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LIME KILN LEASE

This Lime Kiln Lease made as of the 27th day of January, 1975, (hereinafter called the "Lease"), between GATX LEASING CORPORATION, a Delaware corporation, having its principal office at One Embarcadero Center, San Francisco, California, (hereinafter called "Lessor") and SOUTHERN INDUSTRIES CORPORATION, an Alabama corporation, having its principal office at 61 St. Joseph Street, Mobile, Alabama, (hereinafter called "Lessee"):

W I T N E S S E T H:

In consideration of and subject to the covenants, terms and conditions contained in this Lease and contained in the Schedule (hereinafter called the "Schedule") attached hereto as Exhibit A and by this reference made a part hereof, Lessor agrees to lease to Lessee and Lessee agrees to hire from Lessor the Units defined herein and described in the Schedule constituting one (1) complete rotary lime kiln processing System.

SECTION 1  
DEFINITIONS

For the purpose of this Lease, the following terms shall have the following meanings:

"Acceptance Supplement" shall mean the Acceptance Supplement, substantially in the form of Exhibit B hereto, entered into between Lessor and Lessee pursuant to Section 2.2 hereof. The Acceptance Supplement shall confirm that all the Units have been assembled, installed and successfully tested as to applicable performance criteria and "Final Acceptance" verified under the Construction Agreement, all at the Plant Site designated for the Units and are free of all liens of mechanics, laborers, materialmen and suppliers for work or services performed or materials furnished in connection with such assembly, installation and testing and shall set forth a summary of the Lessor's Cost of the Units.

"Builder" in respect of the construction and installation of the Units shall mean Sullivan, Long and Hagarty Construction Co., Inc., the general contractor, and shall include other builders and contractors, subcontractors, materialmen, manufacturers and suppliers of facilities, and any other persons or entities who will furnish labor, materials, equipment or supplies of any kind in the installation of the Lime Kiln Facility.

"Code" shall mean the Internal Revenue Code of 1954, as amended, or corresponding provisions of subsequent law.

"Consent and Agreement" shall mean the Consent and Agreement to be executed by the Builder on or about the date of the Loan Agreement, containing such terms and provisions as Lessor may prescribe, and similar instruments by other builders.

"Construction Agreement" shall mean the general construction contract(s), dated April 15, 1975 and as may be further amended or supplemented, and all such future construction agreements between Lessee and Sullivan, Long and Hagarty Construction Co., Inc., with respect to the installation and construction of the Lime Kiln Facility.



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"Delivery Date" shall mean the date of delivery and the acceptance of all facilities and Units, pursuant to Section 2 of this Lime Kiln Lease, which date shall not be later than April 1, 1976. This date shall also be the date on which Lessee obligates itself to deliver the completed Lime Kiln Facility to Lessor as specifically provided in the Loan Agreement.

"Conveyed property" shall mean the real estate upon which the major part of the Lime Kiln Facility is located, which real property is more particularly described in Exhibit C annexed hereto and made a part hereof.

"Easement property" shall mean property which is contiguous to the conveyed property, on, under and in which easements and profits have been conveyed to Lessor to be used in connection with the operation of the Lime Kiln Facility, and which easements and profits are likewise included in the Site Lease, Sublease and Mortgage, as described in Exhibit C hereto.

"Event of Default" shall mean the meaning specified in Section 15 hereof.

"Fundamental Agreements" shall mean collectively this Lime Kiln Lease, Promissory Note, Mortgage, Security Agreement, Loan Agreement, Loaders Lease, Site Lease and the Sublease.

"Lease", "this Lease", "herein", "hereunder", "hereby", or other like words mean this Lease as originally executed or as modified, amended or supplemented pursuant to the applicable provisions hereof, including, without limitation, the Schedule and the Acceptance Supplement.

"Lessor's Cost" for the Units shall mean the sum of (i) the aggregate amount of the Builder's or other contractors' or vendors' invoices therefor paid by Lessor directly, (ii) the aggregate amount of the Builder's or other contractors' or vendors' invoices therefor paid by the Lessee directly; (iii) the aggregate amount of all sales and use taxes therefor paid by Lessor or Lessee, and (iv) the aggregate amount (but not exceeding in total \$400,000) paid by Lessor for engineering, field expense, site preparations and other services in connection with the construction and installation of the Units. Lessor and Lessee shall certify the Lessor's Cost in respect of the Units in the Acceptance Supplement, and the total actual Lessor's Cost of all the Units shall not exceed \$3,300,000 without the prior written consent of Lessor.

"Loaders Lease" shall mean that certain Lease dated January 30, 1975, between Lessor and Lessee, pursuant to which Lessor shall lease to Lessee certain Front End Loaders and Hauling Units.

"Loan Agreement" shall mean the Loan Agreement dated as of June 30, 1975, between Lessee, as Borrower, and Lessor, as Lender, pursuant to which Lessor shall make advances thereunder to Lessee with respect to the installation and construction of the Lime Kiln Facility.

"Mortgage" shall mean the real estate mortgage entered into concurrently with the Loan Agreement between Lessee, as Mortgagor, and Lessor, as Mortgagee, pursuant to which Lessor



is granted a first lien on the Plant Site.

"Officer's Certificate" shall mean a certificate signed in the name of Lessee by its President, one of its Vice Presidents, its Treasurer, or its Assistant Treasurer, or its Secretary, in form and content required by Lessor from time to time.

"Permitted Liens" shall mean liens for taxes, assessments, or governmental charges or levies not yet due and delinquent, or not yet subject to penalty for non-payment, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's, employees' or other like liens arising in the ordinary course of business and not delinquent.

"Plant Site" shall mean that certain real property on which the Lime Kiln facility is physically placed, and includes both the conveyed property and the easements and profits on the easement property; sometimes these are referred to as "Premises," as more particularly described in Exhibit C hereto.

"Promissory Note" shall evidence the indebtedness of Lessee, as Borrower, under the Loan Agreement.

"Purchase Orders" shall mean each and all of the various purchase orders referred to in the Security Agreement.

"Security Agreement" shall mean the instrument between Borrower, as Debtor, and Lender, as Secured Party, dated concurrently with the Loan Agreement.

"Site Lease" shall mean the site lease entered into concurrently with the Loan Agreement between this Lessee, as Lessor, and this Lessor, as Lessee, pursuant to which Lessee grants and conveys to Lessor a leasehold interest in the plant site and easements for a period of twenty-five (25) years or more, unless earlier terminated as provided therein.

"Stipulated Loss Value" in respect of the Units shall mean the applicable values in the table in the Schedule.

"Sublease" shall mean the sublease entered into concurrently herewith between this Lessor, as Sublessor, and this Lessee, as Sublessee, pursuant to which Lessor grants and conveys back to Lessee a leasehold estate in the plant site and easements for a period of fifteen (15) years or more, unless earlier terminated as provided therein.

"Unit" or "Units" shall be synonymous with "Lime Kiln Facility" or "facilities", and shall mean each and collectively all items of equipment constituting the entire lime kiln facilities under this Lime Kiln Lease.

"WFB Prime Rate" shall mean the best commercial rate on ninety-day loans to responsible and substantial borrowers in effect from time to time at Wells Fargo Bank, National Association, San Francisco, California, or its successor.



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SECTION 2  
PROCUREMENT AND DELIVERY OF UNITS

2.1 Lessor and Lessee acknowledge that the various components, parts and materials constituting the Units have heretofore or will hereafter be delivered to the Plant Site.

Lessor hereby appoints Lessee as its agent to accept delivery of the Units on behalf of Lessor, and Lessee hereby accepts its appointment and agrees to accept the Units on behalf of Lessor.

Lessor further designates Lessee as its agent to assemble, install and test the Units and Lessee consents and agrees that it will cause all the Units to be fully assembled, installed and tested and it will promptly pay all costs and expenses thereof to the extent not included in the Lessor's Cost of the Units.

2.2 At the time all, but not less than all, of the Units are delivered to Lessor, and all such Units have been assembled, installed and successfully tested as to applicable performance criteria and "Final Acceptance" verified under the Construction Agreement, Lessor shall deliver all such Units to Lessee. Lessee shall accept all such Units by executing and delivering to Lessor an Acceptance Supplement in the form attached hereto as Exhibit B, whereupon the Units (i) shall be deemed to have been accepted by Lessee on the date specified in such Acceptance Supplement and (ii) shall become subject to and governed by all the provisions of this Lease.

2.3 Lessor's obligations to deliver the Units to Lessee and to accept the Acceptance Supplement with respect to the Units is subject to the satisfaction on or before the Delivery Date of the Units hereunder of the following conditions:

(a) Lessor shall have received a favorable opinion of legal counsel for Lessee, satisfactory in form and substance to Lessor, with respect to each of the matters referred to in Section 6 hereof and as to such other matters as Lessor may reasonably request;

(b) The representation and warranties contained in Section 6 of this Lease shall be true on and as of the Delivery Date of the Units except to the extent of changes caused by the transactions herein contemplated, and there shall exist on such Delivery Date no Event of Default as defined in Section 15 of the Lease, nor any condition, event or act, which with notice or lapse of time or both, would become an Event of Default as so defined which has not been remedied or waived, and Lessee shall have delivered to Lessor an Officer's Certificate, dated such Delivery Date, to all such effects.

(c) Lessor shall have received an attested copy of a resolution of the Board of Directors of Lessee authorizing Lessee's execution and delivery of the Fundamental Agreements and the leasing of the Units from Lessor pursuant to the terms thereof.

(d) Lessee shall have delivered to Lessor evidence of insurance coverage as required in Sections 11 and 12.

(e) Lessee shall have executed and delivered to Lessor the Loaders Lease, the Fundamental Agreements, and such other documents as Lessor may deem necessary, including, without limitation, a Bill of Sale covering the Units.

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SECTION 3  
TERM OF LEASE

3.1 The term of this Lease for each Unit shall commence on the Delivery Date thereof set forth in the Acceptance Supplement delivered with respect thereto pursuant to Section 2, and shall continue for the period specified as the "term" in the Schedule. If any such term is extended, the word "term" or "period" as used in this Lease, shall be deemed to refer to the extended term, and all provisions of this Lease shall apply during and until the expiration date of said extended term, except as may be otherwise specifically provided.

3.2 This Lease shall not be subject to termination by Lessor, except pursuant to Section 15 hereof, nor by Lessee for any reason whatsoever.

3.3 At all times during the term of this Lease, title to the Units shall be vested in Lessor to the exclusion of the Lessee, and the delivery of the Units to Lessee and Lessee's possession thereof shall constitute a letting and bailment.

SECTION 4  
RENTAL PAYMENTS

4.1 Lessee covenants and agrees to pay to Lessor rental upon each Unit, commencing with the commencement of the term of this Lease for said Unit. The rental for each Unit shall be in the amount set forth in the Acceptance Supplement pertaining thereto, which said rental shall be computed in accordance with the provisions of the Schedule. Such rental shall be absolutely net to Lessor, so that this Lease will yield to Lessor the full amount of the installments of such rent throughout the term of this Lease without deduction.

4.2 All payments under Section 4.1 and all other payments by Lessee to Lessor under this Lease shall be made at the office of Lessor, One Embarcadero Center, San Francisco, California, or at such other place as Lessor may designate from time to time, except as provided in Section 20 hereof. To the extent legally enforceable, Lessee shall pay interest at the rate of ten percent (10%) per annum on any installment of rental hereunder which is overdue, or on any other payments by Lessee hereunder which are overdue, and this provision shall in no way limit Lessor's rights and remedies under Section 15. All payments under this Lease shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public or private debts in the United States of America.

4.3 The rental and other sums payable by Lessee hereunder shall be paid without notice, demand, counterclaim, setoff, deduction, recoupment or defense, and without abatement, suspension, deferment or diminution by reason of, and the obligations and liabilities of Lessee under this Lease shall not be affected by, any circumstance or occurrence whatsoever, including without limitation, (a) any damage to any Unit or any part thereof by reason of any casualty or cause whatsoever, subject to the provisions of Section 12.1, (b) any restriction or prevention of or interference with any use of any Unit or any part thereof, (c) any defect in the condition, quality or fitness for use of any Unit or any part thereof, (d) any condemnation, expropriation, requisition or other taking of any Unit or any part thereof, subject to the provisions of Section 12.4, (e) any title defect or encumbrances, or any dispossession from, or interference with possession or enjoyment of, any

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Unit or any part thereof by title paramount or otherwise, (f) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceedings of or on the part of Lessor or any action taken with respect to this Lease by any trustee or receiver of Lessor or by any court in any such proceeding, (g) any change, extension, waiver, indulgence or other action or omission in respect of any obligation or liability of Lessor, or (h) any claim which Lessee has or might have against Lessor for any failure on the part of Lessor to perform or comply with the terms hereof or of any other agreement with Lessee; whether or not Lessee shall have had any knowledge of any of the foregoing. Except as expressly provided hereunder, Lessee waives all rights now or hereafter conferred by statute or otherwise, to terminate or surrender this Lease or any Unit or any part thereof, or to any abatement, suspension, deferment, diminution or reduction of the rental and other sums payable hereunder on account of any such occurrence.

