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This Instrument Prepared By
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STATE OF ALABAMA)
JEFFERSON COUNTY)

THIS LEASE AGREEMENT made and entered into as of December 1, 1984, by and between THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF COLUMBIANA (the "Board"), a public corporation duly organized and existing under the laws of the State of Alabama, as Lessor, and SIMSCO, INC., a corporation organized and existing under the laws of the State of Alabama, as Lessee.

W I T N E S S E T H :

In consideration of the respective representations and agreements herein contained, the parties hereto agree as follows (provided, that any obligation of the Board to pay money created by or arising out of this Lease Agreement shall be payable solely out of the proceeds derived from this Lease Agreement, the sale of the bonds referred to in Section 2.1 hereof, the insurance and condemnation awards as herein provided, amounts paid under the Guaranty Agreement referred to below, and any other revenues arising out of or in connection with its ownership of the Project (as hereinafter defined):

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ARTICLE I

DEFINITIONS

"Act" means Act No. 648 enacted at the 1949 Regular Session of the Legislature of Alabama, as heretofore amended, and any future acts supplemental thereto or amendatory thereof.

"Additional Bonds" means additional parity Bonds authorized to be issued by the Board pursuant to Section 210 of the Indenture.

"Authorized Board Representative" means the person or persons at the time designated to act on behalf of the Board by written certificate furnished to the Lessee and the Trustee containing the specimen signature of such person and signed on behalf of the Board by the Chairman or the Vice Chairman of the Board of Directors of the Board.

"Authorized Lessee Representative" means the person or persons at the time designated to act on behalf of the Lessee by written certificate furnished to the Board and the Trustee containing the specimen signature of such person and signed on behalf of the Lessee by its Chief Executive Officer, President or any Vice President.

"Base Rate" means the rate of interest established (whether or not charged) and publicly announced from time to time by SouthTrust Bank of Alabama, National Association as its general

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reference rate of interest, after taking into account such factors as SouthTrust Bank of Alabama, National Association may from time to time deem appropriate in its sole discretion (it being understood, however, that SouthTrust Bank of Alabama, National Association may from time to time make various loans at rates of interest having no relationship to such general reference rate of interest).

"Board" means The Industrial Development Board of the City of Columbiana, a public corporation duly organized and existing under the laws of the State of Alabama, and its lawful successors and assigns.

"Bonds" means the Series 1984 Bond and all Additional Bonds issued by the Board pursuant to the Indenture.

"Bond Fund" means the Bond principal and interest fund created by Section 502 of the Indenture.

"Building" means all buildings, structures or facilities now or hereafter located on the Project Site, as the same may at any time exist.

"Business Day" means a day on which banking business is transacted in the city in which the Trustee has its principal corporate trust office.

"Code" means the Internal Revenue Code of 1954, as amended and all regulations and rules promulgated thereunder, whether presently in effect or hereafter adopted.

"Completion Date" means the date of completion of the acquisition, construction and equipping of the Project as that date shall be certified as provided in Section 4.5 hereof.

"Construction Fund" means the construction fund created by Section 602 of the Indenture and referred to in Sections 4.2 and 4.3 hereof.

"Construction Period" means the period between the beginning of construction of the Project or the date on which the Series 1984 Bond is first delivered to the original purchaser thereof (whichever is earlier) and the Completion Date.

"Corporate Guarantor" means any of Citation Carolina Corp., Southern Ductile Castings Corp., Foundry Service, Incorporated or Dixie Type and Supply Co., Inc., or their respective successors and assigns as permitted in the Guaranty.

"Counsel" means an attorney designated by or acceptable to the Trustee, duly admitted to practice law before the highest court of any state, and may include attorneys for the Lessee or the Board.

"Determination of Taxability" means a determination that the interest income on the Series 1984 Bond is Taxable, which determination

shall be deemed to have been made upon the occurrence of the first to occur of the following:

(a) the date on which the Lessee determines that the interest income on the Series 1984 Bond is Taxable by filing with the Trustee a statement to that effect; or

(b) the date on which the Lessee or any holder or former holder of the Series 1984 Bond shall be advised by private ruling, technical advice or any other written communication from an authorized official of the Internal Revenue Service that, based upon any filings of the Lessee, or upon any review or audit of the Lessee, or upon any other grounds whatsoever, the interest income on the Series 1984 Bond is Taxable; or

(c) the date on which the Lessee shall receive notice from the Trustee in writing that the Trustee has been advised (i) by any holder or former holder of the Series 1984 Bond that the Internal Revenue Service has assessed as includable in the gross income of such holder or former holder the interest on such Bond by reason of such income being Taxable, or (ii) by any authorized official of the Internal Revenue Service that the interest income on the Series 1984 Bond is Taxable;

BOOK 011 PAGE 709 provided that no Determination of Taxability shall be deemed to have occurred as a result of a determination by the Lessee pursuant to the preceding clause (a) unless supported by a written opinion of nationally recognized bond counsel acceptable to the Trustee and the Board that the interest income on the Series 1984 Bond is Taxable; provided further that no Determination of Taxability shall be deemed to have occurred as a result of events described in either of the preceding clauses (b) and (c) unless and until (1) the Lessee has been afforded a reasonable opportunity, at its expense, to contest such determination either through its own action (if permitted by law) or by or on behalf of any holder or former holder of the Series 1984 Bond and (2) such contest, if made, has been abandoned by the Lessee or has been finally determined by a court of competent jurisdiction from which no further appeal exists, but if such contest has not been abandoned or finally determined within twelve months of the event described in either of said clauses (b) and (c) which forms the basis of the Determination of Taxability in question, then such Determination of Taxability shall be deemed to have occurred twelve months after the date of such event, unless the holder of the Series 1984 Bond and any former holder who would be adversely affected agrees to an extension of such period of time; provided further, however, that in no event shall the holder or any former holder of the Series 1984 Bond be obligated to extend or waive (directly or by operation of law) the statute of limitations on the assessment of federal income tax for any issue other than the Determination of Taxability in question.

"Federal Income Tax Exemption" when used with reference to interest on any Bond means that such interest is not includable for Federal income tax purposes in the gross income (as defined in Section

61 of the Code) of any bondholder (other than a bondholder who is a "substantial user" of the project or a "related person" with respect to such a "substantial user" as provided in §103(b)(13) of the Code).

"Government Obligations" means (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.

"Guarantor," or collectively "Guarantors," means the Lessee, Citation Carolina Corp., Southern Ductile Casting Corp., Foundry Service, Incorporated, Dixie Type and Supply Co., Inc. and T. Morris Hackney, an individual residing in Birmingham, Alabama.

"Guaranty" or "Guaranty Agreement" means the Guaranty Agreement dated as of December 1, 1984 from the Guarantors to the Trustee with respect to the Bonds, as the same may at any time be supplemented, modified or extended.

"Indenture" means the Mortgage and Indenture of Trust between the Board and the Trustee, of even date herewith, and other supplemental indentures in pursuance thereof.

"Independent Architect" means a person registered and qualified to practice as an architect under the laws of the State of Alabama, not unsatisfactory to the Trustee, and not in the full-time employment of either the Board or the Lessee.

"Independent Engineer" means a person registered and qualified to practice as an engineer under the laws of the State of Alabama, not unsatisfactory to the Trustee, and not in the full-time employment of either the Board or the Lessee.

"Lease" means this Lease Agreement as it now exists and as it may hereafter be amended pursuant to the terms hereof and Article XIII of the Indenture.

"Lease Term" means the duration of the leasehold estate as provided in Section 5.1 hereof.

"Leased Equipment" means those items of machinery, equipment and other tangible personal property required or permitted herein to be acquired and installed as part of the Leased Property with the proceeds from the sale of the Bonds or the proceeds from any payment by the Lessee pursuant to Section 4.6 hereof (which property, as presently contemplated, is more fully described in Exhibit "B" attached hereto and by this reference made a part of this Lease), and any item of machinery, equipment and other tangible personal property acquired and installed in substitution therefor and renewals and replacements thereof pursuant to the provisions of Sections 4.1, 6.1(a), 6.2(a), 7.1

or 7.2, hereof, less such machinery, equipment and other tangible personal property as may be released from this Lease pursuant to Section 6.2(b) hereof or damaged or destroyed and not restored as provided in Section 7.1 or taken by the exercise of the power of eminent domain as provided in Section 7.2 hereof, but not including any machinery, equipment and other tangible personal property not constituting part of, or installed so as not to constitute part of, the Leased Property under the provisions of Section 6.1(b) hereof, subject, however, to Permitted Encumbrances as hereinafter defined. The Leased Equipment is agreed by the parties hereto to be and remain at all times personal property no matter how installed or affixed to any real estate.

"Leased Land" means any real estate and interests in real estate described as leased land in Exhibit "A" attached hereto and by this reference made a part of this Lease, plus such real estate and interests in real estate as may be added pursuant to this Lease, less such real estate and interests in real estate as may be released from this Lease and the provisions of the Indenture pursuant to Section 802 of the Indenture and Section 11.3 hereof, or taken by exercise of the power of eminent domain as provided in Section 7.2 hereof. As of the date hereof, there is no Leased Land.

"Leased Property" means the Leased Equipment, the Leased Land and any and all buildings, structures and improvements from time to time located or installed on the Leased Land, as any of the same may from time to time exist.

"Lessee" means Simsco, Inc., a corporation organized and existing under the laws of the State of Alabama, and its successors and assigns, including any resulting or transferee corporations 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 attorney's fees and any extraordinary expenses of the Trustee as defined in the Indenture) incurred in the collection of such gross proceeds.

"1980 Bonds" means the Industrial Development Revenue Board (McWane, Inc. Project) issued by the Board in the aggregate principal amount of \$2,500,000 on March 11, 1980.

"1980 Indenture" means that certain Mortgage and Indenture dated March 11, 1980 between the Board and The First National Bank of Birmingham (n/k/a AmSouth Bank N.A.), as heretofore or hereafter amended and supplemented.

"1980 Guaranty" means the Bond Guaranty Agreement dated March 11, 1980 from McWane, Inc., to The First National Bank of Birmingham (n/k/a AmSouth Bank N.A.), as heretofore or hereafter amended and supplemented.

"1980 Lease" means that certain Lease Agreement dated March 11, 1980 between the Board and McWane, Inc., as heretofore or hereafter amended and supplemented.

"Permitted Encumbrances" means, as of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent or permitted to exist as provided in Section 6.3 hereof, (ii) this Lease and the Indenture, (iii) utility, access and other easements, licenses, rights-of-way, restrictions, reservations and exceptions which, according to the certificate of a licensed engineer (who may be an employee of the Lessee), will not materially interfere with or impair the operations being conducted at the Plant (or, if no operations are being conducted therein, the operations for which the Plant was designed or last modified), (iv) unfilled and Inchoate mechanics', materialmen's or other similar liens for construction work in progress, (v) mechanics', laborers', materialmen's, suppliers' and vendors' liens or other similar liens not then payable permitted to exist as provided in Section 6.1 hereof, and (vi) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as do not, in the aggregate, and in the opinion of Counsel, materially impair the property affected thereby for the purpose for which it was acquired or is held by the Board.

"Plans and Specifications" means the plans and specifications prepared by or on behalf of the Lessee for the Project, as the same may be revised from time to time by the Lessee in accordance with Section 4.1 hereof.

"Plant" means the ductile iron castings manufacture and distribution facility located on the Project Site and operated by the Lessee, as the same may from time to time exist. The Plant encompasses the Project Site and the Building. The Project is an addition to the Plant.

"Project" means the facilities, including the Leased Equipment and improvements and renovations to the Building, acquired or to be acquired, constructed and installed pursuant to the Plans and Specifications, which facilities, as presently contemplated, are generally described in Exhibit "D" hereto.

"Project Development Costs" shall include the following:

(a) the cost of the land and interests in land, if any, acquired by the Board for the Project;

(b) all obligations of the Board or the Lessee incurred pursuant to contracts for the purchase or supply of equipment, machinery, labor and materials (including reimbursements of expenses incurred by the Board or the Lessee as provided in, and payments on contracts made or executed in the name of the Board or the Lessee pursuant to, the Preliminary Agreement dated as of August 29, 1984 between the Board and the Lessee, whereby the Board agreed to issue

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the Series 1984 Bond) in connection with the acquisition, construction, installation and equipping of the Project;

(c) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction of the Project;

(d) all costs of architectural and engineering services, including the costs of the Board or the Lessee for estimates, preliminary studies, all costs connected with developing the Plans and Specifications, and for supervising construction, as well as for the performance of all other duties required by or consequent upon the proper construction and equipping of the Project;

(e) all expenses incurred in connection with the issuance of the Bonds, including without limitation, compensation and expenses of the Trustee, legal expenses and fees, costs of printing and engraving, recording and filing fees, compensation of the underwriter or agent, if any, and rating agency fees;

(f) all other costs and expenses which the Board or the Lessee may properly pay or accrue for or in connection with the acquisition, construction, installation or equipping of the Project or the leasing thereof to the Lessee;

(g) any sums required to reimburse the Board or the Lessee for advances made by either of them for any of the above items, or for any other costs incurred and for work done by either of them, which are properly chargeable to the capital account of Project for federal income tax purposes, whether incurred before or after the date of this Lease.

"Project Site" means the real estate described on Exhibit "C" attached hereto and by this reference made a part hereof. The Project Site is owned by the Board, subject to the 1980 Indenture and the 1980 Lease.

"Series 1984 Bond" means the Board's Industrial Development Revenue Bond (Simsco, Inc. Project), Series 1984, in the principal amount of \$980,000 authorized to be issued pursuant to Section 201 of the Indenture.

"Taxable" means, with respect to any Bond, that the Federal Income Tax Exemption for such Bond is not applicable.

"Trustee" means SouthTrust Bank of Alabama, National Association, or any co-trustee or successor trustee serving as such under the Indenture.

