

6/1/66

6006

STATE OF ALABAMA)
COUNTY OF SHELBY

LEASE AGREEMENT dated as of May 1, 1966, between THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF COLUMBIANA, a public corporation and instrumentality under the laws of the State of Alabama (herein called the "Board") and ELASTIC CORPORATION OF AMERICA, [REDACTED] a corporation organized and existing under the laws of the State of Delaware and authorized to do business in the State of Alabama (herein called the "Company").

R E C I T A L S

The Board proposes to construct on the real property hereinafter described a plant building and to purchase machinery and equipment. To finance the cost thereof, the Board proposes to authorize the issuance of \$480,000 principal amount of its First Mortgage Industrial Revenue Bonds to be dated May 1, 1966 (herein called the "Bonds"), which are more particularly described in the Mortgage hereinafter referred to. The Bonds are to mature serially on May 1 in each of the years 1967 to 1976, inclusive, and are to bear interest at the rate of 5% per annum for Bonds maturing in and prior to 1969 and at the rate of 5-1/2% per annum for Bonds maturing in and after 1970, payable on November 1, 1966, and semiannually thereafter on May 1 and November 1 in each year until their respective maturities. The Bonds are to be secured by a pledge and assignment of the Board's interest in this Lease Agreement and by a pledge and assignment of the revenues and receipts derived by the Board from the leasing or sale of the Project hereinafter referred to and will be issued under and additionally secured by a Mortgage and Indenture of Trust dated as of May 1, 1966 (herein called the "Mortgage") from the Board to the Exchange Security Bank as Trustee (herein called the "Trustee") under which the revenues and receipts derived by the Board from the leasing or sale of the said Project will be

pledged for the payment of the principal of and the interest on the Bonds and under which the said Project will be mortgaged and conveyed to the Trustee as additional security for the payment of said principal and interest. The Mortgage is to be in substantially the form attached hereto as Exhibit A.

The acquisition of the Project, the issuance and sale of the Bonds and the lease of the Project to the Company will promote industry, develop trade and further the use of the agricultural products and natural resources of the State of Alabama by inducing a manufacturing, industrial and commercial enterprise to locate a new project in the State of Alabama or to enlarge and expand an existing project, or both, as contemplated by the provisions of Act No. 648, enacted at the 1949 Regular Session of the Legislature of Alabama, as amended. To achieve the objectives mentioned above, the Board and the Company have entered into this Lease Agreement.

NOW, THEREFORE, THIS AGREEMENT

W I T N E S S E T H:

That, in consideration of the respective agreements on the part of the Board and the Company hereinafter contained, the Board does hereby lease to the Company and the Company does hereby rent from the Board, for and during the Primary Term hereinafter referred to, and upon and subject to the terms and conditions hereinafter specified, the following described real property situated in Shelby County, Alabama (the said real property being herein called the "Leased Realty"):

TRACT NO. 1

Commence at the NE corner of the NW 1/4 of the NW 1/4 of Sec. 26, T-21-S, R-1-W, thence run South 39 deg. 01 min. East, a distance of 1067.56 ft., thence turn an angle of 24 deg. 02 min. to the right and run a distance of 210.00 ft., thence turn an angle of 89 deg. 45 min. to the right and run a distance of 1764.00 ft., thence turn an angle of 00 deg. 40 min. to the right and run

a distance of 125.00 ft., thence turn an angle of 1 deg. 04 min. to the right and run a distance of 143.50 ft., thence turn an angle of 77 deg. 47 min. to the left and run a distance of 463.00 ft., thence turn an angle of 90 deg. 00 min. to the right and run a distance of 140.06 ft., to the point of beginning, thence continue in the same direction a distance of 75.60 ft., thence turn an angle of 90 deg. 00 min. to the right and run a distance of 248.08 ft., thence turn an angle of 90 deg. 00 min. to the right and run a distance of 75.60 ft., thence turn an angle of 90 deg. 00 min to the right and run a distance of 248.08 ft., to the point of beginning. Situated in the SE 1/4 of the NE 1/4 of Sec. 27, T-21-S, R-1-W, Shelby County, Alabama.

TRACT NO. 2

Commence at the NE corner of the NW 1/4 of the NW 1/4 of Sec. 26, T-21-S, R-1-W, thence run South 39 deg. 01 min. East, a distance of 1067.56 ft., thence turn an angle of 24 deg. 02 min. to the right and run a distance of 210.00 ft., thence turn an angle of 89 deg. 45 min. to the right and run a distance of 1764.00 ft., thence turn an angle of 00 deg. 40 min. to the right and run a distance of 125.00 ft., thence turn an angle of 1 deg. 04 min. to the right and run a distance of 143.50 ft., thence turn an angle of 77 deg. 47 min. to the left and run a distance of 129.72 ft., to the point of beginning, thence continue in the same direction a distance of 85.00 ft., thence turn an angle of 90 deg. 00 min. to the right and run a distance of 49.79 ft., thence turn an angle of 90 deg. 00 min. to the right and run a distance of 85.00 ft., thence turn an angle of 90 deg. 00 min to the right and run a distance of 49.79 ft., to the point of beginning.

together with the right of ingress and egress to and from said Tract No. 1 and said Tract No. 2 across adjacent real property now owned by the Board to and from the public highway, which ingress and egress, however, shall not interfere with the use and occupancy of existing structures, improvements and buildings on such adjacent property;

together with the plant buildings to be constructed thereon and the following described machinery and equipment, together with such additional machinery and equipment as may be acquired pursuant to the provisions of Section 1.1 hereof:

<u>DESCRIPTION</u>	<u>SERIES NO.</u>	<u>MACHINE NO.</u>
30-Muller Batten Looms (SOR-162-US)		
10 Looms With 16 Space Battens	1	1-1 through 1-10
10 Looms With 20 Space Battens	1	1-11 through 1-20
10 Looms With 14 Space Battens	1	1-21 through 1-30
 <u>Looms Include:</u> Wiring, Kinetic Pads, Drop Wires, Heddles, Harness Frames, Tension Discs, Paint, Beam Racks, Harness Straps, Cords, Sheaves, Reeds, Friction Letoff Bands, Take Out Units, Boxes For Web Storage, Frames for Web Storage Boxes.		
10-Extra - 16 Space Battens for Muller Looms	1	1-31 through 1-40
1-Staubli Card Cutting Machine #G.S.21794	1	1-41
1-Cocker Warper, 54" Spindle Driven, With D. C. Drive	2	2-1
1-400 End Creel	2	2-2
120-Wooden Section Beams (32" X 58")	3	
30-Metal Binder Beams (16" X 58")	3	
30-Metal Stuffer Beams (20" x 58")	3	
3-Texnova Automatic 20 Space Looms, Model UX20/25 E.C. Including: Beam Stands, Cams, Web Takeout	4	4-1 through 4-3
3-Crompton and Knowles High Speed 2 Space NL-6 Needle Looms	5	5-1 through 5-3
1-Model MS #18 Portable Warp Tying Machine With Frame, Including - Extra Frame	6	6-1 through 6-2
1-Rebuilt Clipper Clark Lift Truck With Rubber Covered Arms	7	7-1
1-40 Spindle - High Speed Assembly Ratti Winder With Motors	8	8-1
8-Cezoma Fully Automatic Weft Quill Winders, Complete With Motors	9	9-1 through 9-8