SECTION 5  
REPRESENTATIONS & WARRANTIES OF LESSOR

5.1 Lessor represents and warrants that, subject to the Lessee's performance of its obligations hereunder and in connection therewith, Lessor is or will become the lawful owner, prior to or concurrently with the time of execution of the Acceptance Supplement, of the Units, and has the lawful right to lease the Units in accordance with the terms hereof to Lessee, and that this Lease has been duly authorized by appropriate corporate action.

5.2 THE WARRANTY SET FORTH IN SECTION 5.1 HEREOF IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES OF LESSOR WHETHER WRITTEN, ORAL OR IMPLIED, AND LESSOR SHALL NOT, BY VIRTUE OF MERELY HAVING LEASED THE UNITS UNDER THIS LEASE, BE DEEMED TO HAVE MADE ANY REPRESENTATION OR WARRANTY (EXCEPTING THE EXPRESS WARRANTY SET FORTH IN SECTION 5.1 ABOVE) EITHER EXPRESS OR IMPLIED AS TO THE DESIGN, FITNESS, CONDITION, MERCHANTABILITY OR DESCRIPTION OF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP IN THE UNITS, OR AS TO THE FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR ANY PARTICULAR TRADE, OR BUSINESS, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, it being agreed and understood that all such risks as between Lessor and Lessee are to be borne under the Lease by Lessee. However, nothing contained in this Lease shall be deemed to limit the Lessee from availing itself of any warranties, covenants, and representations of the Builder or the vendors or the manufacturers or of any other sellers or suppliers of any of the Units' component parts, and all causes of action in connection with the Units, which Lessor may have against the Builder or the vendors or the manufacturers or any other such sellers or suppliers to the extent assignable, as hereby assigned by Lessor to Lessee, and, with respect to such rights either assigned or subrogated to Lessee, Lessor will permit Lessee to prosecute any claim or cause of action in Lessor's name at Lessee's expense, provided, however, that (a) no lawsuit shall be instituted in Lessor's name without the prior written consent of Lessor, and (b) as a remedy or relief in such lawsuit, Lessee shall not seek termination or rescission of this Lease or revocation of delivery and acceptance of any Units.



5.3 As between Lessor and Lessee, and their assignees, if any, Lessee acknowledges and agrees (1) that each and all of the Units are of a size, design, capacity and manufacture selected by Lessee; (2) that Lessee is satisfied that the same are suitable for its purposes; (3) that Lessor is not a manufacturer thereof nor a dealer in property of such kind; (4) that Lessor has not made, and does not hereby make, any representation or warranty or covenant with respect to the merchantability, condition, quality, durability or suitability with or for the purposes and uses of Lessee, or any other representation or warranty or covenant of any kind or character, express or implied with respect thereto (except as set forth in Section 5.1 above); (5) the Units are leased subject to all applicable zoning regulations, restrictions, laws and ordinances, building restrictions and other laws and governmental regulations now in effect or hereafter adopted, and (6) that Lessee agrees that Lessor shall not be liable to Lessee for any liability, claim, loss, damage or expense of any kind or nature caused, directly or indirectly, by any Unit or any inadequacy thereof for any purpose, or any deficiency or defect therein, or the use or maintenance thereof, or any repairs, servicing or adjustments thereto, or any interruption or loss of service or use thereof, or any delay in providing or failure to provide any thereof, or any loss of business, or any damage whatsoever and howsoever caused.

5.4 If Lessee shall pay the rentals and other amounts payable by Lessee hereunder as and when the same become due and payable and shall perform and comply with all of the other terms and conditions hereof, Lessor and any person acting on behalf of Lessor or in its stead will not interfere with the peaceful and quiet use and enjoyment of the Units by Lessee, which use and enjoyment shall be without hindrance, ejection or molestation by Lessor, or any such person, provided that Lessor and its authorized representatives may at all reasonable times inspect the Units as provided in Section 17. Lessor covenants that any sale, assignment, transfer or mortgage which it may make or execute of this Lease or of the Units covered by this Lease, either prior to or subsequent to the delivery of the Units to the Lessee, shall be subject and subordinate to the terms and provisions of this Lease.

SECTION 6  
REPRESENTATIONS, WARRANTIES  
& COVENANTS OF LESSEE

Lessee represents, warrants and covenants with respect to each and all of the Fundamental Agreements that:

6.1 Lessee is a corporation duly organized, validly existing and in good standing under the laws of the state in which it is incorporated, and is duly qualified and authorized to do business wherever the nature of its activities or properties require such qualification and authorization.

6.2 Lessee has the full power, authority and legal right to execute, deliver and perform the terms of the Fundamental Agreements. The Fundamental Agreements have been duly authorized by all necessary corporate action of Lessee and constitute valid and binding obligations of Lessee in accordance with their terms.

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6.3 There is no law and no charter, by-law or preference share provision of Lessee and no provision in any existing mortgage, indenture, contract or agreement binding on Lessee which would be contravened by the execution, delivery or performance by Lessee of the Fundamental Agreements.

6.4 No consent of the shareholders, or the trustees or holder of any indebtedness, of Lessee is or will be required as a condition to the validity of the Fundamental Agreements or if required, all such consents have been or will be obtained and certified copies thereof shall be delivered to Lessor.

6.5 No registration with, or approval of, any governmental agency or commission is necessary for the execution, delivery or performance by Lessee of the terms of the Fundamental Agreements or for the validity and enforceability thereof or with respect to the obligations of Lessee thereunder insofar as Lessee is concerned, or if required, all such registrations and approvals have been or will be duly made or obtained and certified copies thereof shall be delivered to Lessor.

6.6 There is no action or proceeding pending or insofar as Lessee knows, threatened against Lessee or any of its subsidiaries before any court or administrative agency which in its opinion might result in any materially adverse effect on the business or condition or operations of Lessee or any such subsidiary.

6.7 Neither the execution and delivery of the Fundamental Agreements nor fulfillment of, or compliance with, the terms and provisions thereof, will contravene any current provision of law, judgment, decree, order, franchise, or permit applicable to Lessee or any of its subsidiaries, or conflict with, or result in a material breach of the terms, conditions or provisions of, or constitute a violation of the charter or by-laws of Lessee or constitute a default under any agreement or instrument to which Lessee is now a party.

6.8 Lessee is fully familiar with all of the covenants, terms and conditions of the Fundamental Agreements.

## SECTION 7 POSSESSION & USE OF UNITS

7.1 Unless an Event of Default shall have occurred and be continuing, Lessee shall be entitled to use the Units in the ordinary course of the regular business conducted by Lessee, except as otherwise expressly limited herein.

7.2 Lessee will not, without the prior written consent of Lessor, sublease or otherwise deliver, transfer or relinquish possession of any Unit or part thereof, except that which has been replaced pursuant to Section 9 hereof.

7.3 Without the prior written consent of Lessor, except for Permitted Liens and as permitted herein, Lessee shall not sell, assign, sublease or transfer any Unit, or, directly or indirectly, create or incur or suffer to be created or incurred or to exist any mortgage, lien, charge or encumbrance of any

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kind on any of its rights under this Lease or in any Unit, or of its interest in the Plant Site, and if any such mortgage, lien, charge or encumbrance does exist, Lessee, at its sole cost and expense, shall promptly remove the same.

7.4 Lessee shall pay for and provide all electric power, oil, gasoline and lubricant consumed by and required for each and all of the Units, and all repairs, parts and supplies necessary therefor.

7.5 Lessee assumes all of the risks and liability for the Units during the term hereof and for the use, operation and storage thereof and for injuries or deaths of persons and damage to property, on account of any accident howsoever arising from or incident to such use, operation or storage during the term hereof, whether such injury or death to persons be of agents or employees of Lessee or of third parties, or such damages to property be of Lessee or of others; and Lessee will defend, save, indemnify and hold Lessor harmless from all losses, damages, claims, penalties, liabilities, and expenses related thereto including attorneys' fees, arising from or incurred because of or incident to the Units or the use, operation, or storage or alleged use, control, operation or storage thereof.

#### SECTION 8 MAINTENANCE & OPERATION OF UNITS

8.1 Lessee, at its own cost and expense, shall maintain, service, repair, overhaul, improve and rebuild the Units so as to keep the Units in as good operating condition as when delivered to Lessee under this Lease, ordinary wear and tear excepted, and as required to meet the mandatory standards of any applicable government authority regardless of upon whom such requirements are, by their terms, nominally imposed.

8.2 Lessee shall comply with all applicable mandatory service, maintenance, repair and overhaul regulations, directives and instructions of any applicable governmental authority and all appropriate maintenance, service, repair and overhaul manuals and service bulletins published by the manufacturer of the Units. Lessee shall maintain all records, logs and other materials required by any applicable government authority to be maintained in respect of Units after delivery, regardless of upon whom such requirements are, by their terms, nominally imposed. Lessee shall comply with all laws of the jurisdictions in which the Units may be operated and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the operation, maintenance or use of the Units, and, in the event that such laws or rules require the alteration or modification of the Units, Lessee shall conform or obtain conformance therewith at no expense to Lessor and shall maintain the Units in proper condition for operation under such laws and rules.

8.3 Lessee shall not, without the prior written consent of Lessor and subject to such conditions as Lessor may impose for its protection, affix or install any Unit leased hereunder to or in any other personal property or to or in any real property. It is expressly understood that the Units shall be and remain <sup>removable</sup> personal property notwithstanding the manner in which the Units may be attached or affixed to any real property.

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SECTION 9  
REPLACEMENT

9.1 Lessee may replace any accessory to or part of any Unit where necessary in the normal course of Lessee's maintenance program, provided such replacement is of at least equivalent value and condition as the accessory or part replaced.

9.2 Any accessories or parts so installed on, incorporated in, or attached to any Unit in replacement of existing accessories or parts, and any accessories or parts so installed, incorporated or attached which are in addition to existing accessories or parts and which are essential to the operation of any Unit, will be considered accessions to such Unit. Title to such accessions will be immediately vested in Lessor, without cost or expense to Lessor, and such accessions will become subject to all of the terms and provisions of this Lease as completely and to the same extent as if they had been components of said Unit at the time they originally became subject to this Lease; provided, however, that title to accessories and parts which shall have been replaced by such accessions shall be vested in Lessee when such replacement has been completed.

SECTION 10  
ALTERATIONS

Lessee shall not, without prior written consent of Lessor, make any substantial changes or substantial alterations in any Unit, except as necessary for compliance with the provisions of this Lease.

SECTION 11  
PUBLIC LIABILITY INSURANCE

Lessee shall at its own cost carry in full force and effect public liability and property damage insurance and such other insurance as Lessor may reasonably require, in the kind and form reasonably satisfactory to Lessor, with insurers approved by Lessor, and with limits which shall not be less than those specified in the Schedule. All policies of insurance carried in accordance with this Section shall name Lessee and Lessor as named insureds thereunder. Each and every such policy shall insure Lessor's interest up to the limits of the policy, regardless of any breach or violation by Lessee of any warranties, declarations or conditions contained in such policies. Appropriate certificates or cover notes evidencing each and every policy shall be provided to Lessor at or prior to the transfer of title to each Unit to Lessor, together with certified copies of each and every policy as requested by Lessor. Lessee covenants, warrants and represents that Lessee will not do any act or voluntarily suffer any act to be done whereby any insurance required hereunder shall or may be suspended, impaired or defeated and that Lessee in no circumstances will suffer or permit any Unit to be used or operated during any period under



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this Lease when Lessor may be at risk for the risks protected against by the above-described insurance without all said insurance being fully in effect. In the event that Lessee should for any reason fail to renew or replace any such policy or contract of insurance at least ten (10) days prior to the expiration thereof or fail to keep any such policy in full force and effect, Lessor shall have the option to pay the premiums on any said policy or contract of insurance or to take out new insurance in amount, type, coverage and terms satisfactory to Lessor, and any sum paid therefor by Lessor shall be immediately due and payable to Lessor by Lessee; provided, however, that no exercise by Lessor of said option shall in any way affect the provisions of this Lease, including the provisions that failure by Lessee to maintain the prescribed insurance shall constitute an Event of Default.

