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STATE OF ALABAMA)

SHELBY COUNTY)



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Shelby Cnty Judge of Probate, AL
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LEASE AGREEMENT dated as of May 1, 1971, between THE INDUSTRIAL DEVELOPMENT BOARD OF THE TOWN OF PELHAM, a public corporation and instrumentality under the laws of the State of Alabama, party of the first part, and JAMESTOWN CORPORATION, a corporation organized under the laws of the State of Alabama, party of the second part,

W I T N E S S E T H:

In consideration of the mutual covenants and agreements hereinafter contained, the parties hereto hereby covenant, agree and bind themselves as follows, to-wit:

ARTICLE I

DEFINITIONS, REPRESENTATIONS AND DEMISE CLAUSE

Section 1.1 Definitions. The following words, terms or phrases, when used in this Lease Agreement, have the following meanings, unless the context clearly indicates a different meaning:

"Act" means Act No. 648 enacted by the 1949 Regular Session of the Legislature of Alabama, as amended.

"Basic Rent" means that portion of the rent payable under Section 3.2(a) hereof.

"Bonds" means the Industrial Development Revenue Bonds of the Lessor of even date herewith issued pursuant to the Indenture in the principal amount of \$320,000, maturing on May 1 in years and amounts as follows: \$10,000 in each of the years 1974 through 1978; \$15,000 in each of the years 1979 through 1984; \$20,000 in each of the years 1985 through 1988; and \$25,000 in each of the years 1989 through 1992 and bearing interest payable November 1, 1971 and semiannually thereafter on May 1 and November 1 in each year at the following rates per annum: 8% for Bonds maturing in each of the years 1974 through 1976; 8-1/4% for Bonds maturing in each of the years 1977 through 1981; and 8-1/2% for Bonds maturing in each of the years 1982 through 1992.

Jack Atchison

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"Bond Fund" means the fund established under Section 402 of the Indenture.

"Building" means the building or buildings and all other structures which are required by this Lease Agreement to be constructed on the Leased Realty, as they may at any time exist.

"Construction Fund" means the fund established under Section 303 of the Indenture.

"Indenture" means the Mortgage and Indenture of Trust (including any indenture supplemental thereto) between the Lessor and The City National Bank of Tuscaloosa, Tuscaloosa, Alabama, as Trustee, of even date, which will be filed for record in the office of the Judge of Probate of Shelby County, Alabama, at the same time this Lease Agreement is so filed in said office.

"Independent Architect" means an architect registered and qualified to practice the profession of architecture under the laws of the State not unsatisfactory to the Trustee and not in the full-time employment of either the Lessor or the Lessee.

"Independent Engineer" means an engineer registered and qualified to practice the profession of engineering under the laws of the State not unsatisfactory to the Trustee and not in the full-time employment of either the Lessor or the Lessee.

"Lease Term" means the duration of the leasehold estate granted in Section 3.1 of this Lease Agreement and upon the exercise of the option to renew, the renewal term provided in Section 9.7 hereof.

"Leased Realty" means the real estate described in Section 1.4 hereof less any such real estate, interests in real estate and other rights as may be released from this Lease Agreement pursuant to the provisions hereof or taken by the exercise of the power of eminent domain.

"Lessee" means (i) the party of the second part hereto and its successors and assigns and (ii) any surviving, resulting or transferee corporation as permitted in Section 7.3(e) of this Lease Agreement.

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"Lessor" means (i) the party of the first part hereto, and its successors and assigns and (ii) any public corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party as permitted in Section 6.3 hereof.

"Municipality" means Town of Pelham, Alabama.

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

"Project" means the Leased Realty and all improvements thereon including the Building and those items of machinery, equipment and other personal property acquired with proceeds from the sale of the Bonds or the proceeds of any payment required to be made by the Lessee pursuant to the provisions hereof and any item of machinery, equipment or personal property acquired in substitution therefor or as a renewal or replacement thereof pursuant to the provisions hereof as such Leased Realty, Building, machinery, equipment and other personal property may at any time exist.