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ARTICLE II

REPRESENTATIONS

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

(a) Organization, Powers, etc. The Board is duly incorporated under the provisions of the Act and has the power to enter into the transactions contemplated by this Lease and the Indenture and to carry out its obligations hereunder and thereunder. The Board is not in default under any of the provisions contained in its certificate of incorporation, its by-laws, or in the laws of the State of Alabama. By proper corporate action the Board has duly authorized the execution and delivery of this Lease and the Indenture.

(b) Authorization of Lease, etc. The execution and delivery of this Lease and the Indenture by the Board, the consummation of the transactions herein and therein contemplated and the fulfillment of the terms hereof and thereof will not conflict with, be in violation of, or constitute a default under any indenture, mortgage, deed of trust or other contract, agreement or instrument or any statute or rule of law to which the Board is now a party or is subject, or the certificate of incorporation or by-laws of the Board, or any resolution, order, rule or regulation, writ, injunction, decree or judgment of any government, governmental instrumentality or court, domestic or foreign, having jurisdiction over the Board.

(c) Governmental Consents. All consents, approvals, authorizations and orders of governmental or regulatory authorities, if any, which are required to be obtained by the Board as conditions precedent to the issuance of the Bonds and the execution and delivery by the Board of this Lease and the Indenture have been obtained.

(d) Public Purpose. The Board has determined that the issuance of the Bonds, the acquisition, improvement and construction of the Project and the leasing of the Leased Property to the Lessee will promote industry, develop trade and further the use of the agricultural products and natural and human resources of the State of Alabama and the development and preservation of said resources. The Project will constitute a "project" within the meaning of the Act.

(e) Delivery of Indenture, etc. The Indenture will be delivered by the parties thereto and the Bonds will be issued

and delivered by the Board contemporaneously with the delivery of this Lease.

(f) Date of Acquisition. The Preliminary Agreement dated as of August 29, 1984 between the Board and the Lessee, was authorized by the Board of Directors of the Board by resolution adopted on August 29, 1984 at a meeting of the directors duly called and held in compliance with the provisions of the Act and the Board's certificate of incorporation and by-laws. No commitment to acquire or purchase any portion of the Project was made by the Board prior to August 29, 1984.

(g) Location of Project. The Project is located wholly within the corporate limits of the City of Columbiana, Shelby County, Alabama.

(h) Previously Issued Tax Exempt Obligations. Other than the 1980 Bonds and the Series 1984 Bond there have been no bonds or other obligations issued, or authorized to be issued, by the Board or, insofar as the Board is aware, by the State of Alabama, the City of Columbiana, Shelby County, or by the United States of America, any State, the District of Columbia or any political subdivision of any of the foregoing or by an public corporation, authority, agency or instrumentality of any of the foregoing, any part of the proceeds of which were, are or will be used with respect to facilities located or to be located within the City of Columbiana, Alabama (including facilities contiguous or integrated with said facilities, within the meaning of Sections 1.103-10(b)(2)(ii)(e) and 1.103-10(d)(2) of the regulations under Section 103 of the Code), the "principal user" of which facilities was, is or will be the Lessee or any "related person" or persons (as such terms are defined or used in Section 103(b) of the Code and the regulations thereunder) with respect to the Lessee.

(i) Election. The Board has elected to have the provisions of Section 103(b)(6)(D) of the Code applied to the Series 1984 Bond and has filed or caused to be filed the appropriate statement relating to such election with the Internal Revenue Service.

(j) Use of Bond Proceeds. Substantially all of the proceeds of the Series 1984 Bond will be used for the acquisition, construction, reconstruction or improvement of land or property of a character subject to the allowance for depreciation, within the meaning of Section 103(b)(6) of the Code.

(k) Securities Regulation. Neither the Board nor any agent acting on behalf of the Board has offered the Series

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1984 Bond for sale to, or solicited offers to buy any of the Series 1984 Bond from, or otherwise approached or negotiated with respect to the Series 1984 Bond with any prospective purchaser other than the initial purchaser of the Series 1984 Bond. The Series 1984 Bond will not be further offered for issuance or sale to anyone, nor will any offers be solicited from anyone to acquire the Bond so as to make the issuance or sale of the Series 1984 Bond a transaction not exempted from the registration requirements of Section 5 of the Securities Act of 1933, as amended.

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) Organization, Powers, etc. (i) The Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of Alabama, (ii) the Lessee has the corporate power and authority to own its properties and assets and to carry on its business as now being conducted, and (iii) the Lessee has the power to execute and perform this Lease and the Guaranty.

(b) Authorization of Lease, etc. The execution, delivery and performance of this Lease and the Guaranty by the Lessee have been duly authorized by all requisite action and will not violate any provision of law, any order of any court or other agency of government, any provision of any indenture, agreement or other instrument to which the Lessee is a party, or by which it or any of its properties or assets are bound, or be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Lessee. The Lessee is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party, which default would have a material adverse effect upon the business, properties, assets, operation or condition (financial or otherwise) of the Lessee.

(c) Conflicting Agreements. The Lessee hereby warrants that it is not subject to any contractual limitation or provision of any nature whatsoever which in any way limits, restricts or prevents it from entering into this Lease or the Guaranty or performing any of its obligations hereunder or thereunder and covenants that, anything in this Lease to the contrary notwithstanding, so long as the Series 1984 Bond is outstanding there shall be no abatement or reduction of the rent payable by the Lessee except as otherwise provided herein.

(d) Governmental Consents. Neither the business or property of the Lessee, nor any relationship between the Lessee and any other person nor any circumstance in connection with the offering, sale, issuance or delivery of the Series 1984 Bond is such as to require on the part of the Lessee any consent, approval, permit, exemption, action, order or authorization of, or filing, registration or qualification with, or with respect to, any court, regulatory agency or other governmental body in connection with the execution and delivery of this Lease or the Guaranty or the offering, sale, issuance or delivery of the Series 1984 Bond (other than those already obtained, taken or made and which continue in full force and effect).

(e) Litigation. There is no action, suit, inquiry, investigation or proceeding pending or overtly threatened against or affecting the Lessee at law or in equity or before or by any court or governmental body (nor, to the best knowledge and belief of the Lessee is there any basis therefor) which might result in any material adverse change in the business, prospects, operations, properties or assets or in the condition (financial or otherwise) of the Lessee, or which might materially and adversely affect the transactions contemplated by this Lease and the Guaranty, or which might impair the ability of the Lessee to comply with its obligations hereunder and thereunder.

(f) No Defaults. No event has occurred and no condition exists which, upon the issuance of the Series 1984 Bond, would constitute an event of default under this Lease or which would become such an event of default with the passage of time or with the giving of notice or both. The Lessee is not in default in any respect under any agreement or other instrument to which it is a party or by which it is bound, or any judgment, order, rule or regulation of any court or other governmental body applicable to it, to the extent in any such case that the default in question would materially and adversely affect the transactions contemplated by this Lease and the Guaranty or would impair the ability of the Lessee to comply with its obligations hereunder and thereunder. There currently exists no "event of default," howsoever defined, under the 1980 Lease, the 1980 Indenture, or the 1980 Guaranty, or any circumstance which with notice or the lapse of time, or both, would constitute such a "event of default."

(g) Licenses, Permits, etc. All licenses, permits or other approvals required in connection with the acquisition, construction and operation of the Project have been duly obtained and are in full force and effect except for any such licenses, permits or other approvals (i) which are not yet required and which will be duly obtained not later than the time required or (ii) the failure to obtain which will not

materially and adversely affect the acquisition and construction and installation of the Project.

(h) Project's Compliance with Statutes and Regulations. The operation of the Plant and Project for the purpose for which they were designed and acquired will not conflict with any zoning, planning or similar regulations applicable thereto and will comply in all material respects with all applicable statutes, regulations, orders and restrictions.

(i) Date of Acquisition of Project. No property which constitutes or is to constitute part of the Project was acquired by the Board or the Lessee or any "related person" with respect to the Lessee prior to August 29, 1984, nor did any of such parties enter into any binding commitment for the acquisition of any such property prior to such date.

(j) Public Purpose. The financing, acquisition and completion of the Project, as provided under this Lease, will contribute to the promotion of industry, the development of trade, and the furtherance of the use of the agricultural products and natural and human resources of the State of Alabama.

(k) Use of Bond Proceeds. Substantially all of the proceeds of the Series 1984 Bond will be used to pay costs of acquiring, constructing and equipping the Project, which constitutes and will constitute either land or property of a character subject to the allowance for depreciation within the meaning of Section 103(b)(6)(A) of the Code, and none of the proceeds from the sale of the Series 1984 Bond will be used, directly or indirectly, as working capital (within the meaning of Section 1.103-10(b)(1)(ii) of the Treasury Regulations), or to finance raw materials or inventory.

(l) Previously Issued Tax Exempt Obligations. Other than the Series 1984 Bond and the 1980 Bonds, there have been no bonds or other obligations issued, or authorized to be issued, by the Board or by the State of Alabama, the City of Columbiana, Alabama, Shelby County, Alabama, or by the United States of America, any State, the District of Columbia or any political subdivision of any of the foregoing or by an public corporation, authority, agency or instrumentality of any of the foregoing, any part of the proceeds of which were, are or will be used with respect to facilities located or to be located within the City of Columbiana, Alabama (including facilities contiguous or integrated with said facilities, within the meaning of Sections 1.103-10(b)(2)(ii)(e) and 1.103-10(d)(2) of the regulations under Section 103 of the Code), the "principal user" of which facilities was, is or will be the Lessee or any "related person" thereto (as such terms are defined or used in Section 103(b) of the Code and the regulations thereunder).

(m) Principal Users. The Lessee is and will be the only person or entity which will or may (i) own any beneficial interest in the Project or the Plant for federal income tax purposes, (ii) use, for more than a presently unanticipated temporary period, more than 10% of the Project or the Plant measured by either (1) total usable space in or (2) fair market rental value, or (iii) both will receive the primary use of the Project or the Plant and will provide, directly or indirectly, the source for payment of the debt service on the Series 1984 Bond.

(n) Other Issues. There are no other obligations heretofore issued or to be issued by or on behalf of any state, territory or political subdivision of any of the foregoing which constitute "industrial development bonds" within the meaning of Section 103(b) of the Code and which (i) were or are to be sold at substantially the same time as the Series 1984 Bond, (ii) were or are to be sold at substantially the same interest rate as the interest rate on the Series 1984 Bond, (iii) were or are sold pursuant to a common plan of marketing with the marketing plan of the Series 1984 Bond and (iv) are payable directly or indirectly by the Lessee or from the source from which the Series 1984 Bond are payable.

(o) The Lessee and all its "related persons" (as defined in Section 103(b)(6)(C) of the Code and Treas. Reg. § 1.103-10(e) have not in the three years preceding the date of issue of the Series 1984 Bond paid or incurred capital expenditures within the meaning of Section 103(b)(6)(d)(ii) of the Code with respect to facilities located in the City (or on both sides of a border between the City and another political subdivision) in the aggregate amount of in excess of \$7,000,000, including those capital expenditures to be financed by the proceeds of the Series 1984 Bond.

(p) All expenditures made as an item of the Project Development Costs will be charged to capital or similar accounts of the Lessee for federal income tax purposes and normal accounting purposes or would be so chargeable with a proper election by the Lessee or but for a proper election by the Lessee to deduct such amounts.

(q) The estimated cost of the Project, determined in accordance with sound engineering and accounting principles, is not less than \$980,000.

(r) The Series 1984 Bond is not being issued as part of an issue of bonds, notes or other obligations the interest on which bonds, notes or other obligations is exempt from Federal income taxation under any provision of law other than Section 103(b)(6)(d) of the Code.

(s) The face amount of the bonds allocable to any single Test-period Beneficiary (as defined below), when increased by the aggregate face amount of all industrial development bonds (within the meaning of Section 103(b)(2) of the Code), the interest on which is exempt from federal income taxation under Section 103(a) of the Code, which are allocated to such Test-period Beneficiary and which are outstanding on the date of issuance of the Series 1984 Bond (not including as outstanding any obligation to be redeemed with proceeds of the Series 1984 Bond), does not exceed \$40,000,000. For purposes of this subsection, the face amount of an issue allocated to any Test-period Beneficiary (i) who is a "principal user" of the facilities financed with the proceeds of such issue is an amount which bears the same relationship to the entire face amount of such issue as the portion of such facility used by such Test-period Beneficiary bears to the entire facility and (ii) who is an owner of the facilities financed with the proceeds of such issue is an amount which bears the same relationship to the entire face amount of such issue as the portion of such facility owned by such Test-period Beneficiary bears to the entire facility. As used herein, the term "Test-period Beneficiary" means any person who is a "principal user" or owner of the Project at any time during the three-year period beginning on the later of the date such Project is placed in service or the date of issuance of the Series 1984 Bond.

(t) No portion of the proceeds of the Series 1984 Bond will be used (directly or indirectly) for the acquisition of land (or an interest therein).

(u) No portion of the proceeds of the Series 1984 Bond shall be used for the acquisition of any property (or an interest therein) the first use of which is not pursuant to such acquisition.

(v) Maturity. The average reasonably expected economic life of the Project is not less than ten (10) years, and the average maturity of the Series 1984 Bond will not exceed 120% of the average reasonably expected economic life of the Project, within the meaning of Section 103(b)(14) of the Code.

(w) Securities Regulation. Neither the Lessee nor any agent acting on behalf of the Lessee has offered the Series 1984 Bond for sale to, or solicited offers to buy any of the Series 1984 Bond from, or otherwise approached or negotiated with respect to the Series 1984 Bond with any prospective purchaser other than the initial purchaser of the Series 1984 Bond. The Series 1984 Bond will not be further offered for issuance or sale to anyone, nor will any offers be solicited

from anyone to acquire the Series 1984 Bond so as to make the issuance or sale of the Series 1984 Bond a transaction not exempted from the registration requirements of Section 5 of the Securities Act of 1933, as amended.