<u>DESCRIPTION</u>	<u>SERIES NO.</u>	<u>MACHINE NO.</u>
11,000-Headless Quills in Assorted Sizes Special Quills For Electric Stop Motion For Muller Looms	10	
1-Model 63/C-OMM-50 Spindle Cover- ing Machine	11	11-1
2-Model 66/B-OMM-160 Spindle Cover- ing Machine	11	11-2 through 11-3
1-Model CR21-OMM Warper	11	11-4
3-CRB-98 End OMM Creels	11	11-5 through 11-7
1-CRS-2 Creel OMM	11	11-8
150-Aluminum Covered Rubber Beams 21" X 26" For Use On OMM Warper	12	
700- 6-1/2" Flanged Spools 116 MM Di- ameter For Use OMM Machines	13	
2286-6" Tubes, 1-7/8" I.D., 2.19" O.D. Scored 3/8" Apart for OMM Machines	14	
2000-5-1/2" Traverse Spools For OMM Machines	15	
700-Caps for Converting OMM Machines To Take 5-1/2" Spools	16	
2000-3" Spools With 3.3" Flange For Use On OMM Machines	17	17-1
1-Solar High Evaporative Drying Unit, Includes Valves, Drive, Thermometer, Temperature Regula- tor, Stainless Steel Tank, Spare Air Filter	18	18-1
1-Installed Filco Double Unit Water Filtering System	19	19-1
1-Vertical Lift, Installed	23	23-1
1-Scott Model Tensile Testing Break Machine	24	24-1
1-Treating Range, Consisting of: Dryer, Gas Tank, Pad For Dryer (Morrison Type) Sewing Machine, Mirrow Type 30B-3, Oven, 8 Cans, Takeout Unit, Drive	25	25-1 through 25-9
2-OMM "MIKRON" Blocking Machines, With: Yardage Counters	26	26-1 through 26-2
4-Industrial Blockers	27	27-1 through 27-4
4-Wilcox and Gibbs Flatlock Sewing Machines Model 1311-1, Includes Tables	28	28-1 through 28-4
3-Singer "ZIG-ZAG" Sewing Machines, Model #457G1	29	29-1 through 29-3

NOTE--ALL OF THE ABOVE INCLUDE FREIGHT AND COMPLETE ERECTION, AND
ERECTION PARTS.

(the aforesaid real property, plant building, machinery and equipment as they may at any time exist, being herein together called the "Project"). This lease is made, however, upon and subject to the following terms and conditions, to each of which the Board and the Company hereby agree:

ARTICLE I

Acquisition of the Project

Section 1.1 Acquisition of Project. Promptly following the issuance and sale of the Bonds and out of the proceeds derived therefrom, the Board will deposit in the Bond and Interest Fund established under the Mortgage accrued interest received on the sale of the Bonds and out of the balance of the proceeds of the sale of the Bonds, after payment therefrom of any expenses incurred in connection with the issuance, sale and delivery of the Bonds (including the Trustee's acceptance fee) the Board (a) will pay the cost of the Leased Realty, (b) will reimburse the Company for cost of the above-described machinery and equipment, (c) will construct on the Leased Realty plant buildings with floor space of approximately 6740 square feet, together with appurtenant facilities for use by the Company in manufacturing, processing, storing, warehousing, distributing and selling textile products and extruded plastic products and other products (said buildings, together with appurtenant facilities will herein sometimes be referred to as the "Plant"), substantially in accordance with plans and specifications therefor prepared by the Company for the account of the Board and furnished to the Board by the Company, and (d) will purchase such additional items of machinery and equipment as the Company may require, such purchases to be made substantially in accordance with orders and directions from the Company prepared for the account of the Board. All contracts

and orders for such construction or purchase, which contracts and orders may provide for progress payments, and all requests for payments out of the Construction Fund (to be created in the Mortgage and herein called the "Construction Fund") shall be signed on behalf of the Board, subject to written approval by the Company in all respects and upon the Company's written request.

The Board and the Company shall from time to time each appoint by written instrument an agent or agents authorized to act for each respectively in any or all matters relating to the construction of the buildings and payments out of the Construction Fund. One of the agents appointed by the Company shall be designated its "Project Manager". Either the Board or the Company may from time to time revoke, amend or otherwise limit the authorization of any agent appointed by it to act on its behalf and designate another agent or agents to act on its behalf, provided that there shall be at all times at least one agent authorized to act on behalf of the Board, and at least one agent (who shall be the Project Manager) authorized to act on behalf of the Company, with reference to all the foregoing matters. In the event that, after request made to the Board by the Company, the Board fails or refuses to enter into or execute any contract for such construction or fails or refuses to issue or execute a payment requisition from the Construction Fund for payment of any item that may under the terms of the Mortgage be paid from the Construction Fund, the Project Manager then designated by the Company, who is hereby irrevocably appointed as agent for the Board for such purposes (a) may enter into, execute and deliver any such contract for and in the name and on behalf of the Board, or (b) may issue and execute, also for and in the name and behalf of the Board and without any approval of any officer, employee or other agent thereof, payment requisition on the Construction Fund, as the case may be.

Section 1.2 Development and Design Expenses Incurred by Company. In order to expedite the acquisition of the Project, the Board has heretofore authorized the Company to go forward with the planning, development and design thereof. By agreement dated December 20, 1965 between the Board and the Company, the Company agreed to proceed with the acquisition of machinery and equipment for the Project and the Board agreed to reimburse the Company for the cost thereof from the proceeds of the sale of the Bonds. The Board acknowledges that all reasonable costs, expenses and fees (including, without limitation, engineering, legal, procurement, accounting and auditing fees and expenses) incurred by the Company in connection with such planning, development, design and acquisition of the Project (whether before or after the execution and delivery of this Lease Agreement, or on or before or after the issuance and sale of the Bonds) constitute a part of the Project costs, for which the Company shall be entitled to reimbursement from the Construction Fund.

Section 1.3 No Warranty of Suitability by Board. The Company recognizes that since the plant buildings are to be constructed in accordance with plans and specifications to be prepared by it, and that since the items of machinery and equipment have been or are to be selected by it, the Board can make no warranty, either express or implied, or offer any assurances that the Plant or the machinery and equipment will be suitable for the Company's purposes or needs or that the proceeds derived from the sale of the Bonds will be sufficient to pay in full all of the said project costs.

Section 1.4 Completion of the Project. In the event that for any reason the amount on deposit in the Construction Fund is insufficient to pay all costs of completing the Project, the Company shall at its election, either (a) deposit in the Construction Fund the amount required to pay in full all costs of completing

the Project or (b) duly complete the Project and pay all costs thereof in excess of the amount available therefor in the Construction Fund by making payments direct to contractors and suppliers of material, machinery and equipment. The Company shall not by reason of the payment of such excess costs from its own funds be entitled to any diminution in the payment of the rents hereunder.