SECTION 12  
RISK OF LOSS: INSURANCE: DAMAGE,  
DESTRUCTION & CONDEMNATION

12.1 Lessee shall bear the risk of the Units being lost, destroyed, irreparably damaged or rendered permanently unfit for use or being damaged in part, from any cause whatsoever at any time during the term of this Lease, and shall at its own cost obtain and keep in full force, in kind and form reasonably satisfactory to Lessor, with insurers approved by Lessor, "all risk" coverage in an amount not less than the Stipulated Loss Value as specified in the Schedule. Lessee further covenants and agrees that any policies under this Section 12 shall name Lessor with the Lessee as the named insureds, and losses shall be made payable to the insureds as their interests may appear and shall insure Lessor's interest regardless of any breach or violation by Lessee of any warranties, declarations or conditions contained in such policies. Appropriate certificates or cover notes evidencing each and every policy shall be provided to Lessor at or prior to the transfer of title to each Unit to Lessor, together with certified copies of each and every policy as requested by Lessor. Lessee covenants, warrants and represents that Lessee will not do any act or voluntarily suffer or permit any act to be done whereby any insurance required hereunder shall or may be suspended, impaired or defeated, and that Lessee in no circumstances will suffer or permit any Unit to be at risk for the risks protected against by the above described insurance without all said insurance being fully in effect. In the event that Lessee should for any reason fail to renew or replace any such policy or contract of insurance at least ten (10) days prior to the expiration thereof, or fail to keep any such policy in full force and effect, Lessor shall have the option to pay the premiums on any said policy or contract of insurance or to take out new insurance in amount, type, coverage and terms satisfactory to Lessor, and any sum paid therefor by Lessor shall be immediately due and payable to Lessor by Lessee; provided, however, that no exercise by Lessor of said option shall in any way affect the provisions of this Lease, including the provisions that failure by Lessee to maintain the prescribed insurance shall constitute an Event of Default.

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In the event of any loss, damage, or destruction to any Unit, or any Unit being rendered wholly or partly unfit for use in any way, or in the event of any complete condemnation, requisition or other taking thereof, except as provided in Section 12.2 or 12.4, the rentals payable hereunder shall not be abated either in whole or in part, and Lessee shall not be released from any of its obligations hereunder.

12.2 In the event that any Unit shall be lost, destroyed, or irreparably damaged from any cause whatsoever during the term of this Lease, Lessor and Lessee shall proceed diligently and cooperate fully with each other in the recovery of any and all proceeds of insurance applicable thereto.

Lessor shall receive from the proceeds of said insurance recovery or from Lessee, no later than 30 days following such loss, destruction or irreparable damage, amount equal to the sum of: (a) accrued and unpaid rentals in respect of such Unit, if any, to the date of such loss, destruction or irreparable damage; (b) the Stipulated Loss Value in respect of such Unit as set out in the Schedule determined as of the date of such loss, destruction or irreparable damage; and (c) interest on the unpaid balance of any amount due Lessor under (a) or (b) above, at the rate of eight (8%) per cent per annum from the date of such loss, destruction or irreparable damage, to date of receipt. *SEK ETC*

Rentals under this Lease in respect of each such Unit shall be deemed abated, subject to the provisions of this Section 12.2, as of the date of the receipt by lessor of the amount specified herein with respect to such loss destruction or irreparable damage. Upon receipt by Lessor, or its assignee, of the amount specified herein in respect of such Unit so lost, destroyed, or damaged, this Lease shall be deemed terminated as to such Unit, and Lessee shall be entitled to receive the remainder, if any, of all insurance proceeds as compensation for loss of Lessee's leasehold interest in respect of such Unit.

12.3 Any proceeds of insurance received by Lessor, with respect to any Unit the repair of which is practical shall, at the election of Lessee, be applied either to the repair of such Unit or to the reimbursement of Lessee for the cost of such repair.

12.4 In the event that, during the term of this Lease, there should be a condemnation, seizure or other taking of any Unit by governmental authority, whether under the power of eminent domain or otherwise, for a period equal to at least the then unexpired remaining portion of the term of this Lease, then Lessor and Lessee shall have the same rights, duties and responsibilities with reference to such Unit so condemned, seized or taken, as they would in the event of a total loss or destruction of such Unit under the provisions of Section 12.2 hereof, with the result that rentals shall abate as of the date of such condemnation, seizure or taking, the Lease shall then terminate as of said date with respect to such Unit, and Lessee shall be required to pay to Lessor the sum of (a) accrued and unpaid rentals to date of condemnation or taking, (b) the Stipulated Loss Value of such



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Unit as of the date of such taking, and (c) interest on the foregoing computed at the rate of 8% per annum; the sum of (a), (b) and (c) shall be due on the date of such condemnation or taking, except that in the event that the condemning government authority shall not have paid its award for such taking as of that date, Lessee shall continue to pay rentals to Lessor as and when due under this Lease had not such condemnation or taking occurred, until Lessor shall have received the sum of (a), (b) and (c) above, provided, that in the event Lessor shall not have been paid the full sum of (a), (b) and (c) within 30 days from the date of said condemnation or taking, then said sum shall thereupon immediately become due and payable to Lessor. In the event that any Unit during the term of this Lease should be condemned, seized or taken, but nevertheless for a period not to equal or exceed the then remaining unexpired term of this Lease, such a condemnation or taking will be considered temporary in nature, with the result that the rentals will not be diminished or abated, this Lease will continue in full force and effect as if such temporary condemnation or taking had not occurred, Lessee shall continue to pay rentals due hereunder, upon the date otherwise due, and Lessee shall be entitled to retain and keep any award paid by the condemning governmental authority as compensation for the interruption of Lessee's leasehold interest in such Unit.

SECTION 13  
INDEMNIFICATION, RELEASE & WAIVER

13.1 Lessee agrees to indemnify, reimburse and hold Lessor harmless from and against any and all claims, losses, liabilities, demands, suits, judgments, or causes of action and all legal proceedings, including any claims for strict liability imposed upon Lessor, whether civil or criminal, penalties, and other sanctions, and any costs and expenses in connection therewith, including attorney's fees and expenses, which may result from or grow or arise in any manner out of the condition, use or operation of any Unit during the term hereof, or which may be attributable to any defect (latent or patent) in any Unit arising from the material or any article used therein or from the design, testing or use thereof or from any maintenance, service, repair, overhaul, or testing of any Unit, regardless of when such defect shall be discovered, whether or not any such Unit is at the time in the possession of Lessee; provided, however, that Lessee shall be subrogated to all rights and remedies which Lessor may have against the manufacturers of any such Unit, which are hereby assigned by Lessor to Lessee. Lessee hereby waives and releases any claim now or hereafter existing against Lessor on account of any and all claims, demands, suits, judgments or causes of action for or on account of or arising or in any way connected with injury to or death of personnel of Lessee or loss or damage to property of Lessee or the loss of use of any property which may result from or grow or arise in any manner out of the condition, use or operation of any Unit during the term hereof, or which may be attributable to any defect (latent or patent) in any Unit, arising from the material or any article used therein or from the design, testing or use thereof or from any maintenance, service, repair, overhaul or testing of any Unit, regardless of when such defect shall be discovered, whether or not any such Unit is at the time in the possession of Lessee but such waiver or release of Lessor or its assignee shall not operate to release the manufacturers of any such Unit and shall not prejudice any rights Lessor or Lessee may have against the manufacturers or suppliers of any such Unit.



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13.2 Lessee hereby agrees to indemnify, reimburse and hold Lessor harmless from any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against Lessor because of the use during operation of the Units of any design, article or material therein or relating thereto, whether because of infringement of patent or any other right. Lessee agrees to assume and conduct promptly and diligently, at its own sole cost and expense, the entire defense of Lessor against any such claim.

13.3 The obligations of Lessee under this Section 13 shall survive the expiration or earlier termination of this Lease, and are expressly made for the benefit of, and shall be enforceable by, the Lessor and its successors and assigns.

SECTION 14  
TAXES

14.1 Lessee shall promptly pay or cause to be paid all taxes, levies, impositions, license fees, registration fees, penalties, assessments, duties and other governmental charges imposed, levied or assessed during the term of this Lease against the Units or upon or measured by any interest of either Lessor or Lessee therein, and upon the purchase, ownership, delivery, leasing, possession, use, operation, return or other disposition thereof, or upon or measured by the use or operation thereof, or on account of or measured by the earnings or gross receipts of Lessor arising therefrom (exclusive, however, of any tax in the nature of a net income tax or other tax measured by net income but including any gross receipts tax or any sales, use, lease or other tax imposed on Lessor on account of the leasing of such Units to Lessee hereunder) but Lessee shall not be required to pay the same if and so long as it shall in good faith and by appropriate legal or administrative proceedings contest the validity, applicability or amount thereof, provided that such proceedings shall stay the collection thereof from Lessor, Lessee and the Units. If claim is made against Lessor for any such tax, assessment or other governmental charge, Lessor shall promptly notify Lessee. If so requested by Lessee, Lessor shall at Lessee's expense contest (or shall permit Lessee, if desired by Lessee, to contest in the name of Lessor and Lessee) the validity and amount of any tax, assessment, duty or governmental charge which it may be required to pay and in respect of which it is entitled to reimbursement by Lessee under this Section 14, so long as the rights or interest of Lessor or its assignee hereunder or in the Units will not be materially endangered thereby. Lessee, on behalf of Lessor and without expense to Lessor, shall promptly prepare and file all necessary tax returns and any other returns, reports or similar documents which must accompany the payments described in this Section 14.1 <sup>and</sup> in such manner as to show the ownership of such Units by the Lessor.

14.2 It is the intent of the parties to this Lease that the Lessor shall at all times be considered to be the owner and original user of the Units subject to this Lease for all Federal income tax purposes and that the Lessor shall be entitled to claim depreciation with respect to such Units by any of



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the depreciation methods provided for by Section 167 (b) of the Code, or corresponding provision of subsequent law. Lessee agrees that it will at no time take any action or omit any action or file any document which is inconsistent with the foregoing intent and that it will upon request of Lessor take such action and execute such documents as may be necessary to facilitate accomplishment of this intent.

14.3 Lessor will elect to treat Lessee as having acquired the Units which are the subject of this Lease for the purposes of claiming the investment tax credit under Section 48 (d) of the Code and Lessor shall for no purpose make use or take advantage thereof. In this regard Lessor makes no warranty or representations to either Lessor's or Lessee's eligibility to or right to claim the investment credit with respect to such Units under the provisions of Section 38 and 46 through 50 of the Code. Lessee shall have no claim against Lessor, under this Lease or otherwise, by reason of Lessee being deprived of the investment tax credit with respect to such Units as a result of any act by Lessor authorized by or permitted under the terms of this Lease or by reason of any legislation enacted after the date of this Lease which modifies, suspends or repeals the investment tax credit. Lessor agrees to execute such other instruments as may be reasonably necessary to effectuate the intent of this provision.

