

RESOLUTION NO. 17-82

RESOLUTION APPROVING AN AGREEMENT BY MESQUITE INDUSTRIAL DEVELOPMENT CORPORATION TO ISSUE BONDS FOR SCOTT PAPER COMPANY, AND THE BOND RESOLUTION PROVIDING FOR THE ISSUANCE OF SUCH BONDS.

WHEREAS, Mesquite Industrial Development Corporation was created under the auspices of City of Mesquite, Texas; and

WHEREAS, it is deemed necessary and advisable that this Resolution be adopted.

THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF CITY OF MESQUITE, TEXAS, THAT:

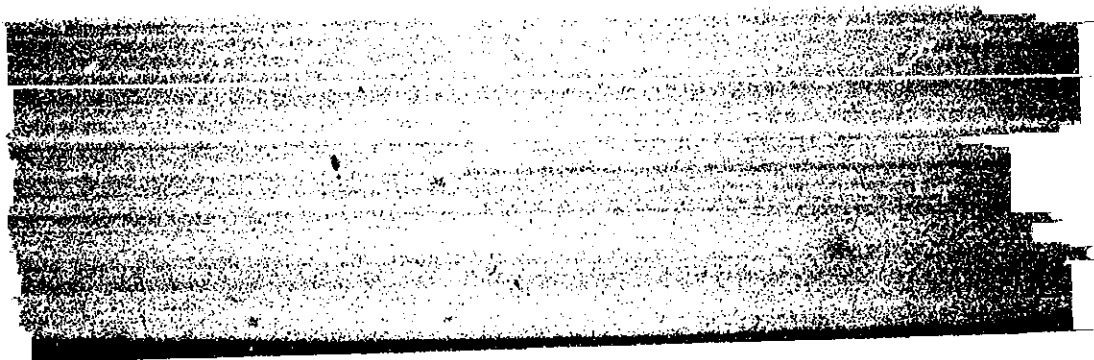
SECTION 1. The "Loan Agreement between Mesquite Industrial Development Corporation and Scott Paper Company," in substantially the form and substance as attached to this Resolution and made a part hereof for all purposes, is hereby approved, and Bonds in the principal amount of \$1,000,000, may be issued pursuant thereto for the purpose of paying the cost of acquiring and constructing or causing to be acquired and constructed the Project as defined and described herein.

SECTION 2. The "Resolution Authorizing the Issuance of Mesquite Industrial Development Corporation Revenue Bonds, Series 1982 and the Execution of a Trust Indenture (Scott Paper Company Project)," in substantially the form and substance attached to this Resolution and made a part hereof for all purposes, is hereby specifically approved, and the Bonds may be issued as provided for therein.

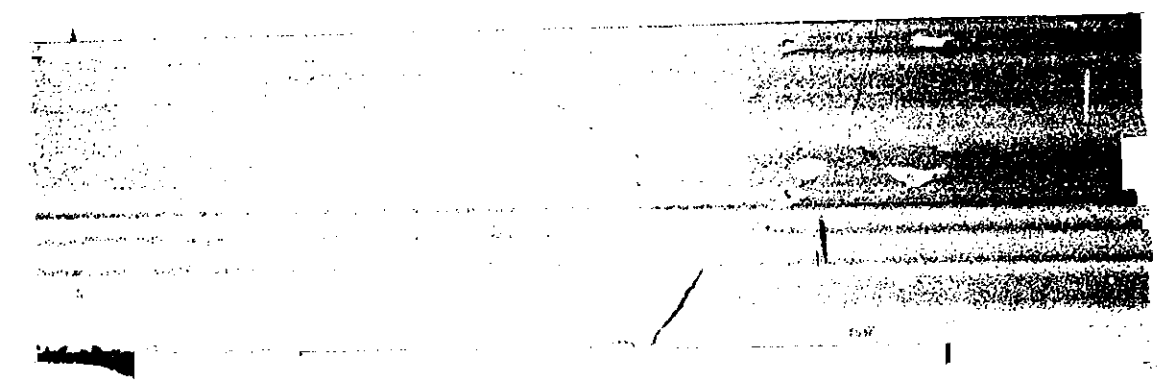
DULY RESOLVED by the City Council of the City of Mesquite, Texas, on the 19th day of July, 1982.

Len Gibbens
Len Gibbens
Mayor

Norma G. McGaughy
Norma G. McGaughy
City Secretary



00240



Resolution No. 17-82

00241

LOAN AGREEMENT
BETWEEN
MESQUITE INDUSTRIAL DEVELOPMENT CORPORATION
AND
SCOTT PAPER COMPANY

The Mesquite Industrial Development Corporation has granted a security interest in and assigned to The Fidelity Bank, Philadelphia, Pennsylvania, as Trustee under the Trust Indenture dated as of the date hereof, all of its interests in all "Installment Loan Payments" due pursuant to and under this Loan Agreement to secure its Revenue Bonds, Series 1982 (Scott Paper Company Project).

DEBTOR:

Scott Paper Company
Scott Plaza
Philadelphia, PA 19113

SECURED PARTY:

Mesquite Industrial
Development Corporation
711 N. Galloway
Mesquite, Texas 75149

ASSIGNEE:

The Fidelity Bank
123 South Broad Street
Philadelphia, PA 19109

SCOTT:7/15/82

00212

TABLE OF CONTENTS

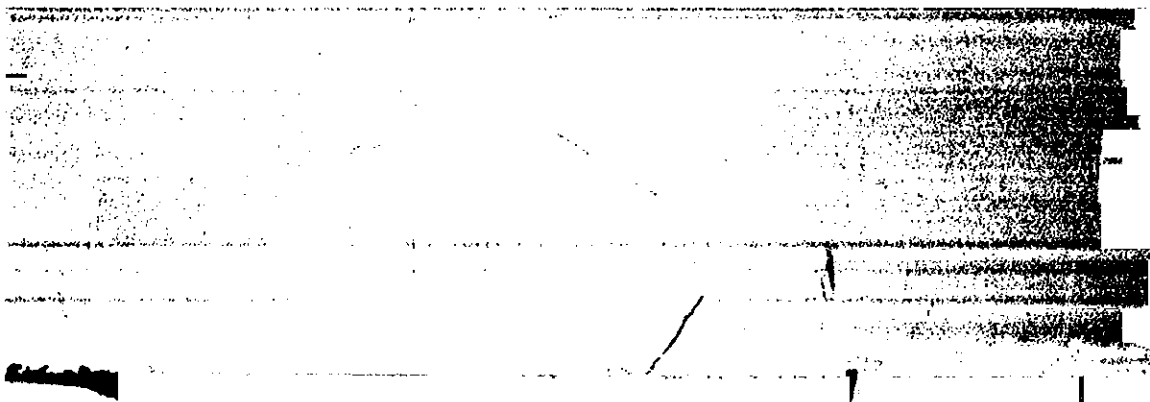
(The Table of Contents is not a part of the Loan Agreement but is for convenience of reference only.)

	<u>PAGE</u>
Parties	1
ARTICLE I DEFINITIONS; GENERAL RECITALS, FINDINGS, AND REPRESENTATIONS	
Section 1.01. Definitions	1
Section 1.02. General Recitals, Findings, and Representations	4
ARTICLE II THE PROJECT	
Section 2.01. Approvals and Permits	6
Section 2.02. Acquisition and Construction	6
ARTICLE III FINANCING THE PROJECT; TITLE AND OPERATION	
Section 3.01. The Loan	8
Section 3.02. Security for the Loan	8
Section 3.03. Repayment of Loan	8
Section 3.04. Title	9
Section 3.05. Operation	9
Section 3.06. Indemnities	10
Section 3.07. Issuer's Limited Liability	11
ARTICLE IV THE BONDS	
Section 4.01. Issuance of Bonds	12
Section 4.02. Refunding of Bonds	13

00243

	<u>PAGE</u>
Section 4.03. Redemption of Bonds	13
Section 4.04. Installment Loan Payments	13
Section 4.05. No Arbitrage	14
Section 4.06. Tax-Exempt Status of Interest on the Bonds and Mandatory Redemption	14
Section 4.07. Payments to Issuer	15
ARTICLE V COVENANTS AND REMEDIES	
Section 5.01. Covenant	17
Section 5.02. Trustee and Remedies	17
Section 5.03. General Provisions	17
Section 5.04. Amendment of Agreement	18
ARTICLE VI SPECIAL COVENANTS	
Section 6.01. Corporate Existence	20
Section 6.02. Assignment	20
Section 6.03. Financial Reports	21
Section 6.04. Term of Agreement	21
Section 6.05. Termination	21
Section 6.06. Notices	21
Section 6.07. Severability	22
Execution by the Issuer	23
Execution by the User	23
Exhibit A	A-1

00244



00245

LOAN AGREEMENT

This Loan Agreement dated as of July 1, 1982, between Mesquite Industrial Development Corporation and Scott Paper Company

WITNESSETH:

ARTICLE I

DEFINITIONS; GENERAL RECITALS, FINDINGS, AND REPRESENTATIONS

Section 1.01. DEFINITIONS. In addition to all other words and terms defined herein, and unless a different meaning or intent clearly appears from the context, the following words and terms shall have the following meanings, respectively, whenever they are used herein:

Act - The Development Corporation Act of 1979, as amended (Article 5190.6, V.A.T.C.S.).

Agreement - This Loan Agreement, together with Exhibit A attached to this Loan Agreement, and all amendments and supplements to this Loan Agreement.

Approving Officer - Any person or persons at the time designated to act on behalf of the User by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the User by its Chairman of the Board, President or any Vice-President together with its Secretary or an Assistant Secretary.

Article - Any subdivision of this Agreement designated with a roman numeral.

Board or Board of Directors - The lawfully qualified board of directors of the Issuer.

Bondholder - The bearer of any Bond not registered as to principal (or registered as to bearer) or the owner of any Bond registered as to principal (except to bearer).

Bond Counsel - An attorney or firm of attorneys experienced in matters relating to municipal bond law and the tax exemption of interest on bonds of states and their political subdivisions, selected by the Issuer and satisfactory to the Trustee and the User.

Bond Resolution - The Initial Bond Resolution and each resolution of the Board of Directors authorizing the

00216

issuance of Bonds (including the Trust Indenture prescribed and authorized to be executed in the Initial Bond Resolution) together with any supplemental resolutions or amendments to such resolutions or such Trust Indenture.

Bonds - Any and all revenue bonds of the Issuer issued and delivered to finance and pay for all or any part of the Cost of the Project pursuant to the Act and this Agreement, including initial series or issues of revenue bonds and revenue bonds issued to finance and pay for all or any part of the Cost of completing the Project, and any revenue bonds issued for the purpose of refunding or replacing any Bonds.

Code - The Internal Revenue Code of 1954, as amended.

Commission - The Texas Industrial Commission, and its successors and assigns.

Construction Fund - The segregated account or accounts into which certain proceeds from the sale and delivery of each series of Bonds will be deposited as provided in each Bond Resolution (excepting any Bond Resolution authorizing revenue bonds to refund any Bonds).

Cost - With respect to the Project, the cost of acquisition, construction, reconstruction, improvement, and expansion of the Project as provided in the Act, including, without limitation, the cost of the acquisition of all land, rights-of-way, property rights, easements, and interests, the cost of all machinery and equipment, financing charges, interest during construction, necessary reserve funds, cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, reconstructing, improving, and expanding any such Project, administrative expense, and such other expense as may be necessary or incident to the acquisition, construction, reconstruction, improvement, and expansion thereof, the placing of the same in operation, and the financing of the Project.

Debt Service Fund - The segregated account or accounts in which Installment Loan Payments will be deposited as provided in each Bond Resolution.

Eligible Securities - (i) interest-bearing deposit accounts (which may be represented by certificates of deposit, including Eurodollar certificates of deposit) in one or more banking institutions (which may include the Trustee), each having a combined capital and surplus of not less than \$50,000,000 (i.) direct obligations guaranteed by

00217

the United States of America or the State of Texas, bonds of any State or the United States of America and of any political subdivisions or instrumentalities thereof, (iii) obligations of the Federal National Mortgage Association, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks, Export-Import Bank of the United States, the Tennessee Valley Authority, the Government National Mortgage Association, or any other agency or instrumentality by the United States of America, and (iv) prime commercial paper.

Governmental Unit - The City of Mesquite, a political subdivision of the State of Texas.

Inducement Date - December 23, 1980.

Initial Bond Resolution - The Bond Resolution adopted by the Board of Directors, authorizing the issuance and delivery of Mesquite Industrial Development Corporation Revenue Bonds, Series 1982 (Scott Paper Company Project) in the aggregate principal amount of \$1,000,000.

Issuer - Mesquite Industrial Development Corporation.

Installment Loan Payments - Payments required to be made by the User to amortize each series or issue of Bonds, as provided for in the applicable Bond Resolution, including the principal of, redemption premium, if any, and interest on such Bonds when due (whether at stated maturity, upon redemption prior to stated maturity, or upon acceleration of stated maturity), any agreed liquidated damages owed by the User to the Bondholders, and all fees and expenses of the Trustee, Registrar, and any Paying Agent for such Bonds, together with any other payments required by such Bond Resolution or the Trust Indenture, other than the fees and expenses of the Issuer.

Loan - The loan of the proceeds of the sale of the Bonds as described in Section 3.01.

Paying Agent - The Trustee and any other paying agent for an issue or series of Bonds named in the Bond Resolution authorizing such Bonds.

Project - The land, buildings, equipment, facilities, and improvements described in Exhibit A to this Agreement.

Project Location - The City of Mesquite, Texas.

Registrar - The registrar for the Bonds named in the Bond Resolution.

00218

Regulations - The regulations promulgated by the United States Treasury Department pursuant to the Code.

Section - Any subdivision of this Agreement designated by arabic numerals.

Trust Indenture - The trust indenture, including all supplements and amendments thereto, prescribed in and executed and delivered pursuant to the Initial Bond Resolution.

Trustee - The corporate trustee named under the Trust Indenture, and its successors or assigns.

User - Scott Paper Company, a corporation organized and existing under the laws of the Commonwealth of Pennsylvania and fully qualified to transact business in the State of Texas, and its herein permitted successors and assigns.

References in the singular number in this Agreement shall be considered to include the plural, if and when appropriate.

Section 1.02. GENERAL RECITALS, FINDINGS, AND REPRESENTATIONS. (a) The Issuer is a nonstock, nonprofit industrial development corporation organized and existing under the laws of the State of Texas, including particularly the Act.

(b) The Issuer is a duly constituted authority and public instrumentality of the Governmental Unit, a political subdivision of the State of Texas, within the meaning of the Regulations and the rulings of the Internal Revenue Service prescribed and promulgated pursuant to Section 103 of the Code, and the Issuer is functioning and acting solely on behalf of the Governmental Unit.

(c) The User is fully qualified to transact business in the State of Texas, and is fully authorized by law and corporate proceedings to execute this Agreement.

(d) This Agreement is authorized and executed pursuant to applicable laws, including the Act.

(e) The User has requested the Issuer to finance the Cost of the Project.

(f) The Issuer has determined, in the public interest, that it will finance the Cost of the Project, and loan money to the User for such purpose in the manner provided in the Act and this Agreement.

00219

(g) The governing body of the Governmental Unit has approved this Agreement by written resolution as required by the Act.

(h) The Issuer and the User have taken all action and have complied with all provisions of law with respect to the execution, delivery and performance of this Agreement and the due authorization of the consummation of the transactions contemplated hereby, and this Agreement has been duly executed and delivered by, and constitutes a valid and legally binding agreement of, the Issuer and the User, enforceable against the respective parties in accordance with its terms.

(i) The execution of this Agreement and the performance of the transactions contemplated hereby will not violate any law or regulation, or any Articles of Incorporation, Charter, or Bylaws, or any judicial order, judgment, decree, or injunction, or contravene the provisions of or constitute a default under any agreement, indenture, bond resolution, or other instrument to which the Issuer or the User is a party.

(j) The User represents to the Board and the Commission that (1) the Project will contribute to the economic growth or stability of the Governmental Unit by (aa) increasing or stabilizing employment opportunities in the Governmental Unit, (bb) significantly increasing or stabilizing the property tax base of the Governmental Unit and (cc) promoting commerce within the Governmental Unit and the State of Texas; (2) it has no present intention of using or moving any portion of the Project out of the State of Texas or disposing of or abandoning the Project; and (3) it has no present intention of directing the Project to a use other than the purposes represented to the Governmental Unit and the Commission.

NOW THEREFORE, in consideration of the covenants and agreements herein made, and subject to the conditions herein set forth, the Issuer and the User contract and agree as follows:

00250

ARTICLE II

THE PROJECT

Section 2.01. APPROVALS AND PERMITS. The Issuer and the User agree to use their best efforts to obtain the necessary approval of this Agreement by the Commission as required by the Act, prior to the issuance of the Bonds, and to obtain all other permits necessary with respect to the acquisition, construction, equipping, and furnishing of the Project.

Section 2.02. ACQUISITION AND CONSTRUCTION. (a) The acquisition, construction, equipping, and furnishing of the Project has been completed and the Project was placed in service not earlier than November 1, 1981.

(b) The Issuer shall have no responsibility or liability whatsoever with respect to the Project and the acquisition, construction, equipping, and furnishing thereof. It is agreed and understood that the User has entered into and executed all agreements and contracts necessary to assure and accomplish the actual acquisition, construction, equipping, and furnishing of the Project (and that the Issuer did not execute any such agreements or contracts) and that the User has carried out, paid, supervised, and enforced all such agreements and contracts, and has provided for such insurance on and in connection with the acquisition, construction, equipping, and furnishing of the Project as it deems necessary or advisable or as is required by law and this Agreement. The User shall pay, from proceeds from the sale and delivery of the Bonds loaned to it pursuant to this Agreement, and from any available income or earnings derived therefrom, and from other funds of the User to the extent necessary, the entire Cost of the Project. The User shall promptly pay all taxes, including specifically all sales taxes and ad valorem taxes, in connection with the Project and the acquisition, construction, equipping, and furnishing thereof. The Issuer shall loan certain proceeds from the sale of the Bonds to the User to be used by the User to pay all or part of the Cost of the Project, in accordance with procedures to be established in any applicable Bond Resolution, including provisions for reimbursing the User for paying all or any part of such Cost under the aforesaid agreements and contracts for the acquisition, construction, equipping, and furnishing of the Project prior to the User's receipt of the Loan as hereinafter provided. It is specifically provided, however, that none of the proceeds from the sale of the Bonds will be used to reimburse the User for, or to pay (and the User hereby covenants and agrees not to request reimbursement of or payment for) any part of the Cost of the

Project if such use or payment would result in a violation of any of the User's covenants contained in Section 4.06. Each Bond Resolution (excepting any Bond Resolution authorizing revenue bonds to refund any Bonds) shall contain appropriate provisions with respect to the Construction Fund, to be drawn on and administered as provided in such Bond Resolution.

00252

ARTICLE III

FINANCING THE PROJECT;
TITLE AND OPERATION

Section 3.01. THE LOAN. The Issuer shall make the Loan to the User by depositing into the Construction Fund (or such other fund as specifically provided in the Bond Resolution) the proceeds from the sale of Bonds in such amount as is provided in each Bond Resolution. The amounts so deposited shall be advanced in the manner provided in the Bond Resolution; and the User shall repay the Loan by making the Installment Loan Payments as provided in this Agreement and the Bond Resolution.

Section 3.02. SECURITY FOR THE LOAN. The obligations of the User under this Agreement shall be direct general obligations of the User. Prior to or simultaneously with the issuance of the Bonds, the Issuer will assign to the Trustee under the terms of the Trust Indenture all of the Issuer's right, title, and interest in and to the Installment Loan Payments.

Section 3.03. REPAYMENT OF LOAN. (a) Notwithstanding any provision expressly or inferentially to the contrary contained herein, the User unconditionally agrees that it shall make Installment Loan Payments to the Trustee (pursuant to the aforesaid assignment by the Issuer) in lawful money of the United States of America, and in such amounts and at such times as shall be necessary to enable the Trustee to make full and prompt payment of the principal of, redemption premium, if any, and interest on all Bonds when due (whether at stated maturity, upon redemption prior to stated maturity, or upon acceleration of stated maturity), any agreed liquidated damages owed by the User to the Bondholders, and all fees and expenses of the Trustee, the Registrar, and any Paying Agent for such Bonds, and of all other amounts required to be paid by this Agreement, each Bond Resolution and the Trust Indenture. Upon the issuance and delivery of Bonds to the initial purchaser thereof, and the deposit of the proceeds derived therefrom into the accounts established in the Bond Resolution, the User shall have received, and the Issuer shall have given, full and complete consideration for the User's obligation hereunder to make Installment Loan Payments. The obligations of the User to make the payments required by this Agreement shall be absolute and unconditional (except as provided in Sections 6.01 and 6.02), and shall not be subject to diminution by set-off, recoupment, counterclaim, abatement, or otherwise; and until such time as all Installment Loan Payments shall have been made or provision therefor shall have been made in accordance with each Bond Resolution and the Trust

Indenture, the User: (i) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for in this Agreement; (ii) will perform and observe all of its other agreements contained in this Agreement; and (iii) will not terminate this Agreement for any cause including, without limiting the generality of the foregoing, failure of the Project to comply with the plans and specifications therefor, any acts or circumstances that may constitute failure of consideration, destruction of, or damage to the Project, frustration of commercial purpose, any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America, or the State of Texas, or any political subdivision of either, or any failure of the Issuer to perform and observe any agreement, whether expressed or implied, or any duty, liability, or obligation arising out of or in connection with this Agreement. Nothing contained in this Section shall be construed to release the Issuer from the performance of any of the agreements on its part contained herein; and in the event the Issuer shall fail to perform any such agreement on its part, the User may institute such action against the Issuer as the User may deem necessary to compel performance, provided that no such action shall violate the agreements on the part of the User contained in this Section or postpone or diminish the amounts required to be paid by the User pursuant to this Agreement.