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ARTICLE III

DEMISING CLAUSES AND WARRANTY OF TITLE

SECTION 3.1 Demise of the Project. The Board hereby demises and leases to the Lessee, and the Lessee hereby leases from the Board, the Leased Property at the rental set forth in Section 5.3 hereof and in accordance with the provisions of this Lease, subject to Permitted Encumbrances.

SECTION 3.2 Warranty of Title. The Board for itself, its successors and assigns warrants to the Lessee, its successors and assigns that it has good and marketable title to the Project Site and the Building subject to no encumbrances which will prevent or interfere with the installation and operation of the Project (including the Leased Equipment) on the Project Site and in the Building or with the carrying out of the terms of this Lease in any other respect. The Board for itself and for its successors and assigns further warrants to the Lessee, its successors and assigns, that it has taken no action to encumber or impair the title to and rights in the Leased Equipment except as contemplated in this Lease and the Indenture.

SECTION 3.3 Quiet Enjoyment. The Board covenants and agrees that it will warrant and defend the Lessee in the quiet enjoyment and peaceable possession of the Leased Property 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.

SECTION 3.4 Confirmation of 1980 Lease. The Board hereby ratifies and confirms the 1980 Lease and that pursuant thereto it is leasing the Project Site and the Building to the Lessee (as assignee of McWane, Inc.), and agrees that so long as there shall not have occurred and be continuing any uncured "event of default" under the 1980 Lease, the Board shall continue to own the Plant and the Lessee shall continue to have the use, occupancy and possession of the Plant in accordance with the terms of the 1980 Lease. The Board hereby further confirms that the Plant was and is a "project" of the Board under the provisions of the Act.

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ARTICLE IV

COMMENCEMENT AND COMPLETION OF THE PROJECT; ISSUANCE OF THE SERIES 1984 BOND

SECTION 4.1 Agreement to Construct and Equip the Project.

Subject to the provisions of Section 4.6 hereof, the Board agrees that it will cause the Project to be acquired, constructed, installed and equipped substantially in accordance with the Plans and Specifications. The Board and the Lessee agree that the Lessee may supplement, amend, omit from and add to the Plans and Specifications, and that the Lessee is authorized to omit or make substitutions for components of the Project, provided that no such change shall result in any part of the Project not being a "project" within the meaning of the Act or result in violation of any representation, warranty or covenant contained in this Lease (including any provision of Section 2.2 or 8.9 hereof).

The Board will enter into such contracts for the construction, acquisition, installation and equipping of the Project and shall appoint such agents to act on its behalf with respect to the construction, acquisition, installation and equipping of the Project, as shall be acceptable to the Lessee. The Board hereby makes, constitutes and appoints the Lessee as one subagents, with power of substitution and/or to appoint one or more subagents, and the Lessee hereby accepts such agency to act and do all things on behalf of the Board, to perform all acts and agreements of the Board hereinbefore provided in this Section 4.1, and to bring any actions or proceedings against any person which the Board might bring with respect thereto as the Lessee shall deem proper. The Board hereby ratifies and confirms all lawful and proper actions of, and assumes and adopts all such contracts entered into by, the Lessee with respect to the Project prior to the effective date hereof, and agrees that the Board will not enter into any contract or give any order regarding the acquisition, construction or installation of the Project unless and until the Lessee shall have approved the same in writing. This appointment of the Lessee to act as agent and all authority hereby conferred are granted and conferred to the Completion Date and thereafter until all activities in connection with the construction, acquisition, installation and equipping of the Project shall have been completed, and shall not be terminated prior thereto by act of the Board or of the Lessee. Upon the Completion Date or at any time prior thereto upon the request of the Lessee, so long as it is not in default hereunder, the Board will assign to the Lessee all warranties and guaranties of all contractors, subcontractors, suppliers, architects and engineers for the furnishing of labor, materials or equipment or supervision or design in connection with the Project and any rights or causes of action arising from or against any of the foregoing.

The Board agrees to use its best efforts to complete the acquisition, construction, installation and equipping of the Project as promptly as practicable after receipt of the proceeds from the sale of

the Series 1984 Bond, delays incident to strikes, riots, acts of God or the public enemy beyond the reasonable control of the Board only excepted; but if such acquisition, construction and installation is not completed there shall be no resulting liability on the part of the Board 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 Series 1984 Bond; Application of Bond Proceeds; Additional Bonds. (a) In order to provide funds for payment of the Project Development Costs, the Board agrees that it will sell, issue and deliver the Series 1984 Bond to the original purchaser thereof and that, upon receipt of the proceeds derived from the sale of the Series 1984 Bond, it will deposit in the Bond Fund all accrued interest, if any, received upon said sale, and will deposit the balance of the proceeds received upon said sale in the Construction Fund.

(b) So long as this Lease is in effect and there is no event of default under this Lease or the Indenture, the Board agrees to authorize the issuance of Additional Bonds upon the terms and conditions provided herein and in the Indenture. Additional Bonds may be authorized for the purpose of financing (i) the costs of completing the acquisition and construction of the Project, (ii) the costs of making certain substitutions, additions, modifications and improvements in, on or to the Project or the Plant as authorized by the Act and as will not conflict with or cause a default under the 1980 Lease or the 1980 Indenture, (iii) the costs of refunding, to the extent permitted by law, any outstanding Bonds, and (iv) the costs of the issuance and sale of the Additional Bonds and capitalized interest and certain other costs in connection therewith. If the Lessee is not in default hereunder, the Board agrees, on request of the Lessee, from time to time, to use its best efforts to issue Additional Bonds in such amounts, maturing on such dates, bearing such rate or rates of interest and redeemable at such times and prices as may be specified by the Lessee and as shall be permitted within the limits and under the conditions specified above and in the Indenture, provided, that (I) the Lessee and the Board shall have entered into an amendment to this Lease to provide for the lease of any additional properties to the Lessee and to include a description of such additional properties, to provide for such increase in the rental payments to be paid by the Lessee to the Board as shall be sufficient to pay the principal of and premium, if any, and interest on the Additional Bonds as provided to be paid in the supplemental indenture with respect to such Additional Bonds, and to extend the term of this Lease if the maturity of any Additional Bonds would occur after the expiration of the term of this Lease, and (II) the Board shall have otherwise complied with the provisions of the Indenture with respect to the issuance of such Additional Bonds. The Board hereby agrees to use its best efforts to comply with such provisions of the Indenture. Any amendment entered into pursuant to clause (I) above will provide that any such additional properties shall be included under this Lease upon terms equivalent to those pertaining to the Leased

Property. The Board will deposit the proceeds from the sale of Additional Bonds with the Trustee in the same manner as provided in paragraph (a) above.

SECTION 4.3 Disbursements from the Construction Fund. In the Indenture the Board has authorized and directed the Trustee to use the moneys in the Construction Fund to pay the Project Development Costs, or to reimburse the Board or the Lessee for any Project Development Costs paid or incurred by the Board or the Lessee before or after execution of this Lease and delivery of the Series 1984 Bond. Such payments shall be made by the Trustee upon receipt of a requisition, signed by an Authorized Board Representative and endorsed by an Authorized Lessee Representative, stating with respect to each payment to be made:

- (1) The requisition number;
- (2) The name and address of the person to whom payment is due;
- (3) The amount to be paid;
- (4) That each obligation mentioned therein constitutes a Project Development Cost and has not been the basis of any previous withdrawal;
- (5) That no notice has been received of any vendor's, mechanic's, or other liens or right to liens, chattel mortgages or conditional sales contracts, or other contracts or obligations which should be satisfied or discharged before such payment is made; and
- (6) That payment of such requisition will not result in less than substantially all of the proceeds of the Series 1984 Bond being used for the acquisition, construction or installation of either land or property subject to the allowance for depreciation within the meaning of Section 103(b)(6)(A) of the Code or will otherwise result in the use of the proceeds of the Series 1984 Bond so as to cause loss of the Federal Income Tax Exemption for such Bond.

In making any such payment from the Construction Fund the Trustee may rely upon any such requisitions and certificates delivered to it pursuant to this Section and the Trustee shall be relieved of all liability with respect to making such payments in accordance with such requisitions and certificates without inspection of the Project or any other investigation.

In the Indenture, the Board has authorized and directed that all moneys remaining in the Construction Fund (including moneys earned pursuant to the provisions of Section 4.8 hereof) after the Completion Date shall be paid by the Trustee into a separate account of the Bond

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Fund to be used as provided in the third paragraph of Section 504 of the Indenture; provided, however, that amounts approved by the Board and the Lessee shall be retained by the Trustee in the Construction Fund for payment of Project Development Costs not then due and payable. Any balance remaining of such retained funds after full payment of all such Project Development Costs shall be paid by the Trustee into the aforementioned separate account of the Bond Fund and applied in accordance with Section 301 of the Indenture.

SECTION 4.4 Obligation of the Parties to Cooperate in Furnishing Documents to Trustee. The Board and the Lessee agree to cooperate with each other 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 to cause such requisitions to be directed to the Trustee as may be necessary to effect payments out of the Construction Fund in accordance with Section 4.3 hereof.

SECTION 4.5 Establishment of Completion Date. The Completion Date shall be evidenced to the Trustee by a certificate signed by an Authorized Board Representative and endorsed by an Authorized Lessee Representative stating that, except for amounts retained by the Trustee for Project Development Costs not then due and payable as provided in Section 4.3 hereof, (i) the acquisition, construction, installation and equipping of the Project has been completed in accordance with the Plans and Specifications, and all labor, services, materials, supplies and equipment used in such acquisition, construction and equipping have been paid for, (ii) the Project and all facilities in connection therewith have been acquired, constructed, installed and equipped to his satisfaction, and (iii) substantially all of the proceeds of the Bonds have been used to provide either land or property subject to the allowance for depreciation within the meaning of Section 103(b)(6)(A) of the Code, and (iv) none of the proceeds of the Series 1984 Bond have been used so as to cause a failure of such Bond to comply with Section 103(b)(14) of the Code or otherwise to cause loss of the Federal Income Tax Exemption for such Bond. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights of the Board or the Lessee against third parties which exist on the date of such certificate or which may subsequently come into being. The Board and the Lessee agree to cooperate in causing such certificate to be furnished to the Trustee.

SECTION 4.6 Lessee Required to Pay Construction and Equipment Costs in Event Construction Fund Insufficient. In the event the moneys in the Construction Fund available for payment of the Project Development Costs should not be sufficient to pay such costs in full, the Lessee agrees to complete the Project and to pay all that portion of the Project Development Costs as may be in excess of the moneys available therefor in the Construction Fund by making payments directly to the construction contractor or contractors or the suppliers of materials and equipment as the same shall become due or by paying into the Construction Fund the moneys necessary to complete the

Project in which case the Board will proceed to complete the Project and the cost thereof will be paid from the Construction Fund. The Board 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 Lease, will be available for payment of the Project Development Costs will be sufficient to pay all such Project Development Costs. The Lessee agrees that if, after exhaustion of the moneys in the Construction Fund, the Lessee should pay any portion of the Project Development Costs pursuant to the provisions of this Section, it shall not be entitled to any reimbursement therefor from the Board or from the Trustee or from the holders of any of the Bonds (except to the extent that Additional Bonds may be issued to pay such excess Project Development Costs) nor shall it be entitled to any diminution of the rents payable under Section 5.3 hereof.

SECTION 4.7 Board to Pursue Remedies Against Contractors and Subcontractors and Their Sureties. In the event of any default of any supplier, contractor or subcontractor under any contract made by it in connection with the Project or in the event of breach of warranty with respect to any materials, workmanship or performance guaranty, the Board will promptly proceed (at the direction and sole cost of the Lessee and subject to the Lessee's advice to the contrary), either separately or in conjunction with others, to exhaust the remedies of the Board against any defaulting supplier, contractor or subcontractor and against any surety therefor, for the performance of any contract made in connection with the Project. Unless the Lessee shall request the Board to proceed in another manner, the Board shall proceed, in connection with any such default, only through the Lessee as agent for the Board; and the Lessee, as such agent and in the name of the Board, shall prosecute, defend or settle any action or proceeding or take any other action involving any such supplier, contractor, subcontractor or surety which the Lessee deems reasonably necessary. 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 Bond Fund.

SECTION 4.8 Investment of Construction Fund and Bond Fund Moneys Permitted. Any moneys held as a part of the Construction Fund or the Bond Fund shall be invested or reinvested by the Trustee upon the written request and direction of the Lessee in (i) Government Obligations, (ii) certificates of deposit of any bank or trust company, including the Trustee, organized under the laws of the United States or any state thereof, which have a combined capital and surplus of at least \$10,000,000, (iii) repurchase agreements issued by the Trustee or any other state or national banking association or corporation, which are secured by investments listed in (i) or (ii) of this Section, or (iv) any other investments then permitted by applicable law. The Trustee may make any and all such investments through its own Bond Department. The Lessee and Board each covenant and agree that neither of them shall make, nor shall the Lessee permit the Trustee to make, any investment which may result in any of the Bonds being considered an "arbitrage bond" within the meaning of Section 103(c) of

the Code or which may result in violation of Section 103(h) of the Code. All such investments shall at all times be a part of the fund (the Construction Fund, the Bond Fund or such other fund, as the case may be) from which the moneys used to acquire such investments shall have come, and all income and profits on such investments shall be credited to, and losses thereon shall be charged against, such fund.

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ARTICLE V

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

SECTION 5.1 Effective Date of This Lease; Duration of Lease Term. This Lease shall become effective upon its delivery and the leasehold estate created in this Lease shall then begin, and, unless sooner terminated in accordance with the provisions of this Lease, shall expire at midnight, December 1, 1994, 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 for payment shall have been made and all fees and expenses of the Board and the Trustee shall have been paid; provided, however, that in no event shall the term of this Lease extend beyond the maximum period of enforceability prescribed by applicable law.

SECTION 5.2 Delivery and Acceptance of Possession. The Board agrees to deliver to the Lessee sole and exclusive possession of the Project (subject to the right of the Board 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 acquisition, construction and equipping of the Project and the Lessee may install and maintain its own equipment during the Construction Period.