14.4 Without limiting the generality of Section 14.2 hereof, Lessee specifically represents, warrants and covenants that at the time Lessor becomes the owner of the Units, the Units will not have been used by any person so as to preclude "the original use of such property" within the meaning of Section 167 (c) (2) of the Code from commencing with Lessor. Lessee agrees to keep and make available for inspection by Lessor such records as will enable Lessor to determine that the Units have not been used in any manner contrary to this Section 14.4

14.5 If by reason of any act or omission by Lessee, or any other fault of Lessee, Lessor shall lose, or shall not have, or shall lose the right to claim, or shall suffer a disallowance of (any such event being hereinafter called a Loss), in computing its Federal taxable income or its taxable income for purposes of computing its liability to all states, cities and/or other local authorities for any taxable year (or portion thereof) during which this Lease is in effect, all or any portion of the depreciation deductions with respect to the full actual Lessor's Cost of each Unit adjustment of such Lessor's Cost, based upon and computed upon the basis of: (i) the double-declining balance or sum of the years method of depreciation authorized under Sections 167(b) (2) and 167 (b) (3) of the Code, (ii) a useful life of fifteen (15) years, and (iii) utilizing a salvage value of no greater than 10% of such Lessor's Cost, and in the case of state and local taxes, under the most accelerated method of depreciation allowed by any such state or local taxing authority on the date hereof (such depreciation deductions being herein referred to as the Depreciation Deduction), then the rentals for the Units set forth in Paragraph 3 of the Schedule shall, on the next succeeding rental payment date after written notice to Lessee by Lessor of payment by Lessor of the tax and interest and/or penalties attributable to such Loss, increased to such amount or amounts as shall, in the reasonable opinion of Lessor, after deduction of all fees, taxes and/or other charges required to be paid by Lessor in respect of the receipt of all amounts payable by Lessee to Lessor under this section 14.5 under the laws of any Federal, state, city or local

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government or taxing authority in the United States, (hereinafter called "fees, taxes and/or other charges") cause the Lessor's net return on investment to equal the net return on investment that would have been realized by Lessor if the Lessor had been entitled to utilize all the Depreciation Deduction, or if payment of the tax and interest and/or penalties attributable to such Loss is made after the final rental payment date hereunder, within 30 days after written notice by Lessor to Lessee of such payment by Lessor, the Lessee shall pay to Lessor such amount which, after the deduction of all fees, taxes and/or other charges, when added to the rental payments made pursuant to this Lease, will cause the Lessor's net return on investment to equal the net return on investment that would have been realized by Lessor if Lessor had been entitled to utilize all the Depreciation Deduction, and, in addition to the foregoing, Lessee shall forthwith pay to Lessor the amount which, after the deduction of all fees, taxes and/or other charges, equals the amount of any interest and/or penalties (including any additions to tax because of underpayment of estimated tax) which may be assessed by the United States of America or any state or local taxing authority against Lessor attributable to the loss of all such portion of the Depreciation Deduction.

14.6 In the event the rental rates shall be adjusted as hereinabove provided, the Stipulated Loss Values set forth in the Schedule shall be adjusted accordingly. Lessee's agreement to pay any sums which may become payable pursuant to Section 14.5 shall survive the expiration or other termination of this Lease.

14.7 Lessor shall give Lessee prompt notice of any formal assertion or proposal by the IRS with respect to matters set forth in Section 14.5. If at Lessee's request, and at Lessee's sole expense, Lessor shall file and prosecute available administrative appeals or a claim or claims for refund of Federal income tax which would result from the disallowance of the Depreciation Deduction, and if any such adjustments or refunds and interest thereon are allowed and Lessee has fulfilled its obligation to pay increased rentals under Section 14.5, Lessor shall repay Lessee the amount so recovered. However, if Lessor shall file and prosecute an administrative appeal or a claim for refund, Lessee agrees to indemnify Lessor for all costs and liabilities incurred by Lessor as the result of filing and prosecuting such an action.

SECTION 15  
DEFAULTS AND REMEDIES

15.1 If, during the continuance of this Lease, one or more of the following events (herein called "Events of Default") shall occur:

(a) Default shall be made by Lessee in the making of any payments to Lessor when due under any of the Fundamental Agreements or the Loaders Lease and such default shall continue for a period of ten days following notification by Lessor of such non-payment;

(b) Default shall be made by Lessee at any time in the procurement or maintenance of any insurance coverage prescribed in any of the Fundamental Agreements or in the Loaders Lease;

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(c) Default shall be made in the observance or performance of any other of the covenants, conditions, agreements or warranties on the part of Lessee contained in any of the Fundamental Agreements or in the Loaders Lease, and such default shall continue for thirty days after written notice from Lessor to Lessee specifying the default and demanding the same to be remedied;

(d) Any material representation or warranty of Lessee contained in any of the Fundamental Agreements or in the Loaders Lease, or in any document furnished to Lessor in connection therewith or pursuant thereto shall prove to be untrue or incorrect in any material respect.

(e) Lessee shall make or permit any unauthorized assignment or transfer of any of the Fundamental Agreements or the Loaders Lease, or of possession of any Unit;

(f) Lessee shall consent to the appointment of a receiver, trustee or liquidator of itself or of a substantial part of its property, or shall admit in writing its insolvency or bankruptcy or its inability to pay its debts generally as they come due, or shall make a general assignment for the benefit of creditors, or shall file a petition in bankruptcy, or a petition or an answer seeking reorganization in a proceeding under any bankruptcy laws (as now or hereafter in effect) or a readjustment of its indebtedness or an answer admitting the material allegations of a petition filed against Lessee in any such proceedings, or shall fail seasonably to contest any such proceedings, or shall by petition, answer or consent, seek relief under the provisions of any other now existing or future bankruptcy or other similar law providing for the reorganization or winding-up of corporations or an agreement, composition, extension or adjustment with its creditors;

(g) An order, judgment or decree shall be entered by any court of competent jurisdiction appointing without the consent of Lessee, a receiver, trustee or liquidator of Lessee or of any substantial part of its property, or any substantial part of the property of Lessee shall be sequestered, and any such order, judgment or decree of appointment or sequestration shall remain in force undismissed, unstayed or unvacated for a period of thirty days after the date of entry thereof (whether or not consecutive);

(h) A petition against Lessee in a proceeding under the bankruptcy laws or other insolvency laws as now or hereafter in effect shall be filed, and any decree or order adjudging Lessee a bankrupt or insolvent in such proceeding shall remain in force undismissed or unstayed for a period of thirty days after such adjudication (whether or not consecutive) or, in case the approval of such petition by a court of competent jurisdiction is required, the petition as filed or amended shall be approved by such a court as properly filed and such approval shall not be withdrawn or the proceeding dismissed within thirty days thereafter, or if, under the provisions of any law providing for reorganization or winding-up of corporations which may apply to Lessee, any court of competent jurisdiction shall assume jurisdiction, custody or control of Lessee or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of thirty days (whether or not consecutive);



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Then, in any such case, after the occurrence of such Event of Default, Lessor at its option may:

(A) proceed by appropriate court action or actions either at law or in equity, to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof, or,

(B) give written notice to Lessee specifying the occurrence giving rise to such Event of Default or Events of Default and stating that this Lease shall expire and terminate on the date specified in such notice, which shall be at least ten days after the giving of such notice (herein called "Date of Termination"), and upon the date so specified (if any such Event of Default shall be continuing), subject to the provisions hereof relating to the survival of Lessee's obligations, this Lease shall expire and terminate, and all rights of Lessee under this Lease shall absolutely cease and determine as though this Lease had never been made but Lessee shall remain liable as herein provided, and thereupon Lessee shall deliver possession of the Units to Lessor in accordance with Section 16 hereof and Lessor may take or cause to be taken by its agent or agents immediate possession of the Units without liability to return to Lessee any rental theretofore paid hereunder and free of any claims of Lessee whatsoever, and may remove the same from the possession and use of Lessee and for such purpose may enter upon Lessee's premises where the Units may be located and may use and employ in connection with such removal any supplies, services, means or other facilities of Lessee's with or without process of law; but Lessor shall nevertheless have a right to recover from Lessee any and all amounts which may be then due and unpaid or which may become due for the use of the Units (including rentals accruing hereunder after the date of the Event of Default and prior to such termination); and also to recover forthwith from Lessee;

- (1) any damages in addition thereto which Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental, and, in addition
- (2) as damages for the loss of a bargain and not as a penalty a sum with respect to the Units which represents (a) the excess of the unpaid balance of total rental of the Units discounted at the then effective WFB Prime Rate, from the dates the rental would otherwise have been paid to the Date of Termination

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over the present worth at the Date of Termination of the fair rental value of such Equipment for the period from the Date of Termination to the date on which the term hereof would have expired but for such termination, plus (b) interest on such excess until paid at the rate of ten percent per annum commencing on the Date of Termination, and (c) reasonable provision for expenses (including reasonable attorneys' fees) incurred by Lessor in taking possession of, overhauling, restoring to full productive capacity, repairing or modifying the Units after repossession thereof as determined by Lessor to be reasonably required to place such Units in a condition reasonably suitable for sale, re-lease or use.

15.2 Lessor shall have the option, whether or not it shall then have possession of the Units, to conclusively establish the present worth at the Date of Termination of the fair rental value of the Units for all purposes by a bona fide lease of the Units which may be made by Lessor free from any and all claims of Lessee, or of any other party claiming by, through or under Lessee at law or in equity. Upon any such lease the present worth at the Date of Termination of the fair rental value of the Units for all purposes shall be conclusively deemed to be the proceeds of such lease to the date on which the term of this Lease would have expired but for termination discounted at the then effective WFB Prime Rate, from the date such proceeds are to be paid to Lessor to the Date of Termination.

15.3 In accordance with Section 15.1 (B), and without limiting the generality thereof, Lessor or its agents may sell the Units at public or private sale, with or without notice to Lessee, advertisement or publication, as Lessor may determine, or otherwise may dispose of, hold, or lease the Units (whether for a period greater or less than the balance of what would have been the term of this Lease in the absence of the termination of Lessee's rights to the Units) to others, on all such terms and conditions and at such place or places as the Lessor may determine and all free and clear of any rights of Lessee and of any claim or right of redemption of Lessee in equity, at law or by statute, whether for loss or damage or otherwise. LESSEE HEREBY WAIVES ANY AND ALL RIGHTS TO NOTICE AND TO A JUDICIAL HEARING WITH RESPECT TO THE REPOSSESSION OF THE UNITS BY LESSOR IN THE EVENT OF A DEFAULT BY LESSEE.

15.4 Lessor may at its election waive any Event of Default and its consequences and rescind and annul any such notice of termination by notice to Lessee in writing to that effect and thereupon the respective rights of the parties shall be as they would have been if no Event of Default had occurred and no such notice had been given. Notwithstanding the provisions of this Section 15.4, it is expressly understood and agreed by Lessee that time is of the essence of this Lease and that no waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any right or remedies consequent thereon.

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15.5 Each and every power and remedy hereby specifically given to Lessor shall be in addition to every other power and remedy specifically so given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by Lessor. All such powers and remedies shall be cumulative and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of Lessor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. In the event that Lessor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit Lessor may recover reasonable expenses, including attorneys' fees, and the amount thereof shall be included in such judgment.

SECTION 16  
RETURN OF UNITS

16.1 Upon expiration of the term in respect of the Units, or if Lessor shall rightfully demand possession of the Units pursuant to Section 15 hereof, or otherwise, the Lessee shall forthwith deliver possession of the Units to the Lessor. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

- (a) Forthwith assemble and place all Units in the Plant Site.
- (b) Permit the Lessor to store all such Units in the Plant Site at the sole cost, expense and risk of the Lessee until such Units have been sold, leased or otherwise disposed of by the Lessor, and
- (c) Transport all such Units to any place designated by Lessor within 100 miles of the Plant Site as directed by the Lessor, or, if Lessor shall so request, Lessee shall load the Units at its expense on board such carrier as Lessor shall specify and ship freight collect as directed by Lessor. The assembling, delivery, storage and transporting of the Units as hereinabove provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.



The Units when delivered to Lessor shall have installed all accessories or parts installed thereon at the commencement of the term of this Lease or replacements therefor made in accordance with the provisions of this Lease, shall be in as good condition as when delivered to Lessee, ordinary wear and tear and changes or alterations properly made by Lessee as permitted under this Lease excepted and shall be in good operating condition. All markings of Lessee shall be removed by Lessee by methods approved by Lessor. Lessee shall also deliver to Lessor with each Unit, all inspection, modification and overhaul records applicable to such Units.

SECTION 17  
INSPECTION AND REPORTS

17.1 During the term of this Lease, Lessee shall furnish to Lessor - such information concerning the location, condition, use and operation of any Unit as Lessor may reasonably request, and Lessee shall permit any person designated by Lessor in writing, at Lessor's expense, to visit and inspect any Unit and the records maintained in connection therewith, and to discuss the affairs, finances and accounts of Lessee with the principal officers of Lessee, all at such reasonable times and as often as Lessor may reasonably request.

17.2 Without demand Lessee will:

17.2.1 notify Lessor as promptly as may be practical of each accident involving a claim in excess of \$50,000 arising out of the alleged or apparent improper construction, functioning or operation of any Unit, the time, place and nature of the accident and damage, the names and addresses of parties involved, persons injured, witnesses and owners of property damaged, and such other information as may be known, and promptly advise Lessor of all correspondence, papers, notices and documents whatsoever received by Lessee in connection with any claim or demand involving or relating to improper construction, operation or functioning of any Unit in any substantial respect or charging Lessor with liability, and together with Lessor's employees, aid in the investigation and defense of all such claims and shall aid in the recovery of damages from third persons liable therefor;

17.2.2 notify Lessor in writing, within ten days after any day on which any tax lien shall attach to any Unit, of the location of any such Unit on such day.

