

**ARTICLE VII
CASUALTY AND CONDEMNATION**

SECTION 7.01. DAMAGE AND DESTRUCTION..... 15
 SECTION 7.02. CONDEMNATION 15
 SECTION 7.03. PAYMENTS IN LIEU OF TAXES IN THE EVENT OF DAMAGE AND DESTRUCTION OR CONDEMNATION. 15

**ARTICLE VIII
PARTICULAR COVENANTS AND AGREEMENTS**

SECTION 8.01. COVENANT OF QUIET POSSESSION 16
 SECTION 8.02. NO WARRANTY OF CONDITION OR SUITABILITY OF PROJECT..... 16
 SECTION 8.03. NO CONVEYANCE OR IMPAIRMENT OF TITLE BY THE COUNTY 16
 SECTION 8.04. PRIMARY USE 16
 SECTION 8.05. RIGHT TO INSPECT..... 16
 SECTION 8.06. RELEASE OF LEASED LAND; EASEMENTS 17
 SECTION 8.07. LIMITATION OF COUNTY’S LIABILITY 18
 SECTION 8.08. LIENS BY TENANT 18
 SECTION 8.09. APPLICATIONS AND LICENSES 18
 SECTION 8.10. QUALIFICATION IN STATE 18
 SECTION 8.11. NO LIABILITY OF COUNTY’S PERSONNEL 18

**ARTICLE IX
SUBLET, ASSIGNMENT, OR OTHER TRANSFERS OF
INTEREST IN THIS AGREEMENT;
SURVIVAL OF TENANT’S OBLIGATIONS**

SECTION 9.01. SUBLET, ASSIGNMENT, OR OTHER TRANSFER..... 19
 SECTION 9.02. ACCESS; REMOVAL AND ASSIGNMENT OF PROJECT PROPERTY 19

**ARTICLE X
PURCHASE AND OPTION TO PURCHASE PROPERTY;**

SECTION 10.01. MANDATORY PURCHASE OF PROJECT BY TENANT 20
 SECTION 10.02. OPTIONS TO PURCHASE THE PROJECT; EXERCISE OF OPTION HEREUNDER..... 20
 SECTION 10.03. PURCHASE PRICE..... 20
 SECTION 10.04. STATUS OF TITLE..... 21
 SECTION 10.05. CONVEYANCE; CHARGES INCIDENT THERETO..... 21

**ARTICLE XI
EVENTS OF DEFAULT AND REMEDIES**

SECTION 11.01. EVENTS OF DEFAULT 22
 SECTION 11.02. REMEDIES ON EVENT OF DEFAULT..... 22
 SECTION 11.03. TENANT’S OBLIGATION TO SURVIVE REPOSSESSION AND TERMINATION..... 22

**ARTICLE XII
MISCELLANEOUS**

SECTION 12.01. RIGHTS AND REMEDIES CUMULATIVE 24
 SECTION 12.02. SUCCESSORS AND ASSIGNS 24
 SECTION 12.03. NOTICES, DEMANDS, AND REQUESTS..... 24
 SECTION 12.04. APPLICABLE LAW; ENTIRE UNDERSTANDING 25

SECTION 12.05. SEVERABILITY 25

SECTION 12.06. HEADINGS AND TABLE OF CONTENTS; REFERENCES 25

SECTION 12.07. MULTIPLE COUNTERPARTS 25

SECTION 12.08. AMENDMENTS..... 25

SECTION 12.09. WAIVER 25

SECTION 12.10. MEMORANDUM OF LEASE AGREEMENT; LEASEHOLD MORTGAGE RIDER 25

SECTION 12.11. WAIVER OF RECAPITULATION REQUIREMENT 25

EXHIBIT A. DESCRIPTION OF LEASED LAND A-1

EXHIBIT B. DESCRIPTION OF THE PROJECT B-1

EXHIBIT C. FORM OF DEED C-1

EXHIBIT D. FORM OF BILL OF SALE D-1

EXHIBIT E. FORM OF NON-DISCLOSURE STATEMENT E-1

EXHIBIT F. LEASEHOLD MORTGAGE RIDER RIDER-1

LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into as of the ____ day of _____, 2004, by and between Fairfield County, South Carolina ("County"), a body politic and corporate and a political subdivision of the State of South Carolina, and MC Squared Finishing Solutions, LLC ("Tenant"), a limited liability company organized and existing under the laws of the State of South Carolina.

