DMS

MISSOULA COUNTY RESPONSES TO EPA INFORMATION REQUEST
SMURFIT-STONE MILL SITE, MISSOULA, MONTANA SSID A804

1. Identify the person(s) answering these questions on behalf of Missoula County.

   ANSWER: Martha E. McClain, Deputy County Attorney, Missoula County Attorney's Office, 200 W. Broadway, Missoula, MT 59802, (406) 258-4953, mmcclain@co.missoula.mt.us.

2. Identify the person(s) whom you wish to receive all further communications from the EPA related to the site.

   ANSWER:

   a. Michele Landquist, Chairman, Missoula Board of County Commissioners, 199 W. Pine, Missoula, MT 59802;
   b. Dale Bickell, Chief Administrative Officer, 199 W. Pine, Missoula, MT 59802
   c. Peter Nielsen, Water Quality District Supervisor, Missoula City-County Health Department, 301 W. Alder, Missoula, MT 59802
   d. Martha E. McClain, County Attorney's Office, 200 W. Broadway, Missoula, MT 59802

3. For each and every Question contained herein, identify all persons consulted in the preparation of the answer.

   ANSWER:

   a. Peter Nielsen, Water Quality District Supervisor, Missoula City-County Health Department, 301 W. Alder, Missoula, MT, 59802 assisted in providing response to Question 7.
   b. Vickie Zeier, Missoula County Clerk and Recorder, 200 W. Broadway, Missoula, MT 59802 assisted in providing copies documents recorded in the Clerk and Recorders Office.
   c. Hal Luttschwager, Missoula County Risk Manager, 438 W. Spruce, Missoula, MT 59802, assisted in answering Question 11.
   d. Jim Carlson, Environmental Health Director, Missoula City-County Health Department, 301 W. Alder, Missoula, MT 59802, assisted in answering Questions 6 and 7.
   e. Michael Sehestedt, Montana Association of Counties, 2715 Skyway Drive, Suite A, Helena, 59602, assisted in answering Questions 5 and 6.

4. For each and every Question contained herein, identify documents consulted, examined, or referred to in the preparation of the answer or that contain information responsive to the Question and provide accurate copies of all such documents.

ANSWER:

Question 1.
None.

Question 2.
None.

Question 3.
None.

Question 4.
None.

Question 5.

<u>For the 1971 acquisition:</u>
Warranty Deed 1
Resolutions 1,2,11 and 12
Lease 1 and Lease Termination 1
Mortgage and Trust Agreement
Guaranty Agreement
Fickes v. Missoula County, 155 Mont. 258; 470 P.2d 287 (1970)

<u>For the 1978 acquisition</u>:
Warranty Deed 2;
Resolutions 3,4,5,6,7,8,9,10, 11 and 12
Lease 2 and Lease Termination 2

Question 6.

No changes made to the Site by Missoula County.

Question 7.

Still being researched.

Question 8.

No activities at Site by Missoula County.

Question 9.

No permits issued to Missoula County.

Question 10.

No hiring by Missoula County to perform work at the Site.

Question 11.

None.

Question 12.

None.

No Question 13.

Question 14.

None.

5. Describe the Respondent's activities at the Site including the following and provide copies of all documents relating to such activities:

ANSWER: Portions of property at the Site were acquired by Missoula County in 1971 and 1978.

<u>For the 1971 acquisition</u>:

a. The date Missoula County acquired any portion of the Site.

ANSWER: June 1, 1971.

b. A description of any acquired property within the Site;

ANSWER: A Warranty Deed dated June 1, 1971, recorded at Book 31 Page 1, describes the property as:

"Parcels of land situated in the Northwest Quarter (NW ¼ of Section Twenty-Four (24), Township Fourteen (14) North, Range Twenty-one (21) Wes, Principal Meridian, Montana, more particularly described as follows:

Clarifier:

That certain circular tract of land 250 feet in diameter, situated in the North Half of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 504, more particularly described as follows:

Commencing at an iron pin in Mullan Road, at or approximating the North Quarter corner of Section 24, Township 14 North, Range 21 West, thence S 68° 44' 46" W, 961.22 feet; thence S 21° 08' 14" W, 832.40 feet to the center of said circular tract, from which said tract is circumscribed on a radius of 125 feet, attached to which and included in this description is a 25' by 19' Pump House on the northwesterly side of this circumscribed circle, containing 1.127 acres more or less.

#3 Recovery Boiler

That certain rectangular tract of land situated in the North Half of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows: Commencing at an iron pin in Mullan Road, at or approximating the North Quarter corner of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; thence South 36 ° 08' 17" West, 475.86 feet to the true point of beginning; thence S 21° 46' 10" E, 79.00 Feet; thence S 68° 13' 50" W, 60.00 feet; thence N 21° 46' 10" W, 79.00 feet; thence N 68° 13' 50" E, 60.00 feet to the true point of beginning, containing 0.109 acres more or less.

Hog Fuel Boiler – Wet Scrubber

That certain rectangular tract of land situated in the North Half of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows: Commencing at an iron pin in Mullan Road, at or approximating the North Quarter corner of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; thence S 31° 39' 10" West, 555.56 feet to the true point of beginning; thence S 21 ° 46' 10" E, 30.50 feet; thence S 68° 13' 50" E 27.00 feet to the true point of beginning, containing 0.019 acres more or less.

#4 Recovery Boiler

That certain rectangular tract of land situated in the North Half of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows: Commencing at an iron pin in Mullan Road, at or approximating the North Quarter corner of Section 24, Township 14 North, Range 21 West, Principal Meridian,

Montana; thence s 06° 31' 18" West, 374.52 feet to the true point of beginning; thence S 68° 13' 50" W, 190.00 feet; thence N 21° 46' 10" W, 105.00 feet; thence N 68° 13' 50" E, 190.00 feet; thence S 21° 46' 10" E, 105.00 feet to the true point of beginning, containing 0.459 acres more or less.

Together with all building, additions, improvements and fixtures now or hereafter located thereon or therein, and with the tenements, hereditaments, servitudes, appurtenances, rights, privileges and immunities thereunto belonging or appertaining.

c. The entity from which Missoula County acquired any portion of the Site.

ANSWER: Missoula County acquired a portion of the Site from Hoerner Waldorf Corporation (formerly Waldorf Paper Products Company of Montana), having its principal office in St. Paul, Minnesota.

d. A description of Respondent's operations at the Site.

ANSWER: Missoula County conducted no operations at the site. Missoula County, acting under the authority provided in The Industrial Developments Project Act of 1965, Title 11, Chapter 41, Revised Code of Montana, 1947, as amended, acquired the property described above for the limited purpose of issuing industrial revenue bonds to finance construction of air and water pollution control improvements for Hoerner Waldorf's use. Missoula County had a trust interest in the property as distinguished from beneficial ownership, *Fickes v. Missoula County* 155 Mont. 258; 470 P2d 287 (1970).

e. Any changes Missoula County made to the Site, including any demolition or improvements.

ANSWER: Missoula County made no changes to the Site, including any demolition or improvements.

f. The activities taken upon cessation of operations at the Site.

ANSWER: Missoula County has undertaken no activities upon cessation of operations at the Site.

g. The date Missoula County transferred all or a portion of the Site, and the entity to which that portion was transferred.

ANSWER: Missoula County transferred the above described property to Hoerner Waldorf Properties Company, a corporation organized and existing under the laws of the State of Minnesota on January 27, 1986, by a Warranty Deed, recorded at Book 235 Page 2088.

For the 1978 acquisition:

a. The date Missoula County acquired any portion of the Site.

ANSWER: On June 19, 1978, Missoula County acquired a portion of the Site containing certain equipment, as follows: Non-Condensible Gas System (#1); 40% Liquor Storage Tank Vent (#6); No. 4 Lime Kiln Scrubber (#3); Tall Oil Vent Scrubber (#4); No. 3 Slaker Vent Scrubber (#5); Washer Hood Vents – Scrubber (Washing and Screening)(#7); Washer Hood Vents-Scrubber (Digesters)(#7A); Condensate Stripping System (#9); No. 3 Recovery-Esp (#10); No. 3 Recovery-Smelt Tank Scrubber (#13); No. 5 Recovery-Smelt Tank Scrubber (#11); No. 5 Recovery-Esp (#12); Waste Fuel Boiler and Scrubber (#2); Washer Hood Vents – Incineration (#8).

b. A description of any acquired property within the Site;

ANSWER: A Warranty Deed dated June 19, 1978, recorded at Book 121 Page 264, describes the property as follows:

Non-Condensible Gas System (#1)
40% Liquor Storage Tank Vent (#6)
That certain rectangular tract of land situated in the NW ¼ of Section 24, T. 14 N., R. 21 W., Principal Meridian Montana; more particularly described as follows: Commencing at the ¼ corner common to Sections 13 and 24, T. 14 N., R. 21 W; thence South 40° 31'47" West, 290.68° feet to the true point of beginning; thence South 67° 50'36" West, 90.00 feet; thence North 22°09'24" West, 95 feet; thence North 67° 50'36" East, 90.00 feet; thence South 22° 09'24" East, 95.00 feet to the true point of beginning, containing 0.196 acres, more or less.
No. 4 Lime Kiln Scrubber
That certain rectangular tract of land situated in the NW ¼, Section 24, T. 14 N., R. 21 W., Principal Meridian, Montana; more particularly described as follows: Commencing at the ¼ corner common to Sections 13 and 24, T. 14 N., R.21 W., thence South 08°07'31" West, 806.18 feet to the true point of beginning; thence

South 22° 09'24" East, 60.00 feet; thence South 67° 50'36" East, 40.00 feet to the true point of beginning, containing 0.55 acres more or less.

Tall Oil Vent Scrubber

That certain rectangular tract of land situated in the NW ¼ Section 24, T.14N., R.21 W., Principal Meridian, Montana:

Commencing at the ¼ corner common to Sections 13 and 24, T.14N., R. 21 W.; thence South 13°25'23" West, 1081.21 feet to the true point of beginning; thence South 22°09'24" West, 35.00 feet; thence North 67°50'36" East, 30.00 feet to the true point of beginning, containing 0.041 acres, more or less.

No. 3 Slaker Vent Scrubber (#5)

That certain rectangular tract of land situated in the NW ¼ Section 24, T. 14 N. R. 21 W., Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, T. 14 N., R. 21 W.; thence South 23°29'08" West, 652.49 feet to the true point of beginning; thence South 22°09'24" East, 60.00 feet; thence South 67°50'36" West, 30.00 feet; thence North 22°09'24" West, 60.00 feet; thence North 67°50'36" East, 30.00 feet to the true point of beginning, containing 0.041 acres, more or less.

Washer Hood Vents-Scrubber (Washing & Screening) (#7)

That certain rectangular tract of land situated in the NW ¼, Section 24, T.14 N., R. 21 W., Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, T. 14 N., R. 21 W.; thence South 76°18'58" West, 643.55 feet to the true point of beginning; thence South 67°50'36" West, 121.00 feet; thence North 22°09'24" East, 92.00 feet to the true point of beginning, containing 0.256 acres, more or less.

Washer Hood Vents-Scrubber (Digesters) (#7A)

That certain rectangular tract of land situated in the NW ¼, Section 24, T. 14 N., R. 21 W., Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Section 13 and 24, T. 14 N., R. 21 W; thence South 58°44'27" West, 639.58 feet to the true point of beginning; thence South 22°09'24" East, 145.00 feet; thence South 67°50'36" East, 35.00 feet to the true point of beginning, containing 0.116 acres, more or less.

Condensate Stripping System (#9)

That certain rectangular tract of land situated in the NW ¼, Section 24, T.14 N., R. 21 W, Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, T. 14 N., R. 21 W; thence South 24°23'08" West, 479.79 feet to the true point of beginning; thence South 67°50'36" West, 28.25 feet; thence North 22°09'24" West, 69.83 feet; thence North 67°50'36" East, 28.25 feet; thence South 22°09'24" East, 69.83 feet to the true point of beginning, containing 0.045 acres more or less.

Recovery Esp (#10)

No. 3 Recovery – Smelt Tank Scrubber-(#13)

That certain rectangular tract of land situated in the NW ¼ Section 24, T., 14 N., R. 21 W., Principal Meridian, Montana; more particularly described as follows: Commencing at the ¼ corner common to Sections 13 and 24, T. 14 N., R. 21 W.; thence South 39°27'56" West, 527.85 feet to the true point of beginning; thence North 67°50'36" East, 60.00 feet; thence South 22°09'24" East, 79.00 feet ;thence South 67°50'36" West, 60.00 feet; thence North 22°09'24" West, 79.00 feet to the true point of beginning, containing 0.101 acres more or less.

No. 5 Recovery-Smelt Tank Scrubber (#11)

No. 5 Recovery ESP (#12)

That certain rectangular tract of land situated in the NW ¼ Section 24, T. 14 N., R. 21 W., Principal Meridian, Montana; more particularly described as follows: Commencing at the ¼ corner common to Sections 13 and 24, T. 14 N., R. 21 W; thence South 31°02'24" West, 222.65 feet to the true point of beginning; thence South 22°09'24" East, 85.00 feet; thence South 67°50'36" West, 170 feet; thence North 22°09'24" West, 85.00 feet; thence North 67 °50'36" East, 170.00 feet to the true point of beginning, containing 0.332 acres more or less.

Waste Fuel Boiler and Scrubber (#2)

Washer Hood Vents – Incineration (#8)

That certain rectangular tract of land situated in the NE ¼ , Section 24, T. 14 N., R. 21 W, Principal Meridian, Montana; more particularly described as follows: That certain rectangular tract of land situated in the NE ¼, Section 24, T. 14 N., R. 21 W., Principal Meridian, Montana; more particularly described as follows: Commencing at the ¼ corner common to Sections 13 and 24, T. 14 N., R. 21 W.; thence South 14° 41'29" East, 542.78 feet to the true point of beginning; thence North 67°50'36" East, 77.00 feet; thence South 22°09'24" East, 161.00 feet; thence South 67°50'36" West, 77.00 feet; thence North 22°09'24" West, 161.00 feet to the true point of beginning, containing 0.285 acres, more or less.

Together with all buildings, additions, improvements and fixtures now or hereafter located thereon or therein, and with the tenements, hereditaments, servitudes, appurtenances, rights, privileges and immunities thereunto belonging or appertaining.

c. The entity from which Missoula County acquired any portion of the Site.

ANSWER: Missoula County acquired this portion of the Site from Champion International Corporation, a corporation organized under the laws of the State of New York, and having its principal place of business at Stamford, Connecticut, by and for its Hoerner Waldorf Division.

d. A description of Missoula County's operations at the Site.

ANSWER: Missoula County conducted no operations at the site. Missoula County, acting under the authority provided in The Industrial Developments Project Act of 1965, Title 11, Chapter 41, Revised Code of Montana, 1947, as amended, acquired the property described above for the limited purpose of issuing industrial revenue bonds to finance construction of air and water pollution control improvements for Hoerner Waldorf's use. Missoula County had a trust interest in the property as distinguished from beneficial ownership, *Fickes v. Missoula County* 155 Mont. 258; 470 P2d 287 (1970)

6. Describe and where available, provide maps and construction drawings that describe the physical characteristics of the Site and all changes that Missoula County has made to the site, including but not limited to, the following:
   a. Surface structures;
   b. Waste impoundments;
   c. Roads.

   ANSWER: Missoula County made no changes to the Site.

7. Provide copies of all documents regarding environmental conditions at the Site including, but not limited to, any sampling information, solid and hazardous waste management plans, and any known releases of hazardous substances.

   ANSWER: Missoula County conducted some particulate monitoring at the Site under contract to Hoerner Waldorf or its successor owners. Missoula County is researching its files to locate any documents with information responsive to this question.

8. Describe all waste materials that resulted from Missoula County's activities at the Site. Describe the location and method of storing waste. Identify any hazardous substances contained in such wastes and provide copies of any and all documents that describe any analysis of such wastes and the results of the analysis.

   ANSWER: None.

9. Provide copies of any and all permits issued by State or Federal agencies related to Missoula County's activities at the Site.

   ANSWER: None.

10. Identify companies or individuals that Missoula County hired to perform work at the Site. Provide all documentation, including contracts, pertaining to this work. Include information about the purpose of and documentation related to Respondent's contracts at the Site.

ANSWER: Missoula County did not hire any companies or individuals to perform work at the Site. The Lease Agreements of 1971 and 1978 designated Hoerner Waldorf and Champion International, respectively, to be the contractor for the construction work related to installing the pollution control equipment financed by industrial revenue bonds.

11. Provide copies of all casualty, liability and/or pollution insurance policies, and any other insurance contracts relating to the Site under which Respondent may assert a claim, including but not limited to comprehensive general liability, primary, umbrella and excess policies, as well as any environmental impairment liability or pollution legal liability insurance.

ANSWER: None.

12. If there are such policies from Question 11 above of which you are aware but neither possess copies, nor are able to obtain copies, identify such policy to the best of your ability by identifying:
    a. The name and address of each insurer and of the insured;
    b. The type of policy and policy numbers;
    c. The per occurrence policy limits of each policy; and
    d. The effective dates for each policy.

ANSWER: None.

No question 13.

14. If you have reason to believe that there may be persons able to provide a more detailed or complete response to any Question contained herein or who may be able to provide additional responsive documents, identify such persons and additional information or documents that they may have.

ANSWER: None.

NOTARIZED CERTIFICATE

I, Martha E. McClain, having been duly sworn and being of legal age, hereby state:

1. I am the person authorized by Missoula County Board of County Commissioners to respond to the Environmental Protection Agency's (EPA's) require for information concerning the Smurfit-Stone Mill Site located in Missoula, Montana.
2. I have made a complete and thorough review of all documents, information, and sources relevant to the request.
3. I hereby certify that the foregoing response to EPA's request is complete and contains all information and documents responsive to the request.

Martha E. McClain

Martha E. McClain
Deputy County Attorney
Missoula County

Subscribed and sworn to before me this 7th day of June, 2013.

Susan J Stanley

SUSAN J STANLEY
NOTARY PUBLIC for the
State of Montana
Residing at Huson, MT
My Commission Expires
November 15, 2016

SUSAN J STANLEY NOTARIAL SEAL STATE OF MONTANA

Notary Public for the State of Montana
Residing at: Huson
My Commission expires: 11·15·2016

LEASES AND TERMINATIONS OF LEASE

Lease 1

County of Missoula, Montana and Hoerner Waldorf Properties Company, Lease Agreement, Dated as of June 1, 1971, recorded at Book 31 Page 6

Termination 1

Termination of Lease and Guaranty Agreements, dated January 27, 1986, recorded at Book 235 Page 2463

Lease 2

County of Missoula, Montana and Champion International Corporation, dated June 1, 1978, recorded at Volume 121 Page 278

Termination 2

Termination of Lease, dated February 14, 1986, recorded at Book 235 Page 2469

Missoula County Resolutions - 1970 through 1986

Resolution 1

Resolution Authorizing the Construction and Acquisition of a Project Under the Industrial Development Projects Act, Authorizing The Leasing of Said Project to Hoerner Waldorf Corporation of Montana; Authorizing the Issuance of $14,000,000 Industrial Development Revenue Bonds to Finance the Cost of Such Construction and Acquisition; Prescribing the form of Mortgage and Indenture of Trust to Secure Said Bonds and Authorizing the Execution Thereof; Prescribing the Form of a Lease Agreement and Authorizing the Execution of the Lease Agreement for said Project; Authorizing and Approving the Form of Guaranty Agreement; and Providing for the Security, Rights and Remedies of the Holders, From Time to Time, of Said Bonds, dated January 29, 1970, recorded at Book 21 Page 876.

Resolution 2

Resolution Authorizing the Construction and Acquisition of a Project Under the Industrial Development Projects Act; Authorizing the Leasing of Said Project to Hoerner Waldorf Properties Company; Authorizing the Issuance of $15,000,000 Industrial Development Revenue Bonds to Finance the Cost of Such Construction and Acquisition; Prescribing the Form of Mortgage and Indenture of Trust to Secure Said Bonds and Authorizing the Execution Thereof; Prescribing the Form of A Lease Agreement and Authorizing the Execution of the Lease Agreement for Said Project; Authorizing and Approving the Form of Guaranty Agreement; Prescribing the Form of Official Statement and Authorizing the Use Thereof; and Providing for the Security, Rights and Remedies of the Holders, From Time to Time, of Said Bonds , dated June 11, 1971, recorded at Book 30 Page 940.

Resolution 3

A Resolution Authorizing the Acquisition and Construction of Pollution Control Facilities by the County of Missoula, State of Montana; Authorizing the Lease of Said Facilities to Hoerner Waldorf Corporation; Authorizing the Issuance of Not Exceeding $10,000,000 Pollution Abatement Revenue Bonds Series 1973 to Finance the Cost of the Acquisition and Construction of Such Facilities, and Providing for the Security, Rights and Remedies of the Holders, From Time to Time of Said Bonds, dated September 24, 1973, recorded at Book 52 Page 690.

Resolution 4

Resolution No. 77-136 – This resolution set a hearing date of August 25, 1977 to determine whether or not it is in the public interest to issue Industrial Revenue Bonds in an amount not to exceed $10,000,000 to finance the construction of air and water pollution control facilities at the Hoerner Waldorf Division of Champion International's plant, dated July 27, 1977, recorded at Vol. 101 Page 797.

Resolution 5

Resolution No. 77-158 – This resolution set a hearing date of October 11, 1977 to determine whether or not it is in the public interest to issue Industrial Revenue Bonds in an amount not to exceed $14,000,000 to finance the construction of air and water pollution control facilities at the Hoerner Waldorf Division of Champion International's plant, dated July 29, 1977, recorded at Volume 104 Page 201.

Resolution 6

Resolution No. 77-168 – This resolution reflects the Commissioners' determination, after a public hearing, that an industrial revenue bond in an amount not to exceed $14,000,000 for the purpose of financing pollution control facilities at the Hoerner Waldorf mill was in the public interest of Missoula County, dated October 12, 1977, recorded at Volume 106 Page 287.

Resolution 7

Resolution No. 78-23; A Resolution Authorizing the Acquisition and Construction of Pollution Control and Environmental Improvement Facilities' by the County of Missoula, State of Montana; Authorizing the Lease of Said Facilities to Hoerner Waldorf Division of Champion International; Authorizing the Issuance of Not Exceeding $20,000,000 Pollution Control Revenue Bonds Series 1978B and Not Exceeding $1,000,000 Environmental Improvement Revenue Bonds Series 1978 to Finance the Cost of the Acquisition and Construction of Such Facilities and Providing for the Security, Rights and Remedies of the Holders, From Time to Time of Said Bond, dated March 13, 1978, recorded at Volume 114 Page 280.

Resolution 8

Resolution No. 78-47, A Resolution Amending Prior Resolution No. 78-23 of the County of Missoula, State of Montana Authorizing the Acquisition and Construction of Pollution Control Facilities and Environmental Improvement Facilities by the County and the Issuance of Not Exceeding $20,000,000 Pollution Control Revenue Bonds Series 1978B and Not Exceeding $1,000,000 Environmental Improvement Revenue Bonds Series 1978 to Finance the Cost of Acquisition and Construction of Such Facilities, dated March 21, 1978, recorded at Volume 116 Page 937.

Resolution 9

Resolution No. 78-49. This resolution reflects the Commissioners' determination, after a public hearing, that an industrial revenue bond issue in an amount not to exceed $30,000,000 for the purpose of financing pollution control facilities at the Hoerner Waldorf mill is in the public interest of Missoula County, dated May 2, 1978, recorded at Vol. 117 Page 555.

Resolution 10

Resolution No. 78-90; Resolution Authorizing the Issuance of $41,800,000 Aggregate Principal Amount of 1978 Environmental Improvement Revenue Bonds (Champion International Corporation Project) of the County of Missoula, Montana, For the Purpose of Providing Funds for Air Pollution and Solid Waste Disposal Facilities at the Champion International Corporation Plant; Authorizing the Execution and Delivery of An Indenture of Trust, Lease Agreement, Underwriting Agreement and Official Statement in Connection Therewith; Appointing a Trustee and Paying Agent; and Authorizing Proper Officers to Do All Other Things Deemed Necessary or Advisable, dated June 21, 1978, recorded at Volume 120 Page 1483.

Resolution 11

Resolution No. 86-011; Providing for the Redemption of the 1971 Missoula County Industrial Development Revenue Bonds (Hoerner Waldorf Project), dated February 10, 1986 recorded at Book 235 Page 46.

Resolution 12

Resolution No. 86-015 (Correcting Resolution 86-011) Providing for the Redemption of the 1971 Missoula County Industrial Revenue Bonds (Hoerner Waldorf Project), dated Feb. 19, 1986, recorded at Book 235 Page 1374.

Warranty Deeds – 1971 through 1986

Warranty Deed 1

Warranty Deed from Hoerner Waldorf Corporation to Missoula County, dated June 1, 1971, recorded at Book 31 Page 1, transferring portions of property related to issuance of industrial revenue bonds, described as follows:

> "Parcels of land situated in the Northwest Quarter (NW ¼ of Section Twenty-Four (24), Township Fourteen (14) North, Range Twenty-one (21) Wes, Principal Meridian, Montana, more particularly described as follows:
> Clarifier:
> That certain circular tract of land 250 feet in diameter, situated in the North Half of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 504, more particularly described as follows:
> Commencing at an iron pin in Mullan Road, at or approximating the North Quarter corner of Section 24, Township 14 North, Range 21 West, thence S 68° 44' 46" W, 961.22 feet; thence S 21° 08' 14" W, 832.40 feet to the center of said circular tract, from which said tract is circumscribed on a radius of 125 feet, attached to which and included in this description is a 25' by 19' Pump House on the northwesterly side of this circumscribed circle, containing 1.127 acres more or less.
> #3 Recovery Boiler
> That certain rectangular tract of land situated in the North Half of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows:
> Commencing at an iron pin in Mullan Road, at or approximating the North Quarter corner of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; thence South 36 ° 08' 17" West, 475.86 feet to the true point of beginning; thence S 21° 46' 10" E, 79.00 Feet; thence S 68° 13' 50" W, 60.00 feet; thence N 21° 46' 10" W, 79.00 feet; thence N 68° 13' 50" E, 60.00 feet to the true point of beginning, containing 0.109 acres more or less.
> Hog Fuel Boiler – Wet Scrubber
> That certain rectangular tract of land situated in the North Half of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows:
> Commencing at an iron pin in Mullan Road, at or approximating the North Quarter corner of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; thence S 31° 39' 10" West, 555.56 feet to the true point of beginning; thence S 21 ° 46' 10" E, 30.50 feet; thence S 68° 13' 50" E 27.00 feet to the true point of beginning, containing 0.019 acres more or less.

#4 Recovery Boiler

That certain rectangular tract of land situated in the North Half of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows: Commencing at an iron pin in Mullan Road, at or approximating the North Quarter corner of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; thence s 06° 31' 18" West, 374.52 feet to the true point of beginning; thence S 68° 13' 50" W, 190.00 feet; thence N 21° 46' 10" W, 105.00 feet; thence N 68° 13' 50" E, 190.00 feet; thence S 21° 46' 10" E, 105.00 feet to the true point of beginning, containing 0.459 acres more or less.

Together with all building, additions, improvements and fixtures now or hereafter located thereon or therein, and with the tenements, hereditaments, servitudes, appurtenances, rights, privileges and immunities thereunto belonging or appertaining.

Warranty Deed 2

Warranty Deed from Champion International Corporation to Missoula County, dated Jun 19, 1978, recorded at Volume 121 Page 264, transferring portions of property related to issuance of industrial revenue bonds, described as follows:

Non-Condensible Gas System (#1)

40% Liquor Storage Tank Vent (#6)

That certain rectangular tract of land situated in the NW ¼ of Section 24, T. 14 N., R. 21 W., Principal Meridian Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, T. 14 N., R. 21 W; thence South 40° 31'47" West, 290.68° feet to the true point of beginning; thence South 67° 50'36" West, 90.00 feet; thence North 22°09'24" West, 95 feet; thence North 67° 50'36" East, 90.00 feet; thence South 22° 09'24" East, 95.00 feet to the true point of beginning, containing 0.196 acres, more or less.

No. 4 Lime Kiln Scrubber

That certain rectangular tract of land situated in the NW ¼, Section 24, T. 14 N., R. 21 W., Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, T. 14 N., R.21 W., thence South 08°07'31" West, 806.18 feet to the true point of beginning; thence South 22° 09'24" East, 60.00 feet; thence South 67° 50'36" East, 40.00 feet to the true point of beginning, containing 0.55 acres more or less.

Tall Oil Vent Scrubber

That certain rectangular tract of land situated in the NW ¼ Section 24, T.14N., R.21 W., Principal Meridian, Montana:

Commencing at the ¼ corner common to Sections 13 and 24, T.14N., R. 21 W.; thence South 13°25'23" West, 1081.21 feet to the true point of beginning; thence South

22°09’24” West, 35.00 feet; thence North 67°50’36” East, 30.00 feet to the true point of beginning, containing 0.041 acres, more or less.

No. 3 Slaker Vent Scrubber (#5)

That certain rectangular tract of land situated in the NW ¼ Section 24, T. 14 N. R. 21 W., Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, T. 14 N., R. 21 W.; thence South 23°29’08” West, 652.49 feet to the true point of beginning; thence South 22°09’24” East, 60.00 feet; thence South 67°50’36” West, 30.00 feet; thence North 22°09’24” West, 60.00 feet; thence North 67°50’36” East, 30.00 feet to the true point of beginning, containing 0.041 acres, more or less.

Washer Hood Vents-Scrubber (Washing & Screening) (#7)

That certain rectangular tract of land situated in the NW ¼, Section 24, T.14 N., R. 21 W., Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, T. 14 N., R. 21 W.; thence South 76°18’58” West, 643.55 feet to the true point of beginning; thence South 67°50’36” West, 121.00 feet; thence North 22°09’24” East, 92.00 feet to the true point of beginning, containing 0.256 acres, more or less.

Washer Hood Vents-Scrubber (Digesters) (#7A)

That certain rectangular tract of land situated in the NW ¼, Section 24, T. 14 N., R. 21 W., Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Section 13 and 24, T. 14 N., R. 21 W; thence South 58°44’27” West, 639.58 feet to the true point of beginning; thence South 22°09’24” East, 145.00 feet; thence South 67°50’36” East, 35.00 feet to the true point of beginning, containing 0.116 acres, more or less.

Condensate Stripping System (#9)

That certain rectangular tract of land situated in the NW ¼, Section 24, T.14 N., R. 21 W, Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, T. 14 N., R. 21 W; thence South 24°23’08” West, 479.79 feet to the true point of beginning; thence South 67°50’36” West, 28.25 feet; thence North 22°09’24” West, 69.83 feet; thence North 67°50’36” East, 28.25 feet; thence South 22°09’24” East, 69.83 feet to the true point of beginning, containing 0.045 acres more or less.

Recovery Esp (#10)

No. 3 Recovery – Smelt Tank Scrubber-(#13)

That certain rectangular tract of land situated in the NW ¼ Section 24, T., 14 N., R. 21 W., Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, T. 14 N., R. 21 W.; thence South 39°27’56” West, 527.85 feet to the true point of beginning; thence North 67°50’36” East, 60.00 feet; thence South 22°09’24” East, 79.00 feet ;thence South 67°50’36” West, 60.00 feet; thence North 22°09’24” West, 79.00 feet to the true point of beginning, containing 0.101 acres more or less.

No. 5 Recovery-Smelt Tank Scrubber (#11)

No. 5 Recovery ESP (#12)

That certain rectangular tract of land situated in the NW ¼ Section 24, T. 14 N., R. 21 W., Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, T. 14 N., R. 21 W; thence South 31°02'24" West, 222.65 feet to the true point of beginning; thence South 22°09'24" East, 85.00 feet; thence South 67°50'36" West, 170 feet; thence North 22°09'24" West, 85.00 feet; thence North 67 °50'36" East, 170.00 feet to the true point of beginning, containing 0.332 acres more or less.

Waste Fuel Boiler and Scrubber (#2)

Washer Hood Vents – Incineration (#8)

That certain rectangular tract of land situated in the NE ¼ , Section 24, T. 14 N., R. 21 W, Principal Meridian, Montana; more particularly described as follows:

That certain rectangular tract of land situated in the NE ¼, Section 24, T. 14 N., R. 21 W., Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, T. 14 N., R. 21 W.; thence South 14° 41'29" East, 542.78 feet to the true point of beginning; thence North 67°50'36" East, 77.00 feet; thence South 22°09'24" East, 161.00 feet; thence South 67°50'36" West, 77.00 feet; thence North 22°09'24" West, 161.00 feet to the true point of beginning, containing 0.285 acres, more or less.

Warranty Deed 3

Warranty Deed from Missoula County to Hoerner Waldorf Properties Company, transferring property acquired in Warranty Deed 1, dated January 27, 1986, recorded at Book 235 Page 2088.

Warranty Deed 4

Warranty Deed from Missoula County to Champion International Corporation transferring property acquired in Warranty Deed 2, dated January 27, 1986, recorded at Book 235 Page 2084.

Recording copy

BOOK 31 PAGE 6

COUNTY OF MISSOULA, MONTANA

AND

HOERNER WALDORF PROPERTIES COMPANY

Lease Agreement

Dated as of June 1, 1971

TABLE OF CONTENTS*

ARTICLE I

PAGE

DEFINITIONS 1

ARTICLE II

REPRESENTATIONS

SECTION 2.1. Representations by the County 3

SECTION 2.2. Representations by the Lessee 4

ARTICLE III

DEMISING CLAUSES AND WARRANTY OF TITLE

SECTION 3.1. Demise of the Leased Land and Facility and the Leased Equipment 4

SECTION 3.2. Warranty of Title 4

ARTICLE IV

COMMENCEMENT AND COMPLETION OF THE PROJECT; ISSUANCE OF THE BONDS

SECTION 4.1. Agreement to Construct and Equip the Facility on the Leased Land 5

SECTION 4.2. Agreement to Issue 1971 Series Bonds; Application of Bond Proceeds; Additional Bonds 5

SECTION 4.3. Disbursements from the Construction Fund 6

SECTION 4.4. Obligation of the Parties to Cooperate in Furnishing Documents to Trustee 8

SECTION 4.5. Establishment of Completion Date 8

SECTION 4.6. Lessee Required to Pay Cost of the Project in Event Construction Fund Insufficient 8

SECTION 4.7. Project Supervisor 8

SECTION 4.8. County to Pursue Remedies Against Contractors and Subcontractors and Their Sureties 9

SECTION 4.9. Investment of Moneys in the Construction Fund and Bond Fund 9

ARTICLE V

EFFECTIVE DATE OF THIS AGREEMENT; DURATION OF LEASE TERM; RENTAL PROVISIONS

SECTION 5.1. Effective Date of this Agreement; Duration of Lease Term 9

SECTION 5.2. Delivery and Acceptance of Possession 9

SECTION 5.3. Rents and Other Amounts Payable 10

SECTION 5.4. Place of Rental Payments 10

SECTION 5.5. Obligations of Lessee Hereunder Unconditional 11

* Table of contents is not part of the Lease Agreement.

ARTICLE VI

MAINTENANCE, TAXES AND INSURANCE

		PAGE
SECTION 6.1.	Maintenance and Modifications of Project by Lessee	11
SECTION 6.2.	Removal of Leased Equipment	12
SECTION 6.3.	Taxes, Other Governmental Charges and Utility Charges	12
SECTION 6.4.	Insurance Required	13
SECTION 6.5.	Application of Net Proceeds of Insurance	13
SECTION [illegible].	Additional Provisions Respecting Insurance	13
SECTION 6.7.	Advances by County or Trustee	14

ARTICLE VII

DAMAGE, DESTRUCTION AND CONDEMNATION

SECTION 7.1.	Damage and Destruction	14
SECTION 7.2.	Condemnation	15
SECTION 7.3.	Condemnation of Lessee-Owned Property	16

ARTICLE VIII

SPECIAL COVENANTS

SECTION 8.1.	No Warranty of Condition or Suitability by the County	16
SECTION 8.2.	Inspection of the Project	16
SECTION 8.3.	Lessee to Maintain its Corporate Existence; Conditions Under Which Exceptions Permitted	17
SECTION 8.4.	Qualification in Montana	17
SECTION 8.5.	Release of Certain Land	17
SECTION 8.6.	Granting of Easements	18
SECTION 8.7.	Release and Indemnification Covenants	18
SECTION 8.8.	Financial Statements of Lessee	18

ARTICLE IX

ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING; REDEMPTION; RENT PREPAYMENT AND ABATEMENT

SECTION 9.1.	Assignment and Subleasing	18
SECTION 9.2.	Mortgaging of Project by County	19
SECTION 9.3.	Restrictions on Sale of Project by County	19
SECTION 9.4.	Redemption of Bonds	19
SECTION 9.5.	Prepayment of Rents	19
SECTION 9.6.	Lessee Entitled to Certain Rent Abatements if Bonds Paid Prior to Maturity	19

SECTION 9.7. Install
Lar
SECTION 9.8. Refer

SECTION 10.1. Event
SECTION 10.2. Reme
SECTION 10.3. No R
SECTION 10.4. Agree
SECTION 10.5. No A

SECTION 11.1. Optio
SECTION 11.2. Optic
SECTION 11.3. Optic
sec
SECTION 11.4. Optic
SECTION 11.5 Conv
SECTION 11.6. Relat

SECTION 12.1. Surre
SECTION 12.2. Notic
SECTION 12.3. Othe
SECTION 12.4. Bindi
SECTION 12.5. Sever
SECTION 12.6. Amo
SECTION 12.7. Ame
SECTION 12.8. Net
SECTION 12.9. Reco
SECTION 12.10. Exe
SECTION 12.11. Gu
SIGNATURES
ACKNOWLEDGEMENT
EXHIBIT A
EXHIBIT B

PAGE

SECTION 9.7. Installation of Lessee's Own Machinery and Equipment; Landlord's Lien Thereon 19
SECTION 9.8. References to Bonds Ineffective After Bonds Paid 20

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

SECTION 10.1. Events of Default Defined 20
SECTION 10.2. Remedies on Default 21
SECTION 10.3. No Remedy Exclusive 21
SECTION 10.4. Agreement to Pay Attorneys' Fees and Expenses 22
SECTION 10.5. No Additional Waiver Implied by One Waiver 22

ARTICLE XI

OPTIONS IN FAVOR OF LESSEE

SECTION 11.1. Options to Terminate 22
SECTION 11.2. Option to Purchase Project Prior to Payment of the Bonds 22
SECTION 11.3. Option to Purchase Project or Any Part Thereof Subsequent to Payment of the Bonds 23
SECTION 11.4. Option to Purchase Unimproved Land 23
SECTION 11.5 Conveyance on Exercise of Option to Purchase 24
SECTION 11.6. Relative Position of Options and Indenture 24

ARTICLE XII

MISCELLANEOUS

SECTION 12.1. Surrender of Project 24
SECTION 12.2. Notices 25
SECTION 12.3. Other Instruments 25
SECTION 12.4. Binding Effect 25
SECTION 12.5. Severability 26
SECTION 12.6. Amounts Remaining in the Bond Fund 26
SECTION 12.7. Amendments, Changes and Modifications 26
SECTION 12.8. Net Lease 26
SECTION 12.9. Recordation 26
SECTION 12.10. Execution of Counterparts 26
SECTION 12.11. Guaranty and Conveyance to Trustee 26
SIGNATURES 26
ACKNOWLEDGEMENTS 27
EXHIBIT A
EXHIBIT B

LEASE AGREEMENT

This LEASE AGREEMENT, made and entered into as of the 1st day of June, 1971, by and between MISSOULA COUNTY, an organized county within the State of Montana, being a body corporate and politic (hereinafter defined as "County"), and HOERNER WALDORF PROPERTIES COMPANY, a corporation organized and existing under the laws of the State of Minnesota:

WITNESSETH:

WHEREAS, The Industrial Development Projects Act of 1965, being Title 11, Chapter 41, Revised Code of Montana, 1947, as amended (the "Act"), authorizes, provides and empowers each county to acquire, own, lease and dispose of properties to the end that such counties may be able to promote industry and develop trade by inducing manufacturing, industrial and commercial enterprises to locate in or remain in said State of Montana and vests such counties with powers that may be necessary to enable them to accomplish such purposes; and

WHEREAS, said Act further authorizes each county to lease to others any or all of its projects, and to charge and collect rent therefor, to issue its bonds for the purpose of carrying out any of its powers and, as security for the payment of the principal of and interest on any such bonds so issued and any agreements made in connection therewith, to mortgage and pledge any or all of its projects or any part or parts thereof, whether then owned or thereafter acquired, and to pledge the revenues and receipts therefrom or from any thereof to such bonds; and

WHEREAS, the County is empowered under said Act to undertake the acquisition, construction and financing of the project described below; and

WHEREAS, such project consists of water and air pollution control facilities at an existing plant, including all machinery and other equipment required for said water and air pollution control facilities, all to be located in Missoula County, Montana; and

WHEREAS, the County proposes to undertake said project as an authorized project under said Act and to finance the cost of such project by the issuance of bonds of such County under the Indenture, as hereinafter defined; and

WHEREAS, all bonds issued under said Indenture will be secured by a first mortgage lien on said project, and by a pledge of revenues and receipts derived by the County from said project; and

WHEREAS, the County proposes to acquire, construct and lease the project as hereinafter defined to Hoerner Waldorf Properties Company and Hoerner Waldorf Properties Company desires to lease and rent of and from the County said project upon the terms and conditions as hereinafter in this Lease Agreement set forth; and

WHEREAS, Hoerner Waldorf Properties Company is a wholly owned subsidiary of Hoerner Waldorf Corporation and to induce the County to enter into the Lease Agreement and to cause the purchaser or purchasers of the bonds to purchase said bonds, Hoerner Waldorf Corporation will contemporaneously execute a Guaranty Agreement pursuant to which Hoerner Waldorf Corporation unconditionally guarantees the obligations of Hoerner Waldorf Properties Company under this Lease Agreement and to further perform its own obligations under the Guaranty Agreement;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows, to wit:

ARTICLE I

DEFINITIONS

"Act" shall mean The Industrial Development Projects Act, being Title 11, Chapter 41, Revised Code of Montana, 1947, as amended.

"Additional Bonds" shall mean the additional parity Bonds authorized to be issued by the County pursuant to Section 207 of the Indenture and more fully described in Section 4.2(b) hereof.

"Authorized County Representative" means such person at the time designated by written certificate furnished to the Lessee and the Trustee containing the specimen signature of such person and signed on behalf of the County by its Chairman or Clerk, to act in behalf of the County. Such certificate shall designate an alternate or alternates. Any such person shall be satisfactory to the Lessee and shall be replaced promptly by the County upon the written request of the Lessee.

"Authorized Lessee Representative" means such person at the time designated by written certificate furnished to the County and the Trustee containing the specimen signature of such person and signed on behalf of the Lessee by the chairman of its board of directors, or by the president or any vice president of the Lessee, to act in behalf of the Lessee. Such certificate shall designate an alternate or alternates.

"Bonds" means the Industrial Development Revenue Bonds of the County issued and to be issued pursuant to the Indenture. *"1971 Series Bonds"* means the Bonds identified as such in Sections 201 and 202 of the Indenture.

"Bond Fund" means the Bond Fund created in Section 501 of the Indenture.

"Completion Date" means the date of completion of the construction of the Facility and the installation therein of the Leased Equipment as that date shall be certified as provided in Section 4.5 hereof.

"Construction Fund" means the Construction Fund created in Section 602 of the Indenture.

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

"Cost of the Project" means the sum of the items authorized to be paid from the Construction Fund pursuant to the provisions of paragraphs (a) to (j), inclusive, of Section 4.3 hereof, which sum shall be included in the certificate delivered pursuant to Section 4.5 hereof.

"County" means Missoula County, Montana, the party of the first part hereto and any successor to the duties and functions of the County.

"Facility" means a certain building and improvements and certain additions and improvements to existing buildings and all other works forming a part of the Project and leased hereunder comprising water and air pollution control facilities, and apurtenances not included in Leased Equipment which are required by Section 4.1(a) hereof to be constructed on the Leased Land, as they may at any time exist.

"Guaranty Agreement" means the Guaranty Agreement executed by the Guarantor and accepted by the County, of even date herewith, and any amendments, changes or modifications thereto.

"Guarantor" means Hoerner Waldorf Corporation, a Delaware corporation, or its successors or assigns, or any surviving, resulting or transferee corporation as provided in Section 12 of the Guaranty Agreement.

"Indenture" means the Mortgage and Indenture of Trust, including any indentures supplemental thereto as therein permitted, between the County and First National Bank and Trust Company of Helena, Helena, Montana, as Trustee, of even date herewith, pursuant to which the Bonds are authorized to be issued.

"Independent Counsel" means an attorney duly admitted to practice law before the highest court of any State and not an officer, director or full time employee of either the County, the Lessee or the Guarantor, or a firm of attorneys a member of which is duly admitted to practice law before the highest court of any state and no member of which is an officer, director or full time employee of either the County, the Lessee or the Guarantor.

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

"Lease Term" mear
Section 5.1 or as extend

"Leased Equipment
required herein to be acq
from the sale of the Bond
any item of machinery,
where on the Leased Lan
7.1 and 7.2 hereof and i
Lessee which is not incl
own machinery and equi
Equipment is more parti
is incorporated herein.

"Leased Land" mea
particularly described in
herein, together, with all

"Lessee" means (i
and its successors and a
Section 8.3 hereof.

"Net Proceeds", wh
proceeds from the insur
after payment of all exp
incurred in the collection

"Permitted Encumb
in Exhibit A or Exhibi
Indenture and this agree
pursuant to Section 8.6
other similar liens and
and (vi) such minor def
as normally exist with re
in the opinion of Counse
the purpose for which it

"Project" means t
time exist.

"Project Supervisor
designated as such in or

"Trustee" means th

SECTION 2.1. *Rep*
the basis for the underta

(a) The Cou
of said Act the Co
and to carry out it
within the meaning
to execute and deli

"Lease Term" means the duration of the leasehold estate created in this agreement as specified in Section 5.1 or as extended by Section 11.5 hereof.

"Leased Equipment" means those items of machinery, equipment and related personal property required herein to be acquired and installed in the Facility or elsewhere on the Leased Land with proceeds from the sale of the Bonds or the proceeds of any payment by the Lessee pursuant to Section 4.6 hereof and any item of machinery, equipment and related property required and installed in the Facility or elsewhere on the Leased Land in substitution therefor pursuant to the provisions of Sections 4.1(b), 6.2(a), 7.1 and 7.2 hereof and is further defined as all property owned by the County and hereby leased to the Lessee which is not included in the definition of Leased Land or Facility, but not including Lessee's own machinery and equipment installed under the provisions of Sections 6.1 and 9.7 hereof. Leased Equipment is more particularly described in Exhibit "B" attached hereto, and, by this reference thereto, is incorporated herein.

"Leased Land" means the real property and interests therein leased under this agreement and more particularly described in Exhibit "A" attached hereto, which by this reference thereto is incorporated herein, together, with all additions thereto and substitutions therefor.

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

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

"Permitted Encumbrances" means, as of any particular time, (i) liens and encumbrances described in Exhibit A or Exhibit B attached hereto, (ii) liens for ad valorem taxes not then delinquent, (iii) the Indenture and this agreement, (iv) easements, licenses, rights of way, restrictions and exceptions granted pursuant to Section 8.6 of this agreement, (v) mechanics, materialmens, warehousemens, carriers and other similar liens and liens referred to in Section 9.7 hereof, or permitted under Section 6.1 hereof, and (vi) such minor defects, irregularities, encumbrances, easements, rights of way, and clouds on title as normally exist with respect to properties similar in character and location to the Project and as do not, in the opinion of Counsel for the Lessee or the County materially impair the property affected thereby for the purpose for which it was acquired or is held by the County.

"Project" means the Leased Land, the Facility and the Leased Equipment, as they may at any time exist.

"Project Supervisor" means the project supervisor or supervisors who at the time shall have been designated as such in or pursuant to the provisions of Section 4.7 hereof.

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

ARTICLE II

REPRESENTATIONS

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

(a) The County is a duly organized county within the State of Montana. Under the provisions of said Act the County has the power to enter into the transactions contemplated by this agreement and to carry out its obligations hereunder. The Project constitutes and will constitute a "project" within the meaning of said Act. By proper corporate action the County has been duly authorized to execute and deliver this agreement.

(b) The County has acquired the Leased Land, proposes to construct or acquire thereon the Facility, proposes to acquire and install the Leased Equipment in the Facility or elsewhere on the Leased Land, and proposes to lease the Project to the Lessee and to sell the Project to the Lessee at the expiration or sooner termination of the Lease Term, if the Lessee shall elect to purchase the same, all for the purpose of promoting industry and developing trade. The County agrees to use its best efforts to procure from the appropriate state, municipal and other authorities and corporations connection and discharge arrangements for the supply of water, gas, electricity and other utilities and sewage and industrial waste disposal for the operation of the Project.

(c) To finance the Cost of the Project, the County proposes to issue up to but not exceeding $15,000,000 principal amount of its 1971 Series Bonds. Additional Bonds of the County for the purposes and under the conditions provided in Section 4.2(b) hereof, may be issued by the County under the Indenture.

(d) All of the Bonds will be issued under the Indenture and will mature, bear interest, be redeemable and have the other terms and provisions set forth in the Indenture, pursuant to which the County's interest in this agreement and the revenues and receipts derived by the County from the leasing or sale of the Project will be pledged, and the Project will be mortgaged, to the Trustee as security for payment of the principal of and interest on the Bonds.

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

(a) The Lessee is a corporation duly incorporated under the laws of Minnesota, is in good standing under its articles of incorporation and the laws of Minnesota and Montana, has power to enter into this agreement and by proper corporate action has been duly authorized to execute and deliver this agreement.

(b) The leasing by the County of the Project to the Lessee will induce the Lessee to continue to operate a manufacturing and industrial enterprise in Montana.

(c) The Lessee will operate the Project as water and air pollution control facilities from the Completion Date to the expiration or sooner termination of the Lease Term as provided herein for the reduction of water and air pollution in the manufacture or processing of (i) woodpulp and paper and (ii) such other products as the Lessee may deem appropriate.

(d) The execution and delivery of this agreement and the consummation of the transaction herein contemplated will not conflict with or constitute a breach of or default under the Lessee's articles of incorporation or any bond, debenture, note or other evidence of indebtedness or any contract, loan agreement or lease to which the Lessee is a party.

ARTICLE III

DEMISING CLAUSES AND WARRANTY OF TITLE

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

SECTION 3.2. *Warranty of Title.* The County warrants that it has acquired good and marketable title to the Leased Land, free from all encumbrances other than Permitted Encumbrances, and the County will promptly obtain standard Owner's Policies of Title Insurance, in the form of the American Land Title Association, from a company authorized to issue the same, insuring the respective interest of the County and the Lessee in the Leased Land, each in the face amount of $1,000,000, without exception other than exceptions in respect of Permitted Encumbrances, with an option to increase such insurance up to the full value of the Project if the Lessee shall so direct. The Net Proceeds of such insurance, if received during the Construction Period, shall be paid into the Construction Fund and, if received thereafter, shall be paid into the Bond Fund.

COMMENCEMENT A

SECTION 4.1. *Agreement*
Subject to the provisions of S

(a) It will cause th
within the boundary line
approved in writing and f
amendments and addition
change orders approved
prior to the Completion
or acquisition of the Fac
any part thereof without

(b) It will cause to
for use of the Lessee the
erty described in the ger
machinery and equipme
judgment may be necess
the Completion Date be
acquisitions and installa
directions.

It is understood that the
with such construction of th
and other items of machiner

The County agrees that
made as requested) will be
and approved in writing by t
of, such contracts as the Le
it will not execute any other
installation of Leased Equi
approved the same in writi

The County agrees to
air pollution control facilitie
1971 Series Bonds, to conti
to cause the said construc
be practicable, delays incid
control of the County only
date there shall be no result
required in Section 5.3 her
installation of the Leased
items to be installed and t

SECTION 4.2. *Agree*
Bonds. (a) In order to p
air pollution control fac
delivered to the purc
$15,000,000, bearing inte
in the Bond Fund a sum e
by the purchasers of such
proceeds received from t

ARTICLE IV

COMMENCEMENT AND COMPLETION OF THE PROJECT; ISSUANCE OF THE BONDS

SECTION 4.1. *Agreement to Construct, Acquire and Equip the Facility on the Leased Land.* Subject to the provisions of Section 4.6 hereof the County agrees that:

(a) It will cause the Facility to be constructed and acquired on the Leased Land, wholly within the boundary lines thereof, substantially in accordance with the plans and specifications approved in writing and furnished to the County by the Lessee, including any and all supplements, amendments and additions thereto, now or hereafter filed with the County and in accordance with change orders approved in writing by the Lessee and furnished to the County from time to time prior to the Completion Date. The County shall not execute any contract for the construction or acquisition of the Facility or any part thereof or for the purchase of any Leased Equipment or any part thereof without the prior written approval of the Lessee.

(b) It will cause to be acquired and installed in the Facility or elsewhere on the Leased Land for use of the Lessee the Leased Equipment, to consist of the machinery, equipment and related property described in the general list thereof in "Exhibit B", attached hereto, and such other items of machinery and equipment, including any structure essentially such an item, which in Lessee's judgment may be necessary in connection with the Project and as shall from time to time prior to the Completion Date be specified in written orders from the Lessee to the County, all of which acquisitions and installations shall be made in accordance with the Lessee's specifications and directions.

It is understood that the Lessee may act as a contractor or as an agent of the County in connection with such construction of the Facility and such acquisition and installation of the Leased Equipment and other items of machinery and equipment.

The County agrees that only such changes (other than those requested by the Lessee, which shall be made as requested) will be made in the said specifications as may be specified by the Project Supervisor and approved in writing by the Lessee. The County agrees that it will enter into, or accept the assignment of, such contracts as the Lessee may request in order to effectuate the purposes of this Section but that it will not execute any other contract or give any order for such construction or for the acquisition and installation of Leased Equipment unless and until the Project Supervisor and the Lessee shall have approved the same in writing.

The County agrees to commence the construction of that part of the Facility pertaining to water and air pollution control facilities as promptly as practicable after receipt of the proceeds from the sale of the 1971 Series Bonds, to continue the said construction with all reasonable dispatch and to use its best efforts to cause the said construction to be completed by November 30, 1972, or as soon thereafter as may be practicable, delays incident to strikes, riots, acts of God or the public enemy beyond the reasonable control of the County only excepted, but if for any reason such construction is not completed by said date there shall be no resulting liability on the part of the County and no diminution in the rental payments required in Section 5.3 hereof to be paid by the Lessee. The County agrees to effect the acquisition and installation of the Leased Equipment as promptly as practicable after specification by the Lessee of the items to be installed and the installation schedule desired by the Lessee.

SECTION 4.2. *Agreement to Issue 1971 Series Bonds; Application of Bond Proceeds; Additional Bonds.* (a) In order to provide funds for payment of the cost of the Project pertaining to the water and air pollution control facilities, the County agrees that it will before August 1, 1971, sell and cause to be delivered to the purchasers thereof, its 1971 Series Bonds in the aggregate principal amount of $15,000,000, bearing interest and maturing as set forth in the Indenture and it will thereupon (i) deposit in the Bond Fund a sum equal to the accrued interest and premium, if any, on the 1971 Series Bonds paid by the purchasers of such 1971 Series Bonds; and (ii) deposit in the Construction Fund the balance of the proceeds received from the sale of the 1971 Series Bonds.

(b) The County may authorize the issuance of Additional Bonds for the purpose of financing the cost of completing the Project, and the costs of additions, extensions and improvements in, to or on the Project, consisting solely of water and air pollution control facilities, as the Lessee may deem necessary or essential, including the cost of the issuance and sale of such Additional Bonds, upon the terms and conditions provided in Section 207 of the Indenture. If the Lessee is not in default hereunder, the County agrees, on request of the Lessee, from time to time, to use its best efforts to issue the amount of Additional Bonds specified by the Lessee (within the limits and under the conditions specified above and in said Section 207 of the Indenture), provided that the terms, manner of issuance, purchase price and disposition of proceeds of the sale of such Additional Bonds shall have been approved in writing by the Lessee and provided further, that the Lessee and the County shall have entered into an amendment to this agreement to provide for additional rent in an amount at least sufficient to pay the principal of, premium, if any, and interest on the Additional Bonds as the same shall mature and become due, and to make all other required payments under such amendment, and the County shall have otherwise complied with the provisions of Section 207 of the Indenture with respect to the issuance of such Additional Bonds. Such amendment will provide that any such improvements shall become a part of the Project and shall be included under this agreement to the same extent as if originally included hereunder.

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

(a) Payment of the fees for recording the deeds whereby the Leased Land has been or is to be conveyed to the County and the fees for recording this agreement, any title curative documents that either the Lessee or Independent Counsel may deem desirable to file for record in order to perfect or protect the title of the County to the Leased Land and the fees and expenses in connection with any actions or proceedings that either the Lessee or Independent Counsel may deem desirable to bring in order to perfect or protect the title of the County to the Leased Land.

(b) Payment to the Lessee and the County, as the case may be, of such amounts, if any, as shall be necessary to reimburse the Lessee and the County in full for all advances and payments made by them or either of them or for their accounts at any time prior to or after the delivery of the Bonds for expenditures in connection with the acquisition by the County of title to the Leased Land (including the cost of the Leased Land and of any options to purchase the Leased Land and rights of way for the purpose of providing access to and from the Leased Land), preparing the Leased Land, the preparation of plans and specifications for the Project (including any preliminary study or planning of the Project or any aspect thereof), the construction and acquisition of the Facility, the acquisition and installation of the Leased Equipment and the construction, acquisition and installation necessary to provide utility services or other facilities including trackage, if any, to connect the Project with public transportation facilities, and all real or personal property deemed necessary in connection with the Project, or any one or more of said expenditures (including architectural, engineering and supervisory services with respect to any of the foregoing); provided, that each such payment shall be made only upon receipt by the Trustee of a statement therefor approved in writing by the Authorized County Representative, the Authorized Lessee Representative and the Project Supervisor.

(c) Payment of the initial or acceptance fee of the Trustee, legal and accounting fees and expenses and printing and engraving costs incurred in connection with the authorization, sale and issuance of the Bonds, the execution and filing of the Indenture and all other documents in connection therewith and payment of all fees, costs and expenses for the preparation of this agreement, the Indenture and the Bonds and in connection with the acquisition of title to the Leased Land, and payment of the premium for any title insurance referred to in Section 3.2 hereof; provided, that each such payment shall be made only upon receipt by the Trustee of a statement therefor approved in writing by the Authorized County Representative and the Authorized Lessee Representative, together with a bill therefor.

(d) Payment for labor, services, materials and supplies used or furnished in site improvement and in the construction and acquisition of the Facility, all as provided in the specifications therefor, payment for the cost of the acquisition of the Leased Equipment and the installation thereof, payment

for the cost of the constructi
real and personal property c
cellaneous expenses incident
bond required to be deposit
relate to the Project; provid
the Project Supervisor, acco
order approved in writing b

(e) Payment of the f
respect to the Project; prov
of the Project Supervisor, a
writing by the Project Supe
be approved by the Lessee

(f) Payment to the T
Bond Registrar, Trustee (as
that may become due durin

(g) To the extent no
any part of the Project, pa
maintained during the Cons
by the Lessee under Section

(h) Payment of the t
hereof that may become pa
by the Lessee.

(i) Payment of expen
against any contractor or s
Project.

(j) Payment of any o
may be approved in writing
sentative and the Project S

(k) All moneys rem
payment or provision for p
to (j), inclusive, of this Se
except for amounts retained
tive and the Authorized L
Project but not then due an
ment of the Cost of the Pro

The Trustee may advance
the preceding subsection (k) o
County for use by the County o
subsections (d), (e) and (j) o
factory to the Trustee, executed
by the failure of the Project Su
so advanced have been used to
are being retained in accordance

Before any of the paymen
Section may be made, the Pro
before any of the payments spe
Authorized Lessee Representati

Lease 1

for the cost of the construction, acquisition and installation of utility services or other facilities, and all real and personal property deemed necessary in connection with the Project and payment for the miscellaneous expenses incidental to any of the foregoing items including the premium on each surety bond required to be deposited with the Trustee under any of the provisions of the Indenture which relate to the Project; provided, that each such payment shall be made only upon a written order by the Project Supervisor, accompanied by a contractor's estimate or bill in the amount specified in said order approved in writing by the Project Supervisor.

(e) Payment of the fees, if any, for architectural, engineering and supervisory services with respect to the Project; provided, that each such payment shall be made only upon a written order of the Project Supervisor, accompanied by a bill in the amount specified in said order approved in writing by the Project Supervisor; provided, however, that the fees of the Project Supervisor shall be approved by the Lessee.

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

(g) To the extent not paid by a contractor for construction or installation with respect to any part of the Project, payment of the premiums on all insurance required to be taken out and maintained during the Construction Period under this agreement, or reimbursement thereof if paid by the Lessee under Section 6.4 hereof.

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

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

(j) Payment of any other costs and expenses relating to the construction of the Project that may be approved in writing by the Authorized County Representative, the Authorized Lessee Representative and the Project Supervisor.

(k) All moneys remaining in the Construction Fund after the Completion Date and after payment or provision for payment of all other items provided for in the preceding subsections (a) to (j), inclusive, of this Section, shall at the direction of the Lessee, be paid into the Bond Fund, except for amounts retained by the Trustee with the approval of the Authorized County Representative and the Authorized Lessee Representative for payment of items included in the Cost of the Project but not then due and payable, any balance remaining of such retained funds after full payment of the Cost of the Project to be paid into the Bond Fund.

The Trustee may advance moneys from the Construction Fund (including amounts retained under the preceding subsection (k) of this Section) to the County or a contractor acting as agent of the County for use by the County or such agent in making any of the payments referred to in the preceding subsections (d), (e) and (j) of this Section, if there is furnished to the Trustee an agreement satisfactory to the Trustee, executed by the Lessee indemnifying the Trustee against any loss occasioned by the failure of the Project Supervisor to certify on or before the Completion Date that the amounts so advanced have been used to make payments referred to in said subsections (d), (e) and (j) or are being retained in accordance with said subsection (k) to make such payments.

Before any of the payments referred to in the preceding subsections (d), (e) and (j) of this Section may be made, the Project Supervisor shall certify with respect to each such payment, and before any of the payments specified in the preceding subsections (g), (h) and (i) may be made, the Authorized Lessee Representative shall certify with respect to each such payment: (i) that none of the

items for which the payment is proposed to be made has formed the basis for any payment theretofore made from the Construction Fund and (ii) that each item for which the payment is proposed to be made is or was necessary or appropriate in connection with the Project.

SECTION 4.4. *Obligation of the Parties to Cooperate in Furnishing Documents to Trustee.* The Lessee agrees to cooperate with the County in furnishing to the Trustee the documents referred to in Section 4.3 hereof that are required to effect payments out of the Construction Fund, and the County agrees to cause such orders to be directed by the Authorized County Representative to the Trustee as may be necessary to effect payments out of the Construction Fund in accordance with Section 4.3 hereof. Such obligation of the County is subject to any provisions of the Indenture requiring additional documentation with respect to payments and shall not extend beyond the moneys in the Construction Fund available for payment under the terms of the Indenture.

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

SECTION 4.6. *Lessee Required to Pay Cost of the Project in Event Construction Fund Insufficient.* In the event that moneys in the Construction Fund available for payment of the Cost of the Project (including moneys from the proceeds of any Additional Bonds issued for the purpose of financing the cost of completing the Project pursuant to Section 207 of the Indenture) should not be sufficient to pay the Cost of the Project thereof in full, the Lessee agrees to complete the Project and to pay all that portion of the Cost of the Project as may be in excess of the moneys available therefor in the Construction Fund or to pay into the Construction Fund an amount equal to such excess and sufficient to complete the Project. The County does not make any warranty, either express or implied, that the moneys which will be paid into the Construction Fund and which, under the provisions of this agreement, will be available for payment of the Cost of the Project will be sufficient to pay all the costs which will be incurred in that connection. The Lessee agrees that if, after exhaustion of the moneys in the Construction Fund, the Lessee should pay any portion of the said Cost of the Project pursuant to the provisions of this Section, it shall not be entitled to any reimbursement therefor from the County or from the Trustee or from the holders of any of the Bonds, nor shall it be entitled to any abatement or diminution of the rents payable under Section 5.3 hereof.

SECTION 4.7. *Project Supervisor.* The County and the Lessee shall agree upon and designate a Project Supervisor for the purpose of taking all actions and making all certificates required to be taken and made by the Project Supervisor under the provisions of this agreement and shall notify the Trustee of the identity of such Project Supervisor. An alternate Project Supervisor to take any such action or make any such certificate if the same is not taken nor made by the Project Supervisor shall be hereafter agreed upon between and designated by the County and the Lessee after notice of the identity of such alternate Project Supervisor to the Trustee. In the event either of said persons should be removed by agreement of the County and Lessee or should become unavailable or unable to take any action or make any certificate provided for in this agreement, another Project Supervisor or alternate Project Supervisor who is acceptable to the Trustee shall thereupon be appointed by the County pursuant to designation for that purpose made by the Lessee. The Trustee shall not unreasonably withhold such acceptance. If the Lessee fails to

make such designation wit
able or unable to take any
or engineer licensed under

SECTION 4.8. *Count*
Sureties. In the event of
connection with the Proje
contrary), either separatel
the contractor or subcontr
contract. The County agre
such default. If the Lessee
of the County, prosecute
such contractor, subcontr
event the County hereby
effect the substitution of
recovered by way of dama
to the Completion Date sh
paid into the Bond Fund.

SECTION 4.9. *Investm*
as a part of the Constru
direction of the Lessee as p
the United States of Ameri
Intermediate Credit Corpo
Home Loan Banks or, if t
issued by any bank, trust c
Reserve System, having a c
deposit shall be purchased
shall have a maturity of no
be available. Any moneys
at the written direction of
obligations guaranteed by, th
payments from the Constru
such sale, and of all paymen
Fund in which such obligati
in either such fund shall be c

EFFECTIVE DATE OF

SECTION 5.1. *Effective*
become effective upon its de
and, subject to the provisio
shall expire June 1, 1996,
for such payment made as p
have been made, except as

SECTION 5.2. *Delivery*
sole and exclusive possession
thereon for inspection purpo
Date and the Lessee agrees
that the Lessee shall be perm
and exclusive possession as

Lease 1

make such designation within fifteen days following the date when the then incumbent becomes unavailable or unable to take any of the said actions, the Trustee may then appoint as a successor any architect or engineer licensed under the laws of Montana.

SECTION 4.8. *County to Pursue Remedies Against Contractors and Subcontractors and Their Sureties.* In the event of default of any contractor or subcontractor under any contract made by it in connection with the Project, the County will promptly proceed (subject to the Lessee's advice to the contrary), either separately or in conjunction with others, to exhaust the remedies of the County against the contractor or subcontractor so in default and against each such surety for the performance of such contract. The County agrees to advise the Lessee of the steps it intends to take in connection with any such default. If the Lessee shall so notify the County, the Lessee may, in its own name or in the name of the County, prosecute or defend any action or proceeding or take any other action involving any such contractor, subcontractor or surety which the Lessee deems reasonably necessary, and in such event the County hereby agrees to cooperate fully with the Lessee and to take all action necessary to effect the substitution of the Lessee for the County in any such action or proceeding. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing prior to the Completion Date shall be paid into the Construction Fund and after the Completion Date shall be paid into the Bond Fund.

SECTION 4.9. *Investment of Moneys in the Construction Fund and Bond Fund.* Any moneys held as a part of the Construction Fund shall be invested or reinvested by the Trustee at the written direction of the Lessee as provided in the Indenture in direct obligations of, or obligations guaranteed by, the United States of America or obligations of the Federal National Mortgage Association, the Federal Intermediate Credit Corporation, Federal Banks for Cooperatives, Federal Land Banks or Federal Home Loan Banks or, if then permitted by law, in negotiable or non-negotiable certificates of deposit issued by any bank, trust company or national banking association which is a member of the Federal Reserve System, having a capital stock and surplus aggregating at least $3,000,000. Such certificates of deposit shall be purchased directly from such a bank, trust company or national banking association and shall have a maturity of not exceeding the time within which the funds invested therein are required to be available. Any moneys held as part of the Bond Fund shall be invested or reinvested by the Trustee at the written direction of the Lessee, as provided in the Indenture, only in direct obligations of, or obligations guaranteed by, the United States of America. The Trustee may, and to the extent required for payments from the Construction Fund shall, sell any such obligation at any time, and the proceeds of such sale, and of all payments at maturity and upon redemption of such investments, shall be held in the Fund in which such obligations were held. Interest and other income received on moneys or securities in either such fund shall be credited to such fund and applied as provided in Section 701 of the Indenture.

ARTICLE V

EFFECTIVE DATE OF THIS AGREEMENT; DURATION OF LEASE TERM; RENTAL PROVISIONS

SECTION 5.1. *Effective Date of this Agreement; Duration of Lease Term.* This agreement shall become effective upon its delivery, and the leasehold estate created in this agreement shall then begin, and, subject to the provisions of this agreement (including particularly Articles X and XI hereof), shall expire June 1, 1996, or if all of the Bonds have not been fully paid and retired (or provision for such payment made as provided in the Indenture), on such date as such payment or provision shall have been made, except as otherwise provided in Section 11.5 hereof.

SECTION 5.2. *Delivery and Acceptance of Possession.* The County agrees to deliver to the Lessee sole and exclusive possession of the Project (subject to the right of the County and the Trustee to enter thereon for inspection purposes and to the other provisions of Section 8.2 hereof) on the Completion Date and the Lessee agrees to accept possession of the Project upon such delivery; provided, however, that the Lessee shall be permitted such possession of the Project prior to such date for delivery of sole and exclusive possession as shall not interfere with the construction of the Facility or installation of

the Leased Equipment. The County covenants and represents that so long as the Lessee has paid the rent and all other sums payable by it hereunder, and has duly observed all the covenants and agreements herein contained on its part to be performed, the Lessee shall have, hold and enjoy, during the Lease Term, peaceful, quiet and undisturbed possession of the Project subject to the terms and provisions hereof, and the County shall from time to time take all necessary action to that end.

SECTION 5.3. *Rents and Other Amounts Payable.* (a) At least ten days before each semi-annual interest payment date on the Bonds (commencing with December 1, 1971) and continuing thereafter until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Lessee shall pay as rent for the Project (i) if such date is June 1, a sum equal to the amount payable on such date as principal (whether at maturity or by sinking fund redemption as provided in Section 306 of the Indenture) and interest on the Bonds and (ii) if such date is December 1, a sum equal to the amount payable on such date as interest on the Bonds, as provided in the Indenture; provided, however, in the case of each such payment the amount thereof shall be reduced by an amount equal to any amount then held by the Trustee in the Bond Fund.

In any event each rental payment under this Section shall be sufficient to pay the total amount of interest or interest and principal (whether at maturity or by redemption as provided in Section 306 of the Indenture) and premium, if any, payable on the next succeeding semi-annual interest payment date, and if at any interest payment date the balance in the Bond Fund is insufficient to make required payments of principal (whether at maturity or by redemption as provided in Sections 301 and 306 of the Indenture or by acceleration as provided in Section 1002 of the Indenture) and premium, if any, and interest on the Bonds on such date, the Lessee will forthwith pay any such deficiency to the Trustee for deposit in such Bond Fund; provided, that any amount at any time held by the Trustee in the Bond Fund for the payment of the Bonds shall, at the election of the Lessee, be credited against the aforesaid rent obligations next required to be met by the Lessee, to the extent such amount is in excess of the amount required for payment of (i) any Bonds theretofore matured or called for redemption and (ii) past due interest, in all cases where such Bonds or coupons have not been presented for payment; and provided further, that if at any time the amount held by the Trustee in the Bond Fund shall be sufficient to pay at the times required the principal of and interest and redemption premium, if any, on all of the Bonds then remaining unpaid together with any amounts accrued under subsection (b) of this Section, the Lessee shall not be obligated to make any further payments under the provisions of subsections (a) and (b) of this Section.

(b) The Lessee agrees to pay to the Trustee commencing with the Completion Date, and continuing until the principal of and interest and any redemption premium on all of the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the provisions of the Indenture, (i) the annual fee of the Trustee which will become payable on June 1 for the ordinary services of the Trustee rendered and its ordinary expenses incurred under the Indenture during the twelve-month period ending on that June 1, (ii) the reasonable fees and charges of the Trustee, as Bond Registrar and paying agent, and any other paying agents on the Bonds for acting as paying agents as provided in the Indenture, as and when the same become due, and (iii) the reasonable fees and charges of the Trustee for necessary extraordinary services rendered by it and extraordinary expenses incurred by it under the Indenture, as and when the same become due; provided, that the Lessee may, without creating a default hereunder, contest in good faith the necessity for any such extraordinary services and extraordinary expenses and the reasonableness of any such fees, charges or expenses.

(c) Subject to the provisions of Section 9.6 hereof, in the event the Lessee should fail to make any of the payments required in this Section, the item or installment so in default shall continue as an obligation of the Lessee until the amount in default shall have been fully paid, and the Lessee agrees to pay the same with interest thereon at the rate of 6% per annum until paid.