Should the Company fail to comply with the foregoing provisions of this Section, the Board shall have any one or more of the following remedies:

(a) The Trustee shall be entitled to retain all payments made as rent under this Lease Agreement by the Company, and the Company shall be obligated to pay to the Trustee the rental payments as they become due as liquidated damages, subject however, to a credit for the net proceeds which the Trustee may receive from the sale of the Project or any part thereof or from the lease or sublease of the Project or any part thereof to others than the Company herein, during and for the unexpired term of this Lease Agreement; or

(b) The Board may take possession of the Leased Realty and complete the Project at the expense of the Company, which expense with six per cent interest and a reasonable attorney's fee, if the services of an attorney are required for the collection thereof, the Company hereby agrees to pay; or

(c) The Board may terminate this Lease Agreement and sue for damages for breach thereof.

Section 1.5. Identification of Leased Equipment. At the time of the purchase of any item of machinery and equipment, or any renewals, replacements or substitutions thereof under Section 3.1, the Company shall plainly, distinctly and permanently and conspicuously place and fasten on each such item a plastic or metal plate readily visible bearing the following words: "This equipment is the property of The Industrial Development Board of the City of Columbiana subject to its Mortgage and Indenture of Trust dated May 1, 1966." In case any such plate shall, at any time, to the Company's knowledge, be removed, defaced or destroyed while any Bonds are outstanding, the Company shall immediately cause the same to be restored or replaced.

Section 1.6 Supplemental Agreement on Completion. Upon completion of the purchase of the Leased Equipment, the Board will, on written request of the Company or the Trustee, enter into a supplemental agreement with the Company, identifying the items of machinery and equipment and confirming the lease thereof to the Company hereunder. Upon completion of the Project, any money remaining in the Construction Fund shall be transferred into the Bond and Interest Fund established under the Mortgage and credited as a payment by the Company of Basic Rent.

ARTICLE II

Duration of Lease Term and Rental Provisions

Section 2.1 Duration of Term. The primary term of this Lease Agreement and of the lease herein made (herein called the "Primary Term") shall begin on the date of the sale and delivery of the Bonds, and, subject to the provisions of this Lease Agreement, shall continue until midnight of April 30, 1976. The Board will deliver to the Company possession of the Project on the

commencement date of the Primary Term, and the Company will accept possession thereof at such time, provided, however, that the Board will be permitted such possession of the Project as shall be necessary and convenient for it to construct and equip the Plant and provided, further, that the Board will be permitted such possession of the Project as shall be necessary and convenient for it to make any repairs or restorations required or permitted to be constructed, installed or made by the Board pursuant to the provisions hereof or pursuant to the provisions of any agreement between the Company and the Board supplemental hereto.

Section 2.2. Rental Provisions. For and during the Primary Term, the Company will pay to the Board not less than the following basic rental (herein called "Basic Rent") for use and occupancy of the Project:

(a) On or before the 15th day of each month, beginning with the month during which any of the Bonds are sold and delivered, an amount equal to one-sixth ($1/6$) of the interest becoming due on all outstanding Bonds on the next succeeding interest payment date; and

(b) On May 15, 1966, and on the 15th day of each month thereafter, an amount equal to one-twelfth ($1/12$) of the principal of the outstanding Bonds due and payable on the then next succeeding principal payment date.

All Basic Rent payments shall be made directly to the Trustee, or to its successor as Trustee under the Mortgage, for the account of the Board and shall be deposited in the Bond and Interest Fund established under the Mortgage. The monthly installments of Basic Rent shall continue until the amount paid into the Bond and Interest Fund shall have become sufficient to pay in full the principal of (including redemption premium), and

interest on all outstanding Bonds either at maturity or on earlier redemption. Any payment of Basic Rent due hereunder that is not made within ten (10) days of the due date thereof shall bear interest from that date until paid at the rate of six per cent (6%) per annum.

The Company will also pay, as long as any Bonds are outstanding, as additional rental, upon receipt of statement therefor, the reasonable fees, charges and expenses of the Trustee under the Mortgage (other than the initial fee or charge of the Trustee) and of the paying agent for the Bonds, such fees, charges and reimbursement for expenses to be paid directly to the Trustee and such paying agent for their own account as and when such fees, charges and expenses become due and payable.

Section 2.3 Obligations of Company Unconditional. The obligation of the Company to pay the Basic Rent, to make all other payments provided for herein and to perform and observe the other agreements and covenants on its part herein contained shall be absolute and unconditional, irrespective of any rights of set-off, recoupment or counter-claim it might otherwise have against the Board. The Company will not suspend or discontinue any such payment or fail to perform and observe any of its other agreements and covenants contained herein or terminate this Lease Agreement for any cause, including, without limiting the generality of the foregoing, any acts or circumstances that may constitute an eviction or constructive eviction, failure of consideration or commercial frustration of purpose, or any damage to or destruction of the Project, or the taking by eminent domain of title to or the right to temporary use of all or any of the Project, or any change in the tax or other laws of the United States of America, the State of Alabama or any political subdivision of either thereof, or any failure of the Board to perform and observe any agreement or covenant,

whether express or implied, or any duty, liability or obligation arising out of or connected with this Lease Agreement. Notwithstanding the foregoing, the Company may, at its own cost and expense 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 Company deems reasonably necessary in order to secure or protect its rights of use and occupancy and the other rights hereunder. The provisions of the first and second sentences of this section shall apply only so long as any part of the principal of and the interest on the Bonds remains outstanding and unpaid, and nothing contained herein shall be construed to affect adversely or to impair the option to terminate this Lease Agreement granted in Section 8.2 hereof. Furthermore, except as provided in the first and second sentences of this section, nothing contained herein shall be construed to be a waiver of any other rights which the Company may have against the Board under this Lease Agreement or under any provision of law.

Section 2.4 Investment of Funds. The Board shall cause the Trustee to invest and reinvest the monies from time to time in the Construction Fund and the monies from time to time in the Bond and Interest Fund in the manner and to the extent and with such application of the income therefrom as is provided in the Mortgage.

ARTICLE III

MAINTENANCE, TAXES AND INSURANCE

Section 3.1 Maintenance, Alterations and Improvements.

(a) The Company will, at its own expense, (i) keep the Project in as reasonably safe condition as its operations permit, and (ii) keep the Project in good order and repair, reasonable wear and tear excepted, and from time to time make all needful and

proper repairs, renewals and replacements thereto required to comply with the foregoing. The Company agrees to pay all gas, electric light and power, water, sewer and all other charges for the operation, maintenance, use and upkeep of the Project.