"Project Costs" means the expenses incurred by the Lessor in connection with the issuance and sale of the Bonds and all costs of acquiring, constructing, reconstructing, or improving land or property of a character subject to the allowance for depreciation necessary for the completion of the Project as provided in Sections 2.1 and 2.5 hereof.

"Project Supervisor" means the agent of the Lessee who at the time shall have been designated by the Lessee as Project Supervisor pursuant to the provisions hereof.

"State" means the State of Alabama.

"Trustee" means the trustee at the time serving as such under the Indenture.

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"Unimproved" when used with reference to the Leased Realty means any part or parts of the Leased Realty upon the surface of which no part of a building or other structure rests.

Section 1.2 Representations by the Lessor. The Lessor makes the following representations:

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

(b) The Lessor has determined that the issuance of the Bonds, the acquisition, improvement and construction of the Project and the leasing of the Project to the Lessee will promote industry, develop trade and further the use of agricultural products and natural resources of the State.

(c) The Bonds will be sold and delivered contemporaneously with the delivery of this Lease Agreement.

Section 1.3 Representations by the Lessee. The Lessee makes the following representations:

(a) The Lessee is duly incorporated under the laws of the state of its incorporation and is duly qualified to do business in the State, is not in violation of any provisions of its charter or articles or certificate of incorporation, its by-laws or the laws of the State of its incorporation, has power to enter into this Lease Agreement and by proper corporate action has duly authorized the execution and delivery of this Lease Agreement.

(b) The leasing by the Lessor of the Project to the Lessee will induce the Lessee to establish a new project in the State as provided in the Act.

(c) The Lessee intends to operate the Project for the manufacture, processing, storing, warehousing, distributing and sale of (i) interior and exterior wall panels or (ii) such other products of agriculture, mining and industry as the Lessee may deem appropriate.

Section 1.4 Demise of the Project. The Lessor, for and in consideration of the rents, covenants and agreements herein-after reserved, mentioned and contained on the part of the Lessee to be paid, kept and performed, does hereby demise and lease to the Lessee, and the Lessee does hereby lease, take and hire from the Lessor, the following described real property situated in Shelby County, Alabama, to wit:

Begin at the SW corner of the SE1/4 of the NW1/4 of Section 12, Township 20 South, Range 3 West; thence run easterly along the south boundary line of said 1/4-1/4 section for 1091.42 feet to a point in the center of the Old Birmingham-Montgomery Highway; thence turn an angle of 69°30' to the left and run northeasterly along the center of said Old Birmingham-Montgomery Highway 497.33 feet; thence turn an angle of 90° to the left and run northwesterly 30.0 feet; thence turn an angle of 90° to the left and run southwesterly 101.0 feet; thence turn an angle of 69°30' to the right and run westerly 1178.0 feet, more or less, to the center of Cahaba Valley Creek; thence run southerly down along the center of said creek, with the meanderings thereof 140.0 feet, more or less, to the point of intersection of the center line of said creek and the west boundary line of the SE1/4 of the NW1/4 of Section 12, Township 20 South, Range 3 West; thence run southerly along the west boundary line of said 1/4-1/4 section to the point of beginning,

Less and except the following described tract of land: Begin at the SW corner of the SE quarter of NW quarter of said Section 12, run east along south line 40.01 feet; thence north parallel with west line of said 1/4-1/4 section 223.28 feet, more or less, to the east boundary of said creek; thence west to center of said creek; thence southwesterly along said center line of creek to west line of said 1/4-1/4 section; thence southerly to point of beginning.