SECTION 18  
IDENTIFICATION

Each Unit shall bear such manufacturer's serial number as the manufacturer shall have assigned. Lessee, at its own expense and cost, shall cause each Unit to be legibly marked, in a reasonably prominent location, with a plate, disc, or other marking to evidence the fact that such Unit is owned by Lessor

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and subject to this Lease, each setting forth the following legend:

"GATX Leasing Corporation  
Owner-Lessor  
San Francisco, California"

Lessee shall not remove or deface or permit to be removed or defaced, any such plate, disc, or other marking so placed on any Unit or the identifying serial number, or mark where there is one, of such Unit and, in the event of such removal or defacement, shall promptly cause such plate, disc, other marking or serial number to be replaced.

SECTION 19  
RECORDATION AND FILING

19.1 Lessee shall, at its own expense, cause this Lease, the Acceptance Supplement, the Fundamental Agreements and any and all additional instruments which shall be executed pursuant to the terms thereof, so far as permitted by applicable law or regulations, to be kept, filed and recorded at all times in such places as Lessor may reasonably request, to perfect and preserve Lessor's rights thereunder.

19.2 Lessee shall prepare and file state Uniform Commercial Code financing statements, or equivalent, in the state where the Units may be located with respect to the Units. The filing of any such financing statement, for the purpose of this Lease, shall not mean that Lessor has anything less than legal and beneficial ownership of the Units.

SECTION 20  
ASSIGNMENT

20.1 Subject to the provisions of Section 5 hereof, all or any of the rights, benefits and advantages of Lessor hereunder including the rights to receive payment of rental or any other payment under this Lease, and title to the Units subject to this Lease, may be assigned or transferred by Lessor and re-assigned or re-transferred by any assignee of Lessor at any time and from time to time.

20.2 Lessee acknowledges and understands that the terms and conditions of this Lease have been fixed by Lessor in anticipation of its being able to assign its interest under this Lease and grant a security interest in and to all or some of the Units leased hereunder to one or more lending institutions, or an agent or trustee representing such lending institutions, or to other parties having an interest in the leased Units or this transaction, all or some of which will rely upon and be entitled to the benefit of the provisions of this paragraph; and Lessee agrees with Lessor and with such lending institutions and/or such other party (for whose benefit this covenant is expressly made) and in consideration of the provisions hereof, as follows: (i) to recognize



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any such assignment, (ii) to accept the directions or demands of such assignee in place of those of Lessor, (iii) to surrender any leased property only to such assignee, (iv) to pay all rent payable hereunder and to do any and all things required of Lessee hereunder and not to terminate this Lease, notwithstanding any default by Lessor or the existence of any other offset as between Lessor and Lessee or the existence of any other liability or obligation of any kind or character on the part of Lessor to Lessee whether or not arising hereunder, (v) not to require any assignee of this Lease to perform any duty, covenant or condition required to be performed by Lessor under the terms of this Lease, all rights of Lessee in any such connection aforesaid being hereby waived as to any and all of such assignees, and (vi) to execute any documents (or consents to the assignment) which Lessor may reasonably request in order to effectuate the foregoing. However, nothing hereinabove contained shall relieve Lessor from its obligations to Lessee hereunder; and any such assignment, transfer or mortgage shall be subject and subordinate to the terms and provisions of this Lease and the rights and interest of Lessee hereunder.

20.3 No sublease of the Units or assignment or sublease of this Lease or of any of Lessee's rights and interests in and obligations under this Lease may be made by Lessee at any time whatsoever without Lessor's prior written consent; provided however, that Lessor consents to the use <sup>or sublease</sup> of the Units hereunder by any wholly owned subsidiary corporation of Lessee. Lessee shall continue to remain liable hereunder notwithstanding any assignment, subletting or use permitted hereunder.

## SECTION 21 FINANCIAL AND OTHER INFORMATION

21.1 Until all obligations of Lessee under this Lease are fulfilled, Lessee shall furnish to Lessor:

(a) An audited copy of Lessee's current annual report and such other interim reports of Lessee at such time as they are distributed to its stockholders as otherwise requested by Lessor, and quarterly financial statements as required by Lessor.

(b) Together with such annual report, an Officer's Certificate stating that there exists no Event of Default as defined in Section 15, and no condition, event or act which with notice or lapse of time or both, would become an Event of Default, or, if any such Event of Default or any such condition, event or act exists, specifying the nature thereof, the period of existence thereof and what action Lessee proposes to take with respect thereto.

(c) Such other information with respect to the financial condition and operations of Lessee as Lessor may from time to time reasonably request in order to determine whether the covenants, terms and provisions of this Lease have been complied with by Lessee.

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21.2 Lessee also covenants that forthwith upon any officer of Lessee obtaining knowledge of an Event of Default or of any condition, event or acts which with notice or lapse of time or both would become an Event of Default under this Lease, it will deliver to Lessor an Officer's Certificate specifying the nature thereof, the period of existence thereof, and what action Lessee proposes to take with respect thereto.

SECTION 22  
FURTHER ASSURANCES

Lessee and Lessor shall from time to time do and perform such other and further acts and execute and deliver any and all such other and further instruments as may be required by law or reasonably requested by the other to establish, maintain, and protect the respective rights and remedies of the other and to carry out and effect the intents and purposes of this Lease.

SECTION 23  
EXTENSION NOT A WAIVER

No delay or omission in the exercise of any power or remedy herein provided or otherwise available to Lessor shall impair or affect Lessor's right thereafter to exercise the same. Any extension of time for payment hereunder or other indulgence granted to Lessee shall not otherwise alter or affect Lessor's rights or the obligations of Lessee hereunder. Lessor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the obligations of Lessee or Lessor's rights hereunder with respect to any subsequent payment or default therein.

SECTION 24  
NOTICES

Subject to the provisions of Section 28 hereof with respect to notice of assignment of the Lessor's interest under the Lease, all demands, notices and other communications hereunder shall be in writing, and shall be deemed to have been duly given when personally delivered or when deposited in the mail, first class, certified or registered mail (return receipt requested) postage prepaid, or delivered to a telegraph office (requiring delivery of a copy thereof to addressee) charges prepaid, addressed as follows:

To Lessor:

GATX Leasing Corporation  
One Embarcadero Center  
San Francisco, California 94111

Attention: Contracts Administration

To Lessee:

Southern Industries Corporation  
61 St. Joseph Street, P. O. Box 1685  
Mobile, Alabama 36601

Attention: Treasurer

or at such addresses as may hereafter be furnished in writing by either party to the other by like means.



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SECTION 25  
APPLICABLE LAW

The provisions of this Lease and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of Alabama. Any provision hereof prohibited by or unlawful or unenforceable under any applicable law or any jurisdiction shall as to such jurisdiction be ineffective without modifying the remaining provisions of this Lease. Where, however, the provisions of any such applicable law may be waived, they are hereby waived by Lessee and Lessor to the full extent permitted by law, to the end that this Lease shall be deemed to be a valid, binding agreement enforceable in accordance with its terms.

SECTION 26  
SURVIVAL OF COVENANTS

Any other provisions contained in this Lease to the contrary notwithstanding, it is hereby agreed that the provisions of Sections 5, 6, 11, 12, 13, 14, 15 and 16 hereof, and any accrued obligations of Lessee to make payments under Section 12.2 and 12.4 hereof, shall survive the expiration or termination of this Lease and renewals hereof to the extent required thereby for their full observance and performance.

SECTION 27  
SUCCESSORS AND ASSIGNS

Subject to the provisions of Sections 20 and 28 hereof, this Lease shall be binding upon and shall inure to the benefit of Lessor and Lessee, and their respective successors and assigns.

SECTION 28  
NECESSITY AND MANNER OF GIVING NOTICE OF ASSIGNMENT

Any assignment, pledge or other conveyance, for security or otherwise, of this Lease by Lessor shall not be effective unless and until there shall have been delivered to Lessee, at Lessee's office, a written notice of such assignment, clearly identifying the Lease.

SECTION 29  
CONSOLIDATION, MERGER AND SALE OF ALL ASSETS

Lessee will not merge or consolidate with any other corporation or sell, lease or otherwise dispose of all or substantially all of its assets to any person, firm or corporation, if in any such transaction the rights and powers of Lessor will be adversely affected or if immediately after such transaction an Event of Default shall have occurred and be continuing and, provided, further, that any corporation which is to be the surviving or acquiring corporation in such transaction, (a) shall be a corporation organized and existing under

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the laws of the United States of America or a state thereof, and (b) shall, by agreement in writing, expressly assume the due and punctual payment of the rentals and other sums due and to become due under this Lease, and the due and punctual performance and observance of all the covenants and provisions of this Lease to be performed by Lessee.

SECTION 30  
RIGHT OF LESSOR TO PERFORM

If Lessee shall fail to comply with the covenants herein contained, including its covenants with respect to the maintenance of insurance, the payment of taxes, assessments and other charges or keeping the Units in repair and free of liens, charges and encumbrances, Lessor may, but shall not be obligated to (i) make advances to perform the same, and (ii) enter upon the Plant Site to perform any and all acts required by Lessee's covenants herein contained and to take all such action thereon as in the Lessor's opinion may be necessary or appropriate therefor. All payments so made by Lessor and all costs and expenses (including without limitation reasonable attorneys' fees and expenses) incurred in connection therewith shall be payable by Lessee upon demand as additional rent hereunder, with simple interest at the rate of 10% per annum (or at such lesser rate as shall be enforceable under then applicable law). No entry shall be deemed an eviction of Lessee or a repossession of the Units, and no such advance, performance or other act shall be deemed to relieve Lessee from any default hereunder.

SECTION 31  
HEADINGS

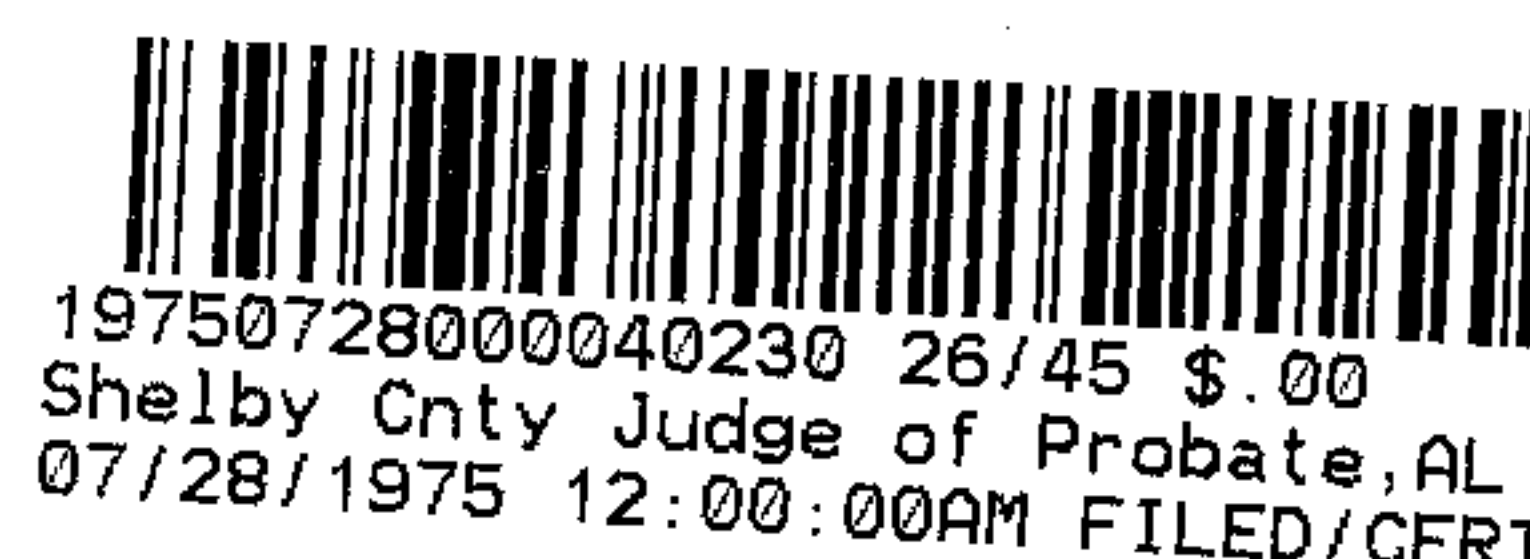
The headings in this instrument are for convenience of reference only, and shall not limit or otherwise affect the meaning hereof.