(b) Notwithstanding the foregoing, it is the intention of the parties hereto to conform strictly to the applicable usury laws of the State of Texas and the United States of America, and any provision for any payment contained herein and in such Bonds and the interest coupons appertaining thereto, if any, shall be held to be subject to reduction to the amount allowed under said usury laws as now or hereafter construed by the courts having jurisdiction. This provision shall be held to operate to deny the owners of the Bonds and the interest coupons appertaining thereto, if any, the right in any event, to collect usury.

Section 3.04. TITLE. The Issuer shall have no right, title, or interest in and to the Project. Except for making the Loan to the User from the source and in the manner provided in this Agreement, the Issuer shall not be responsible or liable in any manner for any claims, losses, damages, penalties, costs, taxes, or fines with respect to the acquisition, construction, equipping, furnishing, installation, operation, maintenance, or ownership of the Project.

Section 3.05. OPERATION. The User represents and covenants that it will operate and maintain the Project, or cause the Project to be operated and maintained, and will

00251

pay, or cause to be paid, all costs and expenses of operation and maintenance of the Project, including all applicable taxes; provided, however, that the User will have no obligation to maintain, repair, replace or renew any element or unit of the Project the maintenance, repair, replacement, or renewal of which becomes uneconomic to the User because of damage or destruction by a cause not within the control of the User, or obsolescence (including economic obsolescence), or change in government standards and regulations, or the termination by the User of the operation of the production facilities to which the element or unit of the Project is an adjunct. The User shall, however, continue to be obligated to make or pay, or cause to be made or paid, all Installment Loan Payments regardless of whether the User ceases to operate all or any portion of the Project. The User will insure the Project in a manner consistent with the User's insurance practices. It is understood and agreed that the Issuer shall have no duties or responsibilities whatsoever with respect to the operation or maintenance of the Project, or the performance of the Project for its designed purposes.

Section 3.06. INDEMNITIES. The User releases the Commission, its directors, employees and agents, the Issuer, its officers, directors, employees, agents, and attorneys and the Governmental Unit, its officers, agents, attorneys, employees and the members of its governing body (collectively the "Indemnified Parties") from, and the Indemnified Parties shall not be liable for, and the User agrees and shall protect, indemnify, defend, and hold the Indemnified Parties harmless from any and all liability, cost, expense, damage or loss of whatever nature (including, but not limited to, attorneys' fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments) directly or indirectly resulting from, arising out of, in connection with, or related to (i) the issuance, offering, sale, or delivery of the Bonds, the Bond Resolution, the Trust Indenture, and this Agreement and the obligations imposed on the Issuer hereby and thereby; or the design, construction, installation, operation, use, occupancy, maintenance, or ownership of the Project; (ii) any written statements or representations made or given by the User or any of its officers or employees, to the Indemnified Parties, the Trustee, or any underwriters or purchasers of any of the Bonds, with respect to the Issuer, the User, the Project, or the Bonds, including, but not limited to, statements or representations of facts, financial information, or corporate affairs; (iii) damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project; and (iv) any loss or damage incurred by the Issuer as a result of violation by the User of the provisions of Sections 4.05 or 4.06.

00255

The provisions of the preceding sentence shall remain and be in full force and effect even if any such liability, cost, expense, damage or loss or claim therefor by any person, directly or indirectly results from, arises out of, or relates to or is asserted to have resulted from, arisen out of, or related to, in whole or in part, one or more negligent acts or omissions of the Issuer or the Governmental Unit or its officers, directors, employees, agents, servants, or any other party acting for or on behalf of the Issuer or the Governmental Unit in connection with the matters set forth in clauses (i) through (iv) of said sentence.

Section 3.07. ISSUER'S LIMITED LIABILITY. It is recognized that the Issuer's only source of funds with which to carry out its commitments with respect to the Project and this Agreement will be from the proceeds from the sale of the Bonds; and it is expressly agreed that the Issuer shall have no liability, obligation, or responsibility with respect to this Agreement or the Project except to the extent of funds available from such Bond proceeds. If, for any reason, the proceeds from the sale of the Bonds are not sufficient to pay all the Cost of the Project, the User shall complete the Project and pay all such Cost from its own funds, but it shall not be entitled to reimbursement therefor unless additional Bonds are issued for such purpose, or to any diminution in or postponement of any payments required to be made by the User hereunder.

00256

ARTICLE IV

THE BONDS

Section 4.01. ISSUANCE OF BONDS. (a) In consideration of the covenants and agreements set forth in this Agreement, and to enable the Issuer to issue the Bonds to carry out the intents and purposes hereof, this Agreement is executed to assure the issuance of such Bonds, and to provide for the due and punctual payment by the User to the Trustee of the Installment Loan Payments. The User shall make the Installment Loan Payments, for the benefit of each series or issue of Bonds, to the Trustee for deposit into the Debt Service Fund as provided in each Bond Resolution.

(b) Simultaneously with the authorization of this Agreement by the Board of Directors, such Board has adopted the Initial Bond Resolution. The User hereby approves the Initial Bond Resolution, including the Trust Indenture authorized therein. Each Bond Resolution authorizing additional Bonds shall be subject to the written approval of the Approving Officer and the provisions of any such Bond Resolution shall not be binding or effective upon the User unless and until such approval is given. It is hereby agreed that the foregoing approval of the Initial Bond Resolution and the Trust Indenture, and any approval of any Bond Resolution authorizing the issuance of additional Bonds constitutes the acknowledgment and agreement of the User that such Bonds, when issued and delivered as provided in such Bond Resolution, will be issued in accordance with and in compliance with this Agreement, notwithstanding any other provisions of this Agreement or any other contract or agreement to the contrary. Any Bondholder is entitled to rely fully and unconditionally on any approvals. Notwithstanding any provisions of this Agreement or any other contract or agreement to the contrary, the User's approval of any Bond Resolution (including the Trust Indenture authorized by the Initial Bond Resolution), shall be the User's agreement that all covenants and provisions in such Bond Resolution and the Trust Indenture affecting the User shall, upon the delivery of such Bonds and the Trust Indenture, become unconditional, valid, and binding covenants and obligations of the User so long as said Bonds and the interest thereon are outstanding and unpaid. Particularly, the obligation of the User to make, promptly when due, all Installment Loan Payments specified in each Bond Resolution and the Trust Indenture shall be absolute and unconditional, and said obligation may be enforced as provided in each Bond Resolution and the Trust Indenture, regardless of any other provisions of this Agreement or any other contract or agreement to the contrary. Upon the request of the User, and only upon its request, the Issuer may, when, in the

06257

opinion of the Issuer, it becomes necessary or advisable, authorize and use its best efforts to sell and deliver additional Bonds, in one or more series or issues, in aggregate principal amounts sufficient to pay the Cost of the Project.

Section 4.02. REFUNDING OF BONDS. After the issuance of any Bonds, the Issuer shall not refund any of the Bonds or change or modify the Bonds in any way, except as provided for in the Bond Resolution, without the prior written approval of the Approving Officer; nor shall the Issuer redeem any Bonds prior to their scheduled maturities, or change or modify any Bond Resolution, without the prior written approval of the Approving Officer, unless such redemption is required by a Bond Resolution.

Section 4.03. REDEMPTION OF BONDS. Provision shall be made in each Bond Resolution for the redemption of Bonds prior to maturity, under such terms and conditions as shall be set forth therein. The redemption of any outstanding Bonds prior to maturity at any time shall not relieve the User of its unconditional obligation to pay each remaining Installment Loan Payment as specified in any Bond Resolution or the Trust Indenture. The User also shall comply with and be bound by all provisions of this Agreement and of each Bond Resolution and the Trust Indenture with respect to the mandatory and optional redemption of Bonds.

Section 4.04. INSTALLMENT LOAN PAYMENTS. (a) Payment of all Installment Loan Payments shall be made and deposited as required by each Bond Resolution and the Trust Indenture including all such payments which may come due because of the acceleration of the maturity or maturities of any Bonds upon default, or otherwise, under the provisions of the Trust Indenture. If any available funds in excess of current requirements are held on deposit in the Debt Service Fund at the time payment of any Installment Loan Payment is due, such payment may be reduced by the amount of the funds so held on deposit. The User shall have the right to prepay all or a portion of any Installment Loan Payment at any time. Any such prepayment by the User shall not relieve it of liability for each remaining Installment Loan Payment as provided in this Agreement and each Bond Resolution and the Trust Indenture.

(b) Recognizing that the Installment Loan Payments will be the Issuer's sole source for the payment and performance of its obligations to the Trustee, any Paying Agent and the Bondholders under each Bond Resolution and the Trust Indenture, when any Bonds are delivered, the User shall be unconditionally obligated to make and pay, or cause to be made and paid, each Installment Loan Payment regardless of

00258

whether or not the User actually acquires or completes the Project, or whether or not the User actually approves, purchases, receives, accepts, or uses the Project; and such payments shall not be subject to any abatement, set-off, recoupment, or counterclaim; and the Bondholders shall be entitled to rely on this agreement and representation, notwithstanding any provisions of this Agreement or any other contract or agreement to the contrary, and regardless of the validity of, or the performance of, the remainder of this Agreement or any other contract or agreement.

Section 4.05. NO ARBITRAGE. The Issuer and the User hereby covenant with each other and with the Bondholders that they will make no use of the direct or indirect proceeds of the Bonds at any time which will cause the Bonds to be arbitrage bonds within the meaning of Section 103(c) of the Code or the Regulations pertaining thereto; and by this covenant the Issuer and the User are obligated to comply with the requirements of the aforesaid Section 103(c) and the pertinent Regulations.

Section 4.06. TAX-EXEMPT STATUS OF INTEREST ON THE BONDS AND MANDATORY REDEMPTION. (a) The User hereby covenants that (i) substantially all the proceeds (within the meaning of Section 103(b)(6) of the Code) from the sale of the Bonds will be used and expended for amounts paid or incurred after the Inducement Date for the acquisition, construction, reconstruction, or improvement of land or property of a character subject to the allowance for depreciation under the Code, and (ii) except as otherwise set forth in a certificate or statement furnished to the Issuer and its Bond Counsel prior to the issuance of Bonds, the acquisition, construction, reconstruction, or improvement of the Project did not begin before the Inducement Date, nor was any work performed or any costs paid or incurred by the User or any other entity in connection with such acquisition, construction, reconstruction, or improvement before the Inducement Date.

(b) The User represents (i) that all of the proceeds of the Bonds are to be used with respect to the Project, which will be located wholly within the Governmental Unit; and (ii) that, except for the Bonds, there will not be outstanding on the date of delivery of the Bonds any obligations of any state, territory, or possession of the United States, or any political subdivision of the foregoing or of the District of Columbia constituting "exempt small issues" within the meaning of Section 1.103-10 of the Regulations, the proceeds of which have been or are to be used primarily with respect to facilities located in the Project Location, or in any contiguous political jurisdiction with respect to any contiguous or integrated

00239

facilities, and which are to be used principally by the User or any other principal user of the Project (including any person related to the User within the meaning of Section 103(b)(6)(C) of the Code) or any other principal user of the Project (including any person related to any such principal user within the meaning of Section 103(b)(6)(C) of the Code).

(c) The User further covenants that it has not taken any action or permitted any action to be taken, and that it will not take any action or permit any action to be taken, which would result in a Final Determination of Taxability, as hereinafter defined, and that the User has not failed to take and will not fail to take any action required to prevent the occurrence of such Final Determination of Taxability.

(d) A "Final Determination of Taxability" shall be deemed to have occurred when a final determination has been rendered by the Internal Revenue Service or a court of competent jurisdiction, as a result of a proceeding in which the User has participated at its expense to the degree it deemed sufficient, which final determination being that, as a result of the failure of the User to observe any covenant, agreement or representation by the User in this Agreement, the Bond Resolution or the Trust Indenture, the interest payable on the Bonds is includable, for federal income tax purposes, in the gross income of any Bondholder (other than a Bondholder who is a "substantial user" or a "related person" within the meaning of Section 103(b) of the Code).

(e) Should a Final Determination of Taxability occur, there shall be a prompt mandatory redemption prior to maturity of the entire outstanding and unpaid principal and accrued interest of the Bonds, all as may be provided for in, and in accordance with the provisions of, each Bond Resolution.

Section 4.07. PAYMENTS TO ISSUER. From the proceeds of the sale and delivery of each series or issue of Bonds there shall be paid all of the Issuer's reasonable, actual out-of-pocket expenses and costs of issuance in connection with such series of Bonds, including, without limitation, all financing, legal, printing, and other expenses and costs of issuance incurred in issuing the Bonds. In addition, the Issuer shall receive out of such Bond proceeds an amount equal to the amount specified in each Bond Resolution to pay and reimburse the Issuer for its administrative and overhead expenses directly attributable and chargeable to the issuance of the Bonds and the acquisition, construction, equipping, and furnishing of the Project. Also the User agrees to pay directly to the Issuer annually while any of the

00260

Bonds is outstanding, upon receiving a bill or statement therefor, which shall be submitted by the Issuer promptly after the close of each fiscal year of the Issuer, an amount sufficient to pay and reimburse the Issuer for any of its actual costs reasonably and necessarily incurred in connection with the Bonds and the Project during the previous fiscal year.

100261

ARTICLE V

COVENANT AND REMEDIES

Section 5.01. COVENANT. The User unconditionally agrees and covenants with the Issuer and the Trustee that it will pay, or cause to be paid, when due, each Installment Loan Payment required and prescribed to be paid by it pursuant to each Bond Resolution. The User further unconditionally agrees and covenants to pay all reasonable expenses and charges, legal or otherwise (including court costs and attorneys' fees), paid or incurred by the Issuer and the Trustee in realizing upon any of the said payments to be made by the User or in enforcing the provisions of this Agreement or any Bond Resolution or the Trust Indenture.

Section 5.02. TRUSTEE AND REMEDIES. (a) The User is advised and recognizes that the Issuer will assign all of its right, title, and interest in and to all the Installment Loan Payments required to be made pursuant to this Agreement, and the right to receive and collect same, to the Trustee. The Trustee, or the Bondholders to the extent provided in the Bond Resolution and the Trust Indenture, may enforce the obligations of the User under this Agreement, the Bond Resolution, and the Trust Indenture in the manner provided in the Trust Indenture, without the necessity of making the Issuer a party.

(b) In the event of a default in the payment of any Installment Loan Payment, or in the performance of any agreement or covenant contained herein or in any Bond, any Bond Resolution, or the Trust Indenture, such payment and performance may be enforced by mandamus or by the appointment of a receiver in equity with power to charge and collect Installment Loan Payments and to apply such revenues in accordance with this Agreement, the Bonds, each Bond Resolution, and the Trust Indenture.

Section 5.03. GENERAL PROVISIONS. (a) The terms of this Agreement may be enforced as to one or more breaches either separately or cumulatively.

(b) No remedy conferred upon or reserved to the Issuer, the Trustee, or the Bondholders in this Agreement 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 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, omission, or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and

00262


power may be exercised from time to time and as often as may be deemed expedient. In the event any provision contained in this Agreement should be breached by the User and thereafter duly waived, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach of this Agreement. No waiver by either party of any breach by the other party of any of the provisions of this Agreement shall be construed as a waiver of any subsequent breach, whether of the same or of a different provision of this Agreement.

(c) Headings of the Articles and Sections of this Agreement have been inserted for convenience of reference only and in no way shall they affect the interpretation of any of the provisions of this Agreement.

(d) This Agreement is made for the exclusive benefit of the Issuer, the Trustee, the Bondholders, and the User, and their respective successors and assigns herein permitted, and not for any other third party or parties; and nothing in this Agreement, expressed or implied, is intended to confer upon any party or parties other than the Issuer, the Trustee, the Bondholders, and the User, and their respective successors and assigns herein permitted, any rights or remedies under or by reason of this Agreement.

(e) The validity, interpretations, and performance of this Agreement shall be governed by the laws of the State of Texas.

Section 5.04. AMENDMENT OF AGREEMENT. No amendment, change, addition to, or waiver of any of the provisions of this Agreement shall be binding upon the parties hereto unless in writing signed by the Approving Officer and the President of the Board of Directors. In addition to amendments for any other purpose, it is specifically understood that this Agreement may be amended, if deemed necessary or advisable by the User and the Issuer, to change the definition and scope of the term "Project", as used herein, so as to permit the acquisition, construction, equipping, and furnishing of other or additional facilities, at the same or other locations, or improvements related to the Project, pursuant to this Agreement and in accordance with applicable laws, with the same effect as if they had been described originally in Exhibit A hereto. Notwithstanding any of the foregoing, it is covenanted and agreed, for the benefit of the Bondholders and the Trustee, that (without the concurrence of all of the Bondholders and the Trustee) the provisions of this Agreement shall not be amended, changed, added to, or waived in any way which would relieve or abrogate the obligations of the User to make or pay, or cause to be made, or paid, when due, all Installment Loan Payments with



00263

respect to any then outstanding Bonds in the manner and under the terms and conditions provided herein and in any Bond Resolution or the Trust Indenture, or which would materially change or affect Sections 4.04, 4.05, 4.06, 6.01, or 6.02.

00264

ARTICLE VI

SPECIAL COVENANTS

Section 6.01. CORPORATE EXISTENCE. (a) The User agrees that during the term of this Agreement 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 User may, without violating the agreement contained in this Section, consolidate with or merge into another domestic corporation (i.e., a corporation incorporated and existing under the laws of one of the states of the United States of America or under the laws of the United States of America), or permit one or more such domestic corporations to consolidate with or merge into it, or sell or otherwise transfer to another such domestic corporation all or substantially all of its assets as an entirety and thereafter dissolve, if the surviving, resulting, or transferee entity shall have, concurrently with such transaction (unless the entity is the User), irrevocably and unconditionally assumed, in an instrument delivered to the Issuer and the Trustee, the due and prompt performance of all of the obligations of the User under this Agreement. If any consolidation, merger, or sale or other transfer is made as provided in this Section, the provisions of this Section shall continue in full force and effect and no further consolidation, merger, or sale or other transfer shall be made except in compliance with the provisions of this Section.

(b) The User covenants that it is and, throughout the term of this Agreement, unless relieved of liability pursuant to paragraph (a) above, that it will continue to be a corporation organized under the laws of a state of the United States.

Section 6.02. ASSIGNMENT. The User shall not assign its interest in this Agreement or any of its rights or obligations hereunder except as specifically provided in this Agreement. The User may assign its interest in this Agreement to another party provided that the User shall remain and be primarily responsible and liable for all of its obligations hereunder, including particularly the making of all payments required hereunder, when due. The User may, however, assign its interest in this Agreement to another party in connection with a merger or consolidation of the User, or in connection with the transfer of all or substantially all of its assets as permitted in Section 6.01, and upon delivery of such instrument of assumption to the Issuer and the Trustee and compliance with all of the requirements

00265

of Section 6.01, the assignor or transferor shall have no further obligation, except for any obligation for the payment of money theretofore accrued under this Agreement.

Section 6.03. FINANCIAL REPORTS. The User shall furnish to the Trustee audited annual consolidated financial statements of the User and subsidiaries within 120 days after the close of the User's fiscal year for each year during the term of this Agreement. Such financial statements shall be certified by independent certified public accountants to present fairly the financial position of the User and subsidiaries and the results of their operations for the period covered thereby in accordance with generally accepted accounting principles consistently applied (except as may be noted therein).

Section 6.04. TERM OF AGREEMENT. The term of this Agreement shall be from the date hereof until all payments required to be made by the User pursuant hereto shall have been made, provided, however, that the provisions of Sections 3.06, 4.05 and 4.06 shall survive the termination of this Agreement and shall continue in effect regardless of the termination of this Agreement.

Section 6.05. TERMINATION. This Agreement may be terminated by mutual agreement at any time prior to the delivery of and payment for any Bonds. However, if any Bonds have been issued and delivered, the term of this Agreement shall be as set forth in Section 6.04, and this Agreement may not and shall not be sooner terminated by either or both parties hereto.

