs, Simons & Guerard
2 Prioleau Street
Charleston, South Carolina 29402

RE: \$2,800,000.00 Spartanburg County First Mortgage
Industrial Revenue Bonds, Series 1970
(Clevite Corporation - lessee)

Dear Teddy:

At a meeting of the Budget and Control Board October 7, 1970, approval was given to the petition of Spartanburg County for the issuance of the above bonds.

At your request we are returning 12 copies of the Board's resolution approving these bonds. Each copy has attached a certificate of the Board's action.

(Please note that I have filled in details on only one copy of the resolution but have signed all 12 copies. We would appreciate your having details inserted on the remaining 11 copies.)

Very truly yours,

P. C. Smith
State Auditor

PCS:dr

Enclosures

■ 565

SINKLER GIBBS SIMONS & GUERARD, P. A.
ATTORNEYS & COUNSELLORS AT LAW

TELEPHONE 722-3366
AREA CODE 803

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

THOMAS A. HUTCHESON
ROBERT H. HOOD

2 PRIOLEAU STREET

CHARLESTON, S. C. 29402

POST OFFICE BOX 340

October 2nd, 1970

Honorable P. C. Smith
State Auditor
Post Office Box 11333
Columbia, South Carolina 29202

Dear Pat:

In Re: \$2,800,000 Spartanburg County First Mortgage
Industrial Revenue Bonds, Series 1970
(Clevite Corporation - Lessee).

You have received or shortly will receive from Roy Smith a petition of the County Board to the State Board seeking approval of the project to be financed through the issuance of the captioned bonds.

Enclosed you will find the original and twelve (12) copies of a resolution of the State Board giving its approval to the proposed undertaking and providing for the publication of a notice to that effect.

In the event the State Board acts favorably on this matter, please provide us with twelve (12) certified copies of the enclosed resolution.

Very truly yours,

Reggie S. S. S.

TBG:mbd
Encs.

cc: Roy McBee Smith, Esq.
cc: Charles O. Lowe, Esq.
cc: Frank D. Kenny, Esq.

566

B C Md
10/17/70
(H)

RESOLUTION

STATE OF SOUTH CAROLINA BUDGET AND CONTROL BOARD

WHEREAS, heretofore the Board of County Commissioners of Spartanburg County (the County Board) did, pursuant to Act No. 103 of the General Assembly of the State of South Carolina for the year 1967 (the Act), petition the State Budget and Control Board of South Carolina (the State Board) seeking the approval of the State Board to an undertaking by the County Board pursuant to the Act, and

WHEREAS, the proposed undertaking consists of the acquisition by the County Board of a parcel of land containing approximately 25 acres of land, more or less, in Spartanburg County, on which the County Board will finance the acquisition, construction and equipping of new manufacturing facilities for the manufacture of batteries (said 25 acre tract of land, and the buildings, machinery and equipment constituting the said facilities being hereinafter referred to as the Project), and which Project will be leased to Clevite Corporation, an Ohio corporation (Clevite); and

WHEREAS, the Project is to be leased to Clevite at a rental sufficient to provide for the payment of the bonds of Spartanburg County hereafter referred to, and costs and expenses resulting from the issuance thereof and Gould Inc., a Delaware corporation, will unconditionally guarantee the performance of all of the obligations of Clevite under such Lease, including the payment of rentals and other amounts due; and

WHEREAS, in order to finance the Project the County Board proposes to provide for an issue of \$2,800,000 of Spartanburg County First Mortgage Industrial Revenue Bonds payable from the rentals derived from Clevite and additionally secured by a Trust Indenture

between Spartanburg County and a bank yet to be named, as
Trustee; and

WHEREAS, the form of the Lease Agreement between Spartanburg
County and Clevite and of the Trust Indenture have been considered
by this Board.

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

1. It has been found and determined by the State Board
 - (a) That the statement of facts set forth in the
recitals of this Resolution are in all respects true and correct.
 - (b) That the County Board has filed a proper petition
to the State Board establishing a reasonable estimate of the cost
of the Project, a general summary of the terms and conditions of
the Lease and the Trust Indenture to be made by the County Board
and has established that Clevite will pay as additional rentals, in
lieu of taxes, the sums prescribed by Section 6 of the Act.
 - (c) That the Project will provide employment in its
operation for approximately 200 persons and will be of benefit to
Spartanburg County and adjoining areas.
 - (d) That the Project is intended to promote the
purposes of the Act and is reasonably anticipated to effect such
results.

2. On the basis of the foregoing findings the proposed
undertaking of the County Board to acquire the land included in
the Project, to finance the construction thereon of the buildings
and improvements and the acquisition and installation therein of

the manufacturing equipment and machinery included in the Project, to lease the Project to Clevite and to finance the cost of acquiring, constructing and equipping the Project through the issuance of \$2,800,000 Spartanburg County First Mortgage Industrial Revenue Bonds payable from the revenues to be derived from the leasing of the Project and additionally secured by the said Trust Indenture, all pursuant to the Act, be and the same is hereby approved.

3. Notice of the action taken of the State Board in giving approval to the undertaking of Spartanburg County above described in paragraph 2, supra, shall be published in THE STATE and in THE SPARTANBURG HERALD, both of which are newspapers having general circulation in Spartanburg County.

4. That notice to be published shall be in form substantially as set forth as Exhibit "A" of this Resolution.

EXHIBIT A

NOTICE PURSUANT TO ACT NO. 103 OF THE
ACTS OF THE GENERAL ASSEMBLY OF SOUTH
CAROLINA FOR THE YEAR 1967

Notice is hereby given that following the filing of a Petition by the Board of County Commissioners of Spartanburg County (the County Board) to the State Budget and Control Board of South Carolina (the State Board), approval has been given by the State Board, at its meeting held _____, 1970, to the following undertaking, viz:

The acquisition by the County Board of a parcel of land containing approximately 25 acres in Spartanburg County, on which the County Board will cause to be constructed and equipped new manufacturing facilities for the manufacture of batteries (said 25 acre tract of land, and the buildings, machinery and equipment constituting the said facilities being hereinafter referred to as the Project). To finance the acquisition, construction and equipping of the Project, the County Board will issue \$2,800,000 of Spartanburg County First Mortgage Industrial Revenue Bonds (the Bonds) pursuant to Act No. 103 of the Acts of the South Carolina General Assembly for the year 1967. The County Board will lease the Project to Clevite Corporation, an Ohio corporation (Clevite), under a Lease Agreement and the Bonds of Spartanburg County will be payable solely from the rentals to be paid to the County by Clevite, which has irrevocably covenanted and agreed to pay when due, all sums required for the principal and interest thereon, and the Bonds will be additionally secured by a Trust Indenture which will constitute a forecloseable lien upon the Project. The performance of Clevite's obligations under the said Lease Agreement

will be unconditionally guaranteed by Gould Inc., a Delaware corporation.

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

The Lease by which Spartanburg County will lease the Project to Clevite will provide that Clevite may extend the original term (which will expire October 1, 1990) upon the payment in full of the Bonds for successive terms at a rental to be agreed upon.

When completed, it is estimated that the Project will provide employment for approximately 200 persons.

Notice is further given that any interested party may at any time within twenty (20) days after the date of publication of this Notice, but not afterwards, challenge the validity of the action of the State Board in approving the undertaking of the County Board by action de novo instituted in the Court of Common Pleas of Spartanburg County.

THE STATE BUDGET AND CONTROL BOARD

By: P. C. SMITH, Secretary

PUBLICATION DATE:

STATE OF SOUTH CAROLINA,
COUNTY OF SPARTANBURG.

TO: THE STATE BUDGET AND CONTROL
BOARD OF SOUTH CAROLINA

P E T I T I O N

The Petition of the Board of County Commissioners of Spartanburg County (the County Board), pursuant to Act No. 103 of the Acts of the General Assembly of the State of South Carolina for the year 1967, respectfully shows:

1. The County Board is the governing body of Spartanburg County and was so constituted by Act No. 1035 of the Acts of the General Assembly of the State of South Carolina for the year 1968, as amended, and as such it is the "County Board" referred to in Act 103 of the General Assembly enacted at its 1967 Session (the Act).

2. The Act authorizes and empowers the County Board if it shall comply with the provisions set forth in the Act, to acquire land, buildings, equipment and machinery and other improvements deemed necessary, suitable or useful by an manufacturing or processing enterprise; to lease the same; and to finance the acquisition of the same through the issuance of bonds payable from and secured by a pledge of the revenues to be derived from the leasing of such land, buildings, equipment and machinery and other improvements.

3. Clevite Corporation, an Ohio corporation (Clevite), proposes to construct on a parcel of land in Spartanburg County,

2.

containing 25 acres, more or less, and located on U. S. Highway 221 about one mile southeast of Woodruff, South Carolina, new facilities for the manufacture of batteries (said land, and the buildings, machinery and equipment constituting the said facilities being hereinafter referred to as the Project). The County Board has agreed to accept a conveyance of said 25 acre parcel of land and further, the County Board has agreed to issue, at such time as the underwriter selected by Clevite is successful in marketing the same, \$2,800,000 Spartanburg County First Mortgage Industrial Revenue Bonds, Series 1970 (Clevite Corporation - Lessee), pursuant to the Act in order to finance the acquisition, construction and equipping of the Project.

4. Accordingly, the County Board now proposes to accept from Clevite a conveyance of the said 25 acre tract of land and to issue the Bonds in the amount of \$2,800,000 in order to acquire, construct and equip the Project.

5. The construction of the Project will provide considerable employment during the period of construction, and when completed will provide employment for approximately 200 persons.

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

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

(b) That by reason of undertaking the Project no pecuniary liability will result to the County nor will there be a charge against its general credit or taxing power.

3.

(c) The proposed Lease between the County Board and Clevite will unconditionally obligate Clevite to pay rent in an amount adequate to provide for the principal and interest payable on the Bonds which mature and bear interest as follows:

OCTOBER 1	PRINCIPAL PAYABLE	RATE OF INTEREST
1972	\$ 75,000	7½% * ↓
1973	\$ 80,000	
1974	\$ 85,000	
1975	\$ 90,000	
1976	\$ 95,000	
1977	\$105,000	
1978	\$110,000	
1979	\$120,000	
1980	\$130,000	
1981	\$135,000	
1982	\$145,000	
1983	\$160,000	
1984	\$170,000	
1985	\$180,000	
1986	\$195,000	
1987	\$210,000	
1988	\$225,000	
1989	\$240,000	
1990	\$250,000	

* approximate, but not to exceed 8% per annum.

The Bonds will consist of serial bonds and term bonds maturing October 1, 1990. The extent of serial bonds has not yet been determined but, in any event, the maturity schedule above represents the annual payments to be made inasmuch as the term bonds due October 1, 1990 will be payable prior to maturity by virtue of the mandatory sinking fund redemption provisions of the Trust Indenture hereinafter mentioned.

The Indenture will provide that the Bonds maturing on and after October 1, 1981 will be also callable at the option of the County on and after October 1, 1980, at the following redemption prices (expressed as percentages of principal amount):

<u>Redemption Dates</u> <u>(Dates Inclusive)</u>	<u>Redemption</u> <u>Price</u>
October 1, 1980 to April 1, 1982	104%
October 1, 1982 to April 1, 1984	103%
October 1, 1984 to April 1, 1986	102%
October 1, 1986 to April 1, 1988	101%
October 1, 1988 and thereafter	100%

The Indenture will further require that the Bonds be redeemed at a price of 106% of par value if interest thereon should become taxable because of a violation of the capital expenditures limitation prescribed by Section 103 (c) (6) (D) and (E) of the Internal Revenue Code of 1954 plus an additional premium determined by multiplying 1/3 of the annual interest on each Bond by the number of 180 day periods, or portion thereof, between the date as of which interest is taxable and the redemption date.

(d) The obligation of Clevite under the Lease, including the obligation to make rental payments, will be unconditionally guaranteed by Gould Inc., a Delaware corporation (the Guarantor).

(e) The Guarantor is a corporation with a well established credit and therefore it is unnecessary to establish reserve funds for the payment of such principal and interest.

(f) The terms of the Lease will require Clevite to carry proper insurance and to pay all costs of maintaining the Project in good repair.

(g) The proposed Lease will contain an option by which Clevite will have the right during a designated portion of the original lease term to purchase the Project upon the redemption of all of the Bonds.

7. Pursuant to Section 14 of the Act, the County Board sets forth the following information:

(a) The Project consists of the said 25 acre tract of land and new facilities for the manufacture of batteries, including buildings, machinery and equipment necessary therefor.

(b) The Project will provide considerable employment during the period of its construction and will provide permanent employment, when completed, for approximately 200 persons. It is

5.

therefore believed that the Project will have an extremely beneficial effect upon the economy of the County and areas adjacent thereto.

(d) The cost of the Project is approximately Two Million Eight Hundred Thousand Dollars (\$2,800,000), including land acquisition, construction costs, equipment and machinery, financing costs, capitalized interest through April 1, 1971, and all other expenses to be incurred in connection therewith.

8. The proposed Lease will provide, among other things, the following:

(a) To finance the cost of acquisition, construction and equipping the Project the County will issue \$2,800,000 of Spartanburg County First Mortgage Industrial Revenue Bonds, Series 1970 (Clevite Corporation - Lessee). All Bonds will be secured by a pledge of the rents to be paid by Clevite and will be further secured by a Trust Indenture, as authorized by Section 5 of the Act, to a bank yet to be named, as Trustee.

(b) The proceeds derived from the sale of the Bonds will be deposited with the Trustee and will be withdrawn on requisition of Clevite and the County and applied solely for the payment of costs incident to the acquisition, construction and equipping of the Project and the issuance of the Bonds.

(c) The Lease will contain a specific provision by which Clevite will unconditionally agree to make payments to Spartanburg County, to any School District in Spartanburg County, and to all

other political units in which the Project is situated, in lieu of taxes, in such amounts as would result from taxes levied on the Project by Spartanburg County, by any such School District, and by said political units if the Project were owned by Clevite, but with appropriate reductions similar to the tax reductions, if any, which would be afforded to Clevite were it the owner of the Project.

(d) The Lease contains no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing power.

(e) The original term of the Lease will end October 1, 1990, and Clevite will have the option to extend the same for three (3) successive terms of five (5) years each at an annual rental yet to be agreed upon.

(f) All obligations of Clevite under the Lease will be unconditionally guaranteed by Gould Inc., a Delaware corporation, under the terms of a Lease Guaranty Agreement.

9. The proposed Trust Indenture is in conventional form and constitutes a forecloseable mortgage upon the Project. Included in the granting clause of the mortgage will be:

(a) All real property, equipment, and machinery and interest therein, acquired or to be acquired for the Project.

(b) The right, title and interest of the County in the Lease (including the said Lease Guaranty Agreement).

(c) All rentals and revenues derived by the County under the Lease (including those made by the Guarantor under the said Lease Guaranty Agreement) except those payments to be made in lieu of taxes or by way of indemnification to the County.

The Indenture makes provision for the issuance of Two Million Eight Hundred Thousand Dollars (\$2,800,000) of Bonds to be secured thereunder upon the terms and conditions therein contained. It provides for the payment and redemption of the Bonds, the establishment of a Bond Fund into which the proceeds of the rents payable by Clevite are placed, and the use of said fund for the payment of the Bonds. It imposes upon Clevite as Lessee of the Project, the obligation to pay, in addition to the moneys required for the payment of the principal and interest of the Bonds, all other costs and expenses resulting from the execution and delivery of the Indenture and the issuance of the Bonds pursuant thereto.

10. The proposed Lease and the proposed Trust Indenture will be substantially in the form used in previous industrial revenue financings.

11. The County Board proposes to make an election to have the provisions of Section 103 (c) (6) (D) of the Internal Revenue Code of 1954 apply to the Bonds so that interest thereon will not be subject to Federal Income Taxes.

12. In the event Clevite should request the County Board to do so, the County Board proposes to make temporary arrangements for the financing of the acquisition and construction of the Project through the issuance of Bond Anticipation Notes of Spartanburg County pursuant to Act No. 116 of 1965, as amended, to be repaid from the proceeds derived from the sale of the Bonds.

Upon the basis of the foregoing, the County Board respectfully prays:

8.

That the State Budget and Control Board accept the filing of the Petition presented herewith and that it do, thereafter, and as soon as practicable, make its independent investigation of the Project and the terms and provisions of the Lease and the Trust Indenture, as it deems advisable, and that thereafter, the said State Board make a finding that the proposed Project will promote the purpose of the Act and that it is reasonably anticipated to effect such result, and on the basis of such finding that it does approve the Project, and give published notice of its approval in the manner set forth in Section 14 of the Act.

Respectfully submitted,

October 2, 1970.

SPARTANBURG COUNTY, SOUTH CAROLINA

By

C. L. Haynes Jr.

(S E A L)

Chairman of the Board of County Commissioners

Attest:

Luvey Blanton

Secretary of the Board of County Commissioners

✓
SINKLER GIBBS SIMONS & GUERARD, P. A.
ATTORNEYS & COUNSELLORS AT LAW

TELEPHONE 722-3366
AREA CODE 803

HUGER SINKLER
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ALBERT SIMONS, JR.
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G. DANA SINKLER
THOMAS G. BUIST
RUTH WILLIAMS
GEORGE C. EVANS

2 PRIOLEAU STREET

CHARLESTON, S. C. 29402

POST OFFICE BOX 340

THOMAS A. HUTCHESON
ROBERT H. HOOD

January 5th, 1971

Honorable P. C. Smith
Secretary, State Budget and Control
Board of South Carolina
Post Office Box 11333
Columbia, South Carolina 29202

Dear Pat:

Re: \$2,800,000 Spartanburg County, South Carolina, First
Mortgage Industrial Revenue Bonds, Series 1970
(Clevite Corporation - Lessee).

The captioned bonds have been delivered and we enclose for the State Board's records a copy of the Lease Agreement and the Trust Indenture used in connection therewith with the recording data shown on the cover of each.

The terms of the financing as finally consummated vary slightly from the terms set forth in the Petition to the State Board, but as you will notice from the enclosed, these modifications do not affect the transaction as originally approved to any material extent.

Very truly yours,

Ready

TBG:mbd
Encs.

Recorded in
Spartanburg County
L.M.C. Office
Dec. 23 1970
Deed Book 37-A
Page 562

SPARTANBURG COUNTY, SOUTH CAROLINA

and

CLEVITE CORPORATION

Lease Agreement

and

Lease Guaranty Agreement

Dated as of December 1, 1970

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THIS LEASE AGREEMENT dated as of December 1, 1970, between Spartanburg County, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through its Board of County Commissioners, which is the governing body of Spartanburg County as constituted by Act No. 1035 of the Acts of the General Assembly of the State of South Carolina for the year 1968, party of the first part, and Clevite Corporation, a corporation organized and existing under the laws of the State of Ohio, duly qualified to conduct business in the State of South Carolina, party of the second part,

WITNESSETH

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

ARTICLE I

DEFINITIONS

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

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

"Act" means Act No. 103 of the Acts of the General Assembly of the State of South Carolina for the year 1967, approved by the Governor of South Carolina on March 21, 1967, and appearing as Article 2.1, Chapter 8, Title 14, Code of Laws of South Carolina, 1962, 1969 Cumulative Supplement.

"Additions or Alterations" means improvements, replacements, alterations, additions, enlargements or expansions in, on or to the Project, including any and all machinery and equipment therefor.

"Agreement" or "Lease Agreement" means the within Lease Agreement between the County and the Lessee as the same may be amended from time to time in accordance with the provisions hereof.

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

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

"Bonds" means the bonds of the County from time to time issued and outstanding under the Indenture.

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

"Building" means the building and all other facilities forming a part of the Project and not constituting part of the Leased Equipment which are required by Section 4.1 (a) hereof to be constructed on the Leased Land, as they may at any time exist, including any air conditioning and heating systems (which shall be deemed fixtures).

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

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

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

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

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

"Guarantor" means Gould Inc., a Delaware corporation, and its successors and assigns, which has unconditionally guaranteed the performance of all of the obligations of the Lessee under this Agreement, including the payment of all rentals and other amounts to become due, as is more fully set forth in the Lease Guaranty Agreement dated as of December 1, 1970, between the Guarantor and the County.

"Indenture" means the Trust Indenture between the County and State National Bank of Alabama, as Trustee, of even date herewith providing for the terms and provisions under which the Bonds will be issued and pursuant to which the County's interest in this Agreement, including the said Lease Guaranty Agreement, and the lease rentals, revenues and receipts received by the County from the Project (except payments pursuant to Section 5.5 or Section 8.7 of this Agreement) are pledged and the Project is mortgaged as security for the payment of principal, premium, if any, and interest on the Bonds, including any indenture supplemental thereto.

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

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

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

"Leased Equipment" means those items of machinery, equipment and related property required herein to be acquired and installed in the Building or elsewhere on the Leased Land with proceeds from the sale of the Series 1970 Bonds, or the proceeds of any payment by the Lessee pursuant to Section 4.6 hereof and any item of machinery, equipment and related property acquired and installed in the Building or elsewhere on the Leased Land in substitution therefor and renewals and replacements thereof pursuant to the provisions of Sections 4.1(b), 6.1 6.2(a), 7.1 and 7.2 hereof and is further defined as all property owned by the County and hereby leased to the Lessee which is not included in the definition of Leased Land or Building, but not including Lessee's own machinery and equipment installed under the provisions of Section 9.7 hereof. Leased Equipment is more particularly described

in Exhibit "B" attached hereto which, by this reference thereto, is incorporated herein.

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

"Lessee" means (i) the party of the second part hereto and its successors and assigns and (ii) any surviving, resulting or transferee corporation as provided in Section 8.3 hereof.

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

"Permitted Encumbrances" means, as of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent, (ii) this Agreement and the Indenture, (iii) utility, access and other easements and rights of way, flood rights, mineral rights, encroachments, leases, restrictions and exceptions that an Independent Engineer and the Authorized Lessee Representative certify will not interfere with or impair the operations being conducted in the Building (or, if no operations are being conducted therein, the operations for which the Building was designed or last modified), (iv) such minor defects, irregularities, encumbrances, easements, rights of way, and clouds on title as normally exist with respect to properties similar in character to the Project and as do not in the opinion of an Independent Counsel, materially impair the property affected thereby for the purposes for which it was acquired or is held by the County, and (v) mechanics' and materialmen's liens not filed or perfected in the manner prescribed by Chapter 5 of Title 45, Code of Laws, South Carolina, 1962, as in effect on the date hereof or otherwise.

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

"Series 1970 Bonds" means the \$2,800,000 Spartanburg County First Mortgage Industrial Revenue Bonds, Series 1970 (Clevite Corporation—Lessee) of the County to be issued pursuant to the Indenture.

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

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

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

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

ARTICLE II

REPRESENTATIONS AND UNDERTAKINGS

SECTION 2.1. *Representations by the County.* The County makes the following representations as the basis for the undertakings on its part herein contained:

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

(b) The County has acquired the Leased Land, upon which construction of the Building was recently begun by the Lessee, and has authorized, and does hereby authorize, the Lessee to construct thereon the Building, to acquire and install the Leased Equipment in the Building or on the Leased Land, and to acquire, install and construct all other things deemed necessary in connection with the Project, and the County proposes to lease the Project to the Lessee for and during the Lease Term, all for the purposes of promoting the industrial development, developing the trade, and utilizing and employing the manpower, agricultural products and natural resources of South Carolina.

(c) Heretofore the County Board and the Lessee did agree that the County would finance the cost of acquiring, constructing, and equipping the Project. The Lessee has estimated that such cost will not exceed \$2,800,000 and on that basis the County now proposes to issue the Series 1970 Bonds in the aggregate principal

amount of \$2,800,000, dated as of December 1, 1970, which will mature and bear interest as set forth in Section 211 of the Indenture and which will be subject to redemption at the times and at the redemption prices set forth in Sections 306 and 307 of the Indenture, in order to finance the cost of acquiring, constructing and equipping the Project.

SECTION 2.2. *Representations by the Lessee.* The Lessee makes the following representations as the basis for the undertaking on its part herein contained:

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

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

(c) The acquiring, constructing and equipping of the Project by the County through the issuance of the Series 1970 Bonds and the leasing of the Project to the Lessee has induced the Lessee to establish this industrial enterprise in Spartanburg County, South Carolina.

(d) The Lessee intends to operate the Project as a manufacturing plant from the Completion Date to the expiration or earlier termination of the Lease Term as provided herein for the manufacture of batteries and/or other products which may be lawfully manufactured or processed at the Project.

(e) Relying upon the agreement of the County to finance the cost of acquiring, constructing and equipping the Project as aforesaid, the Lessee has heretofore acquired the Leased Land which it did, prior to the delivery hereof, convey to the County.

ARTICLE III

DEMISING CLAUSE, WARRANTY OF TITLE, TITLE INSURANCE

SECTION 3.1. *Demise of the Leased Land, Building, and the Leased Equipment.* The County demises and leases to the Lessee, and the Lessee leases from the County, the Leased Land, the Building, and the Leased Equipment at the rental set forth in Section 5.3 hereof and in accordance with the provisions of this Agreement.

SECTION 3.2. *Warranty of Title.* The County warrants that it has acquired a good and marketable fee simple title to the Leased Land, free from all encumbrances other than Permitted Encumbrances, and the County will furnish, at the time of the delivery of the Series 1970 Bonds, a written opinion of Independent Counsel that it has good and marketable fee simple title to the Leased Land, subject to Permitted Encumbrances.

SECTION 3.3. *Title Insurance.* At the time of the delivery of the Series 1970 Bonds, the County will provide a Mortgagee Title Insurance Policy (or an appropriate Binder) upon the Leased Land and Building issued by a Company approved by the Trustee insuring the lien of the Indenture upon the Leased Land and Building, subject to no encumbrances other than Permitted Encumbrances, in the amount of not less than \$850,000. Any Net Proceeds therefrom shall be used to remedy the title defect resulting in the payment thereof or deposited in the Bond Fund.

ARTICLE IV

CONSTRUCTION OF THE PROJECT, ISSUANCE OF THE SERIES 1970 BONDS, CONSTRUCTION FUND

SECTION 4.1. *Agreement to Construct and Equip the Building on the Leased Land.* The County has acquired the Leased Land by deed of the Lessee recorded simultaneously herewith. The Lessee agrees that it will exercise the authorizations given to it by the County in Section 2.1(b) and:

(a) It will cause the Building to be constructed on the Leased Land wholly within the boundary lines thereof, the Building to contain approximately ~~50,000~~ square feet and designed to be used for the manufacture of batteries and/or other products which may be lawfully manufactured or processed at the Project; all of which will be constructed in accordance with a general description heretofore furnished to the County by the Lessee.