Subject to right of way reservations and covenants, easements, a transmission line permit, covenants and exceptions as they respectively appear of record in the office of the Judge of Probate of Shelby County, Alabama, in Deed Book 240, page 653, in Deed Book 266, page 196, in Deed Book 108, page 379, and in Deed Book 250, pages 430 to 433, inclusive, insofar as they relate to the land hereinabove described, and subject to the right of way for Old Birmingham-Montgomery Highway as the same now exists, and to utility easements along said Highway and in the right of way thereof, and subject also to the rights, privileges, conditions and



reservations set forth in that certain deed from Sepco Corporation to Jamestown Corporation recorded in the office of said Judge of Probate in Deed Book 267, page 365;

together with the Building and the machinery and equipment to be installed in the Building or on the Leased Realty as provided in Section 2.1 hereof and all other improvements now or hereafter situated on the Leased Realty and forming a part of the Project.

ARTICLE II

ACQUISITION OF THE PROJECT

Section 2.1 Agreement to Acquire. From the principal proceeds derived from the sale of the Bonds, the Lessor will (a) pay the cost of acquiring the Leased Realty; (b) construct the Building on the Leased Realty in accordance with plans and specifications therefor furnished to the Lessor by the Lessee; and (c) acquire and install in the Building or on the Leased Realty such items of machinery and equipment necessary for or useful in the operation of the Project as shall be specified in written instructions from the Lessee to the Lessor (said machinery and equipment being generally described on Exhibit A attached hereto and made a part hereof), such acquisition and installation to be made substantially in accordance with written directions from the Lessee.

The Lessor will commence the construction of the Building and the acquisition and installation of machinery and equipment as promptly as practicable, will continue said construction, acquisition and installation with all reasonable dispatch and will use its best efforts to cause the Project to be completed as soon as practicable. The Lessee will promptly give its written instructions with respect to machinery and equipment to be acquired and installed, will give its requests and approval of a construction contract or contracts and of purchase orders for material, supplies, and equipment, and will take whatever other action may be provided for in this Lease Agreement in order to expedite the completion of the Project.

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The Lessee may cause amendments to be made in the plans and specifications of the Building, provided such amendments will not change the nature of the Project to the extent that it would not constitute a "project" as authorized by the Act and any subsequent amendments thereto. The Lessor will make only such amendments in the plans and specifications as may be requested in writing by the Lessee. The Lessor will enter into, or accept the assignment of, such contracts as the Lessee may request in order to effectuate the purposes of this Section. The Lessor will not execute any construction contract or give any order for the purchase of material, supplies or equipment for the Project unless and until the Lessee shall have approved the same in writing.

If after the exercise of due diligence by the Lessor, it is impossible for the Lessor to construct any part of the Building which the Lessee duly requests the Lessor so to construct or to purchase or install any item of machinery and equipment which the Lessee requests the Lessor to purchase and install, the Lessor will notify the Lessee and the Trustee in writing and the Lessee (a) will withdraw the request in question, or (b) will itself effect the construction, purchase or installation so requested, for and in the name and on behalf of the Lessor, in which case the Lessee shall be entitled to reimbursement from the Construction Fund for the costs incurred by it in effecting such construction, purchase or installation.

The Lessor and the Lessee shall from time to time each appoint by written instrument an agent or agents authorized to act for each respectively in any or all matters relating to the acquisition of the Project and payments to be made out of the Construction Fund. One of the agents appointed by the Lessee shall be designated its Project Supervisor. Either the Lessor or the Lessee may from time to time, by written notice also filed with the Trustee, revoke, amend or otherwise limit the authorization of any agent appointed by it to act on its behalf or designate another agent or agents to act on its behalf, provided that there shall be at all times at least one agent authorized to act on behalf of the Lessor, and at least one agent (who shall



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be the Project Supervisor) authorized to act on behalf of the Lessee, with reference to all the foregoing matters.