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

SECTION 5.5. *Obligati*
Section 9.6 hereof, the obli
and to perform and observ
unconditional and until suc
Bonds shall have been fully
ance with the Indenture, th
Section 5.3 hereof, (ii) wil
ment and (iii) except as pr
for any cause including, wit
plete the Project, any acts
or damage to the Project, c
United States of America o
the County to perform and
obligation arising out of or
construed to release the Co
tained; and in the event the
may institute such action ag
or recover its damages for
ments on the part of the L
ever, at its own cost and
defend any action or proc
deems reasonably necessary
hereunder, and in such eve
all action necessary to effe
ceeding if the Lessee shall

SECTION 6.1. *Mainte*
the Lease Term it will (i)
expense (ii) keep the Proje
the Facility and the Leased
repair and in good operating
and replacements thereof. T
modifications or improveme
adversely affect the operati
improvements located whol
Project; provided, that any
by the Lessee as part of the
Equipment may be removed
this agreement; and provide
repaired by the Lessee at i
to be established or remai
any additions, modification
that, if the Lessee shall firs
contest any mechanics' or
permit the items so contest
test and any appeal therefr
payment of any such items
endangered or the Project
Lessee shall promptly pay
such payment by posting a b
County will cooperate fully

SECTION 5.5. *Obligations of Lessee Hereunder Unconditional.* Subject to the provisions of Section 9.6 hereof, the obligations of the Lessee to make the payments required in Section 5.3 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional and until such time as the principal of and interest and any redemption premium on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Lessee (i) will not suspend or discontinue any payments provided for in Section 5.3 hereof, (ii) will perform and observe all of its other agreements contained in this agreement and (iii) except as provided in Section 11.1 and Section 11.2 will not terminate the Lease Term for any cause including, without limiting the generality of the foregoing, failure of the County to complete the Project, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of Montana or any political subdivision of either thereof or any failure of the County to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this agreement. Nothing contained in this Section shall be construed to release the County from the performance of any of the agreements on its part herein contained; and in the event the County should fail to perform any such agreement on its part, the Lessee may institute such action against the County as the Lessee may deem necessary to compel performance or recover its damages for non-performance so long as such action shall not do violence to the agreements on the part of the Lessee contained in the first sentence of this Section. The Lessee may, however, at its own cost and expense and in its own name or in the name of the County, prosecute or defend any action or proceeding or take any other action involving third persons which the Lessee deems reasonably necessary in order to secure or protect its right of possession, occupancy and use hereunder, and in such event the County hereby agrees to cooperate fully with the Lessee and to take all action necessary to effect the substitution of the Lessee for the County in any such action or proceeding if the Lessee shall so request.

ARTICLE VI

MAINTENANCE, TAXES AND INSURANCE

SECTION 6.1. *Maintenance and Modifications of Project by Lessee.* The Lessee agrees that during the Lease Term it will (i) operate the pulp and paper mill adjacent to the Project site and at its own expense (ii) keep the Project in as reasonably safe condition as its operations shall permit and (iii) keep the Facility and the Leased Equipment and all other improvements forming a part of the Project in good repair and in good operating condition, making from time to time all necessary repairs thereto and renewals and replacements thereof. The Lessee may, also at its own expense, make from time to time any additions, modifications or improvements to the Project it may deem desirable for its business purposes that do not adversely affect the operating unity of the Project; provided, that all such additions, modifications and improvements located wholly within the boundary lines of the Leased Land shall become a part of the Project; provided, that any real or personal property, machinery, equipment, furniture or fixtures installed by the Lessee as part of the Project without expense to the County and not constituting a part of the Leased Equipment may be removed by the Lessee at any time and from time to time while it is not in default under this agreement; and provided further, that any damage to the Project occasioned by such removal shall be repaired by the Lessee at its own expense. The Lessee will not permit any mechanics' or other liens to be established or remain against the Project for labor or materials furnished in connection with any additions, modifications, improvements, repairs, renewals or replacements so made by it; provided, that, if the Lessee shall first notify the Trustee of its intention so to do, the Lessee may in good faith contest any mechanics' or other liens filed or established against the Project, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the County or the Trustee shall notify the Lessee that by nonpayment of any such items the lien of the Indenture as to any part of the Project will be materially endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event the Lessee shall promptly pay and cause to be satisfied and discharged all such unpaid items or secure such payment by posting a bond, in form satisfactory to the County and the Trustee, with the Trustee. The County will cooperate fully with the Lessee in any such contest.

SECTION 6.2. *Removal of Leased Equipment.* The County shall not be under any obligation to renew, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary Leased Equipment. In any instance where the Lessee in its sound discretion determines that any items of Leased Equipment have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Lessee may remove such items of Leased Equipment from the Project and (on behalf of the County) sell, trade-in, exchange or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the County or the Trustee therefor, provided that the Lessee shall either:

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

(b) Not make any such substitution and installation provided (i) that in the case of the sale of any such machinery, equipment or related property to anyone other than itself or in the case of the scrapping thereof, the Lessee shall pay into the Bond Fund the proceeds from such sale or the scrap value thereof, as the case may be, (ii) that in the case of the trade-in of such machinery, equipment or related property for other machinery, equipment or related property not to be installed in the Facility or on the Leased Land, the Lessee shall pay into the Bond Fund the amount of the credit received by it in such trade-in and (iii) that in the case of the sale of any such machinery, equipment or related property to the Lessee or in the case of any other disposition thereof the Lessee shall pay into the Bond Fund an amount equal to the original cost thereof to the County less depreciation to date of disposition using such rates and methods as the Lessee normally employs in recording depreciation on its books for similar machinery, equipment or related property.

In the event that Lessee prior to such removal of items of Leased Equipment from the Project has acquired and installed machinery or equipment with its own funds which has become part of the Leased Equipment, Lessee may take credit to the extent of the amount so spent by it less any accumulated depreciation against the requirement that it either substitute and install other machinery and equipment having equal or greater value or that it make payment into the Bond Fund, providing that the provisions of this sentence shall not relieve the Lessee of its obligations under the first sentence of Section 6.1 hereof.

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

The Lessee will promptly report to the Trustee each such removal, substitution, sale and other disposition and will pay to the Trustee such amounts as are required by the provisions of the preceding subsection (b) of this Section to be paid into the Bond Fund promptly after any sale, trade-in or other disposition requiring such payment; provided, that no such report and payment need be made until the amount to be paid into the Bond Fund on account of all such sales, trade-ins or other dispositions not previously reported aggregates at least $100,000. The Lessee will pay any costs (including counsel fees) incurred in subjecting to the lien of the Indenture any items of machinery, equipment or related property that under the provisions of this Section are to become a part of the Leased Equipment. The Lessee will not remove, or permit the removal of, any of the Leased Equipment from the Leased Land except in accordance with the provisions of this Section.

SECTION 6.3. *Taxes, Other Governmental Charges and Utility Charges.* The Lessee will pay, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project or any machinery, equipment or other property installed or brought by the Lessee therein or thereon or with respect to the

original issuance of the Bon
levied upon or with respect t
would become a lien on the P
revenues and receipts therefro
pledge or assignment thereo
incurred in the operation, ma
charges lawfully made by an
on the Project; provided, that
lawfully be paid in installment
ments as are required to be p

If the Lessee shall first n
in its own name and behalf o
assessments and other charge
other charges so contested to
unless the County or the Trus
the Indenture as to any part o
will be subject to loss or fo
promptly or secured by postin
The County will cooperate fu
fail to pay any of the forego
to post such bond, the Count
or post such bond and any a
an additional obligation of the
interest thereon at the rate of

The County agrees that a
to the Lessee and the County
any such investment tax cred

SECTION 6.4. *Insurance*
the Lessee shall keep the Pr
against by businesses of like si
as the same become due and p
to:

(a) Insurance to t
be required to meet the c
as determined by a recog
fire and lightning, with
provided in the standard

(b) Insurance to the
for bodily injury includin
against liability for dama
related to the Project or
any such policy.

SECTION 6.5. *Applicatio*
pursuant to the provisions of S
insurance required in Section
Section 7.1 hereof and (ii) th
shall be applied toward extingu
proceeds may be paid.

SECTION 6.6. *Additional*
hereof shall be taken out and m
by the Lessee and acceptable t
to those on similar policies can
location and other respects to th

Lease 1

original issuance of the Bonds (including, without limiting the generality of the foregoing, any taxes levied upon or with respect to the income or profits of the County from the Project which, if not paid, would become a lien on the Project prior to or on a parity with the lien of the Indenture or a charge on the revenues and receipts therefrom prior to or on a parity with the charge under the Indenture thereon and the pledge or assignment thereof to be created and made in the Indenture), all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by lien on the Project; provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Lessee shall be obligated to pay only such installments as are required to be paid during the Lease Term.

If the Lessee shall first notify the Trustee of its intention so to do, the Lessee may, at its expense and in its own name and behalf or in the name and behalf of the County, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the County or the Trustee shall notify the Lessee that by nonpayment of any such items the lien of the Indenture as to any part of the Project will be materially endangered, or the Project or any part thereof will be subject to loss or forfeiture, in which event such taxes, assessments or charges shall be paid promptly or secured by posting a bond, in form satisfactory to the County and the Trustee, with the Trustee. The County will cooperate fully with the Lessee in any such contest. In the event that the Lessee shall fail to pay any of the foregoing items required by this Section to be paid by the Lessee or shall fail to post such bond, the County or the Trustee may (but shall be under no obligation to) pay the same or post such bond and any amounts so advanced therefor by the County or the Trustee shall become an additional obligation of the Lessee to the one making the advancement, which amounts, together with interest thereon at the rate of 8% per annum from the date thereof, the Lessee agrees to pay.

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

SECTION 6.4. *Insurance Required.* During the Construction Period and throughout the Lease Term, the Lessee shall keep the Project continuously insured against such risks as are customarily insured against by businesses of like size, type and location, paying, except as provided in Section 4.3(g) hereof, as the same become due and payable all premiums in respect thereto, including but not necessarily limited to:

(a) Insurance to the full insurable value of the Project (or such lesser amount as would be required to meet the cost of paying or redeeming all of the Bonds from time to time outstanding) as determined by a recognized appraiser or insurer selected by the Lessee, against loss or damage by fire and lightning, with uniform standard extended coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at the time in use in Montana.

(b) Insurance to the extent of $300,000 per person and $1,000,000 per accident against liability for bodily injury including death resulting therefrom, and to the extent of $500,000 per accident against liability for damage to property including loss of use thereof, occurring on or in any way related to the Project or any part thereof. The County shall be named as an additional assured in any such policy.

SECTION 6.5. *Application of Net Proceeds of Insurance.* The Net Proceeds of the insurance carried pursuant to the provisions of Section 6.4 hereof shall be applied as follows: (i) the Net Proceeds of the insurance required in Section 6.4 hereof, other than liability insurance, shall be applied as provided in Section 7.1 hereof and (ii) the Net Proceeds of the liability insurance required in Section 6.4 hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

SECTION 6.6. *Additional Provisions Respecting Insurance.* All insurance required in Section 6.4 hereof shall be taken out and maintained in generally recognized responsible insurance companies selected by the Lessee and acceptable to the Trustee, and may be written with deductible amounts comparable to those on similar policies carried by other companies engaged in businesses similar in size, character, location and other respects to those in which the Lessee is engaged. All policies evidencing such insurance

shall provide for payment of the losses to the County, the Lessee and the Trustee as their respective interests may appear, and the policies required by Section 6.4(a) shall contain standard mortgagee clauses requiring that all Net Proceeds of insurance resulting from any claim in excess of $100,000 for loss or damage covered thereby be paid to the Trustee; provided, however, that all claims regardless of amount may be adjusted by the Lessee with the insurers, subject to approval of the Trustee as to settlement of any claim in excess of $100,000.

All such policies or a certificate or certificates of the insurers that such insurance is in force and effect, shall be deposited with the Trustee; and prior to expiration of any such policy, the Lessee shall furnish the Trustee with evidence satisfactory to the latter, that the policy has been renewed or replaced or is no longer required by this agreement.

In lieu of separate policies, the Lessee may maintain blanket policies having the same coverage required herein, in which event it shall deposit with the Trustee a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Project.

SECTION 6.7. *Advances by County or Trustee.* In the event the Lessee shall fail to maintain the full insurance coverage required by this agreement or shall fail to keep the Project in as reasonably safe condition as its operating conditions will permit, or shall fail to keep the Facility and the Leased Equipment in good repair and good operating condition, the County or the Trustee may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or make the required repairs, renewals and replacements; and all amounts so advanced therefor by the County or the Trustee shall become an additional obligation of the Lessee to the one making the advancement, which amounts, together with interest thereon at the rate of 8% per annum from the date thereof, the Lessee agrees to pay.

ARTICLE VII

DAMAGE, DESTRUCTION AND CONDEMNATION

SECTION 7.1. *Damage and Destruction.* Unless the Lessee shall have elected to exercise its option to purchase pursuant to the provisions of Section 11.2(a) hereof, if prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) the Project is destroyed or damaged (in whole or in part) by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried under the provisions of Section 6.4(a) hereof resulting from such destruction or damage is not greater than $100,000, the Lessee, or the County at the Lessee's direction, (i) will promptly replace, repair, rebuild or restore the property damaged or destroyed to substantially the same condition thereof as existed prior to the event causing such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not impair unduly operating unity or productive capacity or the character of the Project as a manufacturing plant, and (ii) will apply for such purpose so much as may be necessary of any Net Proceeds of insurance resulting from claims for such losses, as well as any additional moneys of the Lessee necessary therefor. All Net Proceeds of insurance resulting from claims for such losses not in excess of $100,000 shall be paid to the Lessee.

Unless the Lessee shall have elected to exercise its option to purchase pursuant to the provisions of Section 11.2(a) hereof, if prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) the Project is destroyed or is damaged (in whole or in part) by fire or other casualty to such extent that the claim for loss under the insurance policies, other than liability policies, required to be carried under Section 6.4 hereof resulting from such destruction or damage is in excess of $100,000, the Lessee shall promptly give written notice thereof to the Trustee. All Net Proceeds of insurance resulting from claims for such losses in excess of $100,000 shall be paid to and held by the Trustee as a separate trust account and applied in one or more of the following ways as shall be directed in writing by the Lessee:

(a) To the replacement, repair, rebuilding or restoration by the Lessee, or the County at the Lessee's direction, of the property damaged or destroyed to substantially the same condition thereof

as existed prior to the
modifications (includin
Lessee and as will not
Project as a manufactu
of the Net Proceeds o
rebuilding or restoratio

(b) To the acqu
suitable for the Lessee'
a part of the Project ar
rent other than herein
described herein and d
County subject to no li
Encumbrances, in whi
Proceeds of such insu

(c) To the rede
redemption; provided,
(i) all of the Bonds
option to purchase pr
of the Bonds are to be
of an Independent Eng
forming a part of the
or occupancy of the P
as stated in the foreg
acquired which are sui
going subsection (b)

In the event said Net F
rebuilding, restoration or ac
that portion of the costs the
and the Trustee the moneys
to complete said work.

The Lessee shall not,
thereof or payment to the
County, the Trustee or the
under Section 5.3 hereof.

Unless the Lessee shal
of Section 11.2(a) hereof,
shall direct the County and
Lessee elects to have said

Any balance of such
repair, rebuilding, restoratio
direct the County in writing
Bond Fund, the County sh
applied by the Trustee to th
thereof plus accrued interes

If the Bonds have been
with the provisions of the

SECTION 7.2. *Condem*
the provisions of Section 11
or any part thereof shall be
mental body or by any pe

Lease 1

as existed prior to the event causing such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not impair unduly operating unity or productive capacity or the character of the Project as a manufacturing plant, in which case the Trustee will apply so much as may be necessary of the Net Proceeds of such insurance to the payment of the costs of such replacement, repair, rebuilding or restoration.

(b) To the acquisition, by construction or otherwise, by the County of other improvements suitable for the Lessee's operations at the site of the Project (which improvements shall be deemed a part of the Project and available for use and occupancy by the Lessee without the payment of any rent other than herein provided to the same extent as if such other improvements were specifically described herein and demised hereby); provided, that such improvements shall be acquired by the County subject to no liens or encumbrances prior to the lien of the Indenture, other than Permitted Encumbrances, in which case the Trustee will apply so much as may be necessary of the Net Proceeds of such insurance to the payment of the costs of such acquisition.

(c) To the redemption of the Bonds together with accrued interest thereon to the date of redemption; provided, that no part of such Net Proceeds may be applied for such redemption unless (i) all of the Bonds are to be redeemed in accordance with the Indenture upon exercise of the option to purchase provided for by Section 11.2(a) hereof or (ii) in the event that less than all of the Bonds are to be redeemed, the Lessee shall furnish to the County and the Trustee a certificate of an Independent Engineer acceptable to the County and the Trustee stating (1) that the property forming a part of the Project that was so damaged or destroyed is not essential to the Lessee's use or occupancy of the Project, or (2) that the Project has been replaced, repaired, rebuilt or restored as stated in the foregoing subsection (a) of this Section, or (3) that improvements have been acquired which are suitable for the Lessee's operations at the Project as contemplated by the foregoing subsection (b) of this Section.

In the event said Net Proceeds are not sufficient to pay in full the costs of such replacement, repair, rebuilding, restoration or acquisition, the Lessee will nonetheless complete the work thereof and will pay that portion of the costs thereof in excess of the amount of said Net Proceeds or will pay to the County and the Trustee the moneys necessary to complete said work, in which case the County will proceed so to complete said work.

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

Unless the Lessee shall have elected to exercise its option to purchase pursuant to the provisions of Section 11.2(a) hereof, within ninety days from the date of such damage or destruction, the Lessee shall direct the County and the Trustee in writing as to which of the ways specified in this Section the Lessee elects to have said Net Proceeds applied.

Any balance of such Net Proceeds remaining after payment of all the costs of such replacement, repair, rebuilding, restoration or acquisition shall be paid into the Bond Fund. If the Lessee shall so direct the County in writing within 90 days following the payment of any such Net Proceeds into the Bond Fund, the County shall cause such funds, or such part thereof as the Lessee shall direct, to be applied by the Trustee to the redemption at the earliest practicable date of Bonds at the principal amount thereof plus accrued interest to the redemption date.

If the Bonds have been fully paid or provision for the payment thereof has been made in accordance with the provisions of the Indenture, all such Net Proceeds shall be paid to the Lessee.

SECTION 7.2. *Condemnation.* Unless the Lessee shall exercise its option to purchase pursuant to the provisions of Section 11.2(b) hereof, in the event that title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Lessee

shall be obligated to continue to make the rental payments specified in Section 5.3 hereof. The County, the Lessee and the Trustee will cause the Net Proceeds received by them or any of them from any award made in such eminent domain proceedings, to be paid to and held by the Trustee as a separate trust account and applied in one or more of the following ways as shall be directed in writing by the Lessee:

(a) To the restoration of the improvements located on the Leased Land to substantially the same condition thereof as existed prior to the exercise of the said power of eminent domain.

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

(c) To the redemption of Bonds together with accrued interest thereon to the date of redemption; provided, that no part of any such condemnation award may be applied for such redemption unless (i) all of the Bonds are to be redeemed in accordance with the Indenture upon exercise of the option to purchase provided for by Section 11.2(b) hereof or (ii) in the event that less than all of the Bonds are to be redeemed, the Lessee shall furnish to the County and the Trustee a certificate of an Independent Engineer acceptable to the County and the Trustee stating (1) that the property forming a part of the Project that was taken by such condemnation proceedings is not essential to the Lessee's use or occupancy of the Project, or (2) that the Project has been restored to a condition substantially equivalent to its condition prior to the taking by such condemnation proceedings or (3) that improvements have been acquired which are suitable for the Lessee's operations at the Project as contemplated by the foregoing subsection (b) of this Section.

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

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

The County shall cooperate fully with the Lessee in the handling and conduct of any prospective or pending condemnation proceeding with respect to the Project or any part thereof and will, to the extent it may lawfully do so, permit the Lessee to litigate in any such proceeding in the name and behalf of the County. In no event will the County voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Project or any part thereof without the written consent of the Lessee.

SECTION 7.3. *Condemnation of Lessee-Owned Property.* The Lessee shall be solely entitled to the Net Proceeds of any condemnation award or portion thereof made for damages to or takings of its own property.

ARTICLE VIII

SPECIAL COVENANTS

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

SECTION 8.2. *Inspection of the Project.* The Lessee agrees that the County, the Trustee and their, or either of their, duly authorized agents shall have the right at all reasonable times to enter upon the Leased Land and to examine and inspect the Project. The Lessee further agrees that the County and its

duly authorized agents shall have
to cause to be completed the const
and thereafter for the proper main
its obligations under Section 6.1 he

SECTION 8.3. *Lessee To Ma*
Permitted. The Lessee agrees tha
not dissolve or otherwise dispose c
merge into another corporation or
into it; provided, that the Lessee
solidate with or merge into anothe
with or merge into it, or sell or c
assets as an entirety and thereafter
the case may be (if other than H
obligations of the Lessee herein and
transfer of assets shall be permitte
the Lessee, as the case may be) to
be a separate legal obligation of th

SECTION 8.4. *Qualification i*
Term it will continue to be duly q

SECTION 8.5. *Release of Ce*
withstanding any other provision o
from time to time to amend this a
this agreement and the leasehold e
(on which neither the Facility nor
to construct improvements for lease
another and different lease agreeme
respect to which the County prop
title to a railroad, public utility or
provided for the Project; provided,
outstanding and unpaid, there shall

(a) A copy of the said

(b) A resolution of the
provisions of the Indenture a
any of the provisions of this
the Leased Land to be releas
(iv) stating that the said imp
the continued industrial devel
said amendment and the relea

(c) A certificate of the
stating that the Lessee is not i

(d) A copy of the agree
to construct improvements on
to lease the same to such Less
or a copy of the instrument gr
or public body.

(e) A certificate of an In
than sixty days prior to the d
such certificate, (i) the portion
able in order to obtain railroa
needed for the operation of th
proposed to be made will not
will not destroy the means of

Lease 1

duly authorized agents shall have such rights of access to the Project as may be reasonably necessary to cause to be completed the construction and installation thereof, as provided for in Section 4.1 hereof, and thereafter for the proper maintenance of the Project in the event of failure by the Lessee to perform its obligations under Section 6.1 hereof.

SECTION 8.3. *Lessee To Maintain its Corporate Existence; Conditions Under Which Exceptions Permitted.* The Lessee agrees that during the Lease Term it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided, that the Lessee may, without violating the agreement contained in this Section, consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve, provided the surviving, resulting or transferee corporation, as the case may be (if other than Hoerner Waldorf Properties Company), assumes in writing all of the obligations of the Lessee hereunder and qualifies to do business in Montana. No such consolidation, merger or transfer of assets shall be permitted if such action will cause the Lessee (or any assignee or successor of the Lessee, as the case may be) to cease existence as a separate legal entity or cause the Guaranty not to be a separate legal obligation of the Guarantor.

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

SECTION 8.5. *Release of Certain Land.* Subject to the written consent of the Guarantor and notwithstanding any other provision of this agreement, the parties hereto reserve the right at any time and from time to time to amend this agreement for the purpose of effecting the release of and removal from this agreement and the leasehold estate created hereby (i) of any unimproved part of the Leased Land (on which neither the Facility nor any Leased Equipment is situated) on which the County then proposes to construct improvements for lease to the Lessee or any subsidiary or affiliated corporation thereof under another and different lease agreement or (ii) any part (or interest in such part) of the Leased Land with respect to which the County proposes to grant at the request of the Lessee an easement or convey fee title to a railroad, public utility or public body in order that railroad, utility services or roads may be provided for the Project; provided, that if at the time any such amendment is made any of the Bonds are outstanding and unpaid, there shall be deposited with the Trustee the following:

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

(b) A resolution of the County (i) stating that the County is not in default under any of the provisions of the Indenture and the Lessee is not to the knowledge of the County in default under any of the provisions of this agreement, (ii) giving an adequate legal description of that portion of the Leased Land to be released, (iii) stating the purpose for which the County desires the release, (iv) stating that the said improvements which will be so constructed will be such as will promote the continued industrial development of Montana and (v) requesting the consent of the Trustee to said amendment and the release of such property from the lien of the Indenture.

(c) A certificate of the Authorized Lessee Representative approving such amendment and stating that the Lessee is not in default under any of the provisions of this agreement.

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

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

Any consideration received by the Lessee in connection with the foregoing shall be retained by the Lessee. No conveyance or release effected under the provisions of this Section shall entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof.

SECTION 8.6. *Granting of Easements.* If no event of default under this agreement shall have happened and be continuing, the Lessee may at any time or times (i) grant easements, licenses, rights of way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property included in the Project, free from the Indenture, or (ii) release existing easements, licenses, rights of way and other rights or privileges, all with or without consideration and upon such terms and conditions as the Lessee shall determine, and the County agrees that it will execute and deliver and will cause and direct the Trustee to execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right of way or other right or privilege, upon receipt by the County and the Trustee of: (i) a copy of the instrument of grant or release, (ii) a written application signed by the Authorized Lessee Representative requesting such instrument and (iii) a certificate executed by the Authorized Lessee Representative stating (1) that such grant or release is not detrimental to the proper conduct of the business of the Lessee, and (2) that such grant or release will not impair the effective use or interfere with the efficient and economical operation of the Project and will not in any material respect weaken, diminish or impair the security intended to be given by or under the Indenture. If the instrument of grant shall so provide, any such easement or right and the rights of such other parties thereunder shall be superior to the rights of the County and the Trustee under this agreement and the Indenture and shall not be affected by any termination of this agreement or default on the part of the Lessee hereunder. If no event of default shall have happened and be continuing, any payments or other consideration received by the Lessee for any such grant shall be and remain the property of the Lessee but, in the event of the termination of this agreement or default of the Lessee, all rights then existing of the Lessee with respect to or under such grant, shall inure to the benefit of and be exercisable by the County and the Trustee.

SECTION 8.7. *Release and Indemnification Covenants.* The Lessee releases the County from, agrees that the County shall not be liable for and agrees to hold the County harmless against, any loss or damage to property or any injury to or death of any person that may be occasioned by any defect in the Leased Land, the Facility or the Leased Equipment or other improvements on the Leased Land or by any cause whatsoever pertaining to the Project or the use thereof; provided, that the indemnity provided in this sentence shall be effective only to the extent of any loss that might be sustained by the County in excess of the Net Proceeds received from any insurance carried with respect to the loss sustained.

Whenever under the provisions of this agreement the approval of the Lessee is required or the County is required to take some action at the request of the Lessee, such approval shall be given or such request shall be made by the Authorized Lessee Representative or the Project Supervisor unless otherwise specified in this agreement and the County shall be authorized to act on any such approval or request and the Lessee shall have no complaint against the County as a result of any such action taken.

SECTION 8.8. *Financial Statements of Lessee.* The Lessee agrees that it will furnish to the Trustee and the County a copy of each of the financial statements certified by a certified public accountant that it customarily furnishes to its stockholders.

ARTICLE IX

ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING; REDEMPTION; RENT PREPAYMENT AND ABATEMENT

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

(a) No assignment (other than pursuant to Section 8.3 hereof) or subleasing shall relieve the Lessee from primary liability for any of its obligations hereunder, and in the event of any such assign-

ment or subleasing the l
fied in Section 5.3 and t
other agreements on its

(b) The assignee
extent of the interest a

(c) The Lessee
furnished to the Count
sublease, as the case m

(d) No such assi
(or any assignee or su
legal entity or cause th

SECTION 9.2. *Mortga*
Indenture and assign its inte
pursuant to the Indenture a
premium on the Bonds but
this agreement.

SECTION 9.3. *Restric*
hereof, the County agrees t
the Trustee pursuant to the
dispose of any part of the P

SECTION 9.4. *Redem*
Section 5.3 hereof, the Co
Bond Fund are sufficient
provisions of the Indentur
redemption provisions of th
as may be specified by the L

SECTION 9.5. *Prepay*
the Lessee is authorized a
rents payable under Section
ment of rents when the sam
Bond Fund and credited o
dates, and at the election of
in the manner and to the e

SECTION 9.6. *Lessee*
any time the aggregate mon
sions of the Indenture all
Trustee, the paying agents a
the last of the Bonds is to b
and if the Lessee is not at t
occupy the Project from th
including June 1, 1996, wit
conditions hereof).

SECTION 9.7. *Install*
In addition to the machine
hereof which does not bec
time, in its sole discretion
Facility or on the Leased
the sole property of the L
may be modified or remov

ment or subleasing the Lessee shall continue to remain primarily liable for payment of the rent specified in Section 5.3 and Clause (a) of Section 10.2 hereof and for performance and observance of the other agreements on its part herein provided to be performed and observed by it.

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

(c) The Lessee shall, within thirty days after the delivery thereof, furnish or cause to be furnished to the County and to the Trustee a true and complete copy of each such assignment and sublease, as the case may be.

(d) No such assignment or subletting shall be permitted if such action will cause the Lessee (or any assignee or successor of the Lessee, as the case may be) to cease existence as a separate legal entity or cause the Guaranty not to be a separate legal obligation of the Guarantor.

SECTION 9.2. *Mortgaging of Project by County.* The County will mortgage the Project under the Indenture and assign its interest in and pledge any moneys receivable under this agreement, to the Trustee pursuant to the Indenture as security for payment of the principal of and the interest and any redemption premium on the Bonds but any such mortgage, assignment or pledge shall be subject and subordinate to this agreement.

SECTION 9.3. *Restrictions on Sale of Project by County.* Subject to the provisions of Article XI hereof, the County agrees that, except for the assignment of this agreement and the rentals hereunder to the Trustee pursuant to the Indenture, it will not sell, assign, convey, mortgage, encumber or otherwise dispose of any part of the Project during the Lease Term.

SECTION 9.4. *Redemption of Bonds.* If the Lessee is not in default in the payment of rent under Section 5.3 hereof, the County, at the request of the Lessee, at any time the aggregate moneys in the Bond Fund are sufficient to effect such redemption and if the same are then redeemable under the provisions of the Indenture, shall forthwith take all steps that may be necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the then outstanding Bonds as may be specified by the Lessee, on such redemption date as may be specified by the Lessee.

SECTION 9.5. *Prepayment of Rents.* There is expressly reserved to the Lessee the right, and the Lessee is authorized and permitted, at any time it may choose, to prepay all or any part of the rents payable under Section 5.3 hereof, and the County agrees that the Trustee may accept such prepayment of rents when the same are tendered by the Lessee. All rents so prepaid shall be deposited in the Bond Fund and credited on the rental payments specified in Section 5.3 hereof in the order of their due dates, and at the election of the Lessee shall be used for the redemption or purchase of outstanding Bonds in the manner and to the extent provided in the Indenture.

SECTION 9.6. *Lessee Entitled to Certain Rent Abatements if Bonds Paid Prior to Maturity.* If at any time the aggregate moneys in the Bond Fund shall be sufficient to retire in accordance with the provisions of the Indenture all of the Bonds at the time outstanding and to pay all fees and charges of the Trustee, the paying agents and the expenses of the County due or to become due through the date on which the last of the Bonds is to be retired, under circumstances not resulting in termination of the Lease Term, and if the Lessee is not at the time otherwise in default hereunder, the Lessee shall be entitled to use and occupy the Project from the date on which such aggregate moneys are in the hands of the Trustee to and including June 1, 1996, without the payment of rent during that interval (but otherwise on the terms and conditions hereof).

SECTION 9.7. *Installation of Lessee's Own Machinery and Equipment; Landlord's Lien Thereon.* In addition to the machinery and equipment installed by the Lessee under the provisions of Section 6.1 hereof which does not become part of the Leased Equipment thereunder, the Lessee may from time to time, in its sole discretion and at its own expense, install additional machinery and equipment in the Facility or on the Leased Land. All machinery and equipment so installed by the Lessee shall remain the sole property of the Lessee in which neither the County nor the Trustee shall have any interest and may be modified or removed at any time while the Lessee is not in default hereunder and shall not be

subject to the lien of the Indenture. Nothing contained in the preceding provisions of this Section shall prevent the Lessee from purchasing, after delivery of the Indenture, such additional machinery and equipment on conditional sale contract or lease sale contract, or subject to vendor's lien or purchase money mortgage, as security for the unpaid portion of the purchase price thereof, and each such conditional sale contract, lease sale contract, vendor's lien or purchase money mortgage made by the Lessee with respect to machinery and equipment purchased by it under the provisions of this Section after the delivery of the Indenture shall, if filed for record in the proper office as required by law, simultaneously with or prior to the installation at the Project of the machinery and equipment covered thereby, be prior and superior to any landlord's lien. The Lessee agrees to pay, unless in good faith contested by it, as due the purchase price of and all costs and expenses with respect to the acquisition and installation of any machinery and equipment installed by it pursuant to this Section.

SECTION 9.8. *References to Bonds Ineffective After Bonds Paid.* Upon payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and all fees and charges of the Trustee, the paying agent and the County, all references in this agreement to the Bonds and the Trustee shall be ineffective and neither the Trustee nor the holder of any of the Bonds shall thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

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

(a) Failure by the Lessee for a period of five days to pay or cause to be paid the rent required to be paid under Section 5.3 hereof at the times specified therein.

(b) Failure by the Lessee to observe and perform any covenant, condition or agreement in this agreement on its part to be observed or performed, other than as referred to in subsection (a) of this Section, for a period of thirty days after written notice, specifying such failure and requesting that it be remedied, given to the Lessee by the County or the Trustee, unless the County and the Trustee (with any required Consent of Bondholders under the provisions of the Indenture) shall agree in writing to an extension of such time prior to its expiration.

(c) The dissolution or liquidation of the Lessee or the Guarantor or the filing by the Lessee or the Guarantor of a voluntary petition in bankruptcy, or failure by the Lessee or the Guarantor promptly to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Project, or the commission by the Lessee or the Guarantor of any act of bankruptcy, or adjudication of the Lessee or the Guarantor as a bankrupt, or assignment by the Lessee or the Guarantor for the benefit of its creditors, or the entry by the Lessee or the Guarantor into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Lessee or the Guarantor in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act which may hereafter be enacted. The term "dissolution or liquidation of the Lessee or the Guarantor", as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Lessee or the Guarantor resulting either from a merger or consolidation of the Lessee or the Guarantor into or with another corporation or a dissolution or liquidation of the Lessee or the Guarantor following a transfer of all or substantially all of its assets as an entirety, under the conditions permitting such action with respect to the Lessee contained in Section 8.3 hereof and with respect to the Guarantor contained in Section 12 of the Guaranty Agreement.

The foregoing provisions of this Section are subject to the following limitations: If by reason of force majeure the Lessee is unable in whole or in part to carry out its agreements on its part herein contained, other than the obligations on the part of the Lessee contained in Article V and Sections 6.3 and 6.4

hereof, the Lessee shall not
"force majeure" as used herei
disturbances; acts of public
or of Montana or any of th
insurrections; riots; epidemic
outs; droughts; arrests; restra
accident to machinery, trans
cause or event not reasonabl
with all reasonable dispatch t
provided, that the settlemen
within the discretion of the I
lockouts and other industri
parties when such course is i

SECTION 10.2. *Remedie*
and unpaid and provision for
sions of the Indenture, whe
happened and be subsisting, t
the following remedial steps:

(a) The County o
installments of rent pay
immediately due and pay

(b) The County, w
of the Project without t
Lessee, holding the Less
such sublessee in such s

(c) The County, w
exclude the Lessee from
another party for the acc
due under this agreement

(d) The County m
records and any and all a

(e) The County or
sary or desirable to colle
and observance of a y ob

Any amounts collected pursu
and applied in accordance w
(or provision for payment th
to the Lessee.

SECTION 10.3. *No Re*
County or to the Trustee is i
and every such remedy shall
this agreement or now or her
exercise any right or power a
construed to be a waiver then
as often as may be deemed ex
reserved to it in this Article,
be herein expressly required.
to the Trustee and the Truste
third party beneficiaries of all

Lease 1

hereof, the Lessee shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall include the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of Montana or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Lessee. The Lessee agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the Lessee from carrying out its agreements; provided, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Lessee, and the Lessee shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Lessee unfavorable to the Lessee.

SECTION 10.2. *Remedies on Default.* In the event any of the Bonds shall at the time be outstanding and unpaid and provision for the payment thereof shall not have been made in accordance with the provisions of the Indenture, whenever any event of default referred to in Section 10.1 hereof shall have happened and be subsisting, the County or the Trustee, where so provided, may take any one or more of the following remedial steps:

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

(b) The County, with the prior written consent of the Trustee, may re-enter and take possession of the Project without terminating this agreement, and sublease the Project for the account of the Lessee, holding the Lessee liable for the difference between the rent and other amounts payable by such sublessee in such subleasing and the rents and other amounts payable by the Lessee hereunder.

(c) The County, with the prior written consent of the Trustee, may terminate the Lease Term, exclude the Lessee from possession of the Project and use its best efforts to lease the Project to another party for the account of the Lessee, holding the Lessee liable for all rent and other amounts due under this agreement and not paid by such other party.

(d) The County may have access to and inspect, examine and make copies of the books and records and any and all accounts and data of the Lessee insofar as the same relate to the Project.

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

Any amounts collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Indenture) to the Lessee.

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

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

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

ARTICLE XI

OPTIONS IN FAVOR OF LESSEE

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

(a) At any time prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), the Lessee may terminate the Lease Term by paying to the Trustee, for the account of the County, for deposit in the Bond Fund an amount which, when added to the amount on deposit in the Bond Fund, will be sufficient to pay, retire and redeem all of the outstanding Bonds in accordance with the provisions of the Indenture (including, without limiting the generality of the foregoing, principal, interest to maturity or redemption date specified by the Lessee, as the case may be, premium, if any, expenses of redemption and the Trustee's and paying agents' fees and expenses), and in case of redemption by making arrangements satisfactory to the Trustee for the giving of the required notice of redemption.

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

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

(a) The Facility or the Leased Equipment shall have been damaged or destroyed as set forth in Section 7.1 hereof to such extent that, in the opinion of the Lessee expressed in a resolution and of an Independent Engineer expressed in a certificate in each case filed with the County and the Trustee, (i) it cannot be reasonably restored within a period of four months to the condition thereof immediately preceding such damage or destruction, or (ii) the Lessee is thereby prevented or likely to be prevented from carrying on its normal operations at the Project for a period of four months, or (iii) the cost of restoration thereof would exceed by $1,000,000 or more the Net Proceeds of insurance carried thereon pursuant to the requirements of Section 6.4 hereof, plus the amounts for which the Lessee is self-insured with respect to deductible amounts permitted under Section 6.6 hereof.

(b) Title to, or the temporary use of, all or substantially all the Project shall have been taken under the exercise of the power of eminent domain by any governmental authority, or person, firm or corporation acting under governmental authority (including such a taking or takings as results or, in the opinion of the board of directors of the Lessee expressed in a resolution and of an Independent Engineer expressed in a certificate in each case filed with the County and the Trustee, is likely to result in the Lessee being thereby prevented from carrying on its normal operations at the Project for a period of four months).

(c) As a result of a
United States of America
federal) or by final decree,
or federal) entered after th
become void or unenforce
purposes of the parties, o
liabilities shall have been i
state or other ad valorem,
agreement.

(d) The Project or a
to be a public nuisance an
enjoined, and such decisio
decision upon such appeal

To exercise such option, t
exercise of such option, or suc
hereof, give written notice to th
and provision for the payment
Indenture, and shall specify the
forty-five nor more than ninety
of the Bonds in accordance wi
to the Trustee for the giving of
Lessee in the event of its exerci

(1) an amount of m
then on deposit in the B
redeem at the principal an
Bonds may be redeemed o
accrue and said interest da

(2) an amount of m
the Indenture, and the ex
until such final payment an

(3) the sum of one

In the event of the exercise of t
demnation shall be paid to the L

SECTION 11.3. *Option to*
Bonds. The Lessee shall have,
agrees to sell, the Project or an
sooner termination of the Leas
thereof having been made in ac
of money equal to the Trustee
expenses of the County approv
closing of the foregoing purch
Section 11.5 hereof.

SECTION 11.4. *Option to P*
the option to purchase any pa
Equipment is located but upon
and from time to time at and fo
it furnishes the County with the

(a) A notice in writ
Leased Land with respect

Lease 1

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

(d) The Project or a material portion thereof is adjudged by a court of competent jurisdiction to be a public nuisance and operation of the Project or a material portion thereof is permanently enjoined, and such decision has become final, or, if appealed, affirmed upon such appeal and the decision upon such appeal has become final.

To exercise such option, the Lessee shall, within six months following the event authorizing the exercise of such option, or such shorter period as shall be required by the provision of Section 7.2 hereof, give written notice to the County and to the Trustee, if any of the Bonds shall then be unpaid and provision for the payment thereof has not been made in accordance with the provisions of the Indenture, and shall specify therein the date of closing such purchase, which date shall be not less than forty-five nor more than ninety days from the date such notice is mailed, and in case of a redemption of the Bonds in accordance with the provisions of the Indenture shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption. The purchase price payable by the Lessee in the event of its exercise of the option granted in this Section shall be the sum of the following:

(1) an amount of money to be paid into the Bond Fund which, when added to the amount then on deposit in the Bond Fund for payment of the Bonds, will be sufficient to retire and redeem at the principal amount thereof all the then outstanding Bonds on the date on which such Bonds may be redeemed or paid at maturity, including without limitation, principal, all interest to accrue and said interest date and redemption expenses, plus

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

(3) the sum of one dollar.

In the event of the exercise of the option granted in this Section any Net Proceeds of insurance or condemnation shall be paid to the Lessee and the Lease Term shall thereupon be terminated.

SECTION 11.3. *Option to Purchase Project or Any Part Thereof Subsequent to Payment of the Bonds.* The Lessee shall have, and is hereby granted, the option to purchase, and the County hereby agrees to sell, the Project or any part thereof for One Thousand Dollars ($1,000) at the expiration or sooner termination of the Lease Term following full payment of the Bonds or provision for payment thereof having been made in accordance with the provisions of the Indenture, and payment of an amount of money equal to the Trustee's and paying agent's fees and expenses under the Indenture and the expenses of the County approved by the Lessee, accrued to such full payment of the Bonds. At the closing of the foregoing purchase, the County will deliver to the Lessee the documents referred to in Section 11.5 hereof.

SECTION 11.4. *Option to Purchase Unimproved Land.* The Lessee shall have, and is hereby granted, the option to purchase any part of the Leased Land (on which neither the Facility nor any Leased Equipment is located but upon which any transportation or utility facilities may be located) at any time and from time to time at and for a purchase price equal to the cost thereof to the County, provided that it furnishes the County with the following:

(a) A notice in writing containing (i) an adequate legal description of that portion of the Leased Land with respect to which such option is to be exercised, and (ii) a statement that the

Lessee intends to exercise its option to purchase such portion of the Leased Land on a date stated, which shall not be less than forty-five nor more than ninety days from the date of such notice and (iii) a statement that the use to which the Lessee or any assignee of the Lessee intends to devote such portion of the Leased Land will promote the continued industrial development of Montana.

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

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

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

SECTION 11.5. *Conveyance on Exercise of Option to Purchase.* At the closing of any purchase pursuant to any option to purchase granted herein, the County will upon receipt of the purchase price deliver to the Lessee the following:

(a) If the Indenture shall not at the time have been satisfied in full, a release from the Trustee of the property with respect to which the option was exercised.

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

SECTION 11.6. *Relative Position of Options and Indenture.* The options respectively granted to the Lessee in this Article shall be and remain prior and superior to the Indenture and, except as respects the option granted under Section 11.4 hereof, may be exercised whether or not the Lessee is in default hereunder, provided that such default will not result in nonfulfillment of any condition to the exercise of any such option.

ARTICLE XII

MISCELLANEOUS

SECTION 12.1. *Surrender of Project.* Except as otherwise expressly provided in this agreement, at the expiration or sooner termination of the Lease Term, the Lessee agrees to surrender possession of the Project peaceably and promptly to the County in as good condition as at the commencement of the Lease Term, loss by fire or other casualty covered by insurance, condemnation and ordinary wear, tear and obsolescence only excepted.

SECTION 12.2. *Notices.* All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given on the second day following the day on which the same has been mailed by registered mail, postage prepaid, addressed as follows: if to the County, to the County Clerk and Recorder, Missoula, Montana; if to the Lessee, at Hoerner Waldorf Properties Company, 2250

Wabash Avenue, St. Paul, Minn
and Trust Company of Helena,
Guarantor, at Hoerner Waldo
55165. A duplicate copy of e
the County or the Lessee to the
the Lessee, the Guarantor and
different addresses to which sub

SECTION 12.3. *Other Ins*
Trustee within 60 days after
a description of the Leased Eq
October 31, and not adequately
and in the demising clauses of
same to the lien of the Indentu
to render the opinion referred t
delivery of such description th

(1) Prepare a supple
a description of the Lease
of the Indenture, as then
supplemented, if required

(2) Deliver the supp
to this agreement to the

(3) Deliver the fully
to this agreement to the
required by the opinion

(4) Deliver to the T
or the Lessee), addressed
in Article I of the Indentu
and the descriptions of th
mented, are adequate for
Completion Date that suc
as supplemented, constitu
Mortgaged Property, and
valid first security interest
the Indenture, as supplem
tinuation statements, notic
filed or re-recorded or re-
preserve and protect the
in the assignment to the T
or purchasers for value fr

(b) The Lessee, the Co
furnish all information and evi
him to render the opinion refer
record and re-record or cause
filed and recorded and re-reco
to be continued the liens of s
otherwise in this agreement re

SECTION 12.4. *Binding*
upon the County, the Lessee a
tions contained in Sections 8.3,

SECTION 12.5. *Severabil*
unenforceable by any court of
forceable any other provision

Lease 1

Wabash Avenue, St. Paul, Minnesota, Attention: Secretary, and if to the Trustee, at First National Bank and Trust Company of Helena, Helena, Montana, Attention: Corporate Trust Department, and if to the Guarantor, at Hoerner Weldorf Corporation, Attention: Secretary, Box 3260, St. Paul, Minnesota 55165. A duplicate copy of each notice, certificate or other communication given hereunder by either the County or the Lessee to the other shall also be given to the Trustee and the Guarantor. The County, the Lessee, the Guarantor and the Trustee, may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 12.3. *Other Instruments.* (a) The Lessee covenants to deliver to the County and the Trustee within 60 days after October 31, and each October 31 thereafter during the Lease Term, a description of the Leased Equipment and fixtures, if any, constituting a part of the Project, on such October 31, and not adequately described in the granting clauses of the Indenture as then supplemented and in the demising clauses of this agreement as then supplemented, for the purpose of subjecting the same to the lien of the Indenture. Such description shall be sufficiently detailed so as to enable counsel to render the opinion referred to in subsection (4) of the next succeeding sentence. Within 30 days after delivery of such description the Lessee covenants that it will:

(1) Prepare a supplement to the Indenture and a supplement to this agreement, each containing a description of the Leased Equipment and fixtures not adequately described in the granting clauses of the Indenture, as then supplemented, and in the demising clauses of this agreement, as then supplemented, if required by the opinion of counsel referred to in subsection (a) (4) of this Section.

(2) Deliver the supplement to the Indenture to the Trustee and the County and the supplement to this agreement to the County, for execution.

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

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

(b) The Lessee, the County and the Trustee shall execute and deliver all instruments and shall furnish all information and evidence deemed necessary or advisable by such counsel in order to enable him to render the opinion referred to in subsection (a) (4) of this Section 12.3. The Trustee shall file and record and re-record or cause to be filed and recorded and re-recorded all instruments required to be filed and recorded and re-recorded pursuant to the opinion of such counsel and shall continue or cause to be continued the liens of such instruments for so long as the Bonds shall be outstanding, except as otherwise in this agreement required.

SECTION 12.4. *Binding Effect.* This agreement shall inure to the benefit of and shall be binding upon the County, the Lessee and their respective successors and assigns, subject, however, to the limitations contained in Sections 8.3, 9.1, 9.2 and 9.3 hereof.

SECTION 12.5. *Severability.* In the event any provision of this agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 12.6. *Amounts Remaining in the Bond Fund.* It is agreed by the parties hereto that any amounts remaining in the Bond Fund or the Construction Fund upon expiration or sooner termination of the Lease Term, as provided in this agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and the fees, charges and expenses of the Trustee and paying agents and the County in accordance with the Indenture shall belong to and be paid to the Lessee by the Trustee as overpayment of rents.

SECTION 12.7. *Amendments, Changes and Modifications.* Except as otherwise provided in this agreement or in the Indenture, subsequent to the issuance of Bonds and prior to the payment in full of the Bonds (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), this agreement may not be effectively amended, changed, modified, altered or terminated without the concurring written consent of the Trustee and Guarantor or their respective successors and assigns, given in accordance with the provisions of the Indenture, except that no such written consent of the Guarantor shall be necessary with respect to any termination of this agreement pursuant to Section 10.2 hereof or further description of the Project pursuant to Section 12.3 hereof. Subject to the limitations provided herein, in the case of any actual or attempted amendment, change, modification, alteration, or termination of this agreement without such prior written consent, then the Guarantor shall have the right, in addition to any other remedy for any breach or attempted breach of this covenant, to proceed in equity for such relief as may be appropriate including, without limitation, mandatory injunction and specific performance or such other relief as may appear necessary or desirable to enforce performance and observance of the agreements and covenants of the Lessee and the County under this Section 12.7.

SECTION 12.8. *Net Lease.* This agreement shall be deemed and construed to be a "net lease", and the Lessee shall pay absolutely net during the Lease Term the rent and all other payments required hereunder, free of any deductions, without abatement, diminution or set-off other than those herein expressly provided.

SECTION 12.9. *Recording.* This Lease Agreement and every assignment and modification hereof or an appropriate and sufficient memorandum thereof shall be recorded in the office of the County Clerk of the County as ex officio Recorder of Deeds, or in any such other office as may be at the time provided by law as the proper place for the recordation of a deed conveying the Project. This Lease Agreement as originally executed or an appropriate and sufficient memorandum thereof shall be so recorded prior to the recordation of the Indenture.

SECTION 12.10. *Execution of Counterparts.* This agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 12.11. *Guaranty and Conveyance to Trustee.* The obligations of the Lessee under this Agreement are guaranteed by Hoerner Waldorf Corporation pursuant to a Guaranty dated as of June 1, 1971. Performance by Hoerner Waldorf Corporation of any of the obligations of the Lessee under this Agreement shall be considered performance by the Lessee. This Agreement is to be conveyed to the Trustee, pursuant to the Indenture.

IN WITNESS WHEREOF, the County and the Lessee have caused this agreement to be executed in their respective corporate names and their respective corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

COUNTY OF MISSOULA, MONTANA

[SEAL]

By A. W. Fetscher
Chairman, Board of County Commissioners

ATTEST:

Veramae R. Crouse
County Clerk

HOERNER WALDORF PROPERTIES COMPANY

[SEAL]

By V. DeWitt Shuck
President

ATTEST:

Charles O'Connell
Secretary

BOOK

STATE OF MONTANA
COUNTY OF MISSOULA

Personally appeared
State, A. W. FETSCHER
upon their oath acknowl
and the County Clerk
and that they as such C
ment for the purpose th
by A. W. FETSCHER as s

WITNESS my hand
1st day of June,

[SEAL]

STATE OF MINNESOTA
COUNTY OF RAMSEY

Personally appeared
State, V. DE WITT SHUC
upon their oath acknowl
erties Company, the withi
being authorized so to do,
the name of said corporat
Secretary.

WITNESS my hand
1st day of June, 19

[SEAL]

Lease 1

BOOK 31 PAGE 35

ACKNOWLEDGMENTS

STATE OF MONTANA
COUNTY OF MISSOULA } ss.

Personally appeared before me, I. C. GARLINGTON, a Notary Public in and for said County and State, A. W. FETSCHER and VERAMAE R. CROUSE, with whom I am personally acquainted and who upon their oath acknowledged themselves to be the Chairman of the Board of County Commissioners and the County Clerk of Missoula County, Montana, the within-named bargainor, a corporation, and that they as such Chairman and Clerk, being authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing the name of said Board of County Commissioners by A. W. FETSCHER as such Chairman and VERAMAE R. CROUSE as such Clerk.

WITNESS my hand and official seal at office in Missoula, Montana, this 1st day of Jun 1971.

[SEAL]

I. C. Garlington
Notary Public
My Commission Expires: Feb. 14, 1973

STATE OF MINNESOTA
COUNTY OF RAMSEY } ss.

Personally appeared before me, Janice Kay Walsh, a Notary Public in and for said County and State, V. DE WITT SHUCK and CHARLES O'CONNELL, with whom I am personally acquainted and who upon their oath acknowledged themselves to be the President and Secretary of Hoerner Waldorf Properties Company, the within-named bargainor, a corporation, and that they as such President and Secretary, being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of said corporation by V. DE WITT SHUCK as such President and CHARLES O'CONNELL as such Secretary.

WITNESS my hand and official seal at office in St. Paul, Minn., this 1st day of June, 1971.

[SEAL]

Janice Kay Walsh
Notary Public
My Commission Expires:

JANICE K. WALSH
Notary Public Ramsey County, Minn.
My Commission Expires July 20, 1976

Lease 1

EXHIBIT A

Clarifier BOOK 31 PAGE 37

That certain circular tract of land 250 feet in diameter, situated in the N½ Section 24, T.14N., R.21W., Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 504 more particularly described as follows:

Commencing at an iron pin in Mullan Road, at or approximating the N¼ corner of Section 24, T.14N., R.21W., thence S68°44'46"W, 961.22 feet; thence S21°08'14"W, 832.40 feet to the center of said circular tract, from which said tract is circumscribed on a radius of 125 feet, attached to which and includ : in this description is a 25' x 19' pump house on the northwesterly side of this circumscribed circle, containing 1.127 acres more or less.

Number 3 Recovery Boiler

That certain rectangular tract of land situated in the N½, Section 24, T.14N., R.21W., Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows:

Commenc ıg at an iron pin in Mullan Road, at or approximating the N¼ corner of Section 24, T.14N., R.21W., Principal Meridian, Montana; thence S36°08'17"W, 475.86 feet to the true point of beginning; thence S21°46'10"E, 79.00 feet; thence S68°13'50"W, 60.00 feet; thence N21°46'10"W, 79.00 feet; thence N68°13'50"E, 60.00 feet to the true point of beginning, containing 0.109 acres more or less.

Hog Fuel Boiler—Wet Scrubber

That certain rectangular tract of land situated in the N½, Section 24, T.14N., R.21W., Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows:

Commencing at an iron pin in Mullan Road, at or approximating the N¼ corner of Section 24, T.14N., R.21W., Principal Meridian, Montana; thence S31°39'10"W, 555.56 feet to the true point of beginning; thence S21°46'10"E. 30.50 feet; thence S68°13'50"W, 27.00 feet; thence N21°46'10"W, 30.50 feet; thence N68°13'50"E, 27.00 feet, to the true point of beginning, containing 0.019 acres more or less.

Number 4 Recovery Boiler

That certain rectangular tract of land situated in the N½, Section 24, T.14N., R.21W., Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows:

Commencing at an iron pin in Mullan Road, at or approximating the N¼ corner of Section 24, T.14N., R.21W., Principal Meridian, Montana; thence S06°31'18"W, 374.52 feet to the true point of beginning; thence S68°13'50"W, 190.00 feet; thence N21°46'10"W, 105.00 feet; thence N68°13'50"E, 190.00 feet; thence S21°46'10"E, 105.00 feet to the true point of beginning, containing 0.459 acres more or less.

Quantity	
1	200'
1	Clari
2	5 Hl
3	7,50
3	75 F
2	Slud
2	20 F
1	Self
1	1 Hl
1	20' :
–	Mot
1	6' x
–	Con
1	Sam
1	Par
–	Ren
4	Flu
3	18"
3	18"
175	30"
210	8"
2,150	4"
1	Bac
1	Em
200	12"
1	Ble
–	Dik
–	Fill
–	Rip
–	Ele
–	Are
2	Pip
–	Inst
	Sea
	I
	Ov
	1
	Ov
	Us
20	Ve
	Mi

EXHIBIT B
Clarifier BOOK 31 PAGE 38

Quantity	Item
1	200′ diameter clarifier concrete basin
1	Clarifier mechanism
2	5 HP motors
3	7,500 6 PM lift pumps
3	75 HP motors
2	Sludge pumps
2	20 HP motors
1	Self cleaning bar screen
1	1 HP screen motor
1	20′ x 30′ lift station structure
–	Motor control center inside
1	6′ x 12′ lift station
–	Concrete approach ditch to lift station
1	Sampler station and Parshall flume
1	Parshall flume liner
–	Remove and relocate 4 Parshall flumes
4	Flume and sampler station
3	18″ check valves
3	18″ block valves
175	30″ diameter steel pipe
210	8″ diameter sludge piping
2,150	4″ diameter sludge piping
1	Back flush—pos. displace
1	Emergency dam w/weir
200	12″ diameter irrigation pipe
1	Bleed-off piping
–	Dike work—see backup sheet
–	Fill existing ditches
–	Rip rap, intercept ditch
–	Electrical
–	Area Lighting
2	Pipe and wingwalls under roads
–	Instrumentation
	Seal dikes and some of the bottom on ponds #1A, 2, 11, 12 & 13
	Overflows—standard pipe length in ponds #1, 1A, 2, 3, 6, 11 & 12
	Overflows—long pipe for ponds #1, 2, 4, 7 (2 reqd.)
	Used dredge (est.)
20	Vertical drain pipes
	Miscellaneous piping

Number 3 Recovery Boiler Conversion

ADDITIONAL ECONOMIZER
- Material and Erection, including boiler riser tubes

ELECTROSTATIC PRECIPITATOR AND AUXILIARY EQUIPMENT
- Research-Cottrell precipitator erected
- I. D. fan and speed control
- I. D. fan motor and controls
- Fan erection
- Stack
- Ductwork, insulation, sluice tank, etc.

CONCENTRATOR AND AUXILIARY EQUIPMENT
- Unitech material quotation
- Equipment erection

MECHANICAL WORK
- Pumps—material and installation
- Process piping—material and installation
- Instrumentation—material and installation
- Electrical—material and installation

SALTCAKE CONVEYING SYSTEM
- Material and installation

BUILDING
- Basic building, material and erection additional facilities; i.e. manlifts
- Drains, plumbing and heating
- Foundations, relocation of utilities, demolition, etc.

Second Floor Addition to Maintenance Building to provide office facilities

Hog Fuel Boiler—Wet Scrubber

Hog fuel boiler and wet scrubber

Number 4 Recovery Boiler

Material and erection of boiler (including all items between the F. D. fan inlet to the stack outlet)
Instrumentation
Electrical
Piping
Auxiliary equipment (feedwater, air, etc.)
Heavy black liquor concentrator and vacuum evaporator modifications
Relocation of parking lots, sewers, etc.

304331

I received and filed this instrument for record on the 28th day of June 1971 at 11:17 o'clock A.M. and it is recorded in Vol. 31 Mineral Records of the County of Missoula, State of Montana, on page 6 Fee 7.00 Paid _____ Return to Washington, Lohn & Witness my hand, Veramas R. Crouse, County Recorder
Address _____ Robinson By M. McConaughey Deputy

Lease 1

LEASE AGREEMENT

THIS LEASE AGREEMENT, made and entered into as of the first day of June, 1978, by and between the COUNTY OF MISSOULA, MONTANA, an organized county within the State of Montana, being a body corporate and politic (hereinafter referred to as the "Lessor"), and CHAMPION INTERNATIONAL CORPORATION, a corporation organized and existing under the laws of the State of New York (hereinafter sometimes referred to as the "Lessee"),

W I T N E S S E T H:

WHEREAS, The Industrial Development Projects Act of 1965, being Title 11, Chapter 41, Revised Code of Montana, 1947, as amended (hereinafter referred to as the "Act"), authorizes, provides and empowers each county to acquire, whether by construction, purchase, devise, gift or lease, and dispose of properties to the end that such counties may be able to promote industry and develop trade by inducing manufacturing, industrial and commercial enterprises to locate in or remain in said State of Montana and vests such counties with powers that may be necessary to enable them to accomplish such purposes, and

WHEREAS, the Act further authorizes each county to lease to others any or all of its projects, and to charge and collect rent therefor, to issue its bonds for the purpose of carrying out any of its powers and, as security for the payment of the principal of and interest on any such bonds so issued and any agreements made in connection therewith, to pledge the revenues and receipts from its projects or from any thereof to such bonds; and

WHEREAS, pursuant to the Act, a public hearing was held on October 11, 1977 whereby the Lessor considered the adoption of a resolution authorizing the issuance of air pollution control bonds in the principal amount of $14,000,000 and on October 12, 1977 said resolution was adopted and on April 26, 1978 a public hearing was held whereby the Lessor considered the adoption of a resolution authorizing the issuance of solid waste disposal bonds in the principal amount of $30,000,000 and on May 2, 1978 said resolution was adopted; and

WHEREAS, the Lessor has determined, for the purpose of issuance and sale, to combine said bonds in a single issue to be designated "1978 Environmental Improvement Revenue Bonds (Champion International Corporation Project)" (hereinafter referred to as the "1978 Bonds") for the acquisition, construction and financing of the Project; and

WHEREAS, such Project consists of the Lessor's interest in certain leased land (hereinafter referred to as the "Leased Land") and certain air pollution control facilities and solid waste disposal facilities (hereinafter referred to as the "Facilities") and

collectively referred to as the "Project"), all to be located in Missoula County, Montana; and

WHEREAS, the Lessor proposes to undertake the Project as an authorized project under the Act and to finance the cost of the Project by the issuance of Bonds under the Indenture, as hereinafter defined; and

WHEREAS, all Bonds issued under the Indenture will be secured by a pledge of revenues and receipts derived by the Lessor from leasing of the Project; and

WHEREAS, the Lessor proposes to cause the acquisition and construction of the Project and to lease the Project to the Lessee and the Lessee desires to lease and rent the Project from the Lessor upon the terms and conditions as hereinafter in this Agreement set forth;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows, to wit:

ARTICLE I

DEFINITIONS

"Act" shall mean The Industrial Development Projects Act of 1965, being Title 11, Chapter 41, Revised Code of Montana, 1947 as amended.

"Additional Bonds" shall mean the additional parity Bonds authorized to be issued by the Lessor pursuant to Section 207 or Section 211 of the Indenture and Section 4.2(b), hereof, and applicable laws and regulations.

"Agreement" shall mean this Lease Agreement dated as of June 1, 1978 between the Lessor and Lessee, and any and all modifications, alterations, amendments and supplements hereto made in accordance with the provisions hereof and the Indenture.

"Authorized Lessor Representative" shall mean such person at the time designated by written certificate furnished to the Lessee and the Trustee containing the specimen signature of such person and signed on behalf of the Lessor by its Chairman or Clerk and Recorder to act in behalf of the Lessor. Such certificate may designate an alternate or alternates.

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

"Bonds" shall mean any kind or all of the bonds, as the case may be, authorized and issued by the Lessor, authenticated by the Trustee and delivered under the Indenture. "1978 Bonds" shall mean the Bonds identified as such in Sections 201 and 202 of the Indenture.

"Bondholder" or "holder" shall mean the bearer of any coupon Bond and the registered owner of any registered Bond or coupon Bond registered as to principal only.

"Bond Fund" shall mean the Bond Fund created in Section 501 of the Indenture.

"Completion Date" shall mean the date of completion of the acquisition, construction and installation of the Facility as that date shall be certified as provided in Section 4.5 hereof.

"Construction Fund" shall mean the Construction Fund created in Section 602 of the Indenture.

"Cost" or "Cost of the Project" shall mean the sum of the items authorized to be paid from the Construction Fund pursuant to the provisions of paragraphs (a) to (j), inclusive, of Section 4.3 hereof, which sum shall be included in the certificate delivered pursuant to Section 4.5 hereof.

"Exempt Costs" shall mean, as of any date of calculation, the aggregate of the amounts calculated by multiplying the Net Cost of each of the Facilities by the respective percentages set forth in Exhibit B hereto. For purposes of this definition, Net Cost means that portion of the Cost (computed without regard to legal, accounting, financial, advertising, recording and printing expenses and all other expenses incurred in connection with the issuance of all of the Bonds) which is chargeable to the capital account of such Facility for Federal income tax purposes or would be so chargeable either with a proper election by the Lessee or but for a proper election by the Lessee to deduct such amounts.

"Facility" or "Facilities" shall mean those items of machinery, equipment, structures and related property now constructed or installed on or adjacent to the Leased Land in anticipation of, or required herein to be acquired and constructed or installed on or

adjacent to the Leased Land with, proceeds from the sale of the Bonds or the proceeds of any payment by the Lessee pursuant to Section 4.6 hereof, as more particularly described in Exhibit B hereto, and any such item acquired and constructed or installed on or adjacent to the Leased Land pursuant to Section 4.1 hereof, and renewals and replacements thereof and substitutions therefor pursuant to the provisions of Sections 6.1, 6.2(a), 7.1 and 7.2 hereof, additions, modifications and improvements located other than wholly within the boundary lines of the Leased Land as provided in Section 6.1 hereof but not including the Lessee's own machinery and equipment installed under the provisions of Section 9.9 hereof.

"Government Obligations" shall mean (a) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged, or (b) obligations issued by a person controlled or supervised by and acting as an instrumentality of the United States of America, the payment of the principal of, premium, if any, and interest on which is fully and unconditionally guaranteed as a full faith and credit obligation by the United States of America.

"Indenture" shall mean the Indenture of Trust, of even date herewith, including any indentures supplemental thereto as therein permitted, between the Lessor and First Trust Company of Saint Paul, Saint Paul, Minnesota, as Trustee, pursuant to which the Bonds are authorized to be issued.

"Independent Counsel" shall mean an attorney duly admitted to practice law before the highest court of any state and not an officer, director or full-time employee of either the County or the Lessee, or a firm of attorneys a member of which is duly admitted to practice law before the highest court of any state and no member of which is an officer, director or full-time employee of either the County or the Lessee.

"Lease Term" shall mean the duration of the leasehold estate created in this Agreement as specified in Section 5.1 hereof.

"Leased Land" shall mean the real property and interests therein (other than the Facility) leased under this Agreement and more particularly described in Exhibit A attached hereto, which by this reference thereto is incorporated herein, together with all additions thereto and substitutions therefor.

"Lessee" shall mean (i) Champion International Corporation, the party of the second part hereto, and its successors and assigns and (ii) any surviving, resulting or transferree corporation as provided in Section 8.3 hereof.

"Lessor" shall mean the County of Missoula, Montana, the party of the first part hereto, and any successor to the duties and functions of the Lessor.

"Net Proceeds", when used with respect to any insurance or condemnation award, shall mean the gross proceeds from the insurance or condemnation award, but without regard to self-insurance, with respect to which that term is used remaining after payment of all expenses (including attorney's fees and any extraordinary expenses of the Trustee) incurred in the collection of such gross proceeds.

"Permitted Encumbrances" shall mean, as of any particular time, (i) undetermined liens and encumbrances incident to construction or maintenance, and liens and charges incident to construction or maintenance now or hereafter filed of record which are being contested in good faith and have not proceeded to judgment provided that the Lessee shall have set aside adequate reserves with respect thereto; as described in Exhibit A or Exhibit B attached hereto, (ii) liens for ad valorem taxes and assessments not then delinquent, and liens for ad valorem taxes and assessments which are delinquent but the validity of which is being contested in good faith and with respect to which the Lessee shall have set aside adequate reserves unless thereby any of the Project or the interest of the Lessor therein may be in danger of being lost or forfeited, (iii) the Indenture and this Agreement, (iv) easements, licenses, rights of way, restrictions and exceptions granted pursuant to Section 8.7 of this Agreement, (v) mechanics', materialmen's, warehousemen's, carriers' and other similar liens and liens referred to in Section 9.9 hereof, or permitted under Section 6.1 hereof, and (vi) such minor defects, irregularities, encumbrances, easements, rights of way, and clouds on title as normally exist with respect to properties similar in character and location to the Project and as do not, in the opinion of Counsel for the Lessee or the Lessor, materially impair the property affected thereby for the purpose for which it was acquired or is held by the Lessor, and (vii) any existing liens and encumbrances described in the lease between the Lessor and Boerner Waldorf Properties Company and the mortgage and indenture of trust between the Lessor and First National Bank and Trust Company of Helena, each dated as of June 1, 1971.

"Plans and Specifications" shall mean the plans and specifications prepared for the Project, on file at the Plant, 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 Date. The Plans and Specifications shall be made available to the Trustee and the Lessor for inspection at such times as the Trustee or the Lessor may reasonably request.

"Plant" shall mean the Champion International Corporation pulp and paper mill, including additions and extensions thereto, located in Missoula County, Montana.

"Project" shall mean the Leased Land and the Facility or Facilities, as they may at any time exist.

"Remaining Proceeds" shall mean the amount of Bond proceeds deposited into the Construction Fund less the amount paid out or to be paid out from such proceeds for legal, accounting, financial, advertising, recording and printing expenses and all other expenses incurred in connection with the issuance of the Bonds. Remaining Proceeds shall not include any investment income on moneys in the Construction Fund.

"State" shall mean the State of Montana.

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

ARTICLE II

REPRESENTATIONS

SECTION 2.1 Representations by the Lessor. The Lessor makes the following representations as the basis for the undertakings on the Lessee's part herein contained:

(a) The Lessor is a duly organized county within the State of Montana. Under the provisions of the Act the County has the power to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder. The Project constitutes and will constitute a "project" within the meaning of the Act. By proper corporate action the County has been duly authorized to execute and deliver this Agreement.

(b) The Lessor has acquired a good and valid fee interest in and to the Leased Land, subject to Permitted Encumbrances, proposes to complete the acquisition, construction and installation of the Facility and proposes to lease the Project to the Lessee and to sell the Project to the Lessee at the expiration or earlier termination of the Lease Term, all for the purpose of promoting manufacturing and industrial enterprises. The Lessor will cooperate with the Lessee in its procurement from the appropriate state, municipal and other authorities and corporations connection and discharge arrangements for the supply of water, gas, electricity, and other

utilities and sewage and industrial waste disposal for the operation of the Project.

(c) To finance the Cost of the Project, the Lessor proposes to issue up to but not exceeding $41,800,000 principal amount of its 1978 Bonds. Additional Bonds of the Lessor for the purposes and under the conditions provided in Section 4.2(b) hereof may be issued by the Lessor under the Indenture.

(d) All of the Bonds will be issued under the Indenture and will mature, bear interest, be redeemable and have the other terms and provisions set forth in the Indenture, pursuant to which the Lessor's interest in this Agreement and the revenues and receipts derived by the Lessor from the leasing of the Project will be pledged to the Trustee as security for payment of the principal of, premium, if any, and interest on the Bonds.

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

(a) The Lessee is a corporation duly incorporated under the laws of New York, is in good standing under its Restated Certificate of Incorporation and the laws of New York, has power to enter into this Agreement and by proper corporate action has been duly authorized and is qualified to do business in Montana, and by proper corporate action has been duly authorized to execute and deliver this Agreement.

(b) The leasing by the Lessor of the Project to the Lessee will induce the Lessee to continue the operation of the Plant.

(c) The Facilities (i) are designed to meet or exceed applicable Federal, state and local requirements now in effect for the control of air pollution and are to be used to abate or control air pollution or contamination by removing, altering, disposing of or storing pollutants, contaminants, wastes or heat and the Facilities as designed constitute "air pollution control facilities" within the meaning of Section 103(b)(4)(F) of the Internal Revenue Code of 1954, as amended (the "Code") or (ii) will be used for the collection, storage, treatment, utilization, processing or final disposal of sewage or solid waste and constitute "sewage or solid waste disposal facilities" within the meaning of Section 103(b)(4)(E) of the Code.

(d) Those Facilities constituting air pollution control facilities within the meaning of Section 103(b)(4)(F) of the Code, as designed, have been certified by the Montana Department of Health and Environmental Sciencies, the agency exercising jurisdiction in the premises, to be in furtherance of the purpose of abating or controlling atmospheric pollutants or contaminants.

(e) Construction, acquisition and installation of the Facilities were not commenced prior to October 26, 1976 with respect to the air pollution control facilities and March 13, 1978 with respect to the solid waste disposal facilities and construction, acquisition and installation have not been completed and the original use of the Facilities has not commenced.

(f) The Facilities consist and will consist of either land or property subject to the allowance for depreciation under Section 167 of the Code.

(g) All expenditures made as an item of the Cost of the Project (except expenses which are subject to capitalization under Section 266 of the Code) will be charged to capital or similar accounts of the Lessee for Federal income tax purposes and for normal accounting purposes, as opposed to being written off as a present deduction.

(h) The execution and delivery of this Agreement and the consummation of the transactions herein contemplated will not conflict with or constitute a breach of or default under the Lessee's Restated Certificate of Incorporation or any bond, debenture, note or other evidence of indebtedness or any contract, loan agreement or lease to which the Lessee is a party.

ARTICLE III

DEMISING CLAUSES AND WARRANTY OF TITLE

SECTION 3.1 Demise of the Lessor's Interest in the Leased Land and Facility. Subject to Permitted Encumbrances, the Lessor demises and leases to the Lessee, and the Lessee leases from the Lessor, the Lessor's interest in the Project at the rental set forth in Section 5.3 hereof and in accordance with the provisions of this Agreement.

SECTION 3.2 Title Opinion. The Lessor has obtained at the expense of the Lessee a title opinion and a copy thereof has been furnished to the Lessee, which title opinion shows the Lessor to have a valid fee interest in the Leased Land, free and clear of all liens and encumbrances except Permitted Encumbrances.

SECTION 3.3 Quiet Enjoyment. The Lessor covenants and agrees that it will warrant and defend the Lessee in the quiet enjoyment and peaceable possession of the Project free from all claims of all persons whomsoever, throughout the Lease Term, so long as the Lessee shall perform the covenants, conditions and agreements to be

performed by it hereunder, or so long as the period for remedying any default in such performance shall not have expired.

ARTICLE IV

COMPLETION OF THE PROJECT; ISSUANCE OF THE BONDS

SECTION 4.1 Agreement to Complete Construction of and Equipping of the Facility on or Adjacent to the Leased Land. (a) The Lessor agrees to the acquisition and construction and installation of the Facility on the Leased Land by the Lessee, as a contractor or as an agent, substantially in accordance with the Plans and Specifications to be supplied in writing and furnished to the Lessor by the Lessee, including any and all supplements, amendments and additions thereto, now or hereafter filed with the Lessor and in accordance with change orders approved in writing by the Lessee and furnished to the Lessor from time to time prior to the Completion Date; provided, however, that such Plans and Specifications as changed will not change the representations contained in Section 2.2(c) through 2.2(g). The Lessor shall not execute any contract for the acquisition, construction or installation of the Facility or any part thereof without the prior written approval of the Lessee.

(b) The Lessor agrees that it will abide by the terms of the Lease and will not do anything or any act nor permit any act to be done which would create a lien or encumbrance against the Leased Land, except Permitted Encumbrances, or diminish the respective interests of the parties in the Lease.