SECTION 32  
EXECUTION IN COUNTERPARTS

Two (2) counterparts of this Lease have been executed by the parties hereto. One (1) counterpart has been prominently marked "Lessor's Copy" and one (1) counterpart has been prominently marked "Lessee's Copy". Only the counterpart marked "Lessor's Copy" shall evidence a monetary obligation of Lessee.

SECTION 33  
ENTIRE AGREEMENT

This Lease supersedes and is in substitution of the former Lime Kiln Lease between the parties hereto, and it is agreed that



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this Lease is complete as the Lime Kiln Facility Lease between the parties hereto, and that there are no verbal agreements, representations, warranties or other understandings affecting the same.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunto duly authorized as of the date first above written.

WITNESS As To Execution By  
GATX LEASING CORPORATION:

*[Signature]*

GATX LEASING CORPORATION,  
A Delaware Corporation

BY *Stanley E. Gutman*  
As its Attorney-in-Fact

LESSOR

SOUTHERN INDUSTRIES CORPORATION,  
An Alabama Corporation

BY *Ernest F. Goddard*  
As its Treasurer

LESSEE

(CORPORATE SEAL)

ATTEST:

*Robert D. Kearns*  
As its Secretary

STATE OF ALABAMA

MONTGOMERY COUNTY

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I, *Margaret C. Jones*, a Notary Public in and for said County in said State, hereby certify that Stanley E. Gutman, whose name as Attorney-in-Fact for GATX Leasing Corporation, a Delaware corporation, is signed to the foregoing Lease, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such Attorney-in-Fact and with full authority, executed the same voluntarily for and as the act of said corporation.

GIVEN under my hand and official seal, this 30th day of June, 1975.

(SEAL)

*Margaret C. Jones*  
Notary Public in and for Montgomery  
County, Alabama.

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STATE OF ALABAMA

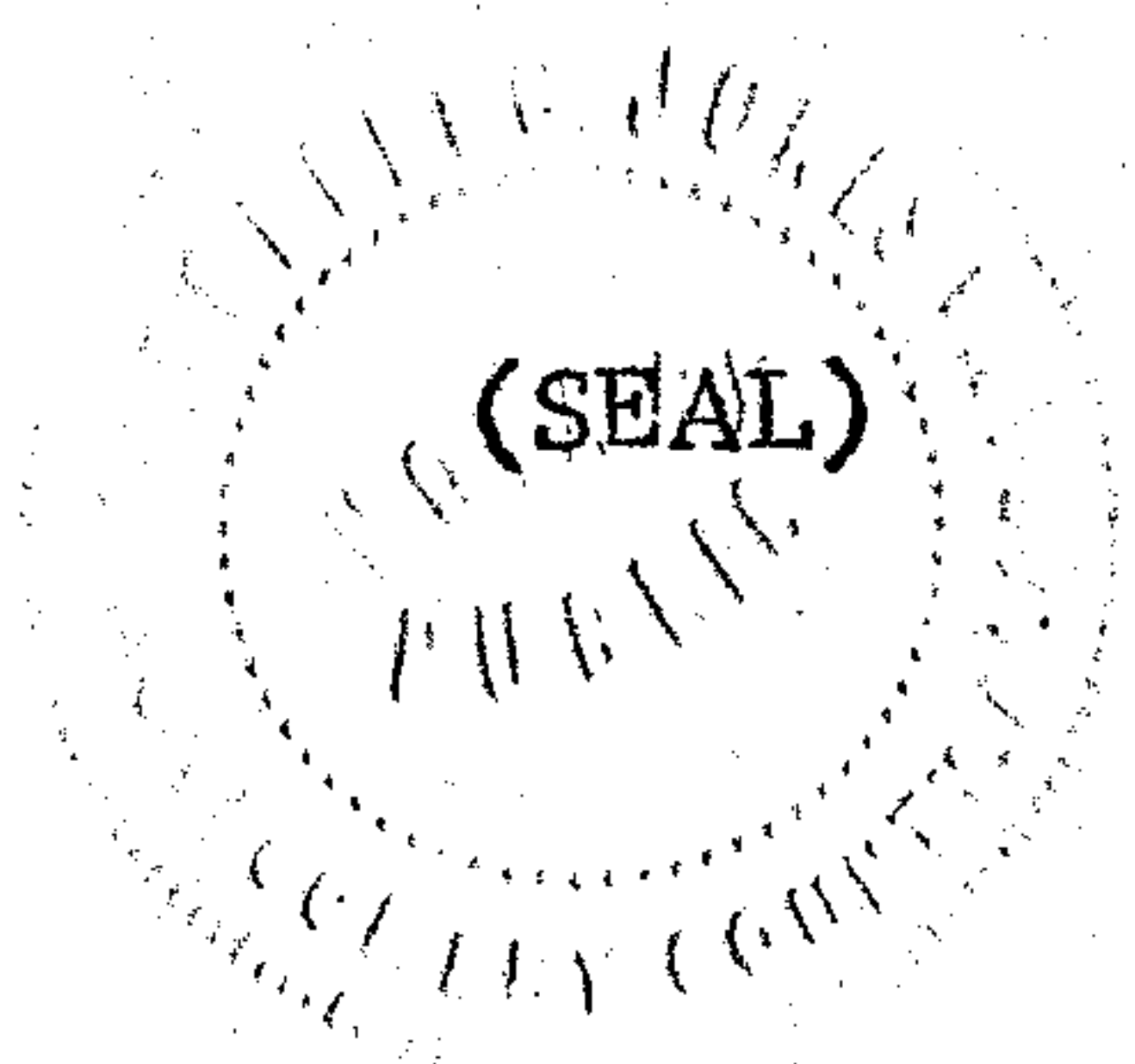
MONTGOMERY COUNTY

I, Margaret C. Jones, a Notary Public in and for said County in said State, hereby certify that Ernest F. Ladd, III, whose name as Treasurer of Southern Industries Corporation, an Alabama corporation, is signed to the foregoing Lease, and who is known to me, 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 official seal, this 30th day of June, 1975.

Margaret C. Jones  
Notary Public in and for Montgomery  
County, Alabama.

My commission expires: June 28, 1977.



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Schedule to Lime Kiln Lease  
Dated January 27, 1975 between  
GATX Leasing Corporation and  
Southern Industries Corporation

This Schedule is a part of the Lime Kiln Lease dated as of January 27, 1975 between GATX Leasing Corporation, Lessor, and Southern Industries Corporation, Lessee. The terms used in this Schedule shall have the meanings given in said Lease.

1. Description of Units: Estimated Cost:

Such designated Units constituting one (1) complete rotary lime kiln processing system as specified in the Construction Agreement and/or in Purchase Orders issued by Lessee, as more generally described on Attachment A hereto, and all as more particularly described on the Acceptance Supplement to be executed pursuant hereto.

Total Estimated Cost: \$ 3,205,000

The total Lessor's Cost of the Units shall not exceed \$3,300,000 without the prior written consent of Lessor. Provided, however, that Lessor and Lessee agree that Lessor does hereby reserve the right, in its sole discretion, at any time prior to April 1, 1975, to reduce the total Lessor's Cost of the Units to be subject to this Lease from \$3,300,000 to \$2,900,000, all without any obligation whatsoever to Lessee.

2. Term:

The lease term for the Units shall be fifteen (15) years, commencing on the date of execution of the Acceptance Supplement pertaining to such Units

3. Rental:

The rental for the Units payable by Lessee shall be 1.2153% of Lessor's Cost of all such Units, payable in one hundred eighty (180) consecutive monthly payments, in advance, commencing on the date of execution of the Acceptance Supplement pertaining to such Units. If on the date of execution of an Acceptance Supplement pertaining to the Units the WFB Prime Rate shall differ from 10-1/2%, the rental payable on said date shall be adjusted as set forth in the following table. (the rental shall not fluctuate during the term of the Lease notwithstanding the fact that the WFB Prime Rate may fluctuate).

<u>WFB Prime Rate</u>	<u>But Not More Than</u>	<u>Rental Percentage</u>
8.25 -	or less	1.1028%
8.26 -	8.99	1.1396
9.00 -	9.99	1.1771
10.00 -	10.99	1.2153
11.00 -	11.99	1.2542
12.00 -	12.99	1.3070
13.00 -	or more	1.3609

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T. J. B. *[Signature]*

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4. Location of Units:

The Units shall be located at the Plant Site with respect to Lessee's Rotary Line Film Processing Plant, Saginaw, Shelby County, Alabama, and Lessee agrees not to remove any Unit from the Plant Site without the prior written consent of the Lessor.

5. Cut-Off Date:

Lessor shall only be obligated to lease Units for which an Acceptance Supplement shall have been executed on or before April 1, 1976, unless Lessor shall otherwise agree in writing to extend such date; except that such date can in no event be extended beyond December 31, 1976.

6. Lessee's Purchase Option:

Lessee may elect to purchase all, but not less than all, of the Units hereunder for a purchase price equal to thirty percent (30%) of the original Lessor's Cost of each such Unit, plus any sales or other transfer tax applicable thereto, at the end of the lease term for such Units, at which time the purchase by Lessee and the sale by Lessor shall occur. This option must be exercised by written notice delivered to Lessor not more than 120 days and not less than 90 days prior to the end of the lease term with respect to the

Units. subject to this Lease, and such option may only be exercised if the Lease has not been earlier terminated and the Lessee is not in default under the Lease.

7. Lessor's Option to Put:

With notice not later than 90 days prior to the end of the lease term, Lessor may elect to require Lessee to purchase all, but not less than all, of the Units hereunder at the end of the lease term for an amount equal to 10% of their original Lessor's Cost. If Lessor should so elect, at the end of the lease term, Lessee shall tender cash in an amount equal to 10% of all the Units' original Lessor's Cost and Lessor shall transfer title to all such Units to Lessee without recourse or warranty. If Lessor shall elect to exercise its option to put, this option shall prevail over and upset Lessee's purchase hereinabove set forth in Paragraph 6.

8. Early Termination Upon Obsolescence:

So long as no Event of Default shall have occurred and be continuing, Lessee shall have the right at its option at any time from and after five (5) years from the date each and all of the Units became subject to the Lease, on at least ninety (90) days' prior written notice to Lessor to terminate the Lease with respect to any Unit on a day when a rental payment in respect of such Unit is due (hereinafter for purposes of this Paragraph called the "Termination Date"), specified in such notice, provided that Lessee shall have made a good faith determination that the Unit is obsolete or surplus to Lessee's requirements. Lessee shall deliver to Lessor together with such notice an Officer's Certificate, setting forth a summary of the basis for such determination by Lessee. During the period from the giving of such notice until the Termination Date, Lessee as agent for Lessor, shall use its best efforts to obtain bids for the purchase of such obsolete or surplus Unit described in such notice. Lessee shall certify to Lessor in writing the amount and terms of each bid received by Lessee and the name and address of the party (who shall not be Lessee or any person, firm or corporation affiliated with Lessee) submitting such bid. On the Termination Date Lessee shall deliver such Unit to Lessor, and Lessor shall, without recourse

L. A. R. ALI



or warranty, sell such Unit for cash to the bidder who shall have submitted the highest bid prior to such date. The total sale price realized at such sale shall be retained by Lessor and, in addition, on the Termination Date, Lessee shall pay to Lessor the excess, if any, of (i) the applicable Stipulated Loss Value as set forth in the Schedule for the Unit computed as of such date, over the sale price of the Unit sold by Lessor less all expenses incurred by Lessor in connection with such sale. If no sale shall have occurred on or as of the Termination Date, the Lease shall continue in full force and effect as to the respective Unit. In the event of any such sale and upon compliance by Lessee with the provisions of this Paragraph, the obligation of Lessee to pay rental hereunder with respect to such Unit after the Termination Date shall cease and the lease term for such Unit shall end as of the Termination Date. Lessor shall be under no duty to solicit bids, to inquire into the efforts of Lessee to obtain bids or otherwise take any action in connection with any such sale other than to transfer to the purchaser named in the highest bid certified by Lessee to Lessor, without recourse or warranty, all of Lessor's right, title and interest in and to the respective Unit, against receipt of the payment provided for herein.