WITNESSETH:

WHEREAS, Title 4, Chapter 12, Code of Laws of South Carolina, 1976, as amended ("Act"), in conjunction with other parts and provisions of Title 4 of the Code of Laws of South Carolina including, without limitation, Chapters 9 and 29, authorizes and empowers the several counties of the State of South Carolina to acquire, or cause to be acquired, enlarge, improve, and expand one or more projects (as defined in the Act), to allow financing agreements with any industry to construct and thereafter operate, maintain, and improve a project, and to enter into lease agreements which allow for payment of fee-in-lieu-of-taxes as an inducement for the acquiring, enlarging, improving, or expanding such project by construction and purchase; and

WHEREAS, as inducement for the Tenant to locate in the County, the County has agreed to enter into this Lease Agreement with provisions for payments in lieu of taxes for the purpose of acquiring, by construction and purchase, certain land, buildings, and other improvements constituting a project (as defined in the Act) necessary, suitable, or useful to the Tenant in the construction and/or expansion of its manufacturing facility for powder coating applications and related technologies ("Project"), all to be located within the jurisdiction of the Industrial Park (hereinafter defined), and as a result thereof to lease the Project to the Tenant in accordance with the terms and conditions hereinafter set forth; and

WHEREAS, the Project will be located in the multi county industrial park that the County and Richland County have heretofore established in accordance with the provisions of Title 4, Chapter 1, Section 170 of the Code of Laws of South Carolina (the "Industrial Park"); and

WHEREAS, the Project will be located in a High Unemployment Area (herein defined).

NOW, THEREFORE, in consideration of the respective representations and agreements hereinafter contained, the County and the Tenant agree as follows provided that in the performance of the agreements of the County herein contained, it shall not incur any obligation for the payment of money, but, the foregoing notwithstanding, any obligation it may thereby incur shall not create a pecuniary liability or a charge upon its general credit or taxing powers but shall be a limited obligation of the County payable solely out of the moneys derived by it from this Lease, any insurance proceeds, proceeds from released property or property sold by the County for non-payment of the fee lease payments, and condemnation awards as provided herein and in the Act.

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. In addition to the words and terms elsewhere defined in this Lease, the following words and terms as used herein and in the preambles hereto shall have the following meanings unless the context or use indicates another or different meaning or intent. Furthermore, terms not defined herein which are defined in the Act shall have the meaning ascribed to them in the Act.

“Act” shall mean Title 4, Chapter 12, Code of Laws of South Carolina, 1976, as amended, and all future acts amendatory thereof, or successor thereto.

“Additional Rent” shall have the meaning ascribed to it in Section 6.04 of this Lease.

“Administration Expenses” shall mean the reasonable and necessary expenses incurred by the County with respect to the Project and this Lease; provided, however, that no such expense shall be considered an Administration Expense until the County has furnished to the Tenant a statement in writing indicating the amount of such expense and the reason it has or will be incurred.

“Authorized Tenant Representative” shall mean a manager of the Tenant, an officer of the Tenant duly appointed by the managers or members of the Tenant according to its operating agreement, or any person or persons at the time designated to act on behalf of the Tenant by one of its managers or officers.

“Basic Rent” shall have the meaning ascribed to it in Section 5.02 of this Lease.

“Code” shall mean the Code of Laws of South Carolina, 1976, as amended.

“Completion Date” shall mean the date on which the acquisition, construction, and installation of the Project or any one of its increments is completed in its entirety as certified in accordance with Section 4.03 of this Lease.

“Cost” or “Cost of Project” shall mean any cost of acquiring, by construction and purchase, the Project and shall be deemed to include, whether incurred prior to or after the date of this Lease: (i) obligations of the Tenant or the County incurred for labor, materials, and other expenses to contractors, builders, and materialmen in connection with the acquisition, construction, and installation of the Project; (ii) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction of the Project, which are not paid by the contractor or contractors or otherwise provided for; (iii) the expenses of the Tenant or the County for test borings, surveys, test and pilot operations, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or reasonably necessary in connection with the acquisition, construction, and installation of the Project; (iv) legal, accounting, financial and printing expenses, fees, and all other expenses incurred in connection with the execution and delivery of this Lease; (v)

all other costs which the Tenant shall be required to pay under the terms of any contract or contracts for the acquisition, construction, and installation of the Project; and (vi) any sums required to reimburse the Tenant or the County for advances made by either of them for any of the above items, or for any other work done and costs incurred by the Tenant or the County which are for the acquisition of property of a character subject to the allowance for depreciation provided for under Section 167 of the Internal Revenue Code of 1986, as amended, and included in the Project.

“County” shall mean Fairfield County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina, and its successors and assigns.

“County Council” shall mean the governing body of the County and its successors.

“Default” shall mean an event or occurrence the condition of which would, with the lapse of time or the giving of notice or both, become an event of Default as defined in Section 11.01 hereof.

“FILOT Payments” shall mean the payments in lieu of taxes that the Tenant is obligated to pay to the County as set forth in Section 6.03 hereof.

“High Unemployment Area” shall mean a county that had an average annual unemployment rate of at least twice the state average during the calendar years 2002 and 2003 and consequently qualifies for the reduced level of investment under Section 4-12-30(B)(3), second sentence, of the Act.

“Increments” shall mean those increments of the Project that are completed and fit for their intended use as prescribed by Section 12-37-670 of the Code.