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

The Lessee agrees to complete the construction of the Building as promptly as practicable after receipt of proceeds from the sale of Series 1970 Bonds and to continue the said construction with all reasonable dispatch, and to effect the acquisition and installation of the Leased Equipment as promptly as practicable.

SECTION 4.2. *Agreement to Issue Series 1970 Bonds, Application of Bond Proceeds.* In order to provide funds for payment of the costs of the Project, the County agrees that it will, on or before the 31st day of January, 1971, sell and cause to be delivered to the initial purchaser Series 1970 Bonds in the aggregate principal amount of \$2,800,000 and will thereupon (i) deposit in the Bond Fund all accrued interest received on the sale of the Series 1970 Bonds, (ii) deposit in the Bond Fund as capitalized interest an amount which, together with the accrued interest received on the sale of the Series 1970 Bonds, will be equal to the interest which will become due on the Series 1970 Bonds on June 1, 1971 and (iii) deposit in the Construction Fund the balance of the proceeds received from said sale.

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

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

the Project or to perfect or protect the lien or security interest of the Indenture on the Project.

(b) Payment to the Lessee and the County, as the case may be, of such amounts, if any, as shall be necessary to reimburse the Lessee and the County in full for all advances and payments made by them or either of them prior to or after the delivery of the Series 1970 Bonds for expenditures in connection with (i) the acquisition by the County of title to the Leased Land, including the cost of the Leased Land and the preparation of plans and specifications for the Project (including any preliminary study or planning of the Project or any aspect thereof) (ii) clearing the Leased Land, the construction of the Building, the acquisition and installation of the Leased Equipment, and all construction, acquisition and installation expenses required to provide utility services or other facilities, and all real or personal properties deemed necessary in connection with the Project (including architectural, engineering and supervisory services with respect to any of the foregoing) and (iii) any other costs and expenses relating to the Project.

(c) Payment of the cost of legal and accounting fees and expenses, title insurance premium, and printing and engraving costs incurred in connection with the authorization, sale and issuance of the Series 1970 Bonds, the preparation of this Agreement, the Indenture, and all other documents in connection therewith and in connection with the acquisition of title to the Leased Land, Building and Leased Equipment.

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

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

(f) Payment to the Trustee as such payments become due, of the fees and expenses of the Trustee (as Trustee, Bond Registrar and paying agent) and of any paying agent properly incurred

under the Indenture that may become due during the Construction Period, or reimbursement thereof if paid by the Lessee.

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

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

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

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

(k) All moneys remaining in the Construction Fund after completion of the construction of the Building and acquisition and installation of the Leased Equipment and payment in full of the costs thereof, and after payment of all other items provided for in the preceding subsections (a) to (j), inclusive, of this Section, shall at the direction of the Lessee be (i) used by the Trustee for the purchase of Series 1970 Bonds for the purpose of cancellation, at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of delivery, or (ii) paid into the Bond Fund, except for amounts retained by the Trustee with the approval of the Authorized Lessee Representative for payment of Project costs not then due and payable, any balance remaining of such retained funds after full payment of all such Project costs to be used by the Trustee as directed by the Lessee in the manner specified in clauses (i) and (ii) of this subsection.

Provided that:

(1) Each of the payments made pursuant to the preceding subsections (a), (b), (c), (d), (e), (g), (i) and (j) of this Section shall be made only upon receipt by the Trustee of a written order by the Authorized Lessee Representative and by the Authorized County Representative which shall certify with respect to each such payment; (i) that none of the items for which the payment is proposed to be made has formed the basis for any payment theretofore made from the Construction Fund and (ii) that each item for

which the payment is proposed to be made is or was necessary in connection with the Project.

(2) In the case of any contract providing for the retention by the Lessee of a portion of the contract price, there shall be paid from the Construction Fund only the net amount remaining after deduction of any such portion, until such retainage becomes due in accordance with the terms of such contract.

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

SECTION 4.5. *Establishment of Completion Date.* The Completion Date shall be evidenced to the Trustee by a certificate signed by the Authorized Lessee Representative stating that, except for amounts retained by the Trustee for Project costs not then due and payable as provided in Section 4.3 (k), (i) construction of the Building has been completed in accordance with the specifications therefor and all labor, services, materials and supplies used in such construction have been paid for, and (ii) all other facilities necessary in connection with the Project have been constructed, acquired and installed in accordance with the specifications therefor and all costs and expenses incurred in connection therewith have been paid, the Leased Equipment has been installed to his satisfaction, the Leased Equipment so installed is suitable and sufficient for the efficient operation of the Project for the purposes specified in Section 4.1(a) hereof and all costs and expenses incurred in the acquisition and installation of the Leased Equipment have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. It shall be the duty of the Lessee to cause the certificate contemplated by this Section 4.5 to be furnished as soon as the Project shall have been completed.

SECTION 4.6. *Lessee Required to Pay Construction Costs in Event Construction Fund Insufficient.* In the event the moneys in the Construction Fund available for payment of the costs of the Project shall not be sufficient to pay the costs thereof in full, the Lessee agrees to complete the Project and to pay all that portion of the costs of the

Project as may be in excess of the moneys available therefor in the Construction Fund. The County does not make any warranty, either express or implied, that the moneys which will be paid into the Construction Fund and which, under the provisions of this Agreement, will be available for payment of the costs of the Project, will be sufficient to pay all the costs which will be incurred in that connection. The Lessee agrees that if after exhaustion of the moneys in the Construction Fund the Lessee shall pay any portion of the said costs of the Project pursuant to the provisions of this Section, it shall not be entitled to any reimbursement therefor from the County or from the Trustee or from the holders of any of the Series 1970 Bonds, nor shall it be entitled to any diminution of the rents payable under Section 5.3 hereof. The obligation of the Lessee to complete the Project shall survive any termination of this Agreement, subject to the force majeure provisions of the concluding paragraph of Section 10.1.

SECTION 4.7. *Authorized Lessee and County Representatives and Successors.* The Lessee and the County Board, respectively, shall designate, in the manner prescribed in Section 1.2, the Authorized Lessee Representative and the Authorized County Representative. In the event that any person so designated and his alternate or alternates, if any, should become unavailable or unable to take any action or make any certificate provided for or required in this Agreement, a successor shall be appointed in the same manner.

SECTION 4.8. *Enforcement of Remedies Against Contractors and Subcontractors and Their Sureties.* The Lessee covenants that it will take such action and institute such proceedings as shall be necessary to cause and require all contractors and material suppliers to complete their contracts diligently in accordance with the terms of said contracts, including, without limitation, the correcting of any defective work, with all expenses incurred by Lessee in connection with the performance of its obligations under this Section 4.8 to be considered part of the Project costs referred to in Section 4.3(j), and the County agrees that the Lessee may, from time to time, in its own name, or in the name of the County, take such action as may be necessary or advisable, as determined by Lessee, to insure the construction of the Project in accordance with the terms of such construction contracts, to insure the peaceable and quiet enjoyment of the Project for the Lease Term, and to insure the performance by the County of all covenants and obligations of the County under this Agreement, with all costs and expenses incurred by the Lessee in connection therewith to be considered as part of

the Project costs referred to in Section 4.3(j). Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing prior to the Completion Date, less any unreimbursed legal expenses incurred in order to collect the same, shall be paid into the Construction Fund and after the Completion Date shall be paid into the Bond Fund.

SECTION 4.9. *Investment of Construction Fund Moneys Permitted.* Any moneys held as a part of the Construction Fund shall at the written request of the Authorized Lessee Representative be invested or re-invested by the Trustee in (i) obligations of the United States and agencies thereof; (ii) general obligations of the State of South Carolina or any of its political units; (iii) Savings and Loan Associations to the extent that the same are secured by the Federal Deposit Insurance Corporation; (iv) certificates of deposit where such certificates of deposit are collaterally secured by securities of the type described in (i) and (ii) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; or (v) to the extent such investments are not prohibited by law for investment of bond proceeds by the County, certificates of deposit of banks or trust companies, including the Trustee, organized under the laws of the United States or any state thereof, which have a combined capital and surplus of at least \$20,000,000, or prime commercial paper. Such investments shall be as specified by the Authorized Lessee Representative.

ARTICLE V

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

SECTION 5.1. *Effective Date of This Agreement, Duration of Lease Term.* This Agreement shall become effective upon its delivery and shall be in full force and effect for a term ending December 1, 1990, subject to the provisions of this Agreement (including particularly Articles X, XI and Section 12.2).

SECTION 5.2. *Delivery and Acceptance of Possession.* The County agrees to deliver to the Lessee sole and exclusive possession of the Leased Land upon the execution and delivery of this Agreement and Lessee, thereupon and thereafter shall have sole and exclusive possession of the Project during the Lease Term (subject to the right of the

County and Trustee to enter thereon for inspection purposes and to the other provisions of Section 8.2 hereof).

SECTION 5.3. *Rents and Other Amounts Payable.* At least seven days before June 1, 1971, and at least seven days before each December 1 and June 1 thereafter until the principal of, premium, if any, and interest on the Series 1970 Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Lessee shall pay to the Trustee as rent for the Project (i) if such date is December 1, a sum equal to the amount payable on such date as principal (whether at maturity or by sinking fund redemption as provided in the Indenture) and interest upon the Series 1970 Bonds and (ii) if such date is June 1, a sum equal to the amount payable on such date as interest upon the Series 1970 Bonds, as provided in the Indenture; provided that any amount at any time held by the Trustee in the Bond Fund shall be credited against the next rental payment to the extent such amount is in excess of the amount required for payment of Bonds theretofore matured or called for redemption and past due interest in all cases where such Bonds or coupons have not been presented for payment; and provided further, that if the amount held by the Trustee in the Bond Fund should be sufficient to pay at the times required the principal of, premium, if any, and interest on the Bonds then remaining unpaid, the Lessee shall not be obligated to make any further rental payments under the foregoing provisions of this Section.

In the event Additional Bonds shall be issued pursuant to Section 213 of the Indenture, thereafter at least seven days before any date on which the principal or interest of any such Bonds shall be due, until the principal of, premium, if any, and interest on all such Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Lessee shall pay to the Trustee a sum equal to the amount payable on such date as principal (whether at maturity or by such sinking fund redemption as may be provided in the Indenture) and/or interest upon such Bonds, as provided in the Indenture.

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

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

The Lessee agrees to pay to the Trustee until the principal of, premium, if any, and interest on the Bonds shall have been fully paid (i) an amount equal to the annual fee of the Trustee for the ordinary services of the Trustee, as Trustee, rendered and its ordinary expenses, as Trustee, incurred under the Indenture, as and when the same becomes due, (ii) reasonable fees and charges of the Trustee, as Bond Registrar and paying agent, and any other paying agents on the Bonds for acting as paying agents as provided in the Indenture, as and when the same become due, and (iii) the reasonable fees and charges of the Trustee for the necessary extraordinary services rendered by it and extraordinary expenses incurred by it under the Indenture, as and when the same become due; provided, that the Lessee may, without creating a default hereunder, contest in good faith the necessity for any such extraordinary services and extraordinary expenses and the reasonableness of any such fees, charges or expenses.

In the event the Lessee shall fail to make any of the payments required in this Section 5.3, the item or installment so in default shall continue as an obligation of the Lessee until the amount in default shall have been fully paid, and the Lessee agrees to pay the same with interest thereon at the rate of 8% per annum until fully paid. The provisions of this Section shall be subject to the provisions of Section 9.6 hereof.

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

SECTION 5.5. *Payments in Lieu of Taxes.* It is recognized that under the provisions of the Act when any project is leased by a county pursuant to the Act the lessee thereof shall be required to make payments to the county, the school district or school districts, and other political units wherein the project shall be located in lieu of taxes, in such amounts as would result from taxes levied on the project by such county, school district or school districts, and other political unit or units, if the project were owned by the lessee, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to the lessee if it were the owner of the project. For the sole purpose of enabling the Lessee to comply with the aforesaid obligation, it is agreed that the County in cooperation with the Lessee (i) shall cause the Project to be valued as if privately owned as aforesaid for purposes of the said taxes by the State Tax Commission of South Carolina or such other appropriate officer or officers as may from time to time be charged with responsibility for making such valuations; (ii) shall cause to be appropriately applied to the valuation or valuations so determined the respective rate or rates of such taxes, that would be applicable to the Project if so privately owned; (iii) shall cause the respective appropriate officer or officers charged with the duty of levying and collecting such taxes to submit to the Lessee, when the respective levies are made upon property privately owned as aforesaid, a statement specifying the amount and due date of such taxes which the county, school district and other political units having taxing powers would receive if the Project were so privately owned; and Lessee shall file any accounts or tax returns required with the appropriate officer or officers. The Lessee shall pay to the aforesaid taxing authorities when due all such payments in lieu of taxes with respect to the Project required by the Act to be paid to the aforesaid taxing authorities, subject in each case to the Lessee's right to obtain exemptions (and discounts), if any, therefrom which would be afforded to a private owner of the Project and to seek to obtain a refund of any such payments made, and to contest the same in the manner and to the extent provided in Section 6.3 in the case of taxes and other governmental charges. The Lessee's obligation to make such additional payments shall continue only so long as and to the extent the Lessee is required by law to pay the aforesaid amounts in lieu of taxes. Once having paid the amounts required by this Section 5.5 to be paid by it in lieu of taxes, the Lessee shall not be required to pay any such taxes for which a payment in lieu thereof has been made to the State or to any city, county, town, school district or other political unit, any other

statute to the contrary notwithstanding. In the event the Lessee shall fail to make any of the payments required by this Section 5.5, the amount or amounts so in default shall continue as an obligation of the Lessee until fully paid and the Lessee agrees to pay the same with interest thereon at eight per centum (8%) per annum until fully paid.

SECTION 5.6. *Obligations of Lessee Hereunder Unconditional.* Subject to the provisions of this Section and Section 9.6 hereof, the obligations of the Lessee to make the payments required in Sections 5.3 and 5.5 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional and until such time as the principal of, and interest and premium, if any, on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Lessee (i) will not suspend or discontinue any payments provided for in Section 5.3 hereof, (ii) will perform and observe all of its other agreements contained in this Agreement, and (iii) except as provided in Section 11.1 hereof will not terminate the Lease Term for any cause including, without limiting the generality of the foregoing, failure of the Lessee to complete the Project, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of South Carolina or any political subdivision of either thereof or any failure of the County to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement. Nothing contained in this Section shall be construed to release the County from the performance of any of the agreements on its part herein contained; and in the event the County should fail to perform any such agreement on its part, the Lessee may institute such action against the County as the Lessee may deem necessary to compel performance so long as such action does not abrogate the Lessee's obligations contained in the first sentence of this Section 5.6. The Lessee may, however, at its own cost and expense and in its own name or in the name of the County, prosecute or defend any action or proceeding or take any other action involving third persons which the Lessee deems reasonably necessary in order to secure or protect its right of possession, occupancy and use hereunder, and in such event the County hereby agrees to cooperate fully with the Lessee and to take all action necessary to effect the substitution of the Lessee for the County in any such action or proceeding if the Lessee shall so request.

ARTICLE VI

MAINTENANCE, TAXES AND INSURANCE

SECTION 6.1. *Maintenance and Modifications of Project by Lessee.*

The Lessee agrees that during the Lease Term it will at its own expense (i) keep the Project in as reasonably safe condition as its operations shall permit and (ii) keep the Building and Leased Equipment and all other improvements forming a part of the Project in good repair and in good operating condition, making from time to time, subject to the provisions of Section 6.2, all necessary repairs thereto and renewals and replacements thereof. Subject to the provisions of Section 8.9, the Lessee may, also at its own expense, make from time to time any Additions or Alterations to the Project it may deem desirable for its business purposes that do not adversely affect the operations being conducted in and upon the Project (or, if no operations are being conducted, the operations for which the Project was designed or last modified). Subject to the provisions of Section 9.7 hereof, such Additions and Alterations so made by the Lessee shall be on the Leased Land and become a part of the Project. The Lessee shall not permit any mechanics' or other liens to be established or remain against the Project for labor or materials furnished in connection with any additions, modifications, improvements, repairs, renewals or replacements so made by it; provided, that if the Lessee shall first notify the Trustee of its intention so to do, the Lessee may in good faith contest any mechanics' or other liens filed or established against the Project, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Trustee shall notify the Lessee that, in the opinion of Independent Counsel, by non-payment of any such items the lien of the Indenture as to any part of the Project will be materially endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event the Lessee shall promptly pay and cause to be satisfied and discharged all such unpaid items. The County will cooperate fully with the Lessee in any such contest.

SECTION 6.2. *Removal of Leased Equipment.* The County shall not be under any obligation to renew, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary Leased Equipment. If no event of default under this Agreement shall have happened and be continuing, in any instance where the Lessee in its discretion determines that any items of Leased Equipment have become inadequate, obsolete, worn out, unsuitable, undesirable or un-

necessary, subject to the provisions of Section 8.9 hereof the Lessee may remove such items of Leased Equipment from the Building and the Leased Land and (on behalf of the County) sell, trade in, exchange or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the County or the Trustee therefor, provided that the Lessee shall either:

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

(b) Not make any such substitution and installation, provided (i) that in the case of the sale of any such Leased Equipment to anyone other than itself or in the case of the scrapping thereof, (ii) that in the case of the trade-in of such Leased Equipment for other machinery, equipment or related property not to be installed in the Building or on the Leased Land, and (iii) that in the case of the sale of any such Leased Equipment to the Lessee or in the case of any other disposition thereof, the Lessee shall pay into the Bond Fund an amount equal to the original cost thereof less depreciation at rates calculated in accordance with generally accepted accounting practice.

The removal from the Project of any portion of the Leased Equipment pursuant to the provisions of this Section shall not entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof.

The Lessee shall promptly report to the Trustee each such removal, substitution, sale and other disposition and shall pay to the Trustee such amounts as are required by the provisions of the preceding subsection (b) of this Section to be paid into the Bond Fund promptly after the sale, trade-in or other dispositions requiring such payment; provided, that no such report and payment need be made until the amount to be paid into the Bond Fund on account of all such sales, trade-ins or other dispositions not previously reported aggregates at least \$50,000. The Lessee shall not remove, or permit the removal

of, any of the Leased Equipment from the Leased Land except in accordance with the provisions of this Section.

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

However, the Lessee will pay, as the same become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project or any machinery, equipment or other property installed or brought by the Lessee therein or thereon (including, without limiting the generality of the foregoing, any taxes levied upon or with respect to the lease rentals, revenues or receipts of the County from the Project which, if not paid, will become a lien on the Project prior to or on a parity with the lien of the Indenture or a charge on the revenues and receipts therefrom prior to or on a parity with the charge thereon and the pledge or assignment thereof to be created and made in the Indenture, and including all ad valorem taxes lawfully assessed upon the leasehold estate hereby granted and conveyed to the Lessee in the Project), all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by lien on the Project; provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Lessee shall be obligated to pay only such installments as are required to be paid during the Lease Term.

If the Lessee shall first notify the Trustee of its intention so to do, the Lessee may, at its expense and in its own name and behalf of in the name and behalf of the County, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee shall notify the Lessee that, in the opinion of Independent Counsel, by nonpayment of any such items the lien of the Indenture will be materially endangered or the Project

or any part thereof will be subject to loss or forfeiture, in which event such taxes, assessments or charges shall be paid promptly. The County will cooperate fully with the Lessee in any such contest. In the event that the Lessee shall fail to pay any of the foregoing items required by this Section to be paid by the Lessee, the County or the Trustee may (but shall be under no obligation to) pay the same and any amounts so advanced therefor by the County or the Trustee shall become an additional obligation of the Lessee to the one making the advancement, which amounts, together with interest thereon at the rate of 8% per annum from the date thereof, the Lessee agrees to pay.

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

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

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

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

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

The term "full insurable value" means such value as shall be determined from time to time at the request of the County, Lessee or Trustee (but not more frequently than once in every twenty-four (24)

months) by one of the insurers selected by Lessee. Any such insurance referred to in this Section 6.4 (a) may provide that the insurance does not cover the first \$100,000 of loss at the Project, with the result that the Lessee is its own insurer to that extent.

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

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

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

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

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

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

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

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

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

SECTION 6.6. *Advances by the County or the Trustee.* In the event the Lessee shall fail to maintain the full insurance coverage required by this Agreement or shall fail to keep the Project in as reasonably safe condition as its operations will permit, or shall fail to keep the Project in good repair, the County or the Trustee may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or make required repairs; and all amounts so advanced therefor by the County or the Trustee shall become an additional obligation of the Lessee to the one making the advancement, which amounts, together with interest thereon at the rate of 8% per annum from the date thereof until paid, the Lessee agrees to pay.

ARTICLE VII

DAMAGE, DESTRUCTION AND CONDEMNATION

SECTION 7.1. *Damage and Destruction.* (a) Unless the Building or the Leased Equipment shall be damaged to the extent prescribed by, and the Lessee shall elect to exercise its option to purchase pursuant to, the provisions of Section 11.2(a) hereof, if prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) the Project is damaged by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.4(a) and Section 6.4(c) hereof resulting from such destruction or damage is not greater than \$250,000, the Lessee (i) shall promptly repair, rebuild or restore the Project to substantially the same condition thereof as existed prior to the event causing such damage or destruction with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not impair the value or the character of the Project and (ii) will apply for such purpose so much as may be necessary of any Net Proceeds of insurance resulting from such claims for losses. All Net Proceeds of insurance resulting from such claims for losses not in excess of \$250,000 shall be paid to the Lessee, subject to the provisions of Section 7.1(e).

(b) Unless the Building or the Leased Equipment shall be destroyed or damaged to the extent prescribed by, and the Lessee shall elect to exercise its option to purchase pursuant to, the provisions of Section 11.2(a) hereof, if prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) the Project is destroyed or is damaged (in whole or in part) by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.4(a) and Section 6.4(c) hereof resulting from such destruction or damage is in excess of \$250,000, the Lessee shall promptly give written notice thereof to the Trustee. All Net Proceeds of insurance resulting from such claims for losses in excess of \$250,000 shall be paid to and held by the Trustee in a separate trust account, whereupon the Lessee shall proceed promptly to repair, rebuild or restore the Project to substantially the same condition thereof as existed prior to the event causing such damage or destruction with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not

impair the value or the character of the Project, whereupon the Trustee shall apply so much as may be necessary of the Net Proceeds of such insurance to payment of the costs of such repair, rebuilding or restoration, either on completion thereof or as the work progresses.

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

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

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

(f) Notwithstanding any other provision of this Section, in any event of damage or destruction when no Bonds are then outstanding and unpaid, there shall be no obligation on the part of Lessee to restore or repair the Project, and any such insurance proceeds shall, after payment of collection expenses, be paid over to Lessee if Lessee is then in good standing with respect to the payment of rent hereunder and shall have paid the County and the Trustee all other sums due and owing hereunder.

SECTION 7.2. *Condemnation.* Unless title to, or temporary use of, all or substantially all, or any material portion, of the Project shall have been taken by condemnation and the Lessee shall elect to exercise its option to purchase pursuant to the provisions of Section 11.2(b) hereof, in the event that title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Lessee shall be obligated to continue to make the rental payments specified in Section 5.3 hereof. The County, the Lessee and the Trustee shall cause the Net Proceeds received by them or any of them from any award made in such eminent domain proceedings, to be paid to and held by the Trustee in a separate trust account, to be applied in one or more of the following ways as shall be directed in writing by the Lessee:

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

(b) To the acquisition, by construction or otherwise, in the name of the County of improvements consisting of a building or buildings, facilities, machinery, equipment or other properties suitable for the Lessee's operations at the Project (which improvements shall be deemed a part of the Project and available for use and occupancy by the Lessee without the payment of any rent other than as herein provided to the same extent as if such other improvements were specifically described herein and demised hereby); provided, that such improvements shall be acquired by the County subject to no liens or encumbrances prior to or on a parity with the lien of the Indenture, other than Permitted Encumbrances.

(c) For deposit into the Bond Fund, provided that the Lessee shall furnish to the County and the Trustee a certificate of an Independent Engineer acceptable to the County and the Trustee stating (i) that the property forming a part of the Project that was taken by such condemnation proceedings is not essential to the Lessee's use or occupancy of the Project, or (ii) that the Project has been restored to a condition substantially equivalent to its condition prior to the taking by such condemnation proceedings or (iii) that improvements have been acquired which are suitable for the Lessee's operations at the Project as contemplated by the foregoing subsection (b) of this Section.

Unless the Lessee shall have elected to exercise its option to purchase pursuant to the provisions of Section 11.2(b) hereof within ninety days from the date of entry of a final order in any eminent domain proceedings granting condemnation, the Lessee shall direct the County and the Trustee in writing as to which of the ways specified in this Section the Lessee elects to have the condemnation award applied.

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

The County shall cooperate fully with the Lessee in the handling and conduct of any prospective or pending condemnation proceeding with respect to the Project or any part thereof and shall, to the extent it may lawfully do so, permit the Lessee to litigate in any such pro-

ceeding in the name and behalf of the County. In no event shall the County voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Project or any part thereof without the written consent of the Lessee.

Notwithstanding any other provision of this Section, in any event of condemnation when no Bonds are then outstanding and unpaid, there shall be no obligation on the part of Lessee to restore or repair the Project, and any such award shall, after payment of collection expenses, be paid over to Lessee if Lessee is then in good standing with respect to the payment of rent hereunder and shall have paid the County and the Trustee all other sums due and owing hereunder.

SECTION 7.3. *Condemnation of Lessee-Owned Property.* The Lessee shall also be entitled to the Net Proceeds of any condemnation award or portion thereof made for damages to or takings of its own property not included in the Project (except for damages for the value of its leasehold estate under this Agreement which shall be disposed of pursuant to Section 7.2 hereof).

ARTICLE VIII

ADDITIONAL COVENANTS, ADDITIONAL BONDS

SECTION 8.1. *No Warranty of Condition or Suitability by the County.* The County makes no warranty, either express or implied, as to the condition of the Project or that it will be suitable for the Lessee's purposes or needs.

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

SECTION 8.3. *Lessee to Maintain its Corporate Existence, Conditions Under Which Exceptions Permitted.* The Lessee agrees that during the Lease Term it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided, that the Lessee may, without violating the agreement contained in this Section, consolidate with or merge into another domestic corporation organized and existing under the laws of one of the States of the United States of America, or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve, provided the surviving, resulting or transferee corporation, as the case may be, (i) is not the Guarantor, (ii) is authorized to do business in South Carolina, and (iii) assumes in writing all of the obligations of the Lessee under this Agreement, and provided that prior to such sale, transfer, consolidation or merger the Trustee shall be furnished a certificate from a firm of independent certified public accountants stating that the covenants contained in Section 8.9 hereof will not be violated as a result of such sale, transfer, consolidation or merger; provided further that nothing herein contained shall be deemed to prevent the Lessee from consolidating with, merging into, or selling or otherwise transferring all or substantially all of its assets as an entirety to, the Guarantor, or (upon compliance by the Guarantor with the applicable provisions of the Lease Guaranty Agreement) from having the Guarantor consolidate with, merge into, or sell or otherwise transfer to the Lessee all or substantially all of its assets as an entirety if, prior to taking such action, the Lessee shall have assigned (which assignment is hereby permitted) its rights and obligations under this Agreement to another corporation (other than the Guarantor) which shall have assumed in writing all of the obligations of the Lessee hereunder.