(b) The Company may, also at its own expense, make any additions, improvements or alterations to the Project that it may deem desirable for its business purposes, provided that such additions, improvements or alterations do not adversely affect the value or utility of the Project or its character as a "project" under said Act No. 648. In lieu of making such additions, improvements or alterations itself, the Company may, if it so desires, furnish to the Board the funds necessary therefor, in which case the Board will proceed to make such additions, improvements or alterations.

(c) All such additions, improvements and alterations, whether made by the Company or the Board, shall become a part of the Project and shall be covered by the Mortgage; provided however, that any machinery, equipment, furniture or fixtures installed by the Company (not the Board) on the Project without expense to the Board and not constituting a part of the Project may be removed by the Company at any time and from time to time while an event of default as defined in Section 7.1 does not exist; and provided further that any damage to the Project occasioned by such removal shall be repaired by the Company at its own expense. The Board hereby specifically waives the lien on the Company's fixtures, including equipment, goods, effects, wares and merchandise granted to it by the provisions of Section 29 of Title 31 of the Alabama Code of 1940. The Company will not permit any mechanics' or other liens to stand against the Project for labor or material furnished it in connection with any additions, improvements, alterations or repairs made by it. The Company may, however, in good faith

contest any such mechanics' or other liens and in such event may permit any such liens to remain unsatisfied and undischarged during the period of such contest and any appeal therefrom unless written notice is given by the Board or the Trustee that by such action the lien of the Mortgage on the Project or any part thereof, or the Project or any part thereof shall be subject to loss or forfeiture, in either of which events such mechanics' or other liens shall be promptly satisfied.

(d) The Company may, also at its own expense, connect or "tie-in" walls and utility and other facilities located on the Leased Realty to other facilities owned or leased by it on real property adjacent to the Leased Realty or partly on such adjacent real property and partly on the Leased Realty but only if the Company furnishes the Board and the Trustee a certificate of an independent architect or engineering firm against which the Trustee makes no reasonable objection that such connection and "tie-in" of walls and facilities will not interfere with or impair the use of the Project.

Section 3.2 Taxes, Other Governmental Charges and Utility Charges. The Board and the Company acknowledge (a) that under present law no part of the Project 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 (b) that these factors, among others, induce the Company to enter into this Lease Agreement. However, the Company will pay, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project or the income and profits of the Board from the Project, or any machinery, equipment or other property installed or brought by the Company in the Project (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 Project which, if not paid, will become a lien on

the Project prior to the lien of the Mortgage or a charge on the revenues and receipts therefrom prior to the charge thereon and pledge or assignment thereof created and made in the Mortgage), all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project, and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by lien on the Project; provided that with respect to assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Company shall be obligated to pay only such installments as are required to be paid during the term hereof. The foregoing provisions of this section shall be effective only so long as any part of the principal of or the interest on the Bonds remains outstanding and unpaid.

The Company 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 ^{written} notice is given by the Board or the Trustee that by such action the title of the Board to any part of the Project shall be materially endangered or the Project or any part thereof shall become subject to loss or forfeiture, in which event such taxes, assessments or charges shall be paid prior to such loss or forfeiture. The Board will cooperate fully with the Company in any such contest.

Section 3.3 Insurance. (a) The Company will cause the Project to be insured and at all times keep the Project insured against loss and/or damage to the Project, under a policy or policies in form and amount covering such risks as are ordinarily insured against by owners of similar manufacturing buildings,

including, without limiting the generality of the foregoing, fire and other perils customarily covered by the extended coverage clause of fire insurance policies, windstorm, explosion, tornado, lightning, riots, strikes, civil commotion and malicious damage. The Company will pay all premiums on such insurance. All such policies shall insure the Board and the Company as their respective interests may appear and shall contain the standard mortgage clauses which will provide for all losses thereunder to be paid to the Trustee to be held subject to the provisions of Section 4.1 hereof; provided that all losses shall be adjusted by the Company with the insurance carrier subject, however, to the approval of the Trustee in the event of any loss in excess of \$25,000. All such insurance policies shall be taken out and maintained in responsible insurance companies, each of which is qualified and authorized to assume the respective risks undertaken, and shall be in an amount sufficient to prevent the Board and the Company, or either of them, from becoming a co-insurer within the terms of applicable policies and at least equal to eighty per cent (80%) of the full insurable value thereof. In lieu of depositing the policy or policies of insurance with the Trustee, the Company 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 or effective date of the cancellation of any such policy, the Company will furnish the Trustee satisfactory evidence that such policy has been renewed or replaced by another policy. The Company may insure under a blanket insurance policy or policies, and in the event the insurance coverage is by such blanket insurance coverage, it shall be sufficient to furnish to the Trustee a certificate or duplicate copy of each such blanket policy of insurance.

(b) The Company shall also take out and at all times maintain and pay the premium on policies of insurance in responsible insurance companies, each of which is qualified to assume the risks, for the benefit of the Board and the Company

as their interest may appear, against liability for injuries to persons and property or death or accidental injuries occurring on or about the Project, or in or about adjoining streets and passageways, in the minimum amount of \$100,000 liability to any one person for personal injury or death, \$25,000 liability to any one person for property damage, and \$500,000 liability for any one accident. Such insurance shall be provided from the date any of the Bonds are sold and delivered by the Board and during the entire term of the Lease. The insurance policies or certificates evidencing the same shall be filed with the Trustee so long as any of the Bonds shall be outstanding and thereafter with the Board. Such policies or certificates shall be filed with the Trustee on or before the delivery and sale of any of the Bonds. Such insurance may also be provided under a blanket insurance policy or policies as hereinabove provided.

Section 3.4 Advances by Board or Trustee. In the event the Company fails to take out or maintain the full insurance coverage required by this Lease Agreement, fails to pay the taxes and other charges referred to in Section 3.2 hereof at or prior to the time they are there required to be paid, or fails to keep the Project in as reasonably safe condition as its operating conditions permit, reasonable wear and tear excepted, the Board or the Trustee (after first notifying the Company of any such failure on its part and the Company failing to cure such default within a period of 10 days, or if the same cannot be cured within a period of 10 days, the Company fails to commence to cure such default within said 10 day period and fails to carry on such curing without any unnecessary delay) may, but shall not be obligated to, take out the required policies of insurance and pay the premiums on the same, pay such taxes or other charges or make such repairs, renewals and replacements as may be necessary to maintain the Project in as reasonably safe condition as the Company's operations permit, reasonable

wear and tear excepted; and all amounts so advanced therefor by the Board or the Trustee shall become an additional obligation of the Company to the Board or to the Trustee, as the case may be, which amounts, together with interest thereon at the rate of 6% per annum from the date of the advance, the Company will pay. Any remedy herein vested in the Board or the Trustee for the collection of the rental payments shall also be available to the Board and the Trustee for the collection of all such amounts so advanced.