Section 6.06. NOTICES. Any notice, request, or other communication under this Agreement shall be given in writing and shall be deemed to have been given by either party to the other party upon either of the following dates:

(a) One business day after the date of the mailing thereof, as shown by the post office receipt, if mailed to the other party hereto by registered or certified mail at the applicable address as follows:

00266

Mesquite Industrial Development Corporation
Attention: President
717 N. Galloway
Mesquite, Texas 75149

Scott Paper Company
Attention: Treasurer
Scott Plaza
Philadelphia, Pennsylvania 19113,

or the latest address specified by such other party in writing; or

(b) The date of the receipt thereof by such other party if not so mailed by registered or certified mail.

Any notice, request, or other communication made or given under this Agreement shall be given to the Trustee by registered or certified mail at the applicable address as follows:

The Fidelity Bank
Attention: Corporate Trust Department
123 South Broad Street
Philadelphia, Pennsylvania 19109

or the latest address specified by said Trustee in writing.

Section 6.07. SEVERABILITY. If any clause, provision, or Section of this Agreement should be held illegal or invalid by any court of competent jurisdiction, the invalidity of such clause, provision, or Section shall not affect any of the remaining clauses, provisions, or Sections hereof and this Agreement shall be construed and enforced as if such illegal or invalid clause, provision, or Section had not been contained herein. In case any agreement or obligation contained in this Agreement should be held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the Issuer and the User, as the case may be, to the full extent permitted by law.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed in multiple counterparts, each of which shall be considered an original for all purposes, as of the day and year first set out above.

00267

MESQUITE INDUSTRIAL
DEVELOPMENT CORPORATION

By _____
President, Board of Directors

ATTEST:

Secretary, Board of Directors

(SEAL)

SCOTT PAPER COMPANY

By _____
Title _____

ATTEST:

Secretary

(SEAL)

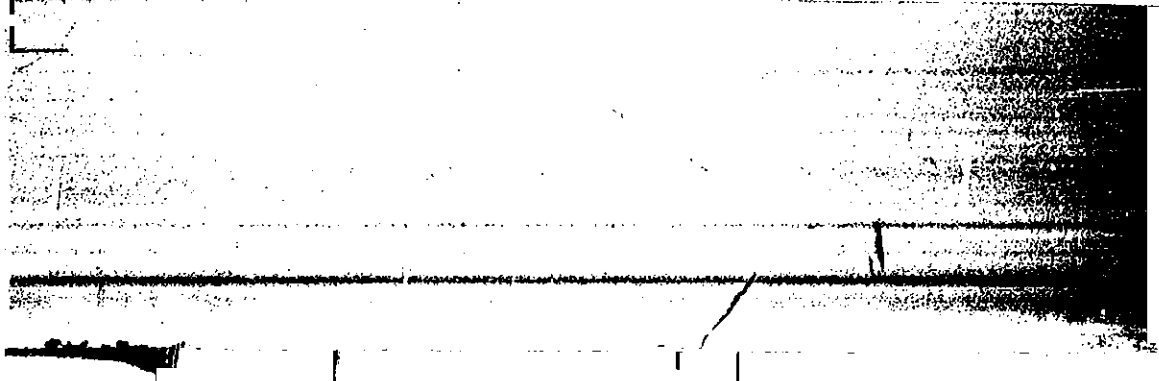
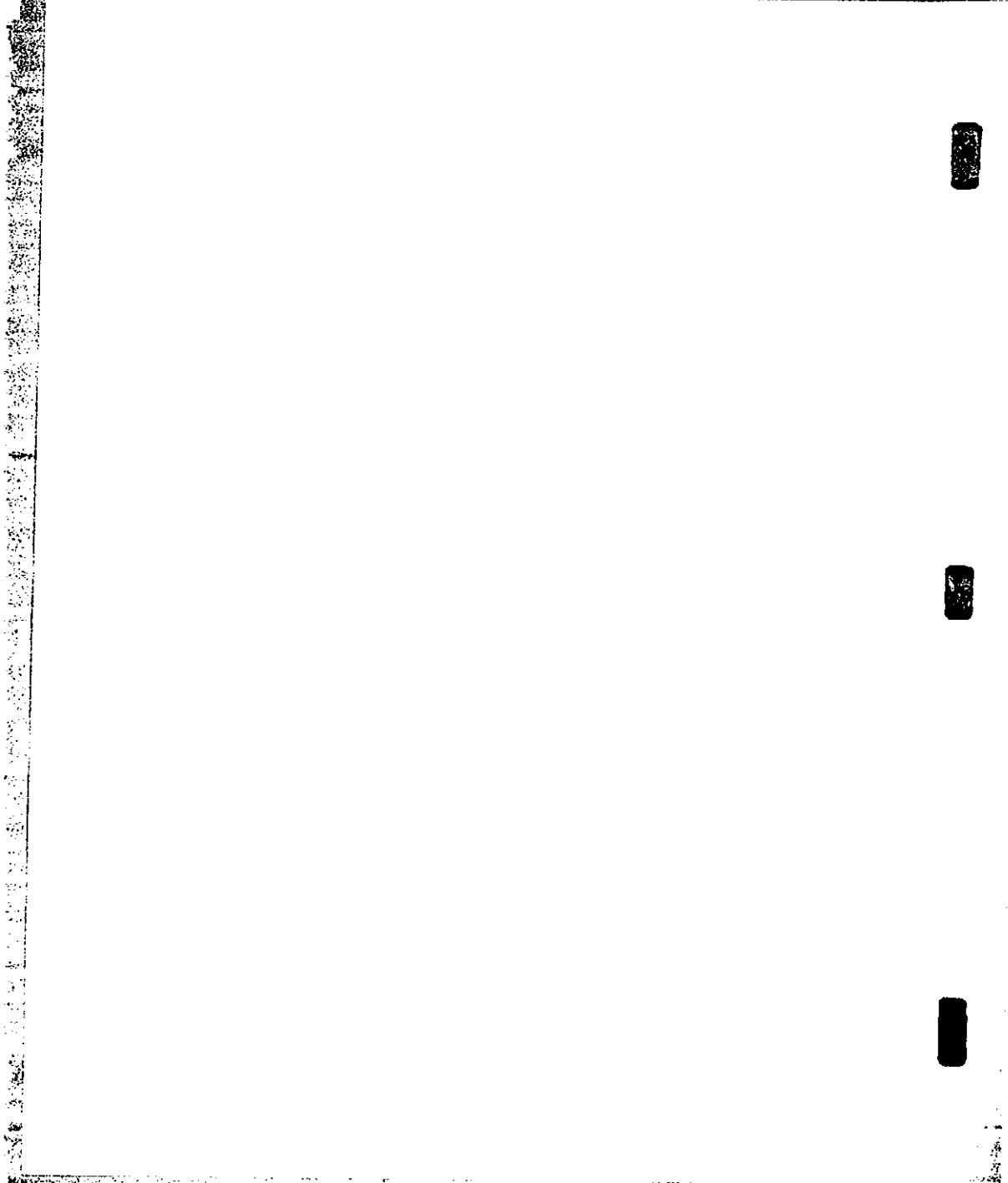
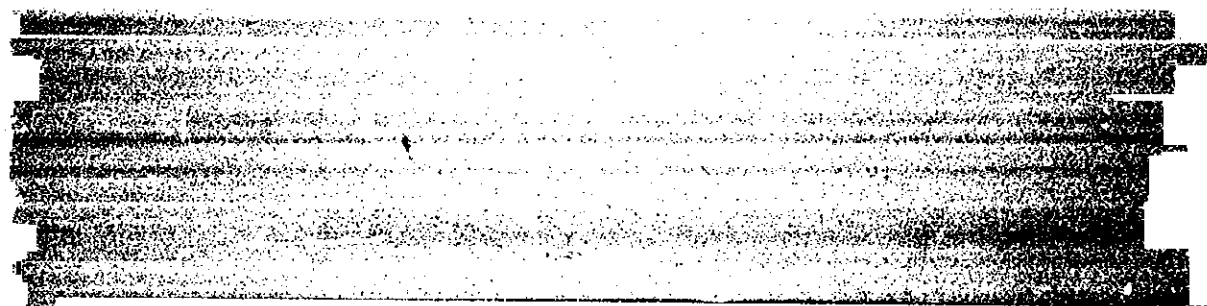
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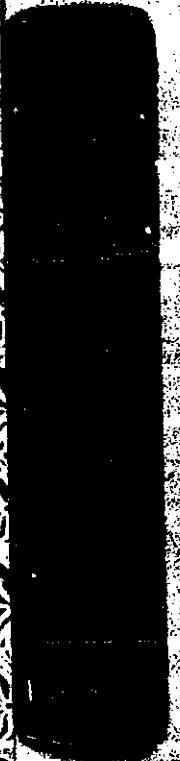
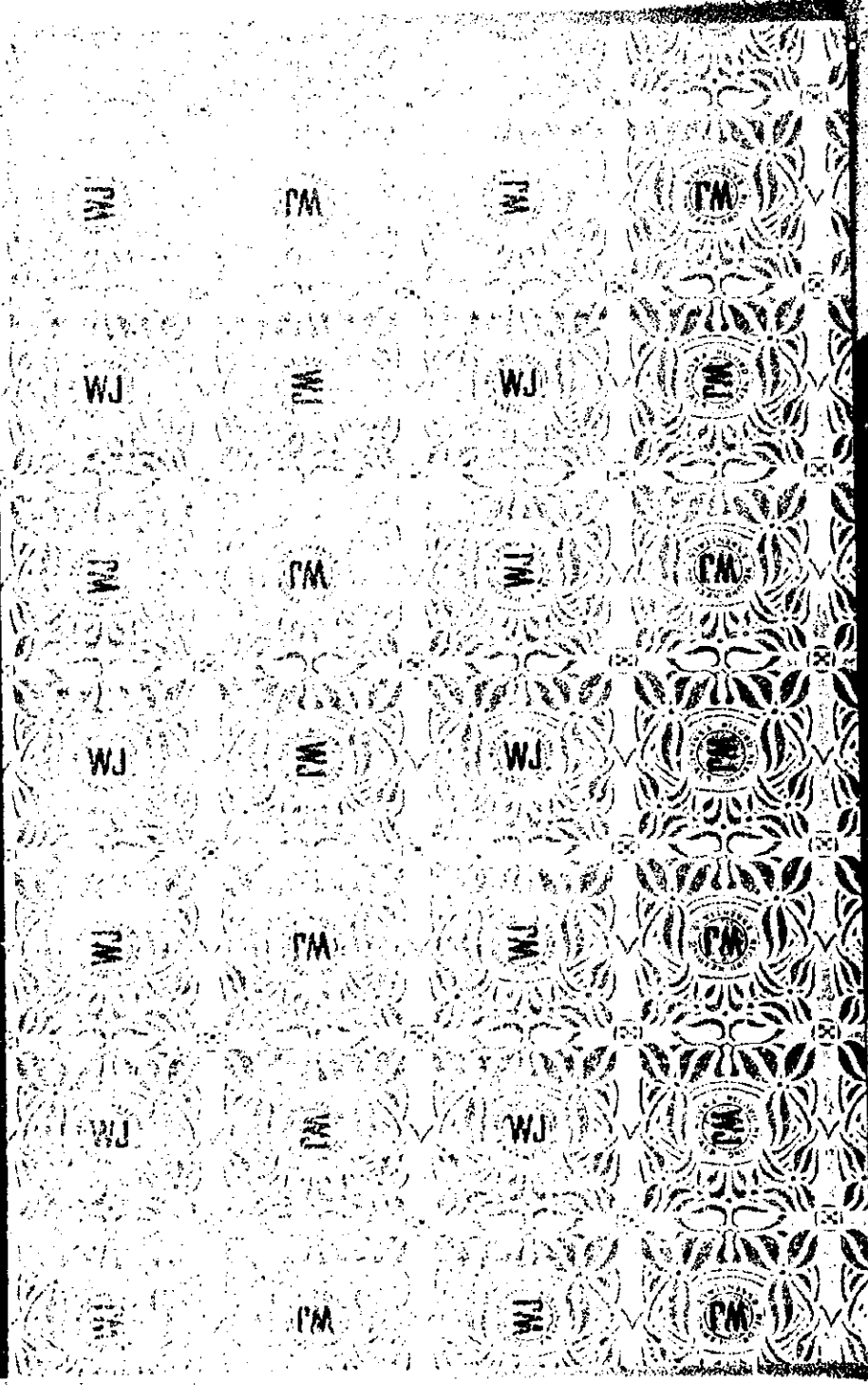
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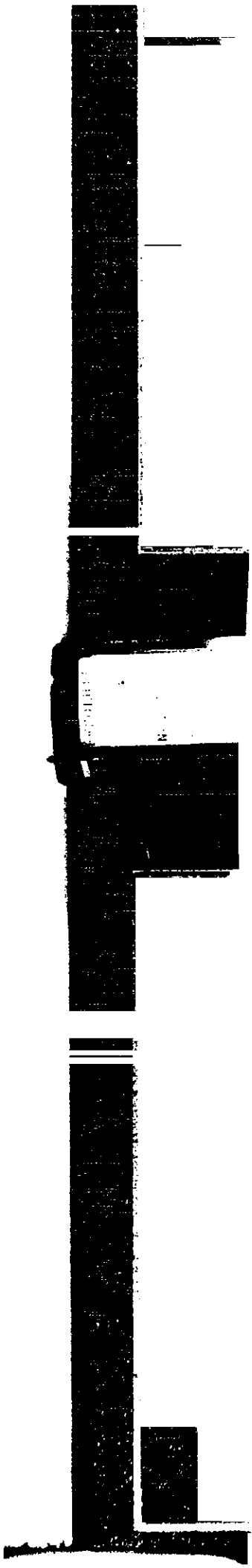
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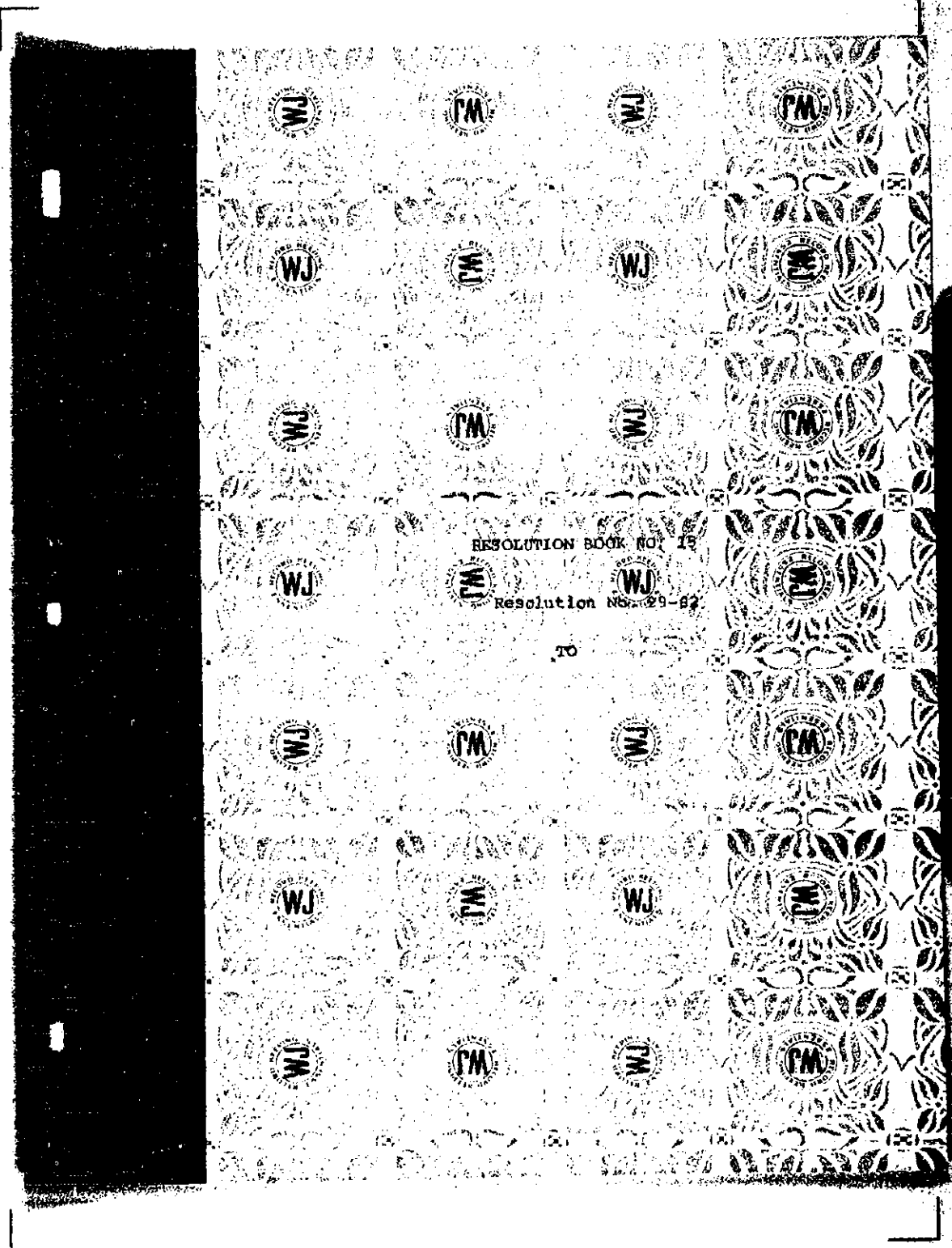
Description of the Project

The Project to be financed involves the acquisition of machinery and equipment to be used at the User's facility located at 337 Town East Blvd., Mesquite, Texas; to-wit: bun grabbers, foam conveyors, carpet cushion laminator and wrapper, bulk chemical storage system, baumer slitter, chemical heat exchangers, TDI flow meters, bulk freon tank, mattress line power infeed, air compressor, and modifications to a Viking Foam machine.









RESOLUTION BOOK NO. 17

Resolution No. 29-82

TO

FRONT

*Resolution No. 17-82
(Continued from Res.
Book No. 14)*

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RESOLUTION
AUTHORIZING THE ISSUANCE OF
MESQUITE INDUSTRIAL DEVELOPMENT CORPORATION
REVENUE BONDS, SERIES 1982
AND THE EXECUTION OF
A TRUST INDENTURE
(SCOTT PAPER COMPANY PROJECT)

PAPER: 7/15/82

00002

TABLE OF CONTENTS

(The Table of Contents is not a part of the Resolution but is for convenience of reference only)

	<u>PAGE</u>
Title	1
Recitals	1
Resolution	2
SECTION 1. DESIGNATION, AMOUNT, AND PURPOSE OF THE BONDS	2
SECTION 2. DATE, DENOMINATION, NUMBERS, AND MATURITIES OF THE BONDS	3
SECTION 3. INTEREST ON THE BONDS	3
SECTION 4. GENERAL CHARACTERISTICS OF BONDS	3
(a) In General	3
(b) Registration Books	4
(c) Temporary Bonds	4
SECTION 5. FORMS OF BONDS, TRUSTEE'S AUTHENTICATION CERTIFICATE, REGISTRATION PROVISIONS, AND INTEREST COUPONS	4
SECTION 6. PLEDGE	14
SECTION 7. DEBT SERVICE FUND	14
(a) Establishment of Debt Service Fund	14
(b) Accrued Interest	14
(c) Installment Loan Payments	14
(d) Redemption	15
(e) Payments from Debt Service Fund	15
(f) Immediately Available Funds	16
(g) Investment of Funds	16
SECTION 8. SECURITY FOR FUNDS	17
SECTION 9. THE USER'S PAYMENTS	17
(a) Unconditional Obligation	17
(b) Prepayments	17

CG003
3/11/00

	<u>PAGE</u>
SECTION 10. ADDITIONAL PARITY BONDS	17
(a) Additional Bonds	17
(b) Amendments to Trust Indenture Unnecessary	19
SECTION 11. SPECIAL COVENANTS	19
(a) Installment Loan Payments Pledged to Bonds Only	19
(b) Non-Encumbrance	19
(c) Performance by Issuer	19
(d) Certain Modifications Prohibited	20
SECTION 12. BONDS ARE SPECIAL OBLIGATIONS	20
SECTION 13. AMENDMENTS	20
(a) Amendment with Consent of Owners of 66 2/3% of Bonds	20
(b) Notice of Amendment	21
(c) Consent to Amendment	21
(d) Effect of Amendment	22
(e) Consent of Bondholders	22
(f) Ownership of Bonds	22
(g) Amendments Without Consent	22
SECTION 14. ESTABLISHMENT OF CONSTRUCTION FUND	23
(a) Deposit of Bond Proceeds into Construction Fund	23
(b) Investment of Money in Construction Fund	23
(c) Deposit of Accrued Interest, Income, and Profits	24
SECTION 15. PAYMENTS FROM CONSTRUCTION FUND	24
(a) Issuer's Administrative Overhead Expenses and Other Costs	24
(b) Reimbursements for and Payment of Cost of Project	24
(c) Reliance by Trustee	25
SECTION 16. SURPLUS CONSTRUCTION FUNDS	26
(a) Disposition of Surplus Funds	26
(b) Disposition of Construction Fund upon Acceleration and Redemption	26