(c) It is understood that the Lessee will act as a contractor or as an agent of the Lessor in connection with such acquisition, construction and installation of the Facility.

(d) The Lessor agrees that only such changes (other than those requested by the Lessee, which shall be made as requested) will be made in the Plans and Specifications as may be specified by the Authorized Lessee Representative and approved in writing by the Lessee. The Lessor agrees that it will enter into, or accept the assignment of, such contracts as the Lessee may request in order to effectuate the purposes of this Section.

(e) The Lessee agrees that it will, on behalf of the Lessor, complete the acquisition, construction and installation of the Facility as promptly as practicable after receipt of the proceeds from the sale of the 1978 Bonds, delays incident to strikes, riots,

acts of God or the public enemy beyond the reasonable control of the Lessee only excepted, but if for any reason such acquisition, construction and installation is not completed as aforesaid there shall be no resulting liability on the part of the Lessee and no diminution in the rental payments required in Section 5.3 hereof to be paid by the Lessee.

SECTION 4.2 **Agreement to Issue 1978 Bonds; Application of Bond Proceeds; Additional Bonds.** (a) In order to provide funds for payment of the Cost of the Project, the Lessor agrees that it will sell and cause to be delivered to the purchasers thereof its 1978 Bonds in the aggregate principal amount of not more than $41,800,000 bearing interest and maturing as set forth in the Indenture and it will thereupon (i) deposit in the Bond Fund a sum equal to the accrued interest and premium, if any, on the 1978 Bonds paid by the purchasers of the 1978 Bonds; and (ii) deposit in the Construction Fund the balance of the proceeds received from the sale of the 1978 Bonds.

(b) The Lessor may authorize the issuance of Additional Bonds for the purpose of financing the cost of completing the Project, and the costs of additions, extensions and improvements in, to or on the Project, consisting of facilities which are described in Section 103(b) (4) of the Code (to the extent necessary for the exemption under Section 103(a)(1) thereunder to apply), as the Lessee may deem appropriate, necessary or essential, including the cost of the issuance and sale of such Additional Bonds, pursuant to Section 207 of the Indenture. The Lessor may also authorize the issuance of Additional Bonds to refund Bonds, pursuant to Section 211 of the Indenture. If the Lessee is not in default hereunder, the Lessor agrees that on request of the Lessee, from time to time, to use its best efforts to issue the amount of Additional Bonds specified by the Lessee (within the limits and under the conditions specified above and in said Section 207 or Section 211, as the case may be, of the Indenture), provided that the terms, manner of issuance, purchase price and disposition of proceeds of the sale of such Additional Bonds shall have been approved in writing by the Lessee and provided further that, the Lessee and the Lessor shall have entered into an amendment to this Agreement to provide for additional rent in an amount at least sufficient to pay the principal of, premium, if any, and interest on the Additional Bonds as the same shall mature and become due and to make all other required payments under such amendment, and the Lessor shall have otherwise complied with the provisions of Section 207 or Section 211, as the case may be, of the Indenture with respect to the issuance of such Additional Bonds. Such amendment will provide that any such improvements shall become a part of the Project and shall be included under this Agreement to the same extent as if originally included hereunder.

SECTION 4.3 Disbursements from the Construction Fund. The Lessor will authorize and direct the Trustee under the Indenture to use the moneys in the Construction Fund for the following purposes (and, subject to the provisions of Sections 4.8 and 4.9 hereof, for no other purpose):

(a) Payment of the fees for recording the Agreement, any title curative documents that either the Lessee or Independent Counsel may deem desirable to file for record in order to perfect or protect the Leased Land and the fees and expenses in connection with any actions or proceedings that either the Lessee or Independent Counsel may deem desirable to bring in order to perfect or protect the Leased Land.

(b) Payment to the Lessee and the County, as the case may be, of such amounts, if any, as shall be necessary to reimburse the Lessee and the County in full for all advances and payments made by them or either of them or for their accounts at any time prior to or after the delivery of the Bonds for expenditures in connection with the acquisition by the County of the Leased Land (including the cost of rights of way for the purpose of providing access to and from the Leased Land), preparing the Leased Land, the preparation of Plans and Specifications for the Project (including any preliminary study or planning of the Project or any aspect thereof), the acquisition, construction and installation of the Facility, and the acquisition, construction and installation necessary to provide utility services or other facilities including trackage, if any, to connect the Project with public transportation facilities, and all real or personal property deemed necessary in connection with the Project, or any one or more of said expenditures (including architectural, engineering and supervisory services with respect to any of the foregoing); provided, that each such payment shall be made only upon receipt by the Trustee of a statement therefor approved in writing by the Authorized Lessee Representative.

(c) Payment of the initial or acceptance fee of the Trustee, legal, accounting and financial fees and expenses and printing and engraving costs incurred in connection with the authorization, sale and issuance of the Bonds, the execution and filing of the Indenture and all other documents in connection therewith and payment of all fees, costs and expenses for the preparation of this Agreement, the Indenture and the Bonds and in connection with the acquisition of the Leased Land; provided that each such payment shall be made only upon receipt by the Trustee of a statement therefor approved in writing by the Authorized Lessee Representative, together with a bill therefor.

(d) Payment for labor, services, materials and supplies used or furnished in site improvement and in the acquisition, construction and installation of the Facility, all as provided in the

Plans and Specifications therefor, payment for the cost of the acquisition, construction and installation of utility services or other facilities, and all real and personal property deemed necessary in connection with the Project and payment for the miscellaneous expenses incidental to any of the foregoing items including the premium on each surety bond required to be deposited with the Trustee under any of the provisions of the Indenture which relate to the Project; provided that each such payment shall be made only upon a written order by the Authorized Lessee Representative, accompanied by a contractor's estimate or bill in the amount specified in said order approved in writing by the Authorized Lessee Representative.

(e) Payment of the fees, if any, for architectural, engineering and supervisory services with respect to the Project; provided that each such payment shall be made only upon a written order of the Authorized Lessee Representative, accompanied by a bill in the amount specified in said order.

(f) Payment to the Trustee, as such payments become due, of the fees and expenses of the Trustee (as Trustee), Bond Registrar and of any paying agent properly incurred under the Indenture that become due during the Construction Period.

(g) To the extent not paid by a contractor for acquisition, construction or installation with respect to any part of the Project, payment of the premiums on all insurance required to be taken out and maintained during the construction period under this Agreement, or reimbursement thereof if paid by the Lessee under Section 6.4 hereof.

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

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

(j) Payment of any other costs and expenses relating to the construction of the Project that may be approved in writing by the Authorized Lessee Representative.

All moneys remaining in the Construction Fund after the Completion Date and after payment or provision for payment of all other items provided for in the preceding subsections (a) to (j), inclusive, of this Section shall, at the direction of the Lessee, be paid into the Bond Fund, except for amounts retained by the Trustee with the approval of the Authorized Lessee Representative for payment

of items included in the Cost of the Project but not then due and payable, any balance remaining of such retained funds after full payment of the Cost of the Project to be paid into the Bond Fund.

The Trustee may advance moneys from the Construction Fund (including amounts retained under the immediately preceding paragraph of this Section) to the Lessee or the Lessor or a contractor acting as agent of the Lessee or the Lessor for use by the Lessee or the Lessor or such agent in making the payments referred to in the preceding subsections (d), (e) and (j) of this Section, if there is furnished to the Trustee an agreement satisfactory to the Trustee, executed by the Lessee indemnifying the Trustee against any loss occasioned by the failure of the Authorized Lessee Representative to certify on or before the Completion Date that the amounts so advanced have been used to make payments referred to in said subsections (d), (e) and (j) or are being retained in accordance with said preceding paragraph to make such payments.

Before any of the payments referred to in the preceding subsections (d), (e), (g), (h), (i) and (j) of this Section may be made, the Authorized Lessee Representative shall certify with respect to each such payment (i) that none of the items for which the payment is proposed to be made has previously been paid from the Construction Fund or has formed the basis for any payment theretofore made from the Construction Fund and (ii) that each item for which the payment is proposed to be made is or was necessary or appropriate in connection with the Project.

SECTION 4.4 **Obligation of the Parties to Cooperate in Furnishing Documents to Trustee.** The Lessee agrees to cooperate with the Lessor in furnishing to the Trustee the documents referred to in Section 4.3 hereof that are required to effect payments out of the Construction Fund, and the Lessor agrees to cause such orders to be directed by the Authorized Lessor Representative to the Trustee as may be necessary to effect payments out of the Construction Fund in accordance with Section 4.3 hereof. Such obligation of the Lessor is subject to any provisions of the Indenture requiring additional documentation with respect to payments and shall not extend beyond the moneys in the Construction Fund available for payment under the terms of the Indenture.

SECTION 4.5 **Establishment of Completion Date.** The Completion Date shall be evidenced to the Trustee by a certificate signed by the Authorized Lessee Representative stating the Cost of the Project and that, except for amounts retained by the Trustee for the Cost of the Project not then due and payable as provided in Section 4.3, (i) construction of the Facility has been completed substantially in accordance with the Plans and Specifications therefor and all labor, services, materials and supplies used in such construction have been paid for and (ii) all other facilities

necessary in connection with the Project have been constructed, acquired and installed in accordance with the Plans and Specifications therefor and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

SECTION 4.6 Lessee Required to Pay Cost of the Project in Event Construction Fund Insufficient. In the event that moneys in the Construction Fund available for payment of the Cost of the Project (including moneys from the proceeds of any Additional Bonds issued for the purpose of financing the cost of completing the Project pursuant to Section 207 of the Indenture) should not be sufficient to pay the Cost of the Project in full, the Lessee agrees to complete the Project and to pay all that portion of the Cost of the Project as may be in excess of the moneys available therefor in the Construction Fund or to pay into the Construction Fund an amount equal to such excess and sufficient to complete the Project. The Lessor does not make any warranty, either express or implied, that the moneys which will be paid into the Construction Fund and which under the provisions of this Agreement, will be available for payment of the Cost of the Project will be sufficient to pay all the costs which will be incurred in that connection. The Lessee agrees that if, after exhaustion of the moneys in the Construction Fund, the Lessee should pay any portion of the said Cost of the Project pursuant to the provisions of this Section, it shall not be entitled to any reimbursement therefor from the Lessor or from the Trustee or from the holders of any of the Bonds, nor shall it be entitled to any abatement or diminution of the rents payable under Section 5.3 hereof.

SECTION 4.7 Lessee to Pursue Remedies Against Contractors and Subcontractors and Their Sureties. In the event of default of any contractor or subcontractor under any contract made by it in connection with the Project, the Lessee will promptly proceed (subject to the Lessee's determination to the contrary), either separately or in conjunction with others including the Lessor, to exhaust the remedies of the Lessee against the contractor or subcontractor so in default and against each such surety for the performance of such contract. The Lessee agrees to advise the Lessor of the steps it intends to take in connection with any such default. If the Lessee shall so notify the Lessor, the Lessee may, in its own name or in the name of the Lessor, or in both names, prosecute or defend any action or proceeding or take any other action involving any such contractor, subcontractor or surety which the Lessee deems reasonably necessary, and in such event the Lessor hereby agrees to cooperate fully with the Lessee and to take all action necessary to effect the substitution of the Lessee for the Lessor in any such action or proceedings. Any amounts recovered by way of damages, refunds,

adjustments or otherwise in connection with the foregoing prior to the Completion Date shall be paid into the Construction Fund and after the Completion Date shall be paid into the Bond Fund.

SECTION 4.8 Investment of Moneys in the Construction Fund and Bond Fund. Any moneys held as a part of the Construction Fund or the Bond Fund shall, to the extent permitted by law, be invested or reinvested by the Trustee upon the written request and direction of the Lessee in (i) Government Obligations, (ii) certificates of deposit issued by, or bankers' acceptances drawn on and accepted by, commercial banks having capital and combined surplus of not less than $150,000,000, (iii) obligations issued or guaranteed by the State of Montana, (iv) repurchase agreements with solvent banking or other financial institutions with respect to any of the investments or securities referred to in subsections (i) or (ii) above, or (v) any other obligations or securities to the extent that moneys in the Construction Fund or Bond Fund are permitted to be invested therein under applicable law.

SECTION 4.9 Use of Bond Proceeds. The Lessee will not submit any requisition to the Trustee or receive any advances which requistions, if paid or advances if made, would result (upon the expenditure to pay Exempt Costs of the balance of the proceeds of the Bonds on deposit in the Construction Fund after the payment of such requisition) in less than 90% of the net proceeds of the Bonds being used to pay Exempt Costs; provided, that anything to the contrary in this Agreement notwithstanding, the exclusive remedy for any violation of the provisions of this Section 4.9 shall be to require the Lessee to repay to the Trustee, for deposit in the Construction Fund, any moneys paid pursuant to such a requisition. In such event, the items for which payment was made shall thereafter not be considered to constitute a portion of the Facilities hereunder. The Lessee will maintain such records in connection with the, acquisition of the Facilities as to permit ready identification of the items for which such proceeds were expended. Investment proceeds earned on amounts held in the Construction Fund may, at the election of the Lessee, either: (i) be used to pay any item of Cost of the Project; or (ii) transferred to the Bond Fund to pay debt service on the Bonds.

ARTICLE V

EFFECTIVE DATE OF THIS LEASE AGREEMENT; DURATION OF LEASE TERM; RENTAL PROVISIONS

SECTION 5.1 Effective Date of This Agreement; Duration of Lease Term. This Agreement shall become effective upon its delivery, and the leasehold estate created in this Agreement shall then begin, and, subject to the provisions of this Agreement (including particularly Articles X and XI hereof), shall expire May 31, 2008, or, if all of the Bonds have not been fully paid and retired (or provision for such payment made as provided in the Indenture), on such date as such payment or provision shall have been made.

SECTION 5.2 Delivery and Acceptance of Possession. The Lessor agrees to deliver to the Lessee sole and exclusive possession of the Project (subject to the right of the Lessor and the Trustee to enter thereon for inspection purposes and to the other provisions of Section 8.2 hereof) on the Completion Date and the Lessee agrees to accept possession of the Project upon such delivery; provided, however, that the Lessee shall be permitted such possession of the Project prior to the Completion Date as shall not interfere with the construction, acquisition or installation of the Facility. The Lessor covenants and represents that as long as the Lessee has paid the rent and all other sums payable by it hereunder, and has duly observed all the covenants and agreements herein contained on its part to be performed, the Lessee shall have, hold and enjoy, during the Lease Term, peaceful, quiet and undisturbed possession of the Project subject to the terms and provisions hereof, and the Lessor shall from time to time take all necessary action to that end.

SECTION 5.3 Rents and Other Amounts Payable. (a) On or before each semi-annual interest payment date on the Bonds (commencing with December 1, 1978 for the 1978 Bonds) and continuing thereafter until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Lessee shall pay as rent for the Project a sum equal to the amount payable on such date in immediately available funds as principal (whether at maturity or by redemption as provided in Section 301 or Section 307 of the Indenture) and premium, if any, and interest on the Bonds, as provided in the Indenture; provided, that any amount at any time held by the Trustee in the Bond Fund for the payment of the Bonds shall, at the election of the Lessee, be credited against the aforesaid rent obligations next required to be met by the Lessee, to the extent such amount is in excess of the amount required for payment of (i) any Bonds theretofore matured or called for redemption and (ii) past due interest, in all cases where such Bonds or coupons have not been presented for payment; and provided further, that if at

any time the amount held by the Trustee in the Bond Fund shall be sufficient to pay at the times required the principal of and interest and redemption premium, if any, on all of the Bonds then remaining unpaid together with any unpaid amounts accrued under subsection (b) of this Section, the Lessee shall not be obligated to make any further payments under the provisions of subsections (a) and (b) of this Section.

If at any interest payment date the balance in the Bond Fund is insufficient to make required payments of principal (whether at maturity or by redemption as provided in Sections 301 and 307 of the Indenture or by acceleration as provided in Section 902 of the Indenture) and premium, if any, and interest on the Bonds on such date, the Lessee will forthwith pay any such deficiency to the Trustee for deposit in the Bond Fund.

(b) The Lessee agrees to pay to the Trustee commencing with the Completion Date, and continuing until the principal of and interest and any redemption premium on all of the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the provisions of the Indenture, (i) the annual fee of the Trustee for the ordinary services of the Trustee rendered and its ordinary expenses, as and when the same become due, incurred under the Indenture, (ii) the reasonable fees and charges of the Trustee, Bond Registrar and Paying Agent, and any other paying agents on the Bonds for acting as paying agents as provided in the Indenture as and when the same become due, (iii) the reasonable fees and charges of the Trustee for necessary extraordinary services rendered by it and extraordinary expenses incurred by it under the Indenture, as and when the same become due; provided, that the Lessee may, without creating a default hereunder, contest in good faith the necessity for any such extraordinary services and extraordinary expenses and the reasonableness of any such fees, charges or expenses, and (iv) reasonable and necessary costs and expenses of the Lessor incurred in connection with the Project.

(c) Subject to the provisions of Section 9.8 hereof, in the event the Lessee should fail to make any of the payments required in this Section, the item or installment so in default shall continue as an obligation of the Lessee until the amount in default shall have been fully paid, and the Lessee agrees to pay the same with interest thereon, to the extent permitted by law, at the highest rate borne by the Bonds per annum (on a 360-day basis) until paid.

SECTION 5.4 Place of Rental Payments. The rent provided for in Section 5.3(a) hereof shall be paid directly to the Trustee for the account of the Lessor and shall be deposited in the Bond Fund. The additional payments to be made to the Trustee under Section 5.3(b) hereof shall be paid directly to the Trustee for its

own use or for disbursement to the paying agents, as the case may be.

SECTION 5.5 Obligations of Lessee Hereunder Unconditional. Subject to the provisions of Section 9.8 hereof, the obligations of the Lessee to make payments required in Section 5.3 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional and until such time as the principal of and interest and any redemption premium on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Lessee (i) will not suspend or discontinue any payments provided for in Section 5.3 hereof, (ii) will perform and observe all of its other agreements contained in this Agreement, and (iii) except as provided in Article XI will not terminate the Lease Term for any cause including, without limiting the generality of the foregoing, failure of the Lessor to complete the Project, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of Montana or any political subdivision of either thereof or any failure of the Lessor to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement. Nothing contained in this Section shall be construed to release the Lessor from the performance of any of the agreements on its part herein contained; and in the event the Lessor should fail to perform any such agreement on its part, the Lessee may institute such action against the Lessor as the Lessee may deem necessary to compel performance or recover its damages for nonperformance so long as such action shall not do violence to the agreements on the part of the Lessee contained in the first sentence of this Section. The Lessee may, however, at its own cost and expense and in its own name or in the name of the Lessor, prosecute or defend any action or proceeding or take any other action involving third persons which the Lessee deems reasonably necessary in order to secure or protect its right of possession, occupancy and use hereunder, and in such event the Lessor hereby agrees to cooperate fully with the Lessee and to take all action necessary to effect the substitution of the Lessee for the Lessor in any such action or proceeding if the Lessee shall so request.

ARTICLE VI

OPERATION, MAINTENANCE, TAXES AND INSURANCE

SECTION 6.1 Operation, Maintenance and Modifications of Project by Lessee. The Lessee agrees that it will (i) at its own expense keep the Project in as reasonably safe condition as its operation shall permit and (ii), during such time as the Project is in operation, keep the Facility and all other improvements forming a part of the Project in good repair and in good operating condition, making from time to time all necessary repairs thereto and renewals and replacements thereof, the Lessee may, also at its own expense, make from time to time any additions, modifications or improvements to the Project it may deem desirable for its business purposes that do not adversely affect or change the qualification of the Project as a facility described in Section 103(b)(4) of the Code to the extent necessary for the exemption under Section 103(a)(1) thereunder to apply; provided, that all such additions, modifications and improvements located wholly within the boundary lines of the Leased Land shall become a part of the Project; provided, that any real or personal property, machinery, equipment, furniture or fixtures installed by the Lessee as part of but not in subsitution for any part of the Project without expense to the Lessor may be removed by the Lessee at any time and from time to time while it is not in default under this Agreement; and provided further that any damage to the Project occasioned by such removal shall be repaired by the Lessee at its own expense. The Lessee will not permit any mechanics' or other liens to be established and remain against the Project for labor or materials furnished in connection with any additions, modifications, improvements, repairs, renewals or replacements so made by it if the Lessor or the Trustee shall notify the Lessee that by nonpayment of any such items the Project or any part thereof will be subject to loss or forfeiture, in which event the Lessee shall promptly pay and cause to be satisfied and discharged all such unpaid items or secure such payment by posting a bond, in form satisfactory to the Lessor and the Trustee, with the Trustee. The Lessor will cooperate fully with the Lessee in any such contest.

SECTION 6.2 Removal of Parts of the Facility. The Lessor shall not be under any obligation to renew, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary parts of the Facility. In any instance where the Lessee in its sole discretion determines that any parts of the Facility have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Lessee may remove such parts of the Facility from the Project and (on behalf of the Lessor) sell, trade in, exchange or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the Lessor or the Trustee therefor, provided, that the Lessee shall either:

(a) Substitute (either by direct payment of the costs thereof or by advancing to the Lessor the funds necessary therefor) and install anywhere on or adjacent to the Leased Land other machinery, equipment or related property having equal or greater utility (but not necessarily having the same function) in the operation of the Facility (provided such removal and substitution shall not adversely affect or change the Facility as a facility described in Section 103(b)(4) of the Code to the extent necessary for the exemption under Section 103(a)(1) thereunder to apply), all of which substituted machinery, equipment or related property shall be free of all liens and encumbrances (other than Permitted Encumbrances) and shall become a part of the Facility; or

(b) Not make any such substitution and installation provided (i) that in the case of the sale of any item constituting part of the Facility to anyone other than itself or in the case of the scrapping thereof, the Lessee shall pay into the Bond Fund the proceeds from such sale or the scrap value thereof, as the case may be (ii) that in the case of the trade-in of any item constituting part of the Facility, the Lessee shall pay into the Bond Fund the amount of the credit received by it in such trade-in and (iii) that in the case of the sale to itself of any item constituting part of the Facility or in the case of any other disposition thereof the Lessee shall pay into the Bond Fund an amount equal to the original cost thereof to the County less depreciation to date of disposition using such rates and methods as the Lessee normally employs in recording depreciation on its books for similar machinery, equipment or related property.

In the event that the Lessee prior to such removal of items constituting part of the Facility from the Project has acquired and installed machinery or equipment with its own funds which has become part of the Facility, Lessee may take credit to the extent of the amount so spent by it less any accumulated depreciation against the requirement that it either substitute and install other machinery and equipment having equal or greater utility or that it make payment into the Bond Fund, provided, that any machinery or equipment for which credit is so taken shall thereafter be subject to removal only upon compliance with this Section 6.2 and provided, further, that the provisions of this sentence shall not relieve the Lessee of its obligations under the first sentence of Section 6.1 hereof.

The removal from the Project of any item constituting part of the Facility pursuant to the provisions of this Section shall not entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof.

The Lessee will promptly report to the Trustee each such removal, substitution, sale and other disposition and will pay to the Trustee such amounts as are required by the provisions of the

preceding subsection (b) of this Section to be paid into the Bond Fund promptly after any sale, trade-in or other disposition requiring such payment, provided that no such report and payment need be made until the amount to be paid into the Bond Fund on account of all such sales, trade-ins or other dispositions not previously reported aggregates at least $250,000. The Lessee will not remove, or permit the removal of, any item constituting part of the Facility from the Leased Land except in accordance with the provisions of this Section 6.2 or as permitted under Section 6.1 hereof.

SECTION 6.3 Taxes, Other Governmental Charges and Utility Charges. The Lessee will pay, as the same respectively becomes due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project or any machinery, equipment or other property installed or brought by the Lessee therein or thereon or with respect to the original issuance of the Bonds (including, without limiting the generality of the foregoing, any taxes levied upon or with respect to the income or profits of the Lessor from the Project which, if not paid, would become a lien on the Project or a charge on the revenues and receipts therefrom prior to or on a parity with the charge under the Indenture thereon and the pledge or assignment thereof to be created and made in the Indenture), all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project and all assessments and charges lawfully made by a governmental body for public improvements that may be secured by lien on the Project; provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Lessee shall be obligated to pay only such installments as are required to be paid during the Lease Term.

If the Lessee shall first notify the Trustee of its intention so to do, the Lessee may, at its expense and in its own name and behalf or in the name and behalf of the Lessor, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Lessor or the Trustee shall notify the Lessee that by nonpayment of any such items the Project or any part thereof will be subject to loss or forfeiture, in which event such taxes, assessments or charges shall be paid promptly or secured by posting a bond, in form satisfactory to the Lessor and the Trustee, with the Trustee. In the event that the Lessee shall fail to pay any of the foregoing items required by this Section to be paid by the Lessee or shall fail to post such bond, the Lessor or the Trustee may (but shall be under no obligation to) pay the same or post such bond and any amounts so advanced therefor by the Lessor or the Trustee shall become an additional obligation of the Lessee to the one making the advancement until such shall have been fully paid, and the Lessee agrees to pay the same with interest thereon, to the

extent permitted by law, at the highest rate borne by the Bonds per annum (on a 360-day basis) until paid.

SECTION 6.4 Insurance Required. The Lessee agrees to maintain in effect insurance, with deductibles and limits which shall be similar to those carried by the Lessee for similar facilities against such risks, and in such amounts as are customarily insured against by the Lessee covering the following exposures:

(a) Physical loss or damage to the Project, and

(b) Bodily injury and property damage liability, including Worker's Compensation and Employers' Liability in respect of the Project;

provided, however, that the Lessee may at its option self-insure against any of the foregoing risks to the extent and in the manner that it desires to self-insure against such risks as is customarily required.

SECTION 6.5 Application of Net Proceeds of Insurance. The Net Proceeds of the insurance carried pursuant to the provisions of Section 6.4 hereof shall be applied as follows: (i) the Net Proceeds of the insurance required in Section 6.4(a) hereof shall be applied as provided in Section 7.1 hereof and (ii) the Net Proceeds of the liability insurance required in Section 6.4(b) hereof shall be applied toward extinguishment or satisfaction of the liability covered by such insurance.

SECTION 6.6 Additional Provisions Respecting Insurance. Except for self insurance, all insurance required by Section 6.4 hereof shall be taken out and maintained through generally recognized responsible insurance companies, authorized to do an insurance business in the State of Montana, selected by the Lessee and acceptable to the Trustee. All policies evidencing such insurance shall provide for payment of the losses to the Lessor, the Lessee and the Trustee as their respective interests may appear, and the policies required by Section 6.4(a) shall require that all Net Proceeds of insurance resulting from any property damage claim in excess of $1,000,000 for loss or damage covered thereby be paid to the Trustee; provided, however, that all claims regardless of amount may be adjusted by the Lessee with the insurers.

All such policies, or a certificate or certificates of the insurers that such insurance is in force and effect, shall be deposited with the Trustee; and prior to expiration of any such policy, the Lessee shall furnish the Trustee with evidence satisfactory to the latter that the policy has been renewed or replaced or is no longer required by this Agreement.

In lieu of separate policies, the Lessee may maintain blanket policies having the same coverage required herein, in which event it shall deposit with the Trustee a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Project.

SECTION 6.7 Advances by Lessor or Trustee. In the event the Lessee shall fail to keep the Project in as reasonably safe condition as its operating conditions will permit, or shall fail to keep the Facility in good repair and good operating condition and provided the Lessee shall not have elected not to renew, repair, or replace such elements of the Project pursuant to Section 6.2 hereof, then the Lessor or the Trustee may (but shall be under no obligation to) make the required repairs, renewals and replacements; and all amounts so advanced therefor by the Lessor or the Trustee shall become an additional obligation of the Lessee to the one making the advancement, which amounts, together with interest thereon at the highest rate borne by the Bonds per annum (on a 360-day basis) from the date thereof, the Lessee agrees to pay.

ARTICLE VII

DAMAGE, DESTRUCTION AND CONDEMNATION

SECTION 7.1 Damage and Destruction. Unless the Lessee shall have elected to exercise its option to purchase pursuant to the provisions of Section 11.2(a) hereof, if prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) the Project is damaged or destroyed (in whole or in part) by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried under the provisions of Section 6.4(a) hereof resulting from such damage or destruction is not greater than $1,000,000, the Lessee (i) will promptly replace, repair, rebuild or restore the property damaged or destroyed to substantially the same condition thereof as existed prior to the event causing such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not impair unduly operating unity or productive capacity or the character of the Project as a facility described in Section 103(b)(4) of the Code (to the extent necessary for the exemption under Section 103(a)(1) thereunder to apply), and (ii) will apply for such purpose so much as may be necessary of any Net Proceeds of insurance resulting from claims for such losses, as well as any additional moneys of the Lessee necessary therefor subject to Permitted Encumbrances. All Net Proceeds of insurance

resulting from claims for such losses not in excess of $1,000,000 shall be paid to the Lessee, subject to Permitted Encumbrances.

Unless the Lessee shall have elected to exercise its option to purchase pursuant to the provisions of Section 11.2(a) hereof, if prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provision of the Indenture) the Project is damaged or destroyed (in whole or in part) by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried under the provisions of Section 6.4(a) hereof resulting from such damage or destruction is in excess of $1,000,000, the Lessee shall promptly give written notice thereof to the Trustee. All Net Proceeds of insurance resulting from claims for such losses in excess of $1,000,000 shall, subject to Permitted Encumbrances, be paid to and held by the Trustee as a separate trust account and applied in one or more of the following ways as shall be directed in writing by the Lessee:

(a) To the replacement, repair, rebuilding or restoration by the Lessee, or the Lessor at the Lessee's direction, of the property damaged or destroyed to substantially the same condition thereof as existed prior to the event causing such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not impair unduly operating unity or productive capacity or the character of the Project as a facility described in Section 103(b)(4) of the Code (to the extent necessary for the exemption under Section 103(a)(1) thereunder to apply), in which case the Trustee will apply so much as may be necessary of the Net Proceeds of such insurance to the payment of the costs of such replacement, repair, rebuilding or restoration.

(b) To the acquisition, by construction or otherwise by the Lessor of other improvements suitable for the Lessee's operations on the Leased Land (which improvements shall be deemed a part of the Project and available for use and occupancy by the Lessee without the payment of any rent other than herein provided to the same extent as if such other improvements were specifically described herein and demised hereby); provided that such improvements will not impair the character of the Project as a facility described in Section 103(b)(4) of the Code (to the extent necessary for the exemption under Section 103(a)(1) thereunder to apply), and shall be acquired by the Lessor subject to no liens or encumbrances other than Permitted Encumbrances.

(c) To the redemption of the Bonds to the date of redemption; provided that no part of such Net Proceeds may be applied for such redemption unless (i) all of the Bonds are to be redeemed in accordance with the Indenture upon exercise of the option to purchase provided for by Section 11.2(a) hereof or (ii) in the event that less

than all of the Bonds are to be redeemed, the Lessee shall furnish to the Trustee a certificate stating (1) that the property forming part of the Project that was so damaged or destroyed is not essential to the Lessee's use or occupancy of the Project, or (2) that the Project has been replaced, repaired, rebuilt or restored as contemplated by the foregoing subsection (a) of this Section, or (3) that improvements have been acquired which are suitable for the Lessee's operations at the site of the Project as contemplated by the foregoing subsection (b) of this Section.

In the event said Net Proceeds are not sufficient to pay in full the costs of such replacement, repair, rebuilding, restoration or acquisition, the Lessee will nonetheless complete the work thereof, and will pay that portion of the costs thereof in excess of the amount of said Net Proceeds or will pay to the Lessor and the Trustee the moneys necessary to complete said work, in which case the Lessor will proceed so to complete said work.

The Lessee shall not, by reason of the payment of such excess costs (whether by direct payment thereof or payments to the Lessor or Trustee therefor), be entitled to any reimbursement from the Lessor, the Trustee or the holders of the Bonds, or any abatement or diminution of the rents payable under Section 5.3 hereof.

Unless the Lessee shall have elected to exercise its option to purchase pursuant to the provisions of Section 11.2(a) hereof, within 90 days from the date of such damage or destruction the Lessee shall direct the Lessor and the Trustee in writing as to which of the ways specified in this Section the Lessee elects to have said Net Proceeds applied.

Any balance of such Net Proceeds remaining after payment of all the costs of such replacement, repair, rebuilding, restoration or acquisition shall be paid into the Bond Fund. If the Lessee shall so direct the Trustee in writing within 90 days following the payment of any such Net Proceeds into the Bond Fund, the Trustee shall cause such funds, or such part thereof as the Lessee shall direct, to be applied by the Trustee to the redemption at the earliest practicable date of Bonds at the principal amount thereof.

If the Bonds have been fully paid or provision for the payment thereof has been made in accordance with the provisions of the Indenture, all such Net Proceeds shall be paid to the Lessee.

SECTION 7.2 Condemnation. Unless the Lessee shall have elected to exercise its option to purchase pursuant to the provisions of Section 11.2(b) hereof, in the event that title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental

authority, the Lessee shall be obligated to continue to make the rental payments specified in Section 5.3 hereof. Subject to Permitted Encumbrances, the Lessor, the Lessee and the Trustee will cause the Net Proceeds received by them or any of them from any award made in such eminent domain proceedings to be paid to and held by the Trustee as a separate trust account and applied in one or more of the following ways as shall be directed in writing by the Lessee:

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

(b) To the acquisition, by construction or otherwise, of other improvements suitable for the Lessee's operations at the site of the Project (which improvements shall be deemed a part of the Project and available for use and occupancy by the Lessee without the payment of any rent other than herein provided to the same extent as if such other improvements were specifically described herein and demised hereby); provided that such improvements will not impair the character of the Project as a facility described in Section 103(b)(4) of the Code (to the extent necessary for the exemption under Section 103(a)(1) thereunder to apply), and shall be acquired by the Lessor subject to no liens or encumbrances other than Permitted Encumbrances.

(c) To the redemption of Bonds to the date of redemption; provided that no part of any such condemnation award may be applied for such redemption unless (i) all of the Bonds are to be redeemed in accordance with the Indenture upon exercise of the option to purchase provided for by Section 11.2(b) hereof or (ii) in the event that less than all of the Bonds are to be redeemed, the Lessee shall furnish to the Lessor and the Trustee stating (1) that the property forming a part of the Project that was taken by such condemnation proceedings is not essential to the Lessee's use or occupancy of the Project, or (2) that the Project has been restored to a condition substantially equivalent to its condition prior to the taking by such condemnation proceedings as contemplated by the foregoing subsection (a) of this Section, or (3) that improvements have been acquired which are suitable for the Lessee's operations at the site of the Project as contemplated by the foregoing subsection (b) of this Section.

Unless the Lessee shall have elected to exercise its option to purchase pursuant to the provisions of Section 11.2(b) hereof, within 90 days from the date of entry of a final order in any eminent domain proceedings granting condemnation the Lessee shall direct the Lessor and the Trustee in writing as to which of the ways specified in this Section the Lessee elects to have the condemnation award applied.

Any balance of such Net Proceeds of the award in such eminent domain proceedings remaining after payment of all the costs of such restoration or acquisition shall be paid into the Bond Fund. If the Lessee shall so direct the Lessor in writing within 90 days following the payment of any such Net Proceeds into the Bond Fund, the Lessor shall cause such funds, or such part thereof as the Lessee shall direct, to be applied by the Trustee to the redemption at the earliest practicable date of Bonds at the principal amount thereof.

If the Bonds have been fully paid or provision for the payment thereof has been made in accordance with the provisions of the Indenture, all such Net Proceeds shall be paid to the Lessee.

The Lessor shall cooperate fully with the Lessee in the handling and conduct of any prospective or pending condemnation proceeding with respect to the Project or any part thereof and will, to the extent it may lawfully do so, permit the Lessee to litigate in any such proceeding in the name and behalf of the Lessor. In no event will the Lessor voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Project or any part thereof without the written consent of the Lessee. The foregoing provision does not apply where the Lessor or another entity on behalf of the Lessor is exercising its power of eminent domain with respect to the Project.

SECTION 7.3 **Condemnation of Lessee-Owned Property.** The Lessee shall be solely entitled to the Net Proceeds of any condemnation award or portion thereof made for damage to or takings of its own property including but not limited to such buildings, improvements, machinery, equipment and fixtures which do not constitute part of the Project.

SECTION 7.4 **Investment.** Any moneys held by the Trustee under the provisions of Section 7.1 and Section 7.2 hereof shall at the written request of the Lessee be invested and reinvested by the Trustee in one or more of the investments enumerated in Section 4.8 hereof. Any earnings or profits therefrom shall be considered as part of the net proceeds and losses shall be charged against such net proceeds.

ARTICLE VIII

SPECIAL COVENANTS

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

SECTION 8.2 Inspection of the Project. The Lessee agrees that the Lessor, the Trustee and their, or either of their, duly authorized agents shall have the right at all reasonable times to enter upon the Leased Land and to examine and inspect the Project. The Lessee further agrees that the Lessor and its duly authorized agents shall have such rights of access to the Project as may be reasonably necessary to cause to be completed the construction and installation thereof, as provided for in Section 4.1 hereof, and thereafter for the proper maintenance of the Project in the event of failure by the Lessee to perform its obligations under Section 6.1 hereof.

SECTION 8.3 Lessee To Maintain its Corporate Existence; Conditions under Which Exceptions Permitted. The Lessee agrees that during the Lease Term it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation; provided, that the Lessee may, without violating the agreement contained in this Section, consolidate with or merge into another corporation, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve, provided the surviving, resulting or transferee corporation, as the case may be, shall be a domestic corporation (i.e., a corporation incorporated and existing under the laws of the United States or of the District of Columbia one of the states of the United States) or, if not a domestic corporation, that it appoint and maintain an agent for service of process in the State of Montana, and that the transferee corporation or the corporation resulting from or surviving such merger or consolidation shall expressly assume and agree in writing to pay and perform all of the obligations of the Lessee hereunder in an instrument satisfactory in form and content to the Trustee.

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

SECTION 8.5 Use of the Project. The Lessee agrees that so long as it operates the Project under this Agreement, it will continue the operation of the Project as facilities for (i) the control, abatement or prevention of air pollution or (ii) the collection, storage, treatment, utilization, processing, or final disposal of solid waste. The Lessee agrees that, in the event it files an income tax return for any year of the construction period, all expenditures made as an item of the Cost of the Project (except expenses subject to capitalization pursuant to Section 266 of the Code) will be charged to capital or similar accounts of the Lessee for Federal income tax purposes and for normal accounting purposes, as opposed to being written off as a present deduction.

SECTION 8.6 Release of Certain Land. Notwithstanding any other provision of this Agreement, the parties hereto reserve the right at any time and from time to time to amend this Agreement for the purpose of effecting the release of and removal from this Agreement and the leasehold estate created hereby of any part of the Leased Land on which the Facility is not situated; provided, that if at the time any such amendment is made any of the Bonds are outstanding and unpaid, there shall be deposited with the Trustee the following:

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

(b) A resolution of the Lessor (i) stating that the Lessor is not in default under any of the provisions of the Indenture and the Lessee is not to the knowledge of the Lessor in default under any of the provisions of this Agreement, (ii) giving an adequate legal description of that portion of the Leased Land to be released, (iii) stating that such release will not in any material respect weaken, diminish or impair the security intended to be given by or under the Indenture and (iv) requesting such release.

(c) A certificate of the Authorized Lessee Representative approving such amendment and stating that the Lessee is not in default under any of the provisions of this Agreement, and that the release so proposed to be made will not impair the usefulness of the Facility as an air pollution control and solid waste disposal facility and will not destroy the means of ingress thereto and egress therefrom.

Any consideration received by the Lessee in connection with the foregoing shall be retained by the Lessee. No conveyance or release effected under the provisions of this Section 8.6 shall entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof.

SECTION 8.7 Granting of Easements. If no event of default under this Agreement shall have happened and be continuing, the Lessee may at any time or times (i) grant easements, licenses, rights of way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property included in the Project, or (ii) release existing easements, licenses, rights of way and other rights or privileges, all with or without consideration and upon such terms and conditions as the Lessee shall determine, and the Lessor agrees that it will execute and deliver and will cause and direct the Trustee to execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right of way or other right or privilege, upon receipt by the Lessor and the Trustee of: (i) a copy of the instrument of grant or release, (ii) a written application signed by the Authorized Lessee Representative requesting such instrument and (iii) a certificate executed by the Authorized Lessee Representative stating that such grant or release will not impair the effective use or interfere with the operation of the Project and will not in any material respect weaken, diminish or impair the security intended to be given by or under the Indenture. If the instrument of grant shall so provide, any such easement or right and the rights of such other parties thereunder shall be superior to the rights of the Lessor and the Trustee under this Agreement and the Indenture and shall not be affected by any termination of this Agreement or default on the part of the Lessee hereunder. If no event of default shall have happened and be continuing, any payment or other consideration received by the Lessee for any such grant shall be and remain the property of the Lessee but, in the event of the termination of this Agreement or default of the Lessee, all rights then existing of the Lessee with respect to or under such grant, shall inure to the benefit of and be exercisable by the Lessor and the Trustee.

SECTION 8.8 Release and Indemnification Covenants. The Lessee releases the Lessor from, agrees that the Lessor shall not be liable for and agrees to hold the Lessor harmless against, any loss or damage to property or any injury to or death of any person that may be occasioned by any defect in the Leased Land, or the Facility or other improvements on or adjacent to the Leased Land or by any cause whatsoever pertaining to the Project or the use thereof; provided, that the indemnity provided in this sentence shall be effective only to the extent of any loss that might be sustained by the Lessor in excess of the net proceeds received from any insurance carried with respect to the loss sustained.

Notwithstanding any other provisions of this Agreement to the contrary, the Lessee agrees that the Lessor shall not be liable for and agrees to indemnify and hold the Lessor harmless against any loss, damage, liability, penalties and costs that the Lessor may incur in connection with the Project, including but not limited to the construction, acquisition and installation of the Facility, or

the failure of the Project to comply with any Federal, state or municipal air and water pollution control laws and regulations; provided, however, that such indemnification does not apply to any loss, damage, liability, penalty and cost which the Lessor may incur as a result of its willful acts of misconduct or gross negligence.

Whenever under the provisions of this Agreement the approval of the Lessee is required or the Lessor is required to take some action at the request of the Lessee, such approval shall be given or such request shall be made by the Authorized Lessee Representative unless otherwise specified in the Agreement and the Lessor shall be authorized to act on any such approval or request and the Lessee shall have no complaint against the Lessor as a result of any such action taken.

SECTION 8.9 Annual Statement. As soon as available and in any event within 120 days after the close of each fiscal year of the Lessee, the Lessee will furnish to the Trustee a copy of the annual consolidated audit report (including balance sheet, profit and loss and surplus statement) of the Lessee and its subsidiaries for such fiscal year, all as prepared and certified by independent certified public accountants; provided, however, that if the annual report of the Lessee to its stockholders shall contain financial statements of substantially similar detail and similarly prepared and certified, copies of such annual report may be delivered in lieu of the copies of the audit report referred to herein.

ARTICLE IX

ASSIGNMENT, SUBLEASING AND SELLING; REDEMPTION; RENT PREPAYMENT AND ABATEMENT

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

(a) No assignment (other than pursuant to Section 8.3 hereof) or subleasing shall relieve the Lessee from primary liability for any of its obligations hereunder, and in the event of any such assignment or subleasing the Lessee shall continue to remain primarily liable for payment of the rent specified in Section 5.3 and clause (a) of Section 10.2 hereof and for performance and observance of the other agreements on its part herein provided to be performed and observed by it.

(b) The Lessee shall, within thirty days after the delivery thereof, furnish or cause to be furnished to the Lessor and to the Trustee a true and complete copy of each such assignment or sublease, as the case may be.

SECTION 9.2 Assignment by Lessor. The Lessor will assign its interest in this Agreement and assign its interest in and pledge any moneys receivable under this Agreement to the Trustee pursuant to the Indenture as security for payment of the principal of and the interest and any redemption premium on the Bonds, but any such assignment or pledge shall be subject and subordinate to this Agreement.

SECTION 9.3 Restrictions on Transfer of Project by Lessor. Subject to Permitted Encumbrances and subject to the provisions of this Agreement, the Lessor agrees that, except for the assignment of this Agreement and the rentals hereunder to the Trustee pursuant to the Indenture, it will not sell, assign, convey, mortgage, encumber or otherwise dispose of any part of the Project during the Lease Term.

SECTION 9.4 Redemption of Bonds. If the Lessee is not in default in the payment of rent under Section 5.3 hereof, the Lessor, at the request of the Lessee, at any time the aggregate moneys in the Bond Fund are sufficient to effect redemption and if the Bonds are then redeemable under the provisions of the Indenture, shall forthwith take all steps that may be necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the then Outstanding Bonds as may be specified by the Lessee, on such redemption date as may be specified by the Lessee.

SECTION 9.5 Extraordinary Optional Redemption. The Lessor shall effectuate redemption of the Bonds at any time in whole at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, upon the exercise by the Lessee of its option to purchase the Project if any of the events provided for in Section 11.2 hereof shall have occurred.

SECTION 9.6 Mandatory Acceleration of Repayment Without Premium Upon Happening of Certain Events. The Lessee shall be obligated, and agrees, to accelerate payment of the entire amount payable under Article V of the Agreement in respect to the 1978 Bonds in the event that it is finally determined by the Internal Revenue Service or by a court of competent jurisdiction that, as a result of the failure by the Lessee to observe any covenant, agreement or representation in this Agreement, the interest payable on the 1978 Bonds is includible for Federal income tax purposes in the gross income of any holder of a 1978 Bond, other than a "substantial user" of the Project or a "related person" as provided in Section 103(b)(6) and (7) of the Code. A partial redemption of the 1978 Bonds shall be

made under the foregoing circumstances, if, as a result of such partial redemption, interest payable on the remaining outstanding 1978 Bonds would not be so includible. Any such determination will not be considered final for this purpose unless the Lessee has been given written notice and, if it so desires, has been afforded the opportunity to contest the same, either directly or in the name of any holder of a 1978 Bond, and until the conclusion of any appellate review, if sought.

In any such case, the Lessee shall be obligated to pay a sum sufficient, together with any other funds held by the Trustee and available for such purposes, (i) to redeem, on the date specified pursuant to the Indenture, all outstanding 1978 Bonds at a redemption price equal to the principal amount of such Bonds, (ii) to pay the interest which will accrue on such 1978 Bonds to the date so fixed for their redemption, and (iii) to pay all Administration Expenses accrued and to accrue to the date fixed for such redemption. The Lessee agrees to make the payments required by this Section on or prior to the redemption date set for the 1978 Bonds pursuant to Section 301 of the Indenture.

In the event that the Lessee receives notice from the Trustee pursuant to Section 303 of the Indenture that a proceeding which could lead to a final determination as contemplated by said Section has been instituted against a Bondholder, the Lessee shall promptly notify the Trustee whether or not it intends to contest such proceeding. In the event that the Lessee chooses to so contest, it will use its best efforts to obtain a prompt final determination or decision in such proceeding or litigation and will keep the Trustee informed of any such proceeding or litigation.

SECTION 9.7 Prepayment of Rents. There is expressly reserved to the Lessee the right, and the Lessee is authorized and permitted, any time the Lessee may choose, to prepay all or any part of the rents payable under Section 5.3 hereof, and the Lessor agrees that the Trustee may accept such prepayment of rents when the same are tendered by the Lessee. All rents so prepaid shall be deposited in the Bond Fund and credited on the rental payments specified in Section 5.3 hereof in the order of their due dates unless applied, at the election of the Lessee, to the redemption or purchase of Outstanding Bonds in the manner and to the extent provided in the Indenture.

SECTION 9.8 Lessee Entitled to Certain Rent Abatements if Bonds Paid Prior to Maturity. If at any time the aggregate moneys in the Bond Fund shall be sufficient to retire in accordance with the provisions of the Indenture all of the Bonds at the time outstanding and to pay all fees and charges of the Trustee, the paying agents and the expenses of the Lessor due or to become due through the date on which the last of the Bonds is to be retired, under circumstances not

resulting in termination of the Lease Term, and if the Lessee is not at the time otherwise in default hereunder, the Lessee shall be entitled to use and occupy the Project from the date on which such aggregate moneys are in the hands of the Trustee to and including the balance of the Lease Term, without the payment of rent during that interval (but otherwise on the terms and conditions hereof).

SECTION 9.9 Installation of Lessee's Own Machinery and Equipment. In addition to the machinery and equipment installed by the Lessee under the provisions of Section 6.1 hereof which does not become part of the Project thereunder, the Lessee may from time to time, in its sole discretion and at its own expense, install additional machinery and equipment in the Facility or on the Leased Land which shall not become part of the Project. All machinery and equipment so installed by the Lessee shall, notwithstanding any other provisions contained herein, remain the sole property of the Lessee in which neither the Lessor nor the Trustee shall have any interest and may be modified or removed at any time while the Lessee is not in default hereunder. Nothing contained in the preceding provisions of this Section shall prevent the Lessee from purchasing, after delivery of the Indenture, such additional machinery and equipment on conditional sale contract or lease sale contract, or subject to vendor's lien or purchase money mortgage, as security for the unpaid portion of the purchase price thereof, and each such conditional sale contract, lease sale contract, vendor's lien or purchase money mortgage made by the Lessee with respect to machinery and equipment purchased by it under the provisions of this Section after the delivery of the Indenture shall, if filed for record in the proper office as required by law, simultaneously with or prior to the installation at the Project of the machinery and equipment covered thereby, be prior and superior to any landlord's lien. The Lessee agrees to pay, unless in good faith contested by it as due, the purchase price of and all costs and expenses with respect to the acquisition and installation of any machinery and equipment installed by it pursuant to this Section.

SECTION 9.10 References to Bonds Ineffective after Bonds Paid. Upon payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and all fees and charges of the Trustee, the paying agent and the Lessor, all references in this Agreement to the Bonds and the Trustee shall be ineffective and neither the Trustee nor the holder of any of the Bonds shall thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

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

(a) (i) Failure by the Lessee to pay or cause to be paid when due any payment of the principal included in the rent payments required to be paid under Section 5.3 of this Agreement, or (ii) failure by the Lessee to pay or cause to be paid when due any payment of the interest included in the rent payments required to be paid under Section 5.3 of this Agreement, which failure shall continue for a period of thirty (30) days.

(b) Failure by the Lessee to observe and perform any covenant, condition or agreement in this Agreement on its part to be observed or performed, other than as referred to in subsection (a) of this Section, for a period of thirty days after written notice given to the Lessee by the Lessor or the Trustee, specifying such failure and requesting that it be remedied, unless the Lessor and the Trustee (with any required consent of Bondholders under the provisions of the Indenture) shall agree in writing to an extension of such time prior to its expiration.

(c) The dissolution or liquidation of the Lessee or the filing by the Lessee of a voluntary petition in bankruptcy, or failure by the Lessee within sixty days to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Project, or the commission by the Lessee of any act of bankruptcy, or adjudication of the Lessee as a bankrupt, or assignment by the Lessee for the benefit of its creditors, or the entry by the Lessee into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Lessee in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act which may hereafter be enacted. The term "dissolution or liquidation of the Lessee", as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Lessee resulting either from a merger or consolidation of the Lessee into or with another corporation or a dissolution or liquidation of the Lessee following a transfer of all or substantially all of its assets as an entirety, under the conditions permitting such action with respect to the Lessee contained in Section 8.3 hereof.

The foregoing provisions of this Section are subject to the following limitations: If by reason of force majeure the Lessee is unable in whole or in part to carry out its agreements on its part herein contained, other than the obligations on the part of the Lessee contained in Article V and Sections 6.3 and 6.4 hereof, the Lessee shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall include the following: acts of God; strikes; lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of Montana or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilites; or any other cause or event not reasonably within the control of the Lessee. The Lessee agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the Lessee from carrying out its agreements; provided, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Lessee, and the Lessee shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Lessee unfavorable to the Lessee.

SECTION 10.2 Remedies on Default. In the event any of the Bonds shall at the time be outstanding and unpaid and provision for the payment thereof shall not have been made in accordance with the provisions of the Indenture, whenever any event of default referred to in Section 10.1 hereof shall have happened and be subsisting, the Lessor or the Trustee, where so provided, may take any one or more of the following remedial steps:

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

(b) The Trustee, may re-enter and take possession of the Project without terminating this Agreement, and sublease the Project for the account of the Lessee, holding the Lessee liable for the difference between the rent and other amounts payable by such sublease in such subleasing and the rents and other amounts payable by the Lessee hereunder.

(c) The Trustee may terminate the Lease Term, exclude the Lessee from possession of the Project and use its best efforts to lease the Project to another party for the account of the Lessee,

holding the Lessee liable for all rent and other amounts due under this Agreement and not paid by such other party.

(d) The Lessor may have access to and inspect, examine and make copies of the books and records and any and all accounts and data of the Lessee insofar as the same relate to the Project.

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

Any amounts collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Indenture) to the Lessee.

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

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

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

Notwithstanding any termination of this Agreement in accordance with the provisions of Section 10.2 hereof, unless the Lessor shall have entered into a firm bilateral agreement providing for the reletting of the Project for a period of at least one year, if, after the maturity of the Outstanding Bonds shall have been accelerated by the Trustee upon occurrence of an event of default under the Indenture, all arrears of interest on the Outstanding Bonds and interest on overdue installments of principal, premium, if any, and (to the extent permitted by law) interest, at a rate per annum which is one percentage point greater than the highest rate per annum borne by any of the Bonds, and the principal and premium (if any) on all Bonds then outstanding which have become due and payable otherwise than by acceleration, and all other sums payable under the Indenture, except the principal of and the interest on such Bonds which by such acceleration shall have become due and payable, shall have been paid, all other things shall have been performed in respect of which there was a default, there shall have been paid the reasonable fees and expenses of the Trustee and of the holders of such Bonds, including reasonable attorneys' fees paid or incurred and such event of default shall be waived by the Trustee with the consequence under Section 1001 of the Indenture that such acceleration is rescinded, then the Lessee's default hereunder shall be waived without further action by the Trustee or the Lessor. Upon such payment and waiver, this Agreement shall be fully reinstated, as if it had never been terminated, and the Lessee shall be restored to the use, occupancy and possession of the Project.

SECTION 10.6 Lessee May Cure Defaults under Indenture. The Lessor hereby grants the Lessee full authority for account of the Lessor to perform any covenant or obligation, the nonperformance of which is alleged in the notice required by Section 913 of the Indenture to constitute a default specified in Section 901(c) of the Indenture, in the name and stead of the Lessor with full power to do any and all things and acts to the same extent that the Lessor could do and perform any such things and acts and with power of substitution.

ARTICLE XI

OPTIONS AND OBLIGATION TO PURCHASE THE PROJECT IN FAVOR OF LESSEE

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

(a) At any time prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), the Lessee may terminate the Lease Term by paying to the Trustee, for the account of the Lessor, for deposit in the Bond Fund an amount which, when added to the amount on deposit in the Bond Fund, will be sufficient to pay, retire and redeem all of the Outstanding Bonds in accordance with the provisions of the Indenture (including, without limiting the generality of the foregoing, principal, interest to maturity or redemption date specified by the Lessee, as the case may be, premium, if any, expenses of redemption and the Trustee's and paying agents' fees and expenses), and in case of redemption by making arrangements satisfactory to the Trustee for the giving of the required notice of redemption.

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

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

(a) The Plant or Project shall have been damaged or destroyed to such extent that, in the opinion of the Lessee expressed in a resolution of its Board of Directors filed with the Lessor and the Trustee, (i) either it cannot be reasonably restored within a period of four months to substantially the condition thereof immediately preceding such damage or destruction, or (ii) the Lessee is thereby prevented or likely to be prevented from carrying on its normal operations at the Plant or the Project for a period of four months or more, or (iii) with respect to the Plant or Project, the cost of restoration thereof would exceed $5,000,000.

(b) Title to, or the temporary or permanent use of, all or substantially all the Plant or the Project shall have been taken

under the exercise of the power of eminent domain by any governmental authority, or person, firm or corporation acting under governmental authority to such an extent that in the opinion of the board of directors of the Lessee expressed in a resolution filed with the Lessor and the Trustee, the taking or takings are likely to result in the Lessee being thereby prevented from carrying on its normal operations at the Plant or the Project for a period of four months or more.

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

(d) The Plant or the Project or a material portion thereof is adjudged by a court of competent jurisdiction to be a public nuisance and operation of the Plant or the Project or a material portion thereof is permanently enjoined, and such decision has become final, or, if appealed, affirmed upon such appeal and the decision upon such appeal has become final.

(e) The Lessee, by certificate filed with the Lessor and Trustee, shall determine: (a) the reconstruction or restoration of the Plant or Project after damage or destruction thereto or condemnation thereof is not economically feasible; or (b) to cease all, or substantially all, of its operations at the Plant or Project as a result of changes in the economic availability of raw materials, operating supplies or facilities necessary to operate the Plant or Project or technological or other conditions making the continued operation of the Plant and Project uneconomical.

To exercise such option, the Lessee shall, within six months following the event authorizing the exercise of such option, give written notice to the Lessor and to the Trustee, if any of the Bonds shall then be unpaid and provision for the payment thereof has not been made in accordance with the provisions of the Indenture, and shall specify therein the date of closing such purchase, which date shall be not less than forty-five nor more than ninety days from the date such notice is mailed, and in case of a redemption of the Bonds in accordance with the provisions of the Indenture shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption. The purchase price payable by the

Lessee in the event of its exercise of the option granted in this Section shall be the sum of the following:

(1) an amount of money to be paid into the Bond Fund which, when added to the amount then on deposit in the Bond Fund for payment of the Bonds, will be sufficient to retire and redeem at the principal amount thereof all the then outstanding Bonds on the date on which such Bonds may be redeemed or paid at maturity, including without limitation, principal, all interest to accrue to said date and redemption expenses, plus

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

(3) the sum of One Thousand Dollars ($1,000).

In the event of the exercise of the option granted in this Section any net proceeds of insurance or condemnation shall be paid to the Lessee and the Lease Term shall thereupon be terminated.

SECTION 11.3 Obligation to Purchase Project or Any Part Thereof Subsequent to Payment of the Bonds. The Lessee shall have the obligation to purchase, and the Lessor hereby agrees to sell, the Project or any part thereof for One Thousand Dollars ($1,000) at the expiration or earlier termination of the Lease Term following full payment of the Bonds or provision for payment thereof having been made in accordance with the provisions of the Indenture, and payment of an amount of money equal to the Trustee's and paying agents' fees and expenses under the Indenture and the expenses of the Lessor approved by the Lessee, accrued to such full payment of the Bonds. At the closing of the foregoing purchase, the Lessor will deliver to the Lessee the documents referred to in Section 11.4 hereof.

SECTION 11.4 Conveyance Following Obligation to Purchase. At the closing of any purchase pursuant to the obligation to purchase herein, the Lessor will upon receipt of the purchase price deliver to the Lessee good title to the property being purchased, as such property then exists, subject to the following: (i) those liens and encumbrances (if any) to which said property was subject when conveyed to the Lessor; (ii) those liens and encumbrances created by the Lessee or to the creation or suffering of which the Lessee consented; (iii) those liens and encumbrances resulting from the failure of the Lessee to perform or observe any of the agreements on its part contained in this Agreement; (iv) Permitted Encumbrances other than in this Agreement; and (v) if the option is exercised pursuant to the provisions of Section 11.2(b) hereof, the rights and title of the condemning authority.

SECTION 11.5 Relative Position of Options and the Indenture. The options respectively granted to the Lessee in this Article shall be and remain prior and superior to the Indenture and may be exercised whether or not the Lessee is in default hereunder, provided that such default will not result in nonfulfillment of any condition to the exercise of any such option.

SECTION 11.6 Equitable Right of Lessee. The Lessor hereby expressly acknowledges that subsequent to (i) the payment in full of the Bonds, including without limitation, principal, accrued interest and any redemption expenses, and (ii) the payment of any fees and expenses of the Trustee and any paying agent then due and payable under the Indenture, as herein contemplated by this Article XI, the Lessee shall have an equitable right to cause the Lessor to convey good and marketable title to the Lessor's interest in the Project as provided in Section 11.4 hereof upon payment of the nominal consideration herein set forth.

ARTICLE XII

MISCELLANEOUS

SECTION 12.1 Surrender of Project. Except as otherwise expressly provided in this Agreement, at the expiration or earlier termination of the Lease Term, the Lessee agrees to surrender possession of the Project peaceably and promptly to the Lessor in as good condition as at the commencement of the Lease Term, loss by fire or other casualty covered by insurance, condemnation and ordinary wear, tear and obsolescence only expected.

SECTION 12.2 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given on the third day following the day on which the same has been mailed by certified or registered mail, postage prepaid, addressed as follows: if to the Lessor, to the County Clerk and Recorder, Missoula, Montana, 59801, if to the Lessee, at Champion International Corporation, 1 Landmark Square, Stamford, Connecticut 06921, Attention: Law Department, and if to the Trustee, at First Trust Company of Saint Paul, Saint Paul, Minnesota, W. 555 First National Bank Building, Saint Paul, Minnesota, 55101, Attention: Corporate Trust Department. A duplicate copy of each notice, certificate or other communication given hereunder by either the Lessor or the Lessee to the other shall be given to the Trustee. The Lessor, the Lessee and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 12.3 Binding Effect and Law Governing Construction. This Agreement shall inure to the benefit of and shall be binding upon the Lessor, the Lessee and their respective successors and assigns, subject, however, to the limitations contained in Sections 8.3, 9.1, 9.2 and 9.3 hereof. This Agreement is prepared and entered into with the intention that the law of the State of Montana shall govern its construction.

SECTION 12.4 Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 12.5 Amounts Remaining in the Bond Fund. It is agreed by the parties hereto that any amounts remaining in the Bond Fund or the Construction Fund upon expiration or earlier termination of the Lease Term, as provided in this Agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and the fees, charges and expenses of the Trustee and paying agents and the Lessor in accordance with the Indenture shall belong to and be paid to the Lessee by the Trustee as overpayment of rents.

SECTION 12.6 Amendments, Changes and Modifications. Except as otherwise provided in this Agreement or in the Indenture, subsequent to the issuance of the Bonds and prior to the payment in full of the Bonds (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), this Agreement may not be effectively amended, changed, modified, altered or terminated without the concurring written consent of the Trustee or its respective successors and assigns, given in accordance with the provisions of the Indenture. Subject to the limitations provided herein, in the case of any actual or attempted amendment, change, modification, alteration, or termination of this Agreement without such prior written consent, the Trustee shall have the right, in addition to any other remedy for any breach or attempted breach of this covenant, to proceed in equity for such relief as may be appropriate, including, without limitation, mandatory injunction and specific performance or such other relief as may appear necessary or desirable to enforce performance and observance of the agreements and covenants of the Lessee and the Lessor under this Section 12.6.

SECTION 12.7 Net Lease. This Agreement shall be deemed and construed to be a "net lease", and the Lessee shall pay absolutely net during the Lease Term the rent and all other payments required hereunder, free of any deduction, without abatement, diminution or set-off other than those herein expressly provided.

SECTION 12.8 Recording. This Agreement and every assignment and modification hereof or an appropriate and sufficient memorandum thereof shall be recorded in the office of the County Clerk of the County as ex officio Recorder of Deeds, or in any such other office as may be at the time provided by law as the proper place for the recordation of a deed conveying the Project. This Agreement as originally executed or an appropriate and sufficient memorandum thereof shall be so recorded prior to or simultaneously with the recordation of the Indenture.

SECTION 12.9 Execution of Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 12.10 Obligations under Guaranty Agreement. The execution and delivery of this Agreement shall not impair or diminish in any respect the separate and distinct obligation of Champion International Corporation, as guarantor of the Bonds under a separate Guaranty Agreement, dated as of the date hereof, between it and the Trustee.

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Agreement to be executed in their respective corporate names and their respective corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

COUNTY OF MISSOULA, MONTANA

By Ludwig G. Browman
Chairman, Board of County Commissioners

[SEAL]

ATTEST:

Roberta Frank
County Clerk and Recorder

CHAMPION INTERNATIONAL CORPORATION

By Gerald J. Bivin
Senior Vice President - Finance

[SEAL]

ATTEST:

Philip R. O'Connor
Secretary

STATE OF NEW YORK)
: ss.
County of New York)

On this 19th day of June, 1978, before me, a Notary Public for the State of New York, personally appeared GERALD J. BEISER, known to me to be the Senior Vice-President of the corporation that executed the within instrument and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

ROBERT H. CAREY
Notary Public, State of New York
No. 30-0554575
Qualified in Nassau County
Commission Expires March 30, 1979

STATE OF MONTANA)
: ss.
County of Missoula)

On this 21st day of June, 1978, before me, a Notary Public for the State of Montana, personally appeared LUDWIG G. BROWMAN, known to me to be the Chairman of the Board of County Commissioners of Missoula County, Montana, and of the municipal corporation that executed the within instrument and acknowledged to me that such municipal corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

NOTARY PUBLIC FOR THE STATE OF MONTANA
Residing at Missoula, Montana
My Commission Expires: June 1, 1981

Exhibit A

[Leased Land]

NO. 4 LIME KILN SCRUBBER (#3)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4, SECTION 24, T. 14 N., R. 21 W.; PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE 1/4 CORNER COMMON TO SECTIONS 13 AND 24, T. 14 N., R. 21 W.; THENCE S 08°07'31" W, 806.18 FEET TO THE TRUE POINT OF BEGINNING; THENCE S 22°09'24" E, 60.00 FEET; THENCE S 67°50'36" W, 40.00 FEET; THENCE N 22°09'24" W, 60.00 FEET; THENCE N 67°50'36" E, 40.00 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 0.055 ACRES MORE OR LESS.

NO. 3 SLAKER VENT SCRUBBER (#5)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4, SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE 1/4 CORNER COMMON TO SECTIONS 13 AND 24, T. 14 N., R. 21 W.; THENCE S 23°29'08" W, 652.49 FEET TO THE TRUE POINT OF BEGINNING; THENCE S 22°09'24" E, 60.00 FEET; THENCE S 67°50'36" W, 30.00 FEET; THENCE N 22°09'24" W, 60.00 FEET; THENCE N 67°50'36" E, 30.00 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 0.041 ACRES MORE OR LESS.

NO. 3 RECOVERY-ESP (#10)
NO. 3 RECOVERY-SMELT TANK SCRUBBER (#13)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4, SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE 1/4 CORNER COMMON TO SECTIONS 13 AND 24, T. 14N., R. 21 W.; THENCE S 39°27'56" W, 527.85 FEET TO THE TRUE POINT OF BEGINNING; THENCE N 67°50'36" E, 60.00 FEET; THENCE S 22°09'24" E, 79.00 FEET; THENCE S 67°50'36" W, 60.00 FEET; THENCE N 22°09'24" W, 79.00 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 0.101 ACRES MORE OR LESS.

WASTE FUEL BOILER AND SCRUBBER (#2)
WASHER HOOD VENTS - INCINERATION (#8)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NE 1/4, SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE 1/4 CORNER COMMON TO SECTIONS 13 AND 24, T. 14 N., R. 21 W.; THENCE S 14°41'29" E, 542.78 FEET TO THE TRUE POINT OF BEGINNING; THENCE N 67°50'36" E, 77.00 FEET; THENCE S 22°09'24" E, 161.00 FEET; THENCE S 67°50'36" W, 77.00 FEET; THENCE N 22°09'24" W, 161.00 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 0.285 ACRES MORE OR LESS.

CONDENSATE STRIPPING SYSTEM (#9)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4, SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE 1/4 CORNER COMMON TO SECTIONS 13 AND 24, T. 14 N., R. 21 W.; THENCE S 24°23'08" W, 479.79 FEET TO THE TRUE POINT OF BEGINNING; THENCE S 67°50'36" W, 28.25 FEET; THENCE N 22°09'24" W, 69.83 FEET; THENCE N 67°50'36" E, 28.25 FEET; THENCE S 22°09'24" E, 69.83 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 0.045 ACRES MORE OR LESS.

No. 5 RECOVERY-SMELT TANK SCRUBBER (#11)
No. 5 RECOVERY-ESP (#12)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4, SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE 1/4 CORNER COMMON TO SECTIONS 13 AND 24, T. 14 N., R. 21 W.; THENCE S 31°02'24" W, 222.65 FEET TO THE TRUE POINT OF BEGINNING; THENCE S 22°09'24" E, 85.00 FEET; THENCE S 67°50'36" W, 170.00 FEET; THENCE N 22°09'24" W, 85.00 FEET; THENCE N 67°50'36" E, 170.00 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 0.332 ACRES MORE OR LESS.

NON-CONDENSIBLE GAS SYSTEM (#1)
40% LIQUOR STORAGE TANK VENT (#6)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4 OF SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE 1/4 CORNER COMMON TO SECTIONS 13 AND 24, T. 14 N., R. 21 W.; THENCE S 40°31'47" W, 290.68 FEET TO THE TRUE POINT OF

BEGINNING; THENCE S 67°50'36" W, 90.00 FEET; THENCE N 22°09'24" W, 95.00 FEET; THENCE N 67°50'36" E, 90.00 FEET; THENCE S 22°09'24" E, 95.00 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 0.196 ACRES, MORE OR LESS.

WASHER HOOD VENTS-SCRUBBER (WASHING & SCREENING) (#7)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4, SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE 1/4 CORNER COMMON TO SECTIONS 13 AND 24, T. 14 N., R. 21 W.; THENCE S 76°18'58" W, 643.55 FEET TO THE TRUE POINT OF BEGINNING; THENCE S 67°50'36" W, 121.00 FEET; THENCE N 22°09'24" W, 92.00 FEET; THENCE N 67°50'36" E, 121.00 FEET; THENCE S 22°09'24" E, 92.00 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 0.256 ACRES MORE OR LESS.

WASHER HOOD VENTS-SCRUBBER (DIGESTERS) (#7A)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4, SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE 1/4 CORNER COMMON TO SECTIONS 13 AND 24, T. 14 N., R. 21 W.; THENCE S 58°44'27" W, 639.58 FEET TO THE TRUE POINT OF BEGINNING; THENCE S 22°09'24" E, 145.00 FEET; THENCE S 67°50'36" W, 35.00 FEET; THENCE N 22°09'24" W, 145.00 FEET; THENCE N 67°50'36" E, 35.00 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 0.116 ACRES MORE OR LESS.

TALL OIL VENT SCRUBBER (#4)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4, SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE 1/4 CORNER COMMON TO SECTIONS 13 AND 24, T. 14 N., R. 21 W.; THENCE S 13°25'23" W, 1081.21 FEET TO THE TRUE POINT OF BEGINNING; THENCE S 22°09'24" E, 35.00 FEET; THENCE S 67°50'36" W, 35.00 FEET; THENCE N 22°09'24" W, 35.00 FEET; THENCE N 67°50'36" E, 35.00 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 0.028 ACRES MORE OR LESS.

Exhibit B

[Air Pollution Control
and Solid Waste
Disposal Facilities]

The Facility consists of the pollution control facilities and solid waste disposal facilities described below which are located at the Plant of the Lessee located in Missoula County, Montana:

1. Non-Condensible Gas Collection System - consists of equipment for separating odorous non-condensible gases, including hydrogen sulfide and mercaptans, and conveying such gases to a lime kiln for incineration. The system includes separation equipment, a fan, piping, valves, electrical wiring and controls. The portion of the Net Cost of this facility constituting Exempt Cost is 92.22 percent.

2. Waste Fuel Boiler Scrubber - consists of a scrubber system to control emissions of particulates and sulfur dioxide from the waste boiler. The system will include venturi-cyclone scrubbers enclosed in a separate structure next to the boiler building, dewatering facilities, pumps, piping, valves, electrical wiring and controls. The portion of the Net Cost of this facility constituting Exempt Cost is 100.00 percent.

3. No. 4 Lime Kiln Scrubber - consists of a venturi-cyclone scrubber to reduce particulate emissions from the No. 4 lime kiln. The system also includes a support structure, a scrubbing medium pump, piping, electrical wiring and controls. The portion of the Net Cost of this facility constituting Exempt Costs is 39.40 percent.

4. Tall Oil Vent Scrubber - consists of a packed scrubber that will reduce emissions of odorous gases from the tall oil vent. The system also includes a feed pump, an effluent return pump, structural supports, electrical wiring and controls. The portion of the Net Cost of this facility constituting Exempt Cost is 82.36 percent.

5. No. 3 Slaker Vent Scrubber - consists of a variable throat venturi-cyclone scrubber which reduces emissions of lime dust particulates from the No. 3 slaker vent. The system includes a fan, pump, piping, controls, electrical wiring and a support structure. The portion of the Net Cost of this facility constituting Exempt Costs is 88.52 percent.

6. Forty Percent Liquor Storage Tank Vent - consists of a system to pipe odorous gases from the relief vent on the liquor storage tank to the Non-Condensible Gas Collection System for disposal. The system will include piping with supports and valves. The portion of the Net Cost of this facility constituting Exempt Cost is 91.22 percent.

7. Entrainment Separation System for Pulp Washers - consists of hoods, ducting and an impingement scrubber to remove liquid and solid particulates from the vapors emitted from the pulp washers. The portion of the Net Cost of this facility constituting Exempt Cost is 100.00 percent.

8. Pulp Washer Vent Incineration System - consists of a system for incinerating odorous pulp washer emission gases after particulates have been removed from the gases by the Entrainment Separation System. The system will include ducting and a fan to transport the gases to the boiler's forced draft fan where the odorous gases will be mixed with combustion air and incinerated. The system also includes structural supports, electrical wiring and controls. The portion of the Net Cost of this facility constituting Exempt Cost is 100.00 percent.

9. Condensate Stripping System - consists of a system which treats condensates that are contaminated with volatile malodorous substances. The contaminates, principally from pulp digestion and black liquor evaporation processes, will be separated from less contaminated condensates and pumped to a combined surge and storage tank. From the tank, they will be pumped to the top of a stripping tower where the concentration of volatile contaminants in the condensates will be reduced by amount 90 percent. The air exhausted from the top of the tower will be ducted to either of two lime kilns for incineration. The system will include tanks, filters, pumps, mixers, piping, instrumentation, elecrical wiring, ducting, valves, controls, flame arresters, a moisture separator and structures. The portion of the Net Cost of this facility constituting Exempt Cost is 82.49 percent.