SECTION 5.3 Rents and Other Amounts Payable. On or before 10:00 a.m., C.S.T. or C.D.T., as the case may be, on March 1, 1985, and on or before the first day of each June, September, December, and March thereafter until the principal of, premium, if any, and interest on the Series 1984 Bond shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Lessee shall pay to the Trustee as rent for the Project an amount (in funds which will be immediately available at the principal office of the Trustee on the date when payment is due) equal to the amount payable on such date as principal, premium, if any, and interest upon the Series 1984 Bond, as provided in the Indenture. In addition, the Lessee shall pay, (i) on or prior to any date fixed for the redemption of the Series 1984 Bond pursuant to the Indenture, a sum which, together with other moneys available therefor in the Bond Fund, will enable the Trustee to pay the amount payable on such date as principal of (whether at maturity or upon redemption), and premium, if any, and interest on such Bond as provided in the Indenture, (ii) on any date on which the Series 1984 Bond shall have been declared to be due and payable prior to its maturity pursuant to Article X of the Indenture, an aggregate amount equal to the sum of the principal and premium, if any, and interest on such Bond as provided in the Indenture and (iii) all sums payable by the Board pursuant to Section

306 of the Indenture with respect to the occurrence of a Determination of Taxability when and as such payments become due thereunder. In any event, the Lessee agrees to pay as rent for the Project sums sufficient to pay any and all amounts due as principal, premium and interest upon the Series 1984 Bond, whether at scheduled due dates, upon redemption or as accelerated.

All rentals payable under this Section 5.3 by the Lessee to the Board are assigned by the Board to the Trustee under the Indenture for the benefit of the holders of the Bonds. The Lessee hereby consents to such assignment. The Board hereby directs the Lessee and the Lessee hereby agrees to pay to the Trustee at its principal corporate trust office all rentals payable by the Lessee pursuant to this Section 5.3.

The Lessee will also pay the reasonable expenses of the Board related to the Project and the issuance of the Bonds.

If at any interest payment date, maturity date or redemption date the balance in the Bond Fund is insufficient to make required payments of principal, premium, if any, and interest on such date, the Lessee will forthwith pay any deficiency; provided, that any amount held by the Trustee in the Bond Fund (other than pursuant to the second and third paragraphs of Section 504 of the Indenture) on a rental payment date shall be credited against rent required to be paid by the Lessee on such rental payment date under the preceding paragraphs of this Section to the extent such amount is in excess of the amount required for payment of the principal of and premium, if any, on the Bonds theretofore matured or called for redemption and past due interest thereon; and provided further, that if at any time the amount held by the Trustee in the Bond Fund should be sufficient to pay at the times required all the principal, interest due and to become due and premium, if any, on the Bonds then remaining unpaid, the Lessee shall not be obligated to make any further rent payments under the provisions of the foregoing paragraphs of this Section but this provision shall not affect the other obligations of the Lessee under this Lease.

The Lessee agrees to pay to the Trustee until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the provisions of the 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 the Indenture, (ii) the reasonable fees, charges and expenses of the Trustee as Bond Registrar and paying agent, as and when the same become due, and (iii) the reasonable fees, charges and expenses of the Trustee for the necessary Extraordinary Services rendered by it and Extraordinary Expenses incurred by it under the Indenture, as and when the same become due; provided, that the Lessee may, without creating a default hereunder, withhold such payment to contest in good faith the necessity for any such Extraordinary Services and Extraordinary Expenses and the reasonableness of any such fees, charges or expenses.

In the event the Lessee 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 borne by the Bonds in respect of which such failure shall have occurred, until paid. The provisions of this Section shall be subject to the provisions of Section 9.7 hereof.

All payments of interest on obligations hereunder shall be calculated on the basis of a 360-day year consisting of twelve equal 30-day months.

SECTION 5.4 Place of Rental Payments. The rent provided for in the first paragraph of Section 5.3 (except to the extent provided or permitted to the contrary in Section 5.04 of the Indenture) shall be paid directly to the Trustee for the account of the Board and will be deposited by the Trustee in the Bond Fund. The additional payments provided for in the penultimate paragraph of Section 5.3 hereof shall be paid directly to the Trustee for its own use.

SECTION 5.5 Obligations of Lessee Hereunder Unconditional. Subject to the provisions of Section 9.7 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 shall not be subject to diminution by set-off, counterclaim, abatement or otherwise. Until such time as 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 (i) will not suspend or discontinue any payments provided for in Section 5.3 hereof except to the extent the same have been prepaid, (ii) will perform and observe all of its other agreements contained in this Lease and (iii) except as provided in Section 11.1, 11.2 and 11.6 hereof, will not terminate the Lease Term for any cause, including, without limiting the generality of the foregoing, failure of the Board to complete the Project, failure of the Board's title to the Project or any part thereof, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of Alabama or any political subdivision of either thereof or any failure of the Board to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Lease. Nothing contained in this Section shall be construed to release the Board from the performance of any of the agreements on its part herein contained; and in the event the Board should fail to perform any such agreement on its part, the Lessee may institute such action against the Board 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 preceding sentence. The Lessee may, however, at its own cost and expenses and in its own name or in the name of the

Board, prosecute or defend any action or proceeding or take any other action involving third persons which the Lessee deems reasonably necessary in order to insure the construction, equipping and completion of the Project or to secure or protect its right of possession, occupancy and use hereunder, and in such event the Board hereby agrees to co-operate fully with the Lessee and to take all action necessary to effect the substitution of the Lessee for the Board in any such action or proceeding if the Lessee shall so request.

SECTION 5.6 Indemnification for Preference Taxes. In the event that, as a result of a change in law after the date of the original authentication and delivery of the Series 1984 Bond, a holder of such Series 1984 Bond is required to pay any Bond Preference Tax (hereinafter defined) attributable, directly or indirectly, to the purchase or ownership of the Bond, the Lessee shall pay to any such holder, within ten days after receipt of written demand therefor (accompanied by appropriate verification) an amount which, after deduction of all Federal, state and local income taxes payable by such holder with respect to the receipt of such payment (assuming in each case that the highest marginal tax rate is applicable to such holder), shall equal the amount of any Bond Preference Tax payable by holder with respect to the Bond. As used in this Section 5.6, the term "Bond Preference Tax" shall mean any tax or penalty under Federal or Alabama law imposed on the owner of Tax-Exempt Obligations (hereinafter defined), including, without limitation, any preference tax, excess profits tax or other tax measured in whole or in part by reference to interest on or principal of Tax-Exempt Obligations or any amount of interest on indebtedness deemed attributable to the purchase or carrying of Tax-Exempt Obligations. As used in this Section 5.6, the terms "Tax-Exempt Obligations" means (i) for purposes of a Bond Preference Tax imposed by Federal law, obligations the interest on which is exempt from Federal income taxation under Section 103 of the Internal Revenue Code of 1954, as amended, and (ii) for purposes of a Bond Preference Tax imposed by Alabama law, obligations the interest on which is exempt from Alabama income taxation.

Section 5.7 Obligations upon Occurrence of an Adjudication of Invalidity. In addition to all obligations of the Lessee pursuant to Section 5.3 hereof, upon the occurrence of an Adjudication of Invalidity (as defined in the Indenture), the Lessee shall (i) as soon as possible, and in no event later than ten (10) days after the receipt by Lessee of notice thereof, give notice to the Trustee of such Adjudication of Invalidity, and (ii) pay, and indemnify and save the Trustee and each owner or former owner of the Series 1984 Bond harmless from, all other damage, loss, cost, or expense (including attorney's fees) which the Trustee or such owner or former owner may incur as a consequence of such Adjudication of Invalidity.

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ARTICLE VI

MAINTENANCE, MODIFICATIONS, TAXES AND INSURANCE

SECTION 6.1 Maintenance and Modifications of Project by Lessee. (a) The Lessee agrees that during the Lease Term it will at its own expense (i) keep the Leased Property and the Plant in as reasonably safe condition as its operations shall permit and (ii) keep the Building and the Leased Equipment and all other facilities and improvements forming a part of the Leased Property and the Plant in good repair and in good operating condition, reasonable wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof.

(b) The Lessee may from time to time, in its sole discretion and at its own expense, make any additions, modifications or improvements to the Plant, including additional real property and the installation of additional machinery, equipment and other tangible personal property that do not materially impair the effective use of the Plant and the Project and as will not cause violation of the 1980 Indenture or the 1980 Lease. Except for additions, modifications and improvements, or additional machinery, equipment and other tangible personal property financed with Additional Bonds or payments by the Lessee pursuant to Section 4.6 hereof or a comparable provision of a supplemental Lease, no such additions, modifications and improvements shall become a part of the Leased Property or shall be covered by the Indenture. Any damage to the Leased Property or the Plant occasioned removal of any item of property from the Plant shall be repaired by the Lessee at its own expense. At the time of the installation by the Lessee of any items of the Leased Equipment in the Building or on the Project Site, the Lessee shall fasten on each item a permanent plate, tag, or other readily visible form of identification showing such property to be the property of the Board and subject to this Lease and the Indenture. In case any such plate shall at any time be removed, defaced or destroyed, the Lessee shall immediately cause the same to be restored or replaced.

Nothing contained in this Lease shall prevent the Lessee from purchasing and installing at the Plant, after delivery of the Indenture, machinery, equipment or other tangible personal property by 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, equipment and other tangible personal property purchased by it under the provisions of this Section after the delivery of the Indenture shall, if appropriate financing statements are duly filed for record in the manner, at the time and in the places required by the Alabama Uniform Commercial Code, be prior

and superior to any other lien on such machinery and equipment and other tangible personal property.

(c) The Lessee will not permit any mechanics' or other liens to be established or remain against the Leased Property 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 give the Trustee at least five days' written notice of its intention so to do, the Lessee may in good faith contest any mechanics' or other liens filed or established against the Leased Property, 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, by nonpayment of any such items, the lien of the Indenture as to any part of the Leased Property will be materially endangered or the Leased Property or any part thereof will be subject to loss or forfeiture and the Board or the Trustee shall have demanded in writing satisfaction of such lien, in which event the Lessee shall, within five days of such written demand, either pay and cause to be satisfied and discharged all such unpaid items or post an adequate bond for the payment of such items in the event that the contest of such items is finally resolved adversely to the Lessee. The Board will, at the expense of the Lessee, cooperate fully with the Lessee in any such contest.

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SECTION 6.2 Removal of Leased Equipment. The Board shall not be under any obligation to renew, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary item of Leased Equipment. In any instance where the Lessee in its sole 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 and (on behalf of the Board), sell, trade-in, exchange or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the Board or the Trustee therefor, provided that the Lessee shall:

(a) Substitute (either by direct payment of the costs thereof or by advancing to the Board the funds necessary therefor) and install other machinery or equipment having equal or greater utility (but not necessarily having the same function) in the operation of the Plant (provided such removal and substitution shall not impair the operation of the Plant), all of which substituted machinery or equipment shall be free of all liens and encumbrances (other than Permitted Encumbrances) but 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 or equipment to anyone other than itself or any affiliated corporation 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 or equipment for other machinery or equipment not to be installed as part of the Leased Property, 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 or equipment to the Lessee or in the case of any other disposition thereof the Lessee shall pay into the Bond Fund an amount equal to the original cost thereof less depreciation at rates calculated in accordance with generally accepted accounting practice; provided, further, that the Lessee may not fail to make any such substitution and installation if such failure would materially impair the operation of the Plant.

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In the event that prior to such removal of items of Leased Equipment, the Lessee has acquired and installed machinery or equipment with its own funds which it has contributed to the Leased Property and which has become part of the Leased Equipment and which are subject to no prior lien or encumbrance (including the 1980 Indenture), the Lessee may take credit to the extent of the amount so spent by it 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 Plant of any portion of the Leased Equipment pursuant to the provisions of this Section shall not entitle the Lessee to any abatement or diminution in amount 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 the sale, trade-in or other disposition requiring such payment; provided, that no such report and payment need be made until the amount to be paid into the Bond Fund on account of all such sales, trade-ins or other dispositions not previously reported aggregates at least \$50,000. The Lessee will pay any costs (including reasonable counsel fees) incurred in subjecting to the lien of the Indenture any items of machinery or equipment that under the provisions of this Section are to become part of the Leased Equipment. The Lessee will not remove or permit the removal of any of the Leased Equipment except in accordance with the provisions of this Section.

SECTION 6.3 Taxes, Other Governmental Charges and Utility Charges. The Board and the Lessee acknowledge that under present law no part of the Leased Property owned by the Board will be subject to ad valorem taxation by the State of Alabama or by any political or taxing subdivision thereof, and that under present law the income and profits (if any) of the Board from the Leased Property are not subject

to either Federal or Alabama taxation. However, the Lessee will pay, as the same respectively become lawfully due and payable (i) all taxes and governmental charges of any kind whatsoever upon or with respect to the Lessee's interest in this Lease, (ii) all taxes and governmental charges of any kind whatsoever upon or with respect to the Leased Property or any machinery, equipment or other property installed or brought by the Lessee therein or thereon (including, without limiting the generality of the foregoing, any taxes levied upon or with respect to the income or profits of the Board from the Leased Property which, if not paid, will become a lien on the Leased Property 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 lien or charge of the Indenture or a charge on the revenues and receipts therefrom prior to or on a parity with the charge thereon and the pledge or assignment thereof to be created and made in the Indenture), (iii) all utility and other charges incurred in the operation, maintenance, use occupancy and upkeep of the Leased Property, and (iv) all assessments and charges lawfully made by any governmental body for public improvements that may be secured by lien on the Leased Property; 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.