9. Liability Insurance: (Minimum Limits)

(1) Primary Liability  
Third Party Bodily Injury or Death  
\$300,000 per person  
\$1,000,000 per occurrence

Third Party Property Damage Liability  
\$100,000 per occurrence

(2) Excess or Umbrella Liability  
\$3,000,000 inclusive of primary coverage

10. Stipulated Loss Values:

In the event that any Unit shall become lost, destroyed, or irreparably damaged, or condemned, seized or taken during the term of this Lease, as provided in Section 12.2 or 12.4, the Lessee shall promptly and fully notify the Lessor with respect thereto.

The Stipulated Loss Value of each Unit as of any monthly rental payment date shall be that percentage of Lessor's cost of such Unit as set forth in the following table and assumes that the rental payments due and payable prior to such date have been made. The Stipulated Loss Values shall not be prorated.

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TS. & FS. ALV



Payment in Lieu  
of Monthly Rental  
Payment

Payment in Lieu  
of Monthly Rental  
Payment

No.

Percentage

No.

Percentage

2	100.47
3	100.92
4	101.36
5	101.79
6	102.21
7	102.62
8	103.03
9	103.42
10	103.80
11	104.17
12	104.53
13	104.88
14	105.22
15	105.55
16	105.87
17	106.18
18	106.48
19	106.77
20	107.05
21	107.32
22	107.58
23	107.83
24	108.07
25	108.30
26	108.51
27	108.72
28	108.92
29	109.11
30	109.29
31	109.46
32	109.61
33	109.76
34	109.90
35	110.03
36	110.15
37	110.25
38	110.35
39	110.44
40	110.51
41	110.58
42	110.64
43	110.69
44	110.72
45	110.75
46	110.76

47	110.77
48	110.77
49	110.75
50	110.73
51	110.69
52	110.65
53	110.60
54	110.53
55	110.46
56	110.37
57	110.28
58	110.17
59	110.06
60	109.93
61	109.79
62	109.65
63	109.49
64	109.33
65	109.15
66	108.96
67	108.77
68	108.56
69	108.34
70	108.12
71	107.88
72	107.63
73	107.38
74	107.11
75	106.83
76	106.55
77	106.25
78	105.94
79	105.62
80	105.29
81	104.96
82	104.61
83	104.25
84	103.88
85	103.50
86	103.11
87	102.71
88	102.31
89	101.89
90	101.46
91	101.02

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W. J. B. ALV



Payment in Lieu  
of Monthly Rental  
Payment

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Payment in Lieu  
of Monthly Rental  
Payment

No.	Percentage	No.	Percentage
92	100.57	137	69.86
93	100.11	138	68.94
94	99.64	139	68.02
95	99.16	140	67.08
96	98.67	141	66.14
97	98.17	142	65.18
98	97.66	143	64.22
99	97.14	144	63.24
100	96.61	145	62.25
101	96.07	146	61.26
102	95.52	147	60.25
103	94.96	148	59.23
104	94.38	149	58.21
105	93.80	150	57.17
106	93.21	151	56.12
107	92.61	152	55.07
108	92.00	153	54.00
109	91.38	154	52.92
110	90.75	155	51.83
111	90.10	156	50.74
112	89.45	157	49.63
113	88.79	158	48.51
114	88.12	159	47.38
115	87.43	160	46.24
116	86.74	161	45.10
117	86.04	162	43.94
118	85.33	163	42.77
119	84.60	164	41.59
120	83.87	165	40.40
121	83.13	166	39.20
122	82.37	167	37.99
123	81.61	168	36.78
124	80.84	169	35.55
125	80.05	170	34.31
126	79.26	171	33.06
127	78.46	172	31.80
128	77.64	173	30.53
129	76.82	174	29.25
130	75.98	175	27.96
131	75.14	176	26.66
132	74.28	177	25.35
133	73.42	178	24.03
134	72.54	179	22.70
135	71.66	180	21.36
136	70.76	181	20.00

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L.S.B. RL ✓



Attachment A  
To Schedule to Lime Kiln Lease  
Dated January 27, 1975

Description of Units and Estimated Cost

Such designated Units constituting one (1) complete rotary lime kiln processing system as specified in the Construction Agreement and/or in Purchase Orders issued by Lessee, and consisting of (without limitation) the following Units:

<u>em No.</u>	<u>Description of Units and Estimated Cost</u>
1.0	<u>RAW STONE FEED SYSTEM - \$60,000</u> One complete system of raw stone feed conveyors to include as a minimum reclaim tunnel with magnetic feeders, approximately 425 lineal feet of 30" wide belt conveyor with head pulleys, tail pulleys, snub and takeup pulleys as required and pillow blocks, shafting and drives, all sized to avail a minimum capacity of 200 TPH of limestone. Carrying idlers shall be a minimum of 5"Ø, 20° troughing. Return idlers shall be spaced at approximately 4' centers with training idlers at approximately 40' centers. Structural steel shall be complete with deep truss structural frame, vents, towers and concrete foundations as required. Drive mechanisms shall include motors and reduction gearing. If required, a continuous discharge bucket elevator shall be fitted to feed the preheater.
2.0	<u>RAW STONE PREHEATER - \$480,000</u> A 500 TPD contact preheater complete with feed box, gate valve, 600 ton stone bin, cooling fan, (if required), feeders, discharge hopper, plunger cleanout chutes, 2 hydraulic power systems (one standby) with 10 plungers, stainless steel feed chute, refractory, structural steel supports and automatic controls and monitoring equipment. Foundations to include piling socketed into rock and concrete pile caps. shall be furnished as required.
3.0	<u>ROTARY KILN - \$190,000</u> Rotary kiln 11'-0 I.D. X 221'-6 long rated at 500 TPD with appurtenances as follows: 3 concrete piers situated on system of piles imbedded in rock, structural steel equipment bases, catwalks, tires, thrust rollers, carrying rollers, shafts and bearings, drive gear and pinion, and feed end chamber. Kiln drive to avail kiln operating speeds of 0.8 to 1.7 RPM, necessary heat exchangers and coolers with associated valves and piping, emergency drive, kiln dual fuel burner for both coal and natural gas, automatic controls to include Factory Mutual approved combustion safeguard unit and refractory with two internal dams.
4.0	<u>LINE CONTACT COOLER - \$170,000</u> L. H. Niems & Associates contact cooler designed to cool an average of 500 TPD of sized rotary kiln lime to within 75° F or less of ambient temperature to include the firing hood which is an integral part of the cooler, and is complete with hood off-take, hood doors, refractories and insulation, fan and drive, feeders and control alloy grates and air cooled alloy beams, automatic control of cooler air, automatic control of lime discharge, cooler support frame, and temperature, pressure, and air flow sensors, indicators and alarms as required. Foundations shall be piling socketed into rock formation with necessary pile caps.
5.0	<u>QUICKLINE CONVEYING EQUIPMENT - \$75,000</u> Finish product to be conveyed, sized and screened as follows: belt conveyor or drag conveyor, vibrating screen and crusher.



em No.	Description of Units and Estimated Cost
--------	---

### 6.0 QUICKLINE STORAGE BINS & OUTLOADING SYSTEM

Add storage bins over North railroad track with cone bottom and discharge gates with approximately 40,000 cubic feet of live storage with adequate foundations. Rail car outloading system shall include 30" conveyor belt scale approved by SWIB.

### 7.0 POLLUTION ABATEMENT EQUIPMENT

Two baghouses of the compressed air backwash type shall be used to abate fugitive dust from material handling as follows: one @ 16,000 CFM with fan and drive, one @ 22,000 CFM with fan and drive. Above to have maximum of 5 to 1 air to cloth ratio net and necessary duct work to comprise a compatible dust collecting system for quicklime handling equipment. One Fuller Dracco 10 compartment model 6000 pressure type baghouse for cleaning kiln effluent gases with necessary controls, valves, reverse air fan, temperature quenching system, ductwork, low pressure cyclone and draft fan.

### 8.0 COAL HANDLING AND FIRING SYSTEM - \$290,000

One air swept ball mill with classifier, exhaust fan, dampers, ball charge, duct work and chutes, all rated @ minimum 7.5 TPH of coal ground to 80% minus 200 mesh with feeder, fan, motors and controls. Foundations shall be as required for coal mill. Primary coal crusher station to include crushing equipment to reduce run of mine coal at rate of 200 TPH minus 1 inch.

### 9.0 MOTORS, CONTROLS AND INSTRUMENTATION - \$115,000

All necessary motors, starters, transformers, circuit breakers, recorder/controllers, indicators, visual and audible alarms, conduit and wiring properly sized and matched as required. Suitable required structures to house and/or support equipment and control panels.

### 10.0 FIRING BUILDING - \$35,000

Structural steel building to house control panel, primary air fan and firing equipment shall be installed, being approximately 30' X 30' nominal size built over pit containing Neims cooler and to have as minimum: Continuous side vents all around, suitably sized galvanized mono-vent on roof, 20 gauge roofing, 22 gauge siding, monorail with hoist rated 3 ton, and necessary foundations.

### 11.0 COAL STORAGE FACILITIES

One storage building with approximately 60' X 100' base dimensions and 25' eave height with open walls. One 300 ton minimum tank with approximately 45° cone bottom to include feeders and structural supports.

### 12.0 MISCELLANEOUS STRUCTURAL - \$40,000

Necessary miscellaneous structural steel required shall be furnished.



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Item No.                      Description of Units and Estimated Cost

.0      SCRUBBER AND FAN - \$125,000

.0      REFRACTORY, KILN LINING - \$85,000

.0      SITE PREPARATION - \$10,000

.0      FOUNDATIONS - \$250,000

.0      INSTALLATION - \$300,000

.0      ELECTRICAL - \$100,000

.0      UTILITIES - \$15,000

.0      FIELD EXPENSE - \$10,000

.0      ENGINEERING - \$65,000

Estimated Total Cost  
of the above: \_\_\_\_\_

\$3,205,000

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Exhibit B

Delivery Date: \_\_\_\_\_

Acceptance Supplement No. \_\_\_\_\_  
to Schedule \_\_\_\_\_  
to the Lime Kiln Lease  
Dated January 27, 1975  
Between GATX Leasing Corporation  
and Southern Industries Corporation

This Acceptance Supplement is executed pursuant to that certain Lime Kiln Lease dated January 27, 1975 and Schedule thereto between GATX Leasing Corporation and Southern Industries Corporation.

The terms used herein shall have the meaning given to such terms in the aforesaid Lease and Schedule in accordance with the terms thereof.

Lessee hereby confirms (i) that all the Units described in the Annex A attached hereto have been delivered as of this date; (ii) that said Units have been fully assembled installed and successfully tested as to applicable performance criteria and "Final Acceptance" verified under the Construction Agreement (a copy of which verification executed by Lessee and the Builder is annexed hereto), and upon payment in full of the Lessor's Cost of the Units set forth below, the Units shall be free and clear of all liens of mechanics, laborers, materialmen and suppliers for work or services performed or materials furnished in connection with the assembly, installation and testing of the Units, and (iii) that the Lease with respect to said Units shall commence as of this date and continue for a period of fifteen (15) years.

Lessee confirms that said Units have been examined by duly appointed and authorized representatives of Lessee and that such examination shows that the requirements of the Lease with respect to the identification of the Units have been met.

Lessee confirms that on the aforesaid Delivery Date (i) all of said Units were duly accepted by the Lessee as Units for leasing under the Lease (ii) said Units became subject to and governed by the provisions of the Lease and Schedule, and (iii) Lessee became obligated to pay to Lessor the rentals provided for in the Lease and Schedule and herein with respect to said Units.

The total Lessor's Cost of the Units subject to this Acceptance Supplement is \$ \_\_\_\_\_, as follows

Invoice price paid to Builder.....	\$ _____
Invoice price paid to other Vendors, contractors or suppliers.....	\$ _____
Invoice price paid to Lessee.....	\$ _____
Sales or use taxes (less such amounts included in invoices).....	\$ _____
Total of Lessor's Cost.....	\$ _____

The monthly rental for said Units as computed in accordance with the provision of the Schedule is \$ \_\_\_\_\_, payable monthly in advance.

Accepted:

GATX Leasing Corporation

Southern Industries Corporation

By \_\_\_\_\_  
Senior Vice President

By \_\_\_\_\_  
Vice President

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Location of Units: Rotary Lime Kiln  
Processing Plant, Shelby County, Saginaw,  
(20 miles south of Birmingham on  
Highway 20), Alabama.