10. No. 3 Recovery Precipitator Modification - consists of a fourth electrical field to be added to increase the collection efficiency of the existing No. 3 electrostatic precipatator from 99.1 percent to 99.6 percent. The installation will consist of an additional field, conveyors for removing collected flyash from the bottom of the precipitator, structural supports, controls,

TERMINATION OF LEASE AND

GUARANTY AGREEMENTS

The COUNTY OF MISSOULA, MONTANA, an organized County within the State of Montana, being a body corporate and politic (the "County"), and HOERNER WALDORF PROPERTIES COMPANY, a Minnesota corporation ("Properties"), are respectively the lessor and the lessee under that certain Lease Agreement made as of June 1, 1971, and recorded June 28, 1971, in Book 31 of Micro Records at Page 6, covering the property described on Exhibit "A" attached hereto and made a part hereof; and

WHEREAS, the County and the First Trust Company of Montana as successor to the First National Bank and Trust Company of Helena (the "Trustee"), are the beneficiaries and Champion International Corporation, a New York corporation, as successor in interest to Hoerner Waldorf Corporation, a Delaware corporation ("Champion"), is the guarantor under that certain Guaranty Agreement dated as of June 1, 1971, and recorded on June 28, 1971, in Book 31 of Micro Records at Page 25.

NOW, THEREFORE, in consideration of the amounts received pursuant to the aforementioned Lease Agreement, the County and Properties do hereby mutually terminate, cancel, and discharge the aforementioned Lease, and the County and the Trustee cancel and terminate the aforementioned Guaranty and release and discharge Champion and its predecessors, successors, and assigns from any and all liability thereunder.

IN WITNESS WHEREOF, Missoula County, Montana, has caused these presents to be signed in its name and behalf by the Chairman of the Board of County Commissioners and its corporate seal to be hereunto affixed and attested by its County Clerk, Hoerner Waldorf Properties Company has caused these presents to be

signed in its name and behalf by its Vice President, its official seal to be affixed and the same to be attested by its Assistant Secretary, and the First Trust Company of Montana, as Trustee, has caused these presents to be signed in its name and behalf by one of its Vice Presidents, its official seal to be hereunto affixed, and the same to be attested by one of its Trust Officers, all as of the 27th day of January, 19 86.

(SEAL)

MISSOULA COUNTY

By: Barbara Evans
Chairman of the Board of County Commissioners

ATTEST:

Fern Hart
County Clerk

(SEAL)

FIRST TRUST COMPANY OF MONTANA, as Trustee

ATTEST:

By: _____
Vice President

_____
Trust Officer

(SEAL)

HOERNER WALDORF PROPERTIES COMPANY

ATTEST:

Laurie Cawley
Assistant Secretary

By: _____
Vice President

STATE OF MONTANA)
) ss.
COUNTY OF MISSOULA)

Personally appeared before me, Lowaine Lee a Notary Public in and for said County and State, Barbara Evans and Fern Hart with whom I am personally acquainted and who upon their oath acknowledged themselves to be the Chairman of the Board of County Commissioners, and the County Clerk of Missoula County, Montana, the within named municipal corporation, and that they as such Chairman of the Board of County Commissioners and County

Clerk being authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing the name of said corporation by BARBARA EVANS as Chairman and FERN HART as such Clerk.

Witness my hand and official seal of office in Missoula, Montana, this 27th day of January, 198[illegible]

Lawrence Lee
Notary Public
Comm expires 11/14/87

STATE OF MONTANA)
) ss.
COUNTY OF)

Personally appeared before me _____ a Notary Public in and for said County and State _____ and _____, with whom I am personally acquainted and who upon their oath acknowledged themselves to be a Vice President and a Trust Officer of the First Trust Company of Montana, the within named Trustee, a national banking association, and that they as such Vice President and Trust Officer being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of the national banking association by _____ as such Vice President and _____ as Trust Officer.

Witness my hand and official seal of office in _____ Montana, this ___ day of _____, 19__.

_____
Notary Public

STATE OF CONNECTICUT)
) ss. STAMFORD
COUNTY OF FAIRFIELD)

Personally appeared before me Madelyn J. Cognetta a Notary Public in and for said County and State Connecticut Stephen B. Brown and Laurie Conley, with whom I am personally acquainted and who upon their oath acknowledged themselves to be a Vice President and an Assistant Secretary of Hoerner Waldorf Properties Company, the within named corporation, and that they as such Vice President and Assistant Secretary being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of said corporation by Stephen B. Brown as such Vice President and Laurie Conley as Assistant Secretary.

Witness my hand and official seal of office in Stamford Connecticut ~~Montana~~, this 11th day of February, 198[illegible]

Madelyn J. Cognetta
Notary Public
MADELYN J. COGNETTA
NOTARY PUBLIC
MY COMMISSION EXPIRES MARCH 31, [illegible]

EXHIBIT A

Parcels of land situated in the NW¼ of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana, Missoula County, Montana, more particularly described as follows:

CLARIFIER

That certain circular tract of land 250 feet in diameter, situated in the N½ of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana, being a portion of that tract of record in Book 137, Page 504, more particularly described as follows:

Commencing at an iron pin in Mullan Road, at or approximating the N¼ corner of Section 24, Township 14 North, Range 21 West, thence S.68°44'46"W., 961.22 feet; thence S.21°08'14"W., 832.40 feet to the center of said circular tract, from which said tract is circumscribed on a radius of 125 feet; attached to which and included in this description is a 25' x 19' Pump House on the Northwesterly side of this circumscribed circle.

#3 RECOVERY BOILER

That certain rectangular tract of land situated in the N½ of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows:

Commencing at an iron pin in Mullan Road, at or approximating the N¼ corner of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; thence S.36°08'17"W., 475.86 feet to the true point of beginning; thence S.21°46'10"E., 79.00 feet; thence S.68°13'50"W., 60.00 feet; thence N.21°46'10"W., 79.00 feet; thence N.68°13'50"E., 60.00 feet to the true point of beginning.

HOG FUEL BOILER - WET SCRUBBER

That certain rectangular tract of land situated in the N½, Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows:

Commencing at an iron pin in Mullan Road, at or approximating the N¼ corner of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; thence S.31°39'10"W., 555.56 feet to the true point of beginning; thence S.21°46'10"E., 30.50 feet; thence S.68°13'50"W., 27.00 feet; thence N.21°46'10"W., 30.50 feet; thence N.68°13'50"E., 27.00 feet to the true point of beginning.

#4 RECOVERY BOILER

That certain rectangular tract of land situated in the N½ of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows:

Commencing at an iron pin in Mullan Road, at or approximating the N¼ corner of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; thence S.06°31'18"W., 374.52 feet to the true point of beginning; thence S.68°13'50"W., 190.00 feet; thence N.21°46'10"W., 105.00 feet; thence N.68°13'50"E., 190.00 feet; thence S.21°46'10"E., 105.00 feet to the true point of beginning.

EXHIBIT A

Clarifier

Quantity	Item
1	200' diameter clarifier concrete basin
1	Clarifier mechanism
2	5 HP motors
3	7,500 6 PM lift pumps
3	75 HP motors
2	Sludge pumps
2	20 HP motors
1	Self cleaning bar screen
1	1 HP screen motor
1	20' x 30' lift station structure
–	Motor control center inside
1	6' x 12' lift station
–	Concrete approach ditch to lift station
1	Sampler station and Parshall flume
1	Parshall flume liner
–	Remove and relocate 4 Parshall flumes
4	Flume and sampler station
3	18" check valves
3	18" block valves
175	30" diameter steel pipe
210	8" diameter sludge piping
2,150	4" diameter sludge piping
1	Back flush—pos. displace
1	Emergency dam w/weir
200	12" diameter irrigation pipe
1	Bleed-off piping
–	Dike work—see backup sheet
–	Fill existing ditches
–	Rip rap. intercept ditch
–	Electrical
–	Area Lighting
2	Pipe and wingwalls under roads
–	Instrumentation
	Seal dikes and some of the bottom on ponds #1A, 2, 11, 12 & 13
	Overflows—standard pipe length in ponds #1, 1A, 2, 3, 6, 11 & 12
	Overflows—long pipe for ponds #1, 2, 4, 7 (2 reqd.)
	Used dredge (est.)
20	Vertical drain pipes
	Miscellaneous piping

EXHIBIT A

Number 3 Recovery Boiler Conversion

ADDITIONAL ECONOMIZER
- Material and Erection, including boiler riser tubes

ELECTROSTATIC PRECIPITATOR AND AUXILIARY EQUIPMENT
- Research-Cottrell precipitator erected
- I. D. fan and speed control
- I. D. fan motor and controls
- Fan erection
- Stack
- Ductwork, insulation, sluice tank, etc.

CONCENTRATOR AND AUXILIARY EQUIPMENT
- Unitech material quotation
- Equipment erection

MECHANICAL WORK
- Pumps—material and installation
- Process piping—material and installation
- Instrumentation—material and installation
- Electrical—material and installation

SALTCAKE CONVEYING SYSTEM
- Material and installation

BUILDING
- Basic building, material and erection additional facilities; i.e. manlifts
- Drains, plumbing and heating
- Foundations, relocation of utilities, demolition, etc.

Second Floor Addition to Maintenance Building to provide office facilities

Hog Fuel Boiler—Wet Scrubber

Hog fuel boiler and wet scrubber

Number 4 Recovery Boiler

Material and erection of boiler (including all items between the F. D. fan inlet to the stack outlet)
Instrumentation
Electrical
Piping
Auxiliary equipment (feedwater, air, etc.)
Heavy black liquor concentrator and vacuum evaporator modifications
Relocation of parking lots, sewers, etc.

'86 FEB 26 AM 10 32

8603163

I received and filed this instrument for record on the 26 day of Feb, 19 86, at 10:32 A.M. and it is recorded in Vol. 235 on Page 2463, Micro Records of the County of Missoula, State of Montana. Witness my hand, Fern Hart, County Recorder. By Ramona Cox Deputy. Doc. R1 Fee 50.00 Pd. Ck Return: Lawyers Title Ins. Corp.

Attn: Ms Cathy Jones
Nat'l Accts. Adm.
Nat'l Div. Office
PO Box 2301 Belden Station
Norwalk, CT 06852

Lease 1 Termination

TERMINATION OF LEASE

WHEREAS, the COUNTY OF MISSOULA, MONTANA, an organized County within the State of Montana, being a body corporate and politic (the "County"), and CHAMPION INTERNATIONAL CORPORATION, a New York corporation ("Champion"), are respectively the lessor and lessee under that certain Lease Agreement made as of June 1, 1978, and recorded on June 27, 1978, in Book 121 of Micro Records at Page 278, covering the property described on Exhibit "A" attached hereto and made a part hereof.

NOW, THEREFORE, in consideration of the amounts received pursuant to the aforementioned Lease Agreement, the County and Champion do hereby mutually terminate and cancel and discharge the aforementioned Lease, and the County hereby releases Champion and its predecessors, successors, and assigns from any and all liability thereunder.

IN WITNESS WHEREOF, the County of Missoula has executed this instrument by causing its corporate name to be hereunto subscribed by the Chairman of the Board of County Commissioners and its official seal to be impressed hereon by the County Clerk, and Champion International Corporation has caused these presents to be executed by its Vice President and its seal to be affixed and the same to be attested by its Assistant Secretary as of this 14th day of February, 1986.

COUNTY OF MISSOULA MONTANA

By: Barbara Evans
Chairman of the Board of
of County Commissioners

(SEAL)

ATTEST:

Clerk of the County of
Missoula Montana

CHAMPION INTERNATIONAL CORPORATION

By: M. [illegible]
Senior Vice President

(SEAL)

ATTEST:

Assistant Secretary

Lease 2 Termination

STATE OF MONTANA)
) ss.
COUNTY OF MISSOULA)

On this 20th day of February, 1986, before me a Notary Public in and for the County of Missoula and State of Montana, personally appeared [illegible] and [illegible], known to me to be the Chairman of the Board of County Commissioners and the Clerk of Missoula County, Montana, and of the municipal corporation that executed the within instrument and acknowledged to me that such municipal corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the day and year in this certificate first above written.

[illegible]
Notary Public
Comm expires 9/30/87

STATE OF CONNECTICUT)
) ss. Stamford
COUNTY OF FAIRFIELD)

On this 19th day of February, 1986, before me a Notary Public in and for the County of Fairfield and State of Connecticut, personally appeared Marvin H. Gusky and Robert E. Fogarty, known to me to be the Vice President and Assistant Secretary of the said corporation that executed the within instrument and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the day and year in this certificate first above written.

Gail M. Costello
Notary Public
GAIL M. COSTELLO
NOTARY PUBLIC
MY COMMISSION EXPIRES MARCH 31, 1989

EXHIBIT A

Parcels of land situated in the NW¼ of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana, Missoula County, Montana, more particularly described as follows:

NON-CONDENSIBLE GAS SYSTEM (#1)
4M. LIQUOR STORAGE TANK VENT (#6)

That certain rectangular tract of land situated in the NW¼ of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, Township 14 North, Range 21 West; thence S.40°31'47"W., 290.68 feet to the true point of beginning; thence S.67°50'36"W., 90.00 feet; thence N.22°09'24"W., 95.00 feet; thence N.67°50'36"E., 90.00 feet; thence S.22°09'24"E., 95.00 feet to the true point of beginning.

NO. 4 LIME KILN SCRUBBER (#3)

That certain rectangular tract of land situated in the NW¼, Section 24, Township 14 North, Range 21 West; Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, Township 14 North, Range 21 West; thence S.02°07'31"W., 806.18 feet to the true point of beginning; thence S.22°09'24"E., 60.00 feet; thence S.67°50'36"W., 40.00 feet; thence N.22°09'24"W., 60.00 feet; thence N.67°50'36"E., 40.00 feet to the true point of beginning.

TALL OIL VENT SCRUBBER (#4)

That certain rectangular tract of land situated in the NW¼ Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, Township 14 North, Range 21 West; thence S.13°25'23"W., 1081.21 feet to the true point of beginning; thence S.22°09'24"E., 35.00 feet; thence S.67°50'36"W., 35.00 feet; thence N.22°09'24"W., 35.00 feet; thence N. 67°50'36"E., 35.00 feet to the true point of beginning.

NO. 3 SLAKER VENT SCRUBBER (#5)

That certain rectangular tract of land situated in the NW¼, Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, Township 14 North, Range 21 West; thence S.23°29'08"W., 652.49 feet to the true point of beginning; thence S.22°09'24"E., 60.00 feet; thence S.67°50'36"W., 30.00 feet; thence N.22°09'24"W., 60.00 feet; thence N.67°50'36"E., 30.00 feet to the true point of beginning.

WASHER HOOD VENTS-SCRUBBER (WASHING & SCREENING) (#7)

That certain rectangular tract of land situated in the NW¼, Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, Township 14 North, Range 21 West; thence S.76°18'58"W., 643.55 feet to the true point of beginning; thence S.67°50'36"W., 121.00 feet; thence N.22°09'24"W., 92.00 feet; thence N.67°50'36"E., 121.00 feet; thence S.22°09'24"E., 92.00 feet to the true point of beginning.

EXHIBIT A

WASHER HOOD VENTS-SCRUBBER (DIGESTERS) (#7A)

That certain rectangular tract of land situated in the NW¼, Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, Township 14 North, Range 21 West; thence S.58°44'27"W., 639.58 feet to the true point of beginning; thence S.22°09'24"E., 145.00 feet; thence S.67°50'36"W., 35.00 feet; thence N.22°09'24"W., 145.00 feet; thence N.67°50'36"E., 35.00 feet to the true point of beginning.

CONDENSATE STRIPPING SYSTEM (#9)

That certain rectangular tract of land situated in the NW¼, Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, Township 14 North, Range 21 West; thence S.24°23'08"W., 479.79 feet to the true point of beginning; thence S.67°50'36"W., 28.25 feet; thence N.22°09'24"W., 69.83 feet; thence N.67°50'36"E., 28.25 feet; thence S.22°09'24"E., 69.83 feet to the true point of beginning.

NO. 3 RECOVERY-ESP (#10)
NO. 3 RECOVERY-SMELT TANK SCRUBBER (#13)

That certain rectangular tract of land situated in the NW¼, Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, Township 14 North, Range 21 West; thence S.39°27'56"W., 527.85 feet to the true point of beginning; thence N.67°50'36"E., 60.00 feet; thence S.22°09'24"E., 79.00 feet; thence S.67°50'36"W., 60.00 feet; thence N.22°09'24"W. 79.00 feet to the true point of beginning.

NO. 5 RECOVERY-SMELT TANK SCRUBBER (#11)
NO. 5 RECOVERY-ESP (#12)

That certain rectangular tract of land situated in the NW¼, Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, Township 14 North, Range 21 West; thence S.31°02'24"W., 222.65 feet to the true point of beginning; thence S.22°09'24"E., 85.00 feet; thence S.67°50'36"W., 170.00 feet; thence N.22°09'24"W., 85.00 feet; thence N.67°50'36"E., 170.00 feet to the true point of beginning.

WASTE FUEL BOILER AND SCRUBBER (#2)
WASHER HOOD VENTS - INCINERATION (#8)

That certain rectangular tract of land situated in the NW¼, Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, Township 14 North, Range 21 West; thence S.14°41'29"E., 542.78 feet to the true point of beginning; thence N.67°50'36"E., 77.00 feet; thence S.22°09'24"E., 161.00 feet; thence S.67°50'36"W., 77.00 feet; thence N.22°09'24"W., 161.00 feet to the true point of beginning.

1. Non-Condensible Gas Collection System - consists of equipment for separating odorous non-condensible gases, including hydrogen sulfide and mercaptans, and conveying such gases to a lime kiln for incineration. The system includes separation equipment, a fan, piping, valves, electrical wiring and controls. The portion of the Net Cost of this facility constituting Exempt Cost is 92.22 percent.

2. Waste Fuel Boiler Scrubber - consists of a scrubber system to control emissions of particulates and sulfur dioxide from the waste boiler. The system will include venturi-cyclone scrubbers enclosed in a separate structure next to the boiler building, dewatering facilities, pumps, piping, valves, electrical wiring and controls. The portion of the Net Cost of this facility constituting Exempt Cost is 100.00 percent.

3. No. 4 Lime Kiln Scrubber - consists of a venturi-cyclone scrubber to reduce particulate emissions from the No. 4 lime kiln. The system also includes a support structure, a scrubbing medium pump, piping, electrical wiring and controls. The portion of the Net Cost of this facility constituting Exempt Costs is 39.40 percent.

4. Tall Oil Vent Scrubber - consists of a packed scrubber that will reduce emissions of odorous gases from the tall oil vent. The system also includes a feed pump, an effluent return pump, structural supports, electrical wiring and controls. The portion of the Net Cost of this facility constituting Exempt Cost is 82.36 percent.

5. No. 3 Slaker Vent Scrubber - consists of a variable throat venturi-cyclone scrubber which reduces emissions of lime dust particulates from the No. 3 slaker vent. The system includes a fan, pump, piping, controls, electrical wiring and a support structure. The portion of the Net Cost of this facility constituting Exempt Costs is 88.52 percent.

6. Forty Percent Liquor Storage Tank Vent - consists of a system to pipe odorous gases from the relief vent on the liquor storage tank to the Non-Condensible Gas Collection System for disposal. The system will include piping with supports and valves. The portion of the Net Cost of this facility constituting Exempt Cost is 91.22 percent.

7. Entrainment Separation System for Pulp Washers - consists of hoods, ducting and an impingement scrubber to remove liquid and solid particulates from the vapors emitted from the pulp washers. The portion of the Net Cost of this facility constituting Exempt Cost is 100.00 percent.

8. Pulp Washer Vent Incineration System - consists of a system for incinerating odorous pulp washer emission gases after particulates have been removed from the gases by the Entrainment Separation System. The system will include ducting and a fan to transport the gases to the boiler's forced draft fan where the odorous gases will be mixed with combustion air and incinerated. The system also includes structural supports, electrical wiring and controls. The portion of the Net Cost of this facility constituting Exempt Cost is 100.00 percent.

9. Condensate Stripping System - consists of a system which treats condensates that are contaminated with volatile malodorous substances. The contaminates, principally from pulp digestion and black liquor evaporation processes, will be separated from less contaminated condensates and pumped to a combined surge and storage tank. From the tank, they will be pumped to the top of a stripping tower where the concentration of volatile contaminants in the condensates will be reduced by amount 90 percent. The air exhausted from the top of the tower will be ducted to either of two lime kilns for incineration. The system will include tanks, filters, pumps, mixers, piping, instrumentation, electrical wiring, ducting, valves, controls, flame arresters, a moisture separator and structures. The portion of the Net Cost of this facility constituting Exempt Cost is 82.49 percent.

10. No. 3 Recovery Precipitator Modification - consists of a fourth electrical field to be added to increase the collection efficiency of the existing No. 3 electrostatic precipatator from 99.1 percent to 99.6 percent. The installation will consist of an additional field, conveyors for removing collected flyash from the bottom of the precipitator, structural supports, controls, motors, electrical wiring and a new transformer-rectifier set. The portion of the Net Cost of this facility constituting Exempt Cost is 99.11 percent.

11. No. 5 Recovery Furnace Dissolving Tank Vent Scrubber - consists of a wet fan scrubber to remove particulate matter being emitted from the No. 5 recovery furnace dissolving tank vent. The system includes a fan, ductwork, controls structural supports, electrical wiring and a recirculating pump. The portion of the Net Cost of this facility constituting Exempt Costs is 94.64 percent.

12. No. 5 Recovery Furnace Electrostatic Precipitator - consists of an electrostatic precipitator to remove flyash being emitted from the No. 5 recovery furnace. The system also includes electrical wiring, controls and support structures. The portion of the Net Cost of this facility constituting Exempt Costs is 43.07 percent.

13. No. 3 Recovery Furnace Dissolving Tank Vent Scrubber - consists of a wet fan scrubber to remove particulate matter being emitted from the No. 3 recovery furnace dissolving tank vent. The system includes a fan, ductwork, controls, structural supports, electrical wiring and a recirculating pump. The portion of the Net Cost of this facility constituting Exempt Costs is 92.18 percent.

14. Waste Fuel Boiler - consists of a complete boiler unit and various functionally related and subordinate equipment which will be used to burn wood wastes. The portion of the Net Cost of this facility constituting Exempt Costs is 100.00 percent.

'86 FEB 26 AM 10 32

8603164

Received and filed this instrument for record on the 26 day of Feb 19 86 at 10:31 a.M. and is recorded Vol. 235 on Page 2474 Micro Records of the County of Hancock, State of Maine. Attest: Legal Fees Hart, County Recorder. By Rosemary Cot Deputy. Dec. Rl Fee 20.00 Pd. Ck. Return: Lawyers Title Ins. Corp. Att. Ms Cathy Jordan Hartt Avenue Bath Hartt Ave office Po Box 2301 Bath Station Portland CT 04352

EXTRACT FROM THE MINUTES OF A REGULAR MEETING OF THE BOARD OF COUNTY COMMISSIONERS OF MISSOULA COUNTY, HELD ON January 29 , ~~1969~~ 1970

The BOARD OF COUNTY COMMISSIONERS OF MISSOULA COUNTY met at a regular meeting at the Courthouse Annex , in Missoula Montana, at 10:00 o'clock A .M. on January 29 , ~~1969~~ 1970.

The meeting was called to order by the Chairman and, upon roll call, those present and absent were as follows:

PRESENT: Armand J. Lucier, Chairman
H. W. Stoutenburg
A. W. Fetscher

ABSENT: None

ALSO PRESENT: Veramae R. Crouse, Clerk, represented by Dorothy L. Head, Chief Deputy
J. C. Garlington
Jeremy G. Thane

EXHIBIT A

The following resolution was introduced by H. W. Stoutenburg Commissioner , read in full and considered:

RESOLUTION AUTHORIZING THE CONSTRUCTION AND ACQUISITION OF A PROJECT UNDER THE INDUSTRIAL DEVELOPMENT PROJECTS ACT, AUTHORIZING THE LEASING OF SAID PROJECT TO HOERNER WALDORF CORPORATION OF MONTANA; AUTHORIZING THE ISSUANCE OF $14,000,000 INDUSTRIAL DEVELOPMENT REVENUE BONDS TO FINANCE THE COST OF SUCH CONSTRUCTION AND ACQUISITION; PRESCRIBING THE FORM OF MORTGAGE AND INDENTURE OF TRUST TO SECURE SAID BONDS AND AUTHORIZING THE EXECUTION THEREOF; PRESCRIBING THE FORM OF A LEASE AGREEMENT AND AUTHORIZING THE EXECUTION OF THE LEASE AGREEMENT FOR SAID PROJECT; AUTHORIZING AND APPROVING THE FORM OF GUARANTY AGREEMENT; AND PROVIDING FOR THE SECURITY, RIGHTS AND REMEDIES OF THE HOLDERS, FROM TIME TO TIME, OF SAID BONDS.

WHEREAS, the Industrial Development Projects Acts, appearing as Title 11, Chapter 41, Revised Code of Montana, 1947, (the "Act"), provides for the acquisition, purchase, construction, reconstruction, improvement, betterment and extension of industrial development by cities, towns and counties through the issuance of revenue bonds; and

WHEREAS, the County of Missoula is desirous of attracting industry and of reducing air and water pollution; and

WHEREAS, the Hoerner Waldorf Corporation of Montana has requested the County of Missoula by application dated the 20th day of January, 1970 ~~1969~~ to issue revenue bonds pursuant to the Act for the purpose of adding an addition to its existing plant and reducing water and air pollution at such plant; and

WHEREAS, it is in the best interest of the County to issue its revenue bonds pursuant to the Act for the purposes stated above;

NOW, THEREFORE, be it resolved by the Board of County Commis-

sioners of Missoula County, Montana:

Section 1. The Board of County Commissioners of Missoula County (the "County") finds and determines:

That the Hoerner Waldorf Corporation of Montana (the "Company") has proposed a Project which will be a significant and valuable addition to Missoula County and the State. There will be constructed or acquired water and air pollution devices and an addition to an existing plant. The County has been advised by the Company that the water and air pollution control devices will substantially reduce water and air pollution at the Company's plant. The addition to the plant will be of value as a source of employment and of County revenue. The Project will serve to protect the health, safety and welfare of the citizens of the County and will attract additional industry to the County.

That in furtherance of the purposes and pursuant to the provisions of the Industrial Development Projects Act, appearing as Title 11, Chapter 41, Revised Code of Montana, 1947 (the "Act"), and in order to provide for the acquisition, purchase, constructions, reconstruction, improvement, betterment and extension of industrial development in the State of Montana, that it is necessary and advisable and in the best interests of Missoula County to:

(a) Acquire, but solely from the proceeds of sale of the Bonds hereinafter described, certain real property, located in Missoula County, Montana, more particularly described in Exhibit A to the

Mortgage (as hereinafter defined which real property is hereinafter referred to as the "Land") and the buildings, improvements and other facilities existing on the Land on the date of acquisition thereof; and

(b) Acquire and construct, but solely from the proceeds of the sale of said Bonds, water and air pollution control devices and an addition to an existing plant and other improvements and fixtures deemed necessary therewith (the "Facility"); and

(c) Acquire and construct, but solely from the proceeds of the sale of said Bonds, certain machinery and equipment and related property deemed necessary in connection therewith (the "Leased Equipment"); and

(d) Lease the Land, the Facility and the Leased Equipment, together with all tenements, hereditaments, appurtenances, rights, privileges and immunities thereunto belonging or appertaining (all of which together are herein called the "Project") to Hoerner Waldorf Corporation of Montana, a Montana corporation, as Lessee, for the rentals and upon the terms and conditions provided in the Lease Agreement hereinafter defined and incorporated herein; and

(e) Accept the benefits granted to it pursuant to the Guaranty Agreement to be executed by Hoerner Waldorf

Corporation, a Delaware corporation, wherein Hoerner Waldorf Corporation unconditionally guarantees the obligations of the Lessee under the Lease Agreement; and

(f) Authorize the issuance of Missoula County Industrial Development Revenue Bonds, Series A, Series B and Series C, (Hoerner Waldorf Corporation of Montana - Lessee) in the aggregate principal amount of not exceeding Fourteen Million Dollars (the "Bonds") under and pursuant to the Act, for the purpose of defraying the cost of acquiring and constructing the Project and paying the expenses related to the issuance of the Bonds, the Bonds to be issued under and secured by a Mortgage and Indenture of Trust (the "Indenture") upon the Project substantially in the form incorporated herein between the County and an undetermined banking institution as Trustee (the "Trustee").

Section 2. In accordance with the requirements of the "Act", the Board of County Commissioners hereby determines and finds the following:

(a) That the rental payments required to be made by the Lessee pursuant to the Lease Agreement will be sufficient in amount to pay all principal and interest on the Bonds as the same become due; and

(b) That the Lessee has covenanted and agreed with the County to maintain the Project, to pay all taxes (or payments in lieu thereof) with respect thereto and to carry all proper insurance coverages; and

(c) That the Lessee has covenanted and agreed with the County to build up and maintain any reserves deemed by the County to be advisable in connection with the issuance of the Bonds; and

(d) That the Lessee is a manufacturing or industrial enterprise within the meaning of the Act and the Project is suitable for use for manufacturing or industrial enterprises within the meaning of the Act; and that the Lease Agreement between the County and the Lessee (which includes certain options and covenants for purchase of the Project as permitted by the Act) is in full and complete compliance and conformity with all of the provisions of said Constitution of the State of Montana and the Act.

Section 3. The Lease Agreement to be dated as of December 1, 1969, between the County, as Lessor, and Hoerner Waldorf Corporation of Montana, as Lessee, and the pledging of the rentals therefrom for the security of the Bonds and interest coupons, be and the same is hereby in all respects authorized, approved and confirmed and the Chairman and County Clerk be and they are hereby authorized and directed to execute

and deliver to the Lessee said Lease Agreement, when the same shall have been prepared for execution, including necessary counterparts for and on behalf of the County. All of the provisions of said Lease Agreement when executed as authorized herein shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution thereof. Said Lease Agreement shall be substantially in the form, as shown in Exhibit A hereto, with such necessary and appropriate variations, omissions and insertions as permitted or required.

Section 4. The Mortgage and Indenture of Trust between the County and an undetermined banking institution,as Trustee, to be dated as of December 1, 1969, (the "Indenture") and the mortgaging of the Project, be and the same are in all respects hereby authorized, approved and confirmed and the Chairman and County Clerk be and they are hereby authorized and directed to execute and deliver said Indenture to the Trustee, when the same shall have been prepared for execution, including necessary counterparts for and on behalf of the County as therein provided for the security of the Bonds and the interest thereon. All of the provisions of the Indenture, when executed as authorized herein, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution thereof. The Indenture shall be substantially in the form, as shown in Exhibit B hereto, with such necessary and appropriate variations, omissions and insertions as permitted or required.

Section 5. The Guaranty Agreement to be dated as of December 1, 1969, by the Hoerner Waldorf Corporation, a Delaware corporation,

guaranteeing the rental payments and other obligations of the Lessee, under the Lease Agreement, be and the same is hereby in all respects accepted authorized and approved. Said Guaranty Agreement shall be substantially in the form as shown in Exhibit C hereto, with such necessary and appropriate variations, omissions and insertions as permitted or required.

Section 6. The issuance of Fourteen Million Dollars ($14,000,000) Industrial Development Revenue Bonds, Series A, Series B and Series C (Hoerner Waldorf Corporation of Montana - Lessee) of the County in accordance with the terms and conditions of the Indenture be and the same is in all respects hereby authorized, approved and confirmed, and the Chairman and County Clerk be and they are hereby authorized and directed to execute, seal with the official seal of the County and deliver said Bonds to the Trustee who shall then deliver said Bonds to the purchaser thereof for and on behalf of the County. It is hereby authorized, approved and confirmed that the Series A Bonds shall be for the purpose of financing that portion of the Project pertaining to water pollution control devices and in an amount sufficient for that purpose to be determined by subsequent resolution of the Board of County Commissioners, that the Series B Bonds shall be for the purpose of financing that portion of the Project pertaining to the air pollution control devices and in an amount sufficient for that purpose to be determined by subsequent resolution of the Board of County Commissioners, and that the Series C Bonds shall be for the purpose of financing that portion of the Project pertaining to the plant addition and in an amount sufficient for that purpose to be determined by subsequent resolution of the Board of County Commissioners. (The Series A, Series B and Series C Bonds are herein collectively

called the "Bonds"). The Bonds shall be issued in coupon or registered form, shall bear interest at the rates, shall be in such denominations, shall be numbered, shall be dated, shall mature, shall be subject to redemption prior to maturity, shall have such provisions for registration, shall be in such form and shall have such other details and provisions as are prescribed by the Indenture.

Section 7. That the sale of the Bonds is hereby authorized and the proceeds of the sale thereof are to be applied in the manner set forth in the Indenture.

Section 8. The Bonds and interest thereon shall not constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers, but shall be payable solely from the revenues of the Project.

Section 9. If any section, paragraph, clause or provision of this Resolution (including the exhibits hereto attached which are made a part hereof and incorporated herein by reference) shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Resolution.

Section 10. The Chairman and County Clerk be and they are hereby authorized and directed to execute and deliver for and on behalf of the County the Bonds and any and all of the documents referred to above in the form and of the content prepared for execution and additional certificates, documents or other papers, and to perform all other acts as they may deem necessary or appropriate in order to implement and carry out the matters herein authorized.

Section 11. All resolutions or orders, or parts thereof, in conflict with the provisions of this Resolution are to the extent of such conflict hereby repealed.

Section 12. This Resolution shall be in full force and effect from and after its passage as provided by law.

PASSED AND APPROVED THIS 29th DAY OF January , 1970.

BOARD OF COUNTY COMMISSIONERS
OF MISSOULA COUNTY, MONTANA

Armand J. Lucier

A. W. Fitschen

H. W. Stoutenburg

THE SEAL OF MISSOULA COUNTY STATE OF MONTANA

Attest: Veramae R. Crouse, County Clerk
By Dorothy L. Head, Chief Deputy
Lois Volkel, Witness

Commissioner Stoutenburg moved that the foregoing resolution be adopted as introduced and read, which motion was seconded by Commissioner Fetscher and upon roll call the "Ayes" and "Nays" were as follows:

AYES	NAYS
Commissioner Lucier	
Commissioner Stoutenburg	
Commissioner Fetscher	

The Chairman thereupon declared said motion carried and said resolution adopted.

CERTIFICATE

I, Veramae R. Crouse, County Clerk of Missoula County, Montana, certify that the above and foregoing is a true and correct copy of an extract from the minutes of a regular meeting of the members of the Board of County Commissioners of Missoula County held on January 29th, 1970, at which meeting all members of the Board of County Commissioners of Missoula County were present after having been duly notified of the meeting and the purpose of the meeting.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the County this ~~29th~~ 30th day of January, 1970.

Veramae R. Crouse
County Clerk

THE SEAL OF MISSOULA COUNTY STATE OF MONTANA

288459

I received and filed this instrument for record on the 4th day of Feb. 19 70 at 11:15 o'clock A.M. and it is recorded in Vol. 21 of Misc. Records of the County of Missoula, State of Montana, on page 876. Fee None
Paid No fee Return to Miss. Drawer Witness my hand, Veramae R. Crouse, County Recorder
Address Vault counter By Dorothy L. Heal Deputy

Resolution 1

EXTRACTS FROM THE MINUTES OF A MEETING
OF THE BOARD OF COUNTY COMMISSIONERS OF
MISSOULA COUNTY, HELD ON JUNE 11, 1971.

start here

The BOARD OF COUNTY COMMISSIONERS OF MISSOULA COUNTY met at a meeting ~~at 11:00 a.m.~~ in the office of the County Commissioners, in Missoula, Montana, at 11:00 o'clock A.M. on June 11, 1971.

The meeting was called to order by the Chairman and, upon roll call, those present and absent were as follows:

PRESENT:

A. W. Fetscher
H. W. Stoutenburg
Richard H. Ostergren

ABSENT:

None

ALSO PRESENT:

Martin Dockery -Mudge, Rose, Guthrie, & Alexander
C. P. Anderson - Goldman, Sachs & Co.
Charles O'Connell -Hoerner Waldorf, St. Paul
Milton L. Knoll - " " "
Roy Countryman - Gen. Mgr., Hoerner-Waldorf - Missoula
J. C. Garlington - Attorney - Missoula, Montana

The following resolution was introduced by A. W. Fetscher, read in full and considered:

RESOLUTION AUTHORIZING THE CONSTRUCTION AND ACQUISITION OF A PROJECT UNDER THE INDUSTRIAL DEVELOPMENT PROJECTS ACT; AUTHORIZING THE LEASING OF SAID PROJECT TO HOERNER WALDORF PROPERTIES COMPANY; AUTHORIZING THE ISSUANCE OF $15,000,000 INDUSTRIAL DEVELOPMENT REVENUE BONDS TO FINANCE THE COST OF SUCH CONSTRUCTION AND ACQUISITION; PRESCRIBING THE FORM OF MORTGAGE AND INDENTURE OF TRUST TO SECURE SAID BONDS AND AUTHORIZING THE EXECUTION THEREOF; PRESCRIBING THE FORM OF A LEASE AGREEMENT AND AUTHORIZING THE EXECUTION OF THE LEASE AGREEMENT FOR SAID PROJECT; AUTHORIZING AND APPROVING THE FORM OF GUARANTY AGREEMENT; PRESCRIBING THE FORM OF UNDERWRITING AGREEMENT AND AUTHORIZING THE EXECUTION THEREOF; PRESCRIBING THE FORM OF OFFICIAL STATEMENT AND AUTHORIZING THE USE THEREOF; AND PROVIDING FOR THE SECURITY, RIGHTS AND REMEDIES OF THE HOLDERS, FROM TIME TO TIME, OF SAID BONDS.

WHEREAS, the Industrial Development Projects Acts, appearing as Title 11, Chapter 41, Revised Code of Montana, 1947, (the "Act"), provides for the acquisition, purchase, construction, reconstruction, improvement, betterment and extension of industrial development by cities, towns and counties through the issuance of revenue bonds; and

WHEREAS, the County of Missoula is desirous of attracting industry and of reducing air and water pollution; and

WHEREAS, the Hoerner Waldorf Properties Company has requested the County of Missoula to issue revenue bonds pursuant to the Act for the purpose of financing the acquisition and construction of water and air pollution facilities at its plant located in Missoula County; and

WHEREAS, it is in the best interest of the County to issue its revenue bonds pursuant to the Act for the purposes stated above;

NOW, THEREFORE, be it resolved by the Board of County Commis-

sioners of Missoula County, Montana:

Section 1. The Board of County Commissioners of Missoula County (the "County") finds and determines:

That the Hoerner Waldorf Properties Company (the "Lessee") has proposed a Project which will be a significant and valuable addition to Missoula County and the State of Montana, consisting of water and air pollution facilities. The County has been advised by the Lessee that the water and air pollution control facilities will substantially reduce water and air pollution at the Lessee's plant. The Project will serve to protect the health, safety and welfare of the citizens of the County and will attract additional industry to the County.

That in furtherance of the purposes and pursuant to the provisions of the Industrial Development Projects Act, appearing as Title 11, Chapter 41, Revised Code of Montana, 1947 (the "Act"), and in order to provide for the acquisition, purchase, construction, reconstruction, improvement, betterment and extension of industrial development in the State of Montana, that it is necessary and advisable and in the best interests of Missoula County to:

(a) Acquire, but solely from the proceeds of the sale of the Bonds hereinafter described, certain real property, located in Missoula County, Montana, more particularly described in Exhibit A to the Mortgage and Indenture of Trust (as hereinafter defined, which real property is hereinafter referred to as the "Land") and the buildings, improvements and other facilities existing on the Land on the date of acquisition thereof; and

(b) Acquire and construct, but solely from the proceeds of the sale of said Bonds, water and air pollution control facilities and other improvements and fixtures deemed necessary therewith (the "Facility"); and

(c) Acquire and construct, but solely from the proceeds of the sale of said Bonds, certain machinery and equipment and related property deemed necessary in connection therewith (the "Leased Equipment"); and

(d) Lease the Land, the Facility and the Leased Equipment, together with all tenements, hereditaments, appurtenances, rights, privileges and immunities thereunto belonging or appertaining (all of which together are herein called the "Project") to Hoerner Waldorf Properties Company, a Minnesota corporation, as Lessee, for the rentals and upon the terms and conditions provided in the Lease Agreement hereinafter defined and incorporated herein; and

(e) Accept the benefits granted to it pursuant to the Guaranty Agreement to be executed by Hoerner Waldorf Corporation, a Delaware corporation, wherein Hoerner Waldorf Corporation unconditionally guarantees the obligations of the Lessee under the Lease Agreement; and

(f) Authorize the issuance of Missoula County Industrial Development Revenue Bonds, 1971 Series (Hoerner Waldorf Project) in the aggregate principal amount of not exceeding Fifteen Million Dollars (the "Bonds") under and pursuant to the Act, for

the purpose of defraying the cost of acquiring and constructing the Project and paying the expenses related to the issuance of the Bonds, the Bonds to be issued under and secured by a Mortgage and Indenture of Trust upon the Project substantially in the form incorporated herein between the County and First National Bank and Trust Company of Helena, Helena, Montana as Trustee (the "Trustee").

Section 2. In accordance with the requirements of the Act, the Board of County Commissioners hereby determines and finds the following:

(a) That the amount necessary to pay the principal of and interest on the Bonds as the same become due is as follows:

Year	Amount	Year	Amount
1971	$ 502,650	1984	$1,234,250
1972	1,005,300	1985	1,248,750
1973	1,298,550	1986	1,258,500
1974	1,284,675	1987	1,264,750
1975	1,318,800	1988	1,267,500
1976	1,300,950	1989	1,266,750
1977	1,331,050	1990	1,214,250
1978	1,309,050	1991	1,256,975
1979	1,334,800	1992	1,243,100
1980	1,308,250	1993	1,225,575
1981	1,329,375	1994	1,204,400
1982	1,298,250	1995	1,227,750
1983	1,266,500	1996	1,243,800

(b) That the Lease Agreement provides for the payment of rentals sufficient to pay principal of and interest on the Bonds, to pay taxes on the Project, and to pay for the maintenance and insurance of the Project; and

(c) That the Lessee is a manufacturing or industrial enterprise within the meaning of the Act and the Project is suitable for use within the meaning of the Act; and that the Lease Agreement between the County and the Lessee (which includes certain options and covenants for purchase of the Project as permitted by the Act) is in full and complete compliance and conformity with all of the provisions of said Constitution of the State of Montana and the Act.

Section 3. The Lease Agreement to be dated as of June 1, 1971, between the County, as Lessor, and Hoerner Waldorf Properties Company, as Lessee, and the pledging of the rentals therefrom for the security of the Bonds and interest coupons, be and the same is hereby in all respects authorized, approved and confirmed and the Chairman and County Clerk be and they are hereby authorized and directed to execute and deliver to the Lessee said Lease Agreement, when the same shall have been prepared for execution, including necessary counterparts for and on behalf of the County. All of the provisions of said Lease Agreement when executed as authorized herein shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution thereof. Said Lease Agreement shall be substantially in the form, as shown in Exhibit A hereto, with such necessary and appropriate variations, omissions and insertions as permitted or required.

Section 4. The Mortgage and Indenture of Trust between the County and First National and Trust Company of Helena, Helena, Montana, as Trustee, to be dated as of June 1, 1971, (the "Indenture") and the mortgaging of the Project, be and the same are in all respects hereby authorized, approved and confirmed and the Chairman and County Clerk be and they are hereby authorized and directed to execute and deliver said Indenture to the Trustee, when the same shall have been prepared for execution, including necessary counterparts for and on behalf of the County as therein provided for the security of the Bonds and the interest thereon. All of the provisions of the Indenture, when executed as authorized herein, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution thereof. The Indenture shall be substantially in the form, as shown in Exhibit B hereto, with such necessary and appropriate variations, omissions and insertions as permitted or required.

Section 5. The Guaranty Agreement to be dated as of June 1, 1971, by the Hoerner Waldorf Corporation, a Delaware corporation, guaranteeing the rental payments and other obligations of the Lessee, under the Lease Agreement, be and the same is hereby in all respects accepted, authorized and approved. Said Guaranty Agreement shall be substantially in the form as shown in Exhibit C hereto, with such necessary and appropriate variations, omissions and insertions as permitted or required.

Section 6. The issuance of Fifteen Million Dollars ($15,000,000) Industrial Development Revenue Bonds, 1971 Series (Hoerner Waldorf Project) of the County in accordance with the terms and conditions of the Indenture be and the same is in all respects hereby authorized, approved and confirmed, and the Chairman and County Clerk be and they are hereby authorized and directed to execute, seal with the official seal of the County and deliver said Bonds to the Trustee who shall then deliver said Bonds to the purchaser thereof for and on behalf of the County. It is hereby authorized, approved and confirmed that the Bonds shall be for the purpose of financing the acquisition and construction of air and water pollution control facilities, as provided in the lease agreement.

Section 7. That the sale of the Bonds is hereby authorized and the proceeds of the sale thereof are to be applied in the manner set forth in the Indenture.

Section 8. The Bonds and interest thereon shall not constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers, but shall be payable solely from the revenues of the Project.

Section 9. The Underwriting Agreement (the "Agreement") by and between the County and Goldman, Sachs & Co., be and the same is in all respects hereby authorized, approved and confirmed and the Chairman and County Clerk are hereby authorized and directed to execute the Agreement. All of the provisions of the Agreement, when executed as authorized herein, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution thereof. The Agreement shall be substantially in the form, as shown in Exhibit D hereto, with such necessary and appropriate variations, omissions and insertions as permitted or required.

Section 10. The Official Statement be and the same is in all respects hereby authorized, approved and confirmed and the Chairman is hereby authorized and directed to execute the Official Statement and deliver it to Goldman, Sachs & Co., and the distribution of said Official Statement to prospective purchasers is hereby authorized and approved. The Official Statement shall be substantially in the following form, as shown in Exhibit E hereto, with such necessary, and appropriate variations, omissions and insertions as permitted or required.

Section 11. If any section, paragraph, clause or provision of this Resolution (including the exhibits hereto attached which are made a part hereof and incorporated herein by reference) shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Resolution.

Section 12. The Chairman and County Clerk be and they are hereby authorized and directed to execute and deliver for and on behalf of the County the Bonds and any and all of the documents referred to above in the form and of the content prepared for execution and additional certificates, documents or other papers, and to perform all other acts as they may deem necessary or appropriate in order to implement and carry out the matters herein authorized.

Section 13. All resolutions or orders, or parts thereof, in conflict with the provisions of this Resolution are to the extent of such conflict hereby repealed.

Section 14. This Resolution shall be in full force and effect from and after its passage as provided by law.

PASSED AND APPROVED THIS 11th DAY OF JUNE, 1971.

BOARD OF COUNTY COMMISSIONERS
OF MISSOULA COUNTY, MONTANA

A. L. Fitscher

H. W. Stoutenburg

Richard H. Ostagun

THE SEAL OF MISSOULA COUNTY STATE OF MONTANA

Attest:

Veramae L. Crouse

Mr. H. W. Stoutenburg moved that the foregoing Resolution be adopted as introduced and read, which motion was seconded by Richard H. Ostergren and upon roll call the "Ayes" and "Nays" were as follows:

AYES	NAYS
A. W. Fetscher	
H. W. Stoutenburg	None
Richard H. Ostergren	

The Chairman thereupon declared said motion carried and said Resolution adopted.

CERTIFICATE

I, Veramae R. Crouse, County Clerk of Missoula County, Montana, certify that the above and foregoing is a true and correct copy of an extract from the minutes of a regular meeting of the members of the Board of County Commissioners of Missoula County held on June 11, 1971, at which meeting all members of the Board of County Commissioners of Missoula County were present after having been duly notified of the meeting and the purpose of the meeting.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the County this 11th day of June, 1971.

MISSOULA COUNTY

Veramae R. Crouse
County Clerk

$15,000,000

COUNTY OF MISSOULA, MONTANA

INDUSTRIAL DEVELOPMENT REVENUE BONDS
1971 Series (Hoerner Waldorf Project)

UNDERWRITING AGREEMENT

June 11, 1971

GOLDMAN, SACHS & Co.
55 Broad Street
New York, New York 10004
as Representatives of the Underwriters

Gentlemen:

Subject to the terms and conditions herein, the undersigned, the County of Missoula, Montana (the "County"), hereby confirms its agreement with you and the other Underwriters named in Schedule I hereto (the "Underwriters") for whom you are acting as Representatives, with respect to the purchase from the County and the sale to each of the Underwriters, severally and not jointly, of $15,000,000 aggregate principal amount of the County's Industrial Development Revenue Bonds, 1971 Series (Hoerner Waldorf Project), dated June 1, 1971 (the "Bonds"), which (as the County understands from you) the Underwriters have agreed to purchase pursuant to the Agreement Among Underwriters dated June 3, 1971 and which are to be issued pursuant to a resolution adopted by the Board of County Commissioners on June 11, 1971 (hereunder referred to as the "Resolution").

Section 1. Representations, Warranties and Agreements of the County.

The County hereby represents to and warrants and agrees with each of the Underwriters that:

1.01. The County is a county duly organized and existing under the Constitution and laws of the State of Montana. The County is authorized to issue industrial development revenue bonds in accordance with Title II, Chapter 41, Revised Code of Montana, 1947, as amended, to use the proceeds thereof to acquire land and to construct and install water and air pollution equipment and other improvements thereon and facilities in connection therewith and to lease the same.

1.02. The County has complied with the provisions of said Title II, Chapter 41, Revised Code of Montana, 1947, and has full power and authority to issue the Bonds, acquire, construct, equip and lease the Project (hereinafter defined), and carry out and consummate all transactions contemplated by this Agreement, the Bonds, the Resolution, the Mortgage, the Lease and the Guaranty (hereinafter respectively defined).

1.03. A specimen Bond, an executed copy of this Agreement, a copy of the Resolution certified by an appropriate official of the County, a definitive copy of the Official Statement of the County with respect to the Bonds (the "final Official Statement"), an executed copy of the Mortgage and Indenture of Trust, dated as of June 1, 1971 (the "Mortgage"), made by the County to First National Bank & Trust Co., in the City of Helena, Montana, as Trustee (the "Trustee"), and executed copies of the Lease Agreement, dated as of June 1, 1971 (the "Lease"), between the County and Hoerner Waldorf Properties Company ("Properties"), the Guaranty Agreement, dated as of June 1, 1971 (the "Guaranty"), by Hoerner Waldorf Corporation ("Hoerner Waldorf"), dated as of June 1, 1971, referred to in the final

Official Statement shall be delivered to you at or prior to the Closing Time (hereinafter defined) and shall be in the form heretofore submitted to and approved by you, with only such changes or modifications thereof as you, and the County shall mutually agree upon.

1.04. The information contained in the preliminary Official Statement dated May 24, 1971 (the "preliminary Official Statement") and the final Official Statement under the headings "The Project", "Authority For The Bonds", "The Series A Bonds", "Additional Bonds", "Security For Bonds", "The Lease Agreement", "The Guaranty", "Mortgage and Indenture of Trust" and "Tax Exemption" is and will be as of the Closing Time (hereinafter defined) true and correct and does not, and will not as of the Closing Time, contain any untrue or misleading statements; and the County does not know of any omissions of any statements of material fact necessary to make the statements and information contained in the preliminary Official Statement and the final Official Statement under the headings described above not misleading.

1.05. The County has duly authorized all necessary action for: (a) the issuance and sale of the Bonds upon the terms set forth herein and in the final Official Statement; the Resolution, the Mortgage, the Lease and the Guaranty; (b) the acquisition of the site for the Project and the construction and equipping of the Project as provided by the Lease; (c) the execution, delivery, receipt and due performance of this Agreement, the Bonds, the Resolution, the Mortgage, the Lease and the Guaranty; and (d) the taking of any and all such action as may be reasonably required on the part of the County to carry out, give effect to and consummate the transactions contemplated hereby.

1.06. The County will apply the proceeds from the sale of the Bonds for the acquisition of land and the construction and installation of water and air pollution equipment and other improvements thereon and facilities in connection therewith (the "Project"), and to the payment of such other costs and expenses in connection with the Project and the acquisition and financing thereof as provided in the Lease, the Guaranty, the Mortgage and the Resolution.

The County will not issue or sell any bonds or obligations, other than the Bonds sold hereby and the additional bonds as provided in the Lease, the Guaranty, the Mortgage and the Resolution, the interest or principal of which shall be payable from the revenues, funds or other income derived from the Project which have been pledged under the Mortgage to secure any payments on the Bonds (exclusive of payments made under the Lease for taxes, utilities, assessments and related charges), or which shall be secured by any mortgage or other lien on the Project. The foregoing shall not, however, prohibit the County from issuing any obligations secured by or payable from taxes, utility charges or special assessments (which may be payable pursuant to the Lease) to be derived by the County from the Project as well as other properties.

1.07. The principal and interest on the Bonds are exempt from all present state, county and municipal taxes within the State of Montana other than property, inheritance and estate taxes, provided, however, that the Project shall be subject to taxation to the same extent, in the same manner, and under the same procedures as privately owned property in similar circumstances.

1.08. To the extent necessary, the County agrees to cooperate with the Underwriters and Messrs. Hawkins, Delafield & Wood in taking all necessary action to qualify the Bonds for offer and sale under the securities or "blue sky" laws of such states and territories of the United States as the Underwriters may request (the "Blue Sky Proceedings"); provided that the County will not be required to execute a general or special consent to service of process or qualify as a foreign corporation in connection with any such qualification in any state or territory of the United States. The County shall not be required to pay any costs or expenses in connection with the foregoing except from (and subject to receipt of) the proceeds of the sale of the Bonds.

1.09. There is no action, suit, proceeding or investigation at law or in equity or before or by any court, public board or body pending or to the knowledge of the County threatened against or affecting the County, or to the best of the knowledge of the County any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by this Agreement or by the Official Statement, or which, in any way, would adversely affect the validity of the Bonds, the

Resolution, the Mortgage, the Lease, the Guaranty, this Agreement, or any agreement or instrument to which the County is a party, used or contemplated for use in consummation of the transactions contemplated hereby or by the final Official Statement, or the exemption from taxation in Montana as set forth in Section 1.07 above.

1.10. Neither the County nor anyone acting on its behalf (other than the Underwriters) has, directly or indirectly, offered the Bonds or any other security of the County relating to the financing of the Project, for sale to, or solicited any offer to buy the same from, anyone other than the Representatives of the Underwriters.

1.11. The execution, delivery and receipt of this Agreement, the Bonds, the Resolution, the Mortgage, the Guaranty, the Lease and the other agreements contemplated hereby and by the final Official Statement to which the County is a party, under the circumstances contemplated hereby and in the final Official Statement and in compliance with the provisions thereof, will not conflict with, or constitute on the part of the County a breach of, or a default under, any existing (i) law, court or administrative regulation, decree or order applicable to the County, or (ii) provisions of any legislative act, constitutional or other proceeding establishing or relating to the establishment of the County or its affairs or its resolutions, or (iii) agreement, indenture, mortgage, lease or other instrument to which the County is subject or is a party or by which it is bound.

1.12. Any certificate provided for hereunder and signed by the Chairman of the Board of County Commissioners or the County Clerk or their duly authorized deputies or delivered to the Underwriters shall be deemed a representation and warranty by the County to each of the Underwriters as to the statements therein made, unless otherwise therein provided, and the Underwriters shall be under no obligation to accept any certificates signed by any representatives of the County other than the foregoing named officials or, in the case of certificates signed by deputies, the Underwriters may request such evidence of the validity of such certification as they deem appropriate.

Section 2. Purchase, Sale and Delivery of the Bonds.

2.01. On the basis of the representations, warranties and agreements herein contained, and subject to the terms and conditions herein set forth, at the Closing Time (hereinafter defined) the County agrees to sell to the several Underwriters, and the Underwriters, severally and not jointly, respectively agree to purchase from the County, severally and not jointly, the respective principal amount of the Bonds set forth opposite the name of each Underwriter on the list delivered by you simultaneously herewith, at 97.50% of their principal amount (being an aggregate purchase price of $14,625,000), plus accrued interest from June 1, 1971 to the date of payment and delivery.

2.02. The Bonds shall be issued under, and secured by, the Resolution, the Mortgage, the Lease, and the Guaranty. The Bonds shall have the maturities and interest rates and be subject to redemption as set forth in the Mortgage.

2.03. Payment for the Bonds shall be made by certified or official bank check or checks, in New York Clearing House funds, payable to the order of Trustee for the account of the County, at 10:00 A.M., the prevailing local time, June 29, 1971, at the offices of Goldman, Sachs & Co., 55 Broad Street, New York, New York 10004, or at such other time and place as may be provided pursuant to the provisions of Section 9 hereof or mutually agreed upon in writing by the County, the Representatives and Hoerner Waldorf. The hour and date of such delivery and payment are herein called the "Closing Time." The initial delivery of the Bonds shall be made in definitive form, and issued as coupon bonds in the denomination of $5,000, registrable as to principal only or as to principal and interest and shall be available for examination by the Underwriters at least 24 hours prior to the Closing Time.

2.04. Any authority, discretion or other powers conferred upon the Representatives of the Underwriters under any of the provisions of this Agreement or the Agreement Among Underwriters, may be exercised by Goldman, Sachs & Co. and the payment for, acceptance of, and delivery and execution

or any receipt for the Bonds and any other instruments upon or in connection with the Closing hereunder solely by Goldman, Sachs & Co., as Representatives or on behalf of the Underwriters, shall be valid and sufficient for all purposes and binding upon the Representatives and of each of the Underwriters, provided that any such action by Goldman, Sachs & Co. shall not impose any obligation or liability upon it or any other Underwriter, other than as may arise as expressly set forth in this Agreement and in the last sentence of Section 8.02 of the Agreement Among Underwriters.

Section 3. Conditions of the Underwriters' Obligations.

The Underwriters' obligations hereunder shall be subject to the following conditions:

3.01. The performance by the County of its obligations and agreements to be performed hereunder at or prior to the Closing Time, and the accuracy of and compliance with the representations and warranties of the County contained herein, as of the date hereof and as of the Closing Time.

3.02. At the Closing Time you shall receive as Representatives of the Underwriters:

(a) The unqualified approving opinions, dated as of the Closing Time, with sufficient copies for each Underwriter, of (i) Messrs. Garlington, Lohn & Robinson of Missoula, Montana, Counsel for the County in the form attached hereto as Exhibit A, (ii) Messrs. Mudge Rose Guthrie & Alexander of New York, New York, Bond Counsel, in the form attached hereto as Exhibits B and C, (iii) Messrs. Faegre & Benson of Minneapolis, Minnesota, Special Counsel to Hoerner Waldorf, in the form attached hereto as Exhibit D, and (iv) Messrs. Faegre & Benson of Minneapolis, Minnesota, Special Counsel to Properties, in the form attached hereto as Exhibit E; in each case with such changes and with such annexed opinions of other counsel referred to therein, as Messrs. Hawkins, Delafield & Wood, counsel for the Underwriters, shall approve.

(b) Evidence satisfactory in form and substance to you that the Indemnity Letter of even date herewith addressed to you as Representatives of the Underwriters and to the County by Hoerner Waldorf (the "Indemnity Letter") has been duly executed and delivered in the form submitted to and approved by you, has not been amended, modified or rescinded and is in full force and effect as of the Closing Time.

(c) A certificate satisfactory in form and substance to you, as Representatives of the Underwriters, of the Chairman of the Board of County Commissioners and County Clerk of the County, or of other appropriate officials satisfactory to you, dated the Closing Time, to the effect that (i) each of the representations and warranties of the County set forth in Section 1 hereof is true, accurate and complete as of the Closing Time; (ii) the Bonds, the Resolution, the Mortgage, the Lease and the Guaranty, in the forms submitted to and approved by you, conform to the description thereof herein and in the final Official Statement; (iii) the Bonds have been duly authorized, executed and delivered by the County and constitute the valid and legally binding limited obligations of the County, are enforceable in accordance with their terms and are entitled to the security of and are secured by the Resolution, the Mortgage, the Lease and the Guaranty; (iv) the Resolution, the Mortgage, the Lease and the Guaranty have been duly authorized, executed, delivered and received by the County, and as of the Closing Time each is in full force and effect, and each constitutes the valid, binding and enforceable obligation of the County, and the County is entitled to the benefits of the same; and (v) no litigation is pending, or to their knowledge threatened, to restrain or enjoin the issuance or sale of the Bonds or in any way contesting or affecting any authority for or the validity of the Bonds, the Resolution, the Mortgage, the Lease or the Guaranty, or the existence or powers of the County, or the right of the County to acquire, improve, construct and lease the Project.

(d) Certificates, dated the Closing Time, in form and substance satisfactory to you, as Representatives of the Underwriters, of an authorized Vice-President and the Secretary or an authorized Assistant-Secretary of Properties as to (i) the due incorporation and valid existence of Properties under the laws of the State of Minnesota, (ii) the good standing of Properties as a foreign corporation

qualified to do business in the State of Montana, the due authorization, execution and delivery by Properties of all agreements executed by it (including the Lease), listing such agreements and annexing resolutions of the Board of Directors at which such authorization was given, contemplated by this Agreement and the final Official Statement.

(e) Certificates, dated the Closing Time, in form and substance satisfactory to you, as Representatives of the Underwriters, of an authorized Vice-President and the Secretary or an authorized Assistant Secretary of Hoerner Waldorf as to (i) the due incorporation and valid existence of Hoerner Waldorf under the laws of the State of Delaware; (ii) the good standing of Hoerner Waldorf as a foreign corporation qualified to do business in the State of Montana; (iii) the due authorization, execution and delivery by Hoerner Waldorf of all agreements executed by it (including the Guaranty and the Indemnity Letter), listing such agreements and annexing resolutions of the Board of Directors at which such authorization was given, contemplated by this Agreement and the final Official Statement, and (iv) the absence of any material adverse change in the financial condition of Hoerner Waldorf since December 31, 1970 from that set forth in the final Official Statement.

(f) A letter, satisfactory in form and substance to you, of Messrs. Price Waterhouse & Co. to the effect that:

(1) With respect to Hoerner Waldorf and its consolidated subsidiary companies, they are independent public accountants.

(2) Under date of December 11, 1970, they furnished Hoerner Waldorf with their opinion on the consolidated balance sheet as of October 31, 1970, the related consolidated statements of retained earnings and capital in excess of par value for the three years ended October 31, 1970, and the consolidated statements of income for the five years ended October 31, 1970, contained in the final Official Statement.

(3) They have not made an examination in accordance with generally accepted auditing standards of the financial statements of Hoerner Waldorf or any of its subsidiary companies that relate to any period subsequent to October 31, 1970 nor have they attempted to audit any of the transactions or records for any such period and, therefore, they do not express an opinion thereon. Further, they have not made an examination in accordance with generally accepted auditing standards of the financial statements of Hoerner Waldorf or any of its subsidiary companies that relate to the three-month period ended January 31, 1971 and, therefore, they do not express an opinion thereon.

(4) They have made a limited review of the unaudited consolidated financial statements for the three-month periods ended January 31, 1970 and January 31, 1971. Accordingly they have:

(a) Read the unaudited consolidated financial statements for the three-month periods ended January 31, 1970 and January 31, 1971;

(b) Read the minutes of the meetings of the shareholders and Board of Directors of Hoerner Waldorf held during the period from October 31, 1970 to a date not more than five days prior to the Closing Time, and obtained representations from officials of Hoerner Waldorf that the minutes of all such meetings held during the above period had been provided to them; and

(c) Had discussions with officials of Hoerner Waldorf responsible for financial and accounting matters as to transactions and events subsequent to October 31, 1970 and as to whether necessary adjustments had been made to effect a reasonable closing at January 31, 1971.

The limited review does not constitute an examination made in accordance with generally accepted auditing standards and would not necessarily reveal adverse changes in the financial

position or results of operations of Hoerner Waldorf or inconsistencies in the application of generally accepted accounting principles.

(5) Subject to the explanation in paragraph (4) above and based on their limited review described in paragraph (4) above, nothing has come to their attention which in their judgment would indicate that:

(a) The unaudited consolidated balance sheet at January 31, 1971 and the unaudited consolidated statements of income and retained earnings for the three months then ended, as well as the unaudited consolidated statement of income for the three months ended January 31, 1971 included in the final Official Statement:

(i) Have not been prepared in conformity with accounting principles and practices consistent in all material respects with those followed in the preparation of the comparable audited financial statements included in the final Official Statement, or

(ii) Would require any adjustment necessary for a fair and reasonable presentation of the information purported to be shown; and

(b) During the period from January 31, 1971 to a date not more than five days prior to the Closing Time, there has been any change in the capital stock or long term debt or other notes or mortgages of Hoerner Waldorf and its consolidated subsidiary companies or any material adverse change in the consolidated financial position or results of operations of Hoerner Waldorf and its consolidated subsidiary companies, except as set forth or contemplated in the final Official Statement.

(6) Further, they have read the following information set forth by Hoerner Waldorf in the final Official Statement:

(A) the percentage of Hoerner Waldorf's 1968, 1969 and 1970 sales in dollars and percentages of total sales contributed by the principal products as set forth in the second paragraph under the caption "Products and Sales", (B) the net book value of the property of Hoerner Waldorf at October 31, 1965 and October 31, 1970 appearing under the caption "Plants and Facilities", (C) the dollar amount of additions, sales and retirements during the five fiscal years ended October 31, 1970 appearing under the caption "Plants and Facilities" and (D) the statements appearing under the caption "Capitalization".

With respect to the above information, their examination of Hoerner Waldorf's consolidated financial statements for the five years ended October 31, 1970 was comprised of audit tests and procedures deemed necessary for the purpose of expressing an opinion on the consolidated financial statements taken as a whole. They did not perform audit tests for the purpose of expressing an opinion on individual balances of accounts or summaries of selected transactions such as those included in the information referred to above and accordingly they express no opinion thereon.

Based upon (1) their examination of the consolidated financial statements as set forth in their opinion dated December 11, 1970 and (2) their limited review described above, nothing came to their attention which in their judgment would indicate that the dollar amounts, percentages or other accounting information listed above on the indicated pages in the final Official Statement would require any material adjustment necessary for a fair presentation of the information purported to be shown thereby.

(g) Copies of any application or submission made by Messrs. Garlington, Lohn & Robinson or Messrs. Mudge Rose Guthrie & Alexander or Hoerner Waldorf, on behalf of the County to the United States Treasury Department or other governmental authorities having jurisdiction in the premises for a ruling (the "Tax Ruling") that interest on the Bonds is exempt from Federal income taxation under the provisions of Section 103(a)(1) of the Internal Revenue Code of 1954 and

copies of the Tax Ruling and any amendments or supplements thereto or confirmations thereof confirming such matters relating to exemption from all present Federal income taxation, certified as of the Closing Time by (i) Messrs. Garlington, Lohn & Robinson, Messrs. Mudge Rose Guthrie & Alexander and Hoerner Waldorf, as true, correct and complete copies of all such documentation which has been submitted in respect of the subject matter thereof, as not having been modified, qualified or rescinded in any respect subsequent to their respective dates of issuance or delivery and as being in full force and effect as of the Closing Time and (ii) by Hoerner Waldorf, as true, correct and complete copies of all such documentation in existence relating to the subject matter thereof, as being based on facts which are true and which do not deviate in any material respects from the transaction as consummated, as not having been modified, qualified or rescinded in any respect subsequent to their respective dates of issuance or delivery and as being in full force and effect as of the Closing Time.

(h) Certificates of one or more duly authorized officers of the Trustee and an opinion of counsel to the Trustee, all dated the Closing Time, in form and substance satisfactory to you, as Representatives of the Underwriters, as to the authority of Trustee to act as trustee under the Mortgage, as to the due authorization, execution and delivery of the Mortgage by and to the Trustee and the due authentication and delivery of the Bonds by the Trustee thereunder.

(i) Such additional certificates, instruments or other documents as you, as Representatives of the Underwriters, may reasonably require to evidence the truth and accuracy, as of the Closing Time, of the representations and warranties of the County herein contained and the due performance and satisfaction by the County and by Hoerner Waldorf, and Properties at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by any one or all of them.

3.03. Hoerner Waldorf shall not have sustained since December 31, 1970, any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or any court or governmental action, order or decree, which makes it impracticable or inadvisable in the judgment of the Representatives, to consummate the sale and delivery by the Underwriters at the prices set forth in the final Official Statement; and since the respective dates as of which informaton is given in the final Official Statement, there shall not have been any material change in the capital stock or funded debt of Hoerner Waldorf and its consolidated subsidiaries or any material adverse change in the general affairs, management, financial position, net worth or results of operations of Hoerner Waldorf and its consolidated subsidiaries, otherwise than as set forth or contemplated in the Official Statement.

3.04. The Bonds, when issued and sold to the Underwriters shall not be subject to any Montana issuance, transfer or other documentary stamp taxes (other than Montana property, inheritance and estate taxes, if any).

3.05. All matters relating to this Agreement, the Official Statement, the Bonds and the sale thereof, the Resolution, the Mortgage, the Lease Agreement, the Guaranty and the Indemnity Letter, and the consummation of the transactions contemplated by this Agreement and the final Official Statement shall be satisfactory to and approved by you and your counsel.

Section 4. Termination.

4.01. The Underwriters, acting through you as Representatives, shall have the right to cancel their obligations hereunder to purchase the Bonds by notifying the County, in writing or by telegram, of their election to do so between the date hereof and Closing Time if:

(a) legislation shall be enacted or be actively considered for enactment by the Congress, or a decision by a court of the United States, or the Tax Court of the United States, shall be rendered, or a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed to be made, with respect to Federal taxation upon revenues or other income of the general character to be derived by the County or by any similar body, or upon interest received on

obligations of the general character of the Bonds, which, in the opinion of the Underwriters, acting through you as Representatives, materially affects the market price of the Bonds, or the market price generally, of obligations of the general character of the Bonds;

(b) any legislation, ordinance, rule or regulation shall be enacted or be proposed or actively considered for enactment by any governmental body, department or agency of the State of Montana or the County or a decision by any court of competent jurisdiction within the State of Montana shall be rendered which in the opinion of the Underwriters, acting through you as Representatives, materially affects the market price of the Bonds;

(c) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of, the Securities and Exchange Commission shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or of the Bonds as contemplated hereby or by the Official Statement, is in violation of any provision of the Securities Act of 1933 as then in effect or of the Securities Exchange Act of 1934 as then in effect or of the Trust Indenture Act of 1939 as then in effect;

(d) legislation shall be enacted, or be proposed or actively considered for enactment, or a decision by a court of the United States shall be rendered, or if a rule, regulation or statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made, adopted or promulgated, to the effect that the Bonds or any securities of the County or of any similar body of the type contemplated herein are not exempt from the registration, qualification or other requirements of the Securities Act of 1933 as then in effect, or of the Trust Indenture Act of 1939 as then in effect;

(e) any event shall have occurred, or shall exist which, in the opinion of the Underwriters, acting through you as Representatives, makes untrue or incorrect, in any material respect as of the time the same purports to speak, any statement or information contained in the final Official Statement, or the financial statements contained in or referred to therein, or is not reflected in such final Official Statement or financial statements, but should be reflected therein as of such time for the purpose for which such final Official Statement or financial statements are to be used, or in order to make the statements and information contained therein not misleading in any material respect as of such time;

(f) legislation shall be enacted, or be proposed or actively considered for enactment, which would adversely affect the exemption from Montana taxation as set forth in Section 1.07 above; or

(g) in the judgment of the Representatives, the market price of the Bonds, or the market price, generally, of obligations of the general character of the Bonds is adversely affected because (i) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; (ii) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters; (iii) a general banking moratorium shall have been established by federal, New York or Montana authorities; or (iv) a war involving the United States, or other national calamity, shall have occurred, or any conflict involving the armed forces of the United States or any other country shall have escalated to such a magnitude as to materially and adversely affect the ability of the Underwriters to market the Bonds.

Section 5. Conditions of the County's Obligations.

The County's obligations hereunder shall be subject to the following conditions:

5.01. The performance by the Underwriters of their obligations and agreements to be performed hereunder at or prior to the Closing Time.

5.02. At the Closing Time:

(a) The Indemnity Letter shall have been duly executed and delivered to the County and shall not have been amended, modified or rescinded and shall be in full force and effect.

(b) The Lease shall have been executed and delivered by Properties in substantially the form approved by the County.

(c) The Guaranty shall have been executed and delivered by Hoerner Waldorf in substantially the form approved by the County.

(d) The County shall have received at the Closing Time duly executed copies of the certificates referred to in Section 3.02(d), (e) and (f) and copies of the opinions required by Section 3.02(a) and in the case of the opinions required by Section 3.02(a)(i), (iii) and (iv), with such changes and with such annexed opinions of other counsel referred to therein, as Messrs. Mudge Rose Guthrie & Alexander, Bond Counsel, shall approve.

Section 6. Representations, Warranties and Agreements to Survive Delivery.

All representations, warranties and agreements of the County and the Underwriters shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the County or the Underwriters or any person who controls any Underwriter, and shall survive delivery of the Bonds to the Underwriters.

Section 7. Payment of Expenses.

The Underwriters, whether or not the transactions contemplated hereby shall be consummated (unless the consummation be prevented by the default of the Underwriters), shall be under no obligation to pay the expenses incident to the performance of the obligations of the County hereunder, and it is understood and agreed that all costs and expenses incident to the preparation, printing, issuance, delivery and sale of the Bonds (including any and all documentary stamp taxes, if any, and all expenses, filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection with the Blue Sky Proceedings pursuant to Section 1.08 of this Agreement) to the several Underwriters, the preparation, printing, execution and delivery of the Resoluton, the Mortgage, the Lease, the Guaranty, the Official Statement, the Indemnity Letter, this Agreement and all other agreements and documents involved and contemplated hereby (other than the Agreement Among Underwriters) and the fees and disbursements of Messrs. Mudge Rose Guthrie & Alexander are to be paid out of the proceeds of the sale of the Bonds to the Underwriters, or in the event the Bonds are not sold by the County to the Underwriters (unless the consummation of the transactions contemplated hereby be prevented by the default of the Underwriters), are to be paid by Hoerner Waldorf; but in no event shall any of said costs and expenses be paid by the County except from the proceeds of sale of the Bonds, if any.