SECTION 8.4. *Qualification in South Carolina.* The Lessee warrants that it is and throughout the Lease Term it (or the surviving, resulting or transferee corporation permitted by Section 8.3 hereof) will continue to be duly qualified to do business in South Carolina.

SECTION 8.5. *Release of Certain Land.* In addition to the rights granted by Section 11.3 hereof, the parties hereto reserve the right at any time and from time to time to amend this Agreement for the purpose of effecting the release of and removal from this Agreement and the leasehold estate created hereby of (i) any unimproved part of the

Leased Land (on which neither the Building nor any Leased Equipment is situated, but upon which transportation or utility facilities may be situated) on which the County then proposes to construct, or cause to be constructed, improvements for lease to the Lessee or any subsidiary or affiliated corporation thereof under another and different lease agreement or (ii) any part (or interest in such part) of the Leased Land with respect to which the County proposes to grant an easement or convey fee title to a railroad, public utility or public body in order that railroad, utility services or roads may be provided for the Project; provided, that if at the time any such amendment is made any of the Bonds are outstanding and unpaid there shall be deposited with the Trustee the following:

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

(b) A resolution of the County Board (i) stating that the County is not in default under any of the provisions of the Indenture and the Lessee is not to the knowledge of the County in default under any of the provisions of this Agreement, (ii) giving an adequate legal description of that portion (together with the interest in such portion) of the Leased Land to be released, (iii) stating the purpose for which the County desires the release, (iv) stating that the said improvements which will be so constructed will be such as will promote the continued industrial development of South Carolina, (v) requesting such release and (vi) approving said amendment to this Agreement.

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

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

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

impair the usefulness of the Project as a manufacturing or processing plant and will not destroy the means of ingress thereto and egress therefrom.

And, provided further, if such release relates to Leased Land on which transportation or utility facilities are located, the County shall retain an easement to use such transportation or utility facilities to the extent necessary for the efficient operation of the Project as a manufacturing or processing plant.

If all of the conditions of this Section 8.5 are met, the Trustee shall be authorized to release any such property from the lien of the Indenture.

No release effected under the provisions of this Section shall entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof.

SECTION 8.6. *Granting of Easements.* If no event of default under this Agreement shall have happened and be continuing, the Lessee may at any time or times grant easements (including party wall agreements), licenses, rights of way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property included in the Project, free from the lien of the Indenture, or the Lessee may release existing easements, licenses, rights of way and other rights or privileges with or without consideration, and the County agrees that it shall execute and deliver and will cause and direct the Trustee to execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right of way or other right or privilege upon receipt of: (i) a copy of the instrument of grant or release; (ii) a written application signed by the president or a vice president or the chairman of the board of directors of the Lessee requesting such instrument; and (iii) a certificate executed by the president or a vice president or the chairman of the board of directors of the Lessee stating (1) that such grant or release is not detrimental to the proper conduct of the business of the Lessee, and (2) that such grant or release will not impair the effective use or interfere with the operation of the Project and will not weaken, diminish or impair the security intended to be given by or under the Indenture. No grant or release effected under the provisions of this Section shall entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof.

SECTION 8.7. *Indemnification Covenants.*

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

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

SECTION 8.8. *Financial Statements of Guarantor.* Lessee is a wholly owned subsidiary of the Guarantor and in and by the Lease Guaranty Agreement the Guarantor agrees to furnish to the Trustee, the initial purchaser of the Series 1970 Bonds, and, if requested in

writing, to the holder of any Bond all financial statements which it sends to its shareholders.

SECTION 8.9. *Covenants of Lessee with Respect to Capital Expenditures.* The County is issuing the Series 1970 Bonds pursuant to an election made under Section 103(c) (6) (D) of the Internal Revenue Code of 1954. In order to insure that interest on the Series 1970 Bonds will not become subject to Federal Income Taxes as a result of a violation of the capital expenditures limitation prescribed in said Section 103(c) (6) (D), the Lessee covenants with the County, the Trustee, and with each of the future holders of any Series 1970 Bonds or interest coupons appertaining thereto as follows:

(1) That all rights and privileges granted to the Lessee hereunder shall be exercised in such manner that the covenants made by this Section 8.9 shall be observed, and if any conflict between Section 8.9 and any other provision in this Agreement shall arise, then in such case, Section 8.9 shall control;

(2) That it will never permit the occurrence of any circumstance set forth in Section 103(c) (6) (D) and (E) of the Internal Revenue Code of 1954 which might cause interest on the Series 1970 Bonds to lose its tax exempt status;

(3) That within 60 days following (i) January 1, 1971, and (ii) the first day of each January and July thereafter to and including January 1, 1974, the Lessee will furnish to the Trustee a certificate of independent certified public accountants, together with an opinion of Independent Counsel, stating that during the period beginning December 1, 1967 to such January 1 or July 1, as the case may be (or, in the case of the January 1, 1974 certificate, to the 3rd anniversary of the date of the delivery Bonds), capital expenditures (including the \$2,800,000 principal amount of the Series 1970 Bonds) in excess of the greater of (a) \$5,000,000, or (b) the capital expenditures limitation prescribed by said Section 103 (c) (6) (D) if hereafter amended so as to increase the limitation, have not been paid or incurred with respect to "facilities" described in Section (103) (c) (6) (E) of the Internal Revenue Code of 1954, in Spartanburg County, South Carolina, of which the Lessee or a related person as defined in Section 103 (c) (6) (C) of the Internal Revenue Code of 1954 is the principal user; and

(4) That it will comply with the governing regulations applicable to Section 103 of the Internal Revenue Code of 1954 to the extent that compliance therewith is necessary in order that interest on the Series 1970 Bonds shall remain exempt.

Nothing herein contained is intended to create any obligation upon the Lessee as a result of interest on any Series 1970 Bond becoming taxable or any deficiency being asserted against the holder of any Series 1970 Bond by virtue of the provisions of Section 103 (c) (7) of the Internal Revenue Code of 1954.

SECTION 8.10. *Additional Bonds.* Subject to the obligations of the County under the Indenture and subject to the provisions of Section 8.9 hereof, the County and the Lessee may hereafter negotiate one or more amendments to this Agreement pertaining to an increase in the obligations of the County and the Lessee upon an undertaking of the County to provide Additions or Alterations for the Project through the issuance of Additional Bonds pursuant to Section 213 of the Indenture; provided that no obligation is imposed on County by this Section 8.10 to enter into any such amendment and no such amendment is permitted hereunder which would result either in the breach of the County's agreements pursuant to the Indenture or in the reduction of Lessee's obligations pursuant to this Agreement.

ARTICLE IX

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

SECTION 9.1. *Assignment and Subleasing.* This Agreement may be assigned, and the Project may be subleased as a whole or in part, by the Lessee without the necessity of obtaining the consent of either the County or the Trustee, subject, however, to each of the following conditions:

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

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

(c) The Lessee shall, within thirty days after the delivery thereof, furnish or cause to be furnished to the County and to the

Trustee a true and complete copy of each such assignment or sublease, as the case may be, accompanied by a certificate of an independent certified public accountant and an opinion of Independent Counsel that nothing in the transaction so done has violated any covenant of Section 8.9.

(d) No assignment or sublease shall be made to the Guarantor.

SECTION 9.2. *Mortgage of Project by County.* The County will mortgage the Project by the Indenture, and assign its interest in and pledge any moneys receivable under this Agreement (except payments made in lieu of taxes pursuant to Section 5.5 and payments made pursuant to Section 8.7) pursuant to the Indenture, to the Trustee as security for payment of the principal of, premium, if any, and interest on the Bonds, but each such mortgage, assignment or pledge shall be subject and subordinate to this Agreement.

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

SECTION 9.4. *Redemption of Bonds.* The County, at the request at any time of the Lessee and if the same are then callable, shall forthwith take all steps that may be necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the then outstanding Bonds, as may be specified by the Lessee, on the earliest redemption date on which such redemption may be made under such applicable provisions. The certificate of the County required by Section 307 of the Indenture shall contain such information as is requested by the Lessee.

SECTION 9.5. *Prepayment of Rents.* There is expressly reserved to the Lessee the right, and the Lessee is authorized and permitted, at any time it may choose, to prepay all or any part of the rents payable under Section 5.3 hereof, and the County agrees that the Trustee may accept such prepayment of rents when the same are tendered by the Lessee. All rents so prepaid shall be credited on the rental payments specified in Section 5.3 hereof, in the order of their due dates.

SECTION 9.6. *Lessee Entitled to Certain Rent Abatements if Series 1970 Bonds paid Prior to Maturity.* If at any time the aggregate moneys in the Bond Fund shall be sufficient to retire in accordance with

the provisions of the Indenture all of the Series 1970 Bonds at the time outstanding, and to pay all fees and charges of the Trustee and any paying agents on the Series 1970 Bonds due or to become due through the date on which the last of the Series 1970 Bonds is retired, under circumstances not resulting in termination of the Lease Term, and if the Lessee is not at the time otherwise in default hereunder, the Lessee shall be entitled to use and occupy the Project from the date on which such aggregate moneys are in the hands of the Trustee to and including December 1, 1990, with no obligation to make rental payments specified in the first paragraph of Section 5.3 hereof during that interval (but otherwise on the terms and conditions hereof).

SECTION 9.7. *Installation of Lessee's Own Machinery and Equipment.* Subject always to the provisions of Section 8.9, the Lessee may from time to time, in its sole discretion and at its own expense, install machinery, equipment and other personal property in the Building or on the Leased Land and which may be attached or affixed to the Building or the Leased Land. All such machinery, equipment and other personal property shall remain the sole property of the Lessee and the Lessee may remove the same from the Building or the Leased Land at any time, in its sole discretion and at its own expense; provided, that any damage to the Project resulting from any such removal shall be repaired by the Lessee at the expense of the Lessee. The Lessee may create any mortgage, encumbrance, lien or charge on any such machinery, equipment and other personal property provided that the same will not diminish or impair the security intended to be given by or under the Indenture. Neither the County nor the Trustee shall have any interest in or landlord's lien on any such machinery, equipment or personal property so installed pursuant to this Section 9.7 and all such machinery, equipment and personal property shall be and remain identified as the property of the Lessee by appropriate tags or other markings.

SECTION 9.8. *Reference to Bonds Ineffective After Bonds Paid.* Upon payment in full of the Bonds (or provision for payment thereof having been made in accordance with provisions of the Indenture) and all fees and charges of the Trustee, all references in this Agreement to the Bonds and the Trustee shall be ineffective and neither the Trustee nor the holders of any of the Bonds shall thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested. For purposes of this Agreement the Bonds shall be deemed fully paid:

(a) If there is no default under Section 8.9 and there is on deposit in the Bond Fund a total amount sufficient to pay the principal of all the then outstanding Bonds plus the interest due thereon until and at their respective maturities and provision for payment of all Trustee's and paying agents' fees, accrued and to accrue, has been made in a manner satisfactory to the Trustee and such paying agents, or

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

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

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

(a) Failure by the Lessee to pay the rents required to be paid under Section 5.3 of this Agreement at the times specified therein and continuing for a period of five days after notice in conformance with Section 10.6 hereof by telegram, or if telegraphic service is not available then after notice in conformance with Section 10.6 hereof by mail given to Lessee and the Guarantor by either the Trustee or the County that the payment referred to in such notice has not been received; or, without regard to notice, failure by the Lessee to pay the rents required to be paid under Section 5.3 of this Agreement at the times specified therein and continuing for a period of seven (7) days after any rental become due under Section 5.3 of this Agreement.

(b) Violation by the Lessee of any of the covenants set forth in Section 8.9 (2) and Section 8.9 (4) hereof and failure of the Lessee to fulfill its obligation to purchase the Project as provided in Section 12.2 hereof.

(c) Failure by the Lessee to observe and perform any covenant, condition or agreement in this Agreement on the part of the Lessee to be observed or performed, other than as referred to in subsections (a) and (b) of this Section, for a period of thirty days after written notice in conformance with Section 10.6 hereof, specifying such failure and requesting that it be remedied, given to the Lessee and the Guarantor by the County or the Trustee, unless the County and the Trustee shall agree in writing to an extension of such time prior to its expiration (or in the case of any such default which cannot with due diligence be cured within such 30-day period, if Lessee shall fail to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence, it being intended in connection with such a default not susceptible of being cured with due diligence within the 30 days that the time of Lessee within which to cure the same shall be extended for such period as may be necessary to complete the curing of the same with all due diligence).

(d) The dissolution or liquidation of the Lessee or Guarantor or the filing by the Lessee or Guarantor of a voluntary petition in bankruptcy, or failure promptly to lift any execution, garnishment or attachment of such consequence as will impair the ability of the Lessee to carry on its operations at the Project, or the commission by the Lessee or Guarantor of any act of bankruptcy, or adjudication of the Lessee or Guarantor as a bankrupt, or assignment by the Lessee or Guarantor for the benefit of its creditors, or the entry by the Lessee or the Guarantor into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Lessee or Guarantor in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act in any domestic or foreign jurisdiction which may now be in effect or hereafter enacted. The term "dissolution or liquidation of the Lessee or Guarantor," as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Lessee resulting either from a merger or consolidation of the Lessee into or with another corporation or a dissolution or liquidation of the Lessee following a transfer of all or substantially all of its assets as an entirety, provided, that the conditions permitting such actions contained in Section 8.3 hereof shall have been met; nor to include the cessation of the corporate existence of the Guarantor resulting either from a merger or

consolidation of the Guarantor into or with another corporation or a dissolution or liquidation of the Guarantor following a transfer of all or substantially all of its assets as an entirety, provided, that the conditions permitting such actions contained in the Lease Guaranty Agreement shall have been met.

The foregoing provisions of this Section are subject to the following limitations: If by reason of force majeure the Lessee is unable in whole or in part to carry out the agreements of the Lessee on its part herein contained (other than the obligations on the part of the Lessee contained in Article V and Section 6.3, 6.4, 8.7, 8.9 and 12.2 hereof to which the force majeure provisions of this paragraph shall have no application) the Lessee shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of South Carolina or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Lessee, it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Lessee, and the Lessee shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Lessee, unfavorable to the Lessee.

SECTION 10.2. *Remedies on Default.* Whenever any event of default referred to in Section 10.1 hereof shall have happened and be subsisting, the County may take any one or more of the following remedial steps:

(a) The County, with the prior written consent of the Trustee, or the Trustee as provided in the Indenture may at its option, declare all installments of rent payable under Section 5.3 hereof for the remainder of the Lease Term to be immediately due and payable whereupon the same shall become immediately due and payable; provided, that in the event of default referred to in Section 10.1 (a) hereof, the County shall not be entitled to take such action

until the sixth day after the giving of notice as prescribed in Section 10.1 (a).

(b) The County, with the prior written consent of the Trustee, may re-enter and take possession of the Project without terminating this Agreement, and sublease the Project for the account of the Lessee, holding the Lessee liable for the difference in the rent and other amounts actually paid by such sublessee in such subleasing and the rents and other amounts payable by the Lessee hereunder; provided, that in the case of an event of default referred to in Section 10.1(a) hereof, the County shall not be entitled to take such action until the sixth day after the giving of notice as prescribed in Section 10.1(a).

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

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

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

Any amounts collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Indenture) and the Lessee is then in good standing with respect to the payment of rent hereunder and shall have paid the County and the Trustee all other sums due and owing hereunder, to the Lessee.

No action taken pursuant to this Section (including repossession of the Project or termination of the Lease Term) shall relieve the

Lessee from the Lessee's obligations pursuant to Section 5.3, Section 10.2(a) and Section 12.2 hereof, all of which shall survive any such action, and the Lessor may take whatever action at law or in equity as may appear necessary and desirable to collect the rent and other amounts then due and thereafter to become due and/or to enforce the performance and observance of any obligation, agreement or covenant of the Lessee hereunder, including the Lessee's obligation to purchase the Project under Section 12.2 hereof.

SECTION 10.3. *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the County is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the County to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the County hereunder shall also extend to the Trustee and the holders of the Bonds shall be deemed third party beneficiaries of all covenants and agreements herein contained.

SECTION 10.4. *Agreement to Pay Attorneys' Fees and Expenses.* In the event the Lessee should default under any of the provisions of this Agreement and the County or the Trustee should employ attorneys or incur other expenses for the collection of rent or the enforcement of performance or observance of any obligation or agreement on the part of the Lessee herein contained, the Lessee agrees that it will on demand therefor pay to the County or the Trustee the reasonable fee of such attorneys and such other expenses so incurred by the County or the Trustee.

SECTION 10.5. *No Additional Waiver Implied by One Waiver.* In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

SECTION 10.6. *Notices to Include Text of This Article.* Any notice given to the Lessee or the Guarantor by either the County or the

Trustee as prescribed in Section 10.1 (a) or Section 10.1 (c) shall set forth the entire text of this Article X.

ARTICLE XI

OPTIONS IN FAVOR OF LESSEE

SECTION 11.1. *Options to Terminate.* The Lessee shall have, and is hereby granted, the following options to terminate the Lease Term:

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

(b) At any time after full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and of any and all sums then due to the County under this Agreement, the Lessee may terminate the Lease Term by giving the County notice in writing of such termination and such termination shall forthwith become effective.

SECTION 11.2. *Option to Purchase Project Prior to Payment of the Bonds.* The Lessee shall have, and is hereby granted, the option to purchase the Project prior to the full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), if any of the events set forth in the following clauses shall have occurred:

(a) The Building or the Leased Equipment shall have been damaged or destroyed (i) to such extent that it cannot be reasonably restored within a period of four months to the condition thereof immediately preceding such damage or destruction, or (ii) to such extent that the Lessee is thereby prevented from carrying on its normal operations at the Project for a period of four months,

or (iii) to such extent that the cost of restoration thereof would exceed by \$100,000 the Net Proceeds of insurance carried thereon pursuant to the requirements of Section 6.4(a) and Section 6.4(c) hereof, plus the deductible amounts for which the Lessee is self insured with respect to the Project.

(b) Title to, or the temporary use of, all or substantially all the Project, or such part thereof as shall materially interfere, in Lessee's judgment, with the operation of the Project for the purpose for which the Project is designed, shall have been taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority (including such a taking or takings as results in the Lessee being thereby prevented from carrying on its normal operations at the Project for a period of four months.)

(c) As a result of any changes in the Constitution of South Carolina or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Lessee in good faith, this Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in this Agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the County or the Lessee in respect to the Project including without limitation federal, state or other ad valorem, property, income or other taxes not being imposed on the date of this Agreement.

To exercise such option, the Lessee shall, within ninety days following the event authorizing the exercise of such option, give written notice to the County, and to the Trustee if any of the Bonds shall then be unpaid, and shall specify therein the date of closing such purchase, which date shall be not less than forty-five nor more than ninety days from the date such notice is mailed, and in case of a redemption of the Bonds in accordance with the provisions of the Indenture, shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption. The purchase price payable by the Lessee in the event of its exercise of the option granted in this Section shall be the sum of the following:

(1) An amount of money which, when added to the amount then on deposit in the Bond Fund, will be sufficient to retire and redeem all the then outstanding Bonds on the applicable redemp-

tion date provided by the Indenture, including without limitation, principal, all interest to accrue to said redemption date and redemption expense, plus

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

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

In the event of the exercise of the option granted in this Section any Net Proceeds of insurance or condemnation shall be paid to the Lessee simultaneously with the conveyance prescribed by Section 11.5 hereof.

SECTION 11.3. *Option to Purchase Unimproved Land.* If no event of default under this Agreement shall have happened and then be continuing, the Lessee shall have, and is hereby granted the option to purchase any part of the Leased Land on which neither the Building nor any Leased Equipment is located, but upon which transportation or utility facilities may be located, at any time and from time to time at and for a purchase price of \$2,000 per acre provided that it furnishes the County with the following:

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

(b) A certificate of an Independent Engineer who is acceptable to the Trustee, dated not more than ninety days prior to the date of the purchase and stating that in the opinion of the person signing such certificate, (i) the portion of the Leased Land with respect to which the option is exercised is not needed for the operation of the Project for the purposes hereinabove stated, and (ii) the purchase will not impair the usefulness of the Project as a manufacturing or processing plant and will not destroy the means of ingress thereto and egress therefrom.

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

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

SECTION 11.4. *Additional Option to Purchase Project.* The Lessee is also granted the additional option to purchase the Project at any time during the period beginning September 1, 1989 and ending November 20, 1989 (dates inclusive) at a purchase price determined as hereinafter in this Section provided.

To exercise such option, the Lessee shall, not later than eighty days prior to November 20, 1989, give written notice to the County and to the Trustee and shall specify therein the date of closing such purchase, which date shall be not less than forty-five nor more than eighty days from the date such notice is mailed, and shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption. The purchase price for the Leased Land, Building and Leased Equipment payable by the Lessee in the event of its exercise of the option granted in this Section shall be the sum of the following:

(1) An amount of money which, when added to the amount then on deposit in the Bond Fund, will be sufficient to retire and redeem all the then outstanding Bonds on the earliest possible redemption date immediately following the date of closing, including without limitation, principal, all interest to accrue to said redemption date and redemption expense, plus

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

(3) The sum of one dollar, and any and all other sums then due to the County under this Agreement.

SECTION 11.5. *Conveyance on Exercise of Option to Purchase.* At the closing of any purchase pursuant to any option to purchase

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

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

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

SECTION 11.6. *Relative position of options and Indenture.* The options respectively granted to the Lessee in this Article except under Section 11.3 hereof shall be and remain prior and superior to the Indenture and may be exercised whether or not the Lessee is in default hereunder, provided that no such default will result in nonfulfillment of any condition to the right of the Lessee to obtain a conveyance of the Project by making the payments required hereunder.

ARTICLE XII

ADDITIONAL OBLIGATIONS OF LESSEE AND COUNTY

SECTION 12.1. *No Obligation to Purchase Project.* The Lessee shall be under no obligation to purchase the Project except as herein expressly required or provided.

SECTION 12.2. *Lessee's Obligation to Purchase Project Under Certain Circumstances.* Should, by reason of any actual or claimed violation of any covenant set forth in Section 8.9(2) or Section 8.9(4) (whether through act of the Lessee or circumstances not under the Lessee's control or otherwise) interest on the Series 1970 Bonds be determined by (i) the National Office of the Internal Revenue Service of the United States Treasury Department, or (ii) the District Director of Internal Revenue for the District in which the Lessee files the Statements required by the governing regulations referred to in Sec-

tion 8.9(4) hereof, or (iii) any court of competent jurisdiction, to be subject to Federal Income Tax by reason of a violation (actual or claimed) of the capital expenditure limitation prescribed in Section 103(c) (6) (D) of the Internal Revenue Code of 1954, the Lessee agrees to purchase, in full discharge of all liability hereunder, the Project within thirty days after such determination at a purchase price equal to the principal amount of all Series 1970 Bonds then outstanding plus accrued interest to the redemption date and redemption premium computed in the manner prescribed in Section 12.4, plus any expenses of redemption and the Trustee's and paying agent's fees and charges, but after the deduction of the amount, if any, then in the Bond Fund. The obligation of the Lessee under this Section 12.2 shall survive any termination of the Lease Term of this Agreement. At the closing of the foregoing purchase the County shall deliver to the Lessee the documents referred to in Section 11.5. Such purchase price shall be applied, together with other available monies in the Bond Fund, to the redemption of the Series 1970 Bonds on the earliest possible date after notice as provided in the Indenture, whether or not such date is an interest payment date, and to the payment of any redemption premium required by Section 12.4 on account of previously paid Series 1970 Bonds.

Provided, that the Lessee may in good faith to the extent permitted by law, contest, at Lessee's expense, any such determination, in which event, at Lessee's option, the performance of its obligation to purchase pursuant to the foregoing provisions of this Section 12.2 as a result of that determination may be postponed for six months from the date of Lessee's receipt of written notice regarding the earliest such determination. If such determination is reversed or withdrawn by competent authority within such six month period Lessee shall be relieved of such obligation to purchase.

Provided further, that nothing herein contained is intended to create any obligation upon the Lessee as a result of interest on any Series 1970 Bond becoming taxable by virtue of the provisions of Section 103 (c) (7) of the Internal Revenue Code of 1954.

SECTION 12.3. *Obligation of Lessee Further Defined.* The parties recognize that the Series 1970 Bonds are being issued as tax free obligations by virtue of an election made under Section 103 (c) (6) (D) of the Internal Revenue Code of 1954, and that circumstances (not now contemplated or anticipated) may hereafter result in a determination as described in Section 12.2 (which may be disputed) that interest on the Series 1970 Bonds is no longer tax free. It is the intention of the

parties hereto that subject to the first proviso of Section 12.2, the Lessee, in such event, shall provide each person who is a holder of a Series 1970 Bond on the occasion as of which interest on the Series 1970 Bonds becomes (or is determined to be) taxable, with the relief prescribed in Sections 12.2 and 12.4 hereof, without regard to the final outcome of any dispute, and such determination as described in Section 12.2 shall be conclusive even though it might be thereafter determined by Court order, ruling or otherwise that interest on the Series 1970 Bonds was, in fact, not subject to Federal Income Taxes.

SECTION 12.4. *Computation of Additional Redemption Premium.* In the event the Lessee is required to purchase the Project by virtue of the provisions of Section 12.2, the redemption premium payable shall be the aggregate of the premiums computed on each Series 1970 Bond outstanding on the occasion as of which interest on the Series 1970 Bonds becomes taxable as follows: the sum of (a) a redemption premium in the amount equal to the 12 months interest payable on each such Series 1970 Bond and (b) an additional redemption premium determined by multiplying one-half ($\frac{1}{2}$) of the 12 months interest on each such Series 1970 Bond by the number (in no event to exceed 3) of 360 day periods, or fraction thereof, between the occasion as of which interest on the Series 1970 Bonds becomes (or is determined as provided in Section 12.2 to be) taxable and the earliest possible date of redemption or the earlier payment date of any Series 1970 Bond which shall have been paid (whether at maturity or by redemption) subsequent to the occasion as of which interest on the Bonds becomes (or is so determined to be) taxable and prior to the earliest possible redemption date (less any applicable redemption premium previously paid on such Bond). On the occasion of the purchase of the Project pursuant to the requirements of Section 12.2 the purchase price paid by Lessee shall include the premium above prescribed so that each person who is the holder of any Series 1970 Bond on the earliest possible redemption date as well as each person who was the holder of any Series 1970 Bond on the occasion when the same was paid (whether at maturity or by redemption) prior to such redemption date but subsequent to the occasion as of which interest on the Series 1970 Bonds became (or was so determined to have become) taxable, shall receive a premium on each such Series 1970 Bond computed according to the provisions of this Section 12.4.