The Lessee may, at its own expense and in its own name and behalf or in the name and behalf of the Board, 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, by nonpayment of any such items, the lien of the Indenture as to any part of the Leased Property will be materially endangered or the Leased Property or any part thereof will be subject to loss or forfeiture and the Board or the Trustee shall have demanded payment of such items, in which event such taxes, assessments or charges shall be paid promptly. The Board will cooperate fully with the Lessee in any such contest. In the event that the Lessee shall fail to pay any of the foregoing items required by this Section to be paid by the Lessee, the Board or the Trustee may (but shall be under no obligation to) pay the same and any amounts so advanced therefor by the Board 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 borne by the Series 1984 Bond, from the date thereof, the Lessee agrees to pay.

SECTION 6.4 Insurance and Indemnity. During the acquisition and installation of the Project and throughout the Lease Term, the Lessee shall take out and continuously maintain in effect the following insurance with respect to the Leased Property and the Plant, paying as the same become due all premiums with respect thereto:

(a) Insurance to the extent of the full insurable value of the Leased Property and the Plant against loss or damage by

fire, with uniform standard extended coverage endorsement covering losses from windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles and smoke;

(b) In the time of war in which the United States of America is a belligerent, such insurance to the extent of the full insurable value of the Leased Property and the Plant as may be available from the United States government or an agency thereof against loss or damage by the risks and hazards of war;

(c) Insurance against liability for bodily injury to or death of persons and for damage to or loss of property occurring on or about the Leased Property or the Plant or in any way related to the condition or operation of the Leased Property or the Plant, in the minimum amounts of \$500,000 for death of or bodily injury to any one person, \$1,000,000 for all death and bodily injury claims resulting from any one accident, and \$500,000 for property damage; and

(d) During any period when required by applicable law workmen's compensation insurance to the full extent required by applicable law.

All policies evidencing the insurance required by the terms of the preceding paragraph shall be taken out and maintained in generally recognized responsible insurance companies, qualified under the laws of the State of Alabama to assume the respective risks undertaken; provided, that any policy or policies evidencing the insurance required in clause (b) of the preceding paragraph may be taken out from and maintained in the United States of America or an agency thereof. All such insurance policies shall name as insureds the Board, the Trustee, and the Lessee (as their respective interests shall appear) and shall contain standard mortgage clauses providing for all losses thereunder in excess of \$50,000 to be paid to the Trustee; provided, that all losses (including those in excess of \$50,000) may be adjusted by the Lessee, subject, in the case of any single loss in excess of \$50,000 to the approval of the Trustee. The Lessee may insure under a blanket policy or policies. All policies evidencing the insurance required to be carried by this Section shall be deposited with the Trustee; provided, however, that in lieu thereof the Lessee may deposit with the Trustee a certificate or certificates of the respective insurers attesting the fact that such insurance is in force and effect. Prior to the expiration of any such policy, the Lessee will furnish to the Trustee evidence reasonably satisfactory to the Trustee that such policy has been renewed or replaced by another policy or that there is no necessity therefor under this Lease.

SECTION 6.5 Indemnity of Board. To the fullest extent allowed by applicable law, the Board shall not be liable for any damage or personal injury to the Lessee, its officers, employees or the public,

for any reason whatsoever in respect of the construction or the ownership, leasing or operation of the Leased Property or the Plant, including any of the same caused by or growing out of any breakage, leakage, disorder, or defective condition of any water or sewer pipe, toilets, plumbing, electric wires, gas pipes, fixtures, apparatus, or connections, or machinery or equipment or any of them, on the or the Project Site, or caused by or growing out of any defects in the Leased Property or the Plant or any part thereof, even if such defect occurred or existed prior to the delivery of possession of the Leased Property to the Lessee. The Lessee shall, to the fullest extent allowed by applicable law, save the Board harmless from any action, suit, judgment or liability against the Board on account of any defects in the condition of the Leased Property or the Plant for any personal injury or property damage occasioned or claimed to have been occasioned thereon or thereby and shall defend the Board against all such claims at the Lessee's expense. However, the indemnification and limitation of liability hereunder shall not be applicable to wanton negligence or intentional acts of the Board, its directors, officers or employees and such indemnity shall be effective only to the extent any loss sustained by the Board is in excess of Net Proceeds of Insurance caused with respect to such loss. In addition, in the event any contractor or subcontractor or furnisher of labor or materials under any contract or purchase order with respect to the Project or the Plant shall institute legal proceedings alleged to arise thereunder or with respect thereto, the Lessee shall, to the fullest extent allowed by applicable law, indemnify and hold the Board harmless against all claims asserted in such proceedings, including any reasonable expenses (including attorney's fees) incurred by the Board in connection with the defense of any such claims. The Board shall promptly notify the Lessee of any and all such claims and shall cooperate with the Lessee in the defense thereof. Failure of the Board to notify the Lessee of any such claim within time to permit the Lessee to defend against such claim will release the Lessee of the liability to defend against such claim.

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ARTICLE VII.

DAMAGE, DESTRUCTION AND CONDEMNATION

SECTION 7.1. Damage and Destruction. Unless the Lessee shall elect to exercise its option to purchase the Leased Property 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 Leased Property is damaged by fire or other casualty to such extent that the claim for loss resulting from such damage (including any deductible amount pertaining thereto) is not greater than \$50,000, the Lessee, as it in its sole discretion may determine, or the Board at the Lessee's direction, (i) will promptly repair, rebuild or restore the property damaged to substantially the same condition as it existed prior to the event causing such damage, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not impair the utility of the Leased Property 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 received by the Board, the Lessee, the Trustee or any of them, resulting from claims for such losses not in excess of \$50,000 shall be paid to the Lessee.

Unless the Lessee shall elect to exercise its option to purchase the Leased Property 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 Leased Property is destroyed (in whole or in part) or is damaged by fire or other casualty to such extent that the claim for loss resulting from such destruction or damage (including any deductible amount pertaining thereto) is in excess of \$50,000, the Lessee shall promptly give written notice thereof to the Trustee and shall be obligated to continue to make the rental payments specified in Section 5.3 hereof. All Net Proceeds of insurance received by the Board, the Lessee or the Trustee, or any of them, resulting from claims for such losses in excess of \$50,000 shall be held by the Trustee, to be applied in one or more of the following ways as shall be directed in writing by the Lessee as it in its sole discretion may determine:

(a) The restoration of the property damaged or destroyed to substantially the same condition as it 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 will not impair the utility of the Leased Property; or

(b) Payment into the Bond Fund to be applied by the Trustee toward the redemption of the principal of any of the Bonds

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together with accrued interest thereon to the date of redemption; provided, that no part of any such Net Proceeds may be applied for such redemption unless (1) 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 (2) in the event that less than all of the Bonds are to be redeemed, the Lessee shall furnish to the Board and the Trustee a certificate of the Authorized Lessee Representative stating (i) that the property forming a part of the Leased Property that was damaged or destroyed is not essential to the Lessee's use or occupancy of the Plant, or (ii) that the Leased Property has been restored to a condition substantially equivalent to its condition prior to the event causing such damage or destruction; or

(c) If subsequent to the Completion Date, payment into the Bond Fund or, if the Bonds have been fully paid (or provisions for payment thereof have been made in accordance with the provisions of the Indenture), to the Lessee.

Unless the Lessee shall elect to exercise its option to purchase the Project pursuant to the provisions of Section 11.2(a) hereof within 90 days from the date of the event causing such damage or destruction to the Leased Property, the Lessee shall direct the Board and the Trustee in writing as to which of the ways specified in this Section the Lessee elects to have the Net Proceeds applied. In the case of a restoration under Section 7.1(a), each direction by the Lessee to the Trustee for the disbursement of the Net Proceeds to the payment of the costs of such restoration shall be accompanied by a certificate of an architect or engineer (who shall be selected by the Lessee and may be an employee of the Lessee) in charge of the restoration, dated not more than 30 days prior to such direction, setting forth in substance that (a) the sum then directed to be applied either has been paid by the Lessee, or is justly due, to contractors, subcontractors, materialmen, engineers, architects or other persons who shall have rendered services or furnished materials or improvements in connection with the restoration therein specified; the names of such persons; a brief description of such services or materials or improvements and the several amounts so paid or due to each of such persons; and a statement that none of the costs of the services or materials or improvements described in such certificate has been or is being made the basis, in any previous or then pending direction for payment under this Section and that the sum then directed to be applied does not exceed the value of the services or materials or improvements described in the certificate, and (b) that, except for the amount, if any, stated (pursuant to (a) preceding) in such certificate to be due for services or materials or improvements, there is not outstanding any indebtedness known to the persons signing such certificate which is then due for labor, wages, materials, supplies or services in connection with the restoration which, if unpaid, might become the basis of a vendor's, mechanic's, laborer's or materialman's lien upon the Plant or any part thereof. The Trustee may conclusively rely upon such direction and certificate and shall have no liability or responsibility for payments made pursuant to this Section 7.1 in reliance thereon. Upon the completion of any such restoration, any balances of the Net Proceeds shall be paid into the Bond Fund.

SECTION 7.2. Condemnation. Unless the Lessee shall elect to exercise its option to purchase the Leased Property pursuant to the provisions of Section 11.2(b) hereof, in the event that title to, or the temporary use of, the Leased Property 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 Board, 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 applied in one or more of the following ways as shall be directed in writing by the Lessee:

(a) The restoration of the improvements of the Leased Property to substantially the same condition as they existed prior to the exercise of the said power of eminent domain, with such changes, alterations, and modifications (including the substitution and addition of other property) as may be desired by the Lessee and will not impair the utility of the Leased Property;

(b) The acquisition, by construction or otherwise, by the Board of other improvements or other machinery, equipment or other tangible personal property suitable for the Lessee's operation of the Plant (which improvements, machinery, equipment or other tangible personal property shall be deemed a part of the Leased Property 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, machinery, equipment or other tangible personal property were specifically described herein and demised hereby); provided, that such improvements, machinery, equipment or other tangible personal property shall be acquired by the Board subject to no liens or encumbrances prior to the lien of the Indenture, other than Permitted Encumbrances;

(c) Payment into the Bond Fund to be applied by the Trustee toward the redemption of the principal of any of the Bonds together with accrued interest thereon to the date of redemption without premium; provided, that no part of any such condemnation award may be applied for such redemption unless (1) 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 (2) in the event that less than all of the Bonds are to be redeemed, the Lessee shall furnish to the Board and the Trustee a certificate of the Authorized Lessee Representative stating (i) that the property forming a part of the Leased Property that was taken by such condemnation proceeding is not essential to the Lessee's use of the Plant, or (ii) that the Leased Property has been restored to a condition substantially equivalent to its condition prior to the taking by such condemnation proceedings, or (iii) that improvements have been acquired which are suitable for the Lessee's operations at the Plant as contemplated by the foregoing subsection (b) of this Section; or

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(d) Payment into the Bond Fund 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.

Unless the Lessee shall elect to exercise its option to purchase the Project 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 Board and the Trustee in writing as to which of the ways specified in this Section the Lessee elects to have the condemnation award applied. The direction of the Lessee shall, in the case of a restoration under Section 7.2(a) or the acquisition or construction of improvements under Section 7.2(b), be accompanied by a certificate similar to that required in the last paragraph of Section 7.1. The Trustee may conclusively rely upon such direction and shall have no liability for payments made pursuant to this Section 7.2 in reliance thereon.

The Board shall cooperate fully with the Lessee in the handling and conduct of any prospective or pending condemnation proceeding with respect to the Leased Property 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 Board. In no event will the Board voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Leased Property or any part thereof without the express written consent of the Lessee.

SECTION 7.3 Condemnation of Lessee-Owned Property. The Lessee shall also be entitled to the Net Proceeds of any condemnation award or portion thereof made for damages to or takings of its own property or for damages on account of the taking of or interference with the Lessee's rights to possession, or use of the Leased Property.

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ARTICLE VIII.

SPECIAL COVENANTS

SECTION 8.1. No Warranty of Condition or Suitability by the Board. THE BOARD 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 Plant. The Lessee agrees that the Board, the Trustee and their duly authorized agents who are acceptable to the Lessee shall have the right at all reasonable times during business hours, subject to the Lessee's usual safety and security requirements of persons on the Project Site, to enter upon the Leased Land and to examine and inspect the Plant without interference or prejudice to the Lessee's operations. The Lessee further agrees that the Board and its duly authorized agents who are acceptable to the Lessee shall have such rights of access to the Plant as may be reasonably necessary to cause to be completed the construction and installation provided for in Section 4.1 hereof. The Board and the Trustee shall be permitted, at all reasonable times, to examine the plans, specifications, books and records of the Lessee with respect to the Plant.

SECTION 8.3. Lessee to Maintain its Corporate Existence; Conditions Under Which Exceptions Permitted. The Lessee agrees that it will maintain its corporate existence and will not dispose of all or substantially all of its assets, and neither consolidate with nor 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 this Section 8.3, consolidate with or merge into a Corporate Guarantor, or permit one or more Corporate Guarantors to consolidate with or merge into it, or sell or otherwise transfer to a Corporate Guarantor all or substantially all of its assets as an entirety and thereafter dissolve, provided that the surviving, resulting or transferee corporation, as the case may be, (i) assumes in writing all of the obligations of the Lessee herein, (ii) no event of default has occurred and is continuing hereunder, and (iii) the Lessee shall obtain and deliver to the Trustee prior to any such merger, consolidation or transfer of assets an opinion of nationally recognized bond counsel acceptable to the Trustee to the effect that none of the Bonds shall become Taxable by virtue of the proposed transaction.

SECTION 8.4. Qualification in Alabama. The Lessee covenants that it is and throughout the Lease Term it will continue to be a corporation either organized under the laws of the State of Alabama or duly qualified to do business in the State of Alabama as a foreign corporation.