Section 8. Use of Official Statement.

The County hereby confirms the authority, and authorizes the Underwriters, to use, and make available for use by prospectve and ultimate purchasers of the Bonds, the preliminary Official Statement, and authorizes the use of, and will make available, the final Official Statement for use by the Underwriters in connection with the sale of the Bonds; provided, however, that the County neither accepts nor assumes any responsibility or liability whatsoever with respect to the preliminary Official Statement and the final Offical Statement other than as set forth in Section 1.04 hereof.

Section 9. Default of Underwriters; Substitution of Purchasers.

9.01. If one or more of the Underwriters ("Defaulting Underwriters") shall fail or refuse (otherwise than for a reason sufficient to justify the termination of this Agreement) to purchase at the Closing Time the principal amount of Bonds agreed to be purchased by such Defaulting Underwriter or Defaulting Underwriters, then the Representatives shall immedately notify the County and the remaining

Underwriters ("Non-Defaulting Underwriters") of such default. If the aggregate principal amount of Bonds which the Defaulting Underwriters shall have theretofore agreed to purchase does not exceed 9.09% of the total principal amount of the Bonds to be sold by the County to all of the Underwriters pursuant to the first paragraph of this Agreement, then the Non-Defaulting Underwriters shall have the right and shall become obligated severally to purchase, take up and pay for (in addition to the principal amount of Bonds indicated with respect to each of the Non-Defaulting Underwriters, severally, in the list ("Participation List") delivered simultaneously herewith pursuant to Section 2.01 of this Agreement) the aggregate principal amount of Bonds which the Defaulting Underwriters shall have theretofore agreed to purchase in the respective proportions (with appropriate adjustments in the sole discretion of the Representatives or, upon their failure so to act, in the discretion of Hoerner Waldorf, with respect to maturities and denominations, to the extent necessary to permit each of the Non-Defaulting Underwriters to purchase, take up and pay for whole Bonds of the denominations specified in Section 2.03 of this Agreement) which the principal amount of Bonds indicated with respect to each of the Non-Defaulting Underwriters in the Participation List bears to the aggregate of the respective principal amounts so indicated in the Participation List with respect to all of the Non-Defaulting Underwriters under this Agreement.

9.02. In the event the aggregate principal amount of Bonds which all of the Defaulting Underwriters shall have theretofore agreed to purchase exceeds 9.09% of the total principal amount of the Bonds to be sold by the County to all of the Underwriters pursuant to the first paragraph of this Agreement, then the Non-Defaulting Underwriters, within twenty-four hours of receipt of such notice of nonperformance may, but shall not be obligated to, agree to purchase, or to procure one or more other parties to agree to purchase, in such proportions as they may agree upon and on the terms herein set forth, the Bonds which all the Defaulting Underwriters had theretofore agreed to purchase, and this Agreement shall thereupon be carried out accordingly.

9.03. If the Non-Defaulting Underwriters shall not agree to purchase, or shall not procure one or more other parties to agree to purchase, the Defaulting Underwriters' Bonds pursuant to Section 9.02 of this Agreement, then the County shall be entitled to an additional period of twenty-four hours in which to procure another party or parties satisfactory to the Representatives to purchase or agree to purchase such Bonds on the terms herein set forth, but the County shall not be obligated to do so, and this Agreement shall thereupon be carried out accordingly.

9.04. In the event any action is taken under Sections 9.01, 9.02 or 9.03 of this Agreement, then either the Representatives or the County shall have the right to postpone the Closing Time for a period of not more than seven days in order that necessary changes and arrangements may be effected by the Representatives and the County.

9.05. If neither the Non-Defaulting Underwriters nor the County shall make arrangements within the respective periods provided in this Section 9 for the purchase of the Bonds which the Defaulting Underwriters agreed to purchase, thereupon and without the necessity for any further notice to any party this Agreement shall terminate without liability on the part of any Non-Defaulting Underwriter to the County and without liability on the part of the County, and the sale of the Bonds hereunder shall not be required to be consummated. The provisions of this Section 9 shall not in any way affect the liability of any Defaultng Underwriter to the County arising out of such default.

Section 10. Indemnification.

Pursuant to the Indemnity Letter, Hoerner Waldorf has agreed to indemnify, hold harmless and defend you and the County from any and all liabilities, claims and demands arising from any untrue statement of a material fact included in the preliminary Official Statement or the final Official Statement, or from any omissions to state therein any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 11. Parties in Interest.

This Agreement has been and is made solely for the benefit of the Underwriters and the County and their respective successors and assigns, and, to the extent expressed herein, for the benefit of persons controlling any of the Underwriters and officials of the County, and their respective successors and assigns, and no other person, partnership, association or corporation shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" shall not include any purchaser of Bonds from any Underwriter merely because of such purchase.

Section 12. Notice.

Any notice or other communication to be given to the County under this Agreement may be given by mailing or delivering the same in writing to Missoula County, c/o County Clerk and Recorder, Missoula, Montana, 59801, and any notice or other communication to be given to the Underwriters under this Agreement may be given by delivering the same to Goldman, Sachs & Co., as Representatives of the Underwriters, at 55 Broad Street, New York, New York 10004.

Section 13. Applicable Law.

This Agreement shall be construed in accordance with the laws of the State of Montana and may not be assigned by the County.

Yours very truly,

COUNTY OF MISSOULA, MONTANA

By .....
Chairman of the Board
of County Commissioners

[SEAL OF COUNTY]

Attest:

.....
County Clerk

Accepted as of the date first above written:

GOLDMAN, SACHS & CO.

By .....

as Representatives on behalf of themselves and the other Underwriters named in Schedule I hereto.

SCHEDULE I
TO THE
UNDERWRITING
AGREEMENT

LIST OF UNDERWRITERS

	Principal Amount
Goldman, Sachs & Co.	$6,750,000
Eastman Dillon, Union Securities & Co. Inc.	750,000
Hornblower & Weeks-Hemphill, Noyes	750,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	750,000
John Nuveen & Co. (Inc.)	750,000
Paine, Webber, Jackson & Curtis, Inc.	750,000
Piper, Jaffray & Hopwood	750,000
Reynolds & Co.	750,000
Dain, Kalman & Quail, Inc.	750,000
Dominick & Dominick, Inc.	750,000
Boettcher and Company	500,000
Sterne, Agee & Leach, Inc.	500,000
D. A. Davidson & Co.	250,000
Waeckerle, Babington & Co. Inc.	250,000

Clerk and Recorder

BOOK 30 PAGE 971

Haerner - Waldorf - 6/11/71

Martin Dockery - MPC
Attorney - Mudge Rose Guthrie + Alexander
CP Anderson - Goldman Sachs Corp.
Charles O'Connell - St Paul Haerner Waldorf Corp.
Ray Countryman
J. C. Garlington
Milton T. Knoll, Jr - Haerner Waldorf Corp. - St Paul

Resolution 2

Veramae

MISSOULA COUNTY

OFFICE OF THE ATTORNEY
MISSOULA COUNTY COURTHOUSE
MISSOULA, MONTANA 59801

BOOK 30 PAGE 972

June 10, 1971

Board of County Commissioners
Courthouse Annex
Missoula, Montana 59801

Re: MISSOULA COUNTY-WALDORF
HOERNER INDUSTRIAL BOND ISSUE

Gentlemen:

I have examined the documents in the above transaction and I find them acceptable legally and approve as to form.

Sincerely,

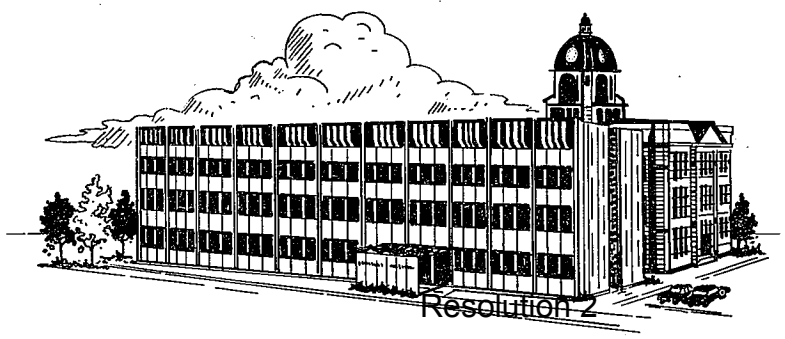
Robert L. Deschamps III

Robert L. Deschamps III
County Attorney

RLD:hr

304067

I received and filed this Instrument for record on the 23rd day of June 1971 at 11:45 o'clock A M., and it is recorded in vol. 30 of micro Records of the County of Missoula, State of Montana, on page 940
Witness my hand:
Veramae R. Crouse, County Recorder
By M. McConaughey, Deputy
Fee $ no Fee Paid
Return to Hoerner-Waldorf File
Address



Resolution 2

A RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF POLLUTION CONTROL FACILITIES BY THE COUNTY OF MISSOULA, STATE OF MONTANA; AUTHORIZING THE LEASE OF SAID FACILITIES TO HOERNER WALDORF CORPORATION: AUTHORIZING THE ISSUANCE OF NOT EXCEEDING $10,000,000 POLLUTION ABATEMENT REVENUE BONDS SERIES 1973 TO FINANCE THE COST OF THE ACQUISITION AND CONSTRUCTION OF SUCH FACILITIES, AND PROVIDING FOR THE SECURITY, RIGHTS AND REMEDIES OF THE HOLDERS, FROM TIME TO TIME OF SAID BONDS.

WHEREAS, the County of Missoula, State of Montana, (the "County"), is authorized by Industrial Development Projects Act, appearing as Title 11, Chapter 41, Revised Code of Montana, 1947, as amended, (the "ACT"), to issue revenue bonds for the purpose set forth in the Act, including the abatement or control of pollution of the environment of the State, and to expend the proceeds thereof to defray, among other things, the cost of acquiring, constructing, extending or improving land, structures, facilities, machinery or equipment for the abatement or control of pollution and to sell or lease the same to Hoerner Waldorf Corporation or its nominee; and

WHEREAS, the County deems that it is in the interests of the County and the State to assist in the financing of the pollution control facilities to protect the State's environment and the health and welfare of its inhabitants by undertaking among other things, the authorization of the issuance of revenue bonds under the Act in an aggregate principal amount of not exceeding

$10,000,000 the proceeds thereof to be used to defray costs incurred in connection with the air and water pollution control and abatement facilities consisting of facilities described in Exhibit A hereto to be constructed and installed at the manufacturing facility presently owned and operated by the Hoerner Waldorf Corporation in Missoula County, Montana (said pollution control and abatement facilities being herein called the "Project"); and

WHEREAS, the County will acquire by purchase from Hoerner Waldorf Corporation or such party which may then have title to such facilities, the facilities and complete the construction thereof with the proceeds of the proposed bonds and will thereupon sell or lease said facilities to Hoerner Waldorf Corporation or to the party to which said facilities shall have been leased or sold as the case may be for a consideration sufficient to defray all costs and expenses incident to said reconveyance; and

WHEREAS, the County is desirous of proceeding with the acquisition, construction and financing of the Project in order to promote the protection of the environment of the State, the protection of the health and welfare of the citizens of the State, the protection of the natural resources of the State and the County and the encouragement of the economic development of the State and the County;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS OF MISSOULA COUNTY, MONTANA:

Section 1. That pursuant to the Act, the acquisition, construction and financing of the completion of the Project is hereby authorized and approved.

Section 2. That to accomplish the purposes of the Act and to provide for the payment of the cost of the Project, the issuance of not exceeding $10,000,000 Pollution Abatement Revenue Bonds Series 1973 (the "Bonds") of the County is hereby authorized subject to submission and approval of documentation relating to the sale of the Bonds and of the installment sales contract or Lease Agreement for the facilities, and upon approval of such agreements the County will proceed to issue such Bonds. The Bonds shall be dated, shall be in the aggregate principal amount heretofore specified, shall be in coupon or registered form, shall be payable at such times and at the principal office of the Trustee or, at the option of the holder thereof, at the principal office of any paying agent, shall bear interest from the date of issuance at such rate or rates per annum and shall mature in such years and such principal amounts as shall be established by a supplemental resolution and the indenture of trust to be approved and executed by the County prior to the issuance of the Bonds.

The form of the Bonds, the provisions for signatures, authentication, payment, registration and redemption shall be as established by a supplemental resolution and the indenture of trust to be approved and executed by the County prior to the issuance of the Bonds.

Section 3. That the revenues derived from the sale or lease of the Project by County to Hoerner Waldorf Corporation or to such party which shall have conveyed the facilities to the County and receipts derived from or in connection with the County's interest in the installment sales contract or Lease Agreement will be pledged for the

payment of the principal or redemption price, if any, and interest on the Bonds in accordance with their terms and the provisions as shall be provided by a supplemental resolution and the indenture of trust to be approved and executed by the County prior to the issuance of the Bonds.

The Bond, together with the interest thereon and other costs incidental thereto, shall never constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitations and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers, and such fact shall be plainly stated on the face of each bond, but such Bonds shall be limited obligations of the County payable solely from the revenues and receipts derived from the sale or lease of the Project.

Section 4. That all convenants, stipulations, obligations and agreements of the County contained in this resolution, any supplemental resolution or any indenture of trust shall be deemed to be the covenants, stipulations, obligations and agreements of the County and the officers thereof in their official capacity to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations and agreements shall be binding upon the County and the officers thereof and their successors from time to time and upon any board, body or agency to which any powers or duties affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law. Except as otherwise provided

in this resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the County or the officers thereof by the provisions of this resolution, any supplemental resolution or any indenture of trust, the Bonds and the installment sales contract or lease agreement shall be exercised or performed by the County or by such officers, board, body or agency as may be required by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation or agreement herein contained or to be contained in the Bonds or the installment sales contract or lease agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any officer, member, agent or employee of the County in his individual capacity and neither the members nor officers of the County nor any officer executing the Bonds shall be liable or accountable by reason of the execution, issuance, sale and delivery thereof.

Section 5. That in case any one or more of the provisions of this resolution, any supplemental resolution, the installment sales contract or Lease Agreement, any indenture of trust, or any of the Bonds issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this resolution, any supplemental resolution, the installment sales contract or Lease Agreement, the indenture of trust or of the Bonds, but this resolution and the Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein. The terms and conditions set forth herein or in any indenture of trust, the pledge of the revenues

and other revenues and other amounts derived from the sale of the Project, the provisions relating to the handling of the proceeds derived from the sale of the Bonds shall be prescribed by any supplemental resolution or the indenture of trust to be executed and approved by the County prior to the issuance of the Bonds.

Section 6. That the County has caused all acts, conditions and things required by the Constitution and laws of the State of Montana relating to the passage of this resolution to have happened, to exist, and to have been performed, and the County will cause all acts, conditions and things required by the Constitution and laws of the State of Montana relating to the execution and delivery of the installment sales contract or Lease Agreement to happen, exist and be performed precedent to the execution, issuance, sale and delivery of the Bonds and precedent to the execution and delivery of the installment sales contract or Lease Agreement.

Section 7. That the appropriate officers of the County and its attorneys, or other agents or employees of the County are hereby authorized to do all acts and things required of them by this resolution and to perform all other acts as may be claimed necessary or appropriate in order to implement and carry out all matters related to the matters herein authorized.

Section 8. The County by this Resolution also herby recognizes that the bonds as above authorized may in the alternative be issued pursuant to Section 207 of the Mortgage & Indenture of Trust dated June 1, 1971, as approved by Resolution of the Board of County Commissioners adopted

June 11, 1971, which Section authorizes the issuance of Additional Bonds for stated purposes, including additions, improvements and extensions in, to, or on the Project as defined in said Mortgage & Indenture of Trust.

Section 9. That the law firm of Mudge, Rose, Guthrie & Alexander is hereby appointed bond counsel for the purpose of this financing, including the exercise of a duly executed power of attorney from the County authorizing the firm to file a ruling request with the Internal Revenue Service on the Project.

Section 10. That this resolution shall take effect immediately, provided that in the event the Project is denied by the State of Montana Department of Health and Environmental Sciences, or any other authority, this resolution shall not be construed as an attempt to circumvent that authority or to authorize the County's involvement in an unlawful Project.

DATED this 24th day of September, 1973.

BOARD OF COUNTY COMMISSIONERS

Chairman

Member

Member

ATTEST:

Clerk

BOOK 52 PAGE 697

EXHIBIT A

Effluent treatment facilities, and Air Pollution Control facilities, together with all lands and all necessary ancillary and related equipment including electrical and mechanical construction and all such other facilities as may be required by state or federal standards or regulations as to air or water pollution control.

337030

I received and filed this instrument for record on the 24th day of Sept 1973 at [illegible] o'clock P M. and it is recorded in Vol. 52 of Micro Records of the County of Missoula, State of Montana, on page 690 Fee 20 Fee
Paid — Return to B-37 Witness my hand, Dorothy L. Head, County Recorder
Address By M. M. Conaughey Deputy

Resolution 3

RESOLUTION 77- 136

WHEREAS, Missoula County acting through its Board of County Commissioners is authorized by Title 11, Chapter 41, Revised Codes of Montana, 1947 to issue, subject to the limitations and through the procedures set out in Title 11, Chapter 41, Revised Codes of Montana, 1947, Industrial Revenue Bonds; and

WHEREAS, the Hoerner Waldorf Division of Champion International has requested that Missoula County issue Industrial Revenue Bonds in an amount not to exceed Ten million dollars ($10,000,000) for the purpose of financing the construction of air and water pollution control facilities at the Hoerner Waldorf plant located in Missoula County; and

WHEREAS, Section 11-4103, Revised Codes of Montana, 1947, requires the Board of County Commissioners to conduct a public hearing to determine whether or not the issuance of Industrial Revenue Bonds is in the public interest.

NOW, THEREFORE, it is resolved that a hearing be held on August 25, 1977 at 7:30 p.m. in Room 201 of the Missoula County Courthouse for the purpose of determining whether or not it is in the public interest to issue Industrial Revenue Bonds to finance the construction of air and water pollution control facilities at the Hoerner Waldorf Division of Champion International's plant in Missoula County, Montana.

BE IT FURTHER RESOLVED, that notice of the hearing be published

in the Missoulian for three (3) successive weeks preceding the hearing in substantially the following form:

NOTICE OF HEARING ON APPROVAL
OF INDUSTRIAL REVENUE BOND
FOR HOERNER WALDORF DIVISION
OF CHAMPION INTERNATIONAL

NOTICE IS HEREBY GIVEN that on August 25, 1977 at 7:30 p.m. the Board of County Commissioners will meet at Room 201 in the County courthouse in Missoula, Montana and conduct a public hearing for the purpose of determining whether or not it is in the public interest to approve the request of Hoerner Waldorf Division of Champion International that Industrial Revenue Bonds, not to exceed Ten million dollars ($10,000,000), be issued under County and State authority for the purpose of financing the construction of water and air pollution control facilities at the Hoerner Waldorf plant located in Missoula County, Montana.

Any person may be present at the hearing and may express his or her views on the proposed project and may submit materials relevant thereto.

Ordered by the Board of County Commissioners this 29th day of July, 1977.

Wilfred V. Thibodeau
W.V. Thibodeau, Chairman
Missoula County Commissioners

ATTEST:

Ludwig G. Browman
Commissioner

Roberta Frank
Roberta Frank
Clerk and Recorder

Jim Waltermire
Commissioner

Dated this 29th day of July, 1977.

Wilfred V. Thibodeau
Chairman

ATTEST:

Ludwig P. Browman
Commissioner

Roberta Frank
Clerk and Recorder

Jim Waltermire
Commissioner

THE SEAL OF MISSOULA COUNTY STATE OF MONTANA

14-1/69

405381

I hereby and filed this instrument for record on the 4 day of Aug 1977 at 8:52 o'clock A M. and it is recorded in Vol. 101 of Micro Records of the County of Missoula, State of Montana, on page 797 Fee None
Return to Res
Witness my hand, Roberta Frank, County Recorder
Address 76 W Broadway File
By Mary Shaddy Deputy

Resolution 4

RESOLUTION 77-158

WHEREAS, Missoula County acting through its Board of County Commissioners is authorized by Title 11, Chapter 41, Revised Codes of Montana, 1947, to issue, subject to the limitations and through the procedures set out in Title 11, Chapter 41, Revised Codes of Montana, 1947, Industrial Revenue Bonds; and

WHEREAS, the Hoerner Waldorf Division of Champion International has requested that Missoula County issue Industrial Revenue Bonds in an amount not to exceed Fourteen million dollars ($14,000,000) for the purpose of financing the construction of air and water pollution control facilities at the Hoerner Waldorf plant located in Missoula County; and

WHEREAS, Section 11-4103, Revised Codes of Montana, 1947, requires the Board of County Commissioners to conduct a public hearing to determine whether or not the issuance of Industrial Revenue Bonds is in the public interest.

NOW, THEREFORE, it is resolved that a hearing be held on October 11, 1977 at 7:30 p.m. in Room 201 of the Missoula County Courthouse for the purpose of determining whether or not it is in the public interest to issue Industrial Revenue Bonds to finance the construction of air and water pollution control facilities at the Hoerner Waldorf Division of Champion International's plant in Missoula County, Montana.

BE IT FURTHER RESOLVED, that notice of the hearing be

published in the Missoulian for three (3) successive weeks preceding the hearing in substantially the following form:

NOTICE OF HEARING ON APPROVAL
OF INDUSTRIAL REVENUE BOND
FOR HOERNER WALDORF DIVISION
OF CHAMPION INTERNATIONAL

NOTICE IS HEREBY GIVEN that on October 11, 1977 at 7:30 p.m. the Board of County Commissioners will meet at Room 201 in the County courthouse in Missoula, Montana and conduct a public hearing for the purpose of determining whether or not it is in the public interest to approve the request of Hoerner Waldorf Division of Champion International that Industrial Revenue Bonds, not to exceed Fourteen million dollars ($14,000,000), be issued under County and State authority for the purpose of financing the construction of water and air pollution control facilities at the Hoerner Waldorf plant located in Missoula County, Montana.

Any person may be present at the hearing and may express his or her views on he proposed project and may submit materials relevant thereto.

Ordered by the Board of County Commissioners this 12 day of September, 1977.

Walfred V. Thibodeau
W.V. Thibodeau, Chairman
Missoula County Commissioners

ATTEST:

Ludwig G. Browman
Commissioner

Roberta Frank
Roberta Frank
Clerk and Recorder

Jim Waltermire
Commissioner

Dated this 12th day of September, 1977.

Walfred V. Thibodeau
Chairman

ATTEST:

Ludwig G. Browman
Commissioner

Roberta Frank
Clerk and Recorder

Jim Waltermire
Commissioner

THE SEAL OF MISSOULA COUNTY STATE OF MONTANA

19-1/69

I received and filed this instrument for record on the 16th day of Sept 1977 at 11:05 o'clock A. M. and it is recorded in Vol. 104 of Micro Records of the County of Missoula, State of Montana, on page 201 Fee None
Paid ___ Return to Rec File + Witness my hand, Roberta Frank, County Recorder
Address H/W File By Bernice Brown Deputy

408216

RESOLUTION 77- 168

WHEREAS, Hoerner-Waldorf Division of Champion International has requested that Missoula County issue industrial revenue bonds in an amount not to exceed fourteen million dollars ($14,000,000) for the purpose of financing pollution control facilities at its Missoula County mill; and

WHEREAS, Missoula County is authorized to issue industrial revenue bonds by Chapter 41, Title 11, Revised Codes of Montana, 1947; and

WHEREAS, a public hearing to determine whether or not the requested bond issue is in the public interest was held on October 11, 1977 at 7:30 p.m. in Room 201, of the Missoula County Courthouse; and

WHEREAS, notice of the hearing was published as required by Section 11-4103 R.C.M. 1947 once a week for three (3) consecutive weeks prior to the hearing, and

WHEREAS, all persons present at the hearing were given an opportunity to express their views on the proposed bond issue and to present materials in support or opposition to the bond issue; and

WHEREAS, assurances have been given that the Missoula County Hoerner Waldorf mill will be operated in compliance with all applicable state and federal regulations.

NOW, THEREFORE, BE IT RESOLVED, that the Missoula Board of County Commissioners, after considering all the materials presented and the views expressed at the hearing on the proposed bond issue, have determined that an industrial revenue bond issue in an amount not to exceed fourteen million dollars ($14,000,000) for the purpose of financing pollution control facilities at the Missoula County Hoerner-Waldorf mill is in the public interest of Missoula County.

BE IT FURTHER RESOLVED, that Missoula County take such other action as is necessary to complete the proposed industrial revenue bond issue.

Dated this 12th day of October, 1977.

Chairman

Commissioner

Commissioner

ATTEST:

Clerk and Recorder

14-1/39

410328

I received and filed this instrument for record on the 18 day of Oct 1977 at 8:00 o'clock A M, and it is recorded in Vol. 106 of Micro Records of the County of Missoula, State of Montana, on page 287 Fee None
Paid ____ Return to Res
Address Bonds File
Witness my hand, Roberta Frank, County Recorder
By Mary Shelley Deputy

Resolution No. 78-23

A RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF POLLUTION CONTROL AND ENVIRONMENTAL IMPROVEMENT FACILITIES BY THE COUNTY OF MISSOULA, STATE OF MONTANA; AUTHORIZING THE LEASE OF SAID FACILITIES TO HOERNER WALDORF DIVISION OF CHAMPION INTERNATIONAL; AUTHORIZING THE ISSUANCE OF NOT EXCEEDING $20,000,000 POLLUTION CONTROL REVENUE BONDS SERIES 1978B AND NOT EXCEEDING $1,000,000 ENVIRONMENTAL IMPROVEMENT REVENUE BONDS SERIES 1978 TO FINANCE THE COST OF THE ACQUISITION AND CONSTRUCTION OF SUCH FACILITIES, AND PROVIDING FOR THE SECURITY, RIGHTS AND REMEDIES OF THE HOLDERS, FROM TIME TO TIME OF SAID BONDS.

WHEREAS, the Hoerner Waldorf Unit of Champion International Corporation has requested that the County of Missoula, State of Montana (the "County") issue revenue bonds in two or more series or issues in an amount not to exceed Twenty-One Million Dollars ($21,000,000) for the purpose of financing the construction of pollution control facilities and environmental improvement facilities at the Hoerner Waldorf manufacturing facility located in Missoula County, Montana; and

WHEREAS, the County is authorized by Industrial Development Projects Act, appearing as Title 11, Chapter 41, Revised Code of Montana, 1947, as amended (the "Act"), to issue revenue bonds for the purposes set forth in the Act, including the abatement or control of pollution of the environment of the State, and to expend the proceeds thereof to defray, among other things, the cost of acquiring, constructing, extending or improving land, structures, facilities, machinery or equipment for industrial purposes or for the abatement or control of pollution and to sell or lease the same to Hoerner Waldorf Unit of Champion International Corporation or its nominee; and

WHEREAS, the County deems that it is in the interests of the County and the State to assist in the financing of the pollution control facilities and the environmental improvement facilities in order to protect the State's environment as well as the health and welfare of its inhabitants and to encourage the economic development of the State and the County by undertaking among other things: (1) the authorization of the issuance of pollution control revenue bonds under the Act in an aggregate principal amount of not exceeding $20,000,000 (the "Pollution Control Bonds"), the proceeds thereof to be used to defray costs incurred in connection with the pollution control and abatement facilities described in Exhibit "A" hereto to be constructed and installed at the manufacturing facility presently owned and operated by the Hoerner Waldorf Unit of Champion International Corporation in Missoula County, Montana (the "Pollution Control Project"); and (2) the authorization of the issuance of environmental improvement revenue bonds under the Act in an aggregate principal amount of not exceeding $1,000,000 (the "Industrial Development Bonds"), the proceeds thereof to be used to defray costs incurred in connection with the environmental improvement facilities described in Exhibit A hereto to be constructed and installed at the same location (the "Environmental Improvement Project"); and

WHEREAS, the County will acquire by purchase from the Hoerner Waldorf Unit of Champion International Corporation or such party which may then have title to such facilities, and complete the construction thereof with the proceeds of the proposed bonds and will thereupon sell or lease said facilities to Hoerner Waldorf Unit of Champion International Corporation or to the party to which said facilities shall have been

leased or sold as the case may be for a consideration sufficient to defray all costs and expenses incident to said reconveyance; and

WHEREAS, the County is desirous of proceeding with the acquisition, construction and financing of the Pollution Control Project and the Environmental Improvement Project in order to promote the protection of the environment of the State, the protection of the health and welfare of the citizens of the State, the protection of the natural resources of the State and the County and the encouragement of the economic development of the State and the County; and

WHEREAS, the Board of County Commissioners of the County has determined that a Pollution Control Bond issue in an amount not to exceed Twenty Million Dollars ($20,000,000) for the purpose of financing the Pollution Control Project and an Environmental Improvement Bond issue in an amount not to exceed $1,000,000 for the purpose of financing the Environmental Improvement Project is in the public interest of Missoula County, Montana;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS OF MISSOULA COUNTY, MONTANA:

Section 1. That pursuant to the Act, the acquisition, construction and financing of the completion of the Pollution Control Project and the Environmental Improvement Project is hereby authorized and approved.

Section 2. That to accomplish the purposes of the Act and to provide for the payment of the cost of the Pollution Control Project and the Environmental Improvement Project, the issuance of: (1) not exceeding $20,000,000 Pollution Control Bonds Series 1978B; and, (2) not exceeding $1,000,000

Environmental Improvement Bonds Series 1978 (collectively, the "Bonds"), is hereby authorized subject to submission and approval of documentation relating to the sale of the Bonds and of the lease agreements for such facilities, and upon approval of such agreements the County will proceed to issue the bonds. The Bonds shall be dated, shall be in the aggregate principal amount heretofore specified, shall be in coupon or registered form, shall be payable at such times and at the principal office of the Trustee or, at the option of the holder thereof, at the principal office of any paying agent, shall bear interest from the date of issuance at such rate or rates per annum and shall mature in such years and such principal amounts as shall be established by supplemental resolutions and indentures of trust to be approved and executed by the County prior to the issuance of the Bonds.

The form of the Bonds, the provisions for signatures, authentication, payment, registration and redemption shall be as established by supplemental resolutions and the indentures of trust to be approved and executed by the County prior to the issuance of the Bonds.

Section 3. That the revenues derived from the sale or lease of the Pollution Control Project and the Environmental Improvement Project by the County to Hoerner Waldorf Unit of Champion International Corporation, or to such party which shall have conveyed such facilities to the County and receipts derived from or in connection with the County's interest in the lease agreements will be pledged for the payment of the principal or redemption price, if any, and interest on the Pollution Control Bonds and the Environmental Improvement Bonds in accordance with their terms and the

provisions as shall be provided by supplemental resolutions and indentures of trust to be approved and executed by the County prior to the issuance of the Bonds.

The Pollution Control Bonds and the Environmental Improvement Bonds, together with the interest thereon and other costs incidental thereto, shall never constitute an indebtedness of the County within the meaning of the state constitutional provision or statutory limitations and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers, and such fact shall be plainly stated on the face of each bond, but the Bonds shall be limited obligations of the County payable solely from the revenues and receipts derived from the sale or lease of the Pollution Control Project or the Environmental Improvement Project.

Section 4. That all covenants, stipulations, obligations and agreements of the County contained in this resolution, any supplemental resolutions or any indentures of trust shall be deemed to be the covenants, stipulations, obligations and agreements of the County and the officers thereof in their official capacity to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations and agreements shall be binding upon the County and the officers thereof and their successors from time to time and upon any board, body or agency to which any powers or duties affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law. Except as otherwise provided in the resolution, all rights, powers and privileges conferred and duties and liabilities imposed

upon the County or the officers thereof by the provisions of this resolution, any supplemental resolutions or any indentures of trust, the Pollution Control Bonds and the Environmental Improvement Bonds and the lease agreements shall be exercised or performed by the County or by such officers, board, body or agency as may be required by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation or agreement herein contained or to be contained in the Pollution Control Bonds and the Environmental Improvement Bonds of the lease agreements shall be deemed to be a covenant, stipulation, obligation or agreement of any officer, member, agent or employee of the County in his individual capacity and neither the members nor officers of the County nor any officer executing the Bonds shall be personally liable or accountable by reason of the execution, issuance, sale and delivery thereof.

Section 5. That in case any one or more of the provisions of this resolution, any supplemental resolutions, the lease agreements, any indentures of trust, or any of the Bonds shall be held, for any reason, to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this resolution, any supplemental resolutions, or the lease agreements, the indentures of trust or of the Pollution Control Bonds and the Environmental Improvement Bonds, but this resolution and the Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein. The terms and conditions set forth herein or in any indentures of trust, the pledge of the reveneues and other amounts derived from the sale of the Pollution Control Project and the Environmental Improvement

Project, the provisions relating to the handling of the proceeds derived from the sale of the Pollution Control Bonds and the Environmental Improvement Bonds shall be prescribed by any supplemental resolutions or indentures of trust to be executed and approved by the County prior to the issuance of the Bonds.

Section 6. That the County has caused all acts, conditions and things required by the Constitution and laws of the State of Montana relating to the passage of this resolution to have happened, to exist, and to have been performed, and the County will cause all acts, conditions and things required by the Constitution and laws of the State of Montana relating to the execution and delivery of the lease agreements to happen, exist and be performed precedent to the execution, issuance, sale and delivery of the Pollution Control Bonds and Environmental Improvement Bonds and precedent to the execution and delivery of the lease agreements.

Section 11-4103, Revised Codes of Montana, 1947, requires the Board of County Commissioners of the County to conduct a public hearing, prior to issuance of the Bonds, to determine if it is in the public interest to do so. Said public hearing and all the requirements therefor will be held by the County prior to the issuance of the Bonds.

Section 7. That the appropriate officers of the County and its attorneys, or other agents or employees of the County are hereby authorized to do all acts and things required of them by this resolution and to perform all other acts as may be claimed necessary or appropriate in order to implement and carry out all matters related to the matters herein authorized.

Section 8. The County by this Resolution also hereby recognizes that the Bonds as above authorized may in the alternative be issued pursuant to Section 207 of the Mortgage and Indenture of Trust dated June 1, 1971, as approved by Resolution of the Board of County Commissioners adopted June 11, 1971, which Section authorizes the issuance of Additional Bonds for stated purposes, including additions, improvements and extensions in, to, or on the Project as defined in said Mortgage and Indenture of Trust.

Section 9. That the law firm of Mudge, Rose, Guthrie & Alexander is hereby appointed bond counsel for the purpose of this financing, including the exercise of a duly executed power of attorney from the County authorizing the firm to file a ruling request with the Internal Revenue Service on the Project.

Section 10. This Resolution is hereby declared to constitute affirmative offical action of the County within the meaning of Treasury Regulations. Section 1.103-8 (a)(5).

Section 11. That this Resolution shall take effect immediately, provided that in the event the Pollution Control Project or the Environmental Improvement Project is not approved for construction by the State of Montana Department of Health and Environmental Sciences, or any other authority, this resolution shall not be construed as an attempt to circumvent that authority or to authorize the County's involvement in an unlawful project.

DATED this 13 day of March, 1978.

BOARD OF COUNTY COMMISSIONERS

Ludwig G. Browman
Chairman

Jim Waltermire
Member

Wilfred V Thilodeau
Member

ATTEST:

Roberta Frank
Clerk

EXHIBIT A

POLLUTION CONTROL PROJECT

The Pollution Control Project will consist of a waste fuel boiler and building, a feedwater system, a fuel handling system, a backup fuel system, an ash handling system and other functionally related and subordinate equipment at the Hoerner Waldorf manufacturing facility located in Missoula County, Montana as well as wood refuse loading facilities and equipment to be installed and constructed at various locations.

ENVIRONMENTAL IMPROVEMENT PROJECT

The Environmental Improvement Project will consist of structures, machinery and equipment which will relate to the Pollution Control Project and which will be constructed and installed at the Hoerner Waldorf manufacturing facility located in Missoula County, Montana.

419250

I received and filed this instrument for record on the 16th day of March 1978 at 11:45 o'clock A. M. and it is recorded in Vol. 114 of Micro Records of the County of Missoula, State of Montana, on page 280 Fee No Fee
Paid — Return to Res. File + Witness my hand, Roberta Frank, County Recorder
Address Hoerner Waldorf File By M. McConaughey Deputy

RESOLUTION 78-47

A RESOLUTION AMENDING PRIOR RESOLUTION NO. 78-23 OF THE COUNTY OF MISSOULA, STATE OF MONTANA AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF POLLUTION CONTROL FACILITIES AND ENVIRONMENTAL IMPROVEMENT FACILITIES BY THE COUNTY AND THE ISSUANCE OF NOT EXCEEDING $20,000,000 POLLUTION CONTROL REVENUE BONDS SERIES 1978B AND NOT EXCEEDING $1,000,000 ENVIRONMENTAL IMPROVEMENT REVENUE BONDS SERIES 1978 TO FINANCE THE COST OF ACQUISITION AND CONSTRUCTION OF SUCH FACILITIES.

WHEREAS, the County of Missoula, State of Montana (the "County") has, by resolution no. 78-23 adopted by the County's Board of County Commissioners on March 13, 1978 (the "Prior Resolution"), authorized the issuance of not exceeding the Twenty million dollars ($20,000,000) of the County's Pollution Control Revenue Bonds Series 1978B (the "Pollution Control Bonds") to finance the costs of acquisition and construction of certain pollution control abatement facilities described in Exhibit A to Prior Resolution no. 78-23 (the "Pollution Control Project") to be constructed and installed at the manufacturing facility presently owned and operated by the Hoerner Waldorf Unit of Champion International Corporation located in the County; and

WHEREAS, the County, in Prior Resolution no. 78-23 also authorized the issuance of not exceeding One million dollars ($1,000,000) of the County's Environmental Improvement Revenue Bonds Series 1978 (the "Environmental Improvement Bonds") to finance the costs of acquisition and construction of certain environmental improvement facilities described in Exhibit A to

the Prior Resolution to be constructed and installed at the same location; and

WHEREAS, it was originally estimated that the cost of the Pollution Control Project would not exceed Twenty million dollars ($20,000,000); and

WHEREAS, it is now estimated that the cost of the Pollution Control Project will be Thirty million dollars ($30,000,000); and

WHEREAS, the County wishes to rescind its previous authorization to issue the Environmental Improvement Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS OF THE MISSOULA COUNTY, MONTANA:

Section 1: That Prior Resolution no. 78-23 be amended so as to increase the maximum authorized principal amount of the Pollution Control Bonds to not exceeding Thirty million dollars ($30,000,000).

Section 2: That Prior Resolution no. 78-23 also be amended to rescind the County's authorization of the issuance of the Environmental Improvement Bonds.

Section 3: That, except as amended by this Resolution, Prior Resolution no. 78-23 shall remain in full force and effect.

Section 4: That this Resolution shall take effect immediately.

Dated this 21st day of March, 1978.

BOARD OF COUNTY COMMISSIONERS

Ludwig E. Browman
Chairman

Jim Waltermire
Member

Wilfred V. Thiodeau
Member

ATTEST:

Roberta Frank
Clerk

421984

I received and filed this instrument for record on the 27 day of Apr 1978 at 4:05 o'clock P.M. and it is recorded in Vol. 116 of Micro Records of the County of Missoula, State of Montana, on page 937 Fee None
Paid ____ Return to Res. File + Witness my hand, Roberta Frank, County Recorder
Address H.W. File By Billie L. Blom Deputy

Resolution 8

RESOLUTION 78-49

WHEREAS, Hoerner-Waldorf Division of Champion International has requested that Missoula County issue industrial revenue bonds in an amount not to exceed Thirty million dollars ($30,000,000) for the purpose of financing pollution control facilities at its Missoula County mill; and

WHEREAS, Missoula County is authorized to issue industrial revenue bonds by Chapter 41, Title 11, Revised Codes of Montana, 1947; and

WHEREAS, a public hearing to determine whether or not the requested bond issue is in the public interest was held on April 26, 1978 at 2:00 p.m. in Room 201, of the Missoula County Courthouse; and

WHEREAS, Notice of the hearing was published as required by Section 11-4103, R.C.M. 1947 once a week for three (3) consecutive weeks prior to the hearing, and

WHEREAS, all persons present at the hearing were given an opportunity to express their views on the proposed bond issue and to present materials in support or opposition to the bond issue; and

WHEREAS, assurances have been given that the Missoula County Hoerner Waldorf mill will be operated in compliance with all applicable state and federal regulations.

NOW, THEREFORE, BE IT RESOLVED, that the Missoula Board of County Commissioners, after considering all the materials presented and the views expressed at the hearing on the proposed bond issue, have determined that an industrial revenue bond issue in an amount not to exceed Thirty million dollars ($30,000,000) for the purpose of financing pollution control facilities at the Missoula County Hoerner-Waldorf mill is in the public interest of Missoula County.

BE IT FURTHER RESOLVED, that Missoula County take such other action as is necessary to complete the proposed industrial revenue bond issue.

Dated this 2 day of May, 1978.

Ludwig G. Browman
Chairman

ATTEST:

Jim Waltermire
Commissioner

Margaret M. McConaughey
Deputy Clerk and Recorder

Wilfred V. Thibodeau
Commissioner

422803

I received and filed this instrument for record on the 9 day of May 1978 at 4:20 o'clock P.M. and it is recorded in Vol. 117 of Misc. Records of the County of Missoula, State of Montana, on page 55 Fee None
Paid ____ Return to Pro File
Address HW File
Witness my hand, Roberta Frank, County Recorder
By Billie L. Blom Deputy

14-1/40

EXTRACTS FROM THE MINUTES OF A MEETING OF THE BOARD OF COUNTY COMMISSIONERS OF MISSOULA COUNTY, MONTANA, HELD ON JUNE 21, 1978.

The BOARD OF COUNTY COMMISSIONERS OF MISSOULA COUNTY, MONTANA, met at a meeting at the office of the County Commissioners, in Missoula, Montana at 11 o'clock A.M. on June 21, 1978.

The meeting was called to order by the Chairman and, upon roll call, those present and absent were as follows:

PRESENT:

Ludvig G. Browman
Jim Waltermire
Wilfred V. Thibodeau

ABSENT:

None

ALSO PRESENT: Michael W. Sehestedt, Roberta Frank, R. H. Robinson, J.C. Garlington, P.A. Preston, C. P. Anderson and Robert Carey

The following resolution was introduced by Wilfred V. Thibodeau, read in full and considered:

RESOLUTION AUTHORIZING THE ISSUANCE OF $41,800,000 AGGREGATE PRINCIPAL AMOUNT OF 1978 ENVIRONMENTAL IMPROVEMENT REVENUE BONDS (CHAMPION INTERNATIONAL CORPORATION PROJECT) OF THE COUNTY OF MISSOULA, MONTANA FOR THE PURPOSE OF PROVIDING FUNDS FOR AIR POLLUTION AND SOLID WASTE DISPOSAL FACILITIES AT THE CHAMPION INTERNATIONAL CORPORATION PLANT; AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST, LEASE AGREEMENT, UNDERWRITING AGREEMENT AND OFFICIAL STATEMENT IN CONNECTION THEREWITH; APPOINTING A TRUSTEE AND PAYING AGENT; AND AUTHORIZING PROPER OFFICERS TO DO ALL OTHER THINGS DEEMED NECESSARY OR ADVISABLE.

WHEREAS, the County of Missoula, Montana (the "County") is authorized by the provisions of The Industrial Development Projects Act of 1965, being Title 11, Chapter 41, Revised Code of Montana, 1947, as amended (hereinafter referred to as the "Act") to, among other things, acquire, whether by construction, purchase, devise, gift or lease, and to lease or otherwise dispose of, properties to the end that counties may be able to promote industry and develop trade by inducing manufacturing and industrial enterprises to locate in or remain in said State of Montana and vests counties with powers that may be necessary to enable them to accomplish such purposes; and

WHEREAS, the County of Missoula is desirous of attracting industry and improving the environment; and

WHEREAS, the Act further authorizes each county to lease to others any or all of its projects, and to charge and collect rent therefor, to issue its bonds for the purpose of carrying out any of its powers and, as security for

the payment of the principal of and interest on any such bonds so issued and any agreements made in connection therewith, to pledge the revenues and receipts from its projects or from any lease thereof to the payment of such bonds; and

WHEREAS, pursuant to the Act, two public hearings were duly held, the first hearing was held on October 11, 1977 whereby the County considered the adoption of a resolution authorizing the issuance of pollution control bonds in the principal amount of $14,000,000 and on October 12, 1977, said resolution was adopted and on April 26, 1978 a public hearing was held whereby the County considered the adoption of a resolution authorizing the issuance of solid waste disposal bonds in the principal amount of $30,000,000 and on May 2, 1978 said resolution was adopted; and

WHEREAS, the County has heretofore indicated its intention to issue its revenue bonds under and pursuant to the Act for the purpose of providing funds for air pollution and solid waste disposal facilities (the "Project") at the plant of Champion International Corporation (the "Company") in Missoula, Montana; and

WHEREAS, it is in the best interest of the County to issue its revenue bonds pursuant to the Act for the purposes stated above; and

WHEREAS, the County is now desirous of proceeding with the financing of the Project; and

WHEREAS, Goldman, Sachs & Co. and Blyth Eastman Dillon & Co. Incorporated on behalf of themselves and other investment dealers, have submitted to the County a proposal in the form of an Underwriting Agreement among said Underwriters, the County and the Company to purchase $41,800,000 aggregate principal amount of revenue bonds of the County to finance the cost of the Project; and

WHEREAS, there have been prepared and submitted to the County forms of:

(a) an Indenture of Trust under which said revenue bonds will be issued and by which they will be secured;

(b) a Lease Agreement providing for completion of acquisition, construction and installation of the Project and for the lease of the Project by the County to the Company;

(c) a Guaranty Agreement whereby the Company unconditionally guarantees to the Trustee the full and prompt payment of said revenue bonds.

(d) a final Official Statement used or to be used in connection with the sale of said revenue bonds to the public;

(e) an Underwriting Agreement pursuant to which the County will sell said revenue Bonds to the purchasers thereof; and

(f) a Preliminary Official Statement used in connection with the sale of the revenue bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY OF MISSOULA, MONTANA AS FOLLOWS:

SECTION 1. In accordance with the requirements of the Act, the County hereby determines and finds the following:

(a) that the amount necessary to pay the principal of and interest on the Bonds (hereinafter authorized) as the same become due is as follows:

Year	June 1	December 1
1978		$1,439,600.00
1979	$1,439,600.00	1,439,600.00
1980	1,439,600.00	1,439,600.00
1981	1,439,600.00	1,439,600.00
1982	1,439,600.00	1,439,600.00
1983	1,439,600.00	1,439,600.00
1984	1,439,600.00	1,439,600.00
1985	1,439,600.00	1,439,600.00
1986	1,439,600.00	1,439,600.00
1987	1,439,600.00	1,439,600.00
1988	1,439,600.00	1,439,600.00
1989	1,439,600.00	1,439,600.00
1990	1,439,600.00	1,439,600.00
1991	1,439,600.00	1,439,600.00
1992	1,439,600.00	1,439,600.00
1993	1,439,600.00	1,439,600.00
1994	1,439,600.00	1,439,600.00
1995	1,439,600.00	1,439,600.00
1996	1,439,600.00	1,439,600.00
1997	1,439,600.00	1,439,600.00
1998	1,439,600.00	1,439,600.00
1999	3,439,600.00	1,137,100.00
2000	3,371,100.00	1,302,600.00
2001	3,302,600.00	1,234,100.00

Year	June 1	December 1
2002	$3,234,100.00	$1,165,600.00
2003	3,165,600.00	1,097,100.00
2004	7,457,100.00	877,680.00
2005	7,237,680.00	658,260.00
2006	7,018,260.00	438,840.00
2007	6,798,840.00	219,420.00
2008	6,579,420.00	

(b) that the terms of the Lease Agreement (hereinafter authorized) provide for the payment of rentals sufficient to pay, at the times and in the amounts required, principal of and interest on the Bonds;

(c) that the terms of the Lease Agreement provide for the Company to pay taxes on the Project, and to pay for the maintenance and insurance of the Project.

SECTION 2. To finance the cost of acquisition, construction and installation of the Project, the issuance of $41,800,000 aggregate principal amount of 1978 Environmental Improvement Revenue Bonds (Champion International Corporation Project) (the "Bonds") of the County is hereby authorized, subject to the provisions of this resolution and the Indenture of Trust hereinafter authorized. The Bonds in the principal aggregate amount of $10,000,000 maturing on June 1, 2003 bear interest from June 1, 1978 (payable semi-annually on June 1 and December 1, commencing December 1, 1978) at the rate of 6.85% per annum. The Bonds in the

principal aggregate amount of $31,800,000 maturing on June 1, 2008 bear interest from June 1, 1978 (payable semi-annually on June 1 and December 1, commencing Decenber 1, 1978) at the rate of 6.90% per annum.

The form of the Bonds and the provisions for signatures, authentication, payment, registration, redemption, denomination, sinking fund, number and other terms thereof shall be as set forth in said Indenture of Trust.

SECTION 3. The Bonds shall be secured by the pledge effected by the Indenture of Trust and shall be limited obligations of the County payable solely from and secured by a pledge of revenues derived from the leasing of the Project and payments made under the Guaranty, all as provided in the Indenture of Trust. The Bonds shall not constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing power.

SECTION 4. The form of Indenture of Trust between the County and First Trust Company of Saint Paul, Saint Paul, Minnesota as Trustee (the "Trustee") dated as of June 1, 1978 (the "Indenture of Trust"), in the form submitted to this meeting and made a part of this resolution as though set forth in full herein, be and the same hereby is approved. The Chairman of the Board of County Commissioners is hereby

authorized and directed to execute and deliver the Indenture of Trust with such changes, insertions and omissions as may be approved by the Chairman, said execution being conclusive evidence of such approval; and the County Clerk and Recorder is hereby authorized and directed to affix the corporate seal of the County to the Indenture of Trust and to attest the same.

SECTION 5. The form of Lease Agreement between the County and the Company, dated as of June 1, 1978 (the "Lease Agreement"), as submitted to this meeting and made a part of this resolution as though set forth in full herein, be and the same hereby is approved. The Chairman of the Board of County Commissioners is hereby authorized and directed to execute and deliver the Lease Agreement with such changes, insertions and omissions as may be approved by said Chairman, said execution being conclusive evidence of such approval; and the County Clerk and Recorder is hereby authorized and directed to affix the corporate seal of the County to the Lease Agreement and to attest the same.

SECTION 6. The Underwriting Agreement for the Bonds dated June 21, 1978 between the County, the Company and Goldman, Sachs & Co. and Blyth Eastman Dillon & Co. Incorporated, as Representatives of the Underwriters (the "Underwriters"), as submitted to this meeting and made a

part of this resolution as though set forth in full herein, be and the same hereby is approved.

The Bonds maturing June 1, 2003 are hereby sold to the Underwriters at a purchase price of 100% of the principal amount of the Bonds and the Bonds maturing June 1, 2008 are hereby sold to the Underwriters at a pruchase price of 99 3/8% of the principal amount of the Bonds plus accrued interest on the Bonds from June 1, 1978 to the date of delivery and payment therefor, on the terms and conditions set forth in the Underwriting Agreement, and the Chairman of the Board of County Commissioners is hereby authorized and directed to execute the Underwriting Agreement and to deliver the same to the Underwriters.

SECTION 7. The benefits granted to the County pursuant to the Guaranty Agreement, dated June 1, 1978 and entered into between the Trustee and the Company are hereby accepted.

SECTION 8. The form of Preliminary Official Statement dated June 6, 1978 in the form presented to this meeting, be and the same hereby is approved, and the County hereby ratifies, confirms and approves the use of such Preliminary Official Statement by the Underwriters in connection with the offering and sale of the Bonds.

SECTION 9. The final Official Statement dated June 21, 1978 (the "final Official Statement") in substantially the form presented to this meeting, be and the same is hereby approved, and the County hereby approves the use of the final Official Statement by the Underwriters in connection with the offering and sale of the Bonds, and the County hereby further approves the use by the Underwriters of any supplement or amendment to the final Official Statement which is necessary so that the final Official Statement does not include any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements therein not misleading. The Chairman of the Board of County Commissioners is hereby authorized and directed to execute the final Official Statement and any amendment or supplement thereto, in the name and on behalf of the County, and thereupon to cause the final Official Statement and any such amendment or supplement to be delivered to the Underwriters with such approval to be conclusively evidenced by his execution and delivery thereof.

SECTION 10. The Morgan Guaranty Trust Company of New York, New York, New York is hereby designated Paying Agent for the Bonds under the terms and conditions of the Trust Indenture.

SECTION 11. The Chairman of the Board of County Commissioners and the County Clerk and Recorder, and any other proper officer of the County, be and each of them is hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary including the authority to make amendments and changes to the documents as is proper for carrying out the transactions contemplated by this resolution.

SECTION 12. All resolutions or orders, or parts thereof, in conflict with the provisions of this resolution are to the extent of such conflict hereby repealed.

SECTION 13. This resolution shall become effective immediately.

Wilfred V. Thibodeau moved that the foregoing resolution be adopted as introduced and read, which motion was seconded by Jim Waltermire , and upon roll call the "Ayes" and "Nays" were as follows:

AYES	NAYS
Ludvig G. Browman Jim Waltermire Wilfred V. Thibodeau	None

The Chairman thereupon declared said motion carried and said resolution adopted.

CERTIFICATE

I, Roberta Frank, County Clerk and Recorder of the County of Missoula, Montana, Certify that the above and foregoing is a true and correct copy of an extract from the minutes of the regular meeting of the members of the Board of County Commissioners of the County of Missoula held on June 21, 1978, at which meeting all members of the Board of County Commissioners of the County of Missoula were present after having been duly notified of the meeting and the purpose of the meeting.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the County this 21st day of June, 1978.

Roberta Frank
County Clerk and Recorder

PASSED AND APPROVED THIS 21st DAY OF JUNE, 1978.

BOARD OF COUNTY COMMISSIONERS
of The County of Missoula,
Montana

Ludwig G. Browman
Jim Waltermire
Wilfrid V. Thibodeau

Attest:

Roberta Frank

THE SEAL OF MISSOULA ... STATE OF ...

I received and filed this instrument for record on the 23 day of June 1978 at 2:45 o'clock P M. and it is recorded in Vol 120 of Micro Records of the County of Missoula, State of Montana, on page 1483 Fee None
Paid ___ Return to Res. +
Address + Hoerner Waldorf Fiske
Witness my hand, Roberta Frank, County Recorder
By Mary Shelley Deputy

426000

Resolution 10

RESOLUTION 86-011

Providing for the Redemption of the 1971 Missoula County Industrial Development Revenue Bonds (Hoerner Waldorf Project)

WHEREAS, Missoula County on June 1, 1971 issued its Industrial Development Revenue Bonds (1971 Bonds) for the purpose of acquiring certain property located at the Frenchtown mill now award's Champion International Corporation as the successor to Hoerner Waldrof Properties Company and paying certain costs connected with the construction of improvements therein; and

WHEREAS, the 1971 Bonds were issued pursuant to a Lease Agreement between Missoula County and Hoener Waldorf Properties (a corporate predecessor to Champion International Corporation) dated as of June 1, 1971 and an Indenture of Trust from Missoula County to First National Bank and Trust Company of Helena, Helena, Montana, dated as of June 1, 1971; and

WHEREAS, the Lease Agreement provides in Section 9.4 that if the Lessee, is not default in the payment of rent, then the lessor, Missoula County, at the request of Lessee, at any time the aggregate moneys in the Bond Fund are sufficient to effect redemption and if the Bonds are then redeemable under the provisions of the Indenture, shall take all steps under the applicable redemption provisions of the Indenture as may be necessary to effect the requested redemption; and

WHEREAS, Lessee, which is not in default in the payment of rent, has requested Missoula County to direct the Trustee, First Bank and Trust Company of Helena to call the 1971 Bonds for Redemption on June 1, 1986 and has repr sented that it will deposit in the Bond Fund on or before April 15, 1986 sufficient moneys to redeem said bonds on June 1, 1986; and

WHEREAS, the Indenture provides in Section 301 that the 1971 Bond's are redeemable on June 1, 1986; and

WHEREAS, the Indenture provides in Section 301 for a Resolution by Missoula County directing the Trustee to give notice of the Redemption.

NOW THEREFORE BE IT RESOLVED, that the Trustee for the 1971 Missoula County Industrial Development Revenue Bonds (Champion International Corporation Project) First Trust Company of Saint Paul be and the same is directed to give all appropriate notices and to take all steps necessary to call for redemption all of the outstanding 1971 Missoula County Industrial Development Revenue Bonds (Hoerner Waldorf Project) on June 1, 1986. Said Bonds shall be redeemed at a redemption price of 102% as provided in Section 301 of the Indenture and are being called for redemption pursuant to Section 301 of the Indenture and Section 9.4 of the

Lease Agreement under which the Bonds were issued. The direction to the Trustee to call the Bonds for Redemption on June 1, 1986 is contingent upon the deposit of sufficient mone by Champion International Corporation in to the Bond Fund to redeem the Bonds at the price specified. In the event that Champion does not make a deposit of moneys sufficient to redee the Bonds at the price specified at least 45 days prior to Jun 1, 1986, then these directions to the Trustee to call the Bond shall be void and of no effect.

DATED this 10th day of February, 1986.

BOARD OF COUNTY COMMISSIONERS:
Missoula County

Barbara Evans
BARBARA EVANS, Chairperson
Missoula County Commissioner

ATTEST:

Fern Hart
Clerk and Recorder

Ann Dussault
ANN MARY DUSSAULT
Missoula County Commissioner

APPROVED AS TO FORM AND CONTENT

Michael W Sehestedt
Deputy County Attorney

Janet Stevens
JANET L. STEVENS
Missoula County Commissioner

8602310

I received and filed this instrument for record on the 10 day of Feb. 1986, at 3:23 P.M. and it is recorded in Vol. 235, on Page 469 Micro Records of the County of Missoula, State of Montana. Witness my hand, Fern Hart, County Recorder. By Ramona Cox, Deputy. Doc. RES Fee — Pd. — Return Resol. file

2-19-86

RESOLUTION NO. 86-015

(CORRECTING RESOLUTION 86-011)

Providing for the Redemption of the 1971 Missoula County Industrial Development Revenue Bonds (Hoerner Waldorf Project)

WHEREAS, Missoula County on June 1, 1971 issued its Industrial Development Revenue Bonds (1971 Bonds) for the purpose of acquiring certain property located at the Frenchtown mill now owned by International Corporation as the successor to Hoerner Waldrof Properties Company and paying certain costs connected with the construction of improvements therein; and

WHEREAS, the 1971 Bonds were issued pursuant to a Lease Agreement between Missoula County and Hoener Waldorf Properties (a corporate predecessor to Champion International Corporation) dated as of June 1, 1971 and an Indenture of Trust from Missoula County to First National Bank and Trust Company of Helena, Helena, Montana, dated as of June 1, 1971; and

WHEREAS, the Lease Agreement provides in Section 9.4 that if the Lessee, is not default in the payment of rent, then the lessor, Missoula County, at the request of Lessee, at any time the aggregate moneys in the Bond Fund are sufficient to effect redemption and if the Bonds are then redeemable under the provisions of the Indenture, shall take all steps under the applicable redemption provisions of the Indenture as may be necessary to effect the requested redemption; and

WHEREAS, Lessee, which is not in default in the payment of rent, has requested Missoula County to direct the Trustee, First Bank and Trust Company of Helena to call the 1971 Bonds for Redemption on June 1, 1986 and has represented that it will deposit in the Bond Fund on or before April 15, 1986 sufficient moneys to redeem said bonds on June 1, 1986; and

WHEREAS, the Indenture provides in Section 301 that the 1971 Bond's are redeemable on June 1, 1986; and

WHEREAS, the Indenture provides in Section 301 for a Resolution by Missoula County directing the Trustee to give notice of the Redemption.

NOW THEREFORE BE IT RESOLVED, that the Trustee for the 1971 Missoula County Industrial Development Revenue Bonds (Champion International Corporation Project) First Trust Company of Saint Paul be and the same is directed to give all appropriate notices and to take all steps necessary to call for redemption all of the outstanding 1971 Missoula County Industrial Development Revenue Bonds (Hoerner Waldorf Project) on June 1, 1986. Said Bonds shall be redeemed at a redemption price of 102% as provided in Section 301 of the Indenture and are being called for redemption pursuant to Section 301 of the Indenture and Section 9.4 of the

Lease Agreement under which the Bonds were issued. The direction to the Trustee to call the Bonds for Redemption on June 1, 1986 is contingent upon the deposit of sufficient moneys by Champion International Corporation in to the Bond Fund to redeem the Bonds at the price specified. In the event that Champion does not make a deposit of moneys sufficient to redeem the Bonds at the price specified at least 45 days prior to June 1, 1986, then these directions to the Trustee to call the Bonds shall be void and of no effect.

DATED this 19th day of February, 1986.

BOARD OF COUNTY COMMISSIONERS:
Missoula County

Barbara Evans
BARBARA EVANS, Chairperson
Missoula County Commissioner

ATTEST:

Fern Hart
Clerk and Recorder

Not Available for Signature
ANN MARY DUSSAULT
Missoula County Commissioner

APPROVED AS TO FORM AND CONTENT

Michael W Sehestedt
Deputy County Attorney

Janet Stevens
JANET L. STEVENS
Missoula County Commissioner

8602780

I received and filed this instrument for record on the 19 day of Feb. 1986, at 11:49a M. and it is recorded in Vol. 235, on Page 1374 Micro Records of the County of Missoula, State of Montana. Witness my hand, Fern Hart, County Recorder, By Ramona Cox, Deputy. Doc. RES Fee — Pd. — Return Resol. & Bond file

LexisNexis®

Caution
As of: Jun 07, 2013

C. P. FICKES, Plaintiff and Appellant, v. MISSOULA COUNTY et al., Defendants and Respondents

No. 11836

Supreme Court of Montana

155 Mont. 258; 470 P.2d 287; 1970 Mont. LEXIS 364

June 4, 1970, Decided

PRIOR HISTORY: [***1] **Appeal from the District Court of Missoula County. Fourth Judicial District. Honorable E. Gardner Brownlee, Judge presiding.**

DISPOSITION: Affirmed.

COUNSEL: Worden, Worden, Thane & Robb, Donovan Worden, Jr., Missoula, argued, for appellant.

H. J. Pinsoneault, County Atty., Garlington, Lohn & Robinson, J C. Garlington, Missoula, argued, for respondents.

A. W. Scribner, Helena, argued, amicus curiae.

JUDGES: Mr. Justice Castles delivered the Opinion of the Court. Mr. Chief Justice James T. Harrison, and Mr. Justices John C. Harrison, Haswell and Daly, concur.

OPINION BY: CASTLES

OPINION

[*260] [**288] The plaintiff C. P. Fickes brought this action to enjoin the defendants, the Board of County Commissioners of Missoula County, from taking certain actions under the provisions of the "Industrial Development Projects Act" of 1965 and to declare the same unconstitutional. The defendants filed a motion to dismiss the complaint upon the grounds it did not state a claim upon which relief could be granted, and a motion under Rule 12(c), M.R.Civ.P. for judgment on the pleadings.

The district court granted the defendants' motion for judgment on the pleadings and directed that final judgment [***2] be entered in favor of the defendants. From this judgment plaintiff appeals. Amicus curiae representing the Montana Chamber of Commerce appeared on the appeal by brief and argument.

Under the terms and provisions of sections 11-4101 through 11-4110, R.C.M1947, as amended, entitled "Industrial Development Projects" the Board of County Commissioners of Missoula County adopted a resolution whereby Missoula County would issue revenue bonds in the sum of $ 14,000,000 to assist Hoerner Waldorf Corporation of Montana, a Deleware corporation, to acquire and erect certain facilities to be used in connection with [*261] its pulp and paper mill located west of the city of Missoula. The facilities to be so acquired and erected to be used by Hoerner Waldorf Corporation in connection with air and water pollution control projects.

The projects for which the bonds are to be issued were, at the time of the adoption of the resolution by the county commissioners, already in the process of planning, in whole or in part, by the corporation.

The facilities to be acquired and erected are to be owned by Missoula County; mortgaged to secure the repayment of the bonds by the county; and leased to [***3] Hoerner Waldorf Corporation.

The rentals to be paid under the lease are to be pledged and assigned to a trustee for the repayment of the principal and interest due on the bonds, and performance of the lease is guaranteed by Hoerner Waldorf Corporation, a Delaware Corporation, the parent company of Hoerner Waldorf Corporation of Montana.

Plaintiff contends the Industrial Development Projects Act of 1965, as amended, is unconstitutional in that:

(1) The bonds to be issued by the county and the mortgage to secure payment of the bonds constitute a lending of the credit of the county in violation of Article XIII, Sec. 1 of the Constitution of Montana.

(2) That said bonds and mortgages constitute a debt of the county which will be incurred without approval of a majority of the electors of the county, voting at an election, as required by Article XIII, Sec. 5 of the Constitution of Montana.

(3) That the debt that will be created if said bonds are issued will exceed the debt limit established for counties under the provisions of Article XIII, Sec. 5 of the Constitution of Montana.

(4) Since section 11-4108, R.C.M.1947 provides for taxation [*262] of property notwithstanding it is [***4] owned by a county, this section [**289] is unconstitutional under the provisions of Article XIII, Sec. 2 of the Constitution of Montana.

(5) The proposed lease agreement provides that Hoerner Waldorf Corporation of Montana shall have the option to purchase the property, after all bonds are paid, for the sum of $ 1,000. This constitutes a grant or donation by Missoula County to the corporation and is unconstitutional under the provisions of Article XIII, Sec. 1 of the Constitution of Montana.

(6) The issuance of bonds to acquire an existing project or to construct an addition to an existing project is contrary to the provisions of Article XIII, Sec. 3 of the Constitution of Montana.

Plaintiff further contends that the actions of the Board of County Commissioners of Missoula County are contrary to the force and effect of the statutes of the state of Montana in that:

(7) The sale contemplated under the lease agreement does not provide for sale at public auction and is therefore contrary to the provisions of section 16-1009, R.C.M.1947.

(8) The project encompassed in the agreement between Missoula County and

Hoerner Waldorf requiring purchase of property of the county in a sum [***5] in excess of $ 2,500 without public bid is contrary to the provisions of section 16-1803, R.C.M1947.

(9) The issuance of revenue bonds pursuant to the provisions of the Industrial Development Projects Act and the leasing of facilities to private industry is not a public purpose and therefore exceeds the powers of the counties of the state of Montana and the powers of the Board of County Commissioners.

(10) Under the Constitution and Statutes of the state of Montana, a county may only exercise its powers within its own boundaries. Therefore section 11-4102, R.C.M.1947, which provides that a project may be partially within and partially without the boundary of a county, is an attempt to create additional [*263] powers not contemplated in the Constitution and statutes of the state of Montana.

(11) The lease agreement creates a term of lease which may exceed ten years and is therefore contrary to the terms and provisions of section 16-1030, R.C.M.1947.

Plaintiff further contends:

(12) In the event the Industrial Development Projects Act is declared to be constitutional, the acts of the Board of County Commissioners of Missoula County are illegal in that the project to be financed [***6] consists of air and water pollution control devices and such projects are not within the purview and intent of the legislature as set forth in the definition of "project" by section 11-4101, R.C.M.1947.

The foregoing issues numbered 1 through 5, and 9, presented in appellant's brief, concern constitutionality of the Industrial Development Projects Act. The other issues raise questions as to the applicability of various statutes limiting the way in which county property and contracts may be dealt with.

First, as to constitutionality, Article XIII, Sec. 5 of the Constitution of Montana provides:

> "No county shall be allowed to become indebted in any manner, or for any purpose, to an amount, including existing indebtedness, in the aggregate exceeding five (5) per centum of the value of the taxable property therein, to be ascertained by the last assessment for state and county taxes previous to the incurring of such indebtedness, and all bonds or obligations in excess of such amount given by or on behalf of such county shall be void. No county shall incur any indebtedness or liability for any single purpose to an amount exceeding ten thousand dollars ($ 10,000) without the approval [***7] of a majority of the electors thereof, voting at an election

to be provided by law."

Issues 2 and 3, as to whether a "debt" or "liability" prohibited by Article XIII, Sec. 5 of the Constitution of Montana will [**290] be created by this plan, will be considered first.

[*264] Appellant states correctly that there is no plan for submitting this bond issue to the voters, and that the county debt limit would be exceeded by the addition of a fourteen million dollar bonded debt to its present total. Therefore, if the bonds now to be issued are an

"indebtedness or liability" as those terms are used in Article XIII, Sec. 5, the entire program is prohibited by the Constitution. However, this basic premise for appellant's contention is not correct, as can readily be shown by our own precedents.

There is a long history in Montana of the financing of various projects by revenue bonds as distinguished from general obligation bonds payable out of ad valorem property tax receipts. These have uniformly been held *not* to create a debt or liability within the meaning of Article XIII, Sec. 5 of our Constitution.

This is true as to dormitory revenue bonds (Barbour v. State Board [***8] of Education, 92 Mont. 321, 13 P.2d 225); student union building bonds (State ex rel. Veeder v. State Board of Education, 97 Mont. 121, 33 P.2d 516); water conservation board bonds (State ex rel. Normile v. Cooney, 100 Mont. 391, 47 P.2d 637); housing authority bonds (Kraus v. Riley, 107 Mont. 116, 80 P.2d 864); and veterans bonus bonds (Cottingham v. State Bd. of Exam., 134 Mont. 1, 328 P.2d 907), just to give a few illustrations. The common quality of all these projects is that in each there is explicit provision that the public body issuing the bonds does not obligate its taxing power to pay for them. The same exact provision is written into the law and the bonds involved in this case, so that the same decision must necessarily be made in this case.

The dormitory bonds case is analogous in its essential respects. The statute there involved (Chap. 94, Laws of 1929) read in part:

"Section 4. No obligation created hereunder shall ever be or become a charge against the State of Montana but all such obligations, including principal and interest, shall be payable [*265] solely: (a) From the net rents and income pledged. (b) From the net rents and income which has not been [***9] pledged for other purposes arising from any other residence halls or like improvement under the control and management of said Board; or (c) From the income derived from gifts and bequests made to the institutions under the control of said Board for residence hall purposes.

* * *

"Section 6. No State funds shall be loaned or used for this purpose. * * *"

Referring to Article XIII of the Montana State Constitution the Court held in Barbour v. State Board of Education, 92 Mont. 321, 13 P.2d 225:

"By the very terms of chapter 94, the faith and credit of the state of Montana is not involved in the issuance of the certificates of indebtedness referred to. Neither will the taxpayers of the state ever become burdened or called upon to undertake to repay the obligations which may be created in furtherance of the plan which the resolution of the board of education contemplates. We therefore conclude without difficulty that the transaction does not, nor does the law, offend against these provisions of the Constitution."

Compare the dormitory bond law with the revenue bond law here being considered. Its section 11-4103, R.C.M.1947, reads in part:

"Limited obligation bonds -- form and [***10] contents -- sale -- negotiability. (1) bonds issued by a municipality or county under the authority of this act shall be limited obligations of the municipality or county. Bonds and interest coupons, issued under the authority of this act, shall not constitute nor give rise to a pecuniary liability of the municipality or county or a charge against its general credit or taxing

powers. Such limitation shall [**291] be plainly stated upon the face of each of such bonds. * * *"

[*266] The words of the *Barbour* decision fit perfectly the industrial development revenue bond law as well as the dormitory bond law.

Article XIII touches only ad valorem tax obligations which of course could never be imposed to pay these industrial bonds because of the express prohibition in section 11-4103 just above quoted. Even the pledge and expenditures of tax revenues, coming from other sources such as cigarette taxes, does not violate Article XIII.

This interpretation of Article XIII was expressly made in the Korean bonus case, where a cigarette tax was the source of repayment. Thus, even though there was a liability to keep up the cigarette tax, the constitutional provisions were held [***11] not applicable by this Court in Cottingham v. St. Bd. of Exam., 134 Mont. 1, 328 P.2d 907:

"In effect, section 2, Article IX, amended the words 'debt or liability' as they appear in section 2, Article XIII, and has effectively confined them to debts or liabilities which must be retired out of ad valorem taxes. In this manner we avoid a conflict and unreasonableness.

"Looking now to the instant case, we find that the bonds, assuming they create a 'debt or liability,' do not create the type of 'debt or liability' which section 2, Article XIII, prescribes, since in this case retirement of the bonds looks to the levy of an excise tax without the taxpayer being enrolled on the assessment rolls."

Therefore, the industrial development revenue bond law, and the bond issue now before the Court, following the precedents of the past, are held not to create a "debt or liability" of the nature forbidden by Article XIII. Not only does the law expressly so provide, and the cases so hold, but at page 7 of the Indenture of Trust, the form of the bond itself contains this final commitment:

"The Bonds and the interest coupons appertaining thereto [*267] do not now and shall never constitute [***12] a charge against the general credit or taxing powers of the County."

Next, appellant's issues No. 1, 5 and 9 are concerned with Article XIII, Sec. 1 of the Constitution of Montana which reads:

"Neither the state, nor any county, city, town, municipality, nor other subdivision of the state shall ever give or loan its credit in aid of, or make any donation or grant, by subsidy or otherwise, to any individual, association or corporation, or become a subscriber to, or a shareholder in, any company or corporation, or a joint owner with any person, company or corporation, except as to such ownership as may accrue to the state by operation or provision of law."

Is "credit in aid" being given by the county; or is the county loaning its credit in aid of, or making any donation or grant as that language is used and has been interpreted?