Section 3.5 Indemnity of Board. The Board shall not be liable for any damage or personal injury to the Company, its officers, employees or the public, caused by or growing out of any breakage, leakage, getting out of order, or defective condition of water or sewer pipe, fixtures, toilets, plumbing, electric wires, gas pipes, apparatus, or connections, or machinery or equipment or any of them, on the Leased Realty, or caused by or growing out of any defects in the Project or any part thereof, even if such defect occurred or existed prior to the delivery of possession of the Leased Realty and the Project to the Company. The Company shall 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 Realty or the Project 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 Company's expense. The Board shall promptly notify Company of any and all such claims and shall cooperate with the Company in the defense thereof. Failure of the Board to notify the Company of such claim within time to permit the Company to defend against such claim will release the Company of the liability to defend against such claim.

ARTICLE IV

PROVISIONS RESPECTING DAMAGE,
DESTRUCTION AND CONDEMNATION

Section 4.1 Damage and Destruction Provisions. In the event that the Project is destroyed or damaged, by whatever cause, the Company shall have the option (a) to continue to pay the rent and to cause the buildings on the Leased Realty to be repaired or rebuilt in the same condition and value as immediately preceding the event causing such loss, or (b) to pay to the Trustee for the account of the Bond and Interest Fund, held by the Trustee under the Mortgage, a sum which, when added to all insurance proceeds which the Trustee has collected on account of such destruction or damage, shall be sufficient to pay the principal of and interest on the Bonds as they mature and come due or to redeem the same. In the event that the Company shall elect to cause the Project to be repaired or rebuilt, the proceeds of any insurance policy payable by virtue of such loss shall be deposited in the Construction Fund and the Company shall continue to make the rental payments provided for in this Lease Agreement, shall cause an estimate to be made of the expense of repairing or rebuilding the Project in the same condition and value as immediately preceding the event causing such loss, by a capable and reputable architect or engineer, or both, reasonably acceptable to the Board and the Trustee, and the Company shall forthwith pay to the Trustee for the account of the Construction Fund the amount by which such estimate exceeds the insurance proceeds collected by the Trustee on account of such damage or destruction; and the Company shall forthwith proceed with all practicable dispatch to cause the Project to be repaired or rebuilt in the same condition and value as immediately preceding the event causing such loss, and the Board shall cause the expenses thereof to be paid by the Trustee out of the Construction Fund, as the work progresses. If the actual cost of repairing or rebuilding the

Project shall exceed the amount available therefor in the Construction Fund, the Company shall pay any deficiency from its own funds. In the event that the Company shall elect not to cause the Project to be repaired or rebuilt, the Company shall forthwith pay to the Trustee a sum of money which, when added to the insurance proceeds, will be sufficient to pay the principal of and interest on the Bonds as they mature and come due or to redeem the same; and upon the payment or retirement or provision made for the payment or retirement of all Bonds and interest thereon and of the Trustee's fees, charges and expenses, the Basic Rent for the Primary Term of the lease shall abate and the Company may exercise its option to terminate provided in Section 8.2 hereof. Payment to the Trustee of insurance proceeds in excess of the amounts used to repair or rebuild the Project in the same condition and value as immediately preceding the event causing the loss or destruction, or if insurance proceeds are paid to the Trustee to pay or redeem the Bonds, shall be credited as follows:

(1) To the abatement of Basic Rents which will thereafter be due and payable as herein provided and the latest installment thereof shall be first abated; and when all Bonds and interest thereon shall have been paid in full within the intent of and as provided under Section 5.4 hereof.

(2) The Company shall be entitled to the excess, if any, then remaining uncredited.

Section 4.2 Condemnation Provisions. In the event the Project and the Leased Realty or any part of either shall be taken under the exercise of the power of eminent domain, the award of compensation, except such portion as is allocable to the Company for damages, shall be paid to the Trustee to be

applied to the payment of principal of and interest on all Bonds then outstanding or to redeem the same, with any excess to be paid to the Company, unless the Company shall have notified the Board of its desire to utilize the award for the purpose of adapting the Project to the Company's continued use. In the event the Company elects to cause the Project to be repaired or rebuilt for its continued use, the condemnation award shall be deposited in the Construction Fund and the Company shall continue to make the rental payments provided for in this Lease Agreement and shall cause an estimate to be made of the expenses of such work by a capable and reputable architect or engineer, or both, reasonably acceptable to the Board and the Trustee. The Company shall, prior to the commencement of construction, pay to the Trustee for the account of the Construction Fund the amount, if any, by which such estimate exceeds the condemnation award; and the Company shall forthwith proceed with all practicable dispatch to cause the Project to be repaired or rebuilt as aforesaid, and the Board shall cause the expenses thereof to be paid by the Trustee out of the Construction Fund as the work progresses. If the actual cost of repairing or rebuilding the Project exceeds the amount available therefor in the Construction Fund, the Company shall pay any deficiency from its own funds. In the event the actual cost of repairing and rebuilding the Project is less than the amount in the Construction Fund, any such excess shall be paid into the Bond and Interest Fund held by the Trustee under the Mortgage and shall be applied to the redemption of Bonds. In the event the Company elects to have outstanding Bonds redeemed and the award (or portion thereof after use by the Company as above provided) is insufficient to pay or redeem all outstanding Bonds, the Company shall either (a) pay to the Trustee, for the account of the Bond and Interest Fund held by the Trustee under the Mortgage, a sum which, when added to the proceeds of the condemnation award which shall be paid to the Trustee, shall be sufficient to pay the principal of and interest on the Bonds as they mature and come due or to redeem the

same, or (b) continue to use and occupy the Project or any part thereof then remaining and the Board shall cause the Trustee to apply the proceeds of the award of condemnation paid to the Trustee to the redemption of Bonds, whereupon the basic rental payments will be reduced to the amount required to pay the principal of and interest on the remaining outstanding Bonds as such principal and interest become due and payable.

ARTICLE V

CERTAIN PROVISIONS RELATING TO ASSIGNMENT, SUBLEASING AND MORTGAGING AND TO THE BONDS

Section 5.1 Provisions Relating to Assignment and Subleasing. The Company may assign this Lease Agreement, and may sublet the Project or any part thereof, without the necessity of obtaining the consent of either the Board or the Trustee. No such assignment or subleasing shall, however, in any way relieve the Company from primary liability for any of its obligations hereunder, and in the event of any such assignment or subleasing the Company shall continue to remain primarily liable for payment of all rentals herein provided to be paid by it and for performance and observance of the other agreements and covenants on its part herein provided to be performed and observed by it.

Section 5.2 Mortgaging of Project by Board. The Board has mortgaged the Project to the Trustee as security for the payment of the Bonds, subject to this Lease Agreement (which shall be superior to the Mortgage), all as provided in the Mortgage, and has assigned simultaneously with the execution and delivery of this Lease Agreement its interest in and pledged any monies receivable under this Lease Agreement to the Trustee as security for payment of the principal of and the interest on the Bonds. So long as the aforesaid assignment is effective, the Board and the Company shall have no power to modify, alter, amend or terminate this Lease Agreement without the prior written consent of the Trustee. The Board will not amend the Mortgage or any

mortgage supplemental thereto without the prior written consent of the Company. Neither the Board nor the Company will unreasonably withhold any consent herein required of either of them. The Company shall not be deemed to be a party to the Mortgage or the Bonds issued thereunder and reference in this Lease Agreement to said Mortgage and Bonds shall not impose any liability or obligation upon the Company other than its specific obligations and liabilities undertaken in this Lease Agreement. Notwithstanding anything contained in the Mortgage to the contrary, this Lease Agreement and the rights of the Company hereunder are superior to the provisions of the Mortgage insofar as they shall be applicable and if there are any provisions of the Mortgage which are inconsistent with any of the provisions of this Lease Agreement, the provisions of this Lease Agreement shall control and the repugnant provisions of the Mortgage shall not effect the rights and obligations of the Company under this Lease Agreement.