00000

		<u>PAGE</u>
SECTION 17.	DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS AND COUPONS	26
	(a) Replacement Bonds	26
	(b) Application for Substitute Bonds	27
	(c) No Default Occurred	27
	(d) Charge for Issuing Substitute Bonds	27
	(e) Authority for Issuing Substitute Bonds	27
SECTION 18.	NO ARBITRAGE	28
SECTION 19.	FINDINGS	28
SECTION 20.	SALE OF THE BONDS	28
SECTION 21.	TRUST INDENTURE	28

0005

RESOLUTION AUTHORIZING THE ISSUANCE OF MESQUITE
INDUSTRIAL DEVELOPMENT CORPORATION REVENUE BONDS,
SERIES 1982, AND THE EXECUTION OF A TRUST INDENTURE
(SCOTT PAPER COMPANY PROJECT)

THE STATE OF TEXAS
MESQUITE INDUSTRIAL DEVELOPMENT CORPORATION

WHEREAS, Mesquite Industrial Development Corporation (the "Issuer") is a nonstock, nonprofit industrial development corporation organized and existing under the laws of the State of Texas, including particularly the Development Corporation Act of 1979, as amended (Article 5190.6, V.A.T.C.S.) (the "Act"); and

WHEREAS, the Issuer is a duly constituted public instrumentality of the City of Mesquite (the "Governmental Unit"), a political subdivision of the State of Texas, within the meanings of the regulations of the United States Treasury Department (the "Regulations") and the rulings of the Internal Revenue Service prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1954, as amended (the "Code"), and the Issuer is functioning and acting solely on behalf of the Governmental Unit; and

WHEREAS, a "Loan Agreement between Mesquite Industrial Development Corporation and Scott Paper Company", dated as of July 1, 1982 (the "Agreement"), has been duly executed between the Issuer and Scott Paper Company (the "User"); and

WHEREAS, the User is a corporation duly organized and existing under the laws of the Commonwealth of Pennsylvania, and is fully qualified to transact business in the State of Texas; and

WHEREAS, the Agreement is hereby adopted by reference for all purposes, with the same effect as if it had been set forth in its entirety in this bond resolution (this "Initial Bond Resolution"); and

WHEREAS, the Agreement was executed to provide for the acquisition, construction, equipping, and furnishing of a project (as defined by the Act) and to provide a loan to the User for such purpose; and

WHEREAS, this preamble and the trust indenture (the "Trust Indenture") hereinafter set forth in this Initial Bond Resolution shall constitute an integral part of this Initial Bond Resolution; and

00106:10

WHEREAS, the corporate trustee under the Trust Indenture (the "Trustee") will have the duties and obligations hereinafter provided; and

WHEREAS, the bonds authorized to be issued by this Initial Bond Resolution (the "Bonds") are to be issued and delivered pursuant to applicable laws, including the Act; and

WHEREAS, the User will have duly approved and agreed to be bound by this Initial Bond Resolution (including the Trust Indenture), prior to the delivery of the Bonds; and

WHEREAS, as provided in the Agreement, by such approval of this Initial Bond Resolution (including the Trust Indenture) the User will have agreed and acknowledged that the Bonds, when issued, sold, and delivered as provided in this Initial Bond Resolution, will be issued in accordance and compliance with the Agreement, and that, upon the issuance, sale, and delivery of the Bonds, and the execution and delivery of the Trust Indenture, the User will be unconditionally obligated to the Issuer and the Trustee to make or pay, or cause to be made or paid, without set-off, recoupment, or counterclaim, to the Trustee the "Installment Loan Payments" required by the Agreement and by this Initial Bond Resolution (including the Trust Indenture) in amounts sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds, when due, agreed liquidated damages, if any, all fees and expenses of the Trustee and Registrar and the paying agents for the Bonds, and all other amounts required to be paid by the Agreement, this Initial Bond Resolution, and the Trust Indenture, all as hereinafter set forth; and

WHEREAS, for purposes of this Initial Bond Resolution, the definitions of terms in the Agreement and the Trust Indenture are hereby adopted, and the terms given herein shall have the same meanings as such terms are given in said Agreement and Trust Indenture unless a different meaning is given herein.

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF MESQUITE INDUSTRIAL DEVELOPMENT CORPORATION THAT:

Section 1. DESIGNATION, AMOUNT, AND PURPOSE OF THE BONDS. The Issuer's negotiable bonds designated and to be known as MESQUITE INDUSTRIAL DEVELOPMENT CORPORATION REVENUE BONDS, SERIES 1982 (SCOTT PAPER COMPANY PROJECT) (the "Bonds") are hereby authorized to be issued in the aggregate principal amount of \$1,000,000 on behalf of the City of Mesquite, Texas TO PAY PART OF THE COST OF ACQUIRING, CONSTRUCTING, EQUIPPING, AND FURNISHING, OR CAUSING TO BE

ACQUIRED, CONSTRUCTED, EQUIPPED, AND FURNISHED A PROJECT (THE "PROJECT") AT THE PLANT LOCATED IN THE CITY OF MESQUITE, TEXAS (THE "PLANT"), FOR SCOTT PAPER COMPANY (THE "USER") FOR THE SPECIFIC PURPOSE OF THE PROMOTION AND ENCOURAGEMENT OF EMPLOYMENT AND THE PUBLIC WELFARE.

Section 2. DATE, DENOMINATION, NUMBERS, AND MATURITIES OF THE BONDS. The Bonds authorized hereby shall be dated July 1, 1982, shall be issued and delivered in the form of coupon bonds payable to bearer, but subject to registration as to principal, all in the manner hereinafter provided, in the denomination of \$5,000 each, numbered consecutively from one upward, and shall mature on July 1, 1992.

Section 3. INTEREST ON THE BONDS. Each of the Bonds authorized hereby shall bear interest from its date to its scheduled maturity, due date, or date of redemption prior to scheduled maturity, at the rate of 12.00% per annum. Such interest shall be evidenced by interest coupons which shall appertain and initially be attached to the Bonds, and which shall be payable on the dates and in the manner provided in the FORM OF BOND set forth in Section 5.

Section 4. GENERAL CHARACTERISTICS. (a) In General. The Bonds authorized hereby and interest coupons appertaining thereto shall be issued, shall be payable, may or shall be redeemed prior to their scheduled maturities, shall have the characteristics, and shall be signed and executed (and the Bonds shall be sealed), all as provided, and in the manner indicated, in the FORM OF BOND set forth in Section 5. After the Bonds have been authorized to be issued by the Board of Directors of the Issuer, and prior to the delivery of the Bonds, the Trustee shall authenticate each of the Bonds by executing the Trustee's Certificate of Authentication appearing on each of the Bonds as provided in Section 5.

(b) Registration Books. The Issuer shall keep or cause to be kept at the principal corporate trust office of the Trustee books for the registration and transfer of Bonds (the "Bond Registration Books") and the Issuer hereby appoints the Trustee as its registrar and transfer agent (the "Registrar") to keep such books and make such registrations and transfers under such reasonable regulations as the Issuer or the Registrar may prescribe; and the Registrar will register or transfer or cause to be registered or transferred therein, as herein provided, Bonds, upon presentation thereof at such office. Bonds may be transferred on the Bond Registration Books by the registered owner in person or by his duly authorized attorney, by proper written instrument of transfer in form and with guaranty of signatures satisfactory to the Registrar.

00048.

(c) Temporary Bonds. Until Bonds in definitive form are ready for delivery, the Issuer may execute, and upon its request, the Trustee shall authenticate and deliver in lieu of any thereof, and subject to the same provisions, limitations, and conditions, one or more printed, lithographed, or typewritten Bonds in temporary form, substantially of the tenor of the Bonds as provided in the FORM OF BONDS set forth in Section 5, without coupons or with one or more coupons, and with appropriate omissions, variations, and insertions. Such Bond or Bonds in temporary form may be for the principal amount as the Issuer may determine. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit of this Initial Bond Resolution and the Trust Indenture. The Issuer shall, without unreasonable delay, prepare, execute, and deliver to the Trustee, and thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form, the Trustee shall authenticate and deliver, in exchange therefor, a Bond or Bonds in definitive form in authorized denominations of the same maturity and interest rate for the same aggregate principal amount as the Bond or Bonds in temporary form surrendered. Such exchange shall be made by the Issuer at its own expense and without making any charge therefor. When and as interest is paid upon Bonds in temporary form without coupons, the fact of such payment shall be noted thereon.

Section 5. FORMS OF BONDS, TRUSTEE'S AUTHENTICATION CERTIFICATE, REGISTRATION PROVISIONS, AND INTEREST COUPONS. The form of the Bonds, the form of Trustee's Certificate of Authentication, the form of Provisions for Registration, and the form of the interest coupons which shall appertain and initially be attached to each of the Bonds, shall be, respectively, substantially as follows, with necessary and appropriate variations, omissions, and insertions as permitted or required by this Initial Bond Resolution:

FORM OF BOND

NO. _____

\$5,000

UNITED STATES OF AMERICA
STATE OF TEXAS
MESQUITE INDUSTRIAL DEVELOPMENT CORPORATION
REVENUE BOND
SERIES 1982
(SCOTT PAPER COMPANY PROJECT)

ON July 1, 1992 (or earlier as hereinafter provided)
MESQUITE INDUSTRIAL DEVELOPMENT CORPORATION (the "Issuer"),
being a nonstock, nonprofit industrial development

00009

corporation organized and existing under the laws of the State of Texas, including particularly the Development Corporation Act of 1979, as amended (Article 5190.6, V.A.T.C.S.) (the "Act"), and acting on behalf of the City of Mesquite, Texas hereby promises to pay to bearer hereof, or if this Bond be registered, to the registered owner hereof, the principal amount of

FIVE THOUSAND DOLLARS

and to pay interest thereon, from the date hereof, at the rate of 12.00% per annum, evidenced by interest coupons payable on January 1, 1983, and semiannually thereafter on each July 1 and January 1 while this Bond is outstanding; provided that such principal and interest are payable solely from the sources and in the manner hereinafter described, and solely as authorized and provided in the Act.

THE PRINCIPAL of this Bond, unless registered, and the interest coupons appertaining hereto shall be payable to bearer, in lawful money of the United States of America, without exchange or collection charges to the bearer, upon presentation and surrender of this Bond or proper interest coupon, as the case may be, at the following, which shall constitute and be defined as the "Paying Agent" for this series of Bonds:

The Fidelity Bank
Philadelphia, Pennsylvania

THIS BOND is one of a series of Bonds dated as of July 1, 1982 (the "Bonds") authorized and issued in the aggregate principal amount of \$1,000,000 pursuant to a resolution adopted by the Board of Directors of the Issuer (the "Initial Bond Resolution") on behalf of the City of Mesquite, Texas TO PAY PART OF THE COST OF ACQUIRING, CONSTRUCTING, EQUIPPING, AND FURNISHING, OR CAUSING TO BE ACQUIRED, CONSTRUCTED, EQUIPPED, AND FURNISHED A PROJECT (THE "PROJECT") AT THE PLANT LOCATED IN THE CITY OF MESQUITE, TEXAS (THE "PLANT"), FOR SCOTT PAPER COMPANY (THE "USER") FOR THE SPECIFIC PURPOSE OF THE PROMOTION AND ENCOURAGEMENT OF EMPLOYMENT AND THE PUBLIC WELFARE.

ON AND AFTER July 1, 1989, the Bonds are subject to optional redemption and may be redeemed prior to their scheduled maturities, by the Trustee at the option of the User, with funds furnished by the User, upon written notice of the exercise of the option to redeem delivered to the Trustee by the User not later than the 45th day prior to the date of redemption. The Bonds may be so redeemed as a whole on any date, or in part on any interest payment date (and, if in part, the Bonds to be redeemed shall be selected at

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random, by lot or other customary method, by the Trustee), at the redemption price (expressed as a percentage of principal amount) applicable to the date of redemption falling within the applicable redemption period, as set forth in the following schedule, plus accrued interest to the date of redemption:

<u>Redemption Period</u>	<u>Redemption Price (%)</u>
July 1, 1989 through June 30, 1990	101½
July 1, 1990 through June 30, 1991	100½
July 1, 1991 and thereafter	100

ON ANY DATE, THE BONDS are subject to optional redemption as a whole, and may be redeemed, prior to their scheduled maturities, by the Trustee at the option of the User, with funds furnished by the User at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date of redemption, and without premium, if one or more of the following events shall have occurred:

(a) If all or substantially all of the Project or the Plant shall have been damaged or destroyed; or

(b) In the event of condemnation, or a sale under a reasonably apprehended threat of condemnation, of all or substantially all the Project or the Plant or the taking by eminent domain of such use or control of the Project or the Plant as to render either of them unsatisfactory to the User for their intended uses; or

(c) If unreasonable burdens or excessive liabilities, in the opinion of the User shall have been imposed upon the User with respect to the Project or the Plant or the operation thereof, including, but without being limited to, imposition of Federal, state or other ad valorem property, income or other taxes not being levied on the date hereof; or

(d) If changes in the economic availability of raw materials, operating supplies or facilities necessary for the operation of the Project or the Plant as an efficient manufacturing facility or technological or other changes shall have occurred which, in the User's opinion, render said Project or Plant uneconomical for manufacturing purposes.

To exercise any such option the User shall give written notice to the Trustee, not later than the 180th day following the earliest date upon which any such option could be exercised, which notice shall specify a redemption date, which date may not be earlier than 45 days after said notice

00011

is given, and shall further specify that, as determined by the User, one or more of such events has occurred or one or more of such conditions is continuing, and such determination shall be conclusive.

ON ANY DATE the Bonds are subject to mandatory redemption, as a whole (or in part, if such partial redemption would have the result that the interest payable on the Bonds remaining outstanding after such partial redemption would not be includable in the gross income of such Bondholders), and shall be redeemed prior to their scheduled maturities, by the Trustee, with funds which shall be furnished by the User, on the earliest practicable date, and in all events within one hundred and eighty days, following the occurrence of a Final Determination of Taxability as defined and provided for in the Agreement (hereinafter defined). The redemption price in such event shall be equal to the principal amount of the Bonds so redeemed, plus accrued interest to the date of redemption and without premium. Such redemption price shall constitute the entire amount due with respect to the outstanding Bonds as a result of the occurrence of a Final Determination of Taxability.

ON ANY DATE, the Bonds are subject to redemption, in part, and may be redeemed prior to their scheduled maturities by the Trustee, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date of redemption, and without premium, with and to the extent of any surplus funds remaining in the Construction Fund (created by the Initial Bond Resolution) after the completion of the Project, as provided and required by Section 16 of the Initial Bond Resolution.

THE AGREEMENT provides that any provision for any payment contained in the Agreement or this Bond, or in the interest coupons appertaining hereto, shall be held to be subject to reduction to the amount allowed under the applicable usury laws of the State of Texas and the United States of America, as now or hereafter construed by the courts having jurisdiction, and it is agreed by the issuer and the bearer or owner of this Bond and of the interest coupons appertaining hereto that in no event shall usury be paid or collected with respect to this Bond or such interest coupons.

AT LEAST 30 DAYS PRIOR to the date fixed for any redemption of Bonds prior to their scheduled maturities, the Trustee shall cause a written notice of such redemption to be published in the English language at least once in a financial newspaper, journal, or publication of general circulation in The City of New York, New York, or in the State of Texas. If, because of temporary or permanent

00012

suspension of the publication or general circulation of all such newspapers, journals, or publications, it is impossible or impractical to publish such notice in the manner provided herein, then such publication in lieu thereof as shall be made by the Trustee shall constitute a sufficient publication of notice. The Trustee shall mail a copy of each notice calling any of the Bonds for redemption to Moody's Investors Service, Inc., 99 Church Street, New York, New York (Attention: Municipal Bond Division) and Standard and Poor's Corporation, 25 Broadway, New York, New York (Attention: Municipal Bond Division); provided however, that the failure of the Trustee to so mail any such notice or any defect in the notice so mailed or in the mailing thereof shall not affect the validity of the proceedings for such redemption. By the date fixed for any such redemption, due provision shall be made by the User with the Trustee and the Paying Agent for the payment of the principal amount of the Bonds which are to be redeemed, plus accrued interest thereon to the date fixed for redemption, plus any required redemption premium, and any other amounts due the holders or owners of the Bonds. If such written notice of redemption is published and if due provision for payment of the redemption price is made, all as provided above, the Bonds which are to be redeemed thereby automatically shall be deemed to have been redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the bearer or owner thereof to receive the redemption price from the Paying Agent out of the funds provided for such payment. Upon presentation and surrender of such Bonds to the Paying Agent, together with all coupons appertaining thereto maturing after such redemption date, such Bonds shall be paid at the redemption price. Interest coupons, if any, which shall mature on or before such redemption date shall be paid only upon presentation and surrender of such coupons. Except as set forth above, this Bond is not subject to redemption prior to maturity.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Paying Agent is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date of payment.

IT IS HEREBY CERTIFIED AND COVENANTED that this Bond has been duly and validly authorized, issued, and delivered;

that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special revenue obligation of the Issuer, and that the principal of and interest on this Bond are payable from and secured by a first lien on and pledge of the payments designated as "Installment Loan Payments" to be made or paid, or caused to be made or paid, to the Trustee pursuant to the Initial Bond Resolution, the Trust Indenture (hereinafter defined), and the "Loan Agreement between Mesquite Industrial Development Corporation and Scott Paper Company", dated as of July 1, 1932 (the "Agreement"). The User, which is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, is unconditionally obligated (subject to the provisions of Sections 6.01 and 6.02 of the Agreement relating to merger, consolidation, transfer of assets, and assignment) to make or pay, or cause to be made or paid, without set-off, recoupment, or counterclaim, to the Trustee each such Installment Loan Payment for deposit into the Debt Service Fund created for the benefit of the owners of the Bonds by the Initial Bond Resolution, in aggregate amounts sufficient to pay and redeem, and provide for the payment and redemption of, the principal of and interest on this Bond, and the series of which it is a part, and to pay all other amounts required by the Agreement, the Initial Bond Resolution, and the Trust Indenture when due, subject to and as required by the provisions of the Agreement, the Initial Bond Resolution, and the Trust Indenture.

THE BONDS are secured by a Trust Indenture dated as of July 1, 1982 (the "Trust Indenture"), whereunder The Fidelity Bank, or its successor, as Trustee (the "Trustee"), is custodian of the Debt Service Fund and is obligated to enforce the rights of the owners of the Bonds and to perform other duties in the manner and under the conditions stated in the Trust Indenture. In case an "Event of Default", as defined in the Trust Indenture, shall occur, the principal of the Bonds then outstanding may be declared to be due and payable immediately upon the conditions and in the manner provided in the Trust Indenture. Reference is hereby made to the Initial Bond Resolution, the Trust Indenture and the Agreement for additional provisions with respect to the nature and extent of the security, the rights, duties, and obligations of the User, the Issuer, the Trustee, and the owners of the Bonds, the terms upon which the Bonds are issued and secured, and the modification of any of the foregoing.

THE ISSUER has reserved the right, subject to the restrictions stated in the Initial Bond Resolution, to issue

00014

additional parity revenue bonds ("Additional Bonds") which, when issued and delivered, shall be payable from the Debt Service Fund, and shall be payable from and secured by a First Lien on and pledge of Installment Loan Payments pursuant to the Agreement and secured by the Trust Indenture, in the same manner and to the same extent as, and be on a parity with, all then outstanding Bonds and Additional Bonds.

THE ISSUER also has reserved the right to amend the Initial Bond Resolution and the Trust Indenture, as provided therein; and under some (but not all) circumstances amendments thereto must be approved by the owners of 66 2/3% in aggregate principal amount of the outstanding Bonds and any Additional Bonds secured by the Trust Indenture.

THE BEARER OR OWNER HEREOF shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation or from any source whatsoever except the payments and amounts described in this Bond, the Initial Bond Resolution, the Trust Indenture, and the Agreement. Except for the lien on and the assignment and pledge of such payments and amounts, no property of the Issuer is encumbered by any lien or security interest for the benefit of the bearer or owner of this Bond. Neither the State of Texas, the City of Mesquite, nor any other political corporation, subdivision, or agency of the State of Texas, nor the Board of Directors of the Issuer, either individually or collectively, shall be obligated to pay the principal of this Bond, any premium or payment with respect to this Bond, or the interest hereon; and neither the faith and credit, nor the taxing power, of the State of Texas, the City of Mesquite, nor any other political corporation, subdivision, or agency of the State of Texas, is pledged to the payment of the principal of this Bond, any premium or payment with respect to this Bond, or the interest hereon.

THIS BOND may be registered as to principal alone in accordance with the provisions endorsed hereon.

THIS BOND shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Trust Indenture until the Certificate of Authentication hereon shall have been signed by the Trustee.