In Willett v. State Board of Examiners, 112 Mont. 317, 322, 115 P.2d 287, this Court rendered a decision very closely in point in approving the Veterans Memorial Building bond issue, payable out of future income from the capitol land grant. The building was to house private organizations in part. This Court said:

"The test to be adopted in determining [***13] whether a donation or grant is prohibited under this section is whether the donation or grant is for a public purpose. * *

* What is a 'public purpose' is a question primarily for legislative determination, with which we will not interfere unless there has been a clear abuse of power. People ex rel. Douglas v. Barrett, 370 Ill. 464, 19 N.E.2d 340. That the project here is for a public purpose there can be no reasonable doubt; at least we cannot say that the legislature abused its power in so determining. The fact that the named organizations incidentally derive special benefit from the project does not bring the Act in conflict with section 1, Article XIII."

Thus, here, since no debt or liability is created, we [*268] look to see if an indirect [**292] benefit to the industry by having a favorable type of financing, will condemn the Act in question. The legislative purpose of encouraging the development of the state's natural resources without cost to the taxpayer is being accomplished. Here, every dollar expended on the bond issue is to be repaid from and by the project the issue makes possible. The county commissioners expressly find the project will be of value [***14] as a source of employment and county revenue and will protect the health, safety and welfare of the citizens. The plant will be enabled to comply with the new legal requirements for environmental improvement. Thus, a valid purpose appears.

Similar cases arose in connection with water conservation board bonds, and Great Falls housing authority bonds. In both instances, revenue bonds were being issued to finance projects which would relieve agricultural distress or slum housing distress to the obvious benefit of both the economy and society of Montana and to individuals who would get the irrigation water or the improved housing occupancy.

In the case concerning water conservation board bonds, Kraus v. Riley, 107 Mont. 116, 124, 80 P.2d 864, 867, this Court said:

"The mere fact that the money raised will go to individuals will not condemn the act in question, since the test is not as to who receives the money, but, is the purpose for which it is to be expended a public purpose?"

In the Great Falls housing case, Rutherford v. City of Great Falls, 107 Mont. 512, 517, 86 P.2d 656, 658, this Court said:

"Legislation having for its purpose the eradication of slums and the substitution [***15] in place thereof of safe and sanitary dwellings is well within the definition of 'public purpose" as defined in Green v. Frazier, 44 N.D. 395, 176 N.W.11, affirmed by the United States Supreme Court in 253 U.S. 233, 40 S.Ct. 499, 64 L.Ed. 878, as follows [page 17]: 'A public [*269] purpose * * * has for its objective the promotion of the general welfare of all the inhabitants or residents within a given political division, as, for example, a state, the sovereignty and sovereign powers, of which are exercised to promote the public health, safety, morals, general welfare, security, prosperity, contentment and equlity before the law of all the ciitizens of the State."

And, see our discussion in Jones v. Burns, 138 Mont. 268, 290, 357 P.2d 22, 34, where we said:

"This quotation points out three propositions which are of primary significance in determining whether legislation is violative of Mont. Const., art,XIII, § 1. They are: (1) The tests for determining the validity of a donation or grant is whether it is for a public purpose; (2) The question what is a public purpose is primarily for the legislature; and, (3) The fact that individuals, associations, or corporations derive [***16] special benefit from the

legislation does not necessarily affect its validity."

In all of our Montana precedents reviewed, the mere incidental benefits to a private corporation do not change a public purpose to a private one being the loaning of credit or aid as prohibited. The same rationale applies to the option to purchase for $ 1,000 after the bonds are paid.

The appellant cites the Idaho case of Village of Moyie Springs, Idaho v. Aurora Mfg. Co., 82 Idaho 337, 353 P.2d 767. Also, prior to constitutional amendments, a Nebraska case, State ex rel. Beck v. City of York, 164 Neb. 223, 82 N.W.2d 269.

The Idaho case is authority to the contrary of our holding here, but it stands alone and we simply do not agree with it. For an example of cases in jurisdictions which have upheld similar laws and have rejected the Idaho holding, see Carruthers v. Port of Astoria, 249 Or. 329, 438 P.2d 725; Uhls v. State ex rel. City of Cheyenne (Wyo.1967) 429 P.2d 74; [*270] Green v. City of Mt. Pleasant, 256 Iowa 1184, 131 N.W.2d 5; City of Gaylord v. Beckett, 378 Mich. 273, 144 N.W.2d 460.

We hold that the Industrial Development Projects Act is not violative of Article [**293] XIII, Sec. [***17] 1, of the Montana Constitution.

Next we consider appellant's issues No. 6 and 12. Appellant argues that the issuance of bonds to acquire an existing project is contrary to Art. XIII, Sec. 3 of the Constitution of Montana; and, further, in this connection that air and water pollution control devices are not a "project" within the definition of "project" contained in section 11-4101(2), R.C.M.1947.

We have some difficulty in coming to grips with these contentions. However, appellant suggests that the name of the Act clearly indicates the legislature contemplated only "new industry" and not improvement of existing industry. While it is true that pollution controls or any other equipment useful in an industrial project are not specifically named in the Act, yet the legislature made it clear in section 11-4107 that it intended to cover many items when it specified in its provisions for the use of proceeds of bond sales that they could be used for "acquiring or improving" and the terms "all or any part of a project."

Finally, as a constitutional matter, the appellant under issue No. 4 argues that Article XII, Sec. 2 of the Constitution of Montana is violated Article XII, Sec. 2 provides:

[***18] "The property of the United States, the state, counties, cities, towns, school districts, municipal corporations and public libraries shall be exempt from taxation * * *."

Here, in section 11-4108, R.C.M.1947, it is provided:

"Notwithstanding that title to a project may be in a municipality or county, such projects shall be subject to taxation to the same extent, in the same manner, and under the same procedures as privately owned property in similar circumstances, if such projects are leased to or held by private interests on both the assessment date and the date the levy [*271] is made in any year; but such projects shall not be subject to taxation in any year if they are not leased to or held by private interests on both the assessment date and the date the levy is made in any year; provided, that where personal property owned by a municipality or county is taxed under this section and such personal property taxes are delinquent, levy by distress warrant for collection of such delinquent

taxes may only be made on personal property against which such taxes are levied."

The problem then is whether the broad constitutional exemption of county property from taxation must necessarily [***19] extend to project property in which the county has a trust interest as distinguished from the beneficial ownership.

In State ex rel. City of Great Falls v. Jeffries, 83 Mont. 111, 270 P. 638, this Court held that the collection of special improvement assessments upon a lot belonging to a county was proper, where "the lot in question is not used for county purposes."

Also, in State v. King Colony Ranch, 137 Mont. 145, 350 P.2d 841, this Court did not extend the companion exemption of religious property from taxation to the lands of a religious group where the lands were being used for commercial farming, and not for religion.

Thus, this Court has looked to the use to which the property is held, and not the title. Article XII, Sec. 7 of the Montana Constitution provides that all corporations shall be taxed, and since the Hoerner Waldorf Corporation will "use" the property they necessarily will be taxed, and to achieve harmony and consistency, Sec. 2 of Article XII, is not applicable here. (See 84 C.J.S. Taxation §§ 203 and 204.)

On issues No. 7, 8 and 11 the appellant raises questions as to whether the manner of structuring and eventually liquidating the industrial development [***20] bond issues violates the general statute regulating the administration of county property and business. Thus, appellant argues that the county cannot make [*272] a lease longer than 10 years, section 16-1030, R.C.M.1947; cannot sell the land except at auction after the bonds are paid, section 16-1009, R.C.M. [**294] 1947; and cannot contract for construction except on public bidding, section 16-1803, R.C.M.1947.

In approaching these statutory questions, appellant maintains that the rule of construction is that in interpreting several statutes relating to the same subject matter, the specific statute should prevail over the general. This is the rule. (See Monarch Lumber Co. v. Haggard, 139 Mont. 105, 360 P.2d 794.) However, we do not agree that the restrictive statutes mentioned above are the special statutes in this instance. Even though the legislature has put in the Industrial Development Projects Law flexible procedures, they are designed for the purpose of doing a specific job, and these are special in that sense and would prevail over the general statutes having to do with broad powers of administrative handling of county property and affairs.

In Montana-Dakota [***21] U. Co. v. City of Havre, 109 Mont. 164, 94 P.2d 660, this Court said:

"Chapter 141 is a special statute, giving to the city, acting through its governing body, the authority to do everything necessary to acquire a gas distribution system and an adequate supply of gas, and this it may do without complying with the provisions of section 5070. If this were not so, then the broad provisions of Chapter 141 purporting to give the municipal authorities power to construct a municipal gas project, could be frustrated by the qualified electors declining to authorize the purchase of gas. This was not the legislative intent. The acquisition of a supply of gas is so interwoven with the project as a whole that authority on the part of the governing body of the city to construct the system without a vote of the people carries with it the right to contract for a supply of gas

without such vote.

"The next contention of plaintiff is that the city by the proposed contract is assuming obligations without submitting the [*273] proposal to a vote of the resident taxpayers. Here again reliance is placed on section 5070, but the complete answer to the contention is that Chapter 141, and not section [***22] 5070, controls here. * * *

"The wisdom or necessity of eliminating, with reference to the projects contemplated by Chapter 141, all the safeguards provided in the public interest by general statutory requirements for competitive bids and for approval by the voters, is solely for the legislature to determine, and with its determination this court cannot interfere."

In numerous other cases we have held to the same effect. See State v. Langan, 151 Mont. 558, 445 P.2d 565; McAlear v. U.C.C., 145 Mont. 458, 405 P.2d 219; Wymont Tractor & Equipment Co. v. U.C.C., 128 Mont. 501, 278 P.2d 208.

Thus here, the Industrial Development Projects Act is the special act and governs.

Finally, the appellant urges in issue No. 10 that since the Industrial Development Projects law allows a county to engage in a project "partially within or partially without" the county (section 11-4102) the jurisdiction of a county is extended and section 16-101, R.C.M.1947, is violated. Section 16-101, R.C.M.1947, is violated. Section 16-101 states simply that "A county is the largest political subdivision of the state having corporate power."

We need not concern ourselves with this issue since the record here [***23] shows that the project is located entirely in Missoula county and hence no question exists other than a hypothetical one.

We have examined all of the contentions raised by the appellant and find no basis to set aside the decision of the district court. The Industrial Development Projects Act of 1965 is a valid expression of the public will, and the resolution of the Board of County Commissioners of Missoula County is a proper exercise of that authority. Accordingly the judgment is affirmed.

[*274] MR. CHIEF JUSTICE JAMES T. HARRISON, and MR. JUSTICES JOHN C. HARRISON, HASWELL and DALY, concur.

Recording Copy

BOOK 31 PAGE 125

Guaranty Agreement

by

HOERNER WALDORF CORPORATION

Dated as of June 1, 1971

Guaranty Agreement BOOK 31 PAGE 126

THIS GUARANTY AGREEMENT dated as of June 1, 1971, by HOERNER WALDORF CORPORATION, a corporation organized and existing under the laws of the State of Delaware (hereinafter referred to as the "Guarantor")

WITNESSETH THAT:

WHEREAS, Hoerner Waldorf Properties Company, a corporation organized and existing under the laws of the State of Minnesota (hereinafter referred to as the "Lessee"), is a wholly owned subsidiary of the Guarantor and has authority to execute the herein defined Lease and has validly done so, and the Guarantor proposes that contemporaneously with the delivery of this Guaranty Agreement there will be executed and delivered a Lease Agreement between the Lessee and the County of Missoula, Montana (hereinafter referred to as the "County") dated as of June 1, 1971 (hereinafter, as from time to time amended, referred to as the "Lease"), under which the Lessee will lease from the County a project described in the Lease; and

WHEREAS, the County, in order to acquire and construct the project to be leased under the Lease, will issue its Industrial Development Revenue Bonds, 1971 Series, in an aggregate principal amount of not exceeding $15,000,000 and has authorized the issuance of Additional Bonds (herein collectively referred to as the "Bonds") and will secure the payment of the Bonds by mortgaging the project and by assigning and pledging the Lease and this Guaranty Agreement to First National Bank and Trust Company of Helena, Helena, Montana, as Trustee (the "Trustee") under a Mortgage and Indenture of Trust from the County, dated as of June 1, 1971 (hereinafter referred to as the "Indenture"), for the benefit of the holders at any time of the Bonds and the interest coupons appertaining thereto; and

WHEREAS, the County requires, as an inducement and a prerequisite to its entering into the Lease, that the Guarantor deliver this Guaranty Agreement; and

WHEREAS, the Guarantor desires that the County enter into the Lease with the Lessee and issue, sell and deliver the Bonds and is willing to deliver this Guaranty Agreement as an inducement to the County to enter into the Lease and to issue, sell and deliver the Bonds;

NOW, THEREFORE, in consideration of the County's entering into the Lease and its assumption of the obligations represented thereby and as an inducement to the County to enter into the Lease with the Lessee and to issue, sell and deliver the Bonds and as an inducement to the future purchasers and holders of any of the Bonds to buy the Bonds, the Guarantor does hereby covenant as follows:

1. The Guarantor unconditionally guarantees to the County and the Trustee, or assigns, the full and prompt payment when due and at all times thereafter of an amount equal to each and all of the rents and other sums provided to be paid by the Lessee to the County or the Trustee under the terms of the Lease and the full and prompt performance and observance by the Lessee of each and all of the covenants and agreements required to be performed and observed by the Lessee under the terms of the Lease. The Guarantor further unconditionally agrees to pay all expenses and charges, legal or otherwise (including court costs and attorneys' fees) paid or incurred by the County, its successors or assigns, in realizing upon any of the payments or enforcing covenants hereby guaranteed or in enforcing this Guaranty Agreement.

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

3. This Guaranty Agreement shall be a continuing, absolute and unconditional guaranty and shall remain in full force and effect until the Lessee shall have fully and satisfactorily discharged all of its obligations to the County under the Lease, including payment of the rent under the Lease until the Bonds have been fully paid (or provision for their payment made in accordance with the Indenture), and irrespective of the genuineness, validity, regularity or enforceability of the Lease or any assignment or termination thereof, or the bankruptcy,

insolvency, reorganization or dissolution of the County or Lessee, or the assignment for benefit of creditors by the County or Lessee.

4. This Guaranty Agreement and the liability hereunder shall in no wise be affected or impaired by any compromise, settlement, release, renewal, extension, indulgence, change in or modification of any of the obligations and liabilities of the Lessee under the Lease, or by any redelivery, repossession, surrender or destruction of the leased property in whole or in part, or by any failure, neglect or omission on the part of the County, its successors or assigns, to realize upon any obligations or liabilities of the Lessee, or to give notice to the Guarantor of the occurrence of any default under the Lease; provided, however, that the County or the Trustee shall give Guarantor prompt written notice of the occurrence of any default under the Lease.

5. The obligations, covenants, agreements and duties of the Guarantor under this Guaranty Agreement shall not be affected or impaired by reason of the happening from time to time of any of the following with respect to the Lease or said assignment thereof or to this Guaranty Agreement or the assignment hereof to the Trustee, although without notice to or consent of the Guarantor: (a) any assignment or mortgaging or the purported assignment or mortgaging of all or any part of the interest of Lessee in the Lease or in said property; (b) the waiver by the County or the Trustee of the performance or observance by Lessee or by the Guarantor of any of the agreements, covenants, terms or conditions contained in any of such instruments; (c) the extension of the time for payment by Lessee or the Guarantor of any rents or other sums or any part thereof owing or payable under any of such instruments or of the time for performance by Lessee or the Guarantor of any other obligations under or arising out of any of such instruments or the extension or the renewal of any thereof; (d) the modification or amendment (whether material or otherwise) of any duty, agreement or obligation of Lessee set forth in any such instrument; (e) the taking or the omission of any of the actions referred to in any of such instruments; (f) any failure, omission, delay or lack on the part of the County or the Trustee to enforce, assert or exercise any right, power or remedy conferred on the County or the Trustee in any of such instruments, or any action on the part of the County or the Trustee granting indulgence or extension in any form; (g) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceeding affecting, Lessee or any of its assets, or the disaffirmance of the Lease in any such proceeding; (h) the release or discharge of Lessee from the performance or observance of any agreement, covenant, term or condition contained in any of such instruments by operation of law; (i) the release, substitution or replacement in accordance with the terms of the Lease of any property subject thereto; (j) the receipt and acceptance by the County or the Trustee of notes, checks or other instruments for the payment of money made by the Lessee and extensions and renewals thereof; or (k) any other cause, whether similar or dissimilar to the foregoing.

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

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

8. The County may without any notice whatsoever to anyone sell, assign or transfer all of its right, title and interest as lessor under the Lease or all of its right, title and interest in and to the rents and other sums at any time due and to become due thereunder to the Trustee, and in such event the Trustee shall have all of the rights, powers and benefits of the County under this Guaranty Agreement, including, without limitation, the right to enforce this Guaranty Agreement by suit or otherwise for its benefit as fully as if it were herein by name specifically given all of such rights, powers and benefits.

9. The County, or its successors and assigns, in its or their sole discretion, shall have the right to proceed first and directly against the Guarantor, its successors and assigns, under this Guaranty Agreement without proceeding against or exhausting its remedies against the Lessee, its successors or assigns, and without resorting to any other security held by the County or its successors or assigns.

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

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

(b) As soon as available and in any event within 120 days after the close of each fiscal year of the Guarantor a copy of the annual audit report (including balance sheets, profit and loss and surplus statements) of the Guarantor and its subsidiaries for such fiscal year, all as prepared and certified by independent public accountants of recognized standing; provided, however, that if the annual report of the Guarantor to its stockholders shall contain financial statements of substantially similar detail and similarly prepared and certified, copies of such annual report may be delivered in lieu of the copies of the audit report referred to herein.

11. This Guaranty Agreement and every part thereof shall be binding upon the Guarantor and its successors and assigns and shall inure to the benefit of the County and its successors and assigns including the Trustee. The Guarantor is advised that the rights of the County under this Guaranty Agreement are to be assigned to the Trustee pursuant to the Indenture and upon such assignment and so long as any Bonds shall be unpaid in whole or in part or the loan unpaid, all rights against the Guarantor arising under this Guaranty Agreement shall be for the sole benefit of the Trustee and the holders of the Bonds, and the County and the Trustee shall be entitled to bring any suit, action or proceeding against the Guarantor for the enforcement of any provision of this Guaranty Agreement in its name as Trustee, and it shall not be necessary in any such suit, action or proceeding to make the County a party thereto; and this Guaranty Agreement may not be modified or amended without the prior written consent of the Trustee, and any attempted modification or amendment without such consent shall be void. The terms of this Guaranty Agreement may be enforced as to any one or more breaches either separately or cumulatively. Notice of acceptance of this Guaranty Agreement and notice of the execution and delivery of the Lease by Lessee and of the assignment thereof and of this Guaranty Agreement to the Trustee and of the execution and delivery of the County's Bonds are hereby waived by the Guarantor. The provisions of this Guaranty may be amended, modified or discharged only by the agreement in writing of the Guarantor, the County and, upon its assignment to the Trustee, who shall be authorized to agree thereupon subject to those conditions as set forth in Article XIII of the Indenture for amendment of the Lease and Agreement.

12. The Guarantor agrees that during the Lease Term of the Lease it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation; provided that the Guarantor may, without violating the Agreement contained in this section, consolidate or merge with, or sell or otherwise transfer to another domestic corporation (i.e., a corporation organized and existing under the laws of one of the states of the United States of America) all or substantially all of its assets as an entirety and thereafter dissolve, provided the surviving, resulting or transferee

corporation, as the case may be, assumes in writing all of the obligations of the Guarantor herein and qualifies to do business in the State of Montana or appoints an agent for service within the State of Montana; provided, however, that no such assignment or subletting shall be permitted if such action will cause the Guarantor (or any assignee or successor of the Guarantor, as the case may be) to cease existence as a separate legal entity from the Lessee or cause the Lease not to be a separate legal obligation of the Lessee.

13. The Guarantor irrevocably: (a) agrees that any suit, action or other legal proceeding arising out of this Guaranty Agreement may be brought in the courts of the State of Montana or the courts of the United States located within the State of Montana; (b) consents to the jurisdiction of each such court in any such suit, action or proceeding; and (c) waives any objection which it may have to the laying of the venue of any such suit, action or proceeding in any of such courts. For such time as any of the Bonds shall be unpaid in whole or in part, the Guarantor irrevocably designates the Secretary of State of the State of Montana, whose address is Helena, Montana and designates the Corporate Trust Corporation System, whose business address in the State of Montana is 11 Edwards Street, Helena, Montana, as its agents to accept and acknowledge in its behalf service of any and all process in any such suit, action or proceeding brought in any such court and agrees and consents that any such service of process upon either agent shall be taken and held to be valid personal service upon the Guarantor whether or not the Guarantor shall then be doing, or at any time shall have done, business within the State of Montana, and that any such service of process shall be of the same force and validity as if service were made upon it according to the laws governing the validity and requirements of such service in such state, and waives all claim of error by reason of any such service. Such agents shall not have any power or authority to enter any appearance or to file any pleadings in connection with any suit, action or other legal proceeding against the Guarantor or to conduct the defense of any such suit, action or any other legal proceeding.

14. This Guaranty Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and may be executed simultaneously in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

In Witness Whereof, Hoerner Waldorf Corporation has caused this instrument to be executed by its President and its corporate seal to be hereunto affixed and attested by its Secretary as of the first day of June, 1971.

Hoerner Waldorf Corporation

By ..... President

(Corporate Seal)

Attest:

..... Secretary

STATE OF MINNESOTA } ss.
COUNTY OF RAMSEY }

BOOK 31 PAGE 130

Personally appeared before me, Janice Kay Walsh, a Notary Public in and for said County and State, JOHN H. MYERS and CHARLES O'CONNELL, with whom I am personally acquainted and who upon their oath acknowledged themselves to be the President and Secretary of Hoerner Waldorf Corporation, the within-named bargainor, a corporation, and that they as such President and Secretary, being authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing the name of said corporation by JOHN H. MYERS as such President and CHARLES O'CONNELL as such Secretary.

WITNESS my hand and official seal at office in St Paul, Minn, this 1st day of June, 1971.

[SEAL]

Janice Kay Walsh
Notary Public

My Commission Expires:

JANICE KAY WALSH
Notary Public Ramsey County, Minn.
My Commission Expires July 20, 1976

304333

I received and filed this instrument for record on the 28th day of June 1971 at 11:22 o'clock A M. and it is recorded in Vol. 31 of micro Records of the County of Missoula, State of Montana, on page 125 Fee None Paid _____ Return to Burlington Lohn + Witness my hand, Veramae R. Crouse, County Recorder Address Robinson By M. McConaughey Deputy

(Title 87A, Chapter 9, Section 4, Revised Codes of Montana, 1947)

FINANCING STATEMENT

Debtor:

Missoula County, an organized County within the
State of Montana
the mailing address of which is
Courthouse
Missoula, Montana

Secured Party:

The First National Bank and Trust Company of Helena
the mailing address of which is
P. O. Box 1709
Helena, Montana

This Financing Statement covers the following property and the proceeds thereof:

1. Equipment

That certain equipment used in connection with air and water pollution control facilities acquired, installed and constructed with the proceeds of County of Missoula, Montana, Industrial Development Revenue Bonds, 1971 Series including, but not limited to those items described in Schedule A, hereto attached and by this reference made a part hereof, together with all other equipment acquired from time to time in addition to or in replacement of, or in substitution therefor, and used in connection with said air and water pollution control facilities. Said equipment is and will be located upon, and some of said equipment will be affixed to, real property located in Missoula County, Montana, particularly described as:

Clarifier

That certain circular tract of land 250 feet in diameter, situated in the N 1/2 Section 24, T. 14 N., R. 21 W., Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 504, more particularly described as follows:

Commencing at an iron pin in Mullan Road, at or approximating the N 1/4 corner of Section 24, T. 14 N., R. 21 W., thence S 68° 44' 46" W., 961.22 feet; thence S 21° 08' 14" W., 832.40 feet to the center of said circular tract, from which said tract is circumscribed on a radius of 125 feet, attached to which and included in this description is a 25' X 19' Pump House on the northwesterly side of this circumscribed circle, containing 1.127 acres more or less.

#3 Recovery Boiler

That certain rectangular tract of land situated in the N 1/2, Section 24, T. 14 N., R. 21 W., Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows:

Commencing at an iron pin in Mullan Road, at or approximating the N 1/4 corner of Section 24, T. 14 N., R. 21 W., Principal Meridian, Montana; thence S 36° 08' 17" W., 475.86 feet to the true point of beginning; thence S 21° 46' 10" E., 79.00 feet; thence S 68° 13' 50" W., 60.00 feet; thence N 21° 46' 10" W., 79.00 feet; thence N. 68° 13' 50" E., 60.00 feet to the true point of beginning, containing 0.109 acres more or less.

#4 Recovery Boiler

That certain rectangular tract of land situated in the N 1/2, Section 24, T. 14 N., R. 21 W., Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows:

Commencing at an iron pin in Mullan Road, at or approximating the N 1/4 corner of Section 24, T. 14 N., R. 21 W., Principal Meridian, Montana; thence S 06° 31' 18" W., 374.52 feet to the true point of beginning; thence S 68° 13' 50" W., 190.00 feet; thence N 21° 46' 10" W., 105.00 feet; thence N. 68° 13' 50" E., 190.00 feet; thence S. 21° 46' 10" E., 105.00 feet to the true point of beginning, containing 0.459 acres more or less.

2. Lease

The interest of Missoula County, as Lessor, in and to that certain lease agreement, in which the Hoerner Waldorf Properties Company is Lessee, said lease covering the personal

property described above in this Financing Statement, and the real property described above in this Financing Statement as being that upon which said personal property is and will be located.

3. Guaranty Agreement (see below *)

DATED this 1st day of June, 1971.

MISSOULA COUNTY, AN ORGANIZED COUNTY WITHIN THE STATE OF MONTANA

By _____
Its Chairman, Board of County Commissioners

DEBTOR

THE FIRST NATIONAL BANK AND TRUST COMPANY OF HELENA

By _____
Its Vice President and Trust Officer

SECURED PARTY

* 3. Guaranty Agreement

The interest of Hoerner Waldorf Properties Company, (being Lessee in that Lease Agreement referred to in Paragraph 2 above,) as beneficiary and party whose obligations are guaranteed under and by virtue of that certain Guaranty Agreement dated as of June 1, 1971, wherein Hoerner Waldorf Corporation is Guarantor and Missoula County, the Trustee for its bondholders, and said bondholders themselves, are guaranteed parties.

SCHEDULE A

Clarifier

Quantity	Item
1	200' diameter clarifier concrete basin
1	Clarifier mechanism
2	5 HP motors
3	7,500 6 PM lift pumps
3	75 HP motors
2	Sludge pumps
2	20 HP motors
1	Self cleaning bar screen
1	1 HP screen motor
1	20' X 30' lift station structure
	Motor control center inside
1	6' X 12' lift station
	Concrete approach ditch to lift station
1	Sampler station and Parshall flume
1	Parshall flume liner
4	Flume and sampler station
3	18" check valves
3	18" block valves
175	30" diameter steel pipe
210	8" diameter sludge piping
2,150	4" diameter sludge piping
1	Back flush--pos. displace
1	Emergency dam w/weir
200	12" diameter irrigation pipe
1	Bleed-off piping
	Electrical
	Area Lighting
2	Pipe and wingwalls under roads
	Instrumentation
	Seal dikes and some of the bottom on ponds #1A, 2, 11, 12 & 13
	Overflows--standard pipe length in ponds #1, 1A, 2, 3, 6, 11 & 12
	Overflows--long pipe for ponds #1, 2, 4, 7 (2 reqd.)
	Used dredge (est.)
20	Vertical drain pipes
	Miscellaneous piping

BOOK 31 PAGE 135

Number 3 Recovery Boiler Conversion

ADDITIONAL ECONOMIZER

Including boiler riser tubes

ELECTROSTATIC PRECIPITATOR AND AUXILIARY EQUIPMENT

Research-Cottrell precipitator
I.D. fan and speed control
I.D. fan motor and controls
Stack
Ductwork, insulation, sluice tank, etc.

CONCENTRATOR AND AUXILIARY EQUIPMENT

Including Unitech material

MECHANICAL WORK

Pumps
Process piping
Instrumentation
Electrical

SALTCAKE CONVEYING SYSTEM

HOG FUEL BOILER - WET SCRUBBER

Hog Fuel Boiler and Wet Scrubber

Number 4 Recovery Boiler

Boiler (including all items between the F. D. fan inlet to the stack outlet)
Instrumentation
Electrical
Piping
Auxiliary equipment (feedwater, air, etc.)
Heavy black liquor concentrator and vacuum evaporator modifications

304334 20351

I received and filed this instrument for record on the 28 day of 11, 1971 at 11:24 o'clock A. M., and it is recorded in vol. 31 of micro Records of the County of Missoula, State of Montana, on page 131.
Witness my hand:
Veranne R. Crouse, County Recorder
By M. M. [illegible] Deputy
Fee $ Paid
Return to Title 20351
Address

(Title 87A, Chapter 9, Section 4, Revised Codes of Montana, 1947)

FINANCING STATEMENT

Debtor:

Hoerner Waldorf Properties Company
the mailing address of which is
P. O. Drawer D
Missoula, Montana

Secured Party:

Missoula County, an organized County within the
State of Montana
the mailing address of which is
Courthouse
Missoula, Montana

This Financing Statement covers the following property and the proceeds thereof:

1. Equipment

That certain equipment used in connection with air and water pollution control facilities acquired, installed and constructed with the proceeds of County of Missoula, Montana, Industrial Development Revenue Bonds, 1971 Series including, but not limited to those items described in Schedule A, hereto attached and by this reference made a part hereof, together with all other equipment acquired from time to time in addition to or in replacement of, or in substitution therefor, and used in connection with said air and water pollution control facilities. Said equipment is and will be located upon, and some of said equipment will be affixed to, real property located in Missoula County, Montana, particularly described as:

Clarifier

That certain circular tract of land 250 feet in diameter, situated in the N 1/2 Section 24, T. 14 N., R. 21 W., Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 504, more particularly described as follows:

Commencing at an iron pin in Mullan Road, at or approximating the N 1/4 corner of Section 24, T. 14 N., R. 21 W., thence S 68° 44' 46" W., 961.22 feet; thence S 21° 08' 14" W., 832.40 feet to the center of said circular tract, from which said tract is circumscribed on a radius of 125 feet, attached to which and included in this description is a 25' X 19' Pump House on the northwesterly side of this circumscribed circle, containing 1.127 acres more or less.

#3 Recovery Boiler

That certain rectangular tract of land situated in the N 1/2, Section 24, T. 14 N., R. 21 W., Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows:

Commencing at an iron pin in Mullan Road, at or approximating the N 1/4 corner of Section 24, T. 14 N., R. 21 W., Principal Meridian, Montana; thence S 36° 08' 17" W., 475.86 feet to the true point of beginning; thence S 21° 46' 10" E., 79.00 feet; thence S 68° 13' 50" W., 60.00 feet; thence N 21° 46' 10" W., 79.00 feet; thence N. 68° 13' 50" E., 60.00 feet to the true point of beginning, containing 0.109 acres more or less.

#4 Recovery Boiler

That certain rectangular tract of land situated in the N 1/2, Section 24, T. 14 N., R. 21 W., Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows:

Commencing at an iron pin in Mullan Road, at or approximating the N 1/4 corner of Section 24, T. 14 N., R. 21 W., Principal Meridian, Montana; thence S 06° 31' 18" W., 374.52 feet to the true point of beginning; thence S 68° 13' 50" W., 190.00 feet; thence N 21° 46' 10" W., 105.00 feet; thence N 68° 13' 50" E., 190.00 feet; thence S. 21° 46' 10" E., 105.00 feet to the true point of beginning, containing 0.459 acres more or less.

2. Lease

The interest of Hoerner Waldorf Properties Company, as Lessee, in and to that certain lease agreement, in which the County of Missoula, Montana, is Lessor, said lease

covering the personal property described above in this Financing Statement, and the real property described above in this Financing Statement as being that upon which said personal property is and will be located.

3. Guaranty Agreement (see below *)

DATED this 1st day of June, 1971.

HOERNER WALDORF PROPERTIES COMPANY

By _____
Its Vice President

DEBTOR

MISSOULA COUNTY, AN ORGANIZED COUNTY
WITHIN THE STATE OF MONTANA

By _____
Its Chairman, Board of County Commissioners

SECURED PARTY

* 3. Guaranty Agreement

The interest of Hoerner Waldorf Properties Company, (being Lessee in that Lease Agreement referred to in Paragraph 2 above,) as beneficiary and party whose obligations are guaranteed under and by virtue of that certain Guaranty Agreement dated as of June 1, 1971, wherein Hoerner Waldorf Corporation is Guarantor and Missoula County, the Trustee for its bondholders, and said bondholders themselves, are guaranteed parties.

SCHEDULE A

Clarifier

Quantity	Item
1	200' diameter clarifier concrete basin
1	Clarifier mechanism
2	5 HP motors
3	7,500 6 PM lift pumps
3	75 HP motors
2	Sludge pumps
2	20 HP motors
1	Self cleaning bar screen
1	1 HP screen motor
1	20' X 30' lift station structure
	Motor control center inside
1	6' X 12' lift station
	Concrete approach ditch to lift station
1	Sampler station and Parshall flume
1	Parshall flume liner
4	Flume and sampler station
3	18" check valves
3	18" block valves
175	30" diameter steel pipe
210	8" diameter sludge piping
2,150	4" diameter sludge piping
1	Back flush--pos. displace
1	Emergency dam w/weir
200	12" diameter irrigation pipe
1	Bleed-off piping
	Electrical
	Area Lighting
2	Pipe and wingwalls under roads
	Instrumentation
	Seal dikes and some of the bottom on ponds #1A, 2, 11, 12 & 13
	Overflows--standard pipe length in ponds #1, 1A, 2, 3, 6, 11 & 12
	Overflows--long pipe for ponds #1, 2, 4, 7 (2 reqd.)
	Used dredge (est.)
20	Vertical drain pipes
	Miscellaneous piping

BOOK 31 PAGE 140

Number 3 Recovery Boiler Conversion

ADDITIONAL ECONOMIZER

Including boiler riser tubes

ELECTROSTATIC PRECIPITATOR AND AUXILIARY EQUIPMENT

Research-Cottrell precipitator
I.D. fan and speed control
I.D. fan motor and controls
Stack
Ductwork, insulation, sluice tank, etc.

CONCENTRATOR AND AUXILIARY EQUIPMENT

Including Unitech material

MECHANICAL WORK

Pumps
Process piping
Instrumentation
Electrical

SALTCAKE CONVEYING SYSTEM

HOG FUEL BOILER - WET SCRUBBER

Hog Fuel Boiler and Wet Scrubber

Number 4 Recovery Boiler

Boiler (including all items between the F. D. fan inlet to the stack outlet)
Instrumentation
Electrical
Piping
Auxiliary equipment (feedwater, air, etc.)
Heavy black liquor concentrator and vacuum evaporator modifications

304335 20352

I received and filed this instrument for record on the 28th day of June 1971 at 11:26 o'clock A M., and it is recorded in vol. 31 of Micro Records of the County of Missoula, State of Montana, on page 136.
Witness my hand:
Veramae R. Crouse, County Recorder
By M. McConaughey, Deputy
Fee $ Paid
Return to File # 20352
Address

Guaranty Agreement
June 1 197

Recording copy

BOOK 31 PAGE 40

COUNTY OF MISSOULA, MONTANA

to

FIRST NATIONAL BANK AND TRUST COMPANY
OF HELENA, as Trustee

MORTGAGE

and

INDENTURE OF TRUST

Dated as of June 1, 1971

TABLE OF CONTENTS*

	PAGE
PARTIES	1
RECITALS:	
Authorization to Issue Bonds	1
Authorization of Project and Lease Agreement	1
Authorization of Indenture and Bonds	2
Amount of Bonds	2
Form of Coupon Bond, Interest Coupon, Registration Form, Registered Bond, Assignment and Certificate of Authentication	3
Validity of Lien	17
GRANTING CLAUSES	17

ARTICLE I

DEFINITIONS

SECTION 101. Definition of Terms	19

ARTICLE II

THE BONDS

SECTION 201. Authorized Amount of 1971 Series Bonds	23
SECTION 202. Issuance of 1971 Series Bonds; Denomination; Numbers	23
SECTION 203. Execution; Limited Obligation	25
SECTION 204. Authentication	26
SECTION 205. Form of Bonds	26
SECTION 206. Delivery of 1971 Series Bonds	26
SECTION 207. Issuance of Additional Bonds	27
SECTION 208. Mutilated, Lost, Stolen or Destroyed Bonds or Coupons	29
SECTION 209. Registration of Bonds; Persons Treated as Owners	30
SECTION 210. Exchange; Transfer	32

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

ARTICLE III

Redemption of Bonds Before Maturity; Sinking Fund

		PAGE
Section	301. Redemption Dates and Prices	33
Section	302. Notice of Redemption	36
Section	303. Cancellation	36
Section	304. Unpaid Coupons	37
Section	305. Partial Redemption of Bonds	37
Section	306. Sinking Fund	37

ARTICLE IV

General Covenants and Provisions

Section	401. Payment of Principal, Premium, if any, and Interest	38
Section	402. Performance of Covenants; Authority	39
Section	403. Ownership; Instruments of Further Assurance	39
Section	404. Payment of Taxes, Charges, Etc.	40
Section	405. Maintenance and Repair	41
Section	406. Recordation of the Indenture	41
Section	407. Inspection of Project Books	41
Section	408. List of Bondholders	41
Section	409. Rights Under Lease Agreement and Guaranty Agreement	42
Section	410. Paying Agent	42

ARTICLE V

Revenues and Funds

Section	501. Creation of the Bond Fund	42
Section	502. Payments into the Bond Fund	43
Section	503. Use of Moneys in the Bond Fund	44
Section	504. Custody of the Bond Fund	44
Section	505. Non-presentment of Bonds or Coupons	44
Section	506. Trustee's and Paying Agents' Fees, Charges and Expenses	44

Section	507. Moneys to be I	
Section	508. Insurance and	
Section	509. Repayment to t	

Custody and A

Section	601. Deposits in the	
Section	602. Construction I	
Section	603. Completion of	
Section	604. Supplemental	

Section	701. Investment of Moneys	

Possession, Use and I

Section	801. Subordination	
Section	802. Release of Le	
Section	803. Release of Le	
Section	804. Granting of E	

Section	901. Discharge of	

Default Provisions A

Section	1001. Defaults; Eve	
Section	1002. Acceleration	
Section	1003. Surrender of and Duties	

PAGE

SECTION 507. Moneys to be Held in Trust 45
SECTION 508. Insurance and Condemnation Proceeds 45
SECTION 509. Repayment to the Lessee from the Bond Fund 45

ARTICLE VI

CUSTODY AND APPLICATION OF PROCEEDS OF BONDS

SECTION 601. Deposits in the Bond Fund 46
SECTION 602. Construction Fund; Disbursements 46
SECTION 603. Completion of the Project 46
SECTION 604. Supplemental Indenture After Completion 47

ARTICLE VII

INVESTMENTS

SECTION 701. Investment of Construction Fund Moneys and Bond Fund Moneys 48

ARTICLE VIII

POSSESSION, USE AND PARTIAL RELEASE OF MORTGAGED PROPERTY

SECTION 801. Subordination to Rights of the Lessee 49
SECTION 802. Release of Leased Land 49
SECTION 803. Release of Leased Equipment 49
SECTION 804. Granting of Easements 49

ARTICLE IX

DISCHARGE OF LIEN

SECTION 901. Discharge of Lien of the Indenture 50

ARTICLE X

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

SECTION 1001. Defaults; Events of Default 51
SECTION 1002. Acceleration 51
SECTION 1003. Surrender of Possession of Mortgaged Property; Rights and Duties of Trustee in Possession 52

BOOK 31 PAGE 44

	PAGE
SECTION 1004. Other Remedies; Rights of Bondholders	53
SECTION 1005. Right of Bondholders to Direct Proceedings	53
SECTION 1006. Appointment of Receivers	54
SECTION 1007. Foreclosure of Indenture	54
SECTION 1008. Application of Moneys	54
SECTION 1009. Remedies Vested in Trustee	56
SECTION 1010. Rights and Remedies of Bondholders	56
SECTION 1011. Termination of Proceedings	57
SECTION 1012. Waivers of Events of Default	58
SECTION 1013. Notice of Defaults; Opportunity of Lessee to Cure Defaults	58

ARTICLE XI

THE TRUSTEE

SECTION 1101. Acceptance of the Trusts	59
SECTION 1102. Fees, Charges and Expenses of Trustee	63
SECTION 1103. Notice to Bondholders If Default Occurs	63
SECTION 1104. Intervention by Trustee	63
SECTION 1105. Successor Trustee	64
SECTION 1106. Resignation by the Trustee	64
SECTION 1107. Removal of the Trustee	64
SECTION 1108. Appointment of Successor Trustee by the Bondholders; Temporary Trustee	64
SECTION 1109. Concerning Any Successor Trustees	65
SECTION 1110. Right of Trustee to Pay Taxes and Other Charges	65
SECTION 1111. Trustee Protected in Relying Upon Resolutions, etc.	66
SECTION 1112. Successor Trustee as Trustee of Bond Fund and Construction Fund	66
SECTION 1113. Trust Estate May Be Vested in Separate or Co-Trustee	66

BOO

SU

SECTION 1201. Supplemental
holders

SECTION 1202. Supplemental
holders

AMEND

SECTION 1301. Amendments,
Consent o

SECTION 1302. Amendments,
sent of Bo

SECTION 1401. Consents, Et

SECTION 1402. Limitation of

SECTION 1403. Severability

SECTION 1404. Notices

SECTION 1405. Paying Agent

SECTION 1406. Payments Du

SECTION 1407. Counterparts

TESTIMONIUM

SIGNATURES

ACKNOWLEDGMENTS

Exhibit A

Exhibit B

BOOK 31 PAGE 45

ARTICLE XII

SUPPLEMENTAL INDENTURES

	PAGE
SECTION 1201. Supplemental Indentures Not Requiring Consent of Bondholders	67
SECTION 1202. Supplemental Indentures Requiring Consent of Bondholders	68

ARTICLE XIII

AMENDMENT OF LEASE AGREEMENT

SECTION 1301. Amendments, Etc. to Lease Agreement Not Requiring Consent of Bondholders	70
SECTION 1302. Amendments, Etc. to Lease Agreement Requiring Consent of Bondholders	70

ARTICLE XIV

MISCELLANEOUS

SECTION 1401. Consents, Etc. of Bondholders	71
SECTION 1402. Limitation of Rights	72
SECTION 1403. Severability	72
SECTION 1404. Notices	73
SECTION 1405. Paying Agent as Registrar	73
SECTION 1406. Payments Due on Sundays and Holidays	73
SECTION 1407. Counterparts	74
TESTIMONIUM	74
SIGNATURES	74
ACKNOWLEDGMENTS	75
Exhibit A	77
Exhibit B	78

THIS MORTGAGE AND INDENTURE OF TRUST made and entered into as of the first day of June, 1971, by and between Missoula County, an organized county within the State of Montana, being a body corporate and politic (hereinafter defined as "County"), party of the first part, and First National Bank and Trust Company of Helena, a banking association duly organized, existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States of America, with its principal office located in Helena, Montana, as Trustee (hereinafter defined as "Trustee"), party of the second part;

WITNESSETH:

WHEREAS, the County is authorized by the Act (as defined herein), to acquire whether by construction, purchase, gift, devise, lease or sublease and to improve and equip, and to sell or otherwise dispose of, one or more projects and to lease said projects for the purpose of promoting manufacturing and industrial enterprises; and

WHEREAS, the County is authorized by the Act to issue revenue bonds secured by a mortgage on the project and payable solely from the revenues derived from leasing the project acquired or constructed through the issuance of such revenue bonds and from the Bond Fund herein established; and,

WHEREAS, said County has made the necessary arrangements with Hoerner Waldorf Properties Company, a corporation duly authorized to do business in Montana (hereinafter sometimes referred to as the "Lessee"), for the construction and acquisition in the County of water and air pollution control facilities at an existing manufacturing plant presently owned by the Lessee (said air and water pollution control facilities are hereinafter referred to as the "Project"), all of which will be of the character and accomplish the purposes provided by said Act, and the County has further entered into a Lease Agreement with the Lessee specifying the terms and conditions of the leasing of the said Project to the Lessee (hereinafter sometimes referred to as the "Lease Agreement") which Lease Agreement was authorized by resolution duly adopted and approved by the County, and which Lease Agreement will be duly recorded in the office of the Registrar, Missoula County, Montana,

simultaneously with placing this Mortgage and Indenture of Trust on record with said Registrar, and to which Lease Agreement reference may be made by any interested person for the rental, terms, conditions and obligations of the parties thereto; and

WHEREAS, the execution and delivery of this Mortgage and Indenture of Trust (hereinafter sometimes referred to as the "Indenture"), and the issuance of the Industrial Development Revenue Bonds under said Act as herein provided have been in all respects duly and validly authorized by resolution duly passed and approved by the County; and

WHEREAS, it has been determined that the estimated amount necessary to finance the cost of the water and air pollution control facilities constituting the Project, including necessary expenses incidental thereto, will require the issuance, sale and delivery of Industrial Development Revenue Bonds, 1971 Series, in the aggregate principal amount of Fifteen Million Dollars ($15,000,000) (herein referred to as the "1971 Series Bonds") as hereinafter provided; and

WHEREAS, additional moneys may be necessary to finance the cost of the completion of said Project or to make improvements to said Project and provision should be made for the issuance from time to time of Additional Bonds on a parity with said 1971 Series Bonds; and

WHEREAS, all of the Bonds to be issued hereunder shall be in substantially the same form (except as to interest rate, redemption, sinking fund and other provisions peculiar to each maturity of 1971 Series Bonds and the Additional Bonds), and the 1971 Series Bonds in coupon form, the interest coupons to be attached thereto and the provisions for registration to be endorsed thereon, the 1971 Series Bonds in fully registered form without coupons, the form of assignment to be endorsed thereon, and the Trustee's certificate of authentication to be endorsed on all such Bonds are all to be in substantially the following forms with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture, to wit:

[FORM OF COU

UNITED STATES

STATE OF M

COUNTY OF

INDUSTRIAL DEVELOPMENT RE

(HOERNER WALD

Number

KNOW ALL MEN BY THESE PRE

Montana, an organized county within

corporate and politic (hereinafter calle

hereby promises to pay from the source

or, if this Bond be registered, to the regi

1, 19 , unless redeemed prior ther

cipal sum of five thousand dollars (

interest on said sum from the date hereo

per annum on 1, 19 and s

1 and 1 of each year until

presentation and surrender of the attac

as the same respectively fall due, princ

on this Bond being payable in lawful m

at the principal office of First National E

sota (hereinafter called the "Paying Ag

This Bond is one of an authori

Revenue Bonds, 1971 Series (Hoerner

the "1971 Series Bonds"), limited in a

Million Dollars, issued for the purpos

and installing water and air pollution c

ments thereon and facilities in conne

to as the "Project") and leasing the

[FORM OF COUPON BOND]

UNITED STATES OF AMERICA

STATE OF MONTANA

COUNTY OF MISSOULA

INDUSTRIAL DEVELOPMENT REVENUE BOND, 1971 SERIES

(HOERNER WALDORF PROJECT)

Number $5,000

KNOW ALL MEN BY THESE PRESENTS that the County of Missoula, Montana, an organized county within the State of Montana, being a body corporate and politic (hereinafter called the "County"), for value received, hereby promises to pay from the source and as hereinafter provided, to bearer, or, if this Bond be registered, to the registered owner hereof, on 1, 19 , unless redeemed prior thereto as hereinafter provided, the principal sum of five thousand dollars ($5,000) and in like manner to pay interest on said sum from the date hereof at the rate of percent (%) per annum on 1, 19 and semi-annually thereafter on 1 and 1 of each year until said principal sum is paid, upon the presentation and surrender of the attached coupons evidencing such interest as the same respectively fall due, principal of, premium, if any, and interest on this Bond being payable in lawful money of the United States of America at the principal office of First National Bank of Saint Paul, Saint Paul, Minnesota (hereinafter called the "Paying Agent").

This Bond is one of an authorized issue of Industrial Development Revenue Bonds, 1971 Series (Hoerner Waldorf Project) (hereinafter called the "1971 Series Bonds"), limited in aggregate principal amount to Fifteen Million Dollars, issued for the purpose of acquiring land and constructing and installing water and air pollution control equipment and other improvements thereon and facilities in connection therewith (hereinafter referred to as the "Project") and leasing the same to Hoerner Waldorf Properties

Company, a Minnesota corporation (hereinafter referred to as the "Lessee"), under and pursuant to a Lease Agreement (hereinafter, as from time to time amended, called the "Lease Agreement"), made and entered into as of the first day of June, 1971, by and between the County and the Lessee, and paying necessary expenses incidental thereto so as to thereby promote industry and develop trade in the State of Montana. The obligations of the Lessee under the Lease Agreement have been unconditionally guaranteed by Hoerner Waldorf Corporation, a Delaware corporation, under the terms of a Guaranty Agreement, dated June 1, 1971. Said 1971 Series Bonds are all issued under and are equally and ratably secured and entitled to the protection given by a Mortgage and Indenture of Trust (hereinafter, as from time to time amended, called the "Indenture"), dated as of June 1, 1971, duly executed and delivered by the County to First National Bank and Trust Company of Helena, Helena, Montana, as Trustee (the term "Trustee" where used herein referring to said Trustee or its successors in said trust), which Indenture is recorded in the office of the Registrar, Missoula County, Montana. It is provided in the Indenture that the County may hereafter issue Additional Bonds from time to time under certain terms and conditions, pari passu with the 1971 Series Bonds. Reference is hereby made to the Indenture for a description of the property mortgaged, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the County, the Trustee and the holders of the 1971 Series Bonds and the terms upon which the 1971 Series Bonds are or may be issued and secured.

This 1971 Series Bond is negotiable and shall pass by delivery, except when registered as to principal other than to bearer. This 1971 Series Bond may be registered as to principal in the name of the owner on the registration books of the County in the principal office of the Paying Agent as Bond Registrar, upon presentation hereof at such office and the notation of such registration endorsed hereon by the Bond Registrar, and upon payment of any tax, fee or other governmental charge required to be paid with respect to such registration, and this 1971 Series Bond may thereafter be transferred only on such books, at the written request of the registered owner or his duly authorized attorney, and evidence of such transfer shall be in like manner endorsed hereon; but this 1971 Series Bond may be discharged from registration by being in like manner transferred to bearer, after which it shall again become

transferable by delivery; and this 19
to time be registered or discharged
Registration of this Bond shall not
hereto attached, which shall contin
payable to bearer.

The 1971 Series Bonds are issu
trable as to principal only, in the d
form of registered Bonds without
each or any multiple thereof not exc
Bonds maturing in any one year.

The 1971 Series coupon Bond
office of the Paying Agent with all u
the holder thereof, be exchanged fo
registered 1971 Series Bonds without
rate of any of the authorized denom
other governmental charge required
and in the manner and subject to the
like manner, upon payment of any
charge and subject to such conditio
coupons, upon the surrender thereof
with a written instrument of transf
executed by the registered owner or
option of the registered owner then
principal amount of 1971 Series
interest rate with appropriate coup
Bonds without coupons of the sam
authorized denominations.

The 1971 Series Bonds of
$15,000,000 principal amount, are
19 , except (1) in the event of da
part thereof or condemnation of
extent provided in Article VII of
of the exercise by the Lessee of its o
in Section 11.2 of the Lease Agre
events, such 1971 Series Bonds sha
at any time (in the case of redempt
Agreement) in whole or (in the ca

transferable by delivery; and this 1971 Series Bond may again and from time to time be registered or discharged from registration in the same manner. Registration of this Bond shall not affect the negotiability of the coupons hereto attached, which shall continue to pass by delivery and shall remain payable to bearer.

The 1971 Series Bonds are issuable in the form of coupon Bonds, registrable as to principal only, in the denomination of $5,000 each, and in the form of registered Bonds without coupons in the denomination of $5,000 each or any multiple thereof not exceeding the aggregate principal amount of Bonds maturing in any one year.

The 1971 Series coupon Bonds, upon surrender thereof at the principal office of the Paying Agent with all unmatured coupons, may, at the option of the holder thereof, be exchanged for an equal aggregate principal amount of registered 1971 Series Bonds without coupons of the same maturity and interest rate of any of the authorized denominations, upon payment of any tax, fee or other governmental charge required to be paid with respect to such exchange, and in the manner and subject to the conditions provided in the Indenture. In like manner, upon payment of any required tax, fee or other governmental charge and subject to such conditions, registered 1971 Series Bonds without coupons, upon the surrender thereof at the principal office of the Paying Agent with a written instrument of transfer satisfactory to the Paying Agent, duly executed by the registered owner or his duly authorized attorney, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of 1971 Series coupon Bonds of the same maturity and interest rate with appropriate coupons attached, or of registered 1971 Series Bonds without coupons of the same maturity and interest rate of any other authorized denominations.

The 1971 Series Bonds of which this Bond is one, aggregating $15,000,000 principal amount, are not subject to redemption prior to June 1, 19 , except (1) in the event of damage or destruction of the Project or any part thereof or condemnation of the Project or any part thereof, to the extent provided in Article VII of the Lease Agreement, or (2) in the event of the exercise by the Lessee of its option to purchase the Project, as provided in Section 11.2 of the Lease Agreement. If called for redemption in such events, such 1971 Series Bonds shall be subject to redemption by the County at any time (in the case of redemption pursuant to Section 11.2 of the Lease Agreement) in whole or (in the case of redemption pursuant to Article VII

Company, a Minnesota corporation (hereinafter referred to as the "Lessee"), under and pursuant to a Lease Agreement (hereinafter, as from time to time amended, called the "Lease Agreement"), made and entered into as of the first day of June, 1971, by and between the County and the Lessee, and paying necessary expenses incidental thereto so as to thereby promote industry and develop trade in the State of Montana. The obligations of the Lessee under the Lease Agreement have been unconditionally guaranteed by Hoerner Waldorf Corporation, a Delaware corporation, under the terms of a Guaranty Agreement, dated June 1, 1971. Said 1971 Series Bonds are all issued under and are equally and ratably secured and entitled to the protection given by a Mortgage and Indenture of Trust (hereinafter, as from time to time amended, called the "Indenture"), dated as of June 1, 1971, duly executed and delivered by the County to First National Bank and Trust Company of Helena, Helena, Montana, as Trustee (the term "Trustee" where used herein referring to said Trustee or its successors in said trust), which Indenture is recorded in the office of the Registrar, Missoula County, Montana. It is provided in the Indenture that the County may hereafter issue Additional Bonds from time to time under certain terms and conditions, pari passu with the 1971 Series Bonds. Reference is hereby made to the Indenture for a description of the property mortgaged, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the County, the Trustee and the holders of the 1971 Series Bonds and the terms upon which the 1971 Series Bonds are or may be issued and secured.

This 1971 Series Bond is negotiable and shall pass by delivery, except when registered as to principal other than to bearer. This 1971 Series Bond may be registered as to principal in the name of the owner on the registration books of the County in the principal office of the Paying Agent as Bond Registrar, upon presentation hereof at such office and the notation of such registration endorsed hereon by the Bond Registrar, and upon payment of any tax, fee or other governmental charge required to be paid with respect to such registration, and this 1971 Series Bond may thereafter be transferred only on such books, at the written request of the registered owner or his duly authorized attorney, and evidence of such transfer shall be in like manner endorsed hereon; but this 1971 Series Bond may be discharged from registration by being in like manner transferred to bearer, after which it shall again become

transferable by delivery; and this 19
to time be registered or discharged
Registration of this Bond shall not
hereto attached, which shall contin
payable to bearer.

The 1971 Series Bonds are issu
trable as to principal only, in the d
form of registered Bonds without
each or any multiple thereof not exc
Bonds maturing in any one year.

The 1971 Series coupon Bond
office of the Paying Agent with all u
the holder thereof, be exchanged fo
registered 1971 Series Bonds without
rate of any of the authorized denom
other governmental charge required
and in the manner and subject to the
like manner, upon payment of any
charge and subject to such conditio
coupons, upon the surrender thereof
with a written instrument of transf
executed by the registered owner or
option of the registered owner then
principal amount of 1971 Series
interest rate with appropriate coup
Bonds without coupons of the sam
authorized denominations.

The 1971 Series Bonds of
$15,000,000 principal amount, are
19 , except (1) in the event of da
part thereof or condemnation of
extent provided in Article VII of
of the exercise by the Lessee of its o
in Section 11.2 of the Lease Agre
events, such 1971 Series Bonds sha
at any time (in the case of redempt
Agreement) in whole or (in the ca

of the Lease Agreement) in part in inverse order of maturities and by lot within maturities in the manner provided in Article III of the Indenture, at the principal amount thereof plus accrued interest to the redemption date.

The 1971 Series Bonds maturing on June 1, 19 and on June 1, 19 are subject to redemption on June 1, 19 and each June 1, thereafter in the order of their maturity's, in accordance with the sinking fund provisions of Section 306 of the Indenture, in part by lot in the manner provided in Article III of the Indenture, at the principal amount thereof plus accrued interest to the redemption date.

Any of the 1971 Series Bonds which mature on or after June 1, 19 are also subject to redemption by the County prior to maturity on any interest payment date on or after 1, 19 in whole or in part by lot in the manner provided in Article III of the Indenture, at the redemption prices (expressed as percentages of the principal amount of the 1971 Series Bonds or portions thereof to be redeemed) set forth in the table below plus accrued interest to the redemption date:

From	To and Including	Redemption Price

In the event any of the 1971 Series Bonds are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed (a) shall be given by publication at least twice in a financial journal or a newspaper of general circulation published in the City of New York, New York, the first of which shall be published not less than thirty days prior to the redemption date, and (b) shall be mailed, postage prepaid, at

least thirty days prior to the date fixed for
of any Bonds or portions thereof to b
shown on the registration books; provide
notice by mailing, or any defect therein,
proceeding for the redemption of Bonds
called for redemption will cease to bear
date provided funds for their redempti
payment at that time, and shall no long
shall not be deemed to be outstanding
ture. If, because of the temporary or
lication or general circulation of any fir
any other reason, it is impossible or im
call for redemption in the manner here
in lieu thereof as shall be made with the
stitute a sufficient publication of notice.

This Bond and the series of Bonds
pursuant to and in full compliance wit
State of Montana, particularly Title 11,
tana, 1947, and pursuant to a resolution
tion authorizes the execution and deli
and the series of Bonds of which it for
appertaining hereto are limited obligati
solely out of the revenues and other a
sale of the Project financed through th
has been leased to the Lessee. The P
taining thereto do not now and shall n
general credit or taxing powers of the
for the prompt payment when due of t
Bonds are to be paid directly to the Tr
of the County and deposited in a fund c
"Missoula County Industrial Developm
been duly pledged for that purpose, a
mortgaged under the Indenture to sec
interest.

The holder of this Bond or any
have no right to enforce the provisions
to enforce the covenants therein, or to
event of default under the Indenture,

least thirty days prior to the date fixed for redemption to the registered owners of any Bonds or portions thereof to be redeemed at their last addresses shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceeding for the redemption of Bonds. All Bonds or portions thereof so called for redemption will cease to bear interest on the specified redemption date provided funds for their redemption are on deposit at the place of payment at that time, and shall no longer be secured by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture. If, because of the temporary or permanent suspension of the publication or general circulation of any financial journal or newspaper or for any other reason, it is impossible or impractical to publish such notice of call for redemption in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice.

This Bond and the series of Bonds of which it forms a part are issued pursuant to and in full compliance with the Constitution and laws of the State of Montana, particularly Title 11, Chapter 41, Revised Code of Montana, 1947, and pursuant to a resolution adopted by the County, which resolution authorizes the execution and delivery of the Indenture. This Bond and the series of Bonds of which it forms a part and the interest coupons appertaining hereto are limited obligations of the County and are payable solely out of the revenues and other amounts derived from the leasing or sale of the Project financed through the issuance of the Bonds and which has been leased to the Lessee. The Bonds and the interest coupons appertaining thereto do not now and shall never constitute a charge against the general credit or taxing powers of the County. Rental payments sufficient for the prompt payment when due of the interest on and principal of said Bonds are to be paid directly to the Trustee by the Lessee for the account of the County and deposited in a fund created by the County and designated "Missoula County Industrial Development Revenue Bond Fund," and have been duly pledged for that purpose, and in addition the Project has been mortgaged under the Indenture to secure payment of such principal and interest.

The holder of this Bond or any coupons appertaining hereto shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend

any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

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

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

IN WITNESS WHEREOF the County of Missoula, Montana, has caused this Bond to be executed in its name by the manual or facsimile signature of its Chairman and attested by the manual or facsimile signature of its Clerk, and its corporate seal or a facsimile thereof to be hereunto affixed, impressed, imprinted or otherwise reproduced hereon, and has caused the interest coupons attached hereto to be executed by the facsimile signatures of said officers, all as of the first day of June, 1971.

(SEAL)

COUNTY OF MISSOULA, MONTANA

By
Chairman, Board of County Commissioners

Attest:

County Clerk

[FORM OF INTEREST CO

No.

On the first day of , 19 , C
(unless the Bond to which this coupon appertai
for previous redemption) will pay to bearer, su
Indenture referred to in such Bond and upon
this coupon at the principal office of

vided in and being semi-annual interest then d
ment Revenue Bond, 1971 Series, dated June

Ch

(Facsimile)

County Clerk

[REGISTRATION FOR

Date of Registration	Name of Registered Holder

[FORM OF INTEREST COUPON]

No. $

On the first day of , 19 , County of Missoula, Montana (unless the Bond to which this coupon appertains shall have been duly called for previous redemption) will pay to bearer, subject to the provisions of the Indenture referred to in such Bond and upon presentation and surrender of this coupon at the principal office of , dollars ($), as provided in and being semi-annual interest then due on its Industrial Development Revenue Bond, 1971 Series, dated June 1, 1971, numbered .

(Facsimile)

.....
Chairman, Board of County Commissioners

(Facsimile)

.....
County Clerk

[REGISTRATION FORM]

Date of Registration	Name of Registered Holder	Authorized Signature

[FORM OF REGISTERED BOND WITHOUT COUPONS]

UNITED STATES OF AMERICA

STATE OF MONTANA

COUNTY OF MISSOULA

INDUSTRIAL DEVELOPMENT REVENUE BOND, 1971 SERIES

(HOERNER WALDORF PROJECT)

Number R- $

KNOW ALL MEN BY THESE PRESENTS that the County of Missoula, Montana, an organized county within the State of Montana, being a body corporate and politic (hereinafter called the "County"), for value received, hereby promises to pay from the source and as hereinafter provided, to or registered assigns, the principal sum of dollars ($) on the first day of , 19 , unless redeemed prior thereto as hereinafter provided, upon the presentation and surrender hereof at the principal office of The First National Bank of Saint Paul, Saint Paul, Minnesota, (hereinafter called the "Paying Agent"), and to pay to the registered owner hereof, by check or draft drawn on the Paying Agent, interest on such principal sum from 1, 19 to the date of maturity or earlier redemption of this Bond, at the rate of percent (%) per annum on 1, 19 and semi-annually thereafter on 1 and 1 of each year until said principal sum is paid. Principal of, premium, if any, and interest on this Bond are payable in lawful money of the United States of America.

This Bond is one of an authorized issue of Industrial Development Revenue Bonds, 1971 Series (Hoerner Waldorf Project) (hereinafter called the "1971 Series Bonds"), limited in aggregate principal amount to Fifteen Million Dollars, issued for the purpose of acquiring land and constructing and installing water and air pollution equipment and other improvements thereon and facilities in connection therewith (all hereinafter referred to as the "Project") and leasing the same to Hoerner Waldorf Properties Company, a Minnesota corporation (hereinafter referred to as the "Lessee"), under and

pursuant to
called the "
June, 1971,
expenses in
trade in the
Agreement
ration, a D
dated June
equally and
and Indent
the "Indent
the County
Montana, a
Trustee or i
of the Regi
that the Co
certain terr
erence is h
mortgaged,
extent of t
Trustee an
the 1971 S
This
upon book
the registe
similarly n
Series Bon
coupon or
The
trable as to
of register
or any m
Bonds mat
thereof at
may, at th
gate princ
the same

pursuant to a Lease Agreement (hereinafter, as from time to time amended, called the "Lease Agreement") made and entered into as of the first day of June, 1971, by and between the County and the Lessee, and paying necessary expenses incidental thereto so as to thereby promote industry and develop trade in the State of Montana. The obligations of the Lessee under the Lease Agreement have been unconditionally guaranteed by Hoerner Waldorf Corporation, a Delaware corporation, under the terms of a Guaranty Agreement, dated June 1, 1971. Said 1971 Series Bonds are all issued under and are equally and ratably secured and entitled to the protection given by a Mortgage and Indenture of Trust (hereinafter, as from time to time amended, called the "Indenture"), dated as of June 1, 1971, duly executed and delivered by the County to First National Bank and Trust Company of Helena, Helena, Montana, as Trustee (the term "Trustee" where used herein referring to said Trustee or its successors in said trust), which Indenture is recorded in the office of the Registrar, Missoula County, Montana. It is provided in the Indenture that the County may hereafter issue Additional Bonds from time to time under certain terms and conditions, pari passu with the 1971 Series Bonds. Reference is hereby made to the Indenture for a description of the property mortgaged, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the County, the Trustee and the holders of the 1971 Series Bonds and the terms upon which the 1971 Series Bonds are or may be issued and secured.

This 1971 Series Bond is transferable, as provided in the Indenture, only upon books of the County kept at the principal office of the Paying Agent, by the registered owner hereof in person or by his duly authorized attorney, and similarly noted hereon, or it may be surrendered in exchange for new 1971 Series Bonds of the same aggregate principal amount and interest rate, in coupon or registered form, as provided in the Indenture.

The 1971 Series Bonds are issuable in the form of coupon Bonds, registrable as to principal only, in the denomination of $5,000 each, and in the form of registered Bonds without coupons in the denomination of $5,000 each or any multiple thereof not exceeding the aggregate principal amount of Bonds maturing in any one year. 1971 Series coupon Bonds, upon surrender thereof at the principal office of the Paying Agent with all unmatured coupons, may, at the option of the holder thereof, be exchanged for an equal aggregate principal amount of registered 1971 Series Bonds without coupons of the same maturity and interest rate of any of the authorized denominations,

upon payment of any tax, fee or other governmental charge required to be paid with respect to such exchange, and in the manner and subject to the conditions provided in the Indenture. In like manner, upon payment of any required tax, fee or other governmental charge and subject to such conditions, registered 1971 Series Bonds without coupons, upon the surrender thereof at the principal office of the Paying Agent with a written instrument of transfer satisfactory to the Paying Agent, duly executed by the registered owner or his duly authorized attorney, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of 1971 Series coupon Bonds of the same maturity and interest rate with appropriate coupons attached or of registered 1971 Series Bonds without coupons of the same maturity and interest rate of any other authorized denominations.

The 1971 Series Bonds of which this Bond is one, aggregating $15,000,000 principal amount, are not subject to redemption prior to June 1, 19 , except (1) in the event of damage or destruction of the Project or any part thereof or condemnation of the Project or any part thereof, to the extent provided in Article VII of the Lease Agreement, or (2) in the event of the exercise by the Lessee of its option to purchase the Project as provided in Section 11.2 of the Lease Agreement. If called for redemption in such events, such 1971 Series Bonds shall be subject to redemption by the County at any time (in the case of redemption pursuant to Section 11.2 of the Lease Agreement) in whole or (in the case of redemption pursuant to Article VII of the Lease Agreement) in part in inverse order of maturities and by lot within maturities in the manner provided in Article III of the Indenture, at the principal amount thereof plus accrued interest to the redemption date.

The 1971 Series Bonds maturing on June 1, 19 and on June 1, 19 are subject to redemption on June 1, 19 , and each June 1 thereafter in the order of their maturity's, in accordance with the sinking fund provisions of Section 306 of the Indenture, in part by lot in the manner provided in Article III of the Indenture, at the principal amount thereof plus accrued interest to the redemption date.

Any of the 1971 Series Bonds which mature after June 1, 19 are also subject to redemption by the County prior to maturity on any interest payment date on or after 1, 19 in whole or in part by lot in the manner provided in Article III of the Indenture, at the redemption prices (expressed as percentages of the principal amount of the 1971 Series Bonds or

portions thereo
interest to the

In the ev
aforesaid, not
deemed (a) sl
a newspaper
New York, t
prior to the
at least thirty
owners of a
addresses sh
failure to gi
affect the va
of the Bonds
as to princip
postage prep
addresses sh
the date fixe
redemption i
so called for

portions thereof to be redeemed) set forth in the table below plus accrued interest to the redemption date:

From	To and Including	Redemption Price

In the event any of the 1971 Series Bonds are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed (a) shall be given by publication at least twice in a financial journal or a newspaper of general circulation published in the City of New York, New York, the first of which shall be published not less than thirty days prior to the redemption date, and (b) shall be mailed, postage prepaid, at least thirty days prior to the date fixed for redemption to the registered owners of any Bonds or portions thereof to be redeemed at their last addresses shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceeding for the redemption of Bonds. If all of the Bonds or portions thereof to be redeemed are at that time registered as to principal (except to bearer), notice of such redemption given by mail, postage prepaid, to the registered owner or owners thereof at their last addresses shown on the registration books, not less than thirty days prior to the date fixed for redemption, shall be sufficient and notice of the call for redemption need not be given by publication. All Bonds or portions thereof so called for redemption will cease to bear interest on the specified redemption

date provided funds for their redemption are on deposit at the place of payment at that time, and shall no longer be secured by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture. If, because of the temporary or permanent suspension of the publication or general circulation of any financial journal or newspaper or for any other reason, it is impossible or impractical to publish such notice of call for redemption in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice.

Less than all of a registered Bond without coupons in a denomination greater than $5,000 may be so redeemed, and in such case, upon the surrender of such Bond to the Paying Agent, there shall be issued to the registered owner thereof, without charge therefor, for the unredeemed balance of the principal amount of such Bond, at the option of such owner, either coupon Bonds or registered Bonds without coupons of like series, maturity and interest rate of any of the authorized denominations, as more fully set forth in the Indenture.

This Bond and the series of Bonds of which it forms a part are issued pursuant to and in full compliance with the Constitution and laws of the State of Montana, particularly Title 11, Chapter 41, Revised Code of Montana, 1947, and pursuant to a resolution adopted by the County, which resolution authorizes the execution and delivery of the Indenture. This Bond and the issue of Bonds of which it forms a part are limited obligations of the County and are payable solely out of the revenues and other amounts derived from the leasing or sale of the Project financed through the issuance of the Bonds and which has been leased to the Lessee. The Bonds do not now and shall never constitute a charge against the general credit or taxing powers of the County. Rental payments sufficient for the prompt payment when due of the interest on and principal of said Bonds are to be paid directly to the Trustee by the Lessee for the account of the County and deposited in a fund created by the County and designated "Missoula County Industrial Development Revenue Bond Fund," and have been duly pledged for that purpose, and in addition the Project has been mortgaged under the Indenture to secure payment of such principal and interest.

The holder of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture,

or to institut
respect theret
the conditions
the principal
standing may
stated maturit
or alterations
only to the

IT IS HE
tions and thi
and in the e
this Bond do
form and ma
and the issue
of the Count
limitation.

This Bo
or be entitle
certificate of

IN WITN
this Bond to
of its Chairn
Clerk, and it
impressed, im
of

(SEAL)

Attest:

or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

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

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

IN WITNESS WHEREOF the County of Missoula, Montana, has caused this Bond to be executed in its name by the manual or facsimile signature of its Chairman and attested by the manual or facsimile signature of its Clerk, and its corporate seal or a facsimile thereof to be hereunto affixed, impressed, imprinted or otherwise reproduced hereon, all as of the day of

COUNTY OF MISSOULA, MONTANA

(SEAL)

By .....
Chairman, Board of County Commissioners

Attest:

.....
County Clerk

[FORM OF ASSIGNMENT
TO BE ENDORSED ON ALL BONDS]

FOR VALUE RECEIVED

the undersigned hereby sells, assigns and transfers unto

_____

_____

the within Bond of

COUNTY OF MISSOULA, MONTANA

and does hereby irrevocably constitute and appoint

_____ *Attorney*

to transfer the said Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

In the presence of:

_____

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION TO
BE ENDORSED ON ALL BONDS]

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

Trustee

By

Authorized Officer

WHEREAS
by the Trustee a
legal obligation
stitute this Ind
pledge of the l
principal of, pr
performed, and
the creation, e
the terms herec

NOW, TH
GAGE AND INDI

That the
the Trustee of
the Bonds by
lawful money
at or before th
and valuable c
order to secur
on the Bonds
observance by
and in the B
Lease Agreen
First Nationa
Trustee and u
following pro
acquire for th
herein called

A. Th
State of Mon
part of the P
now or herea
ments, servit
belonging or
ject to Permi

B. The
hereto and c
ments theref
County with

WHEREAS all things necessary to make the Bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligations of the County according to the import thereof, and to constitute this Indenture a valid lien on the properties mortgaged and a valid pledge of the lease rentals and revenues herein made to the payment of the principal of, premium, if any, and interest on the Bonds, have been done and performed, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the 1971 Series Bonds, subject to the terms hereof, have in all respects been duly authorized;

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

That the County in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the holders and owners thereof, and of the sum of one dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable considerations, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect and the performance and observance by the County of all the covenants expressed or implied herein and in the Bonds, does hereby, subject to the terms and provisions of the Lease Agreement, grant, bargain, sell, convey, mortgage and pledge unto First National Bank and Trust Company of Helena, Helena, Montana, as Trustee and unto its successors in trust, and to its assigns forever, all of the following properties of the County, which the County now owns or may acquire for the objects and purposes of this Indenture (such properties being herein called the "Mortgaged Property"):

A. The real estate and premises situated in the County of Missoula and State of Montana described in Exhibit A attached hereto and constituting a part of the Project, with all buildings, additions, improvements and fixtures now or hereafter located thereon or therein and with the tenements, hereditaments, servitudes, appurtenances, rights, privileges and immunities thereunto belonging or appertaining, and the County warrants the title to the same, subject to Permitted Encumbrances.