SECTION 8.5. Granting of Easements. If no event of default shall have occurred and be continuing and such shall not violate the

provisions of the 1980 Lease or the 1980 Indenture, the Lessee may at any time or times cause to be granted easements, licenses, rights-of-way (temporary or perpetual and including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property included in the Leased Property, and such grant will be free from the lien of the Indenture, or the Lessee may cause to be released existing easements, licenses, rights-of-way and other rights or privileges in the nature of easements, held with respect to any property included in the Leased Property with or without consideration and the Board agrees that it shall execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right-of-way or other right or privilege upon receipt of: (i) a copy of the instrument of grant or release; (ii) a written application signed by an officer of the Lessee requesting such instrument and stating (1) that such grant or release is not detrimental to the proper conduct of the business of the Lessee, and (2) that such grant or release will not impair the effective use or interfere with the operation of the Plant and will not weaken, diminish or impair the security intended to be given by or under the Indenture.

SECTION 8.6. Financial Information. During the term hereof, the Lessee shall deliver to the Trustee and to each registered owner of any of the Bonds (as reflected on the registration books maintained by the Trustee):

(a) As soon as reasonably possible, and in any event within 45 days after the close of each of the first three fiscal quarters of the Lessee, (i) the balance sheets of the Lessee as of the end of each quarter, setting forth in comparative form the corresponding figures for the corresponding quarter of the preceding fiscal year, and (ii) the profit and loss and surplus statements of the Lessee for such quarter and for the portion of the fiscal year ended with such quarter setting forth in comparative form, the corresponding periods of the preceding fiscal year, all in reasonable detail and certified by the President or a Vice President of the Lessee, subject to normal year-end audit adjustments; and

(b) As soon as reasonably possible, and in any event within 120 days after the close of each fiscal year of the Lessee (i) the balance sheets of the Lessee as at the end of such fiscal year, setting forth balance sheets, in comparative form, the corresponding figures at the end of the preceding fiscal year, and (ii) the profit and loss and surplus statements of the Lessee for such fiscal year, setting forth, in comparative form, the corresponding figures for the previous fiscal year. Such balance sheets and statements shall be prepared in reasonable detail, in accordance with good accounting practices, and the statements shall be audited by a certified public accountant acceptable to the Trustee, shall be certified by such accountants to have been prepared in accordance with generally accepted accounting principles consistently applied except as otherwise permitted herein, and shall include a statement that to the best of the knowledge of such accountants after due inquiry there exists no event of default under this Lease of the Guaranty or event which,

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with notice or lapse of time, or both, would constitute an event of default under this Lease or the Guaranty,

SECTION 8.7. Authorized Board Representative. Unless otherwise specified herein, whenever under the provisions hereof the approval of the Board is required or the Board is required to take some action at the request of the Lessee, such approval shall be made or such action shall be taken by an Authorized Representative; and the Lessee or the Trustee shall be authorized to act on any such approval or action and the Board shall have no complaint against the Lessee or the Trustee as a result of any such action taken.

SECTION 8.8. Authorized Lessee Representative. Unless otherwise specified herein, whenever under the provisions hereof the approval of the Lessee is required to take some action at the request of the Board, such approval shall be made or such action shall be taken by an Authorized Lessee Representative; and the Board or the Trustee shall be authorized to act on any such approval or action and the Lessee shall have no complaint against the Board or the Trustee as a result of any such action taken.

SECTION 8.9. Tax Exemption. (a) It is the intention of the parties hereto that the Series 1984 Bond shall be and remain at all times an obligation the interest on which is excluded from gross income for Federal income tax purposes by reason of the provisions of Section 103(a)(1) of the Code, or any substantially similar successor provision hereafter enacted, and that substantially all the proceeds of the Series 1984 Bond shall be used for the acquisition, construction and installation of either land or property of a character subject to the allowance for depreciation within the meaning of Section 103(b)(6)(A) of the Code. To that end, the Lessee and the Board each covenant that all proceeds received from the sale of the Series 1984 Bond shall be applied solely in the manner and for the purposes contemplated by this Lease.

(b) Without limiting the foregoing, the Lessee and the Board covenant that they shall take no action, nor shall the Lessee permit the Trustee to take any action, whereby the proceeds of the Series 1984 Bond shall be invested or used in such manner that the Series 1984 Bond would be an "arbitrage bond" within the meaning of Section 103(c) of the Code and the applicable regulations promulgated thereunder as they may be in force and applicable, at the time of such investment or use, to the Series 1984 Bond.

(c) In addition, the Board and the Lessee each represent, warrant and covenant as follows:

(1) The Project constitutes and will constitute either land or property of a character subject to the allowance for depreciation within the meaning of Section 103(b)(6)(A) of the Code, and substantially all of the proceeds of the Series 1984 Bond will be used for the acquisition, construction, reconstruction or improvement of land or property of a character subject to the allowance for depreciation within the meaning of Section 103(b)(6)(A) of the

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Code. All amounts paid or incurred, or to be paid or incurred with respect to the acquisition of the Project are, for Federal income tax purposes, chargeable to the Project's capital account or would be so chargeable either with a proper election by the Lessee (for example under Section 266 of the Code), or but for a proper election by the Lessee to deduct such amounts, and no part of the proceeds of the Series 1984 Bond are to be used by the Lessee, directly or indirectly, as working capital or to finance raw materials or inventory.

(2) No more than twenty-five percent (25%) of the proceeds of the Series 1984 Bond will be used to provide one or more facilities, the primary purpose of which is or will be retail food and beverage services, automobile sales or service, or the provision of recreation or entertainment. None of the proceeds of the Series 1984 Bond will be used to provide any private or commercial golf course, country club, massage parlor, tennis club, skating facility (including roller skating, skate board and ice skating), racquet sports facility (including handball or racquetball courts), hot tub facility, suntan facility, race track, airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(3) None of the proceeds of the Series 1984 Bond will be used (directly or indirectly) for the acquisition of land (or an interest therein) including land (or an interest therein) used or to be used for farming purposes.

(4) No portion of the proceeds of the Series 1984 Bond shall be used for the acquisition of any property (or an interest therein), the first use of which is not pursuant to such acquisition.

(5) The Lessee shall not permit to occur the issuance of any industrial development bonds (within the meaning of Section 103(b)(2) of the Code), the interest on which is exempt from federal income taxation under Section 103(a) of the Code, or permit any person or entity to become a "principal user" or owner of the Project, or permit any Test-period Beneficiary with respect to the Series 1984 Bond to use or own any other facility, so as to cause the face amount of all bonds allocable to any single Test-period Beneficiary (as defined in Section 2.2(s) hereof) to exceed the \$40,000,000 limit set forth in Section 103(b)(15) of the Code.

SECTION 8.10. Covenants of Lessee with Respect to Capital Expenditures. The Board is issuing the Series 1984 Bond pursuant to an election made by it under Section 103(b)(6)(D) of the Code. It is the intention of the parties hereto that the interest on the Series 1984 Bond remain free from Federal income taxation and to that end the

Lessee covenants with the Board, with the Trustee and with each of the owners or holders of the Series 1984 Bond, as follows:

(1) Lessee will not permit the occurrence of the circumstances set forth in said Section 103(b)(6)(D) or (E), as in effect on the date hereof, so as to cause the loss of the Federal Income Tax Exemption for the Series 1984 Bond.

(2) To insure that capital expenditures will not be paid or incurred in excess of \$10,000,000 with respect to "facilities" described in Section 103(b)(6)(E) of the Code during the six-year period therein set forth, the Lessee hereby covenants and agrees that during such six-year period such capital expenditures (including the amount of bonds issued with respect to such "facilities", but excluding capital expenditures not required to be taken into account under Section 103(b)(6)(F) of the Code) will in no event exceed \$10,000,000.

(3) On or before December 31, 1985, and on or before the thirty-first day of each December thereafter, to and including December 14, 1987, the Lessee will furnish to the Trustee a certificate of independent certified public accountants stating that the \$10,000,000 limitation imposed by the provisions of subsection (2) hereof had not been exceeded as of the December 14, preceding the date on which the certificate is due or, in the case of the certificate due on December 31, 1987, that such limitation had not been exceeded as of the end of the six-year period to which the limitation applies. The Lessee also covenants to comply with any filing or reporting requirements that have been heretofore or may be hereafter promulgated pursuant to said Section 103(b)(6)(D) and (E).

SECTION 8.11. Obligation of Lessee in the Event of Taxability. Upon the occurrence of a Determination of Taxability the Lessee shall be obligated to pay to the Trustee for the benefit of each holder and former holder of the Series 1984 Bond, or the holder and former holders of the Series 1984 Bond to the extent required or permitted pursuant to Section 306 of the Indenture, all amounts required to be paid by the Board with respect to such Determination of Taxability pursuant to Section 306 of the Indenture at or prior to the time required under the Indenture. The Lessee shall also reimburse the Board and the Trustee for all reasonable fees and expenses incurred thereby in connection with such Determination of Taxability. The obligations of the Lessee under this Section 8.11 and under clause (iii) of the first paragraph of Section 5.3 hereof shall survive the payment in full of the Series 1984 Bonds, the discharge of the Indenture and the termination of this Lease.

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ARTICLE IX.

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

SECTION 9.1. Assignment and Subleasing. This Lease may not be assigned in whole or in part, and the Leased Property may not be subleased as a whole or in part, by the Lessee without the prior written consent of the Board and the Trustee and the holders or owners of 100% in aggregate principal amount of the Bonds outstanding, and in any event any such assignment or sublease shall be subject to each of the following conditions:

(a) Unless agreed to the contrary by the Trustee and the holders of a majority in principal amount of the Bonds outstanding no assignment or sublease shall relieve the Lessee from primary liability for any of its obligations hereunder, and in the event of any such assignment or sublease the Lessee shall remain primarily liable for payment of the rents specified in Section 5.3 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, contemporaneously with delivery thereof, furnish or cause to be furnished to the Board and to the Trustee a true and complete copy of each such assignment or sublease, as the case may be.

(d) The Lessee shall not assign this Lease nor sublease the Leased Property or any part thereof to any person unless the operations of such assignee or sublessee are consistent with and in furtherance of, the purpose of the Act.

(e) Any such assignment, lease or sublease of the Leased Property or any portion thereof to any person or entity who or which is or will be a "principal user" (within the meaning of Section 103(b) of the Internal Revenue Code of 1954, as amended) of the property with respect to which the proceeds of the Series 1984 Bond are or will be expended, shall also contain agreements by such assignee, lessee or sublessee: (i) to furnish statements and certificates similar to the statements and certificates which the Lessee is obligated to deliver pursuant to Section 8.10 of this Lease; (ii) that neither it nor any "related person" to it will make or permit to be made any capital expenditures with respect to "facilities" described in Section 103(b)(6)(D) of the Code within the City of Columbiana, Alabama, in excess of a stated amount, which stated amount shall be determined by the Lessee so that the aggregate of all capital expenditures described in Section 8.10 of this Lease will not exceed \$10,000,000; (iii) to furnish to the Lessee such information as shall be required to enable the Lessee

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to comply with all of the requirements of Section 8.10 of this Lease; and (iv) to file with its income tax returns such supplemental statements and other information as are required by any applicable regulations or procedures of the Internal Revenue Service in order to preserve the tax-exempt status of the Series 1984 Bond.

(f) Prior to any such assignment or subleasing, the holder shall deliver to the Trustee an opinion of nationally recognized bond counsel (which shall be acceptable to the Trustee) to the effect that the proposed assignment or sublease will not result in the loss of the Federal Income Tax Exemption for the Bonds.

SECTION 9.2. Assignment of Lease and Rents by the Board.

The Board has, simultaneously with the delivery of this Lease, assigned its interest in and pledged any money receivable under this Lease to the Trustee as security for payment of the principal of and the interest on the Bonds, and the Lessee hereby consents to such assignment and pledge. The Board has, in the Indenture, obligated itself to follow the instructions of the Trustee or the holders of the Bonds or a certain percentage thereof in the election or pursuit of any remedies herein vested in it. The Trustee shall have all rights and remedies herein accorded to the Board and any reference herein to the Board shall be deemed, with the necessary changes in detail, to include the Trustee, and the Trustee and the holders of the Bonds are deemed to be third party beneficiaries of the covenants, agreements and representations of the Lessee herein contained.

SECTION 9.3. Restrictions on Mortgage or Sale of Plant by Board; Consolidation or Merger of, or Transfer of Assets by, Board.

Except for the 1980 Indenture and the mortgage of the Leased Property to the Trustee pursuant to the Indenture, the Board will not mortgage, sell, assign, transfer or convey the Plant or the Leased Property at any time during the Lease Term without the prior written consent of the Lessee while the Lessee is not in default hereunder. If the laws of the State of Alabama at the time shall permit it, nothing contained in this Section shall prevent the consolidation of the Board with, or merger of the Board into, or transfer of the Plant or the Leased Property as an entirety to, any public corporation whose property and income are not subject to taxation and which has corporate authority to carry on the business of owning and leasing the Plant or the Leased Property; provided, that upon any such consolidation, merger or transfer, the due and punctual performance and observance of all the agreements and provisions of this Lease to be kept and performed by the Board shall be expressly assumed in writing by the corporation resulting from such consolidation or surviving such merger or to which the Plant shall be transferred as an entirety.

SECTION 9.4. Redemption of Bonds. The Board, at the request at any time of the Lessee and if the same are then redeemable, and upon receipt by the Trustee of necessary funds, shall forthwith take all steps that may be necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the then outstanding Bonds, as may be specified by the Lessee, on the

earliest redemption date on which such redemption may be made under such provisions or upon the date set for the redemption by the Lessee pursuant to Sections 7.1, 7.2, 11.1 or 11.2 hereof.

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 Board agrees that the Trustee may accept such prepayment of rents when the same are tendered by the Lessee, provided, however that at the time such prepayment of rents shall be made the Bonds shall be subject to redemption and the amount tendered as prepayment of rent shall be accompanied by proper instructions from the Lessee for application of such prepayment to the redemption of the Bonds, and such prepayment shall be accompanied by any applicable redemption provisions. All rents so prepaid shall be credited on the rental payments specified in Section 5.3 hereof, in the order of their due dates and 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. Presentment of Bonds for Cancellation. The Lessee expressly reserves the right and is authorized to present any principal amount of Bonds to the Trustee for cancellation. The resulting reduction in the amount of Bonds outstanding shall entitle the Lessee to an appropriate reduction in the rental payment required by Section 5.3 hereof on all succeeding rental payment dates. All Bonds so presented and cancelled shall thereafter no longer be considered outstanding for any purpose of the Indenture or this Lease, including the payment of rents under Section 5.3 hereof.