Annex A to Acceptance Supplement No. \_\_\_\_\_ to  
Lime Kiln Lease dated January 27, 1975 between  
GATX Leasing Corporation  
and  
Southern Industries Corporation

<u>No.</u>	<u>Description of Unit</u>	<u>Manufacturer Vendor</u>	<u>Identification or Serial No.</u>	<u>Cost of Unit</u>	<u>Applicable Rental Tax</u>
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Total Cost of all Units  
Subject to this Acceptance  
Supplement \$ \_\_\_\_\_



EXHIBIT C  
TO LIME KILN LEASE

All that certain real property located in Saginaw, Shelby County, Alabama, (sometimes referred to as the "conveyed property"), described as follows:

Part of the North Half of the Southeast Quarter of the Southwest Quarter of Section 7, Township 21 South, Range 2 West, Shelby County, Alabama, said part being more particularly described as follows:

From the Northwest corner of the Southwest Quarter of the Southwest Quarter of said Section 7, looking South along the West line of said quarter-quarter section, turn an angle to the left of 80 degrees 41 minutes and run Southeasterly for a distance of 1877.08 feet to the point of beginning of the property herein described; thence turn an angle to the left of 28 degrees 33 minutes and run Northeasterly for a distance of 406.32 feet; thence turn an angle to the right of 90 degrees and run Southeasterly for a distance of 70 feet; thence turn an angle to the right of 90 degrees and run Southwesterly for a distance of 435.3 feet; thence turn an angle to the right of 90 degrees and run Northwesterly for a distance of 70 feet to a point which is 28.98 feet from the point of beginning, then go in a Northeasterly direction in a straight line 28.98 feet to the point of beginning.

EXCEPTING:

1. Current ad valorem taxes not yet due.
2. Pipe line permit to Southern Natural Gas Corporation, recorded in Deed Book 90, Page 287, Probate Office of Shelby County, Alabama. (West 1/2 of Section 7).
3. Line Permit to Alabama Power Company, recorded in Deed Book 101, Page 97, Probate Office of Shelby County, Alabama. (South 1/2 of SW, Section 7).
4. Line permit to Alabama Power Company, recorded in Deed Book 103, Page 57, Probate Office of Shelby County, Alabama. (SE/SW, Section 7).
5. Line permit to Alabama Power Company, recorded in Deed Book 103, Page 486, Probate Office of Shelby County, Alabama. (SW 1/4 of Section 7).
6. Line Permit to Alabama Power Company, recorded in Deed Book 127, Page 305, Probate Office of Shelby County, Alabama. (South 1/2 of SW 1/4, Section 7).


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7. Line permit to Alabama Power Company, recorded in Deed Book 141, Page 418, Probate Office of Shelby County, Alabama. (South 1/2 of SW 1/4 and SW 1/4 of SE 1/4, Section 7; North 1/2 of NW 1/4 of Section 8).

8. Line permit to Alabama Power Company, recorded in Deed Book 169, Page 328, Probate Office of Shelby County, Alabama. (SW 1/4 and SW/SE, Section 7).

Provided, however, in the event that any of the foregoing Exceptions Nos. 2 through 8, inclusive, shall have been abandoned or that all rights with respect thereto have been relinquished, it is understood and agreed that such Exceptions shall be deleted herefrom, with the same force and effect as though never included herein.

  
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Easements and Profits over, in and across the following described real property (sometimes referred to as the "easement property"):

The following described lands in Section 7, Township 21 South, Range 2 West, in Shelby County, Alabama, to-wit:

The South 1/2 of the NE 1/4 of SW 1/4; the SW 1/4 of the SW 1/4 and the North 1/2 of the SE 1/4 of the SW 1/4.

LESS AND EXCEPT the following described four parcels thereof:

PARCEL I: Begin at a point on Section line of Section 7 Township 21 South Range 2 West, 480 feet East of the Southwest corner of said Section 7 Township 21 South, Range 2 West and run East along said Section line 150 feet; thence due North 300 feet; thence due West 150 feet; thence due South 300 feet to point of beginning. This parcel was conveyed by Saginaw Lumber Co., to Trustees of Saginaw M. E. Church South by deed dated October 4, 1901 and recorded in Deed Book 24 page 585.

PARCEL II:

Commencing at the Southeast corner of the SW 1/4 of SW 1/4 of Section 7 Township 21 South, Range 2 West, running West along the Section line 180 yards to a Pine Knot, thence North 257 yards to the Columbiana Road to a pine Knot; thence South 130 yards to the beginning, three acres more or less. This parcel was conveyed to J. S. Patton by deed dated July 20, 1885 and recorded in Deed Book 57 page 526.

PARCEL III:

Begin at the point of intersection of the South right of way line of the L & N Railroad with the West boundary line of the SW 1/4 of SW 1/4 of Section 7 Township 21 South, Range 2 West, and run Easterly on said South right of way line a distance of 200 feet; thence turn to the right and run parallel to said West boundary line 330 feet; thence turn right and run parallel to said Railroad's South right of way line 200 feet to said 1/4-1/4 Section's West boundary line; thence turn right on said West boundary line and run 330 feet to point of beginning, containing 1.51 acres more or less. This parcel was conveyed to Lucius G. Brantley Jr., and Ella Brantley by deed recorded in Deed Book 217 page 408.

PARCEL IV:

From the Northwest corner of the Southwest Quarter of the Southwest Quarter of said Section 7, looking South along the West line of said quarter-quarter section, turn an angle to the left of 80 degrees 41 minutes and run Southeasterly for a distance of 1877.08 feet to the point of beginning of the property herein described; thence turn an angle



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to the left of 28 degrees 33 minutes and run Northeasterly for a distance of 406.32 feet; thence turn an angle to the right of 90 degrees and run Southeasterly for a distance of 70 feet; thence turn an angle to the right of 90 degrees and run Southwesterly for a distance of 435.3 feet; thence turn an angle to the right of 90 degrees and run Northwesterly for a distance of 70 feet to a point which is 28.98 feet from the point of beginning, then go in a Northeasterly direction in a straight line 28.98 feet to the point of beginning.

Said Easements and Profits being a non-exclusive right to use the easement property with all rights of ingress and egress for the following purposes:

1. For roadway access to and from the conveyed property to New U. S. #31 Highway on and over all roadways on the easement property as may now or hereafter exist.

2. For the use of any and all spray pond basins, ponds, water lines, water refill lines and pumps at any time installed or existing on the easement property, together with the right to take water from any and all of the foregoing, and to install, operate, use, maintain, repair and replace additional water lines, water refill lines and pumps and other related water facilities, equipment and accessories on the easement property for use in connection with the conveyed property and any and all use at any time being made therefor, and activities at any time being conducted thereon.

3. For the installation, operation, use, maintenance, repair and replacement of any and all equipment, facilities, materials and buildings at any time placed or to be placed on the conveyed property, together with the right to temporarily store on the easement property any and all equipment, materials and other items of personal property which are to be used on the conveyed property and/or any facilities at any time existing thereon.

4. For the installation, operation, use, maintenance, repair and replacement of any equipment, facilities and materials used on the conveyed property as may be necessary or appropriate to comply with the terms of any governmental order, regulation, law, rule, ordinance or requirement with respect to the conveyed property, or any use at any time being made thereof or activity being conducted thereon.

5. For the installation, operation, use, maintenance, repair and replacement of:

(i) any and all Utility Services (as said term is hereinafter defined) on the easement property; and/or,

(ii) separate meters or facilities for such Utility Services on the easement property; and/or,

(iii) such additional Utility Services on the easement property as may be required or desired by any



utility or any company providing Utility Services, or any other person, firm, corporation, government or governmental entity.

As used herein, the term "Utility Services" shall mean and include, but not be limited to, (i) water, (ii) natural gas, (iii) artificial gas, (iv) electricity, (v) oil and petroleum products, (vi) sanitary sewer service, (vii) any and all materials or substances, liquid, solid, gaseous or otherwise, providing or for use in providing energy in connection with the use and enjoyment of the conveyed property, and in addition to the foregoing and not in limitation thereof, such Utility Services shall include at a minimum an existing and continuous amount of:

(i) electricity equal to 3,000 total horsepower (3.75 KVA) as furnished by Alabama Power Company, or any successor thereto, or any other utility company, or anyone else, pursuant to existing or new substations and starters and distribution systems; and,

(ii) water equal to 50% of the aggregate amount of all incoming water furnished by Alabaster City Water Company or any successor thereto or any other utility company or anyone else, as may now or hereafter be obtained or used for the activities being carried out on the conveyed property and easement property; and,

(iii) natural gas provided by any existing or new distribution system for pilot and standby use which incorporates a six-inch line at 70 lbs. pressure (full capacity) and a reducing system at the burner, as furnished by Southern Natural Gas Company or any successor thereto, or any other utility company, or anyone else.

6. For the drainage of water from the conveyed property, regardless of the buildings, improvements, facilities, and other property at any time situated on the easement property.

7. For the storage of coal, in an amount not exceeding 3,000 tons, which coal shall be stored in any reasonable area or coal storage bins located within 1,000 feet from the Southerly boundary of the easement property.

8. For the storage of raw stone (as said term is herein-after defined), which raw stone shall be stored in any reasonable area encompassed in a circle with a diameter of 125 feet tangent to the Easterly boundary line of the conveyed property. "As used herein, the term "raw stone" shall mean and include all sand, gravel, limestone, clay, clay-gravel, stone, rock and all oyster shells, clam shells and sea shells of all types, and all derivatives thereof, and all other substances and products which have been mined, quarried, dredged or extracted, and the derivatives thereof.





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9. For the installation, operation, use, maintenance, repair and replacement on the easement property, of any and all equipment, facilities, materials and buildings which are part of or related to or required for the use of the equipment, facilities, materials and buildings at any time being used and located on the conveyed property and/or being used in connection with the activities being conducted on the conveyed property, including without limitation, raw stone feed system, quicklime conveying equipment, quicklime storage bins and out loading system, coal storage facilities, coal handling and firing system, and component parts of or accessories to the foregoing. This easement confers upon the holder and owner thereof the right to take and remove or to substitute and replace any and all of such equipment, facilities, materials and buildings at any time and from time to time, it being stipulated and agreed that such items of property, though attached to the real estate, shall retain their character as personal property for use, removal, substitution or replacement at any time and from time to time.

10. For the use of any railroad tracks or trackage and track facilities (including but not limited to switching facilities, and other facilities used or to be used in connection with the use of railroad tracks on said easement property), as may now or hereafter be provided by L & N Railroad or any successor thereof, or any other railroad company, or anyone else, together with the right to extend or install, operate, use, maintain, repair and replace such tracks or trackage or additional track facilities (including but not limited to switching facilities) on the easement property, as may be reasonably required to transport coal, raw stone, materials, or other property to and from the conveyed property.

11. For the transportation by truck or other loading vehicles of any and all types of materials, raw stone, coal, finished product and other property, whether real or personal, to and from any and all coal storage bins, raw stone storage areas, loading and rail storage bins, truck loading and storage bins for finished product, truck scales, or any other area or areas at any time located on the easement property, together with reasonable turnaround space for such purposes.

12. For the installation, operation, use, maintenance, repair and replacement of any fire fighting equipment (including but not limited to fire water pond, water lines, water refill lines and pumps) on the easement property from time to time.

13. In addition to the foregoing, and not in limitation thereof, for storage of all types of materials, equipment or other property, including storage of finished product; for maintenance and replacement of equipment or other facilities, and for the use of buildings and facilities, including parking facilities, office facilities, metal buildings, block buildings, conveying facilities, scrubbers, weighing stations and tanks, as may now or hereafter exist or be located on the easement property, which are appropriate or desirable for or in connection with the use at any time being made of the conveyed property or any facilities existing thereon.



14. For such other purposes as may hereafter be required, appropriate or desirable in order to enjoy the foregoing easements, and for such purposes, no buildings, structures, fences, facilities or other construction shall be erected on or over or across the easement property, which will in any way interfere with the use and enjoyment of the foregoing easements or the use of the conveyed property or any facilities situated thereon, or constitute an encroachment upon the conveyed property, or restrict any access to the conveyed property from either a Southerly, Easterly or Westerly direction; provided, however, that fences may be erected and maintained outside of and along the Westerly boundary line of the easement property adjoining new U. S. #31 Highway.

STATE OF ALA. SHELBY CO.  
I CERTIFY THIS  
INSTRUMENT WAS FILED

1975 JUL 28 AM 8:30

*Deed Vol. 50*

*Conrad M. Davidson*

JUDGE OF PROBATE



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