IN WITNESS WHEREOF, this Bond and the interest coupons appertaining hereto have been signed with the facsimile signatures of the President and the Secretary of the Board of Directors of the Issuer, and the official seal of the

00015
L. 11/15/51

Issuer has been duly impressed, or placed in facsimile, on this Bond.

(facsimile) (facsimile)
Secretary, Board of Directors President, Board of Directors

(ISSUER'S SEAL)

FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds issued under the provisions of the within mentioned Agreement, Initial Bond Resolution, and Trust Indenture.

THE FIDELITY BANK
Trustee

By _____
Authorized Officer

FORM OF PROVISIONS FOR REGISTRATION

BOND REGISTRATION PROVISIONS

This Bond may be registered as to principal alone on the Bond Registration Books of the Issuer kept by The Fidelity Bank, Philadelphia, Pennsylvania, Trustee, as Registrar, upon presentation hereof to the Trustee, which shall make notation of such registration in the registration blank below, and this Bond thereafter may be transferred only upon a duly executed assignment of the registered owner or his duly authorized representative in such form as shall be satisfactory to the Trustee, such transfer to be made on such Bond Registration Books and endorsed hereon by the Trustee. Any such transfer of this Bond may be to bearer and thereby transferability by delivery shall be restored, but this Bond shall again be subject to successive registrations and transfers as before. The principal of this Bond, if registered, unless registered to bearer, shall be payable only to or upon the order of the registered owner or his legal representative upon presentation and surrender of this Bond to the Trustee by such registered owner (or to the bearer of this Bond if it is registered to bearer). The bearer of any coupon may be deemed and regarded by the Trustee and the Issuer as the absolute owner for all purposes, including payment and discharge of the liability upon such coupon to the extent of such payment, and neither

00016'

the Trustee nor the Issuer shall be affected by any notice to the contrary. Notwithstanding the registration of this Bond as to principal, the interest coupons appertaining hereto shall remain payable to bearer and shall continue to be transferable by delivery. For every transfer the Trustee may make a charge to the owner of this Bond sufficient to reimburse it for any tax, fee, or governmental charge required to be paid with respect thereto.

<u>DATE OF REGISTRATION</u>	<u>NAME OF REGISTERED OWNER</u>	<u>SIGNATURE OF REGISTRAR</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

FORM OF INTEREST COUPON

NO. _____ \$ _____

ON _____ 1, 19____, MESQUITE INDUSTRIAL DEVELOPMENT CORPORATION promises to pay to bearer hereof, but solely from the sources described in the Bond to which this interest coupon appertains, the amount shown on this interest coupon, in lawful money of the United States of America (without exchange or collection charges to the bearer), unless due provision has been made for the redemption or payment prior to scheduled maturity of the Bond to which this interest coupon appertains, upon presentation and surrender of this interest coupon, at The Fidelity Bank, Philadelphia, Pennsylvania, such amount being interest coming due on that day on the Bond, bearing the number hereinafter designated, of that issue of MESQUITE INDUSTRIAL DEVELOPMENT CORPORATION REVENUE BONDS, SERIES 1982 (SCOTT PAPER COMPANY PROJECT) dated July 1, 1982. The bearer hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised

00018

pay the principal of the Bonds scheduled to mature on each principal payment date; and

- (3) On or before any optional or mandatory redemption date as permitted or required in the FORM OF BOND set forth in Section 5, an amount which, together with any other amounts then on deposit and available for such purpose, will be sufficient to pay the redemption price (including any agreed liquidated damages) specified therein; and
- (4) On any date on which the Bonds are declared to be immediately due and payable pursuant to the Trust Indenture, an amount which, together with any other amounts then on deposit and available for such purpose, will be sufficient to pay the principal of all Bonds then outstanding and the interest accrued thereon to such date; and
- (5) Promptly after receipt of each statement and request for payment, an amount equal to the charges of the Trustee for performing the duties of Trustee and Registrar, and the charges of the Paying Agent for the Bonds, as designated in the FORM OF BOND set forth in Section 5, for paying or redeeming any Bonds, and the interest coupons appertaining to all of the Bonds.

In the event the User should fail to make or pay, or cause to be made or paid, any of the required installment Loan Payments set forth in this Section, each such required payment shall continue as an obligation of the User until fully paid, and the User agrees to pay the same to the Trustee, for the benefit of the owners of the Bonds, with interest thereon, to the extent legally permissible, at the rate of interest borne by the Bonds, from the date any such payment was due until payment thereof.

(d) Redemption. The Bonds authorized hereby shall be subject to redemption, and may or shall be redeemed, as specified in the FORM OF BOND set forth in Section 5.

(e) Payments from Debt Service Fund. Except as otherwise specifically provided in this Initial Bond Resolution or the Trust Indenture, the Debt Service Fund shall be used by the Trustee only to pay the principal of, and redemption premium, if any, agreed liquidated damages, if any, and interest on the Bonds, when due, and the charges of the Trustee, Registrar, and Paying Agent; and the Trustee shall make available to the Paying Agent, out of the Debt Service Fund, the amounts required to pay or redeem the principal of and interest on the Bonds when due, and the Trustee shall

COPIES

make all other payments as required by this Initial Bond Resolution and the Trust Indenture. The Trustee shall obtain and destroy all paid Bonds and interest coupons appertaining to the Bonds, and shall furnish the User an appropriate certificate of destruction at least semiannually.

(f) Immediately Available Funds. The User shall make all Installment Loan Payments in funds that will be immediately available and allow the Paying Agent to pay, in lawful money of the United States of America, the principal of and interest on the Bonds, when due.

(g) Investment of Funds. Any money held as part of the Debt Service Fund shall be invested or reinvested by the Trustee, upon the written direction of the Approving Officer in those Eligible Securities designated in (i) or (ii) of the definition of Eligible Securities set forth in the Agreement. The Trustee shall make no investments except as specifically directed by the Approving Officer and to the extent permitted by law. The investments of the Debt Service Fund shall be deemed to be a part of such Fund, and, for the purpose of determining the amount of money in such Fund, such investments shall be valued at their cost or market value, whichever is lower. The income and profits, including realized discount on obligations purchased, received from such investments shall be deposited in or credited to the Debt Service Fund, and any losses on investments thereon shall be charged against the Debt Service Fund. If at any time it shall become necessary that some or all of the investments made with the moneys from the Debt Service Fund be redeemed or sold to raise moneys necessary to comply with the provisions of this Initial Bond Resolution or the Trust Indenture, the Trustee shall, without further authorization, effect such redemption or sale, employing, in the case of a sale, any commercially reasonable method of effecting the same. The Trustee shall not be liable or responsible for any loss resulting from any such investment or resulting from the redemption or sale of any such investment as herein authorized; except that the Trustee shall be liable for (1) any loss resulting from its willful or negligent failure, within a reasonable time after receiving the written direction from the Approving Officer to make, redeem, or sell any investment in the manner provided for herein, and (2) except for any redemption or sale made pursuant to the next preceding sentence of this paragraph, for any loss resulting from the making, redeeming, or selling of any investment which was not authorized by written direction of the Approving Officer. If the Trustee is unable, after reasonable effort and within a reasonable time, to make, redeem, or sell any such investment, it shall so notify in writing the Approving Officer

00020

and thereafter the Trustee shall be relieved of all responsibility with respect thereto. In the event of any such loss, the User shall make additional deposits to restore same if and to the extent required to enable the Trustee to make all payments required to be made from the Debt Service Fund, and such additional deposits shall constitute additional amounts of Installment Loan Payments.

Section 8. SECURITY FOR FUNDS. All uninvested money in all funds established pursuant to this Initial Bond Resolution (including the Debt Service Fund and the Construction Fund), shall be secured by the Trustee in such manner and to such extent as is required by law when acting in a fiduciary capacity.

Section 9. THE USER'S PAYMENTS. (a) Unconditional Obligation. The User has covenanted in the Agreement, and, by the approval of this Initial Bond Resolution, the User further has unconditionally obligated itself and agreed, regardless of and notwithstanding any provisions of the Agreement, other than Sections 6.01 and 6.02 thereof relating to merger, consolidation, transfer of assets, and assignment, and regardless of the provisions of any other agreement or contract to the contrary, to make or pay, or cause to be made or paid, without set-off, recoupment, or counterclaim, the Installment Loan Payments to the Trustee in the amounts required by Section 7(c) to be made into the Debt Service Fund, and to make such payments on or before the dates specified in this Initial Bond Resolution and the Trust Indenture; and said payments by the User shall be and constitute the Installment Loan Payments as contemplated and required by the Agreement. Each Bondholder is and shall be entitled to rely unconditionally on the agreements, covenants, and representations set forth in this Initial Bond Resolution and the Trust Indenture.

(b) Prepayments. It is further understood that the User may prepay all or any part of each Installment Loan Payment, and any such prepayment, and any earnings thereon, shall be applied by the Trustee to the payment of each Installment Loan Payment; provided that the redemption of any outstanding Bonds prior to maturity at any time, with funds from any source (whether from Installment Loan Payments or otherwise), shall not relieve the User of its obligation to make or pay, or cause to be made or paid, each Installment Loan Payment as specified in Section 9(a), when due with respect to any remaining outstanding Bonds.

Section 10. ADDITIONAL PARITY BONDS. (a) Additional Bonds. The Issuer reserves the right, upon the request of the User, to issue additional parity revenue bonds ("Additional Bonds") in any amounts, for any lawful purpose or

purposes, including the refunding of any outstanding Bonds. Such Additional Bonds, along with the Bonds authorized by this Initial Bond Resolution, shall be considered, constitute, and be "Bonds" as defined in, and for all purposes of, the Agreement and the Trust Indenture. Furthermore, for all purposes of this Initial Bond Resolution, the term "Bonds" shall mean and include the Bonds authorized hereby and any Additional Bonds, unless the context otherwise indicates. When issued and delivered such Additional Bonds, the redemption premium, if any, agreed liquidated damages, if any, and the interest thereon, shall be payable from the Debt Service Fund, and shall be payable from and secured by a first lien on and pledge of Installment Loan Payments pursuant to the Agreement, and secured by the Trust Indenture, in the same manner and to the same extent as, and be on a parity with, all then outstanding Bonds and Additional Bonds. Such Additional Bonds may be issued in one or more series or issues, in various principal amounts, maturing at different times, bearing interest at different rates, be payable in installments or otherwise, be redeemable prior to maturity, with or without redemption premium, on whatever terms or prices, and may contain such other provisions as may be provided in any Bond Resolution authorizing the issuance of such Additional Bonds. It is provided, however, that no series or issue of Additional Bonds shall be issued unless:

(i) In the opinion of Bond Counsel (A) the issuance of such Additional Bonds will not adversely affect the exemption from federal income taxation of the interest on the then outstanding Bonds and Additional Bonds, or affect the validity of the then outstanding Bonds or Additional Bonds and (B) such Additional Bonds are secured in the same manner and to the same extent as and are on a parity with all then outstanding Bonds and Additional Bonds;

(ii) A certificate is executed by the President and Secretary of, the Board of Directors of the Issuer to the effect that no default exists in connection with the Bonds or the Trust Indenture (or any amendment or supplement thereto) or with any of the covenants or requirements of this Initial Bond Resolution or the Bond Resolutions (or any amendments or supplements thereto) authorizing the issuance of all then outstanding Bonds and Additional Bonds, and that the Debt Service Fund contains the amount then required to be on deposit therein;

(iii) The Bond Resolution authorizing the issuance of such series or issue of Additional Bonds provides for additional Installment Loan Payments to be

00022

deposited into the Debt Service Fund in amounts sufficient to pay all principal of, redemption premium, if any, agreed liquidated damages, if any, and interest on such Additional Bonds, together with all Trustee, Registrar, and Paying Agent fees and expenses attributable to such Additional Bonds;

(iv) The Approving Officer approves in writing the Bond Resolution authorizing the issuance of such series or issue of Additional Bonds, as required by the Agreement;

(v) The principal and interest payment dates during any year in which principal and interest on such Additional Bonds are scheduled to be paid, are the same for the Additional Bonds and the Bonds; and

(vi) The Commission expressly gives its prior approval to the issuance of such Additional Bonds.

(b) Amendments to Trust Indenture Unnecessary. It shall not be necessary or required that the Trust Indenture be amended or supplemented to cause any series or issue of Additional Bonds to be secured by the Trust Indenture. All that shall be necessary or required to cause any such Additional Bonds to be secured by the Trust Indenture is for the Issuer to deliver to the Trustee a certified copy of the Bond Resolution authorizing their issuance prior to the delivery of such Additional Bonds.

Section 11. SPECIAL COVENANTS. The Issuer further covenants as follows:

(a) Installment Loan Payments Pledged to Bonds Only. Other than for the payment of the Bonds, as provided in this Initial Bond Resolution and the Trust Indenture, the Installment Loan Payments have not in any manner been pledged to the payment of any debt or obligation of the Issuer;

(b) Non-Encumbrance. While any of the Bonds is outstanding, the Issuer will not (except with respect to the Bonds and any Additional Bonds and except as provided in the Agreement, any Bond Resolution, or the Trust Indenture) in any manner whatsoever create, assume, or suffer to exist, directly or indirectly, any mortgage, lien, encumbrance, pledge, or charge against the Debt Service Fund, the Installment Loan Payments, the Construction Fund, or any property or moneys deposited with the Trustee;

(c) Performance by Issuer. The Issuer will carry out all of its covenants and obligations under this Initial Bond

00023

Resolution; and the Issuer may be required to carry out such covenants and obligations by all legal and equitable means, including, but without limitation, actions for specific performance and the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the Issuer, its Board of Directors, and its officials and employees; and

(d) Certain Modifications Prohibited. The Issuer covenants and agrees that it will not execute or permit the execution of any contract or agreement, or terminate or amend the Agreement, in any manner that would relieve or abrogate the obligations of the User to make or pay, or cause to be made or paid, when due, all Installment Loan Payments, in the manner and to the extent required by the Agreement, this Initial Bond Resolution, and the Trust Indenture, or which would change or affect Sections 4.04, 4.05, 4.06, 6.01 and 6.02 of the Agreement without the written consent of all of the Bondholders and the Trustee.

Section 12. BONDS ARE SPECIAL OBLIGATIONS. The Bonds are and shall be special revenue obligations of the Issuer payable solely from payments to be made under the Agreement, this Initial Bond Resolution, and the Trust Indenture; and the Bondholders shall never have the right to demand payment thereof or the interest thereon out of funds raised or to be raised by taxation, or from any source whatsoever other than the foregoing. The Bonds are not and shall never be considered as obligations of the State of Texas, the Governmental Unit, or any other political subdivision or agency of the State of Texas, or of the Board of Directors of the Issuer, either individually or collectively.

Section 13. AMENDMENTS. (a) Amendment with Consent of Owners of 66 2/3% of Bonds. Subject to approval in writing by the Approving Officer of the User, the owners of 66 2/3% in aggregate principal amount of then outstanding Bonds shall have the right from time to time to approve any amendment to any Bond Resolution, or to the Trust Indenture (provided that the Trustee must approve any amendment to the Trust Indenture), which may be deemed necessary or desirable by the Issuer; provided, however, that nothing herein contained shall permit or be construed to permit the amendment, without the consent of the owner of each of the outstanding Bonds affected thereby, of the terms and conditions of any Bond Resolution, the Bonds, or the Trust Indenture, so as to:

- (1) change the Debt Service Fund requirements, interest payment dates, or the maturity or maturities of the outstanding Bonds;

00024

- (2) reduce the rate of interest borne by any of the outstanding Bonds;
- (3) reduce the amount of the principal of, redemption premium, if any, liquidated damages, if any, or interest on the outstanding Bonds, or impose any conditions with respect to such payments;
- (4) modify the terms of payment of principal of, redemption premium, if any, liquidated damages, if any, or interest on the outstanding Bonds, or impose any conditions with respect to such payments;
- (5) affect the rights of the owners of less than all of the Bonds then outstanding;
- (6) decrease the minimum percentage of the principal amount of Bonds necessary for consent to any such amendment; or
- (7) alter the obligations of the User to pay Installment Loan Payments in the manner and to the extent provided in the Agreement, the Bond Resolution, and the Trust Indenture.

(b) Notice of Amendment. If at any time the Issuer shall desire to amend any Bond Resolution, or the Trust Indenture, under this section, the Issuer shall file a copy of the proposed amendment at the principal office of the Trustee and shall cause notice of the proposed amendment to be published in the English language at least once in a financial newspaper, journal or publication of general circulation in The City of New York, New York, or in the State of Texas, during each calendar week for at least two successive calendar weeks. If, because of temporary or permanent suspension of the publication or general circulation of all such financial newspapers, journals and publications, it is impossible or impractical to publish such notice in the manner provided herein, then such publication in lieu thereof as shall be made by the Trustee shall constitute a sufficient publication of notice. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Trustee for inspection by all owners of Bonds. Such publication is not required, however, if notice in writing is given to each owner of Bonds.

(c) Consent to Amendment. Whenever at any time not less than 30 days, and within one year, from the date of the first publication of said notice or other service of written notice the Issuer shall receive an instrument or instruments executed by the owners of at least 66 2/3% in aggregate

principal amount of all Bonds then outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and shall specifically consent to and approve such amendment, the Issuer may adopt the amendatory resolution in substantially the same form.

(d) Effect of Amendment. Upon the adoption of any amendatory resolution pursuant to the provisions of this Section, any such Bond Resolution, or the Trust Indenture, shall be deemed to be amended in accordance with such amendatory resolution, and the respective rights, duties, and obligations under such amendatory resolution, or the Trust Indenture, of all the Bondholders shall thereafter be determined and exercised subject in all respects to such amendments.

(e) Consent of Bondholders. Any consent given by a Bondholder pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the same Bond during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the Bondholder who gave such consent, or by a successor in title, by filing notice thereof with the Trustee and the Issuer, but such revocation shall not be effective if the owners of 66 2/3% in aggregate principal amount of the then outstanding Bonds have, prior to the attempted revocation, consented to and approved the amendment.

(f) Ownership of Bonds. For the purpose of this Section, the fact of being a Bondholder and the amount and numbers of such Bonds, and the date of being a Bondholder, may be conclusively presumed, or may be proved by an affidavit satisfactory to the Issuer and the Trustee of the person claiming to be such Bondholder, or by a certificate executed by any trust company, bank, banker, or any other depository wherever situated showing that at the date therein mentioned such person has on deposit with such trust company, bank, banker, or other depository, the Bonds described in such certificate, or in any other manner, whether or not the Bonds are so deposited, as the Trustee may approve. The Issuer may conclusively presume that the status of any Bondholders will continue until written notice to the contrary is served upon the Issuer.

(g) Amendments Without Consent. Notwithstanding the provisions of (a) through (f) of this Section, and without publication of the proposed amendment and without the consent of the Bondholders, but subject to approval of the Approving Officer and, in the case of any amendment to the

00026

Trust Indenture, with the approval of the Trustee, the Issuer may, at any time, amend any Bond Resolution, or the Trust Indenture, to cure any ambiguity or cure, correct, or supplement any defective or inconsistent provision contained therein, or make any other change that does not in any respect materially and adversely affect the interest of the Bondholders, provided that no such amendment shall be made contrary to the proviso to Section 13(a), and a duly certified or executed copy of each such amendment shall be filed with the Trustee.

Section 14. ESTABLISHMENT OF CONSTRUCTION FUND. (a) Deposit of Bond Proceeds into Construction Fund. Prior to or immediately after the sale and delivery of the Bonds authorized hereby, the Issuer shall establish the Construction Fund with the Trustee, as defined in and required by the Agreement. The Issuer shall deposit all of the proceeds from the sale and delivery of the Bonds authorized hereby into the Construction Fund. The Trustee shall draw on and use the Construction Fund as hereinafter provided. The amount so deposited into the Construction Fund shall constitute the Loan made to the User by the Issuer as contemplated and provided in the Agreement.

(b) Investment of Money in Construction Fund. Any money held as part of the Construction Fund, other than the amounts described in Section 15(a), shall be invested or reinvested by the Trustee upon the written direction of the Approving Officer in Eligible Securities. The Trustee shall make no investments except as specifically directed in writing by the Approving Officer, and to the extent permitted by law. The investments of the Construction Fund shall be deemed to be a part of the Construction Fund, and for the purpose of determining the amount of money in the Construction Fund, such investments shall be valued at their cost or market value, whichever is lower. The income and profits, including realized discount on obligations purchased, received from such investments shall be deposited in or credited to the Construction Fund, and any losses on investments shall be charged against the Construction Fund. Upon the written direction of the Approving Officer the Trustee shall redeem or sell all or any designated part of such investments employing, in the case of a sale, any commercially reasonable method of effecting the same. The Trustee shall not be liable or responsible for any loss resulting from the redemption or sale of any such investment as herein authorized; except that (notwithstanding any provisions of the Agreement) the Trustee shall be liable for: (1) any loss resulting from its willful or negligent failure, within a reasonable time after receiving the written direction from the Approving Officer, to make, redeem, or sell any investment in the manner provided for

herein, and (2) any loss resulting from the making, redeeming, or selling of any investment which was not authorized by written direction of the Approving Officer. If the Trustee is unable, after reasonable effort and within a reasonable time after receipt of the required written direction, to make, redeem, or sell any such investment, it shall so notify in writing the Approving Officer, and thereupon the Trustee shall be relieved of all liability or responsibility with respect thereto.