The Lessor shall cause withdrawals to be made from the Construction Fund for the payment of the Project Costs including the repayment of temporary loans, if any, incurred for such purpose, and reimbursements to the Lessee for funds advanced to the Lessor or expended by the Lessee for such purpose but only upon the written approval of the Lessee and subject to the requirements of the Indenture with respect to withdrawals from the Construction Fund. In the event that, after reasonable request made to the Lessor by the Lessee, the Lessor fails or refuses to issue or execute a payment requisition from the Construction Fund for payment of any item of Project Costs including reimbursement to the Lessee as aforesaid, the Project Supervisor then designated by the Lessee, who is hereby irrevocably appointed as agent for the Lessor for such purposes, may issue and execute, also for and in the name and behalf of the Lessor and without any approval of any officer, employee or other agent thereof, a payment requisition on the Construction Fund.

Section 2.2 No Warranty of Suitability by Lessor; Lessee Required to Complete Project in Certain Events. The Lessee recognizes that since the plans and specifications for constructing the Building are furnished by it, and since the items of machinery and equipment are selected by it and are to be installed in accordance with its directions, the Lessor makes no warranty, either express or implied, or offers any assurances that the Project will be suitable for the Lessee's purposes or needs or that the proceeds derived from the sale of the Bonds will be sufficient to pay in full all Project Costs. In the event the proceeds derived from the sale of the Bonds are insufficient to pay in full all Project Costs, the Lessee shall be obligated to complete the acquisition and construction of the Project at its own expense and the Lessee shall pay any such deficiency and shall save the Lessor whole and harmless from any obligation to pay such deficiency. The Lessee shall not by reason of the payment of such deficiency from its own funds be entitled to any diminution in the payment of the rents hereunder.

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Section 2.3 Lessor to Pursue Remedies Against Contractors

and Subcontractors and Their Sureties. In the event of default of any contractor or subcontractor under any contract made by it for construction of the Building or acquisition or installation of machinery and equipment, the Lessor will promptly proceed (subject to the Lessee's advice to the contrary), either separately or in conjunction with others, to exhaust the remedies of the Lessor against the contractor or subcontractor so in default and against his surety (if any) for the performance of such contract. The Lessor will advise the Lessee of the steps it intends to take in connection with any such default. If the Lessee shall so notify the Lessor, the Lessee may, in its own name or in the name of the Lessor, prosecute or defend any action or proceeding or take any other action involving any such contractor, subcontractor or surety which the Lessee deems reasonably necessary, and in such event the Lessor will cooperate fully with the Lessee and will take all action necessary to effect the substitution of the Lessee for the Lessor in any such action or proceeding. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing shall be paid into the Construction Fund.

Section 2.4 Investment of Construction Fund and Bond

Fund Moneys. The Lessor shall cause any moneys held as a part of the Construction Fund and of the Bond Fund to be invested or reinvested by the Trustee, at the request of, and as directed by, the Lessee, in (i) bonds, treasury notes and other evidences of indebtedness of, and those unconditionally guaranteed as to the payment of principal and interest by, the United States of America (herein called "Government Obligations") or (ii) certificates of deposit issued by the Trustee or by any bank organized under the laws of the United States of America or any state thereof, having at the time of the issuance of such certificates of deposit, combined capital, surplus and undivided profits of not less than \$3,000,000, provided such certificates

are secured by a pledge of an equal principal amount of Government Obligations. Any certificates of deposit issued or purchased by the Trustee shall be deemed to be investments and not trust deposits. The Trustee may make any and all such investments through its own bond department. No investment shall be made which may result in any Bond being considered an "arbitrage bond" within the meaning of Section 103(d) of the Internal Revenue Code of 1954, as amended.

Section 2.5 Completion of the Project. The completion of the Project shall be evidenced to the Trustee by a certificate signed by the Lessor and by the Project Supervisor on behalf of the Lessor stating that (i) construction of the Building has been completed in accordance with the plans and specifications theretofore approved by the Lessee, (ii) all items of machinery and equipment have been acquired and installed in accordance with the Lessee's instructions, (iii) all labor, services, materials and supplies in connection with such construction, acquisition and installation have been paid for, and (iv) all facilities necessary in connection with the Project have been constructed, acquired and installed and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against any contractor or other person not a party to this Lease Agreement which exist at the date of such certificate or which may subsequently come into being. The Lessor and the Lessee will cooperate one with the other in causing such certificate to be furnished to the Trustee.