Section 5.3 Redemption of Bonds. It is understood and agreed by the parties hereto that the amount necessary to redeem Bonds shall include, in addition to the redemption price, all expenses necessary to effect the redemption and interest on the Bonds to be redeemed to the next ensuing date on which they can be redeemed, and if all bonds are redeemed, the Trustee's fees and paying agent's fees, charges and expenses. Any payment made by the Company to be applied to the redemption of Bonds shall be made at least 45 days prior to the proposed redemption date and at the time of such payment the Company shall notify the Board and the Trustee, in writing, that such payment is made for the purpose of redeeming Bonds, and the Board, upon receiving such notice, shall be obligated and hereby agrees to take all necessary action to have the payment made by the Company for the purpose of redeeming Bonds applied to the redemption of as many Bonds as such payment will permit under the Bond redemption provisions of the Bonds and the Mortgage.

Section 5.4 References to Bonds Ineffective after Bonds Paid. Upon full payment of the Bonds, all references in this

Lease Agreement to the Bonds and the Trustee shall be ineffective and the Trustee shall thereafter have no rights hereunder, saving and excepting those that shall have theretofore vested. For purposes of this Lease Agreement, the Bonds shall be deemed fully paid:

(a) If there is on deposit in the Bond and Interest Fund a total amount sufficient to pay the principal of all the then outstanding Bonds plus the interest due thereon until and at their respective maturities and provision for payment of all Trustee's and paying agents' fees, accrued and to accrue, has been made in a manner satisfactory to the Trustee and such paying agents, or

(b) If there have been irrevocably deposited with the Trustee (i) monies sufficient to pay, redeem and retire all the then outstanding Bonds (including, without limitation, principal, premium, interest to maturity or earliest possible redemption date, as the case may be, expenses of redemption and Trustee's and paying agents' fees), and (ii) evidence satisfactory to the Trustee that all redemption notices required by the Mortgage have been duly given by the Board or irrevocable powers authorizing the Trustee to give such redemption notices. The Board does hereby covenant and agree, upon receipt of notice from the Trustee of deposit of funds to redeem Bonds, to give and publish all required notices of redemption.

In the event the Bonds are fully paid prior to the last maturity thereof, or an amount sufficient to pay, redeem and retire all the then outstanding Bonds including principal, premium, interest to maturity or earliest practicable redemption date (as the case may be), expenses of redemption and Trustee's and paying agents' fees have been irrevocably deposited with the Trustee in the Bond and Interest Fund for such purpose, the Company shall be entitled to use and occupancy of the Project from the date of

such payment until the expiration of the Primary Term without the payment of any further Basic Rent but otherwise on all the same terms and conditions hereof including the option of the Company to terminate provided in Section 8.2 hereof. If, after full payment of the Bonds, there is any surplus remaining in the Bond and Interest Fund, the Board will promptly pay such surplus to the Company.

ARTICLE VI

PARTICULAR COVENANTS OF THE COMPANY

Section 6.1 General Covenants. The Company will not do or permit anything to be done on or about the Project that will affect, impair or contravene any policies of insurance that may be carried on the Project or any part thereof against loss or damage by fire or other casualty. The Company will, in the use of the Leased Realty and the Project and the public ways abutting the same, comply with all lawful requirements of all governmental bodies.

Section 6.2 Inspection of Project. The Company will permit the Board or the Trustee or their duly authorized agents (subject to the restrictions and requirements imposed by contracts with the United States Government or agencies thereof, or by subcontracts governed by such contracts, being performed by the Company, or its subtenant or subtenants, in any part of the Leased Realty or the Project) upon reasonable notice to enter upon, examine, inspect and photograph the Leased Realty, provided however that all of the foregoing will not unreasonably interfere with Company's conduct of its business.

Section 6.3 Special Covenants. In order that the Board may be reasonably assured of the full payment of rent so long as the Bonds are not fully paid,

(a) The Company shall at all times keep an office in the City of Columbiana, State of Alabama, where notices, requests and demands in respect of this Lease Agreement may be served, and it will in writing notify the Board and the Trustee of the location of each such office.

(b) The Company shall maintain and preserve its Certificate of Incorporation or Charter and its corporate existence and organization, and its authority to do business in the State of Alabama, and will not without the written consent of the Trustee, lease, dissolve, sell or otherwise dispose of all or substantially all of its assets; provided however, the Company may without violating any of the foregoing agreements consolidate with or merge into another corporation, or transfer all or substantially all of its assets to another corporation and thereafter dissolve, but only on condition that (1) the Company shall furnish the Board and the Trustee with evidence in the form of financial statements by an independent certified public accountant or firm of accountants of recognized standing showing that the net worth of the corporation surviving such merger or resulting from such consolidation or to which all or substantially all of the assets are transferred, as the case may be, are at least equal to the net worth of the Company as shown by the last previous such statement of the Company and (2) such corporation shall expressly assume in writing all of the obligations of the Company contained in this Lease Agreement; provided, further, that nothing contained herein shall prohibit the Company from consolidating with or merging into any one or more of its wholly-owned subsidiaries at any time or from permitting any corporation to consolidate with or merge into the Company; and provided further, that all obligations for the performance of the terms and provisions of this Lease Agreement by such transferee or assignee corporation or any corporation with or into which the Company is consolidated or merged shall be guaranteed by the Guarantor (hereinafter defined) upon the same terms and conditions as are provided in the Guaranty Agreement (hereinafter defined). The term "net worth" for the purposes of this subsection means the total of the amounts which are shown on a balance sheet of such corporation or of the Company, as the case may be, prepared in accordance with generally accepted accounting principles, for capital stock, plus (or minus in the case of a deficit) capital surplus and earned surplus.