(c) Deposit of Accrued Interest, Income, and Profits. Any accrued interest received from the sale of the Bonds; and, upon the written direction of the Approving Officer and to the extent that such use is consistent with the requirements of Section 15(b)(v), all income and profits received from the investment of the Construction Fund, shall (as soon as practicable after any receipt thereof has been deposited in or credited to the Construction Fund) be transferred by the Trustee and deposited into the Debt Service Fund to be used to pay interest on the Bonds during the period of construction of the Project.

Section 15. PAYMENTS FROM CONSTRUCTION FUND. (a) Issuer's Administrative, Overhead Expenses and Other Costs. Immediately after the delivery of the Bonds authorized hereby, unless paid directly by the User, the Trustee shall pay directly to the Issuer the amount of \$1,500 in accordance with the Agreement, being the amount required to reimburse the Issuer for its administrative and overhead expenses directly attributable and chargeable to the costs of issuance of the Bonds authorized hereby and the acquisition, construction, equipping, and furnishing of the Project. Also, immediately after the delivery of the Bonds authorized hereby, unless paid directly by the User, the Trustee shall pay directly out of the Construction Fund, promptly after receiving the bills or statements therefor, all of the actual expenses and costs of issuance of such Bonds, including, without limitation, financing charges, printing and engraving expenses, the fees and expenses of accountants, financial advisors, and attorneys, and the initial fees and expenses of the Trustee.

(b) Reimbursement for and Payment of Cost of Project. Subject and subordinate to making the payments required by the preceding paragraph, the Trustee shall make an initial payment, if requested by the User in the manner described below for payments from the Construction Fund, to reimburse the User for any Cost of the Project, paid by the User prior to such date of delivery. The Trustee shall make such initial payment, if requested, and shall make any subsequent payments from the Construction Fund to enable the User to pay, or to reimburse the User for paying, any Cost of the

100128

Project, from time to time upon receipt by the Trustee of a request of the User signed by the Approving Officer. Such request shall be accompanied by a certificate stating with respect to each payment as follows:

(i) the expenditures, in summary form, for which payment is to be made or for which reimbursement is requested;

(ii) that the amounts requested are to be, or have been paid, by the User for property or to contractors, subcontractors, materialmen, engineers, architects, or other persons who will perform or have performed necessary or appropriate services or will supply or have supplied necessary or appropriate materials for the acquisition, construction, equipping, and furnishing of the Project, as the case may be, and that, to the best of his knowledge, the fair value of such property, services, or materials is not exceeded by the amounts requested to be paid;

(iii) that no part of the several amounts requested to be paid to the User, as stated in such certificate, has been or is the basis for the payment of any money in any previous or then pending request;

(iv) that the payment of the amounts requested will not result in a breach of any of the covenants of the User contained in the Agreement, and particularly those covenants in Sections 4.05 and 4.06 thereof, which relate to the Code and the Regulations; and

(v) that the expenditure of such amounts to be paid, when added to all previous disbursements from the Construction Fund, will result in at least 90% of the total of such disbursements, other than disbursements for issuance expenses, being used to provide land or property of a character subject to the allowance for depreciation under the Code (which expenditures are amounts paid or incurred which are, for federal income tax purposes, chargeable to the Project's capital account or would be so chargeable either with a proper election by the User [for example, under Section 266 of the Code] or but for a proper election by the User to deduct such amounts).

(c) Reliance by Trustee. The Trustee shall rely fully on any such request and certificate delivered pursuant to this Section and shall not be required to make any investigation in connection therewith. If amounts paid by the Trustee with respect to any portion of the Project

(11129)

should exceed the cost thereof, the User shall promptly repay such overpayment into the Construction Fund.

Section 16. SURPLUS CONSTRUCTION FUNDS. (a) Disposition of Surplus Funds. The completion of the Project shall be conclusively evidenced, and the date of completion shall be established by a written certificate of completion to be signed by the Approving Officer and delivered to the Trustee immediately upon completion of the Project. If, upon the completion of the Project, there shall be any surplus funds remaining in the Construction Fund not required to provide for the payment of the Cost of the Project, or if any funds are on hand in the Construction Fund at the time of the release of the Trust Indenture under the terms thereof, then any such funds shall be used immediately to pay, redeem, and retire Bonds in the manner set forth in the FORM OF BOND in Section 5 for the redemption of Bonds with surplus Construction Fund moneys, to the extent of any such available funds; provided that prior to such use, the Issuer and the Trustee shall have been furnished with an unqualified opinion of Bond Counsel to the effect that the use of moneys from the Construction Fund for such purpose will be lawful and will not impair the exemption of interest on the Bonds from federal income taxation; and provided, further, that the User shall deposit into the Construction Fund prior to such redemption an amount sufficient to cause the total amount in the Construction Fund to be equal to an integral multiple of \$5,000.

(b) Disposition of Construction Fund upon Acceleration and Redemption. If the Trustee shall declare the principal of the Bonds and the interest accrued thereon immediately due and payable as the result of an Event of Default specified in the Trust Indenture, or if the Bonds are optionally or mandatorily redeemed prior to maturity as a whole in accordance with their terms, any amounts remaining in the Construction Fund shall be used immediately by the Trustee for the purpose of paying principal of, redemption premium, if any, agreed liquidated damages, if any, and interest on the Bonds when due.

Section 17. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS AND COUPONS: (a) Replacement Bonds. In the event any of the outstanding Bonds or interest coupons appertaining thereto is damaged, mutilated, lost, stolen, or destroyed, the Issuer shall execute, and the Trustee shall authenticate, a new bond of the same principal amount and maturity with coupons corresponding in all respects to those unpaid coupons, if any, of the damaged, mutilated, lost, stolen, or destroyed Bonds or coupons, in exchange and substitution for such Bond and its coupons, if any, or in

688130

lieu of and substitution for such Bond and its coupons, if any.

(b) Application for Substitute Bonds. Application for exchange and substitution of damaged, mutilated, lost, stolen, or destroyed Bonds and coupons shall be made to the Issuer. In every case, the applicant for a substitute bond shall furnish to the Issuer and to the Trustee such security or indemnity as may be required by them to save each of them and the Paying Agent harmless. In every case of loss, theft, or destruction of a Bond or a coupon, the applicant shall also furnish to the Issuer and to the Trustee evidence to their satisfaction of the loss, theft, or destruction, and of the ownership of such Bond or coupon, as the case may be, and in every case of damage, mutilation, loss, theft, or destruction of a coupon or coupons only, the applicant shall surrender the Bond to which the coupon or coupons so damaged, mutilated, lost, stolen, or destroyed appertain, with all coupons appertaining thereto (including any mutilated coupons) not lost, stolen, or destroyed. In every case of damage or mutilation of a Bond only, the applicant shall surrender the Bond so damaged or mutilated together with all coupons, if any, appertaining thereto.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Bond or coupon shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, agreed liquidated damages, if any, or interest on the Bonds, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond or coupon) instead of issuing a substitute Bond and coupons, if any, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Substitute Bonds. Prior to the issuance of any substitute bond and coupons appertaining thereto, the Issuer and the Trustee may charge the owner of such Bond with all legal, printing, and other expenses in connection therewith. Every substitute bond (and any coupon or coupons attached thereto, if any) issued pursuant to the provisions of this Section by virtue of the fact that any Bond or any coupon is lost, stolen, or destroyed shall constitute a contractual obligation of the Issuer whether or not the lost, stolen, or destroyed Bond or coupon shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of the Trust Indenture and this Initial Bond Resolution equally and proportionately with any and all other Bonds and coupons duly issued under this Initial Bond Resolution.

(e) Authority for Issuing Substitute Bonds. This Initial Bond Resolution shall constitute sufficient authority for the issuance of any such substitute bond and coupons appertaining thereto without necessity of further action by the Board of Directors of the Issuer or any other body or person, and the issuance of such substituted bonds is hereby authorized, notwithstanding any other provisions of this Initial Bond Resolution, except to the extent otherwise required by law.

Section 18. NO ARBITRAGE. The Issuer and the User have covenanted to and with the purchasers of the Bonds that they will make no use of the direct or indirect proceeds thereof at any time throughout the term thereof which would cause the Bonds to be arbitrage bonds within the meaning of Section 103(c) of the Code or any Regulations or rulings pertaining thereto; and by this covenant the Issuer and the User are obligated to comply with the requirements of the aforesaid Section 103(c) and all applicable and pertinent Regulations relating to arbitrage bonds.

Section 19. FINDINGS. Based upon the representations made by the User in the Agreement, the Board of Directors hereby affirmatively finds that (i) the Project is suitable for the promotion of commercial, industrial or manufacturing development and expansion, (ii) the Project will have a direct, positive and favorable impact on employment in the Governmental Unit, and (iii) that the Project is in furtherance of the public purposes as set forth in the Act.

Section 20. SALE OF THE BONDS. At the specific request of the User, the Bonds are hereby authorized to be sold, and shall be delivered to Goldman, Sachs & Co., under the terms and conditions set forth in the Bond Purchase Agreement among the Issuer, the User and Goldman, Sachs & Co. (the "Bond Purchase Agreement"); and the President of the Board is hereby authorized to execute the Bond Purchase Agreement in substantially the form attached hereto and made a part hereof for all purposes.

Section 21. TRUST INDENTURE. For the purpose of additionally securing the payment of the Bonds, the redemption premium, if any, the agreed liquidated damages, if any, and the interest thereon, and for the purpose of providing for and fixing in more detail the rights of the owners of the Bonds and any interest coupons appertaining thereto, and of the Issuer, the User, and the Trustee, and for the purpose of making more effective the first lien on and pledge of the payments to be made pursuant to the Agreement and this Initial Bond Resolution, a Trust Indenture in substantially the following form and substance shall be signed, sealed, and otherwise executed and delivered, for and on behalf of

00032

the Issuer, by the President and the Secretary of its Board of Directors, after which the Trust Indenture shall be executed by the Trustee and shall become effective upon the delivery of the Bonds authorized hereby:

00033

BOND PURCHASE AGREEMENT

\$1,000,000
MESQUITE INDUSTRIAL DEVELOPMENT CORPORATION
REVENUE BONDS, SERIES 1982
(SCOTT PAPER COMPANY PROJECT)

THIS BOND PURCHASE AGREEMENT among the Mesquite Industrial Development Corporation (the "Issuer"), Scott Paper Company ("Scott") and Goldman, Sachs & Co. (the "Underwriter"):

1. Background

(a) The Issuer proposes to enter into a Loan Agreement dated as of July 1, 1982 (the "Loan Agreement") with Scott under which the Issuer agrees to finance a Project (the "Project") for Scott. In order to finance the cost of the Project, the Issuer will issue and sell \$1,000,000 principal amount of its Revenue Bonds (Scott Paper Company Project) dated July 1, 1982 (the "Bonds") under the terms of Resolution Authorizing the Issuance of Mesquite Industrial Development Corporation Revenue Bonds, Series 1982 and the Execution of a Trust Indenture (Scott Paper Company Project) adopted by the Issuer on July 19, 1982 (the "Bond Resolution"). The Bonds are secured by a Trust Indenture dated as of July 1, 1982 (the "Indenture") between the Issuer and The Fidelity Bank, Philadelphia, Pennsylvania, as Trustee (the "Trustee"). Pursuant to the Loan Agreement, the Installment Loan Payments (as defined in the Loan Agreement) will be received by the Trustee as security for the payment of the Bonds.

(b) The Issuer will sell the Bonds to the Underwriter who will in turn place the Bonds with institutional investors. Scott has caused to be prepared and circulated by the Underwriter a Limited Offering Memorandum, including the hereinafter defined Company Information dated the date of this Bond Purchase Agreement, describing the terms and provisions of the Bonds (the "Limited Offering Memorandum"). The Company Information is its Annual Report on Form 10-K for the fiscal year ending December 26, 1981 and its Form 10-Q for the three month period ending March 27, 1982.

(c) In order to induce the Issuer and the Underwriter to enter into this Bond Purchase Agreement and to buy and sell the Bonds, respectively, Scott has joined in this Bond Purchase Agreement.

(d) The proceeds of the Bonds are to be applied (i) to pay financing costs, (ii) to provide for accrued interest, and (iii) to pay the other costs of the Project as such are defined and set forth in the Bond Resolution, the Indenture and the Loan Agreement. For the purpose of this Bond Purchase Agreement, financing costs include, but are not

00034

limited to, the costs of preparing and reproducing the Loan Agreement, the Bond Resolution, the Indenture, the Bonds, and this Bond Purchase Agreement, and certain fees of the Issuer. If for any reason the Bonds are not sold, the financing costs itemized in the preceding sentence are to be paid by Scott.

(e) Scott acknowledges that the Issuer will sell the Bonds to the Underwriter, and the Underwriter will make a placement thereof to institutional investors in reliance on the representations and covenants herein set forth.

2. Purchase, Sale and Closing

Subject to the terms and conditions herein set forth, the Underwriter agrees to purchase from the Issuer and the Issuer hereby agrees to sell the Bonds to the Underwriter at a price of 98.75% of par plus interest accrued to the closing date, payable in clearing house funds. Closing (the "Closing") for payment and delivery of the Bonds and for the delivery of all closing documents and opinions will be on or about August 4, 1982 at 10:00 A.M. local time, at the offices of Morgan, Lewis & Bockius, Philadelphia, Pennsylvania, or such other date and place as may be agreed on by the Issuer and the Underwriter with the approval of Scott. The Bonds will be delivered at the Closing to the Underwriter in definitive coupon form in \$5,000 denominations and will be made available to the Underwriter for checking and packaging at least 24 hours prior to the Closing.

3. Issuer's Representations

The Issuer makes the following representations, all of which survive the Closing:

(a) That the Issuer is duly existing and has full power and authority to issue and sell the Bonds as provided in the Loan Agreement, the Bond Resolution, the Indenture and this Bond Purchase Agreement, has made the necessary findings of public purpose, and has taken all procedures required by the Constitution and laws of the State of Texas and other applicable law in connection therewith.

(b) That the Issuer has duly adopted the Bond Resolution and duly authorized the execution and delivery of the Loan Agreement, the Indenture, this Bond Purchase Agreement (as it pertains to the Issuer and the issuance and sale of the Bonds), and all actions necessary or appropriate to insure that such documents and obligations constitute valid and legally binding obligations.

(c) That there is no litigation or proceeding pending or, to the Issuer's knowledge, threatened against the Issuer, challenging the validity of the Loan Agreement, the Bond Resolution, the Indenture, the Bonds or this Bond

00035

Purchase Agreement, or seeking to enjoin the performance of the Issuer's obligations thereunder or hereunder.

4. Scott Representations

Scott makes the following representations, all of which survive the closing:

(a) That Scott is a corporation duly incorporated and validly existing under the laws of the Commonwealth of Pennsylvania and is in good standing in that Commonwealth and is duly qualified as a foreign corporation authorized to do business and in good standing under the laws of the State of Texas.

The execution and delivery by Scott of this Bond Purchase Agreement and all documents related hereto to which Scott is party, including, but not limited to, the Loan Agreement, are within the corporate authority of Scott, have been duly authorized by proper corporate proceedings, and will not contravene any provision of law or regulation, the articles of incorporation or by-laws of Scott or any judgment, order, decree, rule, agreement or instrument binding upon Scott. This Bond Purchase Agreement and the Loan Agreement each constitute legal, valid and binding obligations of Scott in accordance with their respective terms.

(b) That Scott has duly authorized the Loan Agreement and the undertaking of its obligations under this Bond Purchase Agreement and has obtained all necessary consents and/or approvals to carry out the same.

(c) That there is no litigation or proceeding pending, or to Scott's knowledge, threatened against Scott, challenging the validity of the Loan Agreement or this Bond Purchase Agreement or seeking to enjoin the performance of Scott's obligations thereunder or hereunder or challenging the acquisition, construction or operation of the Project.

(d) That Scott is not in violation of any laws, ordinances, governmental rules or regulations to which it is subject which pertain to the financing of the Project or any of its obligations under the Loan Agreement.

5. Issuer's Covenants

The Issuer will:

At the Underwriter's request, take any reasonable action as directed by the Underwriter in writing to assure or maintain the tax-free status of the Bonds under the Internal Revenue Code of 1954, as amended; provided in each instance that the Issuer's out-of-pocket costs are paid out

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of Bond proceeds or are otherwise provided for to the Issuer's satisfaction.

6. Scott's Covenants

Scott will:

(a) Indemnify, to the extent permitted by law, the Issuer and the Underwriter against claims asserted against them in connection with the offering and sale of the Bonds on the grounds that the Company Information contained in the Limited Offering Memorandum dated the date hereof contains any untrue statement or alleged untrue statement of material fact or an alleged omission to state any material fact required to be stated therein or necessary in order to make the statements made therein not misleading in light of the circumstances under which they were made as of the dates indicated, provided that the Issuer or the Underwriter gives Scott prompt notice of the claim, affords Scott the opportunity to defend the same, cooperates fully in such defense (including the joinder of additional defendants), and effects no settlements of any such claim without the consent of Scott. Scott will not, however, indemnify the Underwriter in respect of any action or claim asserted by a person who purchased any of the Bonds if such person was not given a copy of the Limited Offering Memorandum and any supplements thereto with or preceding his confirmation of sale. This indemnity includes reimbursements for expenses reasonably incurred by the Issuer or the Underwriter in investigation of any claim and in defending it, only if Scott declines to assume the defense.

(b) Notify the Underwriter of any material adverse change in its business, properties or financial condition occurring before or at Closing.

(c) Refrain from taking any action, or permitting any action to be taken with regard to which Scott may exercise control that results in the loss of tax-free status of the interest on the Bonds.

7. Conditions of Underwriter's Obligations

The Underwriter's obligations to pay for the Bonds are subject to fulfillment of the following conditions at or before Closing:

(a) That representations of the Issuer and Scott hereunder shall be true as of the Closing date and shall be confirmed by certification at Closing.

(b) Neither the Issuer nor Scott shall have defaulted in any of its covenants hereunder.

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(c) The Underwriter shall have received in full and satisfactory to the Underwriter:

- (i) Opinion of Bond Counsel;
- (ii) Opinion of Counsel for Scott;
- (iii) Opinion of Counsel for the Issuer; and
- (iv) Opinion of Counsel for the Underwriter.

(d) At closing, there shall not be any litigation or proceeding, pending or threatened, challenging the validity of the Loan Agreement, this Bond Purchase Agreement, the Bond Resolution, the Indenture or the Bonds, or seeking to enjoin any of the transactions referred to therein and the Underwriter shall have received certification to that effect.

(e) At Closing there shall not have been any adverse change in the business, property or financial condition of Scott and its consolidated subsidiaries taken as a whole from March 27, 1982 which, in the judgment of the Underwriter, is material and makes it unadvisable to proceed with the sale of the Bonds; and the Underwriter shall have received certificates that no such material adverse change has occurred or, if such change has occurred, full information with respect thereto.

(f) The Underwriter shall require such additional documentation as it reasonably requests to evidence compliance with applicable law, this Bond Purchase Agreement, and to demonstrate the tax-free status of the interest on the Bonds and the status of the offering under the Securities Act of 1933, as amended, the Securities and Exchange Act of 1934, as amended, and the Trust Indenture Act of 1939, as amended.

8. Events Permitting Underwriter to Terminate

The Underwriter may terminate its obligation to purchase the Bonds at any time before Closing if any of the following occur:

(a) A legislative, executive or regulatory action or court decision which, in the judgment of the Underwriter, casts sufficient doubt on the legality of the tax-free status of interest on obligations such as the Bonds so as to materially impair the marketability or lower the market price thereof.

(b) Any action by the Securities and Exchange Commission or a court which would require registration of the Bonds under the Securities Act of 1933 in connection with

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the offering thereof, or qualification of the Indenture under the Trust Indenture Act of 1939.

(c) (i) Any general suspension of trading in securities on the New York Stock Exchange or the establishment, by the New York Stock Exchange, by the Securities and Exchange Commission, by any Federal or state agency, or by the decision of any court, or any limitations on prices for such trading, or (ii) any new outbreak of hostilities or other national or international calamity which has the effect, in the reasonable opinion of the Underwriter, of materially impairing the marketability or lowering the market price of the Bonds.

(d) Any event or condition which, in turn, in the judgment of the Underwriter, renders untrue or incorrect in any material respect as of the time to which the same purports or relate, the information in the Limited Offering Memorandum, including the Company Information, or which requires that information not reflected in such Limited Offering Memorandum should be reflected therein in order to make the statements and information contained therein not misleading in any material respect as of such time; provided, that Scott and the Underwriter will use their best efforts to amend or supplement the Limited Offering Memorandum to reflect to the satisfaction of the Underwriter, such changes in or addition to the information contained in the Limited Offering Memorandum.