ARTICLE XIII

MISCELLANEOUS

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

SECTION 13.2. *Surrender of Project.* Except as otherwise provided in this Agreement at the expiration or sooner termination of the Lease Term, the Lessee agrees to surrender possession of the Project peaceably and promptly to the County in as good condition as at the commencement of the Lease Term, ordinary wear, tear and obsolescence only excepted.

SECTION 13.3. *Notices.* All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, or given when dispatched by telegram when telegraphic notice is permitted by express provisions of this Agreement, addressed as follows: if to the County, to the Board of County Commissioners of Spartanburg County, Spartanburg County Courthouse, Spartanburg, South Carolina; if to the Lessee, at 17000 St. Clair Ave., Cleveland, Ohio. Attention: President; and at 1000 International Tower Building, 8550 West Bryn Mawr Ave., Chicago, Illinois, Attention: Treasurer; if the Trustee, at P. O. Box 1487, Decatur, Alabama 35601, Attention: Trust Officer; if to the Guarantor, at 1000 International Tower Building, 8550 West Bryn Mawr Ave., Chicago, Illinois, Attention: President and at, P. O. Box 3140, St. Paul, Minnesota 55101, Attention: Treasurer. The County, the Lessee, the Guarantor, and the Trustee may, by notice given to all parties to this Agreement, the Lease Guaranty Agreement and the Indenture, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 13.4. *Recording and Filing.*

(a) This Agreement as originally executed shall be recorded prior to the recordation of the Indenture. It shall be recorded and indexed as a miscellaneous conveyance and as a security agreement in the R. M. C. Office for Spartanburg County, South Carolina, or in such other office as may at the time be provided by law

as the proper place for recordation thereof. The security interest of the County created herein as to any personal property, equipment and fixtures forming a part of the Project shall be perfected by the filing of financing statements which fully comply with the South Carolina Uniform Commercial Code—Secured Transactions, in the R. M. C. Office for Spartanburg County and in the Office of the Secretary of State in the City of Columbia, S. C. The parties further agree that all necessary continuation statements shall be filed within the time prescribed by the South Carolina Uniform Commercial Code—Secured Transactions, in order to continue the security interests created by this Agreement, to the end that the rights of the holders of the Series 1970 Bonds and the Trustee in the Project shall be fully preserved as against creditors of, or purchasers for value from, the County or the Lessee.

(b) The deed conveying the Leased Land to the County, this Agreement and the Indenture may be recorded prior to the delivery of the Series 1970 Bonds. If subsequent to such recording the Series 1970 Bonds shall not be delivered on or before January 31st, 1971, or such later date as the Lessee may agree upon in writing, then the said deed, this Agreement and the Indenture shall be of no force and effect and in such event the County and the Lessee do hereby mutually release and discharge each other from any and all claims of any character which either may have against the other by reason of or arising from a failure to deliver the Series 1970 Bonds; and the County shall transfer and reconvey to the Lessee or its designee all properties conveyed to the County by the said deed and for the same consideration paid by the County less any advances made therefor by the Lessee. Both parties shall execute such further instruments as may be necessary to fully implement the provisions of this subsection (b) of Section 13.4.

SECTION 13.5. *Other Instruments.*

(a) The Lessee covenants to deliver to the County and the Trustee within 60 days after January 1, 1971, after each January 1 thereafter until the Completion Date, after the Completion Date and after the close of each fiscal year of the Lessee following the Completion Date, a description of the Project, on such January 1, Completion Date or last day of a fiscal year, as appropriate, if the Project is not adequately described in the granting clauses of the Indenture as then supplemented, and in the demising clauses of this Agreement as then amended. Such description shall be sufficiently detailed so as to enable counsel to render

the opinion referred to in clause (4) of the next succeeding sentence. Within 30 days after delivery of such description the Lessee covenants that it will:

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

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

- (3) deliver the fully executed supplement to the Indenture and the fully executed amendment to this Agreement to the Trustee for recording and filing or re-recording or re-filing in all places required by the opinion of counsel referred to in subsection (a) (4) of this Section 13.5; and

- (4) deliver to the Trustee a written opinion of counsel (who may be counsel for the County or the Lessee), addressed to the Trustee that the description of the Mortgaged Property (as defined in Article I of the Indenture) contained in the granting clauses of the Indenture, as supplemented, and the description of the Project contained in the demising clauses of this Agreement, as supplemented, are adequate for all purposes thereof and hereof and in the opinion given with respect to the Completion Date that such descriptions include descriptions of the entire Project; that the Indenture, as supplemented, constitutes a valid first mortgage lien on the interest of the County in the said Mortgaged Property, subject only to Permitted Encumbrances other than the Indenture; that the Indenture, as supplemented, this Agreement, as supplemented and all financing statements, continuation statements, notices and other instruments required by applicable law have been recorded or filed or re-recorded or re-filed in such manner and in such places required by law in order fully to preserve and protect the rights of the holders or owners of the Series 1970 Bonds and the Trustee in the Project (and in the assignment to the Trustee of the rents payable under this Agreement) as against creditors of, or purchasers for value from, the County or the Lessee.

- (b) The Lessee, the County and the Trustee shall execute and deliver all instruments and shall furnish all information and evidence deemed necessary or advisable by such counsel in order to enable him to render the opinion referred to in subsection (a) (4)

of this Section 13.5. The Trustee shall file and record and re-record or cause to be filed and recorded and re-recorded all instruments required to be filed and recorded and re-recorded pursuant to the opinion of such counsel and shall continue or cause to be continued the liens of such instruments for so long as the Series 1970 Bonds shall be outstanding, except as otherwise in this Agreement required.

SECTION 13.6. *Binding Effect.* This Agreement shall inure to the benefit of and shall be binding upon the County, the Lessee and their respective successors and assigns, subject, however, to the limitations contained in Sections 8.3, 9.1, 9.2 and 9.3 hereof.

SECTION 13.7. *Severability.* In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 13.8. *Amounts Remaining in Bond Fund.* It is agreed by the parties hereto that any amounts remaining in the Bond Fund upon expiration or sooner termination of the Lease Term, as provided in this Agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and the fees, charges and expenses of the Trustee and paying agents in accordance with the Indenture, shall belong to and be paid to the Lessee by the Trustee as overpayment of rents.

SECTION 13.9. *Amendments, Changes and Modifications.* Except in the instance of an amendment pursuant to Section 8.10 hereof, this Agreement may not be amended, changed, modified, altered or terminated without in each instance the prior written consent of the Trustee.

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

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

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

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

SPARTANBURG COUNTY, SOUTH CAROLINA

By -----
Chairman of the Board of County Commissioners of Spartanburg County.
(seal)

Attest:

Secretary of the Board of County
Commissioners of Spartanburg County

Signed, sealed and delivered in
the presence of:

CLEVITE CORPORATION

By -----
President.
(seal)

Attest:

Secretary

Signed, sealed and delivered in
the presence of:

STATE OF SOUTH CAROLINA, }
COUNTY OF SPARTANBURG } ss:

Personally appeared before me _____ who
being duly sworn says that he saw the corporate seal of Spartanburg
County, South Carolina, affixed to the foregoing Lease Agreement, and
that he also saw _____ as Chairman and _____
as _____ Secretary of the Board of County Commis-
sioners of Spartanburg County, South Carolina, sign and attest the
same and that he with _____ witnessed the execution
and delivery thereof as the act and deed of the said Spartanburg
County, South Carolina.

Sworn to before me this

____ day of _____ 1970.

Notary Public for the State of South Carolina,

My Commission Expires _____

State of Illinois }
County of Cook } ss:

Personally appeared before me _____, who being duly
sworn says that he saw the corporate seal of Clevite Corporation affixed
to the foregoing Lease Agreement, and that he also saw _____
as _____ President and _____ as Secretary of said
Corporation, sign and attest the same, and that he with _____
witnessed the execution and delivery thereof as the act and deed of the
said Clevite Corporation.

Sworn to before me this

____ day of _____ 1970.

Notary Public for the State of Illinois.

My Commission Expires: _____

EXHIBIT A

DESCRIPTION OF LEASED LAND

Attached to Lease Agreement between Spartanburg County,
South Carolina, and Clevite Corporation
dated as of December 1, 1970

ALL that piece, parcel or lot of land lying, being and situate in Spartanburg County, South Carolina, School District #4, located approximately one and one-half miles South of the Town of Woodruff on S. C. Highway #202, and containing 18.629 acres, more or less, and being shown as Tract #1 on survey for Gould, Inc. by Neil R. Phillips, R.L.S., dated June 23, 1970, and recorded August 11, 1970, in Plat Book 62, page 285, RMC Office for Spartanburg County, S. C., and on which plat Tract #1 is hereby more particularly described:

BEGINNING at an Iron Pin located at the Seaboard Coast Line Railroad right of way and S. C. Highway # 202 as shown on said plat, and running along the Seaboard Coast Line Railroad right of way S. 38-29 E. 92.3 feet to an Iron Pin; thence S. 39-24 E. 1988.9 feet to an Iron Pin; thence S. 43-05 W. 447.5 feet to an Iron Pin; thence along the right of way of County Road as shown on said plat N. 51-22 W. 679.3 feet to an Iron Pin; thence N. 47-20 W. 144.8 feet to an Iron Pin; thence N. 23-27 W. 97.35 feet to an Iron Pin; thence N. 4-50 W. 128.9 feet to an Iron Pin; thence N. 15-19 W. 1240 feet to the beginning point; said property being bounded by Seaboard Coast Line Railroad right of way on the East and North, S. C. Highway #202 on the West and a County Road and Tract #2, as shown on said plat, on the South.

ALSO, ALL that piece, parcel or lot of land lying, being and situate in Spartanburg County, South Carolina, School District #4, located approximately one and one-half miles South of the Town of Woodruff on County Road which intersects with U. S. Highway #221, and containing 6.123 acres, more or less, and being shown as Tract #2 on the aforesaid survey for Gould, Inc. by Neil R. Phillips, R.L.S., and on which plat Tract #2 is hereby more particularly described:

BEGINNING at an Iron Pin located at the intersection of the County Road and Seaboard Coast Line Railroad right of way, and running N. 83-18 W. 186.9 feet to an Iron Pin; thence N. 81-17 W. 130.4 feet to an Iron Pin; thence N. 71-35 W. 128.6 feet to an Iron Pin; thence N. 61-26 W. 213.1 feet to an Iron Pin; thence N.

54-05 W. 149.1 feet to an Iron Pin; thence N. 51-22 W. 196.3 feet to an Iron Pin; thence N. 43-05 E. 447.5 feet to an Iron Pin; thence along Seaboard Coast Line Railroad right of way S. 39-24 E. 932.9 feet to the beginning corner; said property bounded by the Seaboard Coast Line Railroad right of way on the East, Tract #1, as shown on said plat on the North, County Road on the West and South.

EXHIBIT B

DESCRIPTION OF LEASED EQUIPMENT

Attached to Lease Agreement between Spartanburg County,
South Carolina, and Clevite Corporation
dated as of December 1, 1970

0200 No. 2 Cell Line

- 0201 intact extruder
- 0202 can unloader and feeder
- 0203 line conveyor
- 0204 can trimmer
- 0210 CFA machine (cell fabricating)
- 0212 line conveyor
- 0216 accumulator
- 0218 CFB machine (cell fabricating)
- 0219 pitch dispenser
- 0224 pitch dispenser
- 0225 accumulator
- 0226 cell finishing machine
- 0228 line conveyor
- 0230 cell elevator
- 0250 blister packing machine
- 0252 final pack assembly table
- 0260 wix packaging machine

0900 No. 9 Cell Line

- 0902 can feeder and supply hopper
- 0906 can conveyor
- 0917 line conveyor
- 0923 line conveyor

- 0924 cell elevator
- 0925 final tact conveyor table
- 0930 cell accumulator
- 1010 CFA machine
- 1018 CFB machine
- 1050 wrapping machine
- 1077 dispenser
- 1100 Reclaim (Miscellaneous Equipment)
 - 9001 tube winders and cut offs
 - 9002 tube storage dollies
 - 9003 tube cutters
 - 9004 base disc assembly machine
 - 9005 labeling equipment
 - 9006 can cover assembly equipment
 - 9008 tube elevating conveyor
 - 9009 carbon capping machine
- 9100 Finished Goods Storage Equipment
 - 9101 flow-thru rack
 - 9106 FG pallets
- 9200 Mix Facility
 - 9201 mix handling system
 - 9202 mix feeding hoppers (line)
 - 9205 mixer
 - 9208 bulk handling system
 - 9214 zinc chloride system
- 9400 Raw Material Storage
 - 9401 drive-thru racks
 - 9402 conventional racks
 - 9406 shelving
 - 9407 pallets
 - 9408 pallet unloading conveyor
- 9500 Warehouse
 - 9501 stockpicker
 - 9502 drive-thru rack

- 9503 conveyor rack
- 9504 QA rack
- 9600 Tool Room
 - 9601 milling equipment
 - 9602 lathes
 - 9603 surface grinder
 - 9604 surface plate
 - 9605 floor crane
 - 9606 list table
 - 9607 gas welding equipment
 - 9608 arc/gas welder
 - 9609 dumore grinder
 - 9610 maintenance carts
 - 9611 hand press
 - 9612 band saw
 - 9613 bench grinder
 - 9614 20 inch drill press
 - 9615 15 inch drill press
 - 9616 work benches and accessories
 - 9618 tool crib and supplies
 - 9619 miscellaneous tools
 - 9620 cut off saw
- 9700 Materials Handling
 - 9701 battery tack conveyor system
 - 9702 paper tube conveyor
 - 9703 walker truck
 - 9704 list truck
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 - 9706 RM rail stockpicker
 - 9707 tow tractor and trucks
 - 9710 pallet dollies
- 9800 Central Pitch System
- 9900 QC Lab Equipment

ASSIGNMENT OF THE LEASE AGREEMENT

STATE OF SOUTH CAROLINA }
COUNTY OF SPARTANBURG } ss:

KNOW ALL MEN BY THESE PRESENT, that Spartanburg County, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the Board of County Commissioners of Spartanburg County, in consideration of the sum of One Dollar (\$1) to it in hand paid at and before the sealing of these presents, the receipt of which is hereby acknowledged, has assigned, transferred and set over unto State National Bank of Alabama, as Trustee under that certain Trust Indenture dated as of December 1, 1970, between said Spartanburg County and said State National Bank of Alabama, as Trustee, and its successors in trust:

All of the right, title and interest of said Spartanburg County in and to the foregoing Lease Agreement dated as of December 1, 1970, between said Spartanburg County, as Lessor, and Clevite Corporation, as Lessee.

This assignment is made pursuant to and subject to all the terms and conditions of said Trust Indenture dated as of December 1, 1970, the terms of which are incorporated by this reference as fully as if the same were set forth at length herein, said Trust Indenture being intended to be duly recorded immediately subject to the recording of said Lease Agreement and this Assignment.

IN WITNESS WHEREOF, Spartanburg County, South Carolina, has executed this Assignment by causing its name to be hereunto subscribed by the Chairman of its Board of County Commissioners and the official seal of said Board to be impressed hereon and attested by the Secretary or Assistant Secretary of the said Board, all being done as of the 1st day of December, 1970.

SPARTANBURG COUNTY, SOUTH CAROLINA,

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

(Seal)

Attest:

Secretary of the Board of County
Commissioners of Spartanburg County

Signed, sealed and delivered in
the presence of:

STATE OF SOUTH CAROLINA, }
COUNTY OF SPARTANBURG } ss:

Personally appeared before me _____ who
being duly sworn says that he saw the corporate seal of Spartanburg
County, South Carolina, affixed to the foregoing Assignment of Lease
Agreement, and that he also saw _____, as Chairman,
and _____, as _____ Secretary of the
Board of County Commissioner's of Spartanburg County, South Caro-
lina, sign and attest the same, and that he with _____
witnessed the execution and delivery thereof as the act and deed of
the said Spartanburg County, South Carolina.

Sworn to before me this

____ day of _____ 1970.

Notary Public for the State of South Carolina

My Commission Expires: -----

LEASE GUARANTY AGREEMENT

Attached to Lease Agreement between Spartanburg County, South Carolina and Clevite Corporation dated as of December 1, 1970.

FOR VALUE RECEIVED, and as an inducement to and as part of the consideration for the execution and delivery by Spartanburg County, South Carolina (the "County") of the foregoing Lease Agreement dated as of December 1, 1970, between the County and Clevite Corporation, an Ohio corporation (the "Lessee") and the leasing by the County of any property thereunder, and as an inducement to and as part of the consideration for the issuance, execution, sale, delivery and purchase of \$2,800,000 Spartanburg County, South Carolina, First Mortgage Industrial Revenue Bonds, Series 1970 (Clevite Corporation—Lessee) (the "Bonds") described in the Lease Agreement by the purchasers thereof, and the assignment by the County of all its right, title and interest in, to and under the Lease Agreement by the Indenture dated as of December 1, 1970, between the County and -----, as Trustee (the "Trustee"), to provide for the acquisition and construction of the Project (as defined in the Lease Agreement) the undersigned, Gould Inc., a Delaware corporation (the "Guarantor"), unconditionally guarantees to the County and the Trustee or assigns the full and prompt payment, when due and at all times thereafter, of each and all of the rents and other sums required to be paid by the Lessee to the County or the Trustee under the terms of the Lease Agreement, as amended or supplemented by an instrument amending or supplementing the Lease Agreement (the foregoing Lease Agreement, as from time to time amended or supplemented, being hereinafter called the "Lease") and the full and prompt performance and observance by the Lessee of each and all of the covenants and agreements required to be performed and observed by the Lessee under the terms of the Lease. The Guarantor further unconditionally agrees to pay an amount or amounts equal to said rents and other sums when due, in the event that the Lessee fails to do so, and to pay all expenses and charges, legal or otherwise (including court costs and attorneys' fees) paid or incurred by the County or the Trustee, their successors or assigns, in realizing upon any of the payments or enforcing covenants hereby guaranteed or in enforcing this Lease Guaranty Agreement (herein sometimes referred to as the "Agreement").

Each and every default by the Lessee under the terms of the Lease shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises.

This Agreement shall remain in full force and effect until the Lessee shall have fully and satisfactorily discharged all of its obligations to the County under the Lease, irrespective of the genuineness, validity, regularity or enforceability of said Lease or any assignment or termination thereof, or the bankruptcy, insolvency, reorganization or dissolution of the County or Lessee, or the assignment for benefit of creditors by the County or Lessee.

This Agreement and the liability hereunder shall in no wise be affected or impaired by (and the County, its successors or assigns are hereby expressly authorized to make from time to time without notice to anyone) any compromise, settlement, release, renewal, extension, indulgence, change in or modification of any of the obligations and liabilities of the Lessee under the Lease, or by any redelivery, repossession, surrender or destruction of the Project (as defined in the Lease), in whole or in part, or by any failure, neglect or omission on the part of the County, its successors or assigns, to realize upon any obligations or liabilities of the Lessee, or to give notice to the Guarantor of the occurrence of any default under the Lease.

The obligations, covenants, agreements and duties of Guarantor under this Agreement shall not be affected or impaired by reason of the happening from time to time of any of the following with respect to the Lease or said assignment thereof or this Agreement or the assignment hereof to the Trustee, although without notice to or consent of Guarantor: (a) any assignment or mortgaging or the purported assignment or mortgaging of all or any part of the interest of Lessee in the Lease or in the Project (as defined in the Lease); (b) the waiver by County or the Trustee of the performance or observance by Lessee or by Guarantor of any of the agreements, covenants, terms or conditions contained in any of such instruments; (c) the extension of the time for payment by Lessee or Guarantor of any rents or other sums or any part thereof owing or payable under any of such instruments or of the time for performance by Lessee or Guarantor of any other obligations under or arising out of any of such instruments or the extension or the renewal of any thereof; (d) the modification or amendment (whether material or otherwise) of any duty, agreement or obligation of Lessee set forth in any such instrument; (e) the taking or the omission of any of the actions referred to in any of such instruments; (f) any failure, omission, delay or lack on the part of the County or the Trustee to enforce, assert or exercise any right, power or remedy conferred on the County or the Trustee in any of such instruments or any action on the part of the County or the Trustee granting indulgence or

extension in any form; (g) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceeding affecting Lessee or Guarantor or any of their assets, or the disaffirmance of the Lease or any contest of the validity of the Lease in any such proceeding; (h) the release or discharge of Lessee or the Guarantor from the performance or observance of any agreement, covenant, term or condition contained in any of such instruments by operation of law; (i) the release, substitution or replacement in accordance with the terms of the Lease of any property subject thereto; (j) the receipt and acceptance by the County or the Trustee of notes, checks or other instruments for the payment of money made by Lessee and extensions and renewals thereof, or (k) any other cause, whether similar or dissimilar to the foregoing.

Without limiting the foregoing, it is specifically understood that any modification, limitation or discharge of the Lessee's liability under the Lease or of the liability of the Guarantor thereunder or hereunder, arising out of or by virtue of any bankruptcy arrangement, reorganization or similar proceeding for relief of debtors under Federal or State law hereinafter initiated by or against the Lessee or the Guarantor shall not affect, modify, limit or discharge the liability of the Guarantor in any manner whatsoever and this Agreement shall remain and continue in full force and effect and shall be enforceable against the Guarantor to the same extent and with the same force and effect as if any such proceedings had not been instituted; and it is the intent and purpose of this Agreement that the Guarantor shall and does hereby waive all rights and benefits which might accrue to it by reason of any such proceeding and that it shall be liable for an amount equal to the full amount of rent and other sums, including all damages imposed, or payable under the terms of the Lease, irrespective and without regard to any modification, limitation or discharge of the liability of the Lessee that may result from any such proceeding.

No act of commission or omission of any kind or at any time upon the part of the County, its successors or assigns, in respect of any matter whatsoever shall in any way affect or impair the rights of the County or any successor or assignee of the County to enforce any right, power or benefit of the County under this Agreement, and no set-off, claim, reduction, or dimunition of an obligation, or any defense of any kind or nature which the Guarantor has or may have against the County

or any assignee or successor thereof shall be available to the Guarantor against the County or against any assignee or successor of the County.

The County may without any notice whatsoever to anyone sell, assign or transfer all of its right, title and interest as the Lessor under the Lease or all of its right, title and interest in and to the rents and other sums at any time due and to become due thereunder, to the Trustee, or the Trustee's successors or assigns, and in such event, the Trustee, or such successors or assigns, shall have all of the rights, powers and benefits of the County under this Agreement, including, without limitation, the right to enforce this Agreement by suit or otherwise for its benefit as fully as if it were herein by name specifically given all of such rights, powers and benefits.

The County, its successors and assigns, in its or their sole discretion, shall have the right to proceed first and directly against the Guarantor, its successors and assigns, under this Agreement without proceeding against or exhausting its remedies against the Lessee, its successors or assigns, and without resorting to any other security held by the County or the Trustee, or their successors or assigns.

The Guarantor will keep and will cause each of its consolidated subsidiaries to keep proper books of record and account in accordance with generally accepted principles of accounting and will furnish to the Trustee, the initial purchaser of the Series 1970 Bonds, and, if requested in writing, to the holder of any Bond, all financial statements which it sends to its shareholders.

This Agreement and every part thereof shall be binding upon the Guarantor and its successors and assigns and shall inure to the benefit of the County and its successors and assigns including the Trustee. The Guarantor agrees that during the term of the Lease it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with it; provided, that the Guarantor may, without violating the agreement contained in this paragraph, consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with it, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve, provided the surviving, resulting or transferee corporation, as the case may be, assumes in writing all of the obligations of the Guarantor under this Agreement and the net worth of the surviving, resulting or transferee corporation, as the case may be, after the consolidation, merger, transfer of assets or sale shall be at least equal to

the net worth of the Guarantor immediately prior to the consolidation, merger, transfer of assets or sale; provided further, however, that nothing herein contained shall be deemed to permit the Guarantor to consolidate with, merge into or sell or otherwise transfer to, the Lessee, all or substantially all of its assets, nor to permit the Guarantor to allow the Lessee to consolidate with, merge into or sell or otherwise transfer all or substantially all of its assets to the Guarantor, unless

(a) where the Guarantor, after any such action involving the Guarantor and the Lessee, becomes the surviving, resulting or transferee corporation, as the case may be, the Lessee, prior to taking such action, shall have assigned all of its obligations under the Lease Agreement to another corporation (other than the Guarantor) which shall have assumed in writing all of such obligations, and

(b) where the Lessee, after any such action involving the Guarantor and the Lessee, becomes the surviving, resulting or transferee corporation, as the case may be, the Lessee (i) prior to taking such action, shall have assigned all of its obligations under the Lease Agreement to another corporation (other than the Guarantor) which shall have assumed in writing all of such obligations (ii) shall assume in writing all of the obligations of the Guarantor under this Agreement, and (iii) shall (as the surviving, resulting or transferee corporation, as the case may be) have a net worth after such consolidation, merger, transfer of assets or sale at least equal to the net worth of the Guarantor immediately prior to the consolidation, merger, transfer or sale of assets permitted hereby.

Guarantor is advised that the rights of the County under this Agreement will be assigned to the Trustee, and upon such assignment and so long as any Bonds shall be unpaid in whole or in part, all rights against Guarantor arising under this Agreement shall be for the sole benefit of the Trustee and the holders of the Bonds, and the Trustee shall be entitled to bring any suit, action or proceeding against Guarantor for the enforcement of any provisions of this Agreement in its name as Trustee, and it shall not be necessary in any such suit, action or proceeding to make County a party thereto; and this Agreement may not be modified or amended without the prior written consent of the Trustee, and any attempted modification or amendment without such consent shall be void. The terms of this Agreement may be enforced as to any one or more breaches either separately or cumulatively. Notice

of acceptance of this Agreement and notice of the execution and delivery of the Lease by Lessee and of the assignment thereof and of this Agreement to the Trustee are waived by Guarantor.

The Guarantor irrevocably:

(a) agrees that any suit, action or other legal proceeding arising out of this Agreement may be brought in the courts of the State of South Carolina or the courts of the United States for the State of South Carolina;

(b) consents to the jurisdiction of each court in any such suit, action or proceeding; and

(c) waives any objection which it may have to the laying of the venue of any such suit, action or proceeding in any of such courts.