B. The machinery and equipment described in Exhibit B attached hereto and constituting a part of the Project, and substitutions or replacements therefor and in general all machinery and equipment acquired by the County with the proceeds of the Bonds issued under and secured by this

Indenture and substitutions and replacements therefor and any other machinery and equipment which, under the terms of the Lease Agreement, is to become the property of the County or be subjected to the lien of this Indenture, subject to Permitted Encumbrances.

C. The Lease Agreement and the rights (but not the obligations) of the County under and pursuant to the Lease Agreement, all lease rentals, revenues and receipts receivable by the County from the Project including, without limitation, all rentals to be received by the County from the leasing of the Project and in particular the rentals to be received under and pursuant to and subject to the provisions of the Lease Agreement, and pursuant to the terms of which rent is to be paid directly to the Trustee at the principal office of the Trustee for the account of the County and deposited in a fund created by the County and designated "Missoula County Industrial Development Board Revenue Bond Fund".

D. The Guaranty including all extensions thereof, if any, together with the right, title and interest of the County therein, thereto, and thereunder including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and receipt for any sums of money payable or receivable thereunder, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the County is or may become entitled to do under the Guaranty, provided, that the assignment made by this clause shall not impair or diminish any obligation of the County under the provisions of the Guaranty.

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

To Have and To Hold all of said Mortgaged Property hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors in said trust and to it and its assigns forever;

In Trust Nevertheless, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all holders and owners of the Bonds and interest coupons thereto attached issued under and secured by this Indenture without privilege, priority or distinction as

to the lien or
over any other

Provided
shall well and
the interest du
mentioned in t
respectively, a
cause the pay
Article V here
by depositing
thereon, and
ants and cond
formed and o
all sums of m
and provision
rights hereby
Indenture to l

This Mo
and it is exp
are to be iss
revenues and
under, upon
agreements, t
County has a
with the Trus
time, of the
is to say:

Section
terms elsewh
as used in thi
or use indica

"*Act*" n
Title 11, Ch

to the lien or otherwise of any of the Bonds or coupons thereto attached over any other of the Bonds or coupons;

PROVIDED, HOWEVER, that if the County, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of the Bonds and the interest due or to become due thereon, at the times and in the manner mentioned in the Bonds and the interest coupons appertaining to the Bonds, respectively, according to the true intent and meaning thereof, and shall cause the payments to be made into the Bond Fund as required under Article V hereof or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture to be and remain in full force and effect.

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

ARTICLE I

DEFINITIONS

SECTION 101. *Definition of Terms.* In addition to the words and terms elsewhere defined in this Indenture, the following words and terms as used in this Indenture shall have the following meanings unless the context or use indicates another or different meaning or intent:

"Act" means the Industrial Development Projects Act, appearing as Title 11, Chapter 41, Revised Code of Montana, 1947, as amended.

"Additional Bonds" means the additional parity Bonds authorized to be issued by the County pursuant to the terms and conditions of Section 207 hereof.

"Bonds" means the Industrial Development Revenue Bonds of the County issued and to be issued hereunder. *"1971 Series Bonds"* means the Bonds identified as such in Sections 201 and 202 hereof.

"Bond Fund" means the Bond Fund created pursuant to Section 501 hereof.

"Bondholder" or *"holder"* or *"owner of the Bonds"* means the bearer of any coupon Bond not registered as to principal or registered as to principal to bearer, the registered owner of any coupon Bond registered as to principal other than to bearer and the registered owner of any registered Bond without coupons. The word *"holder"* when used with reference to a coupon shall mean the bearer of such coupon.

"Construction Fund" means the Construction Fund created pursuant to Section 602 hereof.

"Cost of the Project" means the sum of the items authorized to be paid from the Construction Fund pursuant to the provisions of paragraphs (a) to (j), inclusive, of Section 4.3 of the Lease Agreement, which sum shall be included in the certificate delivered pursuant to Section 4.5 of the Lease Agreement.

"Coupon" means any of the coupons issued hereunder evidencing the right of the holder to receive semi-annual installments of interest on the applicable coupon Bond or Bonds.

"County" means Missoula County, Montana, the party of the first part hereto and any successor to the duties and functions of the County.

"Default" means those defaults specified in and defined as such by Section 1001 hereof.

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

"Facility" means a certain building and improvements and certain additions and improvements to existing buildings and all other works forming

a part of the Project and leased under the Lease Agreement comprising water and air pollution control facilities and appurtenances not included in Leased Equipment, as defined in the Lease Agreement for the pollution controlled manufacture or processing of wood pulp and paper and such other products as the Lessee may deem appropriate which are required by Section 4.1(a) of the Lease Agreement to be constructed on the Leased Land, as they may at any time exist.

"Guaranty Agreement" or *"Guaranty"* means the Guaranty Agreement executed by the Guarantor and accepted by the County, of even date herewith, and any amendments, changes or modifications thereto.

"Guarantor" means Hoerner Waldorf Corporation, a Delaware corporation, or its successors or assigns, or any surviving, resulting or transferee corporation as provided in Section 12 of the Guaranty Agreement.

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

"Lease Agreement" means the lease agreement executed by and between the County and the Lessee of even date herewith and more particularly described in the preambles hereof, as from time to time amended.

"Lessee" means the Lessee under the Lease Agreement and any surviving, resulting or transferee corporation as provided in Section 8.3 of the Lease Agreement.

"Leased Equipment" means those items of machinery, equipment and related personal property required by the provisions of the Lease Agreement to be acquired and installed in the Facility or elsewhere on the Leased Land with proceeds from the sale of the Bonds or the proceeds of any payment by the Lessee pursuant to Section 4.6 of the Lease Agreement and any item of machinery, equipment and related property acquired and installed in the Facility or elsewhere on the Leased Land in substitution therefor pursuant to the provisions of Sections 4.1(b), 6.2(a), 7.1 and 7.2 of the Lease Agreement and is further defined as all property owned by the County and leased to the Lessee pursuant to the provisions of the Lease Agreement which is not included in the definition of Leased Land or Facility, but not including Lessee's own machinery and equipment installed under the provisions of Sections 6.1 and 9.7 of the Lease Agreement. Leased Equipment is more particularly described in Exhibit "B" attached hereto, and, by this reference thereto, is incorporated herein.

"Leased Land" means the real property and interests therein leased under the Lease Agreement and more particularly described in Exhibit "A" attached hereto, which by this reference thereto is incorporated herein, together with all additions thereto and substitutions therefor.

"Mortgaged Property" means the properties comprising the Project as more particularly described in the Granting Clauses hereof, as well as all properties which, under the terms of this Indenture, subsequently become subject to the lien of this Indenture, but excluding all property owned by the Lessee and title to which remains in the Lessee under the terms of the Lease Agreement.

"Opinion of Counsel" means an opinion of counsel who may be counsel to the County or to the Lessee.

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

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

(a) Bonds cancelled by the Trustee because of payment or redemption prior to maturity;

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

(c) Bonds in lieu of which others have been authenticated under Section 208 hereof.

"Paying Agent" means The First National Bank of Saint Paul, Saint Paul, Minnesota or any successor paying agent appointed by the County at the time serving as successor paying agent.

"Permitted Encumbrances" means, as of any particular time, (i) liens and encumbrances described in Exhibit A or Exhibit B attached hereto, (ii)

liens for ad valorem
Lease Agreement, (i
exceptions granted p
mechanics', materialr
and liens referred to
under Section 6.1 o
irregularities, encum
normally exist with
the Project and as c
County materially i
which it was acquir

"Person" mear
public bodies.

"Project" mea
facilities leased und

"Trust estate"
Property.

"Trustee" me
Helena, Montana,
trustee pursuant t
successor trustee h

SECTION 20
may be issued un
with this Article.
be issued hereun
($15,000,000), e

SECTION 20
bers. The 1971
ment Revenue B
as otherwise pro
bear interest fron
annually thereaft

liens for ad valorem taxes not then delinquent, (iii) the Indenture and the Lease Agreement, (iv) easements, licenses, rights of way, restrictions and exceptions granted pursuant to Section 8.6 of the Lease Agreement, (v) mechanics', materialmen's, warehousemen's, carriers' and other similar liens and liens referred to in Section 9.7 of the Lease Agreement, or permitted under Section 6.1 of the Lease Agreement, and (vi) such minor defects, irregularities, encumbrances, easements, rights of way, and clouds on title as normally exist with respect to properties similar in character and location to the Project and as do not, in the Opinion of Counsel for the Lessee or the County materially impair the property affected thereby for the purpose for which it was acquired or is held by the County.

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

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

"Trust estate" or *"property herein conveyed"* means the Mortgaged Property.

"Trustee" means First National Bank and Trust Company of Helena, Helena, Montana, the party of the second part hereto, and any successor trustee pursuant to Sections 1105 or 1108 hereof at the time serving as successor trustee hereunder.

ARTICLE II

THE BONDS

SECTION 201. *Authorized Amount of 1971 Series Bonds.* No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total principal amount of 1971 Series Bonds that may be issued hereunder is hereby expressly limited to Fifteen Million Dollars ($15,000,000), except as provided in Section 207 hereof.

SECTION 202. *Issuance of 1971 Series Bonds; Denomination; Numbers.* The 1971 Series Bonds shall each be designated "Industrial Development Revenue Bond, 1971 Series" (Hoerner Waldorf Project), shall, except as otherwise provided in this Section 202, be dated June 1, 1971 and shall bear interest from the date thereof (payable on December 1, 1971 and semi-annually thereafter on June 1 and December 1 of each year) at the rates per

annum and shall mature on June 1 in the years and principal amounts set forth in the following table:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
1973	$300,000	4½%	1979	$450,000	5.80%
1974	300,000	4¾	1980	450,000	6
1975	350,000	5	1981	500,000	6.15
1976	350,000	5.20	1982	500,000	6.30
1977	400,000	5.40	1983	500,000	6.40
1978	400,000	5.60	1984	500,000	6½

and $4,000,000 due June 1, 1990 at 7%
and $6,000,000 due June 1, 1996 at 7.30%.

Such 1971 Series Bonds as mature on June 1, 1990 and on June 1, 1996 are subject to the sinking fund provisions of Section 306 hereof.

Registered Bonds without coupons issued on or subsequent to the first interest payment date thereon shall be dated as of the date six months preceding the interest payment date next following the date of authentication and delivery thereof, unless such date of authentication and delivery shall be an interest payment date, in which case they shall be dated as of such date of authentication and delivery; provided, however, that if, as shown by the records of the Trustee, interest on the Bonds shall be in default, registered Bonds without coupons issued in exchange for Bonds surrendered for transfer or exchange shall be dated as of the date to which interest has been paid in full on the Bonds surrendered. Registered Bonds without coupons shall bear interest from their date.

The Bonds shall be issued in the denomination of $5,000 in the case of coupon Bonds, and in the denomination of $5,000, or a multiple thereof, not exceeding the aggregate principal amount of Bonds maturing on the maturity date of the Bond for which the denomination is to be specified, in the case of registered Bonds without coupons. Such coupon Bonds shall be numbered from one (1) consecutively upwards in order of maturity. Such registered Bonds without coupons shall likewise be numbered from one (1) consecutively upwards in order of issuance according to the records of the Trustee. Upon the issue of any such registered Bond without coupons, the serial number or numbers covering a coupon Bond or Bonds of the same interest rate and maturity, and of an equal aggregate principal amount shall

be reserved.
on such regist
endorsement o
form to usage
Coupon E
the case of reg
bearer upon pr
they respectivel
principal of co
and the princi
be payable by
said shall be m

SECTION
executed on b
ture of the Ch
the official ma
one of said si
impressed, im
the County or
shall be execu
and Clerk and
Chairman and
together with
able from the
thereof only a
or sale of the
a first mortga
are hereby pl
Bonds and co
principal of,
otherwise exp
in the Guaran
shall never c
credit or taxi
officer whose

be reserved. The serial number or numbers so reserved may be endorsed on such registered Bond without coupons, which may also bear such an endorsement or legend satisfactory to the Trustee as may be required to conform to usage or law with respect thereto.

Coupon Bonds and the interest thereon, except as otherwise provided in the case of registration as provided in Section 209 hereof, shall be payable to bearer upon presentation and surrender of such Bonds or interest coupons as they respectively become due at the principal office of the Paying Agent. The principal of coupon Bonds registered as to principal, other than to bearer, and the principal of and interest on registered Bonds without coupons shall be payable by check or draft drawn upon the Paying Agent. Payment as aforesaid shall be made in lawful money of the United States of America.

SECTION 203. *Execution; Limited Obligation.* The Bonds shall be executed on behalf of the County with the official manual or facsimile signature of the Chairman of the Board of County Commissioners and attested with the official manual or facsimile signature of its Clerk, provided that at least one of said signatures shall be a manual signature, and shall have affixed, impressed, imprinted or otherwise reproduced thereon the corporate seal of the County or a facsimile thereof. The coupons attached to the coupon Bonds shall be executed by the facsimile of the official signatures of said Chairman and Clerk and such facsimiles shall have the same force and effect as if said Chairman and Clerk had manually signed each of said coupons. The Bonds, together with interest thereon, shall be limited obligations of the County payable from the Bond Fund and shall be a valid claim of the respective holders thereof only against such fund and the revenues and receipts from the leasing or sale of the Project pledged to such fund (but in addition shall be secured by a first mortgage lien on the Mortgaged Property), which revenues and receipts are hereby pledged and mortgaged for the equal and ratable payment of the Bonds and coupons and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in this Indenture, in the Lease Agreement or in the Guaranty Agreement. The Bonds and interest coupons do not now and shall never constitute an indebtedness of, or a charge against the general credit or taxing powers of the County of Missoula, Montana. In case any officer whose signature or facsimile of whose signature shall appear on the

Bonds or coupons shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery.

SECTION 204. *Authentication.* Only such Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinabove set forth duly executed by the Trustee shall be entitled to any right or benefit under this Indenture. No Bond and no coupon appertaining to any coupon Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Indenture unless and until such certificate of authentication shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder. Before authenticating or delivering any Bonds, the Trustee shall detach and cancel all matured coupons, if any (except coupons in default) appertaining thereto, and such cancelled coupons shall be cremated by the Trustee.

SECTION 205. *Form of Bonds.* The coupon Bonds issued under this Indenture and the coupons attached thereto and the registered Bonds without coupons shall be substantially in the form hereinbefore set forth with such appropriate variations, omissions and insertions as are permitted or required by this Indenture.

SECTION 206. *Delivery of 1971 Series Bonds.* Upon the execution and delivery of this Indenture, the County shall execute and deliver to the Trustee and the Trustee shall authenticate the 1971 Series Bonds in the aggregate principal amount of $15,000,000 and deliver them to the purchasers as may be directed by the County as hereinafter in this Section 206 provided.

Prior to the delivery by the Trustee of any of the 1971 Series Bonds there shall be filed with the Trustee:

1. A copy, duly certified by the Clerk of the County, of the resolution adopted and approved by its Board of County Commissioners authorizing the execution and delivery of the Lease Agreement.

2. Original executed counterparts of the Lease Agreement and amendments thereto.

3. Original executed counterparts of the Guaranty Agreement and amendments thereto.

4. A copy, duly certified by the Clerk of the County, of the resolution or resolutions adopted and approved by its Board of County Commissioners authorizing the execution and delivery of this Indenture and the issuance and delivery of the 1971 Series Bonds.

5. Original executed counterparts of this Indenture.

6. A request and authorization to the Trustee on behalf of the County and signed by the Chairman of the Board of County Commissioners and the Clerk of the County to authenticate and deliver the 1971 Series Bonds to the purchaser or purchasers therein identified upon payment to the Trustee, but for account of the County, of a sum specified in such request and authorization plus accrued interest on such 1971 Series Bonds to the date of delivery. Such proceeds shall be paid over to the Trustee and deposited in the Bond Fund and in the Construction Fund as hereinafter provided under Article VI hereof.

7. A title insurance policy or binder meeting the requirements of Section 3.2 of the Lease Agreement.

SECTION 207. *Issuance of Additional Bonds.* Additional Bonds may be issued at the times, for the purposes and subject to the limitations set forth in Section 4.2 of the Lease Agreement when it is determined by the Lessee (a) that the balance at the time remaining in the Construction Fund will be insufficient to pay the balance of the cost of any part of the Project, or (b) that additional water and air pollution control facilities are desired, the Lessee may file with the County and the Trustee an estimate indicating (i) the amount by which the cost of any part of the Project will exceed the net pro-

ceeds available from the sale of the 1971 Series Bonds authorized to be issued hereunder for such part of the Project, or (ii) the total cost of the proposed additional water and air pollution control facilities.

Thereupon, the County and the Lessee may from time to time agree upon and approve the issuance and delivery of Additional Bonds, subject to the following limitations and conditions:

If the Lessee is not in default under the Lease Agreement, the County agrees, on request of the Lessee, from time to time, to use its best efforts to issue the amount of Additional Bonds specified by the Lessee (within the limits and under the conditions specified above), provided that the terms, manner of issuance, purchase price and disposition of proceeds of the sale of such Additional Bonds shall have been approved in writing by the Lessee and provided further, that the Lessee and the County shall have entered into amendments to the Lease Agreement to provide for additional rent in an amount at least sufficient to pay the principal of, premium, if any, and interest on the Additional Bonds as the same shall mature and become due, and to make all other required payments under such amendments, and provided further that the County and the Trustee shall have entered into supplemental Indentures as more fully provided in Section 1201 hereof. All Additional Bonds shall be of the same rank and be entitled to the same security as the 1971 Series Bonds initially authorized to be issued hereunder. Upon the execution and delivery in each instance of an appropriate supplemental Indenture and amendment to the Lease Agreement, as above provided, the County shall execute and deliver to the Trustee, and the Trustee shall authenticate, such Additional Bonds and deliver them as may be directed by the County, as hereinafter in this Section 207 provided. Prior to the delivery by the Trustee of any such Additional Bonds there shall be filed with the Trustee:

1. A written statement by the Lessee approving (a) the issuance and delivery of such Additional Bonds and agreeing that the rentals payable under Sections 5.3(a) and 5.3(b) of the Lease shall be computed so as to include such Additional Bonds to the same extent as is therein provided with respect to the 1971 Series Bonds initially authorized to be issued hereunder and (b) any other matters to be

approved by the Lessee pursuant to Section 4.2 of the Lease Agreement and this Section 207.

2. A copy, duly certified by the Clerk of the County, of the resolution adopted and approved by its Board of County Commissioners authorizing the execution and delivery of such amendments to the Lease Agreement.

3. An original executed counterpart of such amendments to the Lease Agreement.

4. A copy, duly certified by the Clerk of the County, of the resolution theretofore adopted and approved by its Board of County Commissioners authorizing the execution and delivery of such supplemental Indentures and the issuance of such Additional Bonds.

5. An original executed counterpart of such supplemental Indenture.

6. A request and authorization to the Trustee on behalf of the County and signed by the Chairman and Clerk of the County to authenticate and deliver such Additional Bonds to the purchaser or purchasers therein identified upon payment to the Trustee, but for the account of the County, of a sum specified in such request and authorization plus accrued interest on such Additional Bonds to the date of delivery. Such proceeds shall be paid over to the Trustee and deposited in the Bond Fund and in the Construction Fund as hereinafter provided under Article VI hereof.

SECTION 208. *Mutilated, Lost, Stolen or Destroyed Bonds or Coupons.* In the event any Bond is mutilated, lost, stolen or destroyed, the County may execute and the Trustee may authenticate a new Bond of like series, date, maturity and denomination as the Bond mutilated, lost, stolen or destroyed, which new Bond shall have attached thereto coupons corresponding in all respects to those (if any) on the Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond together with all coupons (if any) appertaining thereto shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be

first furnished to the County and the Trustee evidence of such loss, theft or destruction satisfactory to the County and the Trustee, together with indemity satisfactory to them. In the event any such Bond or coupon shall have matured, instead of issuing a substitute Bond or coupon the County may pay the same without surrender thereof. The County and the Trustee may charge the holder or owner of such Bond with their reasonable fees and expenses in this connection.

SECTION 209. *Registration of Bonds; Persons Treated as Owners.* All the Bonds issued under this Indenture shall be negotiable, subject to the provisions for registration and transfer contained in this Indenture and in the Bonds. So long as any of the Bonds shall remain outstanding, the County shall maintain and keep, at the principal office of the Paying Agent, books for the registration and transfer of Bonds; and, upon presentation thereof for such purpose at said office, the County shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Paying Agent may prescribe, any Bond entitled to registration or transfer. So long as any of the Bonds remain outstanding, the County shall make all necessary provisions to permit the exchange of Bonds at the principal office of the Paying Agent.

All coupon Bonds shall pass by delivery, unless registered as to principal other than to bearer in the manner provided in this Section 209. Any coupon Bond may be registered as to principal on the books of the County at the principal office of the Paying Agent, upon presentation thereof at said office and the payment of a charge sufficient to reimburse the County or the Paying Agent for any tax, fee or other governmental charge required to be paid with respect to such registration, and such registration shall be noted on such Bond. After said registration no transfer thereof shall be valid unless made on said books at the written request of the registered owner or his attorney duly authorized in writing, and similarly noted on such Bond; but such Bond may be discharged from registration by being in like manner transferred to bearer, after which it shall again become transferable by delivery.

Thereafter such Bond may again, from time to time, be registered or discharged from registration in the same manner. Registration of any coupon Bond as to principal, however, shall not affect the negotiability by delivery of the coupons appertaining to such Bond, but such coupons shall continue to pass by delivery and shall remain payable to bearer.

As to any coupon Bond registered as to principal other than to bearer the person in whose name the same shall be registered upon the books of the County may be deemed and regarded as the absolute owner thereof, whether such Bond shall be overdue or not, for all purposes, except for the purpose of receiving payment of coupons; and payment of, or on account of, the principal or redemption price, if any, of such Bond shall be made only to, or upon the order of, such registered owner thereof, but such registration may be changed as above provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. The County, the Trustee and the Paying Agent may deem and treat the bearer of any coupon as the absolute owner thereof, whether such coupon shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and may deem and treat the bearer of any coupon Bond which shall not at the time be registered as to principal other than to bearer, or the person in whose name any coupon Bond for the time being shall be registered upon the books of the County, as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal or redemption price thereof and for all other purposes whatsoever except for the purpose of receiving payment of coupons, and neither the County, nor the Trustee nor the Paying Agent shall be affected by any notice to the contrary. Subject to the provisions of the Act, the County agrees to indemnify and save the Trustee and the Paying Agent harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence hereunder, in so treating such bearer or registered owner.

Each registered Bond without coupons shall be transferable only upon the books of the County, which shall be kept for that purpose at the principal office of the Paying Agent, at the written request of the registered owner thereof or his attorney duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Paying Agent duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such registered Bond, the County shall issue in the name of the transferee, in authorized denominations, a new registered Bond or Bonds without coupons, or, at the option of the transferee, coupon Bonds, with appropriate coupons attached, of the same aggregate principal amount, series, maturity and interest rate as the surrendered Bonds.

The County and the Trustee and the Paying Agent may deem and treat the person in whose name any outstanding registered Bond without coupons

shall be registered upon the books of the County as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and redemption price, if any, of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the County nor the Trustee nor the Paying Agent shall be affected by any notice to the contrary. Subject to the provisions of the Act, the County agrees to indemnify and save the Trustee and the Paying Agent harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence hereunder, in so treating such registered owner.

SECTION 210. *Exchange; Transfer.* Coupon Bonds, upon surrender thereof at the principal office of the Paying Agent with all unmatured coupons attached, may, at the option of the holder thereof, be exchanged for an equal aggregate principal amount of registered Bonds without coupons of the same series, maturity and interest rate of any of the authorized denominations.

Registered Bonds without coupons, upon surrender thereof at the principal office of the Paying Agent with a written instrument of transfer satisfactory to the Paying Agent, duly executed by the registered owner or his duly authorized attorney, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of coupon Bonds of the same series, maturity and interest rate with appropriate coupons attached, or of registered Bonds without coupons of the same series, maturity and interest rate of any other authorized denominations.

In all cases in which the privilege of exchanging Bonds or transferring registered Bonds without coupons is exercised, the County shall execute and the Trustee and Paying Agent shall deliver Bonds in accordance with the provisions of the Indenture. For every such exchange or transfer of Bonds, whether temporary or definitive, the County or the Trustee or the Paying Agent may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of

the privilege of making such exchange or transfer. Notwithstanding any other provision of this Indenture, the cost of preparing each new coupon Bond or registered Bond without coupons upon each exchange or transfer, and any other expenses of the County or the Trustee or the Paying Agent incurred in connection therewith (except any applicable tax, fee or other governmental charge) shall be paid from the Bond Fund. The County shall not be obliged to make any such exchange or transfer of Bonds during the ten (10) days next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the first publication of notice of such redemption. The County shall not be required to make any transfer or exchange of any Bonds called for redemption.

ARTICLE III

Redemption of Bonds Before Maturity; Sinking Fund

Section 301. *Redemption Dates and Prices.* The 1971 Series Bonds are non-callable for redemption prior to June 1, 1981 except (1) in the event of damage to or destruction of the Project or any part thereof or condemnation of the Project or any part thereof, to the extent provided in Article VII of the Lease Agreement, or (2) in the event of exercise by the Lessee of its option to purchase the Project as provided in Section 11.2 of the Lease Agreement. If called for redemption in either of such events, such 1971 Series Bonds shall be subject to redemption by the County at any time, in whole (in the case of redemption pursuant to Section 11.2 of the Lease Agreement) or (in the case of redemption pursuant to Article VII of the Lease Agreement) in part in inverse order of maturities and by lot within maturities, but only to the extent of the funds available therefor as a result of such event, in the manner hereinafter provided in this Article III, at the principal amount thereof plus accrued interest to the redemption date.

The 1971 Series Bonds maturing on June 1, 1990 and on June 1, 1996 are also subject to redemption, on June 1, 1985 and each June 1 thereafter in the order of their maturity's, in accordance with the sinking fund provisions of Section 306 hereof, in part by lot in the manner hereinafter provided in this Article III, at the principal amount thereof plus accrued interest to the redemption date.

Any of the 1971 Series Bonds maturing after June 1, 1981, are also subject to redemption by the County prior to maturity on any interest payment date on or after June 1, 1981 in whole or in part by lot in the manner hereinafter provided in this Article III, at the redemption prices (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date:

From	To and Including	Redemption Price
June 1, 1981	December 1, 1982	104%
June 1, 1983	December 1, 1984	103
June 1, 1985	December 1, 1986	102
June 1, 1987	December 1, 1988	101
June 1, 1989 and thereafter, at		100

Provided that the Trustee shall hold in the Bond Fund at the time of giving the notice of redemption prescribed in Section 302 hereof, moneys available for and sufficient to effect such redemption, Bonds shall be called by the Trustee for redemption as herein provided upon receipt by the Trustee, at least 45 days prior to the redemption date, of a resolution of the County providing for such redemption. Such resolution shall specify the principal amount of Bonds or portions thereof and their maturities so to be called for redemption, the applicable redemption price or prices and the provision or provisions above specified pursuant to which such Bonds are to be called for redemption. The foregoing provisions of this paragraph shall not apply in the case of any redemption of Bonds pursuant to the sinking fund provided in Section 306 hereof, and Bonds shall be called by the Trustee for redemption pursuant to such sinking fund without the necessity of any action by the County and whether or not the Trustee shall then hold in the Bond Fund moneys available for and sufficient to effect the required redemption. All Bonds so called for redemption pursuant to this Article III shall be redeemed at the principal office of the Paying Agent.

In the case of registered 1971 Series Bonds without coupons of denominations greater than $5,000, if less than all of such 1971 Series Bonds then outstanding are to be called for redemption, then for all purposes in connection with redemption, each $5,000 of principal amount shall be treated as though it was a separate bond of the denomination of $5,000 bearing one of the numbers borne by such registered 1971 Series Bond without coupons.

If it is determined that one or more, but not all of the $5,000 units of principal amount represented by any such registered 1971 Series Bond without coupons is to be called for redemption, then upon notice of intention to redeem such $5,000 unit or units, the owner of such registered 1971 Series Bond without coupons shall forthwith surrender such 1971 Series Bond to the Paying Agent (1) for payment of the redemption price (including the redemption premium, if any, and interest to the date fixed for redemption) of the $5,000 unit or units of principal amount called for redemption and (2) exchange for a new 1971 Series Bond or Bonds of the aggregate principal amount of the unredeemed balance of the principal amount of such registered 1971 Series Bond without coupons and of like maturity and interest rate, and such new 1971 Series Bond or Bonds shall be numbered corresponding to the numbers of the $5,000 units of principal amount not called for redemption. New 1971 Series Bonds representing the unredeemed balance of the principal amount of such registered 1971 Series Bond without coupons shall be issued to the registered owner thereof, without charge therefor. If the owner of any such registered 1971 Series Bond without coupons of a denomination greater than $5,000 shall fail to present such 1971 Series Bond to the Paying Agent for payment and exchange as aforesaid, such 1971 Series Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of principal amount called for redemption (and to that extent only); interest shall cease to accrue on the portion of the principal amount of such 1971 Series Bond represented by such $5,000 unit or units of principal amount on and after the date fixed for redemption provided that funds sufficient for the payment of the redemption price shall have been deposited with the Trustee or Paying Agent, and shall be available for the redemption of said $5,000 unit or units on the date fixed for redemption and, in such event, such 1971 Series Bond shall not be entitled to the benefit or security of this Indenture to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption and applicable premium, if any) represented by such $5,000 unit or units of principal amount, nor shall new 1971 Series Bonds be thereafter issued corresponding to said unit or units.

SECTION 302. *Notice of Redemption.* Notice of the call for any such redemption identifying the Bonds or portions thereof to be redeemed

(a) shall be given by publication at least twice in a financial journal or a newspaper of general circulation published in the City of New York, New York, the first of which shall be published not less than thirty days prior to the redemption date, and (b) shall be mailed, postage prepaid, at least thirty days prior to the redemption date to the registered owners of any Bonds or portions of Bonds which are to be redeemed at their last addresses shown on the registration books, but such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of Bonds. If all of the Bonds or portions thereof to be redeemed are at that time registered as to principal (except to bearer), notice of such redemption given by mail, postage prepaid, to the registered owner or owners thereof at their last addresses shown on the registration books, not less than thirty days prior to the date fixed for redemption, shall be sufficient and notice of the call for redemption need not be given by publication.

Prior to the date fixed for redemption, moneys shall be placed with the Trustee or Paying Agent to pay the Bonds called for redemption and accrued interest thereon to the redemption date and the premium, if any. Upon the happening of the above conditions, the Bonds thus called for redemption shall cease to bear interest from and after the redemption date, shall no longer be protected by this Indenture and shall not be deemed to be outstanding under the provisions of this Indenture.

If, because of the temporary or permanent suspension of the publication or general circulation of any financial journal or newspaper or for any other reason, it is impossible or impractical to publish such notice of call or redemption in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice.

SECTION 303. *Cancellation.* Unless otherwise provided in Section 301 hereof, all Bonds which have been redeemed by the Paying Agent pursuant to Section 301 hereof, or purchased by the Trustee pursuant to Section 306 hereof, shall be cancelled and cremated by the Paying Agent or Trustee together with the unmatured coupons appertaining to any coupon Bonds and shall not be reissued and counterparts of the certificate of cremation evidencing such cremation shall be furnished by the Trustee and Paying Agent to the County and the Lessee.

SECTION 304. *Unpaid Coupons.* All unpaid interest coupons which appertain to coupon Bonds so called for redemption and which shall have become payable on or prior to the date fixed for redemption shall continue to be payable to the bearers thereof severally and respectively upon the presentation and surrender of such coupons.

SECTION 305. *Partial Redemption of Bonds.* If less than all of the Bonds of a particular maturity at the time outstanding are to be called for prior redemption, the particular Bonds or portions thereof of such maturity to be redeemed shall be selected by lot, except as otherwise provided herein, by the Trustee in such manner as the Trustee, in its discretion, may determine. The Trustee shall call for redemption in accordance with the foregoing provisions as many Bonds or portions thereof as will, as nearly as practicable, exhaust the moneys available therefor. Particular Bonds or portions thereof shall be redeemed only in the principal amount of $5,000 each.

No redemption of less than all the Bonds at the time outstanding other than in accordance with the sinking fund provisions applicable thereto, shall be made pursuant hereto unless the total amount of funds available and to be used for such partial redemption is equal to or more than $50,000.

SECTION 306. *Sinking Fund.* As and for a sinking fund for the retirement of the 1971 Series Bonds which mature on June 1, 1990 and the 1971 Series Bonds which mature on June 1, 1996, the County shall cause to be deposited in the Bond Fund at least five days prior to June 1, 1985 and at least ten days prior to each June 1 thereafter to and including June 1, 1996 (each such date being herein called a "sinking fund redemption date") out of rental payments under the Lease Agreement an amount sufficient to redeem (after credit as provided below) the following principal amounts of such Bonds on the dates specified at the principal amount thereof plus accrued interest to the redemption date:

June 1 of the year	Principal Amount	June 1 of the year	Principal Amount
1985	$ 550,000	1991	$ 850,000
1986	600,000	1992	900,000
1987	650,000	1993	950,000
1988	700,000	1994	1,000,000
1989	750,000	1995	1,100,000
1990	750,000	1996	1,200,000

It shall be the mandatory duty of the Trustee to call 1971 Series Bonds for redemption on each sinking fund redemption date in such amounts as will

exhaust the funds on deposit in the sinking fund as nearly as may be practicable.

At its option, to be exercised prior to the forty-fifth day next preceding any sinking fund redemption date, the Lessee, as provided in Section 9.5 of the Lease Agreement, may cause to be paid to the Trustee for deposit in the Bond Fund, as an advance payment of rentals, such amount of funds as the Lessee may determine, with written instructions to the Trustee, signed in the name of the Lessee by an officer thereof, to apply such funds prior to said forty-fifth day to the purchase of 1971 Series Bonds maturing on June 1, 1990 if such advance rental payment is made prior to June 1, 1990 and to the purchase of 1971 Series Bonds maturing on June 1, 1996 if such advance rental payment is made after June 1, 1990. The Trustee shall thereupon use all reasonable efforts to expend such funds as nearly as may be practicable in the purchase of such 1971 Series Bonds, with all unmatured coupons attached, if any at not exceeding the principal amount thereof plus accrued interest to such sinking fund redemption date. 1971 Series Bonds so purchased shall be cancelled by the Trustee as provided in Section 303 hereof. 1971 Series Bonds so purchased and not theretofore applied as a credit against such sinking fund payments shall thereafter be credited, at their principal amount, until the full amount thereof has been so credited, against the next ensuing and future sinking fund payments in chronological order to the extent otherwise payable out of rentals thereafter becoming due under the Lease Agreement. Any such funds not so expended by the Trustee for the purchase of 1971 Series Bonds prior to said forty-fifth day shall be retained in the Bond Fund, shall not thereafter be used for the purchase of 1971 Series Bonds and shall be applied as herein otherwise provided for moneys in the Bond Fund. The provisions of this paragraph are subject to the provisions of Article X hereof.

ARTICLE IV

General Covenants and Provisions

Section 401. *Payment of Principal, Premium, if any, and Interest.* The County covenants that it will promptly pay the principal of, premium, if any, and interest on every Bond issued under this Indenture and the sinking fund payments provided in Section 306 hereof at the place, on the dates and in the manner provided herein and in said Bonds and in the coupons appertaining thereto according to the true intent and meaning thereof subject, however, to the provisions of Section 203 hereof. The principal of, premium, if any,

and interest or sinking fund payments in respect of the Bonds are payable solely from revenues and receipts derived from the leasing or sale of the Project, which revenues and receipts are hereby specifically pledged to the payment thereof in the manner and to the extent herein specified, and nothing in the Bonds or coupons or in this Indenture shall ever be considered or construed as mortgaging or pledging any funds or assets of the County other than those mortgaged and pledged hereby. The County shall not in any event be liable for the payment of the principal of, premium, if any, or interest on any of the Bonds.

SECTION 402. *Performance of Covenants; Authority.* The County covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings of its Board of County Commissioners pertaining thereto. The County covenants that it is duly authorized under the Constitution and laws of the State of Montana, including particularly and without limitation the Act, to issue the Bonds authorized hereby and to execute this Indenture, to mortgage the property described herein and mortgaged hereby and to pledge the revenues and receipts described herein and pledged hereby in the manner and to the extent herein set forth; that all action on its part for the issuance of the 1971 Series Bonds and the execution and delivery of this Indenture has been duly and effectively taken (and when and if Additional Bonds shall be issued pursuant to Section 207 hereof, will be duly and effectively taken as provided herein); and that the Bonds and coupons in the hands of the holders and owners thereof are and will be valid and enforceable obligations of the County according to the import thereof.

SECTION 403. *Ownership; Instruments of Further Assurance.* The County covenants that it lawfully owns and is lawfully possessed of, subject to Permitted Encumbrances, the Mortgaged Property and that it has good and indefeasible title and estate therein and that it will defend the title to the Mortgaged Property and every part thereof for the benefit of the holders and owners of the Bonds and any coupons appertaining thereto against the claims and demands of all persons whomsoever. The County covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such mortgages or indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, mortgaging, pledging,

assigning and confirming unto the Trustee all and singular the Mortgaged Property and the revenues and receipts pledged hereby to the payment of the principal of and interest and premium, if any, on the Bonds. The County covenants and agrees that, except as herein and in the Lease Agreement provided, it will not sell, assign, convey, mortgage, encumber or otherwise dispose of any part of the Project or the income and revenue derived therefrom or of its rights under the Lease Agreement.

Promptly after any re-filing, re-registering or re-recording of this Indenture or the Lease Agreement or any filing, registration, recording, re-filing, re-registration or re-recording of any supplement or amendment to either of said instruments, any financing statement or instrument of similar character relating to any of said instruments or any instrument of further assurance which is required pursuant to the preceding paragraph or pursuant to Section 12.3 of the Lease Agreement, the County will deliver to the Trustee, an Opinion of Counsel addressed to the Trustee, to the effect that such filing, registration, recording, re-filing, re-registration or re-recording has been duly accomplished and setting forth the particulars thereof. Not later than sixty (60) days after June 1, 1972, and each June 1 thereafter the County will deliver to the Trustee an Opinion of Counsel addressed to the Trustee, stating that no filing, registration or recording and no re-filing, re-registration or re-recording of any instrument is necessary during the annual period immediately succeeding the date of such opinion in order to comply with this Section 403, or if such filing, registration or recording or re-filing, re-registration or re-recording is necessary, setting forth the requirements with respect thereto in which event the County shall cause such requirements to be met and within ninety (90) days after said filing, registration or recording or re-filing, re-registration or re-recording shall deliver to the Trustee an Opinion of Counsel, addressed to the Trustee, showing that such requirements have been met.

The undertakings of this Section 403 are subject to the limitation prescribed in Section 401 of this Indenture and, if the costs are not otherwise paid, they shall be deemed to be, and the Trustee shall pay them as, an Ordinary Expense.

SECTION 404. *Payment of Taxes, Charges, Etc.* The Lessee has agreed to pay all lawful taxes, assessments and charges at any time levied or assessed upon or against the Project or any part thereof, which might impair or prejudice the lien and priority of this Indenture; provided, however, that nothing contained in this Indenture shall require the payment of any such

taxes, assessments or charges if the same are not required to be paid under the provisions of Section 6.3 of the Lease Agreement.

SECTION 405. *Maintenance and Repair.* Pursuant to the provisions of Section 6.1 of the Lease Agreement the Lessee has agreed at its own expense to cause the Project to be maintained, preserved and kept in good condition, repair and working order, and that it will from time to time cause to be made all needed repairs thereto and renewals and replacements thereof so that the Project shall at all times be kept in good and tenantable condition and repair, and that the Lessee may, at its own expense, make from time to time additions, modifications and improvements to the Project under the terms and conditions set forth in Section 6.1 of the Lease Agreement.

SECTION 406. *Recordation of the Indenture.* The County covenants that it will cause this Indenture and all supplements hereto to be kept recorded and filed in such manner, in such places and at such times as may be required by law in order to fully preserve and protect the security of the holders and owners of the Bonds and any coupons appertaining thereto and the rights of the Trustee hereunder.

SECTION 407. *Inspection of Project Books.* The County covenants and agrees that all books and documents in its possession relating to the Project and the revenues derived from the Project shall at all times be open to inspection by such accountants or other agents as the Trustee may from time to time designate.

SECTION 408. *List of Bondholders.* To the extent that such information shall be made known to the County under the terms of Section 209 and this Section 408, it will keep on file at the principal office of the Trustee a list of names and addresses of the last known holders of all Bonds payable to bearer and believed to be held by each of such last known holders. Any Bondholder may request that his name and address be placed on said list by filing a written request with the County or with the Trustee, which request shall include a statement of the principal amount of Bonds held by such holder and the numbers of such Bonds. The Trustee shall have no responsibility with regard to the accuracy of said list. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by the Lessee or by the holders and/or owners (or a designated representative thereof) of twenty-five per cent or more in principal amount of Bonds then outstanding, such ownership and the authority of any such designated representative to be evidenced to the satisfaction of the Trustee.

SECTION 409. *Rights Under Lease Agreement and Guaranty Agreement.* The Lease Agreement and the Guaranty Agreement, duly executed counterparts of which have been filed with the Trustee, set forth the covenants and obligations of the County, the Lessee and the Guarantor, including provisions that subsequent to the issuance of the Bonds and prior to their payment in full or provision for payment thereof in accordance with the provisions hereof neither the Lease Agreement nor the Guaranty Agreement may not be effectively amended, changed, modified, altered or terminated (other than as provided therein) without the concurring written consent of the Trustee, given as hereinafter in Article XIII provided, and reference is hereby made to the Lease Agreement for a detailed statement of said covenants and obligations of the Lessee under the Lease Agreement and to the Guaranty Agreement for a detailed statement of said covenants and obligations of the Guarantor under the Guaranty Agreement, and the County agrees that the Trustee in its name or in the name of the County may enforce all rights of the County and all obligations of the Lessee under and pursuant to the Lease Agreement and of the Guarantor under and pursuant to the Guaranty Agreement for and on behalf of the Bondholders, whether or not the County is in default hereunder.

SECTION 410. *Paying Agent.* The County hereby covenants and agrees to cause the necessary arrangements to be made through the Trustee and to be thereafter continued whereby funds will be made available for the payment of such of the coupon or registered Bonds and interest coupons as are presented when due, either at maturity or otherwise, at the principal office of the Paying Agent or any additional paying agent hereafter appointed by the County in its discretion (hereinafter called "Additional Paying Agent") or at any successor paying agent appointed by the County in its discretion.

ARTICLE V

REVENUES AND FUNDS

SECTION 501. *Creation of the Bond Fund.* There is hereby created by the County and ordered established with the Trustee a trust fund to be designated "Missoula County Industrial Development Revenue Bond Fund" (herein referred to as the "Bond Fund").

Moneys on deposit in the Bond Fund shall be used to pay the principal of and interest and premium, if any, on the Bonds as the same mature and

become due or upon the redemption thereof prior to maturity except as provided in Sections 210, 306, 509 and 1008 hereof.

SECTION 502. *Payments into the Bond Fund.* There shall be deposited in the Bond Fund the amounts required by Section 601 hereof. Additionally, there shall be deposited in the Bond Fund, as and when received, (a) any amount remaining in the Construction Fund after the Completion Date, as defined in the Lease Agreement, except as otherwise provided in Section 4.3(k) of the Lease Agreement; (b) all rent payments specified in Section 5.3 of the Lease Agreement; (c) all other moneys received by the Trustee under and pursuant to any of the provisions of the Lease Agreement when accompanied by directions from the Lessee that such moneys are to be paid into the Bond Fund or otherwise received on account of the Project. There shall also be deposited in the Bond Fund all interest and other income received on investments as provided in Section 701 hereof. The County hereby covenants and agrees that so long as any of the Bonds issued hereunder are outstanding it will deposit, or cause to be deposited, in the Bond Fund for its account sufficient sums from revenues and receipts derived from the Project (whether or not under and pursuant to the Lease Agreement) promptly to meet and pay the principal of and interest and premium, if any, on the Bonds as the same become due and payable and to this end the County covenants and agrees that, so long as any Bonds issued hereunder are outstanding, it will cause the Project to be continuously and efficiently leased as a revenue and income producing undertaking, and that, should there be a default under the Lease Agreement with the result that the right of possession of the Project under the Lease Agreement is returned to the County, the County shall fully cooperate with the Trustee and with the Bondholders to the end of fully protecting the rights and security of the Bondholders and the bearers of any coupons appertaining thereto and shall diligently proceed in good faith and use its best efforts to secure another tenant for the Project to the end that at all times sufficient revenues and receipts will be derived from the Project promptly to meet and pay the principal of and interest and premium, if any, on the Bonds as the same become due and payable, as well as covering the cost of maintaining and insuring the Project as more particularly provided in the Lease Agreement. Nothing herein shall be construed as requiring the County to operate the Project or to use any funds or revenues from any source other than funds and revenues derived from the Project.

SECTION 503. *Use of Moneys in the Bond Fund.* Except as provided in Sections 210 and 509 hereof, moneys in the Bond Fund shall be used solely for the payment of the interest on the Bonds and for the payment or redemption of the Bonds.

Whenever the amount in the Bond Fund from any source whatsoever is sufficient to redeem all of the outstanding Bonds and to pay interest to accrue thereon to such redemption, the County covenants and agrees, upon request of the Lessee, to take and cause to be taken the necessary steps to redeem all such Bonds on the next succeeding redemption date for which the required redemption notice may be given or on such later redemption date as may be specified by the Lessee.

SECTION 504. *Custody of the Bond Fund.* The Bond Fund shall be in the custody of the Trustee but in the name of the County and the County hereby authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay the principal of, premium, if any, and interest on the Bonds, as the same become due and payable and to make said funds so withdrawn available to the Trustee and to the paying agents for the purpose of paying said principal and interest and premium, if any, which authorization and direction the Trustee hereby accepts.

SECTION 505. *Non-presentment of Bonds or Coupons.* In the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, or in the event any coupon shall not be presented for payment at the due date thereof, if funds sufficient to pay such Bonds or coupons shall be held by the Trustee for the benefit of the holder or holders thereof, all liability of the County to the holder thereof for the payment of such Bond or coupon, as the case may be, shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds without liability for interest thereon, for the benefit of the holder of such Bond, or the holder of such coupon, as the case may be, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Bond or coupon.

SECTION 506. *Trustee's and Paying Agents' Fees, Charges and Expenses.* Pursuant to the provisions of the Lease Agreement, the Lessee has

agreed to pay to the Trustee, at the commencement of the Lease Term (as defined in the Lease Agreement) and continuing until the principal of and interest and premium, if any, on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the provisions of this Indenture: (i) an amount equal to the annual fee of the Trustee for the Ordinary Services of the Trustee rendered and its Ordinary Expenses incurred under this Indenture, (ii) the reasonable fees and charges of the Bond Registrar, Trustee, and any paying agents for acting as paying agent as herein provided, and (iii) the reasonable fees and charges of the Trustee for Extraordinary Services and Extraordinary Expenses of the Trustee under this Indenture, as and when the same become due. It is further understood and agreed that the initial or acceptance fees of the Trustee and the fees, charges and expenses of the Trustee referred to in the preceding sentence which become due prior to the Completion Date (as defined in the Lease Agreement), will be paid to the Trustee from the Construction Fund as and when the same shall become due. The Lessee may, without creating a default hereunder, contest in good faith the necessity for any such Extraordinary Services and Extraordinary Expenses and the reasonableness of any of the fees or charges referred to herein.

SECTION 507. *Moneys to be Held in Trust.* All moneys required to be deposited with or paid to the Trustee for account of the Bond Fund or the Construction Fund under any provision of this Indenture shall be held by the Trustee in trust, and except for moneys deposited with or paid to the Trustee for the redemption of Bonds, notice of the redemption of which has been duly given, shall, while held by the Trustee, constitute part of the trust estate and be subject to the lien hereof.

SECTION 508. *Insurance and Condemnation Proceeds.* Reference is hereby made to the Lease Agreement whereunder it is provided that under certain circumstances the net proceeds of insurance and condemnation awards are to be paid to the Trustee and held by the Trustee in a separate trust account or paid into the Bond Fund and to be disbursed and paid out as therein provided. The Trustee hereby accepts and agrees to perform the duties and obligations therein specified.

SECTION 509. *Repayment to the Lessee from the Bond Fund.* Any amounts remaining in the Bond Fund after payment in full of the principal of, interest and premium, if any, on the Bonds (or provision for the payment

thereof as provided in this Indenture) and the fees, charges and expenses of the Trustee and any paying agents and all other amounts required to be paid hereunder, shall be paid to the Lessee upon the expiration or sooner termination of the term of the Lease Agreement as provided in Section 12.6 of the Lease Agreement.

ARTICLE VI

Custody and Application of Proceeds of Bonds

Section 601. *Deposits in the Bond Fund.* From the proceeds of issuance and delivery of the Bonds there shall be deposited in the Bond Fund a sum equal to the accrued interest and premium, if any, paid by the purchasers of the Bonds.

Section 602. *Construction Fund; Disbursements.* There is hereby created and established with the Trustee a trust fund in the name of the County to be designated "Missoula County Industrial Development Construction Fund" (which is herein referred to as the "Construction Fund"). The balance of the proceeds of issuance and delivery of the Bonds remaining after the deduction provided by Section 601 hereof has been made shall be deposited in the Construction Fund and shall be used in accordance with the provisions of the Lease Agreement, and particularly Section 4.3 thereof.

The County covenants and agrees to cause to be filed with the Trustee a schedule signed by the Project Supervisor (as defined in the Lease Agreement) setting forth an estimate of the amounts that will be needed to make the disbursements from the Construction Fund referred to in this Section 602 and the estimated dates of such disbursements, and to take all necessary and appropriate action promptly in approving and ordering all such disbursements. The Trustee is hereby authorized and directed to issue its checks for each disbursement required by the aforesaid provisions of the Lease Agreement.

The Trustee shall keep and maintain adequate records pertaining to the Construction Fund and all disbursements therefrom, and after the Project has been completed and a certificate of payment of all costs filed as provided in Section 603 hereof, the Trustee shall file a statement of income and disbursements with respect thereto with the County and with the Lessee.

Section 603. *Completion of the Project.* The completion of the Project and payment of the cost of the Project shall be evidenced by the filing with the Trustee of (i) the certificate of the Project Supervisor required by

the provisions of Section 4.5 of the Lease Agreement and (ii) a certificate signed by such other person as may be designated for such purpose by resolution of the Board of County Commissioners of the County and by the Lessee (by one of the authorized officers of the Lessee), which certificate shall state that all obligations and costs in connection with the Project and payable out of the Construction Fund have been paid and discharged except for amounts retained by the Trustee with the approval of the Lessee and the County for the payment of costs of the Project not then due and payable as provided in the Lease Agreement. As soon as practicable and in any event within sixty days from the date of the certificate referred to in subsection (ii) of the preceding sentence any balance remaining in the Construction Fund (other than the amounts retained by the Trustee referred to in the preceding sentence) shall without further authorization be deposited in the Bond Fund.

SECTION 604. *Supplemental Indenture After Completion.* The County covenants and agrees that it will deliver to the Trustee within 30 days after the completion or reconstruction of the Project a description of the machinery, equipment and other property, if any, then constituting a part of the Project and not specifically described in the Granting Clauses of this Indenture, as then supplemented. Such description shall be sufficiently detailed so as to enable counsel to render the Opinion of Counsel referred to in the next succeeding sentence. The County covenants that it will thereupon deliver to the Trustee a written Opinion of Counsel addressed to the Trustee to the effect that the descriptions of the Mortgaged Property contained in this Indenture, as supplemented, are adequate for all purposes hereof and include descriptions of the entire Project; that this Indenture and all supplemental indentures including any financing statement required by the Uniform Commercial Code of Montana have been recorded and filed in all places where such recordation or filing is necessary or advisable to protect the interests of the Trustee and the Bondholders in the movable and immovable property comprising the Mortgaged Property, and that this Indenture, as supplemented, constitutes a legally valid and direct first and paramount lien on the Project, subject to Permitted Encumbrances.

If in the Opinion of Counsel such action is necessary in order to enable counsel to render such opinion, the County shall promptly:

1. Prepare or cause to be prepared and execute a supplemental indenture containing a description of the machinery, equipment and other property not specifically described in the Granting Clauses of this

Indenture as then supplemented and subjecting such machinery, equipment and other property to the lien of this Indenture.

2. Deliver the supplemental indenture to the Trustee for execution.

3. Deliver or cause to be delivered the fully executed supplemental indenture to counsel for recording and filing in all places required by the Opinion of Counsel referred to in this Section 604.

At any time after the execution and delivery of this Indenture and so long as no event of default shall have occurred and be continuing, the County and the Trustee, at the request of the Lessee, shall enter into a supplemental indenture to effect such changes in the real property described in Exhibit A hereof as may be necessary or desirable in order to conform to the ultimate design and layout of the Project. The Trustee is authorized to enter into any such supplemental indenture requested by the County, provided that, in the written Opinion of Counsel delivered to the Trustee, any such supplemental indenture shall not operate to release from the lien of this Indenture any part of the entire property described in said Exhibit A.

ARTICLE VII

INVESTMENTS

SECTION 701. *Investment of Construction Fund Moneys and Bond Fund Moneys.* Any moneys held in the Construction Fund and the Bond Fund shall, pursuant to written direction of the Lessee, signed by its President or a Vice-President or its Treasurer or an Assistant Treasurer, be separately invested and reinvested by the Trustee in accordance with the provisions of Section 4.9 of the Lease Agreement. Any such investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund in which such moneys are originally held and the interest accruing thereon and any profit realized from such investments shall be credited to such fund, and any loss resulting from such investments shall be charged to such fund. The Trustee shall sell and reduce to cash funds a sufficient amount of such investments whenever the cash balance in such fund is insufficient for the purposes of such fund.

The Trustee may make any and all investments permitted by the provisions of this Section 701 through its own Bond Department at cost.

ARTICLE VIII

POSSESSION, USE AND PARTIAL RELEASE OF MORTGAGED PROPERTY

SECTION 801. *Subordination to Rights of the Lessee.* This Indenture and the rights and privileges hereunder of the Trustee and the holders of the Bonds and coupons are specifically made subject and subordinate to the rights and privileges of the Lessee set forth in the Lease Agreement including, particularly, any grant or release made pursuant to Sections 8.5 and 8.6 thereof. So long as not otherwise provided in this Indenture, the County shall be suffered and permitted to possess, use and enjoy the Mortgaged Property and appurtenances so as to carry out its obligations under the Lease Agreement.

SECTION 802. *Release of Leased Land.* Reference is made to the provisions of the Lease Agreement, including without limitation Sections 8.5 and 11.4 thereof, whereby the County and the Lessee have reserved the right to withdraw certain portions of the Leased Land (as defined in the Lease Agreement) upon compliance with the terms and conditions of the Lease Agreement. The Trustee shall release from the lien of this Indenture any such land upon compliance by the parties with the provisions of the Lease Agreement and shall deposit in the Bond Fund any moneys received by it under Section 11.4 of the Lease Agreement.

SECTION 803. *Release of Leased Equipment.* Reference is made to the provisions of the Lease Agreement, including without limitation Section 6.2 thereof, whereby the Lessee may remove certain items of Leased Equipment (as defined in the Lease Agreement) upon compliance by the parties with the terms and conditions of the Lease Agreement. The Trustee shall at the request of the County or the Lessee confirm that any such equipment is no longer subject to the lien of this Indenture upon compliance by the parties with the provisions of the Lease Agreement and receipt by the Trustee of a certificate of the President or any Vice President of the Lessee that such provisions have been complied with.

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

or confirm the grants or releases of easements, licenses, rights of way and other rights or privileges permitted by Section 8.6 thereof upon compliance by the parties with the provisions of the Lease Agreement.

ARTICLE IX

DISCHARGE OF LIEN

SECTION 901. *Discharge of Lien of the Indenture.* If, when the Bonds secured hereby shall have become due and payable in accordance with their terms or otherwise as provided in this Indenture or shall have been duly called for redemption or irrevocable instructions to call the Bonds for redemption shall have been given by the County to the Trustee, the whole amount of the principal and the interest and the premium, if any, due and payable upon all of the Bonds and coupons then outstanding shall be paid or sufficient moneys shall be held by the Trustee or the additional paying agent for such purpose, and provision shall also be made for paying all other sums payable hereunder, and if the County shall keep, perform and observe all and singular the covenants and promises in the Bonds and in this Indenture expressed as to be kept, performed and observed by it or on its part, then these presents and the estate and rights hereby granted shall cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture, and execute and deliver to the County such instruments in writing as shall be requisite to satisfy the lien hereof, and re-convey to the County the estate hereby conveyed, and assign and deliver to the County any property at the time subject to the lien of this Indenture which may then be in its possession, except amounts in the Bond Fund required to be paid to the Lessee under Section 509 hereof, moneys held by the Trustee for the payment of principal of, premium, if any, and interest on the Bonds and moneys held by the Trustee for the payment of all other sums payable hereunder. The County, upon request of the Trustee, shall execute all instruments necessary to discharge the lien of this Indenture, as in this section provided.

Bonds and coupons for the payment or redemption of which moneys shall have been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds) shall be deemed to be paid and no longer outstanding; provided, however, that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or arrangements satisfactory to the Trustee shall have been made for the giving thereof.

ARTICLE X

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

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

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

(b) Default in the due and punctual payment of the principal of or redemption premium, if any, on any Bonds, whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon the maturity thereof by declaration; or

(c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the County in this Indenture or in the Bonds contained, or default on the part of the Lessee in connection with the matters referred to in Sections 404, 405 and 507 hereof, and the continuance thereof for a period of thirty days after written notice given to the County by the Trustee or to the Trustee and the County by the holders of not less than twenty-five per cent in aggregate principal amount of Bonds then outstanding; or

(d) The occurrence of an "event of default" under Section 10.1(a) of the Lease Agreement.

The term "default" shall mean default by the County in the performance or observance of any of the covenants, agreements or conditions on its part contained in this Indenture or in the Bonds or default on the part of the Lessee under the Lease Agreement in connection with the matters referred to in Sections 404, 405 and 507 hereof, exclusive of any period of grace required to constitute a default an "event of default" as hereinabove provided.

SECTION 1002. *Acceleration.* Subject to the provisions of Section 1013 hereof, upon the occurrence of an event of default the Trustee may, and upon the written request of the holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then outstanding shall, by notice in writing delivered to the County and the Lessee, declare the principal of all Bonds then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. Upon any declaration of acceleration here-

under, the Trustee shall immediately exercise such rights as it may have to declare all installments of rent payable under Section 5.3 of the Lease Agreement to be immediately due and payable in accordance with Section 10.2(a) of the Lease Agreement.

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

While in possession of such property the Trustee shall render annually to the County and the Lessee and also to the Bondholders, at their addresses set forth in the list required by Section 408 hereof and to the holders of all Bonds then registered as to principal (except to bearer) at their addresses shown by the registration books, a summarized statement of income and expenditures in connection therewith.

Upon the occurrence of an event of default the lien on the Project created and vested by this Indenture may be foreclosed either by sale at public auction or by proceedings in equity and the Trustee or the holder or holders of any

of the Bonds then outstanding, whether or not there shall then be a default in the payment of principal or interest thereon, may become the purchaser at any foreclosure sale if the highest bidder.

SECTION 1004. *Other Remedies; Rights of Bondholders.* Upon the occurrence of an event of default the Trustee may, as an alternative, either after entry or without entry, pursue any available remedy by action at law or suit in equity to enforce the payment of the principal of, premium, if any, and interest on the Bonds then outstanding, including, without limitation, foreclosure and mandamus.

If an event of default shall have occurred, and if requested so to do by the holders of twenty-five per cent in aggregate principal amount of Bonds then outstanding and indemnified as provided in subsection (m) of Section 1101 hereof, the Trustee shall be obliged to exercise such one or more of the rights and powers conferred by this Section and by Section 1003 hereof as the Trustee, being advised by counsel, shall deem most expedient in the interest of the Bondholders.

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

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

No waiver of any default or event of default hereunder, whether by the Trustee pursuant to the provisions of Section 1012 hereof, or by the Bondholders, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereon.

SECTION 1005. *Right of Bondholders to Direct Proceedings.* Anything in this Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Bonds then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the

enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

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

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

SECTION 1008. *Application of Moneys.* All moneys received by the Trustee with respect to the Project pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys so deposited in the Bond Fund and all moneys held or deposited in the Bond Fund during the continuance of an event of default and available for payment of the Bonds under the provisions of Section 503 hereof shall (after payment of the fees and expenses of the Trustee) be applied as follows:

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

First—To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest including (to the extent permitted by law) interest on overdue installments of interest at the rate borne by the Bonds on which such interest shall then be due, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

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

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

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

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

Whenever all of the Bonds and interest thereon have been paid under the provisions of this Section 1008 and all fees, charges and expenses of the Trustee and any paying agents and all other amounts required to be paid hereunder have been paid, any balance remaining in the Bond Fund shall be paid to the Lessee as provided in Section 509 hereof.

SECTION 1009. *Remedies Vested in Trustee.* All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds or coupons may be enforced by the Trustee without the possession of any of the Bonds or coupons or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any holders of the Bonds or any coupons appertaining thereto, and any recovery of judgment shall, subject to the provisions of Section 1008 hereof, be for the equal benefit of the holders of the outstanding Bonds and coupons.

SECTION 1010. *Rights and Remedies of Bondholders.* No holder of any Bond or coupon shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred of which the Trustee has been notified as provided in subsection (h) of Section 1101,

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

SECTION 1011. *Termination of Proceedings.* In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the County, the Lessee and the Trustee shall be restored to their former positions and rights hereunder with respect to the Mortgaged Property, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

SECTION 1012. *Waivers of Events of Default.* The Trustee shall waive any event of default hereunder and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds upon the written request of the holders of (1) one-half in aggregate principal amount of all the Bonds then outstanding in respect of which default in the payment of principal and/or interest exists, or (2) one-half in aggregate principal amount of all Bonds then outstanding in the case of any other default; provided, however, that there shall not be waived without the consent of the holders of all the Bonds outstanding (a) any event of default in the payment of the principal of any outstanding Bonds at the date of maturity specified therein or (b) any default in the payment when due of the interest on any such Bonds unless, prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) on overdue installments of interest at the rate borne by the Bonds in respect of which such default shall have occurred, or all arrears of payments of principal when due, as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the County, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

SECTION 1013. *Notice of Defaults; Opportunity of Lessee to Cure Defaults.* Anything herein to the contrary notwithstanding, no default, in the case of a default specified in Section 1001(c), on the part of the County or the Lessee shall constitute an event of default until actual notice of such default by registered or certified mail shall be given by the Trustee or by the holders of not less than 25% in aggregate principal amount of all the Bonds then outstanding to the County and to the Lessee, and the County and the Lessee shall have had thirty days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within such period; provided, however, if any default specified in Section 1001(c) shall be such that it cannot be corrected within such period, it shall not constitute an event of default if corrective action is instituted by the Lessee within the applicable period and diligently pursued until the default is corrected; and

provided further if any default specified in Section 1001(c) should occur by reason of the failure of the Lessee to perform any covenant, condition or agreement on its part contained in the Lease Agreement which failure would not constitute an event of default under Section 10.1 of the Lease Agreement by reason of force majeure as defined therein, then such default shall not constitute an event of default under Section 1001(c) hereof.

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

ARTICLE XI

THE TRUSTEE

SECTION 1101. *Acceptance of the Trusts.* The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(a) The Trustee, prior to the occurrence of an event of default and after the curing of all events of default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an event of default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

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

employees as may reasonably be employed in connection with the trust hereof. The Trustee may act upon an Opinion of Counsel and shall not be responsible for any loss or damage resulting from any action or non-action by it taken or omitted to be taken in good faith in reliance upon such Opinion of Counsel.

(c) The Trustee shall not be responsible for any recital herein or in the Bonds (except in respect to the certificate of the Trustee endorsed on the Bonds), or for the recording or re-recording, filing or re-filing of this Indenture or for insuring the Mortgaged Property herein conveyed or collecting any insurance moneys, or for the validity of the execution by the County of this Indenture or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value or title of the Mortgaged Property herein conveyed or otherwise as to the maintenance of the security hereof; except that in the event the Trustee enters into possession of a part or all of the Mortgaged Property pursuant to any provision of this Indenture it shall use due diligence in preserving such property, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the County or on the part of the Lessee in connection with the matters referred to in Sections 404 and 405 hereof, except as hereinafter set forth; but the Trustee may require of the County or the Lessee full information and advice as to the performance of the covenants, conditions and agreements aforesaid as to the condition of the Mortgaged Property. Except as otherwise provided in Section 1003 hereof, the Trustee shall have no obligation to perform any of the duties of the County as lessor under the Lease Agreement; and the Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 701.

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

(e) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by it to be genuine and correct and to action taken by the Trustee pursuant to this Indenture upon the request or

authority
request or
shall be co
and upon

(f)
sufficiency
shall be e
by the Ch
person as
of County
as may b
County C
tained an
been noti
by said s
accept a
action or
such furt
case be b
of the Bo
resolutio
of Coun
has been

(g)
in this I
not be a

(h
to have
cause to
by Arti
writing
twenty-
standin
to be de
at the p
delivere
as afore

authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

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

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

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

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

(j) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right, but shall not be required, to inspect any and all of the Mortgaged Property herein conveyed, and all books, papers and records of the County pertaining to the Project and the Bonds, and to take such memoranda from and in regard thereto as may be desired.

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

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

(m) Before taking any action under this Section 1101 the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or wilful default, by reason of any action so taken.

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

SECTION
tee shall be
for its Ordin
and other O
by the Trust
that it shoul
Services, it s
to reimburse
connection t
traordinary
Trustee, it s
The Trustee
fees and cha
occurrence o
shall have a
or principal
advances, fe

SECTIO
occurs of w
required to
(h) provide
mail to the
of Bondhol
office of the

SECTIC
which the C
counsel has
the Trustee
requested i
principal a
shall first
against the
of such pr
Section are

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

SECTION 1103. *Notice to Bondholders If Default Occurs.* If a default occurs of which the Trustee is by subsection (h) of Section 1101 hereof required to take notice or if notice of default be given as in said subsection (h) provided, then the Trustee shall give written notice thereof by first class mail to the last known owners of all Bonds then outstanding shown by the list of Bondholders required by the terms of Section 408 hereof to be kept at the office of the Trustee.

SECTION 1104. *Intervention by Trustee.* In any judicial proceeding to which the County is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of owners of the Bonds, the Trustee may intervene on behalf of Bondholders and shall do so if requested in writing by the owners of at least twenty-five per cent in aggregate principal amount of all Bonds then outstanding, provided that the Trustee shall first have been offered such reasonable indemnity as it may require against the costs, expenses and liabilities which it may incur in or by reason of such proceeding. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction.

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

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

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

SECTION 1108. *Appointment of Successor Trustee by the Bondholders; Temporary Trustee.* In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court a successor may be appointed by the owners of a majority in aggregate principal amount of Bonds then outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of such vacancy the County by an instrument executed and signed by its Chairman and attested by its Clerk under its seal, may appoint a temporary Trustee to fill such

vacancy u
in the man
by the Co
the Trustee
pursuant t
in good st
capital an
institution
customary

SECT
Trustee a
predecess
accepting
out any
the estat
predecess
of the C
ferring t
and trus
shall del
its succe
by any
cessor t
intended
writing
County.
removin
all othe
by the
have b

S
case a
the M
such t
howev
in con

vacancy until a successor Trustee shall be appointed by the Bondholders in the manner above provided; and any such temporary Trustee so appointed by the County shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank in good standing within or outside the State of Montana having a reported capital and surplus of not less than three million dollars, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

SECTION 1109. *Concerning Any Successor Trustees.* Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the County and the Lessee an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the County, or of its successor, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers, and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the County be required by any successor Trustee for more fully and certainly vesting in such successor the estates, properties, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the County. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article shall be filed and/or recorded by the successor Trustee in each recording office where the Indenture shall have been filed and/or recorded.

SECTION 1110. *Right of Trustee to Pay Taxes and Other Charges.* In case any tax, assessment or governmental or other charge upon any part of the Mortgaged Property is not paid as required herein, the Trustee may pay such tax, assessment or governmental or other charge, without prejudice, however, to any rights of the Trustee or the Bondholders hereunder arising in consequence of such failure; and any amount at any time so paid under

this Section, with interest thereon from the date of payment at the rate of six per cent per annum, shall become so much additional indebtedness secured by this Indenture, and the same shall be given a preference in payment over any of the Bonds, and shall be paid out of the proceeds of revenues collected from the Mortgaged Property, if not otherwise caused to be paid; but the Trustee shall be under no obligation to make any such payment unless it shall have been requested to do so by the holders of at least twenty-five per cent in aggregate principal amount of all Bonds then outstanding and shall have been provided with adequate funds for the purpose of such payment.

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

SECTION 1112. *Successor Trustee as Trustee of Bond Fund and Construction Fund.* In the event of a change in the office of Trustee the predecessor Trustee which has resigned or been removed shall cease to be trustee of the Bond Fund and the Construction Fund and the successor Trustee shall become such trustee.

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

In t
tion as a
demand,
or intend
the Trus
separate
or co-tru
and oblig
shall run
Sho
be requi
for mor
propert
deeds, c
acknowl
co-truste
resign o
and obl
by law,
of a ne

SE
Bondho
notice
supplen
and pr

In

B
m
T

re

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

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

ARTICLE XII

SUPPLEMENTAL INDENTURES

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

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

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

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

(d) To modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under any Federal statute hereafter in effect or under any state Blue Sky Law, and, in connection therewith, if they so determine, to add to this Indenture or any indenture supplemental hereto, such other terms, conditions and provisions (which, in the judgment of the Trustee, are not to the prejudice of the holders of the Bonds or the bearers of the coupons) as may be permitted or required by said Federal statute or Blue Sky Law; and

(e) To provide for the issuance of Additional Bonds under Section 207 of this Mortgage.

The County and the Trustee shall without the consent of, or notice to, any of the Bondholders enter into an indenture or indentures supplemental to this Indenture (i) with respect to the issuance of Additional Bonds as provided in Section 207 hereof, and the inclusion of additional Mortgaged Property in connection therewith, (ii) to the extent necessary with respect to the machinery and equipment forming a part of the Mortgaged Property and generally described in Exhibit B hereto so as to more precisely identify the same or to substitute or add additional machinery and equipment acquired with the proceeds of the Bonds in accordance with the provisions of Section 4.1(b) of the Lease Agreement and (iii) with respect to real estate as provided in Section 604 or additional real estate which pursuant to the Lease Agreement is to become part of the Leased Land and Facility, as defined in the Lease Agreement, so as to subject the same to the lien hereof.

SECTION 1202. *Supplemental Indentures Requiring Consent of Bondholders.* Exclusive of supplemental indentures covered by Section 1201 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the holders of not less than two-thirds in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the County and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the County for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing in this Section contained shall permit, or be

construed as permitting, without the consent of the holders of all the Bonds then outstanding (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of payment of interest on, or the reduction of any premium payable on the redemption of, any Bonds, or (b) a reduction in the amount or extension of the time of any payment required by the sinking fund provided in Section 306 hereof or any sinking fund applicable to any Additional Bonds, or (c) the creation of any lien on the Mortgaged Property (other than Permitted Encumbrances) prior to or on a parity with the lien of this Indenture or (d) a reduction in the aforesaid aggregate principal amount of Bonds the holders of which are required to consent to any such supplemental indenture. No such modification shall modify the rights, duties or immunities of the Trustee, without the written consent of the Trustee.

If at any time the County shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be published as shall be requested by the County and in any event one time in a financial journal or a newspaper of general circulation among dealers in municipal securities published in the City of New York, New York. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal office of the Trustee for inspection by all Bondholders. If, within sixty days or such longer period as shall be prescribed by the County following the final publication of such notice, the holders of not less than two-thirds in aggregate principal amount of the Bonds outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no holder of any Bond or of any coupon appertaining thereto shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the County from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

If, because of the temporary or permanent suspension of the publication or general circulation of any financial journal or newspaper or for any other reason, it is impossible or impractical to publish such notice of the proposed

execution of such supplemental indenture in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice.

The Trustee may receive an Opinion of Counsel as conclusive evidence that any indenture supplemental hereto entered into by the County and the Trustee complies with the provisions of this Article XII.

Anything herein to the contrary notwithstanding, a supplemental indenture under this Article XII which affects any rights of the Lessee shall not become effective unless and until the Lessee shall have consented in writing to the execution and delivery of such supplemental indenture.

ARTICLE XIII

Amendment of Lease Agreement

Section 1301. *Amendments, Etc., to Lease Agreement Not Requiring Consent of Bondholders.* The County and the Trustee shall without the consent of or notice to the Bondholders consent to any amendment, change or modification of the Lease Agreement as may be required (i) by the provisions of the Lease Agreement, and this Indenture; (ii) in connection with the issuance of Additional Bonds as provided in Section 207, hereof; (iii) for the purpose of curing any ambiguity or formal defect or omission; (iv) in connection with the machinery and equipment described in Exhibit B hereto so as to more precisely identify the same or substitute or add additional machinery and equipment acquired with the proceeds of the Bonds in accordance with the provisions of Section 4.1(b) of the Lease Agreement; (v) in connection with additional real estate which pursuant to the Lease Agreement is to become part of the Leased Land, as defined in the Lease Agreement; or (vi) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the holders of the Bonds.

Section 1302. *Amendments, Etc., to Lease Agreement Requiring Consent of Bondholders.* Except for amendments, changes or modifications as provided in Section 1301 hereof, neither the County nor the Trustee shall consent to any amendment, change or modification of the Lease Agreement without publication of notice and the written approval or consent of the holders

of not less than two-thirds in aggregate principal amount of the Bonds at the time outstanding given and procured as in Section 1202 provided. If at any time the County and the Lessee shall request the consent of the Trustee to any such proposed amendment, change or modification of the Lease Agreement, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be published in the same manner as provided by Section 1202 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Trustee for inspection by all Bondholders.