ARTICLE VIIEVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default Defined. The following shall be "events of default" under this Lease Agreement, and the terms "event of default" or "default" shall mean, whenever they are used in this Lease Agreement, any one or more of the following events:

(a) Failure to pay any installment of Basic Rent that has become due and payable by the terms of this Lease Agreement and such failure continues for a period of 10 days after written notice of such default from the Board or the Trustee;

(b) Failure of the Company to perform any of its obligations under this Lease Agreement or to duly observe any covenant, condition or agreement on its part required to be performed, provided such failure shall have continued for a period of thirty days after written notice by the Board or the Trustee specifying such non-performance or breach and requiring the same to be remedied, unless the Trustee shall have agreed in writing to an extension of such time prior to its expiration, or if the same cannot be remedied within said 30 day period or by extension thereof as aforesaid, the Company fails to commence to remedy such default within said 30 day period and fails to continue diligently to remedy such default without unreasonable delay;

(c) The dissolution or liquidation of the Company or of Chelsea Industries, Inc. (herein called the "Guarantor") which simultaneously herewith has entered into an agreement (herein called the Guaranty Agreement) guaranteeing the obligations of the Company hereunder, or the filing by the Company or the Guarantor of a voluntary petition in bankruptcy or the Company's failure promptly to lift any execution, garnishment or attachment of a size as seriously to impair the Company's ability to carry on

its operations; the commission by the Company or the Guarantor of any act of bankruptcy or the adjudication of either of them as a bankrupt, an assignment by either of them for the benefit of creditors, the entry by either of them into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction as having been filed in good faith of a petition applicable to either of them in any proceeding for their reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act that may hereafter be enacted; provided that the term "dissolution or liquidation of the Company or the Guarantor" as used in this subsection shall not be construed to include the termination of the corporate existence of the Company or the Guarantor resulting from a merger into or a consolidation with another corporation or the dissolution of the Company or the Guarantor following a transfer of all or substantially all its assets to another corporation, under the conditions contained in Section 6.3 hereof and permitting such actions.

(d) Default by the Guarantor in the due performance or observance of any of its other agreements or covenants contained in the Guaranty Agreement, which default shall have continued for a period of thirty (30) days after written notice, specifying such default and requiring the same to be remedied, shall have been given to the Company and the Guarantor 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 or unless during such thirty (30) day period or any extension thereof, the Company or the Guarantor have taken steps reasonably calculated to remedy such default or unless the Company or the Guarantor have in good faith instituted a suit to determine if in fact a default has occurred and shall diligently

prosecute said suit to final determination, in which event the Company or the Guarantor shall have thirty (30) days after the final determination of said suit within which to cure any default therein determined to have occurred.

Section 7.2 Remedies on Default. Whenever any such event of default shall have happened and be continuing, the Board or the Trustee may take any of the following remedial steps:

(a) The Board or the Trustee may at their option declare all installments of Basic Rent payable under this Lease Agreement for the remainder of the Primary Term immediately due and payable;

(b) The Board or the Trustee may reenter and take possession of the Leased Realty, exclude the Company from possession thereof and rent the Project or any part thereof, for the account of the Company;

(c) The Board or the Trustee may at their option, terminate this Lease Agreement, exclude the Company from possession of the Leased Realty and, if the Board or Trustee elect so to do, lease the Project for the account of the Board, holding the Company liable for all rent due up to the date such lease is made for the account of the Board;

(d) The Board or the Trustee may take whatever action at law or in equity may appear necessary or desirable to collect the rent then due, whether by declaration or otherwise, or to enforce any obligation or covenant or agreement of the Company under this Lease Agreement or by law.

Section 7.3 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 other remedy given under this Lease Agreement or

now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any event of default shall impair any such right or power or shall be construed to be a waiver thereof but any such right or 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 VII, it shall not be necessary to give any notice, other than such notice as is herein expressly required.

Section 7.4 Agreement to Pay Attorney's Fees. In the event the Trustee (in its own name or in the name and behalf of the Board)files court proceedings to collect Basic Rent due hereunder or to enforce any other obligation, covenant, agreement, term or condition of this Lease Agreement, the Company will pay to the Trustee reasonable attorneys' fees and other expenses so incurred by the Trustee in connection with such court proceedings.

ARTICLE VIII

OPTIONS

Section 8.1 Option to Renew. If the Company pays the rental herein reserved to the Board and there is no event of default hereunder then subsisting, the Company shall have the right and option, herein granted by the Board, to renew the Primary Term for an additional term expiring on midnight of December 14, 2004, by giving written notice of such renewal to the Board at least 60 days prior to the expiration of the Primary Term. The rent payable by Company during any such renewal term shall^{be}/the sum of \$1200 per year, payable annually in advance, but otherwise

all the terms and conditions herein contained shall apply during such renewal term.

Section 8.2 Options to Terminate. The Company shall have the following options to cancel or terminate the term of this Lease Agreement:

(a) At any time prior to full payment of the Bonds, the Company may terminate this Lease Agreement by paying to the Board and the Trustee, as additional or prepaid rental, in bankable funds an amount which, when added to the amount on deposit in the Bond and Interest Fund, will be sufficient to pay, retire and redeem all the outstanding Bonds in accordance with the provisions of the Mortgage (including, without limiting the generality of the foregoing, principal, interest to maturity or earliest practicable redemption date, as the case may be, premium, expenses of redemption and Trustee's and paying agents' fees);

(b) After full payment of the Bonds, including during any renewal term, the Company may terminate this Lease Agreement by giving the Board notice in writing not less than ninety (90) days prior to the date such notice is to become effective.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Covenant of Quiet Enjoyment, Surrender of Project. So long as the Company performs and observes all the covenants and agreements on its part herein contained, it shall peaceably and quietly have, hold and enjoy the Project during the Primary Term and the renewal term if renewed, subject to all the terms and provisions hereof. At the end of the term hereof, or upon any prior termination of this Lease Agreement, the Company will surrender possession of the Project peaceably and promptly to the Board in good order and repair, loss by fire or other casualty, ordinary wear and tear, and taking by eminent domain excepted.

Section 9.2 Representations. The Company represents that it has corporate power to enter into this Lease Agreement and to perform all acts herein required to be performed by it and that its execution and delivery hereof have been duly authorized by all necessary corporate action. The Board represents that it has corporate power to enter into this Lease Agreement and that its execution and delivery hereof have been duly authorized by all necessary corporate action.

Section 9.3 Retention of Title to Project by Board, Grant of Utility Easements and "Tie-In" of Utility Facilities.

The Board will not itself sell, convey or otherwise dispose of all or any part of the Project during the term of this Lease Agreement without the prior written consent of the Company. The Board will not do any act which will result in an actual or constructive eviction of the Company from the Project or any part thereof except as authorized in Article VII hereof. Neither will the Board dissolve or do anything that will result in the termination of its corporate existence. The Board will, however, grant such utility and other similar easements over, across or under the Leased Realty as shall be requested by the Company and as are necessary or convenient for the efficient operation of the Project. The Board will also, upon request of the Company, (a) grant such utility and other similar easements over, across or under the Leased Realty as shall be necessary or convenient for the furnishing of utility and other similar services to real property adjacent to or near the Leased Realty and owned or leased by the Company, provided that such easements shall not adversely affect the operations of the facilities forming a part of the Project, and (b) in addition to the rights granted the Company in subsection (d) of Section 3.1 hereof, permit any utility and other similar facilities serving the Project to be "tied-into" utility and other similar facilities

serving real property adjacent to or near the Leased Realty and owned or leased by the Company, provided that such "tie-in" shall not adversely affect the operation of the facilities forming a part of the Project and shall be so effected as to be subject to prompt disconnection at minimum expense.