For such time as any of the Bonds shall be outstanding, the Guarantor irrevocably designates the Secretary of State of South Carolina, Columbia, South Carolina, as the agent to accept and acknowledge in its behalf service of any and all process in any such suit, action or other legal proceeding brought in any such court, and agrees and consents that in any such suit, action or other legal proceeding service of process upon such agent shall be taken and held to be valid personal service upon the Guarantor, whether or not the Guarantor shall then be doing, or at any time shall have done, business within the State of South Carolina, and that any such service of Process shall be of the same force and validity as if service were made upon it according to the laws governing the validity and the requirements of such service in such state, and waives all claim of error by reason of any such service.

Such agent shall not have any power or authority to enter any appearance or to file any pleadings in connection with any suit, action or other legal proceeding against the Guarantor or to conduct the defense of any such suit, action or other legal proceeding.

IN WITNESS WHEREOF, Gould Inc. has executed this Lease Agreement by causing its corporate name to be hereunto subscribed by its ----- President and its Corporate seal to be impressed hereon and attested by its Secretary; and Spartanburg County, South Carolina, has executed this Lease Agreement by causing its name to be hereunto subscribed by the Chairman of its Board of County Commissioners and the official seal of said Board to be impressed hereon and attested by the

Secretary or Assistant Secretary of said Board, all being done as of
December 1, 1970.

GOULD INC.

(Seal) By _____
President

Attest:

Secretary

Signed, sealed and delivered in
the presence of:

SPARTANBURG COUNTY, SOUTH CAROLINA,

(Seal) By _____
Chairman of the Board of County Com-
missioners of Spartanburg County.

Attest:

Secretary of the Board of County
Commissioners of Spartanburg County.

Signed, sealed and delivered in
the presence of:

ASSIGNMENT OF LEASE GUARANTY AGREEMENT

STATE OF SOUTH CAROLINA SS.:
COUNTY OF SPARTANBURG

KNOW ALL MEN BY THESE PRESENTS, that Spartanburg County, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the Board of County Commissioners of Spartanburg County, in consideration of the sum of One Dollar (\$1) to it in hand paid at and before the sealing of these presents, the receipt of which is hereby acknowledged, has assigned, transferred and set over unto State National Bank of Alabama, as Trustee under that certain Trust Indenture dated as of December 1, 1970, between said Spartanburg County and said State National Bank of Alabama, as Trustee, and its successors in trust:

All of the right, title and interest of said Spartanburg County in and to the foregoing Lease Guaranty Agreement dated as of December 1, 1970, between said Gould Inc. and Spartanburg County, South Carolina.

This assignment is made pursuant to and subject to all the terms and conditions of said Trust Indenture dated as of December 1, 1970, the terms of which are incorporated by this reference as fully as if the same were set forth at length herein, the Trust Indenture being intended to be duly recorded immediately.

IN WITNESS WHEREOF, Spartanburg County, South Carolina, has executed this Assignment by causing its name to be hereunto subscribed by the Chairman of its Board of County Commissioners and the official seal of said Board to be impressed hereon and attested by the Secretary or Assistant Secretary of the said Board, all being done as of the 1st day of December, 1970.

SPARTANBURG COUNTY, SOUTH CAROLINA,

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

(Seal)
Attest:

Secretary of the Board of County
Commissioners of Spartanburg County.

Signed, sealed and delivered in
the presence of:

STATE OF SOUTH CAROLINA }
COUNTY OF SPARTANBURG } ss:

Personally appeared before me _____ who being duly sworn says that he saw the corporate seal of Spartanburg County, South Carolina, affixed to the foregoing Assignment of Lease Guaranty Agreement, and that he also saw _____, as Chairman, and _____, as _____ Secretary of the Board of County Commissioners of Spartanburg County, South Carolina, sign and attest the same, and that he with _____ witnessed the execution and delivery thereof as the act and deed of the said Spartanburg County, South Carolina.

Sworn to before me this _____

____ day of _____ 1970.

Notary Public for the State of South Carolina

My Commission Expires: _____.



Recorded Spartanburg
County R.M.C. Office
at 406 P.M. on
December 23, 1970, in
Mortgage Book 106, at
Page 45.

SPARTANBURG COUNTY, SOUTH CAROLINA

to

STATE NATIONAL BANK OF ALABAMA

as Trustee

Trust Indenture

Dated as of December 1, 1970

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TRUST INDENTURE

THIS TRUST INDENTURE made and entered into as of the first day of December, 1970, by and between SPARTANBURG COUNTY, a body politic and corporate and a political subdivision of the State of South Carolina (hereinafter sometimes referred to as the "County"), as party of the first part, and State National Bank of Alabama, Decatur, Alabama, a national banking association duly organized, existing and authorized to accept and execute trusts of the character herein set out, under and by virtue of the laws of the United States, as Trustee, party of the second part;

WITNESSETH:

WHEREAS the County is authorized and empowered by the provisions of Act No. 103 of the Acts of the General Assembly of the State of South Carolina, for the year 1967, approved by the Governor of South Carolina on March 21, 1967 and appearing as Article 2.1, Chapter 8, Title 14, Code of Laws of South Carolina, 1962, 1969 Cumulative Supplement (the "Act") to acquire, own, lease, dispose of, and mortgage the properties hereinafter described in order that the industrial development of South Carolina will be promoted and trade developed by inducing manufacturing enterprises to locate in South Carolina and thus utilize and employ manpower and other resources of South Carolina; and

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

WHEREAS the County has made the necessary arrangements with Clevite Corporation, a corporation organized and existing under the laws of the State of Ohio, and duly authorized to conduct business in the State of South Carolina (hereinafter sometimes referred to as the "Lessee"), for the acquisition of land, buildings, equipment and machinery constituting a plant for the manufacture of batteries and/or other products which may be lawfully manufactured or processed at the Project (said land, buildings, machinery, equipment and other facilities hereinafter sometimes referred to as the "Project") which will be of the character and accomplish the purpose provided by the Act, and the County has further entered into a Lease Agreement with the Lessee

specifying the terms and conditions of the acquisition of the Project and the leasing of the same to the Lessee; and the obligations of the Lessee under the Lease Agreement have been unconditionally guaranteed by Gould Inc., a Delaware corporation; and

WHEREAS the execution and delivery of this Trust Indenture (hereinafter sometimes referred to as the "Indenture") have been authorized by Resolutions duly adopted by the Board of County Commissioners of Spartanburg County (hereinafter sometimes referred to as the "County Board") as constituted by Act Number 1035 of Acts of the General Assembly for the year 1968, as amended, and the County in accordance with the requirements of Section 14 of the Act has submitted its Petition to the State Budget and Control Board of South Carolina, including a general summary of the terms and conditions of the Indenture, and the State Budget and Control Board of South Carolina has duly approved the Project in accordance with the provisions of the Act and thereby authorized the County Board to proceed with the acquisition and financing of the Project. Notice of the approval was duly published in a newspaper having general circulation in Spartanburg County and notwithstanding more than twenty days have elapsed from the date of the publication of such notice, no challenge was made to the validity of such approval as provided in the Act; and

WHEREAS it has been determined that the estimated amount necessary to finance the cost of the Project, including necessary expenses incidental thereto, will require the issuance, sale and delivery of Bonds designated as First Mortgage Industrial Revenue Bonds, Series 1970 (Clevite Corporation—Lessee) in the aggregate principal amount of \$2,800,000 as hereinafter provided; and

WHEREAS the issuance of such Series 1970 Bonds under the Act has been in all respects duly and validly authorized by resolutions duly passed and approved by the County Board; and

WHEREAS the \$2,800,000 aggregate principal amount of Series 1970 Bonds to be issued, the interest coupons to be attached thereto, and the Trustee's Certificate of Authentication to be endorsed on such Bonds, are all to be in substantially the following forms, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture, to wit:

(FORM OF COUPON BOND)

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
SPARTANBURG COUNTY

FIRST MORTGAGE INDUSTRIAL REVENUE BOND, SERIES 1970
(CLEVITE CORPORATION—LESSEE)

Number -----

\$5,000

KNOW ALL MEN BY THESE PRESENTS that Spartanburg County, a body politic and corporate, and a political subdivision of the State of South Carolina (hereinafter called the "County"), for value received promises to pay, but only from the source and as hereinafter provided, to bearer, or, if this Bond be registered, to the registered holder hereof, on December 1, 19--, the principal sum of five thousand dollars and in like manner to pay interest on said sum from date hereof at the rate of -- per centum (--) per annum on June 1, 1971, and semi-annually thereafter on December 1 and June 1 of each year until said principal sum is paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may become applicable hereto, principal of, premium, if any, and interest on this Bond being payable in lawful money of the United States of America at the principal office of State National Bank of Alabama, in the City of Decatur, State of Alabama, or its successor in trust, or, at the option of the holder, at the principal office of Midland National Bank, in the City of Milwaukee, State of Wisconsin.

This Bond is one of an authorized series of Bonds aggregating \$2,800,000 principal amount issued for the purpose of acquiring land, buildings, equipment and machinery constituting a plant for the manufacture of batteries and/or other products which may be lawfully manufactured or processed at the Project and leasing the same to Clevite Corporation, an Ohio corporation (hereinafter referred to as the "Lessee") (the land, buildings, equipment and machinery comprising the manufacturing facilities being hereinafter called the "Project") and paying necessary expenses incidental thereto so as to thereby promote industry and develop trade in South Carolina. Said Bonds are issued under and are to be equally and ratably secured and entitled to the protection given by a Trust Indenture (hereinafter called the "Indenture"), dated as of December 1, 1970, duly executed and delivered by the County to State National Bank of Alabama, as Trustee (the term

"Trustee" where used herein referring collectively to said Trustee or its successors in said trust). The Project has been leased to the Lessee under and pursuant to a Lease Agreement between the County and the Lessee dated as of December 1, 1970 (herein referred to as the "Lease Agreement"). Under the Lease Agreement the Lessee must pay to the County such rentals as will be fully sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same mature and become due, and under the Lease Agreement it is the obligation of the Lessee to pay the cost of maintaining the Project in good repair and to keep it properly insured. The obligations of the Lessee under the Lease Agreement, including the obligation to make rental and other payments, have been unconditionally guaranteed by Gould Inc., a Delaware corporation (hereinafter referred to as the "Guarantor"), under the terms of a Lease Guaranty Agreement dated as of December 1, 1970. Copies of the Indenture, the Lease Agreement and the said Lease Guaranty Agreement are on file at the principal office of the Trustee in the City of Decatur, Alabama, and are recorded in the office of the Register of Mesne Conveyances for Spartanburg County, South Carolina, and reference is made to the Indenture, the Lease Agreement and the said Lease Guaranty Agreement for a description of the security, the provisions, among others, with respect to the nature and extent of the security, the charging and collection of rentals for the Project, the rights and remedies of the holders of the Bonds and the coupons appertaining thereto, the rights, duties and obligations of the County, the Lessee, the Guarantor and the Trustee, and the terms upon which the Bonds are issued and secured.

As provided in the Indenture, bonds of other series ranking equally with the Bonds of the series of which this is one may be issued, and such additional bonds may vary in such manner as is provided and permitted in the Indenture.

This Bond and appurtenant coupons are fully negotiable and shall pass by delivery, but this Bond may be registered as to principal only on the registration books of the County in said principal office of the Trustee as Bond Registrar, upon presentation hereof at such office and the notation of such registration endorsed hereon by the Bond Registrar, and this Bond may thereafter be transferred on such books at the written request of the registered holder or by his legal representative, evidence of such transfer to be in like manner endorsed hereon. Such transfer may be to bearer, and thereby transferability by delivery shall be restored, subject, however, to successive registrations and transfers as before. The principal of this Bond, if registered, unless

registered to bearer, shall be payable only to or upon the order of the registered holder or his legal representative. Interest accruing on this Bond will be paid only on presentation and surrender of the attached interest coupons as they respectively become due, and registration of this Bond as to principal as aforesaid will not affect the transferability by delivery of such coupons.

The Bonds of this series are noncallable for redemption prior to December 1, 1980, except in the event of (1) exercise by the Lessee of its option to purchase the Project as provided in Section 11.2 of the Lease Agreement or (2) mandatory purchase of the Project by the Lessee pursuant to Section 12.2 of the Lease Agreement. If called for redemption in any of such events, such Bonds shall be subject to redemption by the County at any time, in whole and not in part, at the principal amount thereof plus accrued interest to the redemption date and, but only in the event of redemption as a result of the mandatory purchase of the Project pursuant to Section 12.2 of the Lease Agreement, a redemption premium equal to the sum of (a) a redemption premium in the amount equal to the 12 months interest payable on each Bond redeemed; and (b) an additional redemption premium determined by multiplying one-half ($\frac{1}{2}$) of the 12 months interest on each Bond redeemed by the number (but in no event to exceed 3) of 360 day periods, or fraction thereof, between the date as of which interest on the Bonds is (or is determined as provided in Section 12.2 of the Lease Agreement to be) taxable and the redemption date. If it shall occur that any Bond shall have been paid subsequent to the date as of which such interest on the Bonds became (or was so determined to have become) taxable, but prior to the redemption of the Bonds from the purchase price derived from the mandatory purchase of the Project by the Lessee pursuant to Section 12.2 of the Lease Agreement, then in such event the holder of any such Bond on the occasion of its payment (whether at maturity or by redemption) shall be entitled to receive from the purchase price to be paid by the Lessee pursuant to Section 12.2 of the Lease Agreement a premium computed as aforesaid to the date of payment or redemption, less any optional redemption premium previously paid on such Bond.

The Bonds of this series maturing on December 1, 1990 which are outstanding on September 1, 1989 are subject to redemption in whole but not in part at any time on and after September 1, 1989, but on or prior to November 20, 1989, on the earliest possible redemption date whether or not an interest payment date after notice as required in the Indenture in the principal amount hereof plus accrued interest

to the redemption date in the event of the exercise by the Lessee of its option to purchase the Project as provided in Section 11.4 of the Lease Agreement.

Bonds of this series maturing after December 1, 1981, are also subject to redemption by the County prior to maturity on any interest payment date on or after December 1, 1980, in whole or in part in inverse order of their maturity (less than all of such Bonds of a single maturity to be selected by lot by the Trustee at the redemption price (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date:

Redemption Date (dates inclusive)	Redemption Price
December 1, 1980 to June 1, 1982	104%
December 1, 1982 to June 1, 1984	103%
December 1, 1984 to June 1, 1986	102%
December 1, 1986 to June 1, 1988	101%
December 1, 1988 and thereafter	100%

In addition, Bonds of this series maturing on December 1, 1990, are subject to mandatory redemption prior to maturity, in accordance with the sinking fund requirements of Section 307 of the Indenture, in part (selected by lot by the Trustee), at the principal amount thereof plus accrued interest to the redemption date, in the following principal amounts and on the dates set forth below:

December 1 of the Year	Principal Amount	December 1 of the Year	Principal Amount
1981.....	\$140,000	1986.....	\$200,000
1982.....	150,000	1987.....	215,000
1983.....	165,000	1988.....	230,000
1984.....	175,000	1989.....	240,000
1985.....	185,000		

In the event any of the Bonds are called for redemption as aforesaid, notice thereof identifying the Bonds to be redeemed shall be given by publication, at least once, not less than thirty days and not more than sixty days prior to the redemption date in a newspaper or financial journal of general circulation published in the City of New York, New York, and in the case of the redemption of registered Bonds (including Bonds registered as to principal only and fully registered Bonds), upon mailing a copy of the redemption notice by first class mail at least thirty days prior to the date fixed for redemption to the holder of each registered Bond to be redeemed at the address shown on the

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

This Bond and the series of which it forms a part are issued pursuant to the authorization of and for the purposes prescribed by Act No. 103 of the Acts and Joint Resolutions enacted at the 1967 Session of the General Assembly of the State of South Carolina, approved by the Governor of South Carolina on March 21, 1967, and pursuant to resolutions duly adopted by the Board of County Commissioners of Spartanburg County and with the approval of the State Budget and Control Board of South Carolina. This Bond and the series of which it forms a part and the interest coupons appertaining hereto are limited obligations of the County and are payable solely out of the lease rentals, revenues and receipts (excluding amounts paid by the Lessee to local taxing authorities in lieu of taxes, pursuant to Section 5.5 and amounts paid by the Lessee pursuant to Section 8.7 of the Lease Agreement) derived from the leasing of the Project, which has been financed through the issuance of the Bonds and leased to the Lessee.

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

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

The Bonds of this series are issuable in the form of bearer coupon Bonds in the denomination of \$5,000 each, registrable as to principal only, or in the form of fully registered Bonds in the denomination of \$5,000, or any multiple thereof, not exceeding the aggregate principal amount of Bonds maturing in any one year. The holder of any coupon Bond or Bonds (whether or not registered as to principal) may surrender the same, with all unmatured coupons attached, at the principal office of the Trustee, in exchange for an equal aggregate principal amount of fully registered Bonds of any authorized denomination in the manner and subject to the conditions provided in the Indenture. In like manner and subject to such conditions, the owner of any fully registered Bond or Bonds may surrender the same to the Trustee at its principal office (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney), in exchange for an equal aggregate principal amount of coupon Bonds (which may be registered as to principal if requested) with appropriate coupons attached, or of fully registered Bonds of any authorized denomination.

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

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

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

IN WITNESS WHEREOF, Spartanburg County, South Carolina, has caused this Bond to be executed by the Chairman of its Board of County Commissioners, by his facsimile signature, and its corporate seal to be impressed or reproduced hereon, and attested by the Secretary of its Board of County Commissioners, by his manual signature, and has caused the interest coupons attached to be executed by the facsimile signatures of said Chairman and said Secretary, all as of the 1st day of December, 1970.

Spartanburg County, South Carolina

By _____
Chairman of the Board of County
Commissioners of Spartanburg
County

Attest:

Secretary of the Board of County
Commissioners of Spartanburg
County

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

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

State National Bank of Alabama, Trustee.

By _____
Authorized Signature

CERTIFICATE OF REGISTRATION

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

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

(FORM OF INTEREST COUPON)

No. _____ \$ _____

On the first day of _____, 19____, Spartanburg County, South Carolina (unless the Bond to which this coupon appertains shall have been duly called for previous redemption and payment of the redemption price made or provided for) will pay to bearer, subject to the provisions of the Indenture, but solely from the lease rentals, revenues and receipts pledged therefor, all as described in the Bond hereinafter mentioned, and upon presentation and surrender of this coupon at the principal office of the Trustee, State National Bank of Alabama, in the City of Decatur, State of Alabama, or its successor in trust, or, at the option of the holder, at the principal office of Midland National Bank, in the City of Milwaukee, State of Wisconsin, the amount shown hereon in lawful money of the United States of America, as provided in and being semi-annual interest then due on its First Mortgage Industrial Revenue Bond, Series 1970 (Clevite Corporation-Lessee), dated as of December 1, 1970, numbered _____

Spartanburg County, South Carolina

By _____
Chairman of the Board of County
Commissioners of Spartanburg
County

Secretary of the Board of County
Commissioners of Spartanburg
County

(FORM OF FULLY REGISTERED BOND)

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
SPARTANBURG COUNTY

FIRST MORTGAGE INDUSTRIAL REVENUE BOND, SERIES 1970
(CLEVITE CORPORATION—LESSEE)

Number R ----- \$-----

KNOW ALL MEN BY THESE PRESENTS that Spartanburg County, a body politic and corporate, and a political subdivision of the State of South Carolina (hereinafter called the "County"), for value received promises to pay, but only from the source and as hereinafter provided, to -----, or registered assigns, the principal sum of -----Dollars on the first day of December, 19--, and in like manner to pay interest on said sum from date hereof at the rate of -- per centum (--%) per annum on June 1, 1971, and semi-annually thereafter on June 1, and December 1, of each year until said principal sum is paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may become applicable hereto, principal of, premium, if any, and interest on this Bond being payable in lawful money of the United States of America. Payments of interest shall be by check or draft mailed by State National Bank of Alabama, as Trustee, to the registered owner without the necessity of surrendering this Bond and all such payments shall fully discharge the obligation of the County herein to the extent of the payments so made. The Trustee shall keep a record of all such payments. The principal of this Bond is payable to or upon the order of the registered owner or his legal representative at the principal office of the Trustee in the City of Decatur, State of Alabama, upon presentation and surrender of this Bond for cancellation and, if appropriate, exchange for a Bond in the principal amount equal to the balance of the principal amount of this Bond remaining unpaid.

This Bond is one of an authorized series of Bonds aggregating \$2,800,000 principal amount issued for the purpose of acquiring land, buildings, equipment and machinery constituting a plant for the manufacture of batteries and/or other products which may be lawfully manufactured or processed at the Project and leasing the same to Clevite Corporation, an Ohio corporation (hereinafter referred to as the "Lessee") (the land, buildings, equipment and machinery comprising the manufacturing facilities, being hereinafter called the "Project")

and paying necessary expenses incidental thereto so as to thereby promote industry and develop trade in South Carolina. Said Bonds are issued under and are to be equally and ratably secured and entitled to the protection given by a Trust Indenture (hereinafter called the "Indenture"), dated as of December 1, 1970, duly executed and delivered by the County to State National Bank of Alabama, as Trustee (the term "Trustee" where used herein referring collectively to said Trustee or its successors in said trust). The Project has been leased to the Lessee under and pursuant to a Lease Agreement between the County and the Lessee dated as of December 1, 1970 (herein referred to as the Lease Agreement). Under the Lease Agreement the Lessee must pay to the County such rentals as will be fully sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same mature and become due, and under the Lease Agreement it is the obligation of the Lessee to pay the cost of maintaining the Project in good repair and to keep it properly insured. The obligations of the Lessee under the Lease Agreement, including the obligation to make rental and other payments, have been unconditionally guaranteed by Gould, Inc., a Delaware corporation (hereinafter referred to as the Guarantor) under the terms of a Lease Guaranty Agreement dated as of December 1, 1970. Copies of the Indenture, the Lease Agreement and the said Lease Guaranty Agreement are on file at the principal office of the Trustee in the City of Decatur, Alabama, and are recorded in the office of the Register of Mesne Conveyances for Spartanburg County, South Carolina, and reference is made to the Indenture, the Lease Agreement and the said Lease Guaranty Agreement for a description of the security, the provisions, among others, with respect to the nature and extent of the security, the charging and collection of rentals for the Project, the rights and remedies of the holders of the Bonds and the coupons appertaining thereto, the rights, duties and obligations of the County, the Lessee, the Guarantor and the Trustee, and the terms upon which the Bonds are issued and secured.

As provided in the Indenture, bonds of other series ranking equally with the Bonds of the series of which this is one may be issued, and such additional bonds may vary in such manner as is provided and permitted in the Indenture.

The Bonds of this series are noncallable for redemption prior to December 1, 1980, except in the event of (1) exercise by the Lessee of its options to purchase the Project as provided in Section 11.2 of the Lease Agreement or (2) mandatory purchase of the Project by the Lessee pursuant to Section 12.2 of the Lease Agreement. If called for

redemption in any of such events, such Bonds shall be subject to redemption by the County at any time, in whole and not in part, at the principal amount thereof plus accrued interest to the redemption date and, but only in the event of redemption as a result of the mandatory purchase of the Project pursuant to Section 12.2 of the Lease Agreement, a redemption premium equal to the sum of (a) a redemption premium in the amount equal to the 12 months interest payable on each Bond redeemed; and (b) an additional redemption premium determined by multiplying one-half ($\frac{1}{2}$) of the 12 months interest on each Bond redeemed by the number (but in no event to exceed 3) of 360 days periods, or fraction thereof, between the date as of which interest on the Bonds is (or is determined as provided in Section 12.2 of the Lease Agreement to be) taxable and the redemption date. If it shall occur that any Bond shall have been paid or retired subsequent to the date as of which such interest on the Bonds became (or was so determined to have become) taxable, but prior to the redemption of the Bonds from the purchase price derived from the mandatory purchase of the Project by the Lessee pursuant to Section 12.2 of the Lease Agreement, then in such event the holder of any such Bond on the occasion of its payment (whether at maturity or by redemption) shall be entitled to receive from the purchase price to be paid by the Lessee pursuant to Section 12.2 of the Lease Agreement a premium computed as aforesaid, to the date of payment or redemption, less any optional redemption premium previously paid on such Bond.

The Bonds of this series maturing on December 1, 1990 which are outstanding on September 1, 1989 are subject to redemption in whole but not in part at any time on and after September 1, 1989, but on or prior to November 20, 1989, on the earliest possible redemption date whether or not an interest payment date after notice as required in the Indenture in the principal amount hereof plus accrued interest to the redemption date in the event of the exercise by the Lessee of its option to purchase the project as provided in Section 11.4 of the Lease Agreement.

Bonds of this series maturing after December 1, 1981, are also subject to redemption by the County prior to maturity on any interest payment date on or after December 1, 1980, in whole or in part in inverse order of their maturity (less than all of such Bonds of a single maturity to be selected by lot by the Trustee) at the redemption price (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date:

Redemption Date (dates inclusive)	Redemption Price
December 1, 1980 to June 1, 1982	104%
December 1, 1982 to June 1, 1984	103%
December 1, 1984 to June 1, 1986	102%
December 1, 1986 to June 1, 1988	101%
December 1, 1988 and thereafter	100%

In addition, Bonds of this series maturing on December 1, 1990, are subject to mandatory redemption prior to maturity, in accordance with the sinking fund requirements of Section 307 of the Indenture, in part (selected by lot by the Trustee), at the principal amount thereof plus accrued interest to the redemption date, in the following principal amounts and on the dates set forth below:

December 1 of the Year	Principal Amount	December 1 of the Year	Principal Amount
1981.....	\$140,000	1986.....	\$200,000
1982.....	150,000	1987.....	215,000
1983.....	165,000	1988.....	230,000
1984.....	175,000	1989.....	240,000
1985.....	185,000		

In the event any of the Bonds are called for redemption as aforesaid, notice thereof identifying the Bonds to be redeemed shall be given by publication, at least once, not less than thirty days and not more than sixty days prior to the redemption date in a newspaper or financial journal of general circulation published in the City of New York, New York, and in the case of the redemption of registered Bonds (including Bonds registered as to principal only and fully registered), upon mailing a copy of the redemption notice by first class mail at least thirty days prior to the date fixed for redemption to the holder of each registered Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds. If all of the Bonds to be redeemed are registered Bonds, notice by mailing given by first class mail to the holder or holders thereof, at the addresses shown on the registration books, not less than thirty days prior to the date fixed for redemption as aforesaid shall be sufficient and published notice of the call for redemption need not be given and failure duly to give such notice by mailing, or any defect in the notice, to the holder of any registered Bond designated for redemption shall not affect the validity of the proceedings for the redemption of any other Bond. All Bonds so called

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

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

This Bond and the series of which it forms a part are issued pursuant to the authorization of and for the purposes prescribed by Act No. 103 of the Acts and Joint Resolutions enacted at the 1967 Session of the General Assembly of the State of South Carolina, approved by the Governor of South Carolina on March 21, 1967, and pursuant to resolutions duly adopted by the Board of County Commissioners of Spartanburg County and with the approval of the State Budget and Control Board of South Carolina. This Bond and the series of which it forms a part are limited obligations of the County and are payable solely out of the lease rentals, revenues and receipts (excluding amounts paid by the Lessee to local taxing authorities in lieu of taxes, pursuant to Section 5.5 and amounts paid by the Lessee pursuant to Section 8.7 of the Lease Agreement) derived from the leasing or sale of the Project, which has been financed through the issuance of the Bonds and leased to the Lessee.