ARTICLE XIV

MISCELLANEOUS

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

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

(b) The fact of the holding by any person of Bonds and/or coupons transferable by delivery and the amounts and numbers of such Bonds, and the date of the holding of same, may be proved by a cer-

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

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

SECTION 1402. *Limitation of Rights.* With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto, and the holders of the Bonds and coupons, any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the holders of the Bonds and coupons as herein provided.

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

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

SECTION 1404. *Notices.* It shall be sufficient service of any notice, request, complaint, demand or other paper on the County if the same shall be duly mailed to the County by registered or certified mail addressed to it at County Clerk and Recorder, Missoula, Montana 59801, or to such other address as the County may from time to time file with the Trustee, the Lessee and the Guarantor. It shall be sufficient service of any notice, request, demand or other paper on the Trustee if the same shall be duly mailed to the Trustee by registered or certified mail addressed to it at First National Bank and Trust Company of Helena, Montana, Attention: Corporate Trust Department, or to such other address as the Trustee may from time to time file with the County, the Guarantor and the Lessee. It shall be sufficient service of any notice or other paper on the Guarantor if the same shall be duly mailed to the Guarantor by registered or certified mail and addressed to it at Hoerner Waldorf Corporation, Attention: Secretary, Box 3260, St. Paul, Minnesota, or such other address as the Guarantor may from time to time file with the County, Trustee and the Lessee. It shall be sufficient service of any notice, request, demand or other paper on the Lessee if the same shall be duly mailed to Hoerner Waldorf Properties Company, by registered or certified mail and addressed to it at, 2250 Wabash Avenue, St. Paul, Minnesota, Attention: Secretary, or to such other address as the Lessee may from time to time file with the County, the Guarantor and the Trustee. A duplicate copy of each notice, certificate or other communication given hereunder by either the County or the Lessee to the other shall also be given to the Trustee and the Guarantor.

SECTION 1405. *Paying Agent as Registrar.* The Paying Agent is hereby designated as Bond Registrar for and in respect to the Bonds.

SECTION 1406. *Payments Due on Sundays and Holidays.* In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be in the City of St. Paul, Minnesota, a Sunday or a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or prin-

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

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

IN WITNESS WHEREOF, Missoula County, Montana, has caused these presents to be signed in its name and behalf by the Chairman of the Board of County Commissioners and its corporate seal to be hereunto affixed and attested by its County Clerk and to evidence its acceptance of the trusts hereby created, First National Bank and Trust Company of Helena has caused these presents to be signed in its name and behalf by one of its Vice Presidents, its official seal to be hereunto affixed, and the same to be attested by one of its Trust Officers, all as of the first day of June, 1971.

MISSOULA COUNTY, MONTANA

[SEAL]

By

Chairman of the Board of County Commissioners

ATTEST:

County Clerk

FIRST NATIONAL BANK AND TRUST COMPANY OF HELENA, as Trustee

[SEAL]

By

Vice President

ATTEST:

Trust Officer

ACKNOWLEDGMENT OF COUNTY

STATE OF MONTANA }
COUNTY OF MISSOULA } ss.:

Personally appeared before me, J. C. GARLINGTON, a Notary Public in and for said County and State, A. W. FETSCHER and VERAMAE R. CROUSE, with whom I am personally acquainted and who upon their oath acknowledged themselves to be the Chairman of the Board of County Commissioners and County Clerk of Missoula County, Montana, the within-named bargainor, a corporation, and that they as such Chairman of the Board of County Commissioners and County Clerk, being authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing the name of said corporation by A. W. FETSCHER as such Chairman and VERAMAE R. CROUSE as such Clerk.

Witness my hand and official seal of office in Missoula Montana, this 1st day of June, 1971.

J. C. Garlington
Notary Public

My Commission Expires: Feb. 14, 1973.

[SEAL]

ACKNOWLEDGMENT OF TRUSTEE

STATE OF MONTANA }
COUNTY OF MISSOULA } ss.:

Personally appeared before me, J. Lanington Notary Public in and for said County and State, George Beall and B.J. Schneller, with whom I am personally acquainted and who upon their oath acknowledged themselves to be a Vice-President and a Trust Officer of First National Bank and Trust Company of Helena, Helena, Montana, the within-named bargainor, a national banking association, and that they as such Vice-President and Trust Officer, being authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing the name of said national banking association by George Beall as such Vice-President and B.J. Schneller as such Trust Officer.

Witness my hand and official seal of office in Missoula, Montana, this 1st day of June, 1971.

J. Lanington
Notary Public

My Commission Expires: Feb. 14, 1973

[SEAL]

EXHIBIT A

Clarifie BOOK 31 PAGE 122

That certain circular tract of land 250 feet in diameter, situated in the N½ Section 24, T.14N., R.21W., Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 504 more particularly described as follows:

Commencing at an iron pin in Mullan Road, at or approximating the N¼ corner of Section 24, T.14N., R.21W., thence S68°44'46"W, 961.22 feet; thence S21°08'14"W, 832.40 feet to the center of said circular tract, from which said tract is circumscribed on a radius of 125 feet, attached to which and included in this description is a 25' x 19' pump house on the northwesterly side of this circumscribed circle, containing 1.127 acres more or less.

Number 3 Recovery Boiler

That certain rectangular tract of land situated in the N½, Section 24, T.14N., R.21W., Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows:

Commencing at an iron pin in Mullan Road, at or approximating the N¼ corner of Section 24, T.14N., R.21W., Principal Meridian, Montana; thence S36°08'17"W, 475.86 feet to the true point of beginning; thence S21°46'10"E, 79.00 feet; thence S68°13'50"W, 60.00 feet; thence N21°46'10"W, 79.00 feet; thence N68°13'50"E, 60.00 feet to the true point of beginning, containing 0.109 acres more or less.

Hog Fuel Boiler—Wet Scrubber

That certain rectangular tract of land situated in the N½, Section 24, T.14N., R.21W., Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows:

Commencing at an iron pin in Mullan Road, at or approximating the N¼ corner of Section 24, T.14N., R.21W., Principal Meridian, Montana; thence S31°39'10"W, 555.56 feet to the true point of beginning; thence S21°46'10"E, 30.50 feet; thence S68°13'50"W, 27.00 feet; thence N21°46'10"W, 30.50 feet; thence N68°13'50"E, 27.00 feet, to the true point of beginning, containing 0.019 acres more or less.

Number 4 Recovery Boiler

That certain rectangular tract of land situated in the N½, Section 24, T.14N., R.21W., Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows:

Commencing at an iron pin in Mullan Road, at or approximating the N¼ corner of Section 24, T.14N., R.21W., Principal Meridian, Montana; thence S06°31'18"W, 374.52 feet to the true point of beginning; thence S68°13'50"W, 190.00 feet; thence N21°46'10"W, 105.00 feet; thence N68°13'50"E, 190.00 feet; thence S21°46'10"E, 105.00 feet to the true point of beginning, containing 0.459 acres more or less.

EXHIBIT B
Clarifier

Quantity	Item
1	200′ diameter clarifier concrete basin
1	Clarifier mechanism
2	5 HP motors
3	7,500 6 PM lift pumps
3	75 HP motors
2	Sludge pumps
2	20 HP motors
1	Self cleaning bar screen
1	1 HP screen motor
1	20′ x 30′ lift station structure
–	Motor control center inside
1	6′ x 12′ lift station
–	Concrete approach ditch to lift station
1	Sampler station and Parshall flume
1	Parshall flume liner
–	Remove and relocate 4 Parshall flumes
4	Flume and sampler station
3	18″ check valves
3	18″ block valves
175	30″ diameter steel pipe
210	8″ diameter sludge piping
2,150	4″ diameter sludge piping
1	Back flush—pos. displace
1	Emergency dam w/weir
200	12″ diameter irrigation pipe
1	Bleed-off piping
–	Dike work—see backup sheet
–	Fill existing ditches
–	Rip rap. intercept ditch
–	Electrical
–	Area Lighting
2	Pipe and wingwalls under roads
–	Instrumentation
	Seal dikes and some of the bottom on ponds #1A, 2, 11, 12 & 13
	Overflows—standard pipe length in ponds #1, 1A, 2, 3, 6, 11 & 12
	Overflows—long pipe for ponds #1, 2, 4, 7 (2 reqd.)
	Used dredge (est.)
20	Vertical drain pipes
	Miscellaneous piping

ADDI
ELEC
CONC
MEC
SALT
BUIL
Seco
Hog
Mat
ir
Inst
Elec
Pipi
Aux
Hea
Rel

I received a
is recorded
Paid.....
Address.....

Number 3 Recovery Boiler Conversion

ADDITIONAL ECONOMIZER
- Material and Erection, including boiler riser tubes

ELECTROSTATIC PRECIPITATOR AND AUXILIARY EQUIPMENT
- Research-Cottrell precipitator erected
- I. D. fan and speed control
- I. D. fan motor and controls
- Fan erection
- Stack
- Ductwork, insulation, sluice tank, etc.

CONCENTRATOR AND AUXILIARY EQUIPMENT
- Unitech material quotation
- Equipment erection

MECHANICAL WORK
- Pumps—material and installation
- Process piping—material and installation
- Instrumentation—material and installation
- Electrical—material and installation

SALTCAKE CONVEYING SYSTEM
- Material and installation

BUILDING
- Basic building, material and erection additional facilities; i.e. manlifts
- Drains, plumbing and heating
- Foundations, relocation of utilities, demolition, etc.

Second Floor Addition to Maintenance Building to provide office facilities

Hog Fuel Boiler—Wet Scrubber

Hog fuel boiler and wet scrubber

Number 4 Recovery Boiler

Material and erection of boiler (including all items between the F. D. fan inlet to the stack outlet)
Instrumentation
Electrical
Piping
Auxiliary equipment (feedwater, air, etc.)
Heavy black liquor concentrator and vacuum evaporator modifications
Relocation of parking lots, sewers, etc.

304332

I received and filed this instrument for record on the 28th day of June 1971 at 11:20 o'clock A.M. and it is recorded in Vol. 31 of Misc. Records of the County of Missoula, State of Montana, on page 40 Fee none
Paid ..... Return to Darlington, Lahn & Witness my hand, Veramae R. Crouse, County Recorder
Address Robinson By M. McConaughey Deputy

Recording copy

WARRANTY DEED BOOK 31 PAGE 1

KNOW ALL MEN BY THESE PRESENTS:

That HOERNER WALDORF CORPORATION, a Delaware Corporation, (formerly Waldorf Paper Products Company of Montana) having its principal office in St. Paul, Minnesota, party of the first part, in consideration of the sum of Ten Dollars ($10.00), the receipt whereof is hereby admitted, does hereby grant, bargain, sell, convey and confirm unto MISSOULA COUNTY, an organized county within the State of Montana, being a body corporate and politic, party of the second part, and to its successors and assigns, forever, the following described parcels of land situated in the County of Missoula, State of Montana, to-wit:

Parcels of land situated in the Northwest Quarter (NW 1/4) of Section Twenty-four (24), Township Fourteen (14) North, Range Twenty-one (21) West, Principal Meridian, Montana, more particularly described as follows:

CLARIFIER:

That certain circular tract of land 250 feet in diameter, situated in the North Half of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 504, more particularly described as follows:

Commencing at an iron pin in Mullan Road, at or approximating the North Quarter corner of Section 24, Township 14 North, Range 21 West, thence S 68° 44' 46" W, 961.22 feet; thence S 21° 08' 14" W, 832.40 feet to the center of said circular tract, from which said tract is circumscribed on a radius of 125 feet, attached to which and included in this description is a 25' x 19' Pump House on the northwesterly side of this circumscribed circle, containing 1.127 acres more or less.

#3 RECOVERY BOILER:

That certain rectangular tract of land situated in the North Half of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows:

Commencing at an iron pin in Mullan Road, at or approximating the North Quarter corner of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; thence South 36° 08' 17" West, 475.86 feet to the true point of beginning; thence S 21° 46' 10" E, 79.00 feet; thence S 68° 13' 50" W, 60.00 feet; thence N 21° 46' 10" W, 79.00 feet; thence N 68° 13' 50" E, 60.00 feet to the true point of beginning, containing 0.109 acres more or less.

HOG FUEL BOILER - WET SCRUBBER:

That certain rectangular tract of land situated in the North Half, Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows:

Commencing at an iron pin in Mullan Road, at or approximating the North Quarter corner of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; thence S 31° 39' 10" West, 555.56 feet to the true point of beginning; thence S 21° 46' 10" E, 30.50 feet; thence S 68° 13' 50" W, 27.00 feet; thence N 21° 46' 10" W, 30.50 feet; thence N 68° 13' 50" E 27.00 feet to the true point of beginning, containing 0.019 acres more or less.

#4 RECOVERY BOILER:

That certain rectangular tract of land situated in the North Half of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows:

Commencing at an iron pin in Mullan Road, at or approximating the North Quarter corner of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; thence S 06° 31' 18" West, 374.52 feet to the true point of beginning; thence S 68° 13' 50" W, 190.00 feet; thence N 21° 46' 10" W, 105.00 feet; thence N 68° 13' 50" E, 190.00 feet; thence S 21° 46' 10" E, 105.00 feet to the true point of beginning, containing 0.459 acres more or less

TOGETHER WITH all buildings, additions, improvements and fixtures now or hereafter located thereon or therein, and with the tenements, hereditaments, servitudes, appurtenances, rights, privileges and immunities thereunto belonging or appertaining.

And the said grantor hereby covenants that it will forever warrant and defend all right, title and interest in and to said premises, and the quiet and peaceable possession thereof, unto the

said grantee, its successors and assigns, against the acts and deeds of said grantor, and all and every person and persons whomsoever lawfully claiming or to claim the same.

IN WITNESS WHEREOF, said grantor has caused its corporate name to be subscribed and its corporate seal to be affixed, by its proper officers, thereunto duly authorized, on this 1st day of June, 1971.

HOERNER WALDORF CORPORATION, a Delaware Corporation

By V. D. Shuck

Its Sr. Vice President

ATTEST:

Charles O'Connell

Secretary

STATE OF MINNESOTA)
: ss.
County of Ramsey)

On this 1st day of June, in the year 1971, before me, a Notary Public for the State of Minnesota, personally appeared V. D. Shuck, known to me to be the Sr. Vice President of the corporation that executed the within instrument and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official the day and year in this certificate first above written.

Janice Kay Walsh
NOTARY PUBLIC for the State of Minnesota.
Residing at
My Commission expires

JANICE KAY WALSH
Notary Public Ramsey County, Minn.
My Commission Expires July 20, 1976

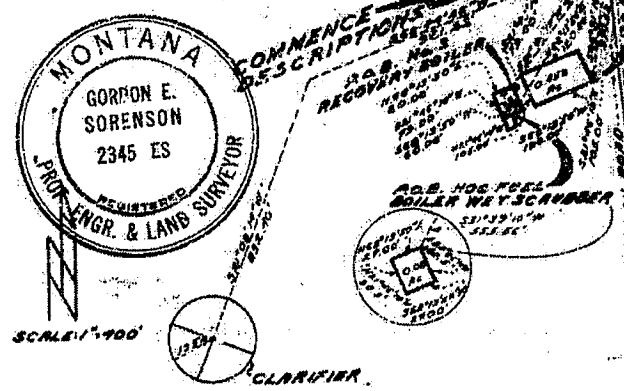
EXHIBIT OF SURVEY & LEGAL DESCRIPTIONS OF FOUR TRACTS OF LAND LOCATED IN THE N½, SECTION 24, T.14N., R.21W., PRINCIPAL MERIDIAN, MONTANA, PERFORMED AT THE REQUEST OF HOERNER-WALDORF IN JUNE 1971.

BOOK 31 PAGE 4

I certify that the information shown hereon is true & correct.

Gordon E. Sorenson, P.E.
Montana Reg. No. 2345ES

MONTANA
GORDON E. SORENSON
2345 ES
REGISTERED
PROF. ENGR. & LAND SURVEYOR



CLARIFIER:

That certain circular tract of land 250 feet in diameter, situated in the N½ Section 24, T.14N., R.21W., Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 504, more particularly described as follows:

Commencing at an iron pin in Mullan Road, at or approximating the N¼ corner of Section 24, T.14N., R.21W., thence S68°44'46"W, 961.22 feet; thence S21°08'14"W, 832.40 feet to the center of said circular tract, from which said tract is circumscribed on a radius of 125 feet, attached to which and included in this description is a 25'X19' Pump House on the northwesterly side of this circumscribed circle, containing 1.127 acres more or less.

#3 RECOVERY BOILER:

That certain rectangular tract of land situated in the N½, Section 24, T.14N., R.21W., Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows:

Commencing at an iron pin in Mullan Road, at or approximating the N¼ corner of Section 24, T.14N., R.21W., Principal Meridian, Montana; thence S36°08'17"W 475.86 feet to the true point of beginning; thence S21°46'10"E, 79.00 feet; thence S68°13'50"W, 60.00 feet; thence N21°46'10"W, 79.00 feet; thence N68°13'50"E, 60.00 feet to the true point of beginning, containing 0.109 acres more or less.

HOG FUEL BOILER-WET SCRUBBER:

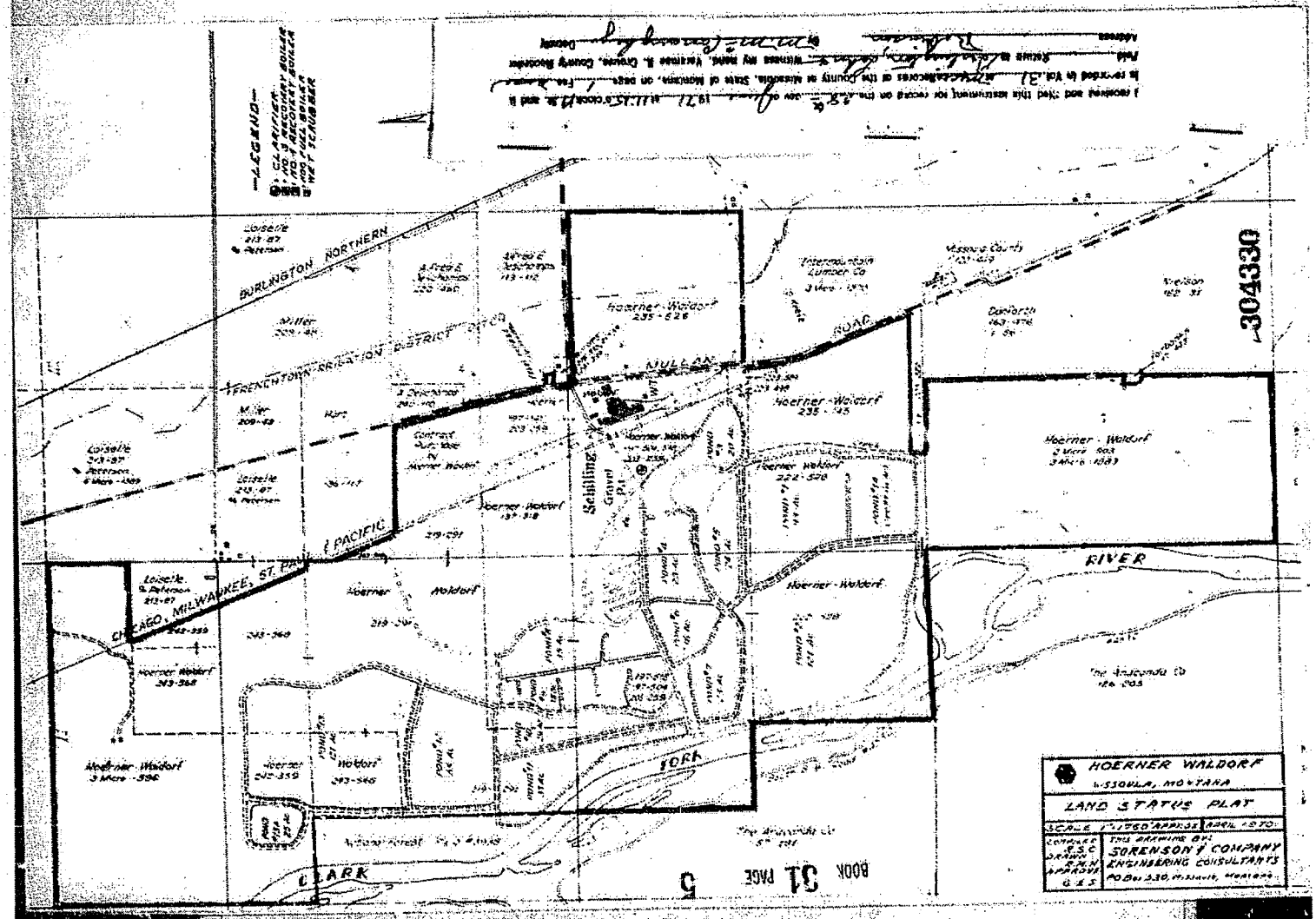
That certain rectangular tract of land situated in the N½, Section 24, T.14N., R.21W., Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows:

Commencing at an iron pin in Mullan Road, at or approximating the N¼ corner of Section 24, T.14N., R.21W., Principal Meridian, Montana; thence S31°39'10"W, 555.56 feet to the true point of beginning; thence S21°46'10"E, 30.50 feet; thence S68°13'50"W, 27.00 feet; thence N21°46'10"W, 30.50 feet; thence N68°13'50"E, 27.00 feet to the true point of beginning. containing 0.019 acres more or less.

#4 RECOVERY BOILER:

That certain rectangular tract of land situated in the N½, Section 24, T.14N., R.21W., Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows:

Commencing at an iron pin in Mullan Road, at or approximating the N¼ corner of Section 24, T.14N., R.21W., Principal Meridian, Montana; thence S06°31'18"W, 374.52 feet to the true point of beginning; thence S68°13'50"W, 190.00 feet; thence N21°46'10"W, 105.00 feet; thence N68°13'50"E, 190.00 feet; thence S21°46'10"E, 105.00 feet to the true point of beginning, containing 0.459 acres more or less.



Warranty Deed 1

WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS:

That CHAMPION INTERNATIONAL CORPORATION, a corporation organized under the laws of the State of New York, and having its principal place of business at Stamford, Connecticut, by and for its Hoerner Waldorf Division, party of the first part, in consideration of the sum of Ten Dollars ($10.00), the receipt whereof is hereby admitted, does hereby grant, bargain, sell, convey and confirm unto MISSOULA COUNTY, an organized County within the State of Montana, being a body corporate and politic, party of the second part, and to its successors and assigns, forever, the following described parcels of land situated in the County of Missoula, State of Montana, to wit:

NON-CONDENSIBLE GAS SYSTEM (#1)
40% LIQUOR STORAGE TANK VENT (#6)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4 OF SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

Commencing at the 1/4 corner common to Sections 13 and 24, T. 14 N., R. 21 W.; thence South 40°31'47" West, 290.68 feet to the true point of beginning; thence South 67°50'36" West, 90.00 feet; thence North 22°09'24" West, 95.00 feet; thence North 67°50'36" East, 90.00 feet; thence South 22°09'24" East, 95.00 feet to the true point of beginning, containing 0.196 acres, more or less.

NO. 4 LIME KILN SCRUBBER (#3)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4, SECTION 24, T. 14 N., R. 21 W.; PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

Commencing at the 1/4 corner common to Sections 13 and 24, T. 14 N., R. 21 W.; thence South 08°07'31" West, 806.18 feet to the true point of beginning; thence South 22°09'24" East, 60.00 feet; thence South 67°50'36" West, 40.00 feet; thence North 22°09'24" West, 60.00 feet; thence North 67°50'36" East, 40.00 feet to the true point of beginning, containing 0.055 acres more or less.

TALL OIL VENT SCRUBBER (#4)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4 SECTION 24, T. 14N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

Commencing at the 1/4 corner common to Sections 13 and 24, T. 14 N., R. 21 W.; thence South 13°25'23" West, 1081.21 feet to the true point of beginning; thence South 22°09'24" East, 35.00 feet; thence South 67°50'36" West, 35.00 feet; thence North 22°09'24" West, 35.00 feet; thence North 67°50'36" East, 35.00 feet to the true point of beginning, containing 0.028 acres more or less.

NO. 3 SLAKER VENT SCRUBBER (#5)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4, SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

Commencing at the 1/4 corner common to Sections 13 and 24, T. 14 N., R. 21 W.; thence South 23°29'08" West, 652.49 feet to the true point of beginning; thence South 22°09'24" East, 60.00 feet; thence South 67°50'36" West, 30.00 feet; thence North 22°09'24" West, 60.00 feet; thence North 67°50'36" East, 30.00 feet to the true point of beginning, containing 0.041 acres more or less.

WASHER HOOD VENTS-SCRUBBER (WASHING & SCREENING) (#7)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4, SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

Commencing at the 1/4 corner common to Sections 13 and 24, T. 14 N., R. 21 W.; thence South 76°18'58" West, 643.55 feet to the true point of beginning; thence South 67°50'36" West, 121.00 feet; thence North 22°09'24" West, 92.00 feet; thence North 67°50'36" East, 121.00 feet; thence South 22°09'24" East, 92.00 feet to the true point of beginning, containing 0.256 acres more or less.

WASHER HOOD VENTS-SCRUBBER (DIGESTERS) (#7A)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4, SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

Commencing at the 1/4 corner common to Sections 13 and 24, T. 14 N., R. 21 W.; thence South 58°44'27" West, 639.58 feet to the true point of beginning; thence South 22°09'24" East, 145.00 feet; thence South 67°50'36" West, 35.00 feet; thence North 22°09'24" West, 145.00 feet; thence North 67°50'36" East, 35.00 feet to the true point of beginning, containing 0.116 acres more or less.

CONDENSATE STRIPPING SYSTEM (#9)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4, SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

Commencing at the 1/4 corner common to Sections 13 and 24, T. 14 N., R. 21 W.; thence South 24°23'08" West, 479.79 feet to the true point of beginning; thence South 67°50'36" West, 28.25 feet; thence North 22°09'24" West, 69.83 feet; thence North 67°50'36" East, 28.25 feet; thence South 22°09'24" East, 69.83 feet to the true point of beginning, containing 0.045 acres more or less.

NO. 3 RECOVERY-ESP (#10)
NO. 3 RECOVERY-SMELT TANK SCRUBBER (#13)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4, SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

Commencing at the 1/4 corner common to Sections 13 and 24, T. 14 N., R. 21 W.; thence South 39°27'56" West, 527.85 feet to the true point of beginning; thence North 67°50'36" East, 60.00 feet; thence South 22°09'24" East, 79.00 feet; thence South 67°50'36" West, 60.00 feet; thence North 22°09'24" West, 79.00 feet to the true point of beginning, containing 0.101 acres more or less.

NO. 5 RECOVERY-SMELT TANK SCRUBBER (#11)
NO. 5 RECOVERY-ESP (#12)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4, SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

Commencing at the 1/4 corner common to Sections 13 and 24, T. 14 N., R. 21 W.; thence South 31°02'24" West, 222.65 feet to the true point of beginning; thence South 22°09'24" East, 85.00 feet; thence South 67°50'36" West, 170.00 feet; thence North 22°09'24" West, 85.00 feet; thence North 67°50'36" East, 170.00 feet to the true point of beginning, containing 0.332 acres more or less.

WASTE FUEL BOILER AND SCRUBBER (#2)
WASHER HOOD VENTS - INCINERATION (#8)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NE 1/4, SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

Commencing at the 1/4 corner common to Sections 13 and 24, T. 14 N., R. 21 W.; thence South 14°41'29" East, 542.78 feet to the true point of beginning; thence North 67°50'36" East, 77.00 feet; thence South 22°09'24" East, 161.00 feet; thence South 67°50'36" West, 77.00 feet; thence North 22°09'24" West, 161.00 feet to the true point of beginning, containing 0.285 acres more or less.

A duly certified survey and plat of the descriptions above given is attached to this Deed and made a part hereof for clarification and reference.

TOGETHER WITH all buildings, additions, improvements and fixtures now or hereafter located thereon or therein, and with the tenements, hereditaments, servitudes, appurtenances, rights, privileges and immunities thereunto belonging or appertaining.

And the said Grantor hereby covenants that it will forever warrant and defend all right, title and interest in and to said premises, and the quiet and peaceable possession thereof, unto the said Grantee, its successors and assigns, against the acts and deeds of said Grantor, and all and every person and persons whomsoever lawfully claiming or to claim the same.

IN WITNESS WHEREOF, said Grantor has caused its corporate name to be subscribed and its corporate seal to be affixed, by its proper officers, thereunto duly authorized, on this 19th day of June, 1978.

CHAMPION INTERNATIONAL CORPORATION,
a New York Corporation

By: _____
Its Senior Vice President-Finance

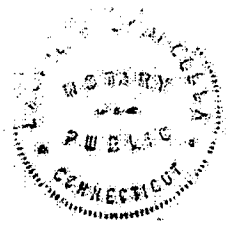
ATTEST:

_____
Secretary

STATE OF CONNECTICUT)
:ss.
COUNTY OF FAIRFIELD)

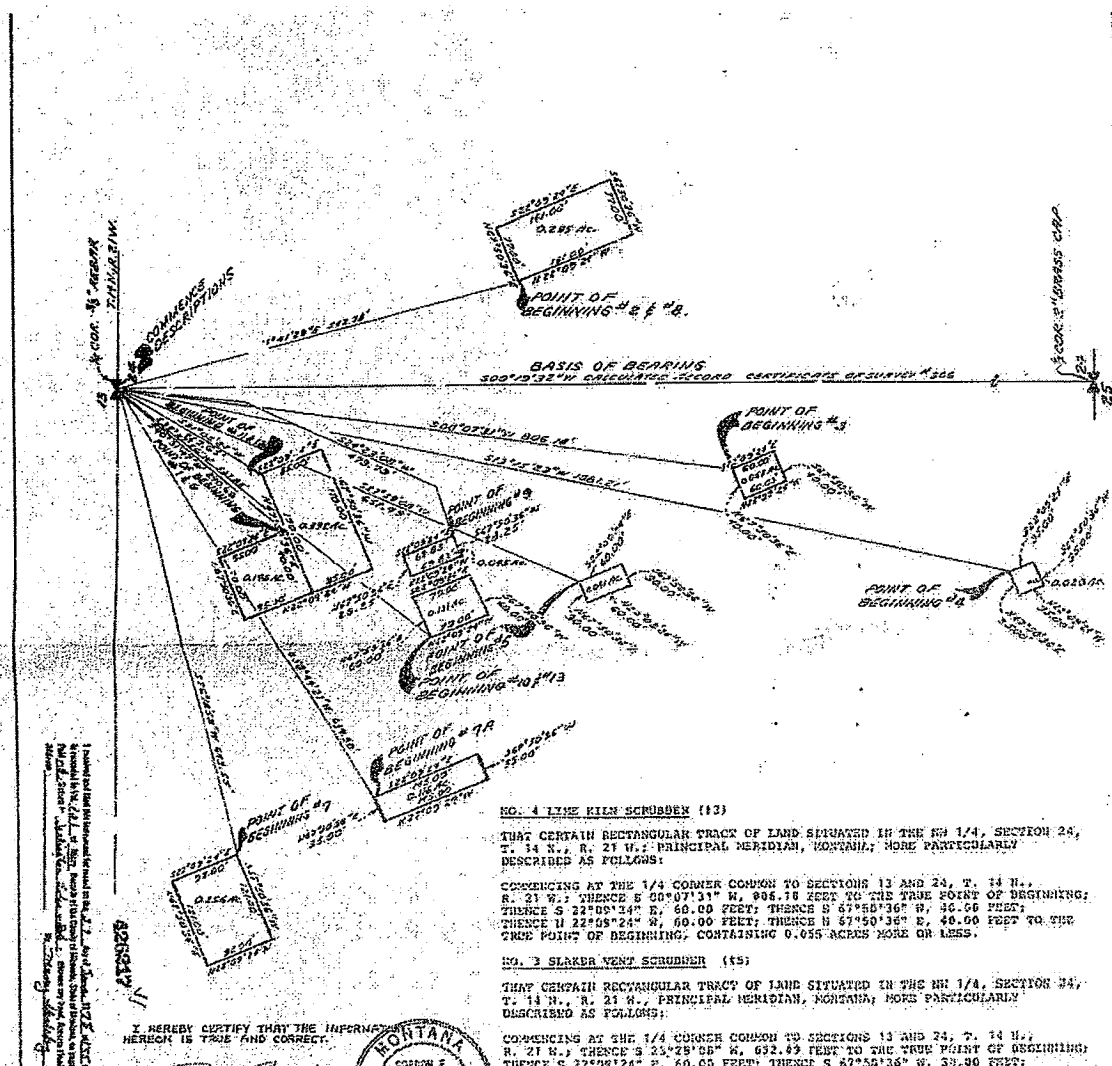
On this 19th day of June, 1978, before me, a Notary Public for the State of Connecticut, personally appeared Gerald J. Beiser, known to me to be the Senior Vice President-Finance of the Corporation that executed the within instrument and acknowledged to me that such Corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by official seal the day and year in this certificate first above written.



Laurie E. Scarcella
NOTARY PUBLIC FOR THE STATE OF Connecticut
Residing at 956 Hope St., Apt. 3A, Stamford, CT
My Commission expires: LAURIE E. SCARCELLA NOTARY PUBLIC My Commission Expires March 31, 1980

Warranty Deed 2



I HEREBY CERTIFY THAT THE INFORMATION HEREON IS TRUE AND CORRECT.

GORDON E. SORENSON, P.E.
REGISTRATION NUMBER 2345 ES

MONTANA
GORDON E. SORENSON
2345 ES
REGISTERED
PROF. ENGR. & LAND SURVEYOR

WASTE FUEL BOILER SCRUBBER (#2)
WASHER HOOD VENTS - INCINERATION (#8)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4, SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE 1/4 CORNER COMMON TO SECTIONS 13 AND 24, T. 14 N., R. 21 W.; THENCE S 14°41'29" E, 341.72 FEET TO THE TRUE POINT OF BEGINNING; THENCE N 67°50'36" E, 77.00 FEET; THENCE S 22°09'24" E, 161.00 FEET; THENCE S 67°50'36" W, 77.00 FEET; THENCE N 22°09'24" W, 161.00 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 0.285 ACRES MORE OR LESS.

CONDENSATE STRIPPING SYSTEM (#9)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4, SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE 1/4 CORNER COMMON TO SECTIONS 13 AND 24, T. 14 N., R. 21 W.; THENCE S 24°23'08" W, 479.79 FEET TO THE TRUE POINT OF BEGINNING; THENCE S 67°50'36" W, 28.25 FEET; THENCE N 22°09'24" W, 69.63 FEET; THENCE N 67°50'36" E, 28.25 FEET; THENCE S 22°09'24" E, 69.63 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 0.045 ACRES MORE OR LESS.

NO. 5 RECOVERY-SMELT TANK SCRUBBER (#11)
NO. 5 RECOVERY-ESP (#12)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4, SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE 1/4 CORNER COMMON TO SECTIONS 13 AND 24, T. 14 N., R. 21 W.; THENCE S 31°02'24" W, 222.05 FEET TO THE TRUE POINT OF BEGINNING; THENCE S 22°09'24" E, 85.00 FEET; THENCE S 67°50'36" W, 170.00 FEET; THENCE N 22°09'24" W, 85.00 FEET; THENCE N 67°50'36" E, 170.00 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 0.332 ACRES MORE OR LESS.

NON-CONDENSIBLE GAS SYSTEM (#1)
401 LIQUOR STORAGE TANK VENT (#6)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4 OF SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE 1/4 CORNER COMMON TO SECTIONS 13 AND 24, T. 14 N., R. 21 W.; THENCE S 40°34'47" W, 294.69 FEET TO THE TRUE POINT OF BEGINNING; THENCE S 67°50'36" W, 90.00 FEET; THENCE N 22°09'24" W, 95.00 FEET; THENCE N 67°50'36" E, 90.00 FEET; THENCE S 22°09'24" E, 95.00 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 0.196 ACRES, MORE OR LESS.

WASHER HOOD VENTS-SCRUBBER (WASHING & SCREENING) (#7)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4, SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE 1/4 CORNER COMMON TO SECTIONS 13 AND 24, T. 14 N., R. 21 W.; THENCE N 76°18'58" W, 643.55 FEET TO THE TRUE POINT OF BEGINNING; THENCE S 67°50'36" W, 121.00 FEET; THENCE N 22°09'24" W, 92.00 FEET; THENCE N 67°50'36" E, 121.00 FEET; THENCE S 22°09'24" E, 92.00 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 0.256 ACRES MORE OR LESS.

WASHER HOOD VENTS-SCRUBBER (DIGESTERS) (#7A)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4, SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE 1/4 CORNER COMMON TO SECTIONS 13 AND 24, T. 14 N., R. 21 W.; THENCE S 36°44'37" W, 639.58 FEET TO THE TRUE POINT OF BEGINNING; THENCE S 22°09'24" E, 145.00 FEET; THENCE S 67°50'36" W, 35.00 FEET; THENCE N 22°09'24" W, 145.00 FEET; THENCE N 67°50'36" E, 35.00 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 0.116 ACRES MORE OR LESS.

TALL OIL VENT SCRUBBER (#4)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4, SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE 1/4 CORNER COMMON TO SECTION 13 AND 24, T. 14 N., R. 21 W.; THENCE S 13°25'21" W, 1081.21 FEET TO THE TRUE POINT OF BEGINNING; THENCE S 22°09'24" E, 35.00 FEET; THENCE S 67°50'36" W, 35.00 FEET; THENCE N 22°09'24" W, 35.00 FEET; THENCE N 67°50'36" E, 35.00 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 0.028 ACRES MORE OR LESS.

NO. 4 LIME KILN SCRUBBER (#3)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4, SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE 1/4 CORNER COMMON TO SECTIONS 13 AND 24, T. 14 N., R. 21 W.; THENCE S 00°07'31" W, 806.16 FEET TO THE TRUE POINT OF BEGINNING; THENCE S 22°09'24" E, 60.00 FEET; THENCE S 67°50'36" W, 40.00 FEET; THENCE N 22°09'24" W, 60.00 FEET; THENCE N 67°50'36" E, 40.00 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 0.055 ACRES MORE OR LESS.

NO. 3 SLAKER VENT SCRUBBER (#5)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4, SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE 1/4 CORNER COMMON TO SECTIONS 13 AND 24, T. 14 N., R. 21 W.; THENCE S 25°29'08" W, 632.49 FEET TO THE TRUE POINT OF BEGINNING; THENCE S 22°09'24" E, 60.00 FEET; THENCE S 67°50'36" W, 38.00 FEET; THENCE N 22°09'24" W, 60.00 FEET; THENCE N 67°50'36" E, 38.00 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 0.061 ACRES MORE OR LESS.

NO. 3 RECOVERY-ESP (#10)
NO. 3 RECOVERY-SMELT TANK SCRUBBER (#11)

THAT CERTAIN RECTANGULAR TRACT OF LAND SITUATED IN THE NW 1/4, SECTION 24, T. 14 N., R. 21 W., PRINCIPAL MERIDIAN, MONTANA; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE 1/4 CORNER COMMON TO SECTIONS 13 AND 24, T. 14 N., R. 21 W.; THENCE S 39°27'55" W, 527.65 FEET TO THE TRUE POINT OF BEGINNING; THENCE N 67°50'36" E, 60.00 FEET; THENCE S 22°09'24" E, 73.00 FEET; THENCE S 67°50'36" W, 60.00 FEET; THENCE N 22°09'24" W, 73.00 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 0.101 ACRES MORE OR LESS.

Revision of 5/13/78

HOERNER WALDORF
MISSOULA, MONTANA

COUNTY BOUNDARY EXHIBIT

SORENSON & ASSOCIATES INC.
MISSOULA, MONTANA 59808

DATE: 4-25-1978

Warranty Deed 2

Filed for record this ____ day of _____, 19__ at ___ o'clock __.M.

BOOK 235 PAGE 2088 #23

WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS:

That MISSOULA COUNTY an organized county within the State of Montana (Grantor) in consideration of the sum of One Thousand Dollars ($1,000.00), the receipt whereof is hereby admitted does hereby grant, bargain, sell, convey and confirm unto HOERNER WALDORF PROPERTIES COMPANY, a corporation organized and existing under the laws of the State of Minnesota (Grantee) and to its successors and assigns, FOREVER, the real property situated in the County of Missoula, State of Montana, described on Exhibit "A" which is attached hereto and made a part hereof, subject to taxes not yet due and payable and the additional exceptions listed and described on Exhibit "B" attached hereto.

TOGETHER, with all and singular the tenements, hereditaments, and appurtenances thereto belonging or in anywise appertaining.

And the said Grantor hereby covenants that it will forever WARRANT and DEFEND all right, title, and interest in and to said premises, and the quiet and peaceable possession thereof, unto the said Grantee, its successors and assigns, against the acts and deeds of said Grantor, and all and every person and persons whomsoever lawfully claiming or to claim the same.

IN WITNESS WHEREOF, said Grantor has caused its corporate name to be subscribed and its corporate seal to be affixed, by its proper officers, thereunto duly authorized, on this 27th day of January, 1986.

COUNTY OF MISSOULA, MONTANA

(SEAL)

Fern Hart
Missoula County Clerk

By: Barbara Evans
Chairman, Board of County Commissioners

STATE OF MONTANA)
) ss.
COUNTY OF MISSOULA)

On this 27th day of January, 1986, before me Lorraine Lee, a Notary Public for the State of Montana, personally appeared BARBARA EVANS and FERN HART (known to me ~~or proved to me on oath of~~ _____) to be the Chairman of the Board of County Commissioners and the County Clerk of Missoula County, Montana the within named corporation and that as Chairman and Clerk, being duly authorized so to do executed the within instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year in this certificate first above written.

Residing at: Missoula

Lorraine Lee
Notary Public for the State of Montana

My Commission Expires: 11-14, 1987

Approved for Recording
Michael W Schekett
Dep. County Atty 2-24-86

Warranty Deed 3

EXHIBIT A

Parcels of land situated in the NW¼ of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana, Missoula County, Montana, more particularly described as follows:

CLARIFIER

That certain circular tract of land 250 feet in diameter, situated in the N½ of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 504, more particularly described as follows:

Commencing at an iron pin in Millan Road, at or approximating the N¼ corner of Section 24, Township 14 North, Range 21 West, thence S.68°44'46"W., 962.22 feet; thence S.21°08'14"W., 832.40 feet to the center of said circular tract, from which said tract is circumscribed on a radius of 125 feet, attached to which and included in this description is a 25' x 19' Pump House on the Northwesterly side of this circumscribed circle.

#3 RECOVERY BOILER

That certain rectangular tract of land situated in the N½ of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows:

Commencing at an iron pin in Millan Road, at or approximating the N¼ corner of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; thence S.36°08'17"W., 475.86 feet to the true point of beginning; thence S.21°46'10"E., 79.00 feet; thence S.68°13'50"W., 60.00 feet; thence N.21°46'10"W., 79.00 feet; thence N.68°13'50"E., 60.00 feet to the true point of beginning.

HOG FUEL BOILER - WET SCRUBBER

That certain rectangular tract of land situated in the N½, Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows:

Commencing at an iron pin in Millan Road, at or approximating the N¼ corner of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; thence S.31°39'10"W., 555.56 feet to the true point of beginning; thence S.21°46'10"E., 30.50 feet; thence S.68°13'50"W., 27.00 feet; thence N.21°46'10"W., 30.50 feet; thence N.68°13'50"E., 27.00 feet to the true point of beginning.

#4 RECOVERY BOILER

That certain rectangular tract of land situated in the N½ of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana, being a portion of that tract of record in Book 197, Page 141, more particularly described as follows:

Commencing at an iron pin in Millan Road, at or approximating the N¼ corner of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana;

thence S.06°31'18"W., 374.52 feet to the true point of beginning; thence S.68°13'50"W., 190.00 feet; thence N.21°46'10"W., 105.00 feet; thence N.68°13'50"E., 190.00 feet; thence S.21°46'10"E., 105.00 feet to the true point of beginning.

31 ATR 1

EXHIBIT B

The foregoing conveyance is subject to the following:

An easement affecting the portion of said premises and for the purposes stated herein, and incidental purposes, as disclosed in instrument or by action herein set forth, dated July 10, 1958.

For: Underground electric transmission system
In Favor of: The Montana Power Company
Disclosed: Book 209 of Deeds at Page 504.

An easement affecting the portion of said premises and for the purposes stated herein, and incidental purposes, as disclosed in instrument or by action herein set forth, dated April 29, 1966.

For: Electric power line and communications system
In Favor of: The Montana Power Company
Disclosed: Book 39 of Micro Records at Page 1213.

An easement affecting the portion of said premises and for the purposes stated herein, and incidental purposes, as disclosed in instrument or by action herein set forth, dated April 23, 1957.

For: Gas pipeline
In Favor of: The Montana Power Company
Disclosed: Book 200 of Deeds at Page 71.

An easement affecting the portion of said premises and for the purposes stated herein, and incidental purposes, as disclosed in instrument or by action herein set forth.

For: Gas pipeline
In Favor of: The Montana Power Company
Disclosed: Book 202 of Deeds at Page 412.

Mineral rights and matters pertaining thereto, if any.

Provisions, conditions, easements or special assessments of the Frenchtown Irrigation District.

Water, Irrigation and Drainage Rights, and matters relating thereto.

Easements and right-of-ways for County roads as disclosed by Missoula County Surveyors Plats.

Any difference in the mean high water line of Clark Fork River and the meander line as disclosed by the G.L.O. survey.

8603148

'86 FEB 26 AM 10 30

I received and filed this instrument for record on the 26 day of Feb. 19 86, at 10:30 o'clk A.M. and it is recorded in Vol. 235 on Page 2090, Micro Records of the County of Missoula, State of Montana. Witness my hand, Fern Hart, County Recorder, By Ramona Cox, Deputy.
Doc. WD Fee 15.00 Pd. ck Return: Lawyers Title Ins. Co.
Attn: Ms. Cathy Jones
Nat'l Accts. Adm.
Natl Div. Office
P.O. Box 2301 Belden Station
Norwalk, CT 06852

BOOK 24 PAGE 1335

ACKNOWLEDGMENT

STATE OF MINNESOTA)
)ss.
COUNTY OF RAMSEY)

On this 1st day of July, 1970, before me, the undersigned, a notary public in and for the State of Minnesota, personally appeared V. D. Shuck and Charles O'Connell, known to me to be the senior vice president and secretary of Hoerner Waldorf Corporation, the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year hereinabove written.

Janice Kay Wetter
Notary Publice for the State of Minnesota
Residing at Saint Paul
My commission expires July 20, 1976

(SEAL)

294248

I received and filed this Instrument for record on the 25 day of August 1970 at 2:10 o'clock P.M. and it is recorded in vol. 24 of Micro Records of the County of Missoula, State of Montana, on page 1334.
Witness my hand:
Veramae R. Crouse, County Recorder
By Doretta A. Rinne Deputy
Fee $4.00 Cash Paid
Return to R.O. Isaacs Realty Specialist
Address Lo Nazarene Road
2801 Russell St. Vista, Mont 59801

Deed Ex. # 2562

Warranty Deed 3

M. P. 145—1M—3-39

BOOK 209 PAGE 504

RIGHT OF WAY EASEMENT

WALDORF PAPER PRODUCTS COMPANY OF MONTANA, a corporation, of DELAWARE, in consideration of One (1) & No/100 Dollars, and other good and valuable consideration, in hand paid, the receipt of which is hereby acknowledged, grants, conveys, and warrants to THE MONTANA POWER COMPANY, a corporation, whose postoffice address is Butte, Montana, the right to construct, maintain, operate and remove an underground electric transmission system ~~and telephone system~~ as now surveyed and located over, along and across that certain real property, located in Missoula County, Montana, and particularly described as follows, to-wit:

The Northeast quarter of the Northwest quarter (NE¼NW¼) of Section Twenty-four (24) Township Fourteen (14) North Range Twenty-one (21) West of the Montana Principal Meridian

IN WITNESS WHEREOF, the Corporation grantor has caused these presents to be signed in its name by its president, and attested by its Secretary, and its Corporate Seal affixed, on this 10th day of July A. D. 1958.

ATTEST: [signature] Secretary. By Its [signature] Pres.

STATE OF Minnesota
County of Ramsey } ss.

On this 10th day of July, in the year 1958 before me, Dorothy E. Martin, Notary Public in and for the State aforesaid, personally appeared N. H. Sandberg known to me to be the president of the Corporation that executed the within instrument, and acknowledged to me that such Corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal on the day and year in this certificate first above written.

[signature]
Notary Public for the State of
Residing at
My Commission Expires

DOROTHY E. MARTIN
Notary Public, Ramsey County, Minn.
My Commission Expires [illegible]

158295

Right of Way Easement

TO

THE MONTANA POWER CO.

Transmission Line

STATE OF MONTANA, } ss.
County of Missoula

Filed for Record at Request of THE MONTANA POWER CO.

On the 24 day of June 1959 at 9:05 minutes past 9 A.M. and recorded in Volume 209 of Deeds, Pages 504 inclusive.

Records of Missoula County.

Martin L. Behmer
County Recorder.

By Dorothy Hoad
Deputy.

Indexed
Recorded
Compared
Paged

Return to: Montana Power Co.
Land Dept. Butte Bldg.
Butte, Mont.
Attention: S. E. Lewis, Manager

SUB-STANDARD QUALITY WHEN FILMED

Warranty Deed 3

BOOK 223 PAGE 384

EASEMENT FOR SPUR TRACK UNDER AGREEMENT R W14 500—C-H

This Indenture, made this 17th day of October A. D. 1961

between WALDORF-HOERNER PAPER PRODUCTS COMPANY, INC.

a Delaware corporation

party of the first part, and the NORTHERN PACIFIC RAILWAY COMPANY, a corporation under the laws of the state of Wisconsin, having its principal place of business at St. Paul, Minnesota, party of the second part,

WITNESSETH:

For and in consideration of the sum of one dollar to it paid, the receipt whereof is hereby acknowledged, and in performance of the agreement between Waldorf-Hoerner Paper Products Company, Inc. and the Northern Pacific Railway Company dated June 13, 1961, the party of the first part has GRANTED, and by these presents does GRANT, to the party of the second part, its successors and assigns, the following described premises, situate in the County of Missoula and State of Montana to-wit:

That certain tract or strip of land 17 feet in width, being 8½ feet on each side of the center line of the certain spur track or siding which is now located or may be located and constructed across the premises of the party of the first part, described as follows:

Portions of the Southwest Quarter Northeast Quarter (SW¼NE¼), Southeast Quarter Northwest Quarter (SE¼NW¼) and Northeast Quarter Northwest Quarter (NE¼NW¼) of Section Twenty-four (24), Township Fourteen (14) North, Range Twenty-one (21) West, Montana Principal Meridian.

For a more particular description, and as explanatory hereof, reference is made to the attached plat, which is hereby made a part of this indenture and shows colored red the strip above described.

To Have and to Hold said premises unto the party of the second part, its successors and assigns, according to the conditions in said agreement stated.

Provided that should the party of the second part cease to use said premises for railway purposes, and remove its rails therefrom, the same shall revert to the party of the first part.

The party of the second part shall have the right to enter upon the lands of the party of the first part adjoining said premises for the purpose of constructing, maintaining and operating said track or tracks.

In Witness Whereof, the party of the first part has executed these presents the day and year first above written.

WITNESSES:

Edgar Flick

Joelley D. Gray

WALDORF-HOERNER PAPER PRODUCTS COMPANY, INC.

By [signature] [Seal]
Title: Sec.

By W. C. Hodge [Seal]
Title: Asst. Sec.

SUB-STANDARD QUALITY WHEN FILMED

Warranty Deed 3

BOOK 223 PAGE 385

STATE OF _____ } ss.
County of _____

I, _____, a Notary Public do hereby certify that on this _____ day of _____ 19__ personally appeared before me _____ to me known to be the individual described in and who executed the within instrument and acknowledged that he signed and sealed the same as _____ free and voluntary act and deed for the uses and purposes therein mentioned.

Given under my hand and official seal this _____ day of _____ 19__

_____
Notary Public, _____ County, _____
My Commission expires _____

STATE OF Montana } ss.
County of Missoula

On this 17th day of October in the year 1961, before me the undersigned a Notary Public, personally appeared N.H. Sandberg and W.C. Hodge to me known to be the President and Asst Secretary respectively, of the Lessor Company, the corporation which executed the foregoing instrument, and who being duly sworn did say, that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corportion by authority of its Board of Directors, and the said President and Asst Secretary acknowledged said instrument to be the free act and deed of said corporation.

Given under my hand and official seal this 17th day of October 1961

Wm Evan Jones
Notary Public, Missoula County, Montana
My Commission expires Aug. 10, 1962

WM. EVAN JONES NOTARIAL SEAL STATE OF MONTANA

190003 Deed Exempt 35

I received and filed this instrument for record on the 23 day of [illegible] at [illegible] o'clock [illegible] M. and is recorded in Vol 223 of Deed Records of the County of [illegible], State of Montana, on page 384 [illegible]
Fee [illegible] Return to [illegible] Witness my hand, MARJORIE S. [illegible], County Recorder
Address [illegible] By [illegible] Deputy
Attn: F.E. Sempf

SUB-STANDARD QUALITY WHEN FILMED

Warranty Deed 3

BOOK 2 PAGE 1096

TRANSMISSION LINE EASEMENT

THIS INDENTURE, made this 6th day of April, 1966, between WALDORF-HOERNER PAPER PRODUCTS COMPANY, a Montana corporation, hereinafter called "Grantor," and CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, a Wisconsin corporation, hereinafter called "Grantee,"

W I T N E S S E T H :

That in consideration of One Dollar ($1.00) and other valuable considerations, receipt of which is hereby acknowledged, the Grantor hereby grants and conveys to the Grantee, its successors and assigns, the right to construct, reconstruct, improve, repair, maintain and operate one electric transmission and/or distribution line consisting of poles or towers with necessary braces, guys and anchors, crossarms, insulators, transmission, distribution and signal wires, transformers and other necessary or convenient facilities and equipment over and across the N½ NW¼, Section 24, and the S½ S½ SW¼, Section 13, all in Township 14 N., Range 21 W., M.P.M., Missoula County, State of Montana, along a center line described as follows:

> Beginning at a point on the center line of the Grantee's existing 100 KV Electric Transmission Line in the SE¼ NW¼, Section 24, T. 14 N., R. 21 W., which point lies N. 22°22' W. 312.0 feet from an existing pole; thence from said point of beginning N. 67°22' W., 53.4 feet to a point on said Grantee's Main Line Track center line, which point lies N. 22°22' W. 146.5 feet from a switch point at Railroad station 527+57.2; thence continuing N. 67°22' W. 361.8 feet; thence N. 22°22' W. 901.5 feet to a terminal point on the south property line of The Montana Power Company's new Waldorf Substation plot; said tangent being 256.4 feet parallel to said Grantee's main line track center line when measured at right angles.
>
> Also beginning at a point on the north property line of The Montana Power Company's new Waldorf Substation plot which point lies N. 22°22' W. 175.0 feet and N. 67°38' E. 90.0 feet from said terminal point on the above described center line; thence from said point of beginning N. 22°22' W. 820.3 feet and being 166.4 feet parallel to said Grantee's main line track center line when measured at right angles; thence N. 22°38' E. 293.8 feet to a terminal point which lies N. 22°22' W. 579.5 feet from a switch point at Railroad station 546+65.1 and 48 feet easterly when measured at right angles from the centerline of said Grantee's main line track.

Grantee shall have the right of access across the adjacent land of the Grantor in order to exercise the rights granted by this instrument, including

Warranty Deed 3

the right to construct, maintain and use a passable road in a convenient location, with necessary bridges and gates.

Grantee shall have the right, at any and all times, to cut, top and/or trim any and all brush or trees now or hereafter standing or growing upon said land or adjacent land of the Grantor which are or may be within twenty (20) feet of the said center line, and also the right to cut, top and/or trim any trees upon said land or adjacent land of the Grantor which, in falling, could come within fifteen (15) feet of any of the poles, towers, fixtures, guys, conductors or other facilities of the Grantee or in any manner be a menace or hazard thereto.

Grantor shall not place, construct or maintain any building or other structure within twenty (20) feet of said center line. Grantor shall do no blasting whatsoever within a distance of three hundred (300) feet from said line unless reasonable notice thereof has been first given to Grantee in writing.

The rights herein granted to the Grantee shall continue in force until such time as the Grantee, its successors or assigns, shall completely remove its structures and equipment from said land or shall otherwise permanently abandon the same. Upon such removal or abandonment all rights hereby granted shall terminate.

IN WITNESS WHEREOF this instrument has been executed the day and year first above written.

WALDORF-HOERNER PAPER PRODUCTS COMPANY

By [signature]
President

ATTEST:

[signature]
Asst. Secretary

BOOK 2 PAGE 1098

STATE OF MONTANA)
) ss
COUNTY OF MISSOULA)

On this 6th day of April, 1966, before me personally appeared N. H. SANDBERG and W. C. HODGE, to me known to be the President and Assistant Secretary, respectively, of WALDORF-HOERNER PAPER PRODUCTS COMPANY, the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument, and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Sherman V. Bohn
NOTARY PUBLIC in and for the
State of Montana,
residing at Missoula, Montana.

My commission expires 4/28/66.

249736

I received and filed this instrument for record on the 28 day of April 1966 at 8:00 o'clock A.M. and it is recorded in Vol. 2 of Misc. Records of the County of Missoula, State of Montana, on page 1096 Fee 6.00
Paid CR Return to J. F. Grier Witness my hand, Veramae R. Crouse, County Recorder
Address 6647 White Bldg. Seattle, Wash. 98101 By M. McConaughey Deputy

Warranty Deed 3

CORPORATE

RIGHT-OF-WAY EASEMENT

BOOK 39 PAGE 1213

WALDORF - HOERNER PAPER PRODUCTS COMPANY, a Corporation in consideration of $1.00, and other good and valuable consideration, in hand paid, the receipt of which is hereby acknowledged, grants, conveys, and warrants to THE MONTANA POWER COMPANY, a corporation, whose post-office address is Butte, Montana, and to its successors, assigns and permittees, the right to construct, maintain, operate and remove

an electric power line and communication system

~~a gas pipe line~~

over, along and across that certain real property, located in MISSOULA County, Montana and particularly described as follows, to-wit:

North One-half of the South One-half of the Northeast Quarter (N½S½NE¼),

North One-half of the Southeast Quarter of the Northwest Quarter (N½SE¼NW¼),

Southwest Quarter of the Northeast Quarter of the Northwest Quarter (SW¼NE¼NW¼)

All in Section Twenty-four (24) of Township Fourteen (14) North of Range

Twenty-one (21) West, Montana Principal Meridian.

Together with the right of access to said right of way over and along existing roads and trails and the right to clear and remove all timber and brush from the right of way - 40 - feet on each side of said transmission lines and to cut and remove such trees outside of such right of way which may endanger said line or lines.

Dated this 29th day of April, 1966.

(SEAL)

Attest: W. C. Holge
Asst. Secretary

By Roy Countryman
President

STATE OF MONTANA
COUNTY OF MISSOULA } ss.

On this 29th day of April, 1966, before me personally appeared ROY COUNTRYMAN to me personally known to be the Vice-President of the corporation that executed the within and foregoing instrument; who, duly sworn, on oath did say: that he is the Vice-President of the corporation that executed the within and foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said ROY COUNTRYMAN acknowledged said instrument to be the free act and deed of said corporation for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this the day and year first in this my certificate written.

Herman V Sohn

Notary Public for State of Montana, residing at Missoula, Montana, therein.
My commission expires April 28, 1969

Project Rattlesnake Sub - Waldorf 100 KV
Charge No. 19-14314-2
Map No. 29720-C
Distance

318626

Received and filed this instrument for record on the 27 day of June 1972 at 8:42 o'clock A.M. and it is recorded in Vol. 39 of Misc. Records of the County of Missoula, State of Montana, on page 1213 at 2.00
Paid M.O. Return to Montana Power Co. Witness my hand, Veramas R. Crouse, County Recorder
Address 40 E. Broadway Butte Mt 59701 By Dorothy A Running Deputy

Warranty Deed 3

R1-5460-2 (Revised 5/68)
(Reference FSM 5462.1)

23 PAGE 1553

EASEMENT

THIS EASEMENT, dated this 1st day of July, 1970, from Hoerner Waldorf Corporation, a corporation organized and existing under the laws of the State of Delaware, hereinafter called Grantor, to the United States of America, hereinafter called Grantee.

WITNESSETH:

Grantor, for and in consideration of One Dollar ($1.00), the receipt of which is hereby acknowledged, does hereby grant to Grantee and its assigns an easement and right-of-way for a road as now constructed and in place and to be reconstructed, improved, used, operated, patrolled, and maintained and known as South Side Road, Project No. 453, 66 feet in width with such additional width as is necessary to accommodate and protect cuts and fills, on, over, and across the following described lands situated in the County of Missoula, State of Montana:

SW 1/4 SE1/4, SE 1/4 NW 1/4 Section 23, T. 14N., R. 21W., P.M.M.

The said right-of way to be in conformity with and located on the ground according to the survey line, the figures, measurements, widths, and other references shown on the plat attached hereto and made a part hereof. If the road is located substantially as described herein, the centerline of the road as constructed is hereby deemed accepted by the Grantor as the true centerline of the easement granted.

The acquiring agency is the Forest Service, Department of Agriculture.

If for a period of five (5) years the Grantee shall cease to use, or preserve for prospective future use, the road or any segment thereof, or if at any time the Grantee determines that the road, or any segment thereof, is no longer needed, the easement traversed thereby shall terminate. In the event of such non-use or of such determination by the Grantee, the Grantee's Regional Forester shall furnish to the Grantor a statement in recordable form evidencing termination.

IN WITNESS WHEREOF, Grantor has caused this instrument to be executed by its duly authorized officers and its corporate seal to be hereunto affixed on the day and year hereinabove written.

ATTEST:

By Charles O'Donnell

Title Secretary

(SEAL)

HOERNER WALDORF CORPORATION

By V. E. Blank

Title Sr. Vice President

Warranty Deed 3

23 PAGE 1554

ACKNOWLEDGMENT

STATE OF MINNESOTA)
)ss.
COUNTY OF RAMSEY)

On this 1st day of July, 1970, before me, the undersigned, a notary public in and for the State of Minnesota, personally appeared V. D. Shuck and Charles O'Connell, known to me to be the senior vice president and secretary of Hoerner Waldorf Corporation, the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year hereinabove written.

Janice Kay Walter
Notary Public for the State of Minnesota
Residing at Saint Paul
My commission expires July 20, 1970

(SEAL)

NOTARIAL SEAL RAMSEY COUNTY, MINN.

202933

Deed Exh. #5542

Received and filed this Instrument for record on the 13 day of July 1970 at 8:50 o'clock A.M., and it is recorded in vol. 23 of Micro Records of the County of Missoula, State of Montana, on page 1553.
Witness my hand:
Veronica R. Crouse, County Recorder
By Doretta A. Rumming, Deputy
Fee $ 4.00 cash Paid
Return to Hoerner Waldorf
Address att. Herman Effenberger

Warranty Deed 3

R1-5460-2 (Revised 5/68)
(Reference FSM 5462.1)

BOOK 24 PAGE 1334

EASEMENT

THIS EASEMENT, dated this 1st day of July, 1970 from Hoerner Waldorf Corporation, a corporation organized and existing under the laws of the State of Delaware, hereinafter called Grantor, to the United States of America, hereinafter called Grantee.

WITNESSETH:

Grantor, for and in consideration of One Dollar ($1.00), the receipt of which is hereby acknowledged, does hereby grant to Grantee and its assigns an easement and right-of-way for a road as now constructed and in place and to be reconstructed, improved, used, operated, patrolled, and maintained and known as South Side Road, Project No. 453, 66 feet in width with such additional width as is necessary to accommodate and protect cuts and fills, on, over, and across the following described lands situated in the County of Missoula, State of Montana:

SW 1/4 SE1/4, SE 1/4 NW 1/4 Section 23, T. 14N., R. 21W., P.M.M.

The said right-of way to be in conformity with and located on the ground according to the survey line, the figures, measurements, widths, and other references shown on the plat attached hereto and made a part hereof. If the road is located substantially as described herein, the centerline of the road as constructed is hereby deemed accepted by the Grantor as the true centerline of the easement granted.

The acquiring agency is the Forest Service, Department of Agriculture.

If for a period of five (5) years the Grantee shall cease to use, or preserve for prospective future use, the road or any segment thereof, or if at any time the Grantee determines that the road, or any segment thereof, is no longer needed, the easement traversed thereby shall terminate. In the event of such non-use or of such determination by the Grantee, the Grantee's Regional Forester shall furnish to the Grantor a statement in recordable form evidencing termination.

IN WITNESS WHEREOF, Grantor has caused this instrument to be executed by its duly authorized officers and its corporate seal to be hereunto affixed on the day and year hereinabove written.

Correct as to consideration, description and conditions. R. O. [illegible] 7-15-70

ATTEST:

By [illegible]

Title Secretary

HOERNER WALDORF CORPORATION

By [illegible]

Title Sr. Vice President

(SEAL)

Warranty Deed 3

Filed for record this ____ day of _____, 19__ at ___ o'clock __.M.

WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS:

That MISSOULA COUNTY an organized county within the State of Montana (Grantor) in consideration of the sum of One Thousand Dollars ($1,000.00), the receipt whereof is hereby admitted does hereby grant, bargain, sell, convey and confirm unto CHAMPION INTERNATIONAL CORPORATION, a corporation organized and existing under the laws of the State of New York (Grantee) and to its successors and assigns, FOREVER, the real property situated in the County of Missoula, State of Montana, described on Exhibit "A" which is attached hereto and made a part hereof, subject to taxes not yet due and payable and the additional exceptions listed and described on Exhibit "B" attached hereto.

TOGETHER, with all and singular the tenements, hereditaments, and appurtenances thereto belonging or in anywise appertaining.

And the said Grantor hereby covenants that it will forever WARRANT and DEFEND all right, title, and interest in and to said premises, and the quiet and peaceable possession thereof, unto the said Grantee, its successors and assigns, against the acts and deeds of said Grantor, and all and every person and persons whomsoever lawfully claiming or to claim the same.

IN WITNESS WHEREOF, said Grantor has caused its corporate name to be subscribed and its corporate seal to be affixed, by its proper officers, thereunto duly authorized, on this 27th day of January, 1986.

COUNTY OF MISSOULA, MONTANA

(SEAL)

Fern Hart
Missoula County Clerk

By: Barbara Evans
Chairman, Board of County Commissioners

STATE OF MONTANA)
) ss.
COUNTY OF MISSOULA)

On this 27th day of January, 1986, before me Lowaine Lee, a Notary Public for the State of Montana, personally appeared BARBARA EVANS AND FERN HART (known to me ~~or proved to me on oath of~~) to be the Chairman of the Board of County Commissioners and the County Clerk of Missoula County, Montana the within named corporation and that as Chairman and Clerk, being duly authorized so to do executed the within instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year in this certificate first above written.

Lowaine Lee
Notary Public for the State of Montana

Residing at: Missoula

My Commission Expires: 11-14, 1987

Approved for Recording
Michael W. Schestedt
Deputy County Atty 2-21-86

EXHIBIT A

Parcels of land situated in the NW¼ of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana, Missoula County, Montana, more particularly described as follows:

NON-CONDENSIBLE GAS SYSTEM (#1)
40% LIQUOR STORAGE TANK VENT (#6)

That certain rectangular tract of land situated in the NW¼ of Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, Township 14 North, Range 21 West; thence S.40°31'47"W., 290.68 feet to the true point of beginning; thence S.67°50'36"W., 90.00 feet; thence N.22°09'24"W., 95.00 feet; thence N.67°50'36"E., 90.00 feet; thence S.22°09'24"E., 95.00 feet to the true point of beginning.

NO. 4 LIME KILN SCRUBBER (#3)

That certain rectangular tract of land situated in the NW¼, Section 24, Township 14 North, Range 21 West; Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, Township 14 North, Range 21 West; thence S.08°07'31"W., 806.18 feet to the true point of beginning; thence S.22°09'24"E., 60.00 feet; thence S.67°50'36"W., 40.00 feet; thence N.22°09'24"W., 60.00 feet; thence N.67°50'36"E., 40.00 feet to the true point of beginning.

TALL OIL VENT SCRUBBER (#4)

That certain rectangular tract of land situated in the NW¼ Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, Township 14 North, Range 21 West; thence S.13°25'23"W., 1081.21 feet to the true point of beginning; thence S.22°09'24"E., 35.00 feet; thence S.67°50'36"W., 35.00 feet; thence N.22°09'24"W., 35.00 feet; thence N. 67°50'36"E., 35.00 feet to the true point of beginning.

NO. 3 SLAKER VENT SCRUBBER (#5)

That certain rectangular tract of land situated in the NW¼, Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, Township 14 North, Range 21 West; thence S.23°29'08"W., 652.49 feet to the true point of beginning; thence S.22°09'24"E., 60.00 feet; thence S.67°50'36"W., 30.00 feet; thence N.22°09'24"W., 60.00 feet; thence N.67°50'36"E., 30.00 feet to the true point of beginning.

WASHER HOOD VENTS-SCRUBBER (WASHING & SCREENING) (#7)

That certain rectangular tract of land situated in the NW¼, Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, Township 14 North, Range 21 West; thence S.76°18'58"W., 643.55 feet to the true point of beginning; thence S.67°50'36"W., 121.00 feet; thence N.22°09'24"W., 92.00 feet; thence N.67°50'36"E., 121.00 feet; thence S.22°09'24"E., 92.00 feet to the true point of beginning.

EXHIBIT A

WASHER HOOD VENTS-SCRUBBER (DIGESTERS) (#7A)

That certain rectangular tract of land situated in the NW¼, Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, Township 14 North, Range 21 West; thence S.58°44'27"W., 639.58 feet to the true point of beginning; thence S.22°09'24"E., 145.00 feet; thence S.67°50'36"W., 35.00 feet; thence N.22°09'24"W., 145.00 feet; thence N.67°50'36"E., 35.00 feet to the true point of beginning.

CONDENSATE STRIPPING SYSTEM (#9)

That certain rectangular tract of land situated in the NW¼, Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; more part ·ularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, Township 14 North, Range 21 West; thence S.24°23'08"W., 479.79 feet to the true point of beginning; thence S.67°50'36"W., 28.25 feet; thence N.22°09'24"W., 69.83 feet; thence N.67°50'36"E., 28.25 feet; thence S.22°09'24"E., 69.83 feet to the true point of beginning.

NO. 3 RECOVERY-ESP (#10)
NO. 3 RECOVERY-SMELT TANK SCRUBBER (#13)

That certain rectangular tract of land situated in the NW¼, Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, Township 14 North, Range 21 West; thence S.39°27'56"W., 527.85 feet to the true point of beginning; thence N.67°50'36"E., 60.00 feet; thence S.22°09'24"E., 79.00 feet; thence S.67°50'36"W., 60.00 feet; thence N.22°09'24"W. 79.00 feet to the true point of beginning.

NO. 5 RECOVERY-SMELT TANK SCRUBBER (#11)
NO. 5 RECOVERY-ESP (#12)

That certain rectangular tract of land situated in the NW¼, Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, Township 14 North, Range 21 West; thence S.31°02'24"W., 222.65 feet to the true point of beginning; thence S.22°09'24"E., 85.00 feet; thence S.67°50'36"W., 170.00 feet; thence N.22°09'24"W., 85.00 feet; thence N.67°50'36"E., 170.00 feet to the true point of beginning.

WASTE FUEL BOILER AND SCRUBBER (#2)
WASHER HOOD VENTS - INCINERATION (#8)

That certain rectangular tract of land situated in the NE¼, Section 24, Township 14 North, Range 21 West, Principal Meridian, Montana; more particularly described as follows:

Commencing at the ¼ corner common to Sections 13 and 24, Township 14 North, Range 21 West; thence S.14°41'29"E., 542.78 feet to the true point of beginning; thence N.67°50'36"E., 77.00 feet; thence S.22°09'24"E., 161.00 feet; thence S.67°50'36"W., 77.00 feet; thence N.22°09'24"W., 161.00 feet to the true point of beginning.

121 MR 264

EXHIBIT B

The foregoing conveyance is subject to the following:

An easement affecting the portion of said premises and for the purposes stated herein, and incidental purposes, as disclosed in instrument or by action herein set forth, dated July 10, 1958.

For: Underground electric transmission system
In Favor of: The Montana Power Company
Disclosed: Book 209 of Deeds at Page 504.

An easement affecting the portion of said premises and for the purposes stated herein, and incidental purposes, as disclosed in instrument or by action herein set forth, dated April 29, 1966.

For: Electric power line and communications system
In Favor of: The Montana Power Company
Disclosed: Book 39 of Micro Records at Page 1213.

An easement affecting the portion of said premises and for the purposes stated herein, and incidental purposes, as disclosed in instrument or by action herein set forth, dated April 23, 1957.

For: Gas pipeline
In Favor of: The Montana Power Company
Disclosed: Book 200 of Deeds at Page 71.

An easement affecting the portion of said premises and for the purposes stated herein, and incidental purposes, as disclosed in instrument or by action herein set forth.

For: Gas pipeline
In Favor of: The Montana Power Company
Disclosed: Book 202 of Deeds at Page 412.

Mineral rights and matters pertaining thereto, if any.

Provisions, conditions, easements or special assessments of the Frenchtown Irrigation District.

Water, Irrigation and Drainage Rights, and matters relating thereto.

Easements and right-of-ways for County roads as disclosed by Missoula County Surveyors Plats.

Any difference in the mean high water line of Clark Fork River and the meander line as disclosed by the G.L.O. survey.

'86 FEB 26 AM 10 29

8603147

I received and filed this instrument for record on the 26 day of Feb. 1986, at 10:29 a.m. and it is recorded in Vol. 235, on Page 2084, Micro Records of the County of Missoula, State of Montana. Witness my hand, Fern Hart, County Recorder. By Ramona Cox, Deputy. Doc. WD Fee 20.00 Pd. Ck Return: Lawyers Title Ins. Corp.
attn: Ms. Cathy Jones
Natl Accts. Adm
Natl Division Office
P.O. Box 2301 Belden Station
Norwalk, CT 06852

Warranty Deed 4