SECTION 9.7. 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 due or to become due through the date on which the last of the Bonds is retired under circumstances not resulting in termination of the Lease Term, and if the Lessee is not at the time otherwise in default hereunder, the Lessee shall be entitled to use and occupy the Leased Property from the date on which such aggregate moneys are in the hands of the Trustee to and including midnight on December 1, 1994, without the payment of rent during that interval (but otherwise on the terms and conditions hereof).

SECTION 9.8. Reference to Bonds Ineffective After Bonds Paid. Upon payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and all fees and charges of the Trustee, all references in this Lease to the Bonds and the Trustee shall be ineffective and neither the Trustee nor the holders of any of the Bonds shall thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested. For purposes of this Lease, the Bonds shall be deemed fully paid when so paid according to the provisions of Article IX of the Indenture.

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ARTICLE X.

EVENTS OF DEFAULT AND REMEDIES

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

(a) Failure by the Lessee to pay when due the portion of the rents required to be paid under Section 5.3 hereof representing payment of the principal of, and premium, if any, on the Series 1984 Bond;

(b) Failure by the Lessee to pay when due the portion of the rents required to be paid under Section 5.3 hereof representing payments of interest on the Series 1984 Bond or to perform any of its covenants and agreements contained in Section 8.9 or 8.11 hereof;

(c) Failure by the Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsections (a) and (b) of this Section, for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, given to the Lessee by the Board or the Trustee, unless the Board and the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, if a failure under this Section 10.1(c) be such that it can be corrected but not within the applicable period, it shall not constitute an event of default if the Lessee is taking appropriate corrective action to remedy such failure;

(d) The dissolution or liquidation of the Lessee (other than as permitted under Section 8.3 hereof) or the filing by the Lessee of a voluntary petition in bankruptcy, or failure by the Lessee promptly to lift or bond (if legally permissible) any execution, garnishment or attachment of such consequence as will materially 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 and in the case of an adjudication resulting from the filing of an involuntary petition such adjudication shall have remained undischarged or unstayed for a period of 120 days, 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 United States Bankruptcy Code, as amended, or under any similar law which may hereafter be enacted.

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(e) Any material representation, warranty or statement by or on behalf of the Lessee in this Lease or in any certificate furnished in connection with the issuance and sale of the Series 1984 Bond, being false or misleading in any material respect at the time made.

(f) Any default or event of default under the Guaranty Agreement which shall occur and continue beyond any applicable period of grace.

(g) The occurrence and continuance of any "Event of Default" under Section 6.1 of the 1980 Indenture, or the occurrence and continuance of an "event of default" under Section 8.1 of the 1980 Lease.

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The foregoing provisions of this Section are subject to the following limitations: If by reason of force majeure the Lessee is unable in whole or in part to carry out the agreements on its part herein contained, other than the obligations on the part of the Lessee contained in Article V hereof and in Sections 6.3, 6.4, 8.3, 8.6, 8.9, 8.10 and 8.11 hereof, the Lessee shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State of Alabama 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 disturbance; 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. Whenever any event of default referred to in Section 10.1 hereof shall have happened and be subsisting, the Board, subject to the limitations of Section 1003 of the Indenture, or the Trustee where so provided, may take any one or more of the following remedial steps:

(a) The Board, with the prior written consent of the Trustee, or the Trustee, may 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. If the Board or the Trustee elects to exercise the remedy afforded in this Section 10.2(a) and accelerates all rents payable under Section 5.3 hereof for the remainder of the Lease Term, the amount then due and payable by the Lessee as accelerated rents shall be the sum of (1) the aggregate principal amount of the outstanding Bonds, and (2) all interest and redemption premium, if any, on the Bonds accruing to the date of such acceleration. Such sums as may then become payable shall be paid into the Bond Fund and after the Bonds and accrued interest thereon have been fully paid and any costs occasioned by such default have been satisfied, any excess moneys in the Bond Fund shall be returned to the Lessee as an overpayment of rents.

(b) The Board, with the prior written consent of the Trustee, or the Trustee may re-enter and take possession of the Leased Property without terminating this Lease, and sublease the Leased Property for the account of the Lessee, holding the Lessee liable for the difference in 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 Board, with the prior written consent of the Trustee, or the Trustee may terminate the Lease Term, exclude the Lessee from possession of the Leased Property and use its best efforts to lease the Leased Property to another for the account of the Board, holding the Lessee liable for all rent and other payments due up to the effective date of such leasing.

(d) In the event any of the Bonds shall at the time be outstanding and unpaid, the Board or the Trustee may have access to and inspect, examine and make copies of all books and records of the Lessee pertaining to the Leased Property.

(e) The Board, with the prior written consent of the Trustee 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 Lease.

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 Board or 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

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other remedy given under this Lease 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 Board 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 to the Board hereunder shall also extend to the Trustee and the Trustee and the holders of the Bonds shall be deemed third party beneficiaries of all covenants and agreements herein contained.

SECTION 10.4. Agreement to Pay Attorneys' Fees and Expenses. In the event the Lessee should default under any of the provisions of this Lease and the Board 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 Board or the Trustee the reasonable fee of such attorneys and such other reasonable expenses so incurred by the Board or the Trustee.

SECTION 10.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Lease 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.

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ARTICLE XI.

OPTIONS IN FAVOR OF LESSEE

SECTION 11.1. General Option to Purchase Leased Property.

The Lessee shall have, and is hereby granted, the option to purchase the Leased Property at any time during the Lease Term. To exercise such option, the Lessee shall give written notice to the Board (and to the Trustee if any of the Bonds shall then be unpaid or provision for their payment shall not have been made in accordance with the provisions of the Indenture) and shall specify in said notice 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 redemption of the Bonds in accordance with the provisions of the Indenture, the Lessee 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 such moneys or Government Obligations as are sufficient to constitute payment in full of any Bonds then outstanding as provided in Article IX of the Indenture, plus all costs and expenses of the Board relative to the exercise of such option, plus \$10.00 (said costs and expenses and said \$10.00 to be paid by the Trustee to the Board from funds provided by the Lessee hereunder).

SECTION 11.2. Option to Purchase Project in Certain Events. The Lessee shall have, and is hereby granted, the option to purchase the Leased Property 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 events shall have occurred:

(a) The Leased Property is damaged or destroyed as set forth in Section 7.1 hereof to the extent that, in the judgment of the Lessee (i) the Leased Property cannot be restored within a period of six months to a condition suitable for the operation thereof, or (ii) the Lessee is thereby prevented or will likely be prevented from using the Leased Property for its normal purposes for a period of four months or more, or (iii) the restoration and repair of the Leased Property would not be economically practicable or desirable to the Lessee; or

(b) Title to, or the temporary use of, the whole or any substantial part of the Leased Property shall have been taken or condemned by a competent authority for any public use or purpose to such an extent that the Lessee is prevented or, in the opinion of the Lessee, would likely be prevented from using the Leased Property for its normal purposes for a period of four months or more; or

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(c) As a result of changes in the constitutions or laws of or of legislative or executive action of, the United States of America or the State of Alabama or any political subdivision of either thereof or a final decree, judgment or order of a court or an order, rule, regulation, determination, action or refusal to take action, or refusal to issue or make any order, rule, regulation or determination, action or refusal to take action, or refusal to issue or make any order, rule, regulation or determination, by a governmental authority or agency, either (i) this Lease or any material part hereof, is declared to be unlawful or, in the opinion of counsel to the Lessee, become void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties or (ii) performance of the Lessee's obligations under the Lease results or, in the opinion of the Lessee, would result in the imposition of unreasonable burdens or, excessive liabilities on the Lessee;

(d) Changes, which the Lessee cannot reasonably control or overcome, shall have occurred in the economic availability of materials, supplies, labor, equipment and other properties and things necessary for the efficient operation of the Leased Property for the purposes contemplated by the Lease, or technological or other changes shall have occurred which, in the judgment of the Lessee, render the continued operation of the Leased Property uneconomical.

To exercise such option, the Lessee shall, within 180 days following the event authorizing the exercise of such option, give written notice to the Board and to the Trustee, if any of the Bonds shall then be unpaid, and shall specify therein the date of closing such purchase, which date shall be not less than fifty nor more than ninety days from the date such notice is mailed. The purchase price which shall be paid to the Trustee by the Lessee in the event of its exercise of the option granted in this Section shall be the sum of the following:

(1) An amount of money which will be sufficient (or Government Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee will be sufficient), when added to any amount already on deposit in the Construction Fund and the Bond Fund, to pay the interest on the then outstanding Bonds until the earliest permissible redemption date following the closing of such purchase and to pay the principal of and interest on all of the Bonds on such redemption date, plus

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

(3) the sum of \$10.00 plus all costs and expenses of the Board relative to the exercise of such option (said \$10.00 and costs and expenses to be paid by the Trustee to the Board from funds provided by the Lessee hereunder.

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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.

SECTION 11.3. Option to Purchase Unimproved Land. The Lessee shall have and is hereby granted an option to purchase any unimproved part of the Leased Land (on which neither the Building nor any Leased Equipment is located but on which parking, transportation or utility facilities may be located) at any time and from time to time at a purchase price equal to the value thereof as determined by an independent appraiser selected by the Lessee and acceptable to the Trustee, provided that it furnishes the Board and the Trustee with the following:

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

(b) A certificate of an Independent Engineer or an Independent Architect, dated not more than ninety days prior to the date of the purchase and stating that, in the opinion of the person signing such certificate, (i) the portion of the Leased Land with respect to which the option is exercised is not needed for the operation of the Project or that sufficient right and title is reserved to the Board to fulfill said needs, and (ii) the purchase will not impair the usefulness of the Plant and will not destroy the means of ingress thereto and egress therefrom.

The Board agrees that upon receipt of the notice and certificate required in this Section to be furnished to it by the Lessee, the Board will promptly deliver the said purchase price to the Trustee for deposit in the Bond Fund and will 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 in this Section. In the event the Lessee shall exercise the option granted to it under this Section the Lessee shall not be entitled to any abatement or diminution of the rents payable under Section 5.3 hereof.

If the Lessee purchases any unimproved part of the Leased Land pursuant to the provisions of the preceding paragraph, the Lessee and the Board agree that all walls presently standing or hereafter erected on or contiguous to the boundary line of the land so purchased by the Lessee shall be party walls and each party grants the other a 10-foot easement adjacent to any such party wall for the purpose of inspection, maintenance, repair and replacement thereof and the tying-in of new construction. If the Lessee utilizes any party wall for the purpose of tying-in new construction that will be utilized under

common control with the Plant, the Lessee may also tie in to the utility facilities on the Leased Land for the purpose of serving the new construction and may remove any non-loadbearing wall panels in the party wall; provided, however, that if the property so purchased ceases to be operated under common control with the Plant, the Lessee covenants that it will install non-loadbearing wall panels similar in quality to those that have been removed and will provide separate utility services for the new construction. No wall may be so utilized by the Lessee unless prior thereto the Board has been furnished with a certificate of the Authorized Lessee Representative stating that the proposed utilization will not impair the usefulness of the Plant for the purposes for which it was designed to be used.

• SECTION 11.4. Conveyance on Purchase. At the closing of, the purchase pursuant to the exercise of any option to purchase granted in this Article, the Board 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 by the Trustee from the lien of the Indenture of the property with respect to which such option was exercised.

(b) Documents conveying to the Lessee good and marketable title to the property with respect to which such option was exercised, 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 Board; (ii) those liens and encumbrances created by the Lessee or to the creation or suffering of which the Lessee consented in writing; (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 Lease; (iv) Permitted Encumbrances other than the Indenture and this Lease; and (v) if the option is exercised pursuant to the provisions of Section 11.3(b) hereof, the rights and title to the condemning authority.

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SECTION 11.5. Relative Position of Options and Indenture. The options granted to the Lessee in Sections 11.1 and 11.2 hereof shall be and remain prior and superior to the Indenture and may be exercised whether or not the Lessee is in default hereunder, provided that such default will not result in the nonfulfillment of any condition to the exercise of any such option.

SECTION 11.6. Lessee's Option to Terminate. So long as it is not in default hereunder, the Lessee shall have the following options to terminate this Lease:

(a) At any time prior to payment in full of the Bonds within the meaning of the Indenture, and particularly Article IX thereof, the Lessee may terminate the Lease Term by irrevocably depositing in the Bond Fund moneys which will be sufficient, or Government Obligations the principal of and interest on which when due will

provide moneys which, together with any moneys on deposit in the Bond Fund, will be sufficient, according to the provisions of Article IX of the Indenture, to pay in full all of the Bonds then outstanding, and by making adequate provision for the publication or mailing, as the case may be, of any redemption notice that may be required by the Indenture.

(b) At any time after payment in full of the Bonds within the meaning of the Indenture, and particularly Article IX thereof, the Lessee may terminate the Lease Term by giving the Board notice in writing, and such termination shall become effective forthwith.

SECTION 11.7. Continuation of Leasehold. It is hereby expressly agreed and covenanted that the leasehold interest of the Lessee in and to the Project Site and the Building shall continue in full force in effect notwithstanding the discharge or release of the 1980 Indenture, and that in the event of such discharge or release either (i) 1980 Lease shall be continued in full force and effect until at least the termination of this Lease or (ii) the Project Site and the Building shall become, by proper instruments and documents executed by the Board and the Lessee, a portion of the Leased Property hereunder.

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ARTICLE XII.