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

Pursuant to the Lease Agreement, rental payments sufficient for the prompt payment when due of the principal of, premium, if any,

and interest on the Bonds are to be paid to the Trustee for the account of the County and deposited in a special account created by the County and designated "Spartanburg County Industrial Revenue Bond Fund—Clevite Project" and have been pledged for that purpose, and in addition the Project has been subjected to the lien of the Indenture to secure payment of such principal and interest and premium.

This Bond is transferable, as provided in the Indenture, only upon the books of the County kept for that purpose at the above mentioned office of the Trustee by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond 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 registered Bond or Bonds, or at the option of the transferee, coupon Bonds, with appropriate coupons attached, which may be registered as to principal if requested, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The County, the Trustee and any paying agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The Bonds of this series are issuable in the form of bearer coupon Bonds in the denomination of \$5,000 each, registrable as to principal only, or in the form of fully registered Bonds in the denomination of \$5,000, or any multiple thereof, not exceeding the aggregate principal amount of Bonds maturing in any one year. The holder of any coupon Bond or Bonds (whether or not registered as to principal) may surrender the same, with all unmatured coupons attached, at the principal office of the Trustee, in exchange for an equal aggregate principal amount of fully registered Bonds of any authorized denomination in the manner and subject to the conditions provided in the Indenture. In like manner and subject to such conditions, the owner of any fully registered Bond or Bonds may surrender the same to the Trustee at its principal office (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney), in exchange for an equal aggregate principal amount of coupon Bonds (which may be registered as to principal if requested) with appropriate coupons attached, or of fully registered Bonds of any authorized denomination.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants

therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Indenture or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

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

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

IN WITNESS WHEREOF, Spartanburg County, South Carolina, has caused this Bond to be executed by the Chairman of its Board of County Commissioners, by his facsimile signature, and its corporate seal to be impressed or reproduced hereon, and attested by the Secretary of its Board of County Commissioners, by his manual signature, all as of the _____day of _____, 19_____.

Spartanburg County, South Carolina

By _____
Chairman of the Board of County
Commissioners of Spartanburg
County

Attest:

Secretary of the Board of County
Commissioners of Spartanburg
County

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

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

State National Bank of Alabama, *Trustee*

By _____
Authorized Signature

(FORM OF ASSIGNMENT)

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

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE)

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

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

Dated: _____

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

and;

WHEREAS all things necessary to make the Series 1970 Bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligations of the County according to the import thereof, and to constitute this Indenture a valid lien on the properties mortgaged and a valid pledge of the lease rentals, revenues and receipts herein made to the payment of the principal of, premium, if any, and interest on the Series 1970 Bonds, have been done and performed, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Series 1970 Bonds, subject to the terms hereof, have in all respects been duly authorized;

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

That the County in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the holders and owners thereof, and of the sum of one dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable considerations, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect and the performance and observance by the County of all the covenants expressed or implied herein and in the Bonds, does hereby, subject to the terms and provisions of the Lease Agreement, grant, bargain, sell, convey, mortgage, pledge and assign unto State National Bank of Alabama, as Trustee, and unto its successors in trust, and to its assigns forever, for the securing of the performance of the obligations of the County hereinafter set forth, the following:

I

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

II

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

III

All right, title and interest of the County in and to the Lease Agreement, dated as of December 1, 1970, between the County and Clevite Corporation and all lease rentals, revenues and receipts received or to be received under said Lease Agreement, except amounts paid by the Lessee thereunder to the County and other local taxing authorities in lieu of taxes pursuant to Section 5.5 thereof and all amounts paid by Lessee to the County pursuant to Section 8.7 thereof.

IV

All right, title and interest of the County in and to the Lease Guaranty Agreement, dated as of December 1, 1970, by Gould Inc., a Delaware corporation, and all amounts received or to be received under the said Lease Guaranty Agreement except amounts paid thereunder in fulfillment of the obligations of the Lessee under Section 5.5 or Section 8.7 of the Lease Agreement.

V

All lease rentals, revenues and receipts arising out of or in connection with the ownership of the Project, except amounts paid under Section 5.5 or Section 8.7 of the aforementioned Lease Agreement.

VI

Any and all other property from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by the County or by anyone on its behalf or with its written consent to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

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

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

or interest coupons thereto appertaining over any of the others of the Bonds or interest coupons;

PROVIDED, HOWEVER, that if the County shall pay or cause to be paid to the holders and owners of the Bonds and bearers of interest coupons the principal, interest and premium, if any, to become due thereon at the times and in the manner stipulated therein and herein and if the County shall keep, perform and observe all and singular the covenants and promises in the Bonds and in this Indenture expressed as to be kept, performed and observed by it or on its part, or if the issuance of the Series 1970 Bonds is not made within the time provided in Section 4.2 of the Lease Agreement, then these presents and the estate and rights hereby granted shall, at the option of the County, cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the County such instruments in writing as shall be requisite to satisfy the lien hereof, and reconvey to the County the estate hereby conveyed, and assign and deliver to the County any property at the time subject to the lien of this Indenture which may then be in its possession, except amounts in the Bond Fund required to be paid to the Lessee under Section 510 hereof and except cash held by the Trustee for the payment of interest on and retirement of the Bonds; otherwise this Indenture to be and remain in full force and effect.

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

ARTICLE I

DEFINITIONS

SECTION 101. The terms defined in this Section 101 (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section 101.

"Act" means Act No. 103 of the Acts of the General Assembly of the State of South Carolina, for the year 1967, approved by the Governor of South Carolina on March 21, 1967, and appearing as Article 2.1, Chapter 8, Title 14, Code of Laws of South Carolina, 1962, 1969 Cumulative Supplement.

"Additional Bonds" means the Bonds of the County issued under Section 213 of this Indenture.

"Bond" or "Bonds" means the Spartanburg County First Mortgage Industrial Revenue Bonds of all series from time to time authenticated and delivered under this Indenture.

"Bond Fund" or "Spartanburg County Industrial Revenue Bond Fund-Clevite Project" means the fund created in Section 502 hereof.

"Bondholder" or "holder" or "owner of the Bonds" means the bearer of any coupon Bond not registered as to principal and the registered owner of any coupon Bond registered as to principal or of any fully registered Bond.

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

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

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

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

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

"Guarantor" means Gould Inc., a Delaware corporation, its successors and assigns.

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

"Lease Agreement" means the Lease Agreement executed by and between the County and the Lessee dated as of December 1, 1970, and any amendments or supplements thereto.

"Lease Guaranty Agreement" means the Lease Guaranty Agreement executed by the Guarantor, dated as of December 1, 1970.

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

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

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

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

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

(b) Bonds for the payment or redemption of which cash funds shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee, shall have been filed with the Trustee; and

(c) Bonds in lieu of which others have been authenticated under Section 205 hereof.

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

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

"Series 1970 Bonds" means the \$2,800,000 Spartanburg County First Mortgage Industrial Revenue Bonds, Series 1970 (Clevite Corporation—Lessee) of the County to be initially issued pursuant to the Indenture.

"Trust estate" means the Mortgaged Property.

"Trustee" means State National Bank of Alabama the party of the second part hereto, and any successor trustee pursuant to Sec-

tions 1105 or 1108 hereof at the time serving as successor trustee pursuant to Sections 1105 or 1108 hereof at the time serving as successor trustee hereunder.

ARTICLE II

THE BONDS

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

The total principal amount of Bonds that may be issued hereunder is expressly limited to \$4,500,000.

SECTION 202. *Execution; Limited Obligation.* The Bonds shall be executed on behalf of the County by the Chairman of the County Board and the corporate seal of the County or a facsimile thereof shall be impressed or reproduced thereon and attested by the Secretary (or Assistant Secretary, as Secretary) of the County Board, provided that at least one of said signatures shall be a manual signature. The coupons attached to the Bonds shall be executed by the facsimilies of the official signatures of said Chairman and Secretary (or Assistant Secretary, as Secretary) and such facsimiles shall have the same force and effect as if said Chairman and Secretary had manually signed each of the coupons. The Bonds, together with interest thereon, shall be limited obligations of the County payable from the Bond Fund and shall be a valid claim of the respective holders thereof only against such fund and the lease rentals, revenues and receipts from the leasing or sale of the Project pledged to such fund (but in addition shall be secured by the lien of the Indenture on the Project), which lease rentals, revenues and receipts (except amounts paid by the Lessee to local taxing authorities in lieu of taxes pursuant to Section 5.5 and amounts paid pursuant to Section 8.7 of the Lease Agreement) are hereby pledged and assigned for the equal and ratable payment of the Bonds and the coupons and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in this Indenture. The Bonds and coupons do not now and shall never constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

In case any officer whose signature or facsimile of whose signature shall appear on any 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 203. *Authentication.* Only such Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinabove set forth duly executed by the Trustee shall be entitled to any right or benefit under this Indenture. No Bond and no coupon appertaining to any Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized signature of the Trustee, but it shall not be necessary that the same person sign the certificate of authentication on all of the Bonds, or on all of the Bonds of any series, issued hereunder. Before authenticating or delivering any Bonds, the Trustee shall detach and cancel all matured coupons, if any, appertaining thereto, and such cancelled coupons shall be cremated by the Trustee.

SECTION 204. *Forms; Denominations; Medium of Payment.* The Bonds shall be either in coupon form, registrable as to principal only, or in fully registered form without coupons. Bonds of each series shall be issued in the denomination of \$5,000 in the case of coupon Bonds or in denominations of \$5,000 or any multiple thereof not exceeding the principal amount of Bonds of such series maturing in any one year in the case of fully registered Bonds. The Bonds shall be substantially in the form set forth in the recitals of this Indenture with such variations, insertions or omissions as are appropriate and not inconsistent therewith and shall conform generally to the rules and regulations of any governmental authority or usage or requirement of law with respect thereto. The Bonds shall be payable with respect to principal, interest, and premium, if any, 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.

SECTION 205. *Mutilated, Lost, Stolen or Destroyed Bonds or Coupons.* In the event any Bond is mutilated, lost, stolen or destroyed, the

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

SECTION 206. *Registration of Bonds; Persons Treated As Owners.* Title to any coupon Bond, unless such Bond is registered in the manner hereinafter provided, and to any interest coupon shall pass by delivery in the same manner as a negotiable instrument payable to bearer. The County shall cause books for the registration and for the transfer of the Bonds as provided in this Indenture to be kept by the Trustee as Bond registrar. At the option of the bearer, any coupon Bond may be registered as to principal only on such books, upon presentation thereof to the Bond registrar, which shall make notation of such registration thereon. Any coupon Bond registered as to principal may thereafter be transferred only upon an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond registrar, such transfer to be made on such books and endorsed on the coupon Bond by the Bond registrar. Such transfer may be to bearer and thereafter transferability by delivery shall be restored, subject, however, to successive registrations and transfers as before. The principal of any coupon Bond registered as to principal only, unless registered to bearer, shall be payable only to or upon the order of the registered owner or his legal representative, but the coupons appertaining to any Bond registered as to principal shall remain payable to bearer notwithstanding such registration. No charge shall be made to any Bondholder for the privilege of registration and transfer hereinabove granted, but any Bondholder requesting any such registration or transfer shall pay any tax or other governmental charge required to be paid with respect thereto.

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

SECTION 207. *Negotiability and Transfer.* Each registered Bond shall be transferable only upon the books of the County, which shall be kept for the purpose at the principal office of the Trustee, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such registered Bond the County shall issue, subject to the provisions of Section 210, in the name of the transferee a new registered Bond or Bonds and/or, at the option of the transferee, coupon Bonds (which may be registered as to principal, if requested), with appropriate coupons attached, of the same series and of the same aggregate principal amount, maturity and interest rate as the surrendered Bond.

All Bonds issued under the Indenture, whether in coupon or registered form, shall have such attributes of negotiability as are provided for under the laws of South Carolina.

SECTION 208. *Numbers, Date and Payment Provisions.* The Bonds shall be numbered and designated in such manner as the County, with the concurrence of the Trustee, shall determine. Coupon Bonds

shall bear interest from their date. Each fully registered Bond shall bear interest from its date and shall be dated as of the interest payment date next preceding the date of its authentication, unless authentication shall be upon an interest payment date, in which case it shall be dated as of the date of its authentication, or unless authentication shall precede the first interest payment date for such Bonds, in which case it shall be dated as of the same date as the coupon Bonds of the same series. Provided, however, that if at the time of authentication of any such fully registered Bonds, any interest on such Bond is in default, such Bond shall be dated as of the date to which interest on such Bond has been paid.

Interest on the coupon Bonds shall be evidenced by interest coupons. The principal of the coupon Bonds, premium, if any, and the interest thereon (except as otherwise provided in the case of the registration of Bonds in Section 206) shall be payable to bearer upon presentation and surrender of the coupon Bonds or interest coupons at the office of the Trustee in the City of Decatur, Alabama. Payments of interest made in respect of any fully registered Bond shall be by check or draft mailed to the registered owner at the address shown on the registration books maintained by the Trustee under Section 206. Payments of principal and premium, if any, made in respect of any Bond which is fully registered shall be made to or upon the order of the registered owner or his legal representative upon presentation or surrender of such Bond at the principal office of the Trustee, or, at the option of the holder, at the principal office of Midland National Bank, in the City of Milwaukee, State of Wisconsin, for cancellation and, if appropriate, exchange for a Bond in the principal amount equal to the balance of the principal amount of such Bond remaining unpaid.

SECTION 209. *Interchangeability of Bonds.* Coupon Bonds (whether or not registered as to principal), upon surrender thereof to the Trustee as Bond registrar with all unmatured coupons attached, may at the option of the holder thereof, and upon payment by such holder of any charges which the County may make as provided, and subject to the other provisions contained in Section 210, be exchanged for an equal aggregate principal amount of fully registered Bonds of any authorized denomination. Fully registered Bonds, upon surrender thereof to the Bond registrar with a written instrument of transfer satisfactory to the Bond registrar, duly executed by the registered owner or by his duly authorized attorney, may, at the option of the

registered owner thereof, and upon payment by such registered owner of any charges which the County may make as provided and subject to the other provisions contained in Section 210, be exchanged for an equal aggregate principal amount of coupon Bonds (which may be registered as to principal if requested) with appropriate coupons attached, or of fully registered Bonds of any other authorized denominations.

SECTION 210. *Regulations With Respect to Exchanges and Transfer.* In all cases in which the privilege of exchanging the Bonds or transferring Bonds which are fully registered or registered as to principal is exercised, the County shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions hereof. The Bonds in changed form or denominations shall be exchanged for the surrendered Bonds in such manner that no overlapping interest is paid, and such Bonds in changed form or denominations shall be of the same series, of like tenor, shall bear interest at the same rate or rates and mature on the same date or dates as the Bonds for which they are exchanged. All Bonds and coupons surrendered in any such exchanges and transfers shall forthwith be cancelled by the Bond registrar. For every such exchange or transfer of Bonds, the Bond registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer.

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

SECTION 211. *Series 1970 Bonds.* The Series 1970 Bonds in the aggregate principal amount of \$2,800,000 dated as of December 1, 1970, except as otherwise provided in Section 208 of this Indenture in the case of fully registered Bonds, shall be designated "First Mortgage Industrial Revenue Bonds, Series 1970 (Clevite Corporation—Lessee)" and shall be in coupon or fully registered form as herein provided. The Series 1970 Bonds shall bear interest from December 1, 1970 at the respective rates per annum as set forth in the following schedule, payable June 1, 1971, and semi-annually thereafter on December 1, and June 1 of each year. They shall mature on December 1 in each of the years set forth in, and in the principal amount set opposite each year in, the following schedule:

December 1 in the Year	Principal Amount Maturing	Interest Rate
1972	\$ 75,000	5%
1973	75,000	5%
1974	75,000	5%
1975	100,000	5%
1976	100,000	5½%
1977	100,000	5½%
1978	100,000	6%
1979	110,000	6%
1980	115,000	6%
1990	1,950,000	7%

SECTION 212. *Delivery of Series 1970 Bonds.* Upon the execution and delivery of this Indenture, the County shall execute and deliver to the Trustee and the Trustee shall authenticate the Series 1970 Bonds in the aggregate principal amount of \$2,800,000 and deliver them to the purchasers as may be directed by the County as hereinafter in this Section 212 provided.

Prior to the authentication by the Trustee of any of the Series 1970 Bonds there shall be filed with the Trustee:

1. A copy, duly certified by the Secretary of the County Board, of the resolution of the County Board authorizing the execution and delivery of the Lease Agreement and the Lease Guaranty Agreement, together with Assignments thereof to the Trustee.

2. Original executed counterparts of the Lease Agreement and of the Lease Guaranty Agreement, together with Assignments thereof to the Trustee.

3. A copy, duly certified by the Secretary of the County Board, of the resolution of the County Board authorizing the execution and delivery of this Indenture and the issuance of the \$2,800,000 aggregate principal amount of the Series 1970 Bonds.

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

5. A title insurance policy (or an appropriate binder) meeting the requirements of Section 3.3 of the Lease Agreement.

6. A request and authorization to the Trustee on behalf of the County Board and signed by the Chairman and Secretary of the County Board to authenticate and deliver the Series 1970 Bonds in the aggregate principal amount of \$2,800,000 to the purchasers therein identified upon payment to the Trustee but for account of the County of a sum specified in such request and authorization, plus accrued interest thereon to the date of delivery. Such proceeds shall be paid over to the Trustee and deposited to the credit of the Bond Fund and Construction Fund as hereinafter provided under Article VI hereof.

SECTION 213. *Issuance of Additional Bonds.* The County, at the request of the Lessee and to the extent permitted by law in effect at the time thereof, shall use its best efforts to issue Additional Bonds from time to time for the purpose of providing additional moneys, to be used for the purpose of providing for the acquisition of additional lands or interests therein within the County which shall become part of the Leased Land (as defined in the Lease Agreement), or for the acquisition, construction or improvement of buildings, structures, facilities, machinery or equipment, all to become part of the Project and to be located on the Leased Land (as defined in the Lease Agreement) on a parity with the Series 1970 Bonds and any Additional Bonds theretofore or thereafter issued and payable from the Bond Fund. Before any Additional Bonds are authenticated there shall be delivered to the Trustee the items required therefor by Section 214 hereof. The proceeds of any Additional Bonds shall be used solely to pay the costs of improvement of the Project and to pay the costs incident to the issuance of the Additional Bonds, in accordance with Section 8.10 of the Lease Agreement. The aggregate principal amount of all Additional Bonds issued shall not exceed \$1,700,000.

Such Additional Bonds shall be issued in such series and principal amounts (not to exceed \$1,700,000 in aggregate principal amount), shall be dated, shall bear interest at such rate or rates, shall be subject to redemption at such times and prices, and shall mature in such years as the indenture supplemental hereto authorizing the issuance thereof shall fix and determine, and shall be deposited with the Trustee for authentication and delivery.

SECTION 214. *Delivery of Additional Bonds.* Upon the execution and delivery in each instance of an appropriate indenture supplemental hereto the County shall execute and deliver to the Trustee, and the Trustee shall authenticate, such Additional Bonds and deliver them to the purchaser or purchasers as may be directed by the County,

as hereinafter in this Section 214 provided. Prior to the delivery by the Trustee of any such Bonds there shall be filed with the Trustee:

(1) A valid and effective amendment to the Lease Agreement, pursuant to Section 8.10 thereof, providing for the inclusion within the "Project", as defined in the Lease Agreement, of any real estate and interests therein and any buildings, structures, facilities, machinery, equipment and related property to be acquired by purchase or construction from the proceeds of the Additional Bonds, and providing for an increase in the obligations of the County and the Lessee in accordance with Section 5.3 of the Lease Agreement, together with a valid and effective amendment to the Lease Guaranty Agreement by which the Guarantor unconditionally guarantees the performance of all of the obligations of the Lessee under the Lease Agreement (as so amended), together with an Assignment of the Lease Agreement (as so amended) and the Lease Guarantee Agreement (as so amended) to the Trustee.

(2) A valid and effective supplemental indenture providing for the issuance of such new series of Additional Bonds and subjecting to the lien of this indenture any and all real estate and interests therein, and any building structures, facilities, machinery, equipment and related property acquired by purchase or construction from the proceeds of such Additional Bonds, and pledging and assigning the additional rentals to the payment of the Bonds, subject to the rights of the Lessee under the Lease Agreement.

(3) A copy, duly certified by the Secretary of the County Board, of the resolutions theretofore adopted and approved authorizing the execution and delivery of such supplemental indenture and such amendments to the Lease Agreement and Lease Guaranty Agreement and the issuance of such Bonds.

(4) A request and authorization to the Trustee on behalf of the County and signed by the Chairman and the Secretary of the County Board to deliver such Bonds to the purchaser or purchasers therein identified upon payment to the Trustee, for the account of the County of a specified sum plus any accrued interest. The proceeds of such Bonds shall be paid over to the Trustee and deposited to the credit of the Bond Fund and Construction Fund as hereinafter provided under Article VI hereof.

(5) A written opinion by an attorney or firm of attorneys of recognized national standing on the subject of municipal bonds, to the effect that the issuance of such Bonds and the execution

thereof have been duly authorized, the conditions precedent to the delivery thereof have been fulfilled, and that the tax exempt status of the interest on the Bonds is not affected by the issuance of such Additional Bonds.

Provided that the final maturity of any series of Additional Bonds shall not be earlier than the final maturity of any Bond outstanding at the time of the issuance of the Additional Bonds and the amortization schedule, including any mandatory sinking fund installments, of any series of Additional Bonds shall be approximately level.

ARTICLE III

REDEMPTION OF BONDS BEFORE MATURITY

SECTION 301. *Privilege of Redemption and Redemption Price.* The Bonds shall be subject to redemption prior to maturity to the extent and in the manner provided in this Indenture in the case of the Series 1970 Bonds and in any indenture supplemental hereto pursuant to which Additional Bonds shall be issued.

SECTION 302. *County's Election to Redeem.* The County shall give written notice to the Trustee of its election so to redeem, of the redemption date and of the principal amount of each maturity of each series of redeemable Bonds to be redeemed, which notice shall be given at least forty-five (45) days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as in Section 303 provided, the County shall, and hereby covenants that it will prior to the redemption date, pay to the Trustee an amount in cash which, in addition to other moneys, if any, available therefor held by the Trustee, will be sufficient to redeem at the redemption price thereof, plus interest accrued to the redemption date, all of the redeemable Bonds which the County has so elected to redeem.

SECTION 303. *Notice of Redemption.* In the event any of the Bonds are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed shall be given by publication at least once in a newspaper or financial journal of general circulation published in the City of New York, State of New York, not less than thirty nor more than sixty days prior to the redemption date, and in case of the redemption of fully registered Bonds or portions thereof or Bonds at the time registered as to principal only, upon mail-

ing a copy of the redemption notice by first class mail at least thirty days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds. If all of the Bonds to be redeemed are at that time fully registered or registered as to principal only, notice by mailing given by first class mail to the registered owner or owners thereof, at the addresses shown on the registration books, not less than thirty days prior to the date fixed for redemption as aforesaid shall be sufficient and published notice of the call for redemption need not be given and failure duly to give such notice by mailing, or any defect in the notice, to the registered owner of any Bond designated for redemption shall not affect the validity of the proceedings for the redemption of any other Bond. All Bonds so called for redemption shall cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time, and shall no longer be protected by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture. If, because of the temporary or permanent suspension of the publication or general circulation of any such newspaper or financial journal or for any other reason, it is impossible or impractical to publish such notice of call for redemption in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice. Each notice shall specify the numbers of the Bonds being called, if less than all of the Bonds are being called, the redemption date, the place or places where amounts due upon such redemption will be payable, and in the case of registered Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that payment of the applicable redemption price plus accrued interest to the date fixed for redemption will be made upon presentation and surrender of the Bonds.

SECTION 304. *Cancellation.* All bonds which have been redeemed shall be cancelled and destroyed by the Trustee together with the unmatured coupons appertaining thereto and shall not be reissued and a counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Trustee to the County and the Lessee.

SECTION 305. *Unpaid Coupons.* All unpaid Coupons which appertain to Bonds so called for redemption and which shall have become payable on or prior to the date fixed for redemption shall continue to be payable to the bearers thereof severally and respectively upon the presentation and surrender of such Coupons.

SECTION 306. *Redemption Dates and Prices for Series 1970 Bonds.* The \$2,800,000 in aggregate principal amount of Series 1970 Bonds are noncallable for redemption prior to October 1, 1980 except in the event of (1) exercise by the Lessee of its options to purchase the Project as provided in Section 11.2 of the Lease Agreement or (2) mandatory purchase of the Project by the Lessee pursuant to Section 12.2 of the Lease Agreement. If called for redemption in either of such events, Series 1970 Bonds shall be subject to redemption by the County at the earliest possible date after notice as provided in Section 303 of this Indenture, whether or not such date is an interest payment date, in whole and not in part, at the principal amount thereof plus accrued interest to the redemption date and, but only in the event of redemption as a result of the mandatory purchase of the Project pursuant to Section 12.2 of the Lease Agreement, a redemption premium in an amount equal to the aggregate of the premiums computed on each such Bond outstanding on the date as of which interest on the Bonds is determined to be taxable as follows: the sum of (a) a redemption premium in the amount equal to the 12 months interest payable on each Series 1970 Bond redeemed; and (b) an additional redemption premium determined by multiplying one-half ($\frac{1}{2}$) of the 12 months interest on each Series 1970 Bond redeemed by the number (but in no event to exceed 3) of 360 day periods, or fraction thereof, between the date as of which interest on the Bonds is (or is determined as provided in Section 12.2 of the Lease Agreement to be) taxable and the earliest possible date of redemption or the earlier payment date of any Bond which shall have been paid (whether at maturity or by redemption) subsequent to the date as of which interest on the Bonds is (or is so determined to be) taxable and prior to the earliest possible redemption date (less any optional redemption premium previously paid on any such Bond).