9. Notices and Other Actions

All notices, demands and formal actions hereunder will be in writing, mailed, telegraphed or delivered to:

The Underwriter

Goldman, Sachs & Co.
55 Broad Street
New York, New York 10004
Attention: Municipal Bond Department

The Issuer

Mesquite Industrial
Development Corporation
711 N. Galloway
Mesquite, Texas 75149
Attention: President

00035

Scott

Scott Paper Company
Scott Plaza
Philadelphia, Pennsylvania 19115
Attention: Treasurer

10. Successors

This Bond Purchase Agreement will inure to the benefit of and be binding upon the parties and their successors, and will not confer any rights upon any other person.

11. Counterparts

This Agreement may be signed by counterparts.

DATED:

MESQUITE INDUSTRIAL
DEVELOPMENT CORPORATION

By _____
Its _____

SCOTT PAPER COMPANY

By _____
Its _____

GOLDMAN, SACHS & CO.

By _____

00040
1/19/82

TRUST INDENTURE
BETWEEN
MESQUITE INDUSTRIAL DEVELOPMENT CORPORATION
AND
THE FIDELITY BANK, TRUSTEE
(SCOTT PAPER COMPANY PROJECT)

Pursuant to and under this Trust Indenture the Mesquite Industrial Development Corporation has granted a security interest in and assigned to The Fidelity Bank, Philadelphia, Pennsylvania, as Trustee, all of its interests in all "Installment Loan Payments" due pursuant to and under the "Loan Agreement between Mesquite Industrial Development Corporation and Scott Paper Company" to secure its Revenue Bonds, Series 1982 (Scott Paper Company Project).

DEBTOR:
Mesquite Industrial
Development Corporation
711 N. Galloway
Mesquite, Texas 75149

SECURED PARTY:
The Fidelity Bank
123 South Broad Street
Philadelphia, Pennsylvania 19109

SCOTT: 7/15/82

00041

TABLE OF CONTENTS

(The Table of Contents is not a part of the Trust Indenture but is for convenience of reference only)

	<u>PAGE</u>
Parties	1
Recitals	1
Granting Clause	2
ARTICLE 1. ACCEPTANCE OF TRUST	3
ARTICLE 2. DEBT SERVICE FUND AND CONSTRUCTION FUND	3
ARTICLE 3. NOTICE TO THE USER	3
ARTICLE 4. ACCOUNTS AND RECORDS	4
(a) Separate Records to be Kept	4
(b) Annual Report	4
(c) Right to Inspect	4
ARTICLE 5. ENFORCEMENT OF RIGHTS IN CASE OF DEFAULT	4
(a) Appointment of Trustee and Rights of Holder	4
(b) Control by Trustee	5
(c) Events of Default	6
(d) Declaration of Principal and Interest Due	7
(e) Enforcement by Trustee	7
(f) Remedies Non-Exclusive	7
(g) Waiver of Defaults	8
(h) Discretion of Trustee	8
(i) Application of Moneys	8
(j) Judicial Proceedings	9
(k) Enforcement of Remedies Without Possession of Bonds	9
(l) Direction by 66 2/3% in Principal Amount of Bondholders	10
(m) Notice by Trustee	10
(n) Concurrence of Bondholders	10
(o) Default of Payments	10
(p) Notice to User of Past Due Payments	11

00042
12/19/51

	<u>PAGE</u>
ARTICLE 6. CONCERNING THE TRUSTEE	11
(a) Not Accountable for Bond Proceeds	11
(b) Reliance by Trustee	11
(c) Compensation of Trustee from Debt Service Fund	12
(d) Limited Responsibilities	12
(e) Advice	13
(f) Trustee May Own Bonds	13
(g) Fees	13
ARTICLE 7. SUCCESSOR TRUSTEE	13
(a) Resignation of Trustee	13
(b) Removal of Trustee	14
(c) Appointment of Successor Trustee	14
(d) Transfer to Successor Trustee	15
(e) Merger or Consolidation of Trustee	15
ARTICLE 8. RELEASE OF INDENTURE AND SATISFACTION OF INDEBTEDNESS	15
ARTICLE 9. AMENDMENTS	16
ARTICLE 10. MISCELLANEOUS PROVISIONS	16
(a) Acknowledgements and Ownership of Bonds	16
(b) Trustee May Require Proof of Ownership	17
(c) Consent of Bondholders	17
(d) Survival of Valid Bonds	17
(e) Unclaimed Funds	18
(f) Rights of Parties	18
(g) Severability	18
(h) Law	18
ARTICLE 11. RECORDING	18
(a) Trustee to Record	18
(b) Non-Encumbrance	19
ARTICLE 12. NOTICE TO TEXAS INDUSTRIAL COMMISSION	19
Execution by the Issuer	20
Execution by the Trustee	20

00043

TRUST INDENTURE

THE STATE OF TEXAS :
MESQUITE INDUSTRIAL DEVELOPMENT CORPORATION :

THIS TRUST INDENTURE, dated as of July 1, 1982, executed by and between Mesquite Industrial Development Corporation (the "Issuer"), a nonstock, nonprofit industrial development corporation organized and existing under the laws of the State of Texas, including particularly the Development Corporation Act of 1979, as amended (Article 5190.6, V.A.T.C.S.) (the "Act"), and The Fidelity Bank, Philadelphia, Pennsylvania, a bank duly organized and existing under the laws of the Commonwealth of Pennsylvania and having its principal office in the City of Philadelphia, Pennsylvania, as Trustee (the "Trustee").

W I T N E S S E T H T H A T:

WHEREAS, a "Loan Agreement between Mesquite Industrial Development Corporation and Scott Paper Company", dated as of July 1, 1982 (the "Agreement") has been duly executed between the Issuer and Scott Paper Company (the "User"), with the User being a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, and being fully qualified to transact business in the State of Texas; and

WHEREAS, an executed copy of the Agreement has been filed with the Trustee; and

WHEREAS, pursuant to the Agreement the Board of Directors of the Issuer has duly adopted a "RESOLUTION AUTHORIZING THE ISSUANCE OF MESQUITE INDUSTRIAL DEVELOPMENT CORPORATION REVENUE BONDS, SERIES 1982 AND THE EXECUTION OF A TRUST INDENTURE (SCOTT PAPER COMPANY PROJECT)", which, together with any amendment thereto, is hereinafter called and designated the "Initial Bond Resolution"; and

WHEREAS, the Initial Bond Resolution authorized the issuance of MESQUITE INDUSTRIAL DEVELOPMENT CORPORATION REVENUE BONDS, SERIES 1982 (SCOTT PAPER COMPANY PROJECT), in the aggregate principal amount of \$1,000,000, which together with any replacement bonds and any additional parity revenue bonds ("Additional Bonds") authorized to be issued by the Initial Bond Resolution, are hereinafter collectively called the "Bonds"; and

WHEREAS, a certified copy of the Initial Bond Resolution has been duly filed with the Trustee; and

00041

WHEREAS, pursuant to the Initial Bond Resolution, a certified copy of each resolution authorizing the issuance of each series or issue of Additional Bonds shall be filed with the Trustee prior to the delivery thereof; and

WHEREAS, as used in this Trust Indenture the word "Bond Resolution" shall mean and include collectively the Initial Bond Resolution (including the Trust Indenture prescribed and authorized to be executed in the Initial Bond Resolution) and, when adopted and filed with the Trustee, each resolution authorizing the issuance of Additional Bonds together with any supplemental resolutions or amendments to such resolutions or the Trust Indenture; and

WHEREAS, pursuant to the Agreement and the Bond Resolution and subject to the terms and provisions thereof, the Bonds, the redemption premium, if any, agreed liquidated damages, if any, and the interest thereon, are and shall be payable from and secured by a first lien on and pledge of the payments designated "Installment Loan Payments" to be made or paid, or caused to be made or paid, by the User (or its successors or assigns under certain circumstances) to the Trustee; and

WHEREAS, for purposes of this Trust Indenture, the definitions of terms in the Agreement and the Bond Resolution are hereby adopted, and the terms used herein shall have the same meanings as such terms are given in said Agreement and Bond Resolution unless a different meaning is given herein; and

WHEREAS, the Trustee has accepted the trusts created by this Trust Indenture, and in evidence thereof has joined in the execution hereof; and

WHEREAS, this Preamble constitutes an integral part of this Trust Indenture.

NOW, THEREFORE, THIS TRUST INDENTURE WITNESSETH:

That the Issuer 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 owners thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, and for the purpose of securing and providing for the payment of the principal of, redemption premium, if any, and interest on the Bonds at any time issued and outstanding, when due, any agreed liquidated damages, all fees and expenses of the Trustee and Registrar, and the Paying Agents for the Bonds, and all other payments required to be made by the User under the Agreement and the Bond Resolution, has granted a

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security interest in, assigned, transferred, pledged, set over, and confirmed, and by these presents does grant a security interest in, assign, pledge, set over, and confirm unto the Trustee, and to its successor or successors in said trust, and to its or their assigns, all and singular (i) all of its right, title, and interest in and to the Installment Loan Payments as required and provided in the Agreement and the Bond Resolution and (ii) the Debt Service Fund and the Construction Fund created by the Initial Bond Resolution, upon, and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes hereinafter expressed; and the Issuer and the Trustee have agreed, and they hereby agree and covenant with the respective owners from time to time of the Bonds, and the interest coupons, if any, appertaining thereto, as follows, to-wit:

Article 1. ACCEPTANCE OF TRUST. The Trustee hereby accepts the trusts, duties, obligations, and requirements imposed on it by the Bond Resolution and this Trust Indenture, and agrees to carry out and perform, punctually and effectively, such duties, obligations, and requirements for the benefit of the Issuer, the User, and the owners of the Bonds and the interest coupons, if any, appertaining thereto. It is further specifically agreed that (i) the Trustee will act as a Paying Agent for the Bonds at all times while it is Trustee, (ii) the Trustee will act as Registrar for the Bonds at all times while it is Trustee, and (iii) the Trustee will authenticate each of the Bonds by executing the Trustee's Certificate of Authentication appearing on each of the Bonds, as provided in the Bond Resolution, and it will so authenticate the Bonds when requested by the Issuer, prior to the delivery of the Bonds, at such time and in such manner as directed by the Issuer.

Article 2. DEBT SERVICE FUND AND CONSTRUCTION FUND. The Debt Service Fund and the Construction Fund created by the Initial Bond Resolution are hereby confirmed and established, respectively, in trust, with the Trustee, and the Trustee agrees to hold, administer, deposit, secure, invest, and use said funds in all respects as provided and required by the Agreement, the Bond Resolution, and this Trust Indenture.

Article 3. NOTICE TO THE USER. On or before the 15th day prior to each date upon or before which each Installment Loan Payment is required by each Bond Resolution to be deposited into the Debt Service Fund, the Trustee shall give written notice to the User, by hand delivery or first class mail, postage prepaid, at such address as the User shall from time to time designate and file in writing with the Trustee, of each Installment Loan Payment required by each

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Bond Resolution to be made by the User to the Trustee and deposited by the Trustee into the Debt Service Fund, on or before such date. The failure of the Trustee to give, or the User to receive, any such notice shall not relieve the User of its unconditional duty and obligation to make all deposits or payments of Installment Loan Payments to the Trustee as required by the Agreement and each Bond Resolution.

Article 4. ACCOUNTS AND RECORDS (a) Separate Records to be Kept. The Trustee shall keep proper books of records and accounts, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Installment Loan Payments, the Debt Service Fund, and the Construction Fund.

(b) Annual Report. Within 90 days after the close of each fiscal year of the Trustee, the Trustee will furnish to the Issuer, the User, and any owner of any outstanding Bonds who may so request, a copy of a report by the Trustee covering the preceding fiscal year, showing the following information:

(1) a detailed statement concerning the receipt and disposition of all Installment Loan Payments and the disposition of the amounts in the Construction Fund (until the Construction Fund shall have been fully disposed of).

(2) an asset statement or balance sheet of the Debt Service Fund and of the Construction Fund (until the Construction Fund shall have been fully disposed of).

(c) Right to Inspect. The Issuer, the User, and the owners of any Bonds shall have the right, at all reasonable times and upon reasonable notice, to inspect all records, accounts, and data of the Trustee relating to the Debt Service Fund and the Construction Fund.

Article 5. ENFORCEMENT OF RIGHTS IN CASE OF DEFAULT.

(a) Appointment of Trustee and Rights of Holder. The Trustee is hereby irrevocably appointed the special agent and representative of the owners of the Bonds and vested with full power in their behalf to effect and enforce the Agreement, this Trust Indenture, and the Bond Resolution for their benefit as provided herein and in the Bond Resolution; but anything contained in this Trust Indenture to the contrary notwithstanding, the owners of 66 2/3% in aggregate

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Bond Resolution to be made by the User to the Trustee and deposited by the Trustee into the Debt Service Fund, on or before such date. The failure of the Trustee to give, or the User to receive, any such notice shall not relieve the User of its unconditional duty and obligation to make all deposits or payments of Installment Loan Payments to the Trustee as required by the Agreement and each Bond Resolution.

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(1) a detailed statement concerning the receipt and disposition of all Installment Loan Payments and the disposition of the amounts in the Construction Fund (until the Construction Fund shall have been fully disposed of).

(2) an asset statement or balance sheet of the Debt Service Fund and of the Construction Fund (until the Construction Fund shall have been fully disposed of).

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principal amount of the Bonds then outstanding, in case of any subsisting Event of Default (hereinafter defined) or of any other event entitling the Trustee to proceed hereunder, shall have the right from time to time to direct and control the Trustee in connection with the enforcement of any of the provisions of the Agreement, this Trust Indenture, and the Bond Resolution, and any other proceedings taken by virtue of any provisions of the aforesaid instruments, including the right to have withdrawn and discontinued at any stage thereof any proceedings taken hereunder by the Trustee, provided that the Event of Default upon which such proceedings were based and all other Events of Default hereunder shall have been remedied and made good. Anything contained in this Trust Indenture to the contrary notwithstanding, each owner of any Bond shall have a right of action to enforce the payment of all amounts due with respect to any Bond owned by him when or after the same shall have become due, at the place, from the sources, and in the manner expressed in the Agreement, the Bond Resolution, or this Trust Indenture; provided that no right of action shall exist subsequent to the time of waiver of an Event of Default in the payment of any such amount so due and such Event of Default having been remedied and made good, as provided in Article 5(g).

(b) Control by Trustee. Except as otherwise provided in this Article, the rights of action with respect to this Trust Indenture shall be exercised by the Trustee and no owner of any Bond shall have any right to institute any suit, action or proceeding at law or equity for the appointment of a receiver or for any other remedy hereunder or by reason hereof unless and until in addition to the fulfillment of all other conditions precedent specified in this Trust Indenture, the Trustee shall have received the written request of the owners of not less than 25% in aggregate principal amount of the Bonds then outstanding and shall have been offered reasonable indemnity and shall have refused, or for 30 days thereafter neglected, to institute such suit, action, or proceeding; and it is hereby declared that the making of such request and the furnishing of such indemnity are in each case conditions precedent to the execution and enforcement by any owner of any Bond of the powers and remedies given to the Trustee hereunder and to the institution and maintenance by any owner of any Bond of any action or cause of action for the appointment of a receiver or for any other remedy hereunder; but the Trustee may, in its discretion, or when duly requested in writing by the owners of at least 25% in aggregate principal amount of the Bonds then outstanding and upon being furnished indemnity satisfactory to the Trustee against expenses, charges, and liability shall, forthwith take such appropriate action by judicial proceedings or otherwise to

00048

enforce the covenants of the User and the Issuer as the Trustee may deem expedient in the interest of the owners of the Bonds.

(c) Events of Default. Any one or more of the following events shall constitute and hereinafter shall be called an "Event of Default":

(1) the failure by the Issuer to make due and punctual payment of principal of, and redemption premium, if any, when due, or interest on the Bonds, within fifteen days after the same shall become due, whether payment is required at maturity or by call for redemption or otherwise.

(2) the failure of the User to make or pay, or cause to be made or paid, any Installment Loan Payment, or any part thereof, when and to the extent due and required by the Agreement or the Bond Resolution, which failure results in a non-payment of the principal of the Bonds, or premium, if any, when due, or results in a non-payment of interest on the Bonds which continues for a period of fifteen days.

(3) the dissolution or liquidation of the User in any manner not specifically authorized by the Agreement, or the filing by the User of a voluntary petition in bankruptcy or failure by the User promptly to lift or suspend any execution, garnishment, or attachment of such consequence as will materially impair its ability to carry out its obligations under the Agreement or the Bond Resolution, or the commission by the User of any act of bankruptcy, or failure of the User generally to pay its debts as they become due, or entry of an order for relief of the User in a bankruptcy case of the User or assignment by the User of a substantial portion of its assets for the benefit of its creditors, or the entry by the User into an agreement of composition with its creditors, or the entry of an order or decree applicable to the User in any proceedings for its reorganization or arrangement in any proceedings instituted under the provisions of any applicable federal or state bankruptcy statutes, including the federal Bankruptcy Code, as they now exist or are hereafter amended or enacted.

(4) the User defaulting in the observance or performance of any other of its covenants, conditions, or obligations in the Bonds, the Agreement, the Bond Resolution, or this Trust Indenture, and the User not remedying such default within 60 days after written notice to do so has been received by the User from the

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Trustee or the owners of the Bonds; and the Trustee may serve such notice, in its discretion, or shall serve such notice at the written request of the owners of not less than 25% in aggregate principal amount of the Bonds then outstanding.

(d) Declaration of Principal and Interest Due. Upon the happening of an Event of Default, the Trustee may, in its discretion, or upon the written request of the owners of at least 25% in aggregate principal amount of the Bonds then outstanding, and upon being indemnified to the satisfaction of the Trustee, shall, declare the principal of all Bonds then outstanding, and the interest accrued thereon immediately due and payable, and such principal and interest, together with any applicable agreed liquidated damages, and any applicable redemption premium, and any other amounts then due, shall thereupon become and be immediately due and payable, anything in the Bonds, the Agreement, the Bond Resolution, or this Trust Indenture to the contrary notwithstanding.

(e) Enforcement by Trustee. Upon the happening of an Event of Default, the Trustee may, in its discretion, or upon the written request of the owners of at least 25% in aggregate principal amount of the Bonds then outstanding, and upon being indemnified to the satisfaction of the Trustee, shall, take such appropriate action by judicial proceedings or otherwise to cure the Event of Default and/or to require the User or the Issuer to carry out its or their covenants and obligations under and with respect to the Bonds, the Agreement, the Bond Resolution, or this Trust Indenture, including without limitation, the use and filing of actions for specific performance, and mandamus proceedings, in any court of competent jurisdiction, against the Issuer, its Board of Directors, and its officers, employees, and/or agents, and to obtain judgments against the User for any Installment Loan Payments due but unpaid into the Debt Service Fund, or for any other amounts due hereunder, under the Bond Resolution, or under the Agreement, including all amounts due with respect to the Bonds then outstanding if declared due and payable as provided herein.

(f) Remedies Non-Exclusive. No remedy herein conferred upon or reserved to the Trustee 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 hereunder or under the Agreement, the Bonds or the Bond Resolution, or now and hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon the happening of an Event of Default continuing as

00050

aforesaid shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and so often as may be deemed expedient.

(g) Waiver of Defaults. The Trustee may, and upon the written request of the owners of 66/23% in aggregate principal amount of the Bonds then outstanding shall, waive any Event of Default hereunder and its consequences, except that an Event of Default in the payment of Installment Loan Payments, or in the payment of any amounts with respect to the Bonds when and as the same shall become due and payable, may be waived only if, the Event of Default therein shall have been remedied and made good. In case of any such waiver, the Issuer, the User, the Trustee, and the owners of the Bonds shall be restored to their former position and rights hereunder respectively, but such waiver shall not extend to any subsequent or other Event of Default or impair any right consequent thereon.

(h) Discretion of Trustee. In the event the Trustee shall receive conflicting or inconsistent requests and indemnity from two or more groups of owners of Bonds, each representing less than a majority of the aggregate principal amount of Bonds then outstanding, the Trustee in its sole discretion may determine what action, if any, shall be taken, notwithstanding any other provisions of this Trust Indenture.

(i) Application of Moneys. All money collected by the Trustee pursuant to the exercise of the remedies and powers provided in this Article, together with all other sums which then may be held by the Trustee under any provision of this Trust Indenture as security for the Bonds, shall be applied as follows:

FIRST: to the payment of the costs and expenses of the proceedings whereunder such money was collected, including a reasonable compensation to the Trustee, its agents, attorneys, and all other necessary or proper expenses, liabilities, and advances incurred or made by the Trustee under this Trust Indenture, and to the payment of all taxes, assessments, and liens superior to the lien of this Trust Indenture.

SECOND: to the payment of matured interest on the Bonds, including, to the extent legally permissible, interest thereon at the rate of interest borne by the Bonds from due date to date of payment.