MISCELLANEOUS

SECTION 12.1. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when received or, if mailed, at the close of business on the third business day after mailed by registered or certified mail, return receipt requested, postage prepaid, addressed as follows: if to the Board, at City Hall, Columbiana, Alabama 35051, Attention: Chairman; if to the Lessee, at 130 Industrial Park Road, Columbiana, Alabama 35051, Attention: President; if to the Trustee, at SouthTrust Bank of Alabama, National Association, - 1919 Morris Avenue, Birmingham, Alabama, 35203, Attention: Corporate Trust Department; and if to the Guarantors, as set forth in the Guaranty. A duplicate copy of each notice, certificate or other communication given hereunder by either the Board or the Lessee to any other shall also be given to the Trustee. The Board, 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 12.2. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Board, the Lessee and their respective successors and assigns, subject, however, to the limitations contained in Section 9.1., 9.2 and 9.3 hereof.

SECTION 12.3. Severability. In the event any provision of this Lease 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 12.4. Amounts Remaining in Bond Fund. It is agreed by the parties hereto that any amounts remaining in the Bond Fund upon expiration or sooner termination of the Lease Term, as provided in this Lease, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and the fees, charges and expenses of the Trustee and paying agents in accordance with the Indenture, shall belong to and be paid to the Lessee by the Trustee as overpayment of rents.

SECTION 12.5. Amendments, Changes and Modifications. Except as otherwise provided in this Lease or in the Indenture, subsequent to the initial issuance of the Series 1984 Bond and prior to payment in full of the Bonds (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), this Lease may not be effectively amended, changed, modified, altered or terminated without the concurring written consent of the Trustee.

This Lease may be amended without the consent of the Trustee, however, for the purpose of subjecting real estate or additional real estate (and any structures, buildings or improvements

located thereon) to the provisions hereof. Any such addition of real estate shall become effective upon the delivery by the Lessee and the acceptance by the Board of the following:

- (a) a certificate of an Authorized Lessee Representative setting out a description of the real estate to be added to this Lease and stating that the Lessee owns such land free and clear of any and all liens, mortgages, encumbrances and clouds on title except such as would constitute Permitted Encumbrances; and
- (b) documents conveying to the Board good and marketable title to the real estate described in the certificate referred to above.

Upon the delivery and acceptance of the foregoing documents, the real estate so added shall become part of the Leased Land, subject to all of the provisions of this Lease, and the Lease shall be entitled to the use and occupancy of such additional real estate without increase in the rents payable under Section 5.3 hereof so long as such additional real estate is acquired without expense to the Board.

SECTION 12.6. Captions. The captions or headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions of this Lease.

SECTION 12.7. Recording of Lease. This Lease and every assignment and modification hereof may be recorded in the office of the Judge of Probate of Shelby County, Alabama, or in such other office as may be at the time provided by law as the proper place for such recordation.

SECTION 12.8. Law Governing Construction of Lease. This Lease shall be governed by, and construed in accordance with, the laws of the State of Alabama.

SECTION 12.9. Lessor's Liabilities Limited. It is understood and agreed by and between the parties hereto that this Lease is entered into under and pursuant to the provisions of the Act and that no provision of this Lease shall be construed so as to give rise to a pecuniary liability of the Board or a charge against its general credit. All obligations of the Board arising in connection with this Lease are limited to the proper application of the proceeds of the sale of the Bonds and revenues and receipts of the Leased Property.

SECTION 12.10. Net Lease. This Lease shall be deemed a "net lease", and the Lessee shall pay absolutely net during the Lease Term the rent and all other payments required hereunder, without abatement, deduction or setoff other than those herein expressly provided.

* * * * *

IN WITNESS WHEREOF, the Board and the Lessee have caused this Lease 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, but actually on the dates shown below.

THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF COLUMBIANA

By *Walter Bille*
Chairman of the Board of Directors
Date of Execution: December 19, 1984

(Seal)

Attest:

James M. Davis Jr.
Secretary

SIMSCO, INC.

By *T. Morn Harkney*
Chairman of the Board and Chief
Executive Officer
Date of Execution: December 14, 1984

(Seal)

Attest:

R. Come Warren
Secretary

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STATE OF ALABAMA)
COUNTY OF JEFFERSON)

I, the undersigned, a Notary Public in and for said County in said State, do hereby certify that George Bentley, whose name as Chairman of the Board of Directors of The Industrial Development Board of the City of Columbiana, Alabama, a public corporation, is signed to the foregoing instrument, and who is known to me and known to be such officer, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said Board.

Given under my hand and seal of office, this 13th day of December, 1984.



My commission expires: 9/13/87

William R. Justice
Notary Public

STATE OF ALABAMA)
COUNTY OF JEFFERSON)

I, the undersigned, a Notary Public in and for said County in said State, do hereby certify that T. Morris Hackney, whose name as Chairman of the Board and Chief Executive Officer of Simco, Inc., a corporation, is signed to the foregoing instrument, and who is known to me and known to be such officer, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and seal of office, this 14th day of December, 1984.

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Marilyn K. Shiriff
Notary Public

My commission expires: 9/5/87

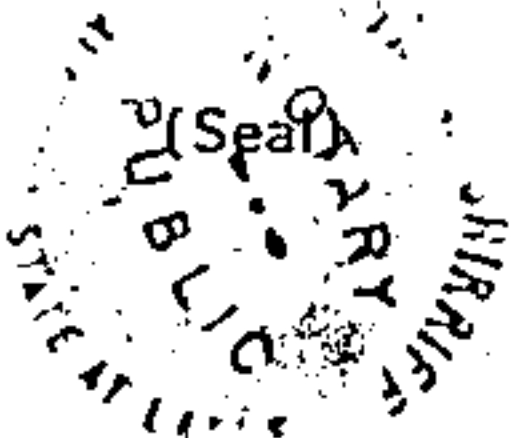


EXHIBIT A - LEASED LAND

As of the date hereof there is no Leased Land and consequently this Exhibit A has been intentionally left blank.

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EXHIBIT B - LEASED EQUIPMENT

I.

The equipment, machinery and other items of tangible personal property constituting the Leased Equipment to be acquired with the proceeds of the Series 1984 Bond includes the following:

Sand and Mold Handling System

- 1 HMP-20C Hunter Automated Machinery Corporation Match plate Molding Machine, Serial # A84P960
- 1 Bin Gate Car Hopper
- 1 Lot of Support steel for 2-1/2 G muller unit constructed by Vulcan Engineering Company per proposal #8408-13
- 1 12' - 6' x 17' service platform for 2-1/2 G muller unit, per Vulcan Engineering Company ("VEC") proposal # 8408-13
- 1 HMP-20 Feeder belt System (24" x 45') to carry sand from 2-1/2 G muller unit to molding machine, with lot sheaves, belts, belt guard and tail pulley guard, and belt scrapes, per VEC proposal #8408-13, plus
 - 24" over belt aerator driven by 7-1/2 HP 1200 RPM motor, mounted over 30" wide roll bed idlers
 - air operator plow
 - Surge hopper for sand from 2-1/2 G muller unit
- 1 Lot of Support steel for Hunter Automated Molding Machine Serial # A84P960
- 1 Model SCII Heavy Duty Mold Dump Conveyor
 - 7-1/2 HP, 1200 RPM TEFC motor
- 1 Model RS40 Rotary Didion Shake-out System per VEC proposal #8408-13

Return Sand Conveyor System per VEC proposal # 8408-13

- 1 Return Sand Belt, 24" wide x 32' - 0 c/c to carry return sand from Didion Shake-out unit to bucket elevator
- Lot Sheaves, belts, vee belt guard, tail pulley guard, belt scraper
- Conveyor frame
- Return sand hopper

Overbelt Magnetic Separator per VEC proposal # 8408-13

- 1 Overbelt magnetic separate, 24" wide x 8' - 0 c/c to remove tramp metal from sand
- Lot sheaves, belts for drive, vee belt guard, discharge chute

- 1 Return Sand Elevator, per VEC proposal # 8408-13 to carry return sand from return sand conveyor to screen on sand bin.
 - receiving chute
 - discharge chute
 - lot belts and sheaves
 - vee belt guard
 - zero speed switch
- 1 Lot of Support steel for sand bin screen
- 1 Over chute to handle core butts and tramp -- over sand bin screen
- 1 Tru-Flo II Automatic Continuous Mold Handling System (60 ft. centerlines)
 - 1 Mold dump
 - 1 30 HP Hydraulic Pumping Unit
 - 2 drive units
 - 60 gondolas with iron weights and jackets
 - 120 transit bottom board
 - 1 Automatic Hunter Board Return
 - 1 Solid state control panel

Electric Controls for Sand Handling System - per VEC proposal #8408-13

- 1 Sand System motor control panel (60" x 60" x 12")
- 1 Operator's control panel for Hunter Automated Molding Machine Serial # A84P960 (24" x 24" x 8")
- 1 Bull Ladle Hot Metal Track
 - Support steel for switch and track
- 1 Pouring Loop for Tru-Flo II Mold Handling System
- 1 Pouring platform for Tru-Flo II Molding Handling System
- 1 Pad for Return Sand Elevator

Lab Equipment

- 1 Nikon FM2 camera for microscope, #50 micro lens and flash dimensional gauges package
- 1 Steel support for tensile tester
- 1 Krautkramer-Branson ultrasonic tester
- 1 Kalamazoo Model S45 belt sander

- 1 Miscellaneous sand testing equipment
- 1 Set metal testing accessories for microscope
- 1 Set maintenance tools for Spectrometer and sand testing equipment
- 1 Isolation transformer for Spectrometer
- 1 Spectrolab VW Spectrometer, & LA34 Printer & Apple II Computer, spare kit, software (IMB-PC) for Spectrolab VW Spectrometer

Office furniture for laboratory
3 desks, various chairs, various tables

Office Equipment for laboratory
2 calculators, 1 typewriter

2 ITT telephones and terry phones (intercom)

- 1 Flat bed dump body fabricated by Fontaine Truck and Equipment Co.

Miscellaneous

Pattern racks
Digital printout system for cleaning room scales (Toledo Scales Model 2151, Serial # 537842)

II.

The following items of equipment have been transferred to the Board by Bill of Sale dated December 14, 1984 and shall constitute a portion of the Leased Equipment, but no portion of the acquisition costs of such equipment will be paid for from the proceeds of the Series 1984 Bond:

- 1 2-1/2 G Muller unit, Simpson, Serial # E-7212017
- 1 Spill sand conveyor system (part of "old" sand handling system)
- 1 60-ton sand bin for sand and mold handling system, fabricated by Morris Steel Products
- 1 Set of cleaning room scales, Toledo Scales Model 2151, Serial # 537842
- 1 1974 Ford LT8000 box dump truck, Serial # U81CVT25676

EXHIBIT C - PROJECT SITE

The real estate located in the City of Columbiana, Shelby County, Alabama, upon which the Plant is located and the Project will be installed, is described as follows:

A tract in the SW1/4 of the SW1/4 of Section 23, and the NW1/4 of the NW1/4 of Section 26, T-21-S, R-1-W, described as follows:

Commence at the Northwest corner of Section 26, T-21-S, R-1-W; thence run South, along the West line of said Section a distance of 848.46 feet to the Northwest right-of-way line of a County Road; thence turn an angle of 124 deg. 08 min. 58 sec. to the left and run along said right of way line, a distance of 825.60 feet, to the point of beginning; thence continue in the same direction, along said right-of-way line a distance of 460.73 feet; thence turn an angle of 55 deg. 31 min. 29 sec. to the left and run a distance of 366.10 feet; thence turn an angle of 90 deg. 00' to the right and run a distance of 105.00 feet; thence turn an angle of 90 deg. 00 min. to the left and run a distance of 210.00 feet; thence turn an angle of 70 deg. 10 min. to the left and run a distance of 152.83 feet; thence turn an angle of 70 deg. 10 min. to the right and run a distance of 269.00 feet; thence turn an angle of 69 deg. 02 min. to the left and run a distance of 283.76 feet; thence turn an angle of 20 deg. 58 min. to the left and run a distance of 76.08 feet; thence turn an angle of 90 deg. 00 min. to the left and run a distance of 1259.29 feet to the point of beginning. Situated in the SW1/4 of the SW1/4 of Section 23, and the NW1/4 of the NW1/4 of Section 26, Township 21 South, Range 1 West, Shelby County, Alabama, and contains 9.75 acres, being within the City limits of Columbiana, Alabama.

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EXHIBIT D - THE PROJECT

The Project consists of facilities which are either land or property subject to the allowance for depreciation under Section 167 of the Code. Generally, the Project includes:

1. The acquisition and installation of the Leased Equipment described in Part I of Exhibit B; and
2. The acquisition and construction of the following renovations and modifications to the Building and Leased Equipment:
 - a. The installation of various support platforms, foundations, walkways and stairs in connection with the installation and operation of the Leased Equipment and the acquisition and installation of a heat treating furnace.
 - b. Modifications to existing sand bin (60-ton capacity fabricated by Morris Steel Products) necessary to raise bin to height necessary for operation with new sand and mold handling system.
 - c. Removal of existing sand handling system.
 - d. Modifications to existing sand system dust collection equipment to accommodate RS40 Didion Shake-out unit, per Vulcan Engineering Company ("VEC") Proposal # 8408-13.
 - e. Excavation, backfill and waste removal in connection with pit modifications.
 - f. Modifications to roof of Building required to permit installation and operation of Leased Equipment, and installation of new lighting system.
 - g. Installation of 2 1/2 G Muller unit (Simpson, Serial # E-7212017), moved from Demopolis plant, and foundations and supports required in connection therewith.
 - h. Modifications to existing spill sand conveyor system, per VEC proposal #8408-13, to render such system compatible with new sand and mold handling system.
 - i. Conversion of 1974 Ford LT8000 box-style dump truck to flat bed dump truck.
3. Foundations, renovations, wiring, tubing, anchoring and other civil works of the like or similar nature necessary or useful in connection with the installation or operation of the Leased Equipment or the renovations and modifications described in Items 2 above, or useful to the carrying out of the purposes of the Project.

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STATE OF ALABAMA
INSTRUMENTS
1984 DEC 14 PM 1:32
JUDGE OF SUPERIOR COURT

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