If it shall occur that any Series 1970 Bonds are paid or retired subsequent to the date as of which interest on the Series 1970 Bonds is (or is determined as provided in Section 12.2 of the Lease Agreement to be) taxable as a result of the violation of any covenant set forth in Section 8.9 (2) or Section 8.9 (4) of the Lease Agreement and prior

to the redemption of the Series 1970 Bonds by use of the purchase price derived from the mandatory purchase of the Project by the Lessee pursuant to Section 12.2 of the Lease Agreement, then in such event the person who shall have been the holder of any such Bond on the occasion of its payment (whether at maturity or by redemption) shall receive a premium computed in accordance with the provisions of Section 12.4 of the Lease Agreement to be paid from the purchase price paid by the Lessee under Section 12.2 of the Lease Agreement.

The Series 1970 Bonds maturing on December 1, 1990 which are outstanding on September 1, 1989 are subject to redemption in whole but not in part at any time on and after September 1, 1989, but on or prior to November 20, 1989, on the earliest possible redemption date whether or not an interest payment date after notice as required in the Indenture in the principal amount hereof plus accrued interest to the redemption date in the event of the exercise by the Lessee of its option to purchase the project as provided in Section 11.4 of the Lease Agreement.

Series 1970 Bonds maturing after December 1, 1981 are also subject to redemption by the County prior to maturity on any interest payment date on or after December 1, 1980 in whole or in part in inverse order of their maturity (less than all of such Bonds of a single maturity to be selected by lot by the Trustee) at the redemption prices (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date:

Redemption Date (dates inclusive)	Redemption Price
December 1, 1980 to June 1, 1982	104%
December 1, 1982 to June 1, 1984	103%....
December 1, 1984 to June 1, 1986	102%....
December 1, 1986 to June 1, 1988	101%
December 1, 1988 and thereafter	100%

Series 1970 Bonds maturing on December 1, 1990, are also subject to mandatory redemption prior to maturity in part (selected by lot by the Trustee) in specified annual amounts pursuant to the terms of the sinking fund provided in Section 307 hereof at 100% of the principal amount thereof plus accrued interest to the redemption date.

If less than all of the Series 1970 Bonds shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Trustee in such manner as the Trustee in its discretion may determine; provided, however, that the portion of any

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

SECTION 307. *Sinking Fund for Series 1970 Bonds.* As and for a sinking fund for the retirement of Series 1970 Bonds which mature on December 1, 1990, the rental payment specified in Section 5.3 of the Lease Agreement which is to be deposited in the Bond Fund on or before the seventh day prior to December 1, 1981, and on or before the seventh day prior to each December 1, thereafter to and including December 1, 1989 shall include an amount sufficient to redeem (after credit as provided below) the following principal amounts of such Bonds:

December 1 of the Year	Principal Amount	December 1 of the Year	Principal Amount
1981.....	\$140,000	1986.....	\$200,000
1982.....	150,000	1987.....	215,000
1983.....	165,000	1988.....	230,000
1984.....	175,000	1989.....	240,000
1985.....	185,000		

At its option, to be exercised on or before the forty-fifth day next preceding any such sinking fund payment date, the County may (a) deliver to the Trustee for cancellation such Bonds in any aggregate principal amount desired with all unmatured coupons attached or (b) receive a credit in respect of its sinking fund redemption obligation for any such Bonds which prior to said date have been purchased or redeemed (otherwise than through the operation of the sinking fund) and cancelled by the Trustee and not theretofore applied as a credit against any sinking fund redemption obligation. Each Series 1970 Bond so delivered or previously purchased or redeemed shall be credited by the Trustee at 100% of the principal amount thereof on the obligation of the County on such sinking fund payment date and any excess shall be

credited on future sinking fund redemption obligations in chronological order, and the principal amount of such Bonds to be redeemed by operation of the sinking fund shall be accordingly reduced.

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

The Trustee shall redeem, in the manner provided in Section 307 hereof, such an aggregate principal amount of such Bonds at 100% of the principal amount thereof plus accrued interest to the redemption date as will exhaust as nearly as practicable such cash sinking fund payment.

SECTION 308. *Purchase of Bonds.* The Trustee shall, if and to the extent practicable, purchase Bonds at the written direction of the County upon request of the Lessee at such time, in such manner and at such price as may be specified by the Lessee. The Trustee may so purchase Bonds with any moneys then held by the Trustee and available for the redemption or purchase of Bonds in excess of any amount set aside for payment of Bonds called for redemption; provided, that any limitations or restrictions on such redemption or purchase contained in the Lease Agreement or this Indenture shall be complied with. The expenses of such purchase shall be deemed an expense of the Trustee under Section 1102.

ARTICLE IV

GENERAL COVENANTS

SECTION 401. *Condition of County's Obligation; Payment of Principal and Interest.* Each and every covenant herein made, including all covenants made by the various sections of this Article IV, is predicated upon the condition that any obligation for the payment of money incurred by the County shall not create a pecuniary liability of the County or a charge upon its general credit or against its taxing powers, but shall be payable solely from the lease rentals, revenues and receipts derived from or in connection with the Project, including all moneys received under the Lease Agreement, which are required to be set apart and transferred to the Bond Fund, which lease rentals, revenues and

receipts are hereby specifically pledged to the payment thereof in the manner and to the extent in this Indenture specified and nothing in the Bonds or coupons or in this Indenture shall be considered as pledging any other funds or assets of the County.

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

SECTION 402. Performance of Covenants; Authority of County.

The County covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings pertaining thereto. The County covenants that it is duly authorized under the Constitution and laws of the State of South Carolina, to issue the Bonds authorized hereby and to execute this Indenture, to convey the property described in and conveyed hereby and to pledge the lease rentals, revenues and receipts hereby pledged in the manner and to the extent herein set forth, that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken, and that the Bonds in the hands of the holders and owners thereof and the coupons appertaining thereto in the hands of the bearers thereof are and will be valid and enforceable obligations of the County according to the import thereof.

SECTION 403. Ownership; Instruments of Further Assurance.

The County covenants that it lawfully owns and is lawfully possessed of the land described in Exhibit A attached hereto and that it has good and indefeasible title and estate therein (except for Permitted Encumbrances as defined in the Lease Agreement), and that it lawfully owns and is lawfully possessed of the equipment and machinery described in Exhibit B attached hereto (or, in the case of any such equipment and machinery not yet acquired, that the same will be acquired by the County from the moneys in the Construction Fund or furnished by the Lessee pursuant to Section 4.6 of the Lease Agreement), and that it will defend the title to the Project and every part thereof to the Trustee, for the benefit of the holders and owners of the Bonds and the bearers of the coupons appertaining thereto against the claims and demands of all persons whomsoever. The County covenants that it will do, execute, acknowledge and deliver or cause to be done,

executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee all and singular the property herein described and the lease rentals, revenues and receipts pledged hereby to the payment of the principal of and interest and premium, if any, on the Bonds. Any and all property hereafter acquired which is of the kind or nature herein provided to be and become subject to the lien hereof shall *ipso facto*, and without any further conveyance, assignment or act on the part of the County or the Trustee, become and be subject to the lien of this Indenture as fully and completely as though specifically described herein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the County under this Section 403. The County covenants and agrees that, except as herein and in the Lease Agreement provided, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Project or the lease rentals, revenues and receipts therefrom or of its rights under the Lease Agreement.

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

SECTION 405. *Maintenance and Repair.* Pursuant to the provisions of Section 6.1 of the Lease Agreement the Lessee has agreed at its own expense to cause the Project to be kept in as reasonably safe condition as its operations shall permit, and that it will from time to time cause to be made all needed repairs so that the Project shall at all times be kept in good repair and in good operating condition, and that the Lessee may, at its own expense, make from time to time additions, modifications and improvements to the Project under the terms and conditions set forth in Section 6.1 of the Lease Agreement.

SECTION 406. *Inspection of Project Books.* The County covenants and agrees that all books and documents in its possession relating to the Project and the lease rentals, revenues and receipts derived from

the Project shall at all times be open to inspection by such accountants or other agencies as the Trustee may from time to time designate.

SECTION 407. *Rights Under Lease Agreement.* The Lease Agreement, a duly executed counterpart of which has been filed with the Trustee, sets forth the covenants and obligations of the County, and the Lessee including a provision that subsequent to the initial issuance of the Bonds and prior to their payment in full, or provision for payment thereof in accordance with the provisions hereof, the Lease Agreement may not be effectively amended, changed, modified, altered or terminated (other than as provided therein) without the written consent of the Trustee and reference is hereby made to the Lease Agreement for a detailed statement of said covenants and obligations of the Lessee under the Lease Agreement, and the County agrees that the Trustee in its name or in the name of the County may enforce all rights of the County and all obligations of the Lessee under and pursuant to the Lease Agreement and may enforce all rights of the County and all obligations of the Guarantor under and pursuant to the Lease Guaranty Agreement for and on behalf of the Bondholders whether or not the County is in default hereunder.

SECTION 408. *List of Bondholders.* To the extent that such information shall be made known to the County, under the terms of Section 206 and Section 408, it will keep on file at the corporate trust office of the Trustee a list of names and addresses of the last known holders of all Bonds payable to bearer and believed to be held by each of such last known holders. Any Bondholder may request that his name and address be placed on said list by filing a written request with the County or with the Trustee, which request shall include a statement of the principal amount of Bonds held by such holder and the numbers of such Bonds. The Trustee shall be under no responsibility with regard to the accuracy of said list. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by the Lessee or by holders and/or owners (or a designated representative thereof) of twenty-five percent or more in principal amount of Bonds then outstanding, such ownership and the authority of any such designated representative to be evidenced to the satisfaction of the Trustee.

SECTION 409. *Recording and Filing.* This Indenture shall be recorded and indexed as mortgage of real property in the Office of the Register of Mesne Conveyances for Spartanburg County, South Caro-

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

ARTICLE V

REVENUES AND FUNDS

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

The Project has been leased under the Lease Agreement and the rental payments provided for in Section 5.3 of the Lease Agreement are to be remitted directly to the Trustee for the account of the County and deposited in the Bond Fund. Said rental payments are sufficient in amount to pay the principal of, premium, if any, and interest on the Bonds, and the entire amount of lease rentals, revenues and receipts from said Lease Agreement (except amounts paid by the Lessee to local taxing authorities in lieu of taxes pursuant to Section 5.5 and amounts paid pursuant to Section 8.7 of the Lease Agreement) are pledged to the payment of the principal of, premium, if any, and interest on the Bonds. The County hereby covenants and agrees that it will not create any lien upon said lease rentals, revenues and receipts or the Project other than the lien hereby created.

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

SECTION 503. *Payments into the Bond Fund.* There shall be deposited into the Bond Fund all accrued interest derived from the sale of the Series 1970 Bonds together with an amount which, together with such accrued interest, will be equal to the interest which will become due on the Series 1970 Bonds on June 1, 1971. In addition, there shall be deposited into the Bond Fund, as and when received (a) any amount remaining in the Construction Fund to the extent provided in Section 4.3(k) of the Lease Agreement except as otherwise directed pursuant to said Section 4.3(k); (b) all rental payments specified in Section 5.3 of the Lease Agreement; and (c) all other moneys received by the Trustee under and pursuant to any of the provisions of the Lease Agreement when accompanied by directions by Lessee that such moneys are to be paid into the Bond Fund. The County hereby covenants and agrees that so long as any of the Bonds issued hereunder are outstanding it will deposit, or cause to be deposited, in the Bond Fund for its account sufficient sums from lease rentals, revenues and receipts derived from the Project promptly to meet and pay the principal of, interest and premium, if any, on the Bonds as the same become due and payable and to this end the County covenants and agrees that, so long as any Bonds issued hereunder are outstanding, it will cause the Project to be continuously and efficiently leased as a revenue and income producing undertaking, and that, should there be a default under the Lease Agreement with the result that the right of possession of the Project under the Lease Agreement is returned to the County, the County shall fully cooperate with the Trustee and with the Bondholders to the end of fully protecting the rights and security of the Bondholders and the bearers of coupons appertaining to the Bonds and shall diligently proceed in good faith and use its best efforts to secure another tenant for the premises to the end that at all times sufficient lease rentals, revenues and receipts will be derived from the Project promptly to meet and pay the principal of, interest and premium, if any, on the Bonds as the same become due and payable, as well as covering the cost of maintaining and insuring the Project. Nothing herein shall be construed as requiring the County to operate the Project or to use or to provide any funds or revenues from any source other than lease rentals, revenues and receipts derived from the Project.

SECTION 504. *Use of Moneys in the Bond Fund.* Except as provided in Section 510 hereof, moneys in the Bond Fund shall be used solely for the payment of the principal of, premium, if any, and interest on the Bonds and for the redemption of the Bonds at or prior to

maturity. Except as provided in Section 307 hereof, no part of said rental payments in the Bond Fund shall be used to redeem, prior to maturity, a part of the Bonds outstanding; provided, that whenever the amount in the Bond Fund from any source whatsoever is sufficient to redeem all of the Bonds outstanding hereunder and to pay interest to accrue thereon to such redemption, the County covenants and agrees to take and cause to be taken the necessary steps to redeem all of said Bonds on the next succeeding redemption date for which the required redemption notice may be given; and provided further that any moneys in the Bond Fund other than rental payments may be used at the request of the County to redeem a part of the Bonds outstanding on the next succeeding redemption date for which the required notice of redemption may be given so long as the Lessee is not in default with respect to any rental payments under the Lease Agreement and to the extent said moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption and past due interest in all cases where such Bonds or coupons have not been presented for payment.

SECTION 505. *Custody of the Bond Fund.* The Bond Fund shall be in the custody of the Trustee but in the name of the County and the County hereby authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay principal of and interest and premium, if any, on the Bonds as the same become due and payable and to make said funds so withdrawn available to the Trustee and to the paying agent or agents for the purpose of paying said principal and interest, and premium, if any, which authorization and direction the Trustee hereby accepts.

SECTION 506. *Non-presentment of Bonds or Coupons.* In the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, or in the event any coupon shall not be presented for payment at the due date thereof, if funds sufficient to pay such Bonds or coupons shall have been made available to the Trustee for the benefit of the holder or holders thereof, all liability of the County to the holder thereof for the payment of such Bond or coupon, as the case may be, shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the holder of such Bond, or the bearer of such coupon, as the case may be, who shall thereafter be restricted exclusively to

such fund or funds, for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Bond or coupon.

SECTION 507. *Trustee's and Paying Agents' Fees, Charges and Expenses.* Pursuant to the provisions of the Lease Agreement, the Lessee has agreed to pay the Trustee, until the principal of, interest and premium, if any, on the Bonds shall have been fully paid: (i) an amount equal to the annual fee of the Trustee for the Ordinary Services of the Trustee rendered, as trustee, and its Ordinary Expenses incurred, as trustee, under this Indenture, as and when the same become due, (ii) the reasonable fees and charges of the Trustee, as Bond Registrar and paying agent, and any paying agents for acting as paying agent as and when the same become due, and (iii) the reasonable fees and charges for the necessary Extraordinary Services and Extraordinary Expenses of the Trustee under this Indenture, as and when the same become due. It is further understood and agreed that the initial or acceptance fees of the Trustee and the fees, charges and expenses of the Trustee and paying agent referred to in the preceding sentence which become due prior to the completion date (as defined in the Lease Agreement) will be paid to the Trustee from the Construction Fund as and when the same shall become due. The Lessee may, without creating a default hereunder, contest in good faith the necessity for any such Extraordinary Services and Extraordinary Expenses and the reasonableness of any of the fees, charges or expenses referred to herein.

SECTION 508. *Moneys to Be Held in Trust.* All moneys required to be deposited with or paid to the Trustee for account of the Bond Fund or the Construction Fund under any provision of this Indenture shall be held by the Trustee in trust, and except for moneys deposited with or paid to the Trustee for the redemption of Bonds, notice of the redemption of which has been duly given, shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien hereof.

SECTION 509. *Insurance and Condemnation Proceeds.* Reference is hereby made to Article VII of the Lease Agreement whereunder it is provided that under certain circumstances the net proceeds of insurance and condemnation awards are to be paid to the Trustee and deposited in separate trust accounts and to be disbursed and paid out as therein provided. The Trustee hereby accepts and agrees to perform the duties and obligations as therein specified.

SECTION 510. *Repayment to the Lessee from the Bond Fund.* Any amounts remaining in the Bond Fund, after payment in full of the principal of, interest and premium, if any, on the Bonds (or provision for payment thereof as provided in this Indenture), the fees, charges and expenses of the Trustee and any paying agents and all other amounts required to be paid hereunder, shall be promptly paid to the Lessee as a refund of excess rental payments.

ARTICLE VI

CUSTODY AND APPLICATION OF PROCEEDS OF SERIES 1970 BONDS

SECTION 601. *Deposits in the Bond Fund.* Upon the issuance and delivery of Series 1970 Bonds there shall be deposited in the Bond Fund as capitalized interest (i) all accrued interest received on the sale of the Series 1970 Bonds, and (ii) an amount which, together with the accrued interest received on the Series 1970 Bonds, will be equal to the interest which will become due on the Series 1970 Bonds on June 1, 1971.

SECTION 602. *Construction Fund; Disbursements.* There is hereby created and established with the Trustee a trust in the name of the County to be designated "Spartanburg County Industrial Construction Fund—Clevite Project". The balance of the proceeds received on the delivery of Series 1970 Bonds remaining after the deduction provided by Section 601 hereof shall have been made shall be deposited in the Construction Fund. Moneys in the Construction Fund shall be expended in accordance with the provisions of the Lease Agreement, and particularly Section 4.3 thereof.

The Trustee is hereby authorized and directed to issue its checks for each disbursement required by the aforesaid provisions of the Lease Agreement.

The Trustee shall keep and maintain adequate records pertaining to the Construction Fund and all disbursements therefrom, and after the Project shall have been completed and a certificate of payment of all costs filed as provided in Section 603 hereof, the Trustee shall, if requested by the Lessee, file an accounting thereof with the County and with the Lessee.

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

Section 4.5 of the Lease Agreement and (ii) a certificate signed by the Chairman of the County Board and by the Lessee (by one of the authorized officers of the Lessee), which certificate shall state that all obligations and costs in connection with the Project and payable out of the Construction Fund have been paid and discharged except for amounts retained by the Trustee with the approval of the Authorized Lessee Representative for the payment of costs of the Project not then due and payable as provided in the Lease Agreement. As soon as practicable and in any event after sixty days from the date of the certificate referred to in clause (ii) of the preceding sentence any balance remaining in the Construction Fund (other than the amounts retained by the Trustee and referred to in the preceding sentence) shall without further authorization be deposited in the Bond Fund by the Trustee with advice to the County and to the Lessee of such action unless the Lessee shall have directed the Trustee to purchase Bonds in the open market for the purpose of cancellation in accordance with Section 4.3(k) of the Lease Agreement.

ARTICLE VII

INVESTMENTS

SECTION 701. *Investment of Construction Fund Moneys.* Any moneys held as part of the Construction Fund shall, at the written request of and as specified by the Authorized Lessee Representative (as defined in the Lease Agreement), be invested and reinvested by the Trustee in accordance with the provisions of Section 4.9 of the Lease Agreement. Any such investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Construction Fund and the interest accruing thereon and any profit realized from such investments shall be credited to such fund, and any loss resulting from such investments shall be charged to such fund. The Trustee is directed to sell and reduce to cash funds a sufficient amount of such investments whenever the cash balance in the Construction Fund is insufficient to pay a requisition when presented.

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

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

SECTION 703. *Trustee's Own Bond Department.* The Trustee may make any and all investments permitted under Section 701 and Section 702 through its own Bond Department.

ARTICLE VIII

POSSESSION, USE AND PARTIAL RELEASE OF LEASED PROPERTY

SECTION 801. *Subordination to Rights of the Lessee.* This Indenture and the rights and privileges hereunder of the Trustee and the holders of the Bonds and bearers of coupons appertaining thereto are specifically made subject and subordinate to the rights and privileges of the Lessee set forth in the Lease Agreement. So long as not otherwise provided in this Indenture the County shall be suffered and permitted to possess, use and enjoy the Mortgaged Property and appurtenances so as to carry out its obligations under the Lease Agreement.

SECTION 802. *Release of Leased Land.* Reference is made to the provisions of the Lease Agreement, including without limitation Sections 8.5 and 11.3 thereof, whereby the County and the Lessee have reserved the right to withdraw certain portions of the Leased Land (as defined in the Lease Agreement) upon compliance with the terms and conditions of the Lease Agreement. The Trustee shall release from the lien of this Indenture any such land upon compliance with the provisions of the Lease Agreement.

SECTION 803. *Release of Leased Equipment.* Reference is made to the provisions of the Lease Agreement, including without limitation Section 6.2 thereof, whereby the Lessee may withdraw certain items of equipment constituting Leased Equipment (as defined in the Lease Agreement) upon compliance with the terms and conditions of the Lease Agreement. The Trustee shall release from the lien of this Indenture any such item of equipment upon compliance with the provisions of the Lease Agreement.

SECTION 804. *Granting of Easements.* Reference is made to the provisions of the Lease Agreement, including, without limitation Section 8.6 thereof, whereby the Lessee may grant easements and take other action upon compliance with the terms and conditions of the Lease Agreement. The Trustee shall execute or confirm the grants or releases of easements, licenses, rights of way and other rights and privileges permitted by Section 8.6 thereof upon compliance with the provisions of the Lease Agreement.

ARTICLE IX

DISCHARGE OF LIEN

SECTION 901. *Discharge of Lien of the Indenture.* If the County shall pay or cause to be paid to the holders and owners of the Bonds and bearers of coupons the principal, interest and premium, if any, to become due thereon at the times and in the manner stipulated therein and herein, and shall have paid all fees and expenses of the Trustee and each paying agent, and if the County shall keep, perform and observe all and singular the covenants and promises in the Bonds and in this Indenture expressed as to be kept, performed and observed by it or on its part, or if the issuance of the Series 1970 Bonds is not made within the time provided in Section 4.2 of the Lease Agreement, then these presents and the estate and rights hereby granted shall, at the option of the County, cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the County such instruments in writing as shall be requisite to satisfy the lien hereof, and re-convey to the County the estate hereby conveyed, and assign and deliver to the County any property at the time subject to the lien of this Indenture which may then be in its possession, except amounts in the Bond Fund required to be paid to the Lessee under Section 510 hereof and except funds held by the Trustee for the payment of principal of, interest and premium, if any, on the Bonds.

Bonds and coupons for the payment or redemption of which moneys shall have been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds) shall be deemed to be paid within the meaning of this Article; provided, however, that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or arrangements satisfactory to the Trustee shall have been made for the giving thereof.

ARTICLE X

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

SECTION 1001. *Defaults; Events of Default.* If any of the following events occur, subject to the provisions of Sections 1012 and 1013 hereof, it is hereby defined as and declared to be and to constitute an "event of default"

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

(b) Default in the due and punctual payment of (i) the principal of any Bonds (or premium thereon, if any), whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon the maturity thereof by declaration or upon the mandatory purchase of the Project contemplated by Section 12.2 of the Lease Agreement, or (ii) any sinking fund payment required by Section 307;

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

(d) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the County in this Indenture or in the Bonds contained; or

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

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

SECTION 1002. *Acceleration.* If an event of default shall occur and be continuing the Trustee may, and upon the written request of the holders of not less than twenty-five per cent in aggregate principal amount of Bonds then outstanding shall, by notice in writing delivered to the County, declare the principal of all Bonds then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

SECTION 1003. *Surrender of Possession of Mortgaged Property; Rights and Duties of Trustee in Possession; Other Remedies.* Upon the occurrence of an event of default the County, upon demand of the Trustee, shall forthwith surrender the possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the Mortgaged Property together with the books, papers and accounts of the County pertaining thereto, and including the rights and the position of the County under the Lease Agreement, and to hold, operate and manage the same, and from time to time make all needful repairs and improvements as by the Trustee shall be deemed wise; and the Trustee may lease the Project or any part thereof in the name and for account of the County and collect, receive and sequester the rents, revenues, issues, earnings, income, products and profits therefrom, and out of the same and any moneys received from any receiver of any part thereof pay, and/or set up proper reserves for the payment of all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to the Trustee, its agents and counsel, and any charges of the Trustee hereunder, and any taxes and assessments and other charges prior to the lien of this Indenture which the Trustee may deem it wise to pay, and all expenses of such repairs and improvements, and apply the remainder of the moneys so received in accordance with the provisions of Section 1008 hereof. Whenever all that is due upon the Bonds shall have been paid and all defaults made good, the Trustee shall surrender possession to the County; the same right of entry, however, to exist upon any subsequent event of default.

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

Upon the occurrence of an event of default the lien on the Project created and vested by this Indenture may be foreclosed either by sale at public outcry or by proceedings in equity and the Trustee or the holder or holders of any of the Bonds then outstanding, whether or not then in default of payment of principal or interest, may become the purchaser at any foreclosure sale if the highest bidder.

Upon the occurrence of an event of default, Trustee shall have the power to proceed with any right or remedy granted by the Constitution and laws of the State of South Carolina, as it may deem best, including

SECTION 1003. *Surrender of Possession of Mortgaged Property; Rights and Duties of Trustee in Possession; Other Remedies.* Upon the occurrence of an event of default the County, upon demand of the Trustee, shall forthwith surrender the possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the Mortgaged Property together with the books, papers and accounts of the County pertaining thereto, and including the rights and the position of the County under the Lease Agreement, and to hold, operate and manage the same, and from time to time make all needful repairs and improvements as by the Trustee shall be deemed wise; and the Trustee may lease the Project or any part thereof in the name and for account of the County and collect, receive and sequester the rents, revenues, issues, earnings, income, products and profits therefrom, and out of the same and any moneys received from any receiver of any part thereof pay, and/or set up proper reserves for the payment of all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to the Trustee, its agents and counsel, and any charges of the Trustee hereunder, and any taxes and assessments and other charges prior to the lien of this Indenture which the Trustee may deem it wise to pay, and all expenses of such repairs and improvements, and apply the remainder of the moneys so received in accordance with the provisions of Section 1008 hereof. Whenever all that is due upon the Bonds shall have been paid and all defaults made good, the Trustee shall surrender possession to the County; the same right of entry, however, to exist upon any subsequent event of default.

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

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Upon the occurrence of an event of default, Trustee shall have the power to proceed with any right or remedy granted by the Constitution and laws of the State of South Carolina, as it may deem best, including

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

SECTION 1004. *Rights of Bondholders.* If an event of default shall have occurred, and if requested so to do by the holders of not less than twenty-five per cent in aggregate principal amount of Bonds then outstanding and if indemnified as provided in Section 1101 (1) hereof the Trustee shall be obliged to exercise such one or more of the rights and powers conferred by this Section and by Sections 1003 and 1004 as the Trustee, being advised by counsel, shall deem most expedient in the interest of the Bondholders.