Section 9.4 This Lease a Net Lease. The Company recognizes, understands and acknowledges that it is the intention hereof that this Lease be a net lease and that all the Basic Rent be available for payment of debt service on the Bonds. This Lease Agreement shall be construed to effectuate such intent.

Section 9.5 Any part of the Leased Realty may be released from the provisions of this Lease Agreement and the lien of the Mortgage subject to compliance with the terms, provisions and conditions of this section. Such release shall be effected in the following manner:

(a) The Company shall deliver to the Board and to the Trustee its certificate (i) describing the Leased Realty to be released, which property to be released shall not include any existing building or structure except rights granted in party walls, the right to "tie-into" existing utilities, the right to connect and join any building, structure or improvement with existing structures, facilities and improvements on the Leased Realty, and the right of ingress or egress to and from the public highway which shall not interfere with the use and occupancy of existing structures, improvements and buildings, (ii) describing the buildings, structures, or improvements to be erected on the property to be released and (iii) requesting that the property be so released.

(b) The Company shall also deliver to the Board and to the Trustee a certificate by an architect registered in the State of Alabama with experience in the design and construction of industrial buildings and structures reasonably satisfactory to

the Trustee certifying that the buildings, structures or improvements described in the above certificate by the Company can be constructed on the real property to be released and will not unreasonably interfere with the use and occupancy of the existing buildings, structures and improvements on the Leased Realty, and

(c) The Company shall, if any Bonds are outstanding, pay to the Trustee, an amount equal to \$500.00 for each acre of the Leased Realty to be released which amount shall be applied to the redemption of Bonds.

(d) The written consent of the Board to the release of such Realty shall be delivered to the Company and to the Trustee which consent shall not be unreasonably withheld if the two certificates hereinabove referred to have been furnished and the Board does not have reasonable cause to believe any statement set forth in any of said certificates are incorrect. Any realty so released from this Lease Agreement and the lien of the Mortgage shall be the unencumbered realty of the Board and may be leased by it as designated by the Company under separate lease, may be mortgaged by it under separate mortgage which may be a first lien thereon and may be held, conveyed and otherwise used for any of the purpose or purposes for which the Board is incorporated subject to such terms and provisions as may be agreed upon between the Company and the Board. No release or releases effected under the provisions of this section of any realty shall affect the liability or the obligation of the Company for the payment of Basic Rent in the amounts and at the times provided in this Lease Agreement and there shall be no abatement or adjustment in the Basic Rent by reason of the release of any such realty and the obligation and the liability of the Company shall continue in all respects as provided in this Lease Agreement, excluding, however, any realty so released.

Section 9.6 Title to Leased Realty. The Board represents that it has title in fee simple to the Leased Realty, free and clear of all encumbrance (except as herein referred to) and has the lawful power and authority to lease the same to the Company as herein provided.

Section 9.7 Notices. All notices hereunder shall be in writing and shall be sufficient if sent by United States Registered mail, postage prepaid, addressed, if to the Board, at Columbiana, Alabama; if to the Company, at 181 Spencer Avenue, Chelsea, Massachusetts (Attention President) with a duplicate copy to Chelsea Industries, Inc., 181 Spencer Avenue, Chelsea, Massachusetts (Attention, President); if to the Trustee at 317 North 20th Street, Birmingham, Alabama (Attention, Trust Officer); if to the original purchasers of the Bonds, to Hendrix, Mohr & Head, Inc., First National Building, Birmingham, Alabama (Attention, Mr. Hendrix). Any party may, by like notice, designate any further or different addresses to which subsequent notices shall be sent.

Section 9.8 Machinery and Equipment. After the Bonds and interest thereon have been fully paid, the Company will purchase and the Board will sell for One Dollar (\$1.00) all machinery and equipment then remaining a part of the Project. Upon payment of said sum by the Company to the Board, the Board shall deliver to the Company a bill of sale transferring such machinery and equipment to the Company in its then condition without warranty expressed or implied of any nature whatsoever.

Section 9.9 Board's Liabilities Limited. It is understood and agreed by and between the parties hereto that this Lease Agreement is entered into under and pursuant to the provisions of the aforesaid Act No. 648, adopted at the 1949 Regular Session of the Legislature of the State of Alabama and that no provision of this Lease Agreement 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 Agreement are limited to the proper application of the proceeds of the sale of the Bonds and revenues and receipts of the Project.

Section 9.10 Binding Effect. This Lease Agreement shall inure to the benefit of, and shall be binding upon, the Board, the Company and their respective successors and assigns.

Section 9.11 Severability. In the event any provision of this Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

Section 9.12 Article and Section Captions. The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

IN WITNESS WHEREOF, the Board and the Company have caused this Lease Agreement to be executed in their respective corporate names, have caused their respective corporate seals to be hereunto affixed, and have caused this Lease Agreement

to be attested, all by their duly authorized officers.

THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF COLUMBIANA

By *[Signature]*
President of its Board of
Directors

SEAL

Attest:

[Signature]
Its Secretary

ELASTIC CORPORATION OF AMERICA ☐

By *[Signature]*
Its President

SEAL

Attest:

[Signature]
SECRETARY

STATE OF ALABAMA)
COUNTY OF *Jefferson*) ACKNOWLEDGMENT OF THE INDUSTRIAL DEVELOP-
MENT BOARD OF THE CITY OF COLUMBIANA

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that J. T. McDow, whose name as President of the Board of Directors of The Industrial Development Board of the City of Columbiana, a public corporation is signed to the foregoing Lease Agreement 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 the said Lease Agreement, 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 official seal, this 1 day of June, 1966.

Michael Edwards
Notary Public

NOTARIAL SEAL

My commission expires: Feb. 4 1968

STATE OF ALABAMA)
COUNTY OF JEFFERSON) ACKNOWLEDGMENT OF ELASTIC CORPORA-
TION OF AMERICA

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that William C. Classe, whose name as President of Elastic Corporation of America, a Delaware corporation, is signed to the foregoing Lease Agreement 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 the said Lease Agreement, 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 official seal, this 1 day of June, 1966.

Michael Edwards
Notary Public

NOTARIAL SEAL My commission expires Feb. 4 1968

BOOK 242 PAGE 706

EXHIBIT A

The Mortgage and Indenture of Trust by and between
The Medical Clinic Board of the City of Columbiana and
Exchange Security Bank dated as of May 1, 1966, Exhibit
A to this Lease Agreement, is recorded in the office of the
Judge of Probate of Shelby County, Alabama, in Book
301 at page 58, et seq.

STATE OF ALA., SHELBY CO.,
I CERTIFY THIS INSTRUMENT
WAS FILED ON 6-11 1966

RECORDED & \$ ☒ MTC. TAX

\$ ☒ DEED TAX HAS BEEN
PD. ON THIS INSTRUMENT.

Conrad M. Fowler
JUDGE OF PROBATE