00051

THIRD: to the payment of principal of, redemption premium, if any, and agreed liquidated damages, if any, on the Bonds which have been called for redemption as permitted or required by the Bond Resolution or have matured as provided thereby, and interest thereon, to the extent legally permissible, at the rate of interest borne by the Bonds from the date of redemption or maturity to date of payment.

FOURTH: to the payment of principal of the Bonds which have become due by virtue of the declaration of the Trustee pursuant to Article 5(d), and interest thereon, to the extent legally permissible, at the rate of interest borne by the Bonds from the date declared due to date of payment.

FIFTH: to the payment of the surplus, if any, to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

If in making distribution pursuant to the order above stated, the amount available for distribution in a particular classification shall be insufficient to pay in full all of the items in such classification, the amount available for distribution to items in such classification shall be prorated among such items in the proportion that the amount each item bears to the total of all such items. Notwithstanding anything contained in this Trust Indenture to the contrary, if the Trustee shall declare the principal of all Bonds then outstanding and the interest accrued thereon immediately due and payable as the result of an Event of Default, or if the Bonds are to be redeemed as a whole pursuant to mandatory redemption provisions provided in the Bond Resolution, or if the User shall exercise any option to redeem the Bonds as a whole in accordance with their terms, any amounts remaining in the Construction Fund shall be deposited in the Debt Service Fund and applied by the Trustee as provided in this subsection (i).

(j) Judicial Proceedings. In any judicial proceeding in which the Issuer is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of the owners of the Bonds, the Trustee, if permitted by the court having jurisdiction over such proceeding, may, in its discretion, or upon the written request of the owners of at least 25% in aggregate principal amount of the Bonds then outstanding, and upon being indemnified to the satisfaction of the Trustee, shall, intervene on behalf of the owners of the Bonds to assert the rights of such owners.

1500052

(k) Enforcement of Remedies Without Possession of Bonds. All rights of action or other rights under this Trust Indenture or otherwise may be brought by the Trustee in its own name as Trustee of an express trust and may be enforced by the Trustee without the possession of any of the Bonds or any interest coupons appertaining thereto, or the production thereof on the trial or other proceedings relative thereto.

(l) Direction by 66 2/3% in Principal Amount of Bondholders. It is expressly provided, however, that the owners of 66 2/3% in aggregate principal amount of the Bonds then outstanding, or a committee representing, pursuant to a written appointment filed with the Trustee, the owners of 66 2/3% in aggregate principal amount of the Bonds then outstanding, shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the Trustee's rights and remedies under the Agreement or the rights of the owners of the Bonds or the Trustee's rights and remedies under the Bond Resolution and this Trust Indenture, and may exercise any right or perform any action hereunder, with the same effect as the Trustee under this Trust Indenture, provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Trust Indenture, and provided that the Trustee shall be indemnified to its satisfaction.

(m) Notice By Trustee. The Trustee shall not be required to take notice nor be deemed to have notice of any default specified in this Trust Indenture, except for those Events of Default specified in Article 5(c)(1) and 5(c)(2), unless specifically notified in writing of such default by the owners of at least 25% in aggregate principal amount of the Bonds then outstanding.

(n) Concurrence of Bondholders. In determining whether the owners of a requisite aggregate principal amount of Bonds outstanding have concurred in any request, demand, authorization, direction, notice, consent, or waiver under this Trust Indenture or the Bond Resolution, Bonds owned by or for the account of the User or any person controlled by, controlling, or under common control of the User, shall be disregarded and deemed not to be outstanding for the purpose of any such determination; provided however, that for the purpose of determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, or waiver, only Bonds of which the Trustee has actual knowledge of such ownership shall be so disregarded.

44453

(o) Default of Payments. In the event of a default in the payment of any Installment Loan Payment, or in the performance of any agreement or covenant contained in the Bonds, the Agreement, the Bond Resolution, or this Trust Indenture, such payment and performance may be enforced by the Trustee by mandamus, specific performance, or by the appointment of a receiver (in equity with power to charge and collect Installment Loan Payments) in accordance with the Agreement, the Bond Resolution and this Trust Indenture.

(p) Notice to User of Past Due Payments. Pursuant to the Agreement, Installment Loan Payments are to be paid by the User directly to the Trustee. In the event that any such payments are not timely made, the Trustee shall immediately notify the User by wire at the address provided in the Agreement or by telephonic notice with confirmation of such notice by wire, that payment has not been made. Such notice shall be deemed given at the time the wire is received or telephonic notice is given, whichever is earlier. Failure of the Trustee to give, or the User to receive, such notice shall not relieve the User of any covenant or obligation under the Agreement, the Bond Resolution or this Trust Indenture and shall not constitute a waiver of any Event of Default under this Trust Indenture.

Article 6. CONCERNING THE TRUSTEE. The Trustee accepts the trust imposed upon it by this Trust Indenture, but only upon and subject to the following express terms and conditions:

(a) Not Accountable for Bond Proceeds. In no event shall the Trustee be liable except for its negligence or willful misconduct in relation to its duties under this Trust Indenture and the Bond Resolution. The Trustee shall not be responsible for any recitals herein, in the Bonds, the interest coupons, if any, appertaining thereto, the Bond Resolution, the Agreement, or for the sufficiency of the security for the Bonds or interest coupons, if any, appertaining thereto. The Trustee shall have no responsibility hereunder except to the extent of the duties placed upon the Trustee to hold, administer, deposit, secure, invest, and use the Debt Service Fund and the Construction Fund as expressly required by the Bond Resolution, to the extent funds for such purposes are received by the Trustee, and to perform the other express covenants and agreements made by the Trustee under the provisions of this Trust Indenture and the Bond Resolution.

(b) Reliance by Trustee. The Trustee may rely and shall be protected in acting or refraining from acting in accordance with the provisions of this Trust Indenture and the Bond Resolution upon any notice, requisition, request,

00054

consent, certificate, order, affidavit, letter, telegram, or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and the Trustee shall not be bound to recognize any person as an owner of Bonds or to take any action at his request, unless the Bond or Bonds owned by such owner of Bonds shall be deposited with the Trustee, be registered in the name of such owner on the Bond Registration Books kept by the Trustee, or submitted to it for inspection. Any action taken by the Trustee pursuant to this Trust Indenture upon the request or authority or consent of any person who, at the time of making such request, or giving such authority or consent, is the owner of any Bond secured hereby, shall be conclusive and binding upon all future owners of the same Bond and of Bonds issued in exchange therefor or in place thereof.

(c) Compensation of Trustee from Debt Service Fund. Unless otherwise paid directly by the User, there shall be paid from the Debt Service Fund the Trustee's reasonable compensation, and its reasonable expenses, advances, and counsel fees, and its liabilities incurred in and about the execution of the trusts hereby created and the exercise and performance of the powers and duties of the Trustee hereunder (except liabilities incurred as a result of the negligence or willful misconduct of the Trustee, or as provided in the Bond Resolution), and the reasonable cost and expenses, including counsel fees, of defending against liabilities.

(d) Limited Responsibilities. The responsibilities of the Trustee elsewhere set forth herein shall be further limited as follows:

FIRST: the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with a direction of the owners of Bonds pursuant to any provision of this Trust Indenture relating to the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Trust Indenture.

SECOND: no provision of this Trust Indenture shall require the Trustee (1) to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it, nor (2) to take any action, whether or not directed to take such

action by the owners of Bonds, pursuant to this Trust Indenture, which in the judgment of the Trustee would conflict with any rule of law, or with the terms of this Trust Indenture, or would be unjustly prejudicial to the owners of Bonds not taking part in such direction. When acting pursuant to the direction of any owners of Bonds pursuant to this Trust Indenture, the Trustee may take other action deemed proper by the Trustee which is not inconsistent with such direction; provided, however, that the terms of this subparagraph SECOND shall not impose any additional duties or responsibilities upon the Trustee and shall not be construed to limit the effect of subparagraph FIRST of this paragraph (d).

(e) Advice. The Trustee may act upon the professional opinion or advice of any legal counsel, engineer, accountant, or other expert, reasonably believed by the Trustee to be qualified in relation to the subject matter, whether retained by the Trustee or the Issuer or otherwise, and the Trustee shall not be responsible for anything suffered or done or not done by it in good faith in accordance with any such opinion or advice.

(f) Trustee May Own Bonds. Except as prohibited by law, the Trustee may become the owner of any of the Bonds secured by this Trust Indenture with the same rights which it would have if it were not the Trustee; and nothing herein contained shall be construed to prohibit the Trustee, either as principal or agent, from engaging in or being interested in any financial or other transaction with the Issuer or the User or from acting as depository, trustee, or agent for any committee or body of owners of the Bonds or of other obligations of the Issuer as freely as if it were not the Trustee.

(g) Fees. The Issuer has agreed with the User in the Agreement and the Bond Resolution provides that, as part of the Installment Loan Payments the User shall pay to the Trustee its charges for performing the duties of Trustee, Registrar, and Paying Agent for the Bonds. It is agreed by the Trustee that the User may, without causing or creating a default or Event of Default hereunder, contest in good faith (and withhold payment of the contested amount until such contest is resolved) the reasonableness of any of the foregoing charges for services. All payments due the Trustee for such charges, fees, or expenses shall be paid by the User and no such charges, fees, or expenses shall be charged against or be payable by the Issuer, except the initial fees and expenses of the Trustee which are paid as part of the costs of issuance of the Bonds.

00056

Article 7. SUCCESSOR TRUSTEE. (a) Resignation of Trustee. The Trustee at the time acting hereunder may at any time resign and be discharged from all trusts created by this Trust Indenture by giving not less than 60 days written notice to the Issuer, the User, and to any owners of Bonds as shown on the Bond Registration Books and any other list of owners of Bonds kept by the Trustee, and by giving notice of such resignation by publication at least once, in the English language in a financial newspaper, journal or publication of general circulation in The City of New York, New York, or in the State of Texas (or if no such newspaper or journal shall at the time be published, then in such newspaper or journal as the Trustee may deem appropriate) the publication of such notice to appear not less than three weeks prior to the date specified in such notice when such resignation shall take effect. Such resignation shall take effect on the day specified in such instrument and notice, unless a successor Trustee shall previously have been appointed by the owners of Bonds or by the Issuer as hereinafter provided.

(b) Removal of Trustee. The Trustee may be discharged and removed at any time by an instrument or concurrent instruments in writing, delivered to the Trustee and to the Issuer, and signed by the owners of 66 2/3% in aggregate principal amount of the then outstanding Bonds.

(c) Appointment of Successor 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 the Trustee 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 66 2/3% in aggregate principal amount of the then outstanding Bonds by an instrument or concurrent instruments in writing, signed by such owners of Bonds, or by their attorneys in fact duly authorized in writing, and delivered to the Issuer; provided, nevertheless, that in any such event the Issuer by an instrument executed by authority of a resolution of its Board of Directors and signed by the President and by the Secretary of such Board, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the owners of Bonds in the manner above provided, and any such temporary Trustee so appointed by the Issuer shall immediately and without further act be superseded by the Trustee so appointed by such owners of Bonds. Every such successor or temporary Trustee shall be a trust company or bank in good standing located in the State of Texas, and having a capital and surplus of not less than Ten Million Dollars (\$10,000,000), if there be such a trust company or bank willing, qualified,

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and able to accept the trust upon reasonable and customary terms. In the event that no appointment of a temporary or successor Trustee shall be made pursuant to the foregoing provisions of this Article within 60 days after the Trustee gives written notice of resignation or the Trustee is removed, any owner of Bonds or any retiring Trustee may apply to any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it shall deem proper, prescribe or appoint a successor Trustee.

(d) Transfer to Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge, and deliver to its predecessor, the Issuer and the User an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become fully vested with all the estates, rights, powers, trusts, duties, and obligations hereunder of its predecessor; but such predecessor shall nevertheless, on the written request of the Issuer, execute and deliver an instrument transferring to such successor Trustee all of the estates, rights, powers, and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and money held by it to its successor; provided, however, that before any such delivery is required or made, all reasonable, customary, and legally accrued fees, advances, and expenses of such predecessor Trustee shall be paid in full. Should any deed, assignment, or instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such Trustee the estates, rights, powers, and duties hereby vested or intended to be vested in the predecessor Trustee, any and all such deeds, assignments, and instruments in writing shall, on request, be executed, acknowledged, and delivered by the Issuer.

(e) Merger or Consolidation of Trustee. Any corporation or association into which the Trustee, or any successor to it in the trusts created by this Trust Indenture, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation or association resulting from any merger, conversion, or consolidation to which the Trustee or any successor to it shall be a party, shall be the successor Trustee under this Trust Indenture without the necessity of the execution or filing of any paper or any other act on the part of any of the parties hereto anything herein to the contrary notwithstanding.

Article 8. RELEASE OF INDENTURE AND SATISFACTION OF INDEBTEDNESS. If, when the Bonds shall have become due and payable in accordance with their terms or otherwise as provided in this Trust Indenture or shall have been duly

called for redemption, and the whole amount of the principal, redemption premium, if any, and the interest so due and payable upon all of the Bonds, and the agreed liquidated damages, if any, with respect to the Bonds then due, shall be paid, or sufficient money shall be held by the Trustee for such purpose, and provision shall also be made for paying all other sums payable hereunder and/or under the Agreement and/or the Bond Resolution by the User, then and in that case all right, title, and interest of the Trustee in these presents and the estate and rights hereby granted shall thereupon cease, determine, and become void, and the Trustee in such case shall release this Trust Indenture and shall execute such documents to evidence such release as may be reasonably required by the Issuer and the User, and shall turn over any surplus funds held by it to whomsoever may then be entitled pursuant to the Bond Resolution, the Agreement, or by law to receive the same; and thereupon this Trust Indenture shall terminate and be of no effect; provided, that until the Bonds are finally paid, the Trustee shall continue to act as Paying Agent and Registrar for the Bonds.

Article 9. AMENDMENTS. This Trust Indenture may be amended only as provided in the Bond Resolution; provided, however, that Additional Bonds may be issued pursuant to the Bond Resolution as provided therein, and may be secured by this Trust Indenture without the necessity of amending or supplementing this Trust Indenture.

Article 10. MISCELLANEOUS PROVISIONS. (a) Acknowledgments and Ownership of Bonds. Any request, direction, consent, or other instrument required by this Trust Indenture to be signed or executed by owners of Bonds may be in any number of concurrent writings of similar tenor and may be signed or executed by such owners of Bonds in person or by an agent appointed in writing. Proof of the execution of any instrument, or of the writing appointing such agent, and of the ownership of the Bonds, if made in the following manner, shall be sufficient for any purpose of this Trust Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument:

(i) the fact, date, and due authorization of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction, who, by the laws thereof, has power to take acknowledgments within such jurisdiction to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

(ii) the fact of the owning of the Bonds by any owner thereof, the amount and numbers of such Bonds, and the date of his owning same may be proved by (A) with respect to bearer Bonds, the affidavit of the person claiming to be such owner, if such affidavit shall be deemed by the Trustee to be satisfactory, or by a certificate executed by any trust company, bank, banker, or any other depository, wherever situated, if such certificate shall be deemed by the Trustee to be satisfactory, showing that at the date therein mentioned such person had on deposit with such trust company, bank, banker, or other depository, the Bonds described in such certificate or in any other manner, whether or not the Bonds are deposited, as the Trustee may approve or (B) with respect to registered Bonds, the appropriate entries in the Bond Registration Books maintained by the Trustee as Registrar. The Trustee may conclusively assume that such ownership continued until written notice to the contrary is served upon the Trustee.

(b) Trustee May Require Proof of Ownership. Nothing contained in this Article shall be construed as limiting the Trustee to the proof hereinabove specified, it being intended that the Trustee may accept any other evidence of the matters herein stated which it may deem sufficient.

(c) Consent of Bondholders. Unless otherwise provided in the Bond Resolution, any request or consent of any owner of Bonds shall bind every future owner of the same Bond in respect of anything done by the Trustee in pursuance of such request or consent. In the event of the dissolution of the Issuer, all of the covenants, stipulations, promises, and agreements in this Trust Indenture contained by, on behalf of, or for the benefit of the Issuer, shall bind or inure to the benefit of the successor or successors of the Issuer from time to time and any officer, board, or commission to whom or to which any power or duty affecting such covenants, stipulations, promises, and agreements shall be transferred by or in accordance with law.

(d) Survival of Valid Bonds. If any Bond 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 coupons shall not be presented for payment at the due date, thereof, all liability of the Issuer and the User to the owners thereof and to the Trustee for the payment of such Bond or coupons, as the case may be, shall forthwith cease, determine, and be completely discharged whenever funds sufficient to pay such Bond or coupons shall be paid to the Trustee by the User, and such funds shall be segregated by the Trustee and held

00160

in trust for the benefit of the owners of such Bond or coupons, as the case may be, who shall thereafter be restricted exclusively to such funds for the satisfaction of any claim of whatever nature on their part relating to such Bond or coupons.

(e) Unclaimed Funds. Any money deposited with the Trustee in trust for the payment of the principal of redemption premium, if any, agreed liquidated damages, if any, or interest on any Bond and remaining unclaimed for six years after such principal of, redemption premium, if any, agreed liquidated damages, if any, or interest on such Bond has become due and payable shall be paid to the User provided, however, that before the Trustee shall be required to make any such repayment, the Trustee may at the expense of the User cause to be published in the English language at least once, in a financial newspaper, journal, or publication of general circulation in The City of New York, New York, or in the State of Texas, a notice that such money remains unclaimed and that, after a date specified therein which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the User. After the payment of such unclaimed moneys to the User, the owner of such Bond or the owner of the relevant coupon shall thereafter look only to the User for the payment thereof, and all liability of the Trustee with respect to such money shall thereupon cease.

(f) Rights of Parties. Except as herein otherwise expressly provided, nothing in this Trust Indenture expressed or implied is intended or shall be construed to confer upon any person, firm, or corporation other than the User, the Issuer, the Trustee, and the owners of Bonds, any right, remedy, or claim, legal or equitable, under or by reason of this Trust Indenture or any covenant, condition or stipulation contained herein.

(g) Severability. In case any one or more of the provisions of this Trust Indenture or of the Bonds, or any interest coupons appertaining thereto, shall be held to be invalid or ineffective as to any person or circumstance, the remainder thereof and the application of such provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

(h) Law. The validity, interpretation, and performance of this Trust Indenture shall be governed by the laws of the State of Texas.

Article 11. RECORDING. (a) Trustee to Record. The Issuer shall cause the Agreement and this Trust Indenture

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be filed in such manner and in such places as are now required by law to establish initially the lien of this Trust Indenture, and the priority thereof. The Trustee shall (1) cause each memorandum, financing statement, or continuation statement with respect to the Agreement and this Trust Indenture to be filed, registered, and recorded and to be refiled, reregistered, and rerecorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect the lien of this Trust Indenture and to publish notice of and to protect the rights and security of the owners of the Bonds and the rights of the Trustee under the Agreement, the Bond Resolution, and this Trust Indenture and (2) perform or cause to be performed from time to time any other act as required by law, and execute and file or cause to be executed and filed any and all instruments of further assurance, that may be necessary for such publication and protection. The Issuer shall, when so requested by the Trustee, execute all such instruments, memoranda, or statements necessary to maintain, protect, or preserve the interests assigned to the Trustee under this Trust Indenture.

(b) Non-Encumbrance. This Trust Indenture is, and always will be kept, a direct lien and security interest upon the Installment Loan Payments, the Debt Service Fund, and the Construction Fund, and the Issuer will not create or suffer to be created any lien prior to or on a parity with the lien of this Trust Indenture or any part thereof.

Article 12. NOTICE TO TEXAS INDUSTRIAL COMMISSION. If the User fails to timely make or pay any Installment Loan Payment, or upon receiving notice that a Final Determination of Taxability has occurred, the Trustee promptly shall inform the Commission of such an occurrence, by sending written notice to the following address:

Texas Industrial Commission
Attention: Executive Director
410 East Fifth Street
Box 12728, Capitol Station
Austin, Texas 78711

or the latest address specified by said Commission in writing.

IN WITNESS WHEREOF, the Issuer acting through its Board of Directors, has caused this Trust Indenture to be executed in multiple counterparts, each of which shall be considered an original for all purposes, in its name, and for and on its behalf, by the President of such Board and attested by the Secretary of such Board, and its corporate seal to be

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hereto affixed; and the Trustee, to evidence its acceptance of the trusts hereby created and vested in it, has caused this Trust Indenture to be executed in multiple counterparts, each of which shall be considered an original for all purposes, in its behalf by one of its Vice Presidents, attested by one of its Trust Officers, and its corporate seal to be hereunto affixed, all as of the date first above written.

MESQUITE INDUSTRIAL DEVELOPMENT CORPORATION

By _____
President, Board of Directors

ATTEST:

Secretary, Board of Directors

(SEAL)

THE FIDELITY BANK, TRUSTEE

By _____
Vice President

ATTEST:

Trust Officer

(SEAL)