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

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

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

SECTION 1005. *Rights of Bondholders to Direct Proceedings.* Anything in this Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Bonds then outstanding (determined subject to the provision of Section 1401(e) hereof) shall

have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

SECTION 1006. *Appointment of Receivers.* Upon the occurrence of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders or the bearers of the coupons under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Mortgaged Property and of the rents, revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

SECTION 1007. *Foreclosure of Indenture.* Upon the occurrence of an event of default, to the extent that such right may then lawfully be waived, neither the County, nor anyone claiming through or under it, shall set up, claim, or seek to take advantage of any appraisement, valuation, stay, extension or redemption laws now or hereinafter in force, in order to prevent or hinder the enforcement of the Indenture or the foreclosure of the Indenture, and the County, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all right of appraisement and redemption to which it may be entitled under the laws of South Carolina.

SECTION 1008. *Application of Moneys.* All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys in the Bond Fund shall be applied as follows:

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

First—To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order

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

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

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

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

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date

(which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the bearer of any unpaid coupon or the holder of any Bond until such coupon or such Bond and all unmatured coupons, if any, appertaining to such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all principal of, premium, if any, and interest on all Bonds have been paid under the provisions of this Section 1008 and all expenses and charges of the Trustee shall have been paid, any balance remaining in the Bond Fund shall be paid to the Lessee as provided in Section 510 hereof.

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

SECTION 1010. *Rights and Remedies of Bondholders.* No holder or bearer of any Bond or coupon, as the case may be, shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy hereunder, unless also a default has occurred of which the Trustee has been notified as provided in subsection (g) of Section 1101, or of which by said subsection it is deemed to have notice, nor unless also such default shall have become an event of default and the holders of at least twenty-five per cent in aggregate principal amount of Bonds then outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in Section 1101 (l) nor unless the Trus-

tee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its, his or their own name or names; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more holders or bearers of the Bonds or coupons shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the holders of all Bonds and the bearers of all coupons then outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Bondholder to enforce the payment of the principal of, premium, if any, and interest of any Bond at and after the maturity thereof, or the obligation of the County to pay the principal of, premium, if any, and interest on each of the Bonds issued hereunder to the respective holders thereof and to the bearers of the coupons at the time, place, from the source and in the manner in said Bonds and the coupons expressed.

SECTION 1011. *Termination of Proceedings.* In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the County and the Trustee shall be restored to their former positions and rights hereunder with respect to the Mortgaged Property herein conveyed, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

SECTION 1012. *Waivers of Events of Default.* The Trustee shall waive any event of default hereunder and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds upon the written request of the holders of a majority in aggregate principal amount of all Bonds then outstanding; provided, however, that there shall not be waived (a) any event of default in the payment of the principal of any outstanding Bonds at the date of maturity specified therein, or upon proceedings for redemption pursuant to Section

307 of this Indenture in the case of Series 1970 Bonds or any mandatory sinking fund payments required by any supplemental indenture with respect to any Additional Bonds, or (b) any default in the payment when due of the interest or premium on any such Bonds unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such default shall have occurred on overdue installments of interest or all arrears of payments of principal or premium, if any, when due (whether at the stated maturity thereof or upon proceedings for redemption pursuant to Section 307 of this Indenture) as the case may be, and all expenses of the Trustee, in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the County, Trustee and Bondholders and bearers of coupons shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

SECTION 1013. *Notice of Defaults; Opportunity of the County and Lessee to Cure Defaults.* Anything herein to the contrary notwithstanding, no default (other than a default under Section 1001(a), Section 1001(b) or Section 1001(c) hereof, to which this Section 1013 shall not be applicable) shall constitute an event of default until actual notice of such default by registered or certified mail shall be given by the Trustee or by the holders of not less than twenty-five per cent of the aggregate principal amount of Bonds then outstanding to the Lessee and the County, and the County shall have had thirty days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided, however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an event of default if corrective action is instituted by the Lessee or the County as the case may be, within the applicable period and diligently pursued until the default is corrected.

With regard to any alleged default concerning which notice is given to the Lessee under the provisions of this Section 1013, the County hereby grants the Lessee full authority for account of the County to perform any covenant or obligation alleged in said notice to constitute a default, in the name and stead of the County with full power to do any

and all things and acts to the same extent that the County could do and perform any such things and acts and with power of substitution.

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

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

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

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

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

ARTICLE XI

THE TRUSTEE

SECTION 1101. *Acceptance of the Trusts.* The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties here-

under, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may be reasonably employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the County or the Lessee). The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(b) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the authentication certificate of the Trustee endorsed on the Bonds), or for insuring the property conveyed hereby, or for collecting any insurance moneys, or for the validity of the execution by the County of this Indenture or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value or title of the property conveyed hereby or otherwise as to the maintenance of the security hereof; except that in the event the Trustee enters into possession of a part or all of the property conveyed hereby pursuant to any provision of this Indenture it shall use due diligence in preserving such property; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the County or on the part of the Lessee under the Lease Agreement, except as herein expressly set forth; but the Trustee may require of the County or the Lessee full information and advice as to the performance of the covenants, conditions and agreements aforesaid and as to the condition of the property conveyed hereby. Except as otherwise provided in Section 1003 hereof, the Trustee shall have no obligation to perform any of the duties or obligations of the County, as lessor, under the Lease Agreement.

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

(d) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram, or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon

the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and of Bonds issued in exchange therefor or in place thereof.

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

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

(g) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except (i) failure by the County to cause to be made any of the payments to the Trustee required to be made by Article V and (ii) failure by the Lessee to make any of the payments to the Trustee required to be made by Section 5.3 of the Lease Agreement, unless the Trustee shall be specifically notified in writing of such default by the County or by the holders of at least twenty-five per cent in aggregate principal amount of all Bonds then outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee, must, in order to be effective, be delivered at the principal office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

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

(i) At any and all reasonable times, the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all of the Project, including all books, papers and records of the County pertaining to the Project and the Bonds, and to take such memoranda from and in regard thereto as may be desired; subject to the limitations imposed upon such rights of inspection pursuant to Section 8.2 of the Lease Agreement.

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

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

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

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

SECTION 1102. *Fees, Charges and Expenses of Trustee.* The Trustee shall be entitled to payment and/or reimbursement for reasonable fees for its Ordinary Services rendered hereunder, and all advances, counsel fees and other Ordinary Expenses reasonably and necessarily made or incurred by the Trustee in connection with such Ordinary Services and, in the event that it should become necessary that the Trustee perform Extraordinary Services, it shall be entitled to reasonable extra compensation therefor, and to reimbursement for reasonable and necessary Extraordinary Expenses in connection therewith; provided, that if such Extraordinary Services or Extraordinary Expenses are occasioned by the neglect or misconduct of the Trustee, it shall not be entitled to compensation or reimbursement therefor. The Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as Bond Registrar and paying agent for the Bonds and coupons as hereinabove provided. The Trustee shall have a lien with right of payment prior to payment on account of interest or principal of any Bond upon the Project for the foregoing advances, fees, costs, and expenses incurred.

SECTION 1103. *Notice to Bondholders If Default Occurs.* If a default occurs of which the Trustee is by subsection (g) of Section 1101 hereof required to take notice or if notice of default be given as in said subsection (g) provided, then the Trustee shall give such notice to the Lessee and the County as is specified in Section 1013 hereof, and such notice to the Lessee and to the Guarantor as is specified in Section 10.1 of the Lease Agreement, in order to have such default mature as an event of default upon the passage of the period of time therein specified and shall give written notice thereof by mail to the last known holders or owners of all Bonds then outstanding shown by the list of Bondholders required by the terms of Section 408 hereof to be kept at the office of the Trustee and by the registration books maintained by the Trustee pursuant to Section 206 hereof.

SECTION 1104. *Intervention by Trustee.* In any judicial proceeding to which the County is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of owners of the Bonds, the Trustee may intervene on behalf of Bondholders and shall do so if requested in writing by the owners of at least twenty-five per cent in aggregate principal amount of all Bonds then outstanding. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction.

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

SECTION 1106. *Resignation by the Trustee.* The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving thirty days written notice to the County, to the Lessee and by registered or certified mail to each registered owner of Bonds then outstanding and to each holder of Bonds as shown by the list of Bondholders required by Section 408 hereof to be kept at the office of the Trustee, and such resignation shall take effect at the end of such thirty days, or upon the earlier appointment of a successor Trustee by the Bondholders or by the County. Such notice to the County and to the Lessee may be served personally or sent by registered mail.

SECTION 1107. *Removal of the Trustee.* The Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Trustee and to the County, and signed by the owners of a majority in aggregate principal amount of all Bonds then outstanding.

SECTION 1108. *Appointment of Successor Trustee by the Bondholders; Temporary Trustee.* In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of Bonds then outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of vacancy the County by an instrument executed and signed by the Chairman of the County Board and attested by the Secretary of the County Board under its

seal, may appoint a temporary Trustee to fill such vancancy until a successor Trustee shall be appointed by such Bondholders in the manner above provided; and any such temporary Trustee so appointed by the County shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank organized under the laws of the United States of America or any state thereof and which is in good standing, within or outside the State of South Carolina, having a reported capital and surplus of not less than \$12,000,000 if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

SECTION 1109. *Concerning Any Successor Trustee.* Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the County an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the County, or of its successor, and upon payment of all amounts due such predecessor pursuant to Section 1102 hereof, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the County be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor any and all such instruments in writing, shall, on request, be executed, acknowledged and delivered by the County. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article shall be filed and/or recorded by the successor Trustee in each recording office where the Indenture shall have been filed and/or recorded.

SECTION 1110. *Right of Trustee to Pay Taxes and Other Charges.* In case any tax, assessment or governmental or other charge upon any part of the property herein conveyed is not paid as required herein, the Trustee may pay such tax, assessment or governmental or other charge, without prejudice, however, to any rights of the Trustee or the

Bondholders hereunder arising in consequence of such failure; and any amount at any time so paid under this Section, with interest thereon from the date of payment at the rate of eight per cent per annum, shall become so much additional obligation secured by this Indenture, and the same shall be given a preference in payment over any of the Bonds, and shall be paid out of the revenues herein pledged to the payment of the Bonds if not otherwise caused to be paid; but the Trustee shall be under no obligation to make any such payment unless it shall have been requested to do so by the holders of at least twenty-five per cent in the aggregate principal amount of all Bonds then outstanding and shall have been provided with adequate funds for the purpose of such payment.

SECTION 1111. *Trustee Protected in Relying Upon Resolutions, etc.* The resolutions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for the release of property and the withdrawal of cash hereunder.

SECTION 1112. *Successor Trustee as Trustee of Bond Fund and Construction Fund, Paying Agent and Bond Registrar.* In the event of a change in the office of Trustee the predecessor Trustee which has resigned or has been removed shall cease to be trustee of the Bond Fund and the Construction Fund, and paying agent for principal of and interest and premium, if any, on the Bonds and Bond Registrar and the successor Trustee shall become such Trustee, paying agent and Bond Registrar.

SECTION 1113. *Trust Estate May be Vested in Separate or Co-Trustee.* It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of South Carolina) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or the Lease Agreement, and in particular in case of the enforcement of either on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the Mortgaged Property, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional indi-

vidual or institution as a separate or co-trustee. The following provisions of this Section 1113 are adapted to these ends.

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

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

ARTICLE XII

SUPPLEMENTAL INDENTURES

SECTION 1201. *Supplemental Indentures Not Requiring Consent of Bondholders.* The County and the Trustee may without the consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental to this Indenture as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

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

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

(c) to subject to the lien and pledge of this Indenture additional revenues, properties or collateral; and

(d) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar Federal statute hereafter in effect or under any state Blue Sky Law.

The County and the Trustee shall without the consent of, or notice to, any of the Bondholders enter into an indenture or indentures supplemental to this Indenture (i) in connection with the issuance of any Additional Bonds in accordance with Section 213 hereof and the inclusion of additional Mortgaged Property in connection therewith, (ii) to the extent necessary with respect to the land and interests in land, buildings, machinery and equipment forming a part of the Project and generally described in Exhibits A and B attached hereto so as to more precisely identify the same or to substitute or add additional land or interests in land, buildings, machinery and equipment, (iii) with respect to any changes required to be made in the description of the Mortgaged Property in order to conform with similar changes made in the Lease Agreement as permitted by Section 1301.

SECTION 1202. *Supplemental Indentures Requiring Consent of Bondholders.* Exclusive of indentures supplemental hereto covered by Section 1201 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the holders of not less than two-thirds in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the County and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the County for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing in this Section contained shall permit, or be construed as permitting (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate, or extension of the time of payment, of interest on, or reduction of any premium payable on the redemption of, any Bonds, without the consent of the holder of such Bond, or (b) a reduction in the amount or extension of the time of any payment required by the sinking fund provided in Section 307, or (c) the creation of any lien (other than any

Permitted Encumbrances as defined in the Lease Agreement) prior to or on a parity with the lien of this Indenture, or (d) a reduction in the aforesaid aggregate principal amount of Bonds the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all the Bonds at the time outstanding which would be affected by the action to be taken, or (e) the modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee.

If at any time the County shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be published as shall be requested by the County and in any event one time in a newspaper or financial journal of general circulation published in the City of New York, New York, and shall also cause a similar notice to be mailed, postage prepaid, to all registered Bondholders; provided, however, that no publication of such notice shall be required and notice by mail as aforesaid shall be deemed sufficient notice where all Bonds outstanding are registered. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the corporate trust office of the Trustee for inspection by all Bondholders. If, within sixty days or such longer period as shall be prescribed by the County following the final publication of such notice, the holders of not less than two-thirds in aggregate principal amount of the Bonds outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no holder of any Bond and no bearer of any coupon shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the County from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith. The Trustee may rely upon an opinion of counsel as conclusive evidence that execution and delivery of a supplemental indenture has been effected in compliance with the provisions of this Article XII.

Anything herein to the contrary notwithstanding, a supplemental indenture under this Article XII which affects any rights of the Lessee

shall not become effective unless and until the Lessee shall have consented to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture together with a copy of the proposed supplemental indenture to be mailed by certified or registered mail to the Lessee at least fifteen days prior to the proposed date of execution and delivery of any supplemental indenture. The Lessee shall be deemed to have consented to the execution and delivery of any such supplemental indenture if the Trustee does not receive a letter of protest or objection thereto signed by or on behalf of the Lessee on or before 2:30 o'clock P. M., E. S. T., of the fifteenth day after mailing of said notice and a copy of the proposed supplemental indenture.

ARTICLE XIII

AMENDMENT OF LEASE AGREEMENT

SECTION 1301. *Amendments, etc., to Lease Agreement Not Requiring Consent of Bondholders.* The County and the Trustee shall without the consent of or notice to the Bondholders consent to any amendment, change or modification of the Lease Agreement as may be required (i) by the provisions of the Lease Agreement and this Indenture, (ii) in connection with the issuance of Additional Bonds as provided in Section 213 hereof, (iii) for the purpose of curing any ambiguity or formal defect or omission, (iv) in connection with the lands and interests in land, buildings, machinery and equipment described in Exhibits A and B to the Lease Agreement so as to identify more precisely the same or substitute or add additional land or interests in land, buildings, machinery and equipment, or (v) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee, or materially adverse to the holders of the Bonds.

SECTION 1302. *Amendments, etc., to Lease Agreement Requiring Consent of Bondholders.* Except for the amendments, changes or modifications as provided in Section 1301 hereof, neither the County nor the Trustee shall consent to any other amendment, change or modification of the Lease Agreement without notice to and the written approval or consent of the holders of not less than two-thirds in aggregate principal amount of the Bonds at the time outstanding given and procured as in Section 1202 provided. If at any time the County and the Lessee shall request the consent of the Trustee to any such proposed amendment, change or modification of the Lease Agreement,

the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided by Section 1202 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the corporate trust office of the Trustee for inspection by all Bondholders. If, within sixty days or such longer period as shall be prescribed by the County following the giving of such notice, the holders of not less than two-thirds in aggregate principal amount of the Bonds outstanding at the time of the execution of such proposed amendment shall have consented to and approved the execution thereof as herein provided, no holder of any Bond and no bearer of any coupons shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the County from consenting to the execution thereof or from taking any action pursuant to the provisions thereof. Upon the execution of any such amendment as in this Section permitted and provided, the Lease Agreement shall be and be deemed to be modified and amended in accordance therewith.

ARTICLE XIV

MISCELLANEOUS

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

- (a) The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying

that the person signing such request, consent or other instrument acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership such affidavit or certificate shall also constitute sufficient proof of his authority.

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

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

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

(e) In determining whether the holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned by the County, by the Lessee, by the Guarantor or by any other obligor under the Lease Agreement or on the Bonds, or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the

County, the Lessee, the Guarantor or any other obligor under the Lease Agreement or on the Bonds, shall be disregarded and deemed not to be outstanding for the purpose of any such determination, provided that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver only Bonds which the Trustee knows to be so owned shall be disregarded. Bonds so owned which have been pledged in good faith may be regarded as outstanding for the purposes of this Section 1401 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by or under common control with the County or any other obligor under the Lease Agreement or on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

SECTION 1402. *Limitation of Rights.* With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto, and the holders of the Bonds and the bearers of coupons appertaining thereto, any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the holders of the Bonds and coupons as herein provided.

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

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

SECTION 1404. *Notices.* All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, or given when dispatched by telegram when telegraphic notice is permitted by express provisions of this Agreement, addressed as follows: if to the County, to the Board of County Commissioners of Spartanburg County, Spartanburg County Courthouse, Spartanburg, South Carolina; if to the Lessee, at 17000 St. Clair Ave., Cleveland, Ohio, Attention: President, and at 1000 International Tower Building, 8550 West Bryn Mawr Ave., Chicago Illinois, Attention: Treasurer; if the Trustee, at P. O. Box 1487, Decatur, Alabama 35601, Attention: Trust Officer; if to the Guarantor, at 1000 International Tower Building, 8550 West Bryn Mawr Ave., Chicago, Illinois, Attention: President, and at P. O. Box 3140, St. Paul Minnesota 55101, Attention: Treasurer; the County, the Lessee, the Trustee, and the Guarantor may, by notice given to all parties to this Agreement and the Indenture, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 1405. *Trustee as Paying Agent and Registrar.* The Trustee is hereby designated and agrees to act as a paying agent and the Bond Registrar for and in respect to the Bonds.

SECTION 1406. *Payments Due on Sundays and Holidays.* In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be a Sunday or shall be in South Carolina a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal (and premium, if any) need not be made on such date in such city but may be made on the next succeeding business day not a Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

SECTION 1407. *Counterparts.* This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 1408. *Laws Governing Indenture and Situs and Administration of Trust.* The effect and meaning of this Indenture and the rights of all parties hereunder shall be governed by, and construed according to, the laws of the State of South Carolina, but it is the

SECTION 1404. *Notices.* All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, or given when dispatched by telegram when telegraphic notice is permitted by express provisions of this Agreement, addressed as follows: if to the County, to the Board of County Commissioners of Spartanburg County, Spartanburg County Courthouse, Spartanburg, South Carolina; if to the Lessee, at 17000 St. Clair Ave., Cleveland, Ohio, Attention: President, and at 1000 International Tower Building, 8550 West Bryn Mawr Ave., Chicago Illinois, Attention: Treasurer; if the Trustee, at P. O. Box 1487, Decatur, Alabama 35601, Attention: Trust Officer; if to the Guarantor, at 1000 International Tower Building, 8550 West Bryn Mawr Ave., Chicago, Illinois, Attention: President, and at P. O. Box 3140, St. Paul Minnesota 55101, Attention: Treasurer; the County, the Lessee, the Trustee, and the Guarantor may, by notice given to all parties to this Agreement and the Indenture, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

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SECTION 1408. *Laws Governing Indenture and Situs and Administration of Trust.* The effect and meaning of this Indenture and the rights of all parties hereunder shall be governed by, and construed according to, the laws of the State of South Carolina, but it is the

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

IN WITNESS WHEREOF, Spartanburg County has caused these presents to be signed in its name and behalf by the Chairman of its Board of County Commissioners and its corporate seal to be hereunto affixed and attested by the Secretary of said Board, 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, its official seal to be hereunto affixed, and the same to be attested by one of its Assistant Trust Officers, all as of the day and year first hereinabove written.

SPARTANBURG COUNTY, SOUTH CAROLINA

By -----

Chairman of the Board of County
Commissioners of Spartanburg
County.

(SEAL)

Attest:

Secretary of the Board of County
Commissioners of Spartanburg County.

In the presence of:

State National Bank of Alabama

(SEAL)

Attest:

By -----

Trust Officer

Assistant Trust Officer

In the presence of:

STATE OF ALABAMA, {
COUNTY OF MORGAN. } ss.:

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

Sworn to before me this

---- day of _____, 1970.

Notary Public for the State of -----

My Commission expires -----

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

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

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

as _____ Secretary of the Board of County Commis-
sioners of Spartanburg County, S. C., sign and attest the same and

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

Sworn to before me this

____ day of _____, 1970.

Notary Public for the State of
South Carolina

My Commission expires _____

EXHIBIT A

Attached to Trust Indenture dated as of December 1, 1970, between Spartanburg County, South Carolina, and State National Bank of Alabama, as Trustee.

ALL that piece, parcel or lot of land lying, being and situate in Spartanburg County, South Carolina, School District No. 4, located approximately one and one-half miles South of the Town of Woodruff on S. C. Highway No. 202, and containing 18.629 acres, more or less, and being shown as Tract No. 1 on survey for Gould, Inc. by Neil R. Phillips, R.L.S., dated June 23, 1970, and recorded August 11, 1970, in Plat Book 62, page 285, RMC Office for Spartanburg County, S. C., and on which plat Tract No. 1 is hereby more particularly described:

BEGINNING at an Iron Pin located located at the Seaboard Coast Line Railroad right of way and S. C. Highway No. 202 as shown on said plat, and running along the Seaboard Coast Line Railroad right of way S. 38-29 E. 92.3 feet to an Iron Pin; thence S. 39-24 E. 1988.9 feet to an Iron Pin; thence S. 43-05 W. 447.5 feet to an Iron Pin; thence along the right of way of County Road as shown on said plat N. 51-22 W. 679.3 feet to an Iron Pin; thence N. 47-20 W. 144.8 feet to an Iron Pin; thence N. 23-27 W. 97.35 feet to an Iron Pin; thence N. 4-50 W. 128.9 feet to an Iron Pin; thence N. 15-19 W. 1240 feet to the beginning point; said property being bounded by Seaboard Coast Line Railroad right of way on the East and North, S. C. Highway No. 202 on the West and a County Road and Tract No. 2, as shown on said plat, on the South.

ALSO, ALL that piece, parcel or lot of land lying, being and situate in Spartanburg County, South Carolina, School District No. 4, located approximately one and one-half miles South of the Town of Woodruff on County Road which intersects with U. S. Highway No. 221, and containing 6.123 acres, more or less, and being shown as Tract No. 2 on the aforesaid survey for Gould, Inc. by Neil R. Phillips, R.L.S., and on which plat Tract No. 2 is hereby more particularly described:

BEGINNING at an Iron Pin located at the intersection of the County Road and Seaboard Coast Line Railroad right of way, and running N. 83-18 W. 186.9 feet to an Iron Pin; thence N. 81-17 W. 130.4 feet to an Iron Pin; thence N. 71-35 W. 128.6 feet to an Iron Pin; thence N. 61-26 W. 213.1 feet to an Iron Pin; thence N. 54-05 W. 149.1 feet to an Iron Pin; thence N. 51-22 W. 196.3 feet to an Iron Pin; thence N. 43-05 E. 447.5 feet to an Iron Pin; thence

along Seaboard Coast Line Railroad right of way S. 39-24 E. 932.9 feet to the beginning corner; said property bounded by the Seaboard Coast Line Railroad right of way on the East, Tract No. 1, as shown on said plat on the North, County Road on the West and South.

EXHIBIT B

Attached to Trust Indenture dated as of December 1, 1970, between Spartanburg County, South Carolina, and State National Bank of Alabama, as Trustee.

0200 No. 2 Cell Line

- 0201 intact extruder
- 0202 can unloader and feeder
- 0203 line conveyor
- 0204 can trimmer
- 0210 CFA machine (cell fabricating)
- 0212 line conveyor
- 0216 accumulator
- 0218 CFB machine (cell fabricating)
- 0219 pitch dispenser
- 0224 pitch dispenser
- 0225 accumulator
- 0226 cell finishing machine
- 0228 line conveyor
- 0230 cell elevator
- 0250 blister packing machine
- 0252 final pack assembly table
- 0260 wix packaging machine

0900 No. 9 Cell Line

- 0902 can feeder and supply hopper
- 0906 can conveyor
- 0917 line conveyor
- 0923 line conveyor
- 0924 cell elevator
- 0925 final tact conveyor table
- 0930 cell accumulator
- 1010 CFA machine

- 1018 CFB machine
- 1050 wrapping machine
- 1077 dispenser
- 1100 Reclaim (Miscellaneous Equipment)
 - 9001 tube winders and cut offs
 - 9002 tube storage dollies
 - 9003 tube cutters
 - 9004 base disc assembly machine
 - 9005 labeling equipment
 - 9006 can cover assembly equipment
 - 9008 tube elevating conveyor
 - 9009 carbon capping machine
- 9100 Finished Goods Storage Equipment
 - 9101 flow-thru rack
 - 9106 FG pallets
- 9200 Mix Facility
 - 9201 mix handling system
 - 9202 mix feeding hoppers (line)
 - 9205 mixer
 - 9208 bulk handling system
 - 9214 zinc chloride system
- 9400 Raw Material Storage
 - 9401 drive-thru racks
 - 9402 conventional racks
 - 9406 shelving
 - 9407 pallets
 - 9408 pallet unloading conveyor
- 9500 Warehouse
 - 9501 stockpicker
 - 9502 drive-thru rack
 - 9503 conveyor rack
 - 9504 QA rack

9600 Tool Room

- 9601 milling equipment
- 9602 lathes
- 9603 surface grinder
- 9604 surface plate
- 9605 floor crane
- 9606 list table
- 9607 gas welding equipment
- 9608 arc/gas welder
- 9609 dumore grinder
- 9610 maintenance carts
- 9611 hand press
- 9612 band saw
- 9613 bench grinder
- 9614 20 inch drill press
- 9615 15 inch drill press
- 9616 work benches and accessories
- 9618 tool crib and supplies
- 9619 miscellaneous tools
- 9620 cut off saw

9700 Materials Handling

- 9701 battery tack conveyor system
- 9702 paper tube conveyor
- 9703 walker truck
- 9704 list truck
- 9705 FG rail stockpicker
- 9706 RM rail stockpicker
- 9707 tow tractor and trucks
- 9710 pallet dollies

9800 Central Pitch System

9900 QC Lab Equipment

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