“Industrial Park” shall mean the shall mean the multi-county industrial park established pursuant to an agreement between the County and Richland County, South Carolina, as amended.

“Initial Investment Period” shall mean the period beginning the first day of the Tenant’s property tax year during which this Lease is executed and ending five years after the end of such property tax year.

“Investment Period” shall mean the period beginning the first day of the Tenant’s property tax year during which this Lease is executed and ending either (i) five years after the end of such property tax year or (ii) up to ten years after such property tax year if the County agrees to such extension as required by the Act as provided in Section 4-12-30(C)(2) of the Act.

“Lease” or “Agreement” shall mean this agreement as originally executed and from time to time supplemented or amended as permitted herein.

“Leased Equipment” shall mean all equipment either acquired by the Tenant and conveyed to the County or acquired by the Tenant in the name of the County or acquired by the County, all of which is placed in service by the Tenant for the first time in South Carolina during the Investment Period on the Leased Land, and all of which is leased by the County to the Tenant pursuant to this

Lease, as further described on *Exhibit B* attached hereto as such may be supplemented from time to time.

“Leased Land” shall mean that certain portion of the real estate now owned or hereinafter acquired by the Tenant or the County and more fully described in *Exhibit A* attached hereto as such may be supplemented from time to time, all of which are leased by the County to the Tenant pursuant to this Lease.

“Leasehold Estate” shall mean the inclusive rights, interest, entitlements, authority, obligations, options, and protections of the Tenant under and pursuant to this Lease Agreement.

“Leased Improvements” shall mean shall mean all improvements to the Land, including, without limitation, any roads, infrastructure, and buildings which are completed and become ready to be used for the intended purpose during the Investment Period, which are leased by the County to the Tenant pursuant to this Lease, as further described on *Exhibit B* attached hereto as such may be supplemented from time to time.

“Permitted Encumbrances” shall mean as of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent; (ii) this Lease, any sublease, and any financing or other security instrument including any mortgage or leasehold mortgage authorized by Tenant in writing or to which Tenant is a party; (iii) utility, access, and other easements and rights of way, flood rights, leases, subleases, restrictions, and exceptions that were authorized by Tenant; (iv) such minor defects, irregularities, encumbrances, easements, rights of way, and clouds on title as normally exist with respect to properties similar in character to the Project and as do not materially impair the property affected thereby for the purpose for which it was acquired or is held by the County; (v) mechanics’ and materialmen’s liens in effect on the date hereof or otherwise for work or deliveries ordered by the Tenant; (vi) any mortgage or security interest presently held by a bank or other institutional lender in the Leased Land, the Leased Improvements, the Leased Equipment, and/or other property that comprises the Project authorized by Tenant in writing.

“Person” shall mean and include any individual, association, unincorporated organization, company, corporation, partnership, joint venture, or government or agency or political subdivision thereof.

“Plans and Specifications” shall mean the plans and specifications prepared for the Project, on file at the Tenant’s office, as the same may be implemented and detailed from time to time and as the same may be revised from time to time prior to the completion of the acquisition, construction, and installation of the Project in accordance with Section 4.03 hereof.

“Project” shall mean (i) the Leased Land; (ii) the Leased Improvements; (iii) the Leased Equipment; (vi) all other machinery, equipment, other fixtures or personal property which is installed in or on the Leased Land in substitution or replacement of any part of the Project; and (v) any personal property acquired hereafter which becomes so attached, integrated, or affixed to any item described in the foregoing clauses that it cannot be removed without damaging such items or impairing the operating utility of such items as originally designated.

“Reserved Rights” shall mean the rights of the County hereunder to receive notices, to inspect the Project and any books and records relating to the Project, to receive payment of Administration Expenses for costs incurred by the County, to receive payments in lieu of taxes pursuant to Section 6.03 hereof, and to receive payments under Section 6.04 hereof.

“School District” shall mean the applicable school district in which the Project is located.

“Sponsor” shall have the meaning defined in the Act and shall specifically mean MC Squared Finishing Solutions, LLC

“Sponsor Affiliate” shall have the meaning defined in the Act and shall specifically mean any person or entity eligible under the Act and specifically approved by the County by resolution of the County Council as Sponsor Affiliate under this Agreement.

“State” shall mean the State of South Carolina.

“Tenant” shall mean MC Squared Finishing Solutions, LLC as Sponsor, any Sponsor Affiliate, and any surviving, resulting, or transferee entity in any merger, consolidation, or transfer of assets unless in violation of any provision herein.

“Term” shall mean the duration of the leasehold estate as set forth in Section 5.01 hereof.

All terms used herein which are not otherwise defined shall have the meaning ascribed to them in the Act.

Section 1.02. References to Lease. The words “hereof”, “herein”, “hereunder”, and other words of similar import refer to this Lease as a whole.

[End of Article I]