After the delivery of the aforesaid certificate to the Trustee, moneys in the Construction Fund shall at the direction of the Lessee be (i) used by the Trustee for purchase of Bonds for cancellation, at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of delivery, (ii) paid into the Bond Fund or (iii) a combination of (i) and (ii) as is provided in such direction.

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ARTICLE III

DURATION OF LEASE TERM
AND RENTAL PROVISIONS

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Section 3.1 Duration of Term. The term of this Lease Agreement and of the lease herein made shall begin on the date of the delivery of this Lease Agreement and, subject to the provisions of this Lease Agreement, shall continue until midnight of April 30, 1992. The Lessor will deliver to the Lessee possession of the Project (or such portion or portions thereof as are then in existence) on the commencement date of the Lease Term, subject to the inspection and other rights reserved in this Lease Agreement, and the Lessee will accept possession thereof at such time; provided, however, the Lessor will be permitted such possession of the Project as shall be necessary and convenient for it to comply with the provisions of Section 2.1 hereof; and provided further, the Lessor will be permitted such possession of the Project as shall be necessary and convenient for it to construct or install any additions or improvements and to make any repairs or restorations required or permitted to be constructed, installed or made by the Lessor pursuant to the provisions hereof.

Section 3.2 Rental Provisions. (a) Basic Rent. Basic Rent shall be payable in advance and shall be in an amount sufficient to pay the principal of and interest on the Bonds as the same becomes due and payable. The Lessee does hereby covenant and agree to pay to the Lessor Basic Rent in semiannual installments in an amount equal to the sum of the following:

(i) Beginning May 10, 1971, and continuing on the 10th day of each month thereafter to and including April 10, 1992, an amount equal to one-sixth (1/6) of the interest coming due on all outstanding Bonds on the next ensuing interest payment date; provided, however, that the accrued interest received and the additional sum from bond proceeds deposited in the Bond Fund provided for in the Indenture at the time of the sale and

delivery of the Bonds shall first be allowed as a credit against the payments otherwise coming due by virtue of the provisions of this subsection;

(ii) Beginning May 10, 1973, and continuing on the 10th day of each month thereafter to and including April 10, 1992, an amount equal to one-twelfth (1/12) of the principal of all outstanding Bonds maturing on the next ensuing principal payment date.

All Basic Rent payments shall be made directly to the Trustee for the account of the Lessor and shall be deposited in the Bond Fund. If on any principal or interest payment date the balance in the Bond Fund is insufficient to pay the principal of and interest on the Bonds due and payable on such date, the Lessee will forthwith pay any such deficiency. Any installment of Basic Rent not paid on the due date thereof shall bear interest until paid at the rate of 9% per annum. If at any time the amount held by the Trustee in the Bond Fund shall be sufficient to pay at the times required all the principal, interest due and to become due and premium, if any, on the Bonds then remaining unpaid, the Lessee shall not be obligated to make any further Basic Rent payments under the provisions of this Section but this provision shall not affect the other obligations of the Lessee under this Lease Agreement.

(b) Additional Rent. The Lessee shall pay as additional rent to the Trustee (i) an amount equal to the annual fee of the Trustee for the ordinary services of the Trustee rendered and its ordinary expenses incurred under the Indenture, as and when the same becomes due, (ii) the reasonable fees and charges of the Trustee, any paying agent and any bond registrar of the Bonds for acting as such, as provided in the Indenture, as and when the same become due, and (iii) the reasonable fees and charges of the Trustee for extraordinary services rendered by it and extraordinary expenses incurred by it under the Indenture, as and when the same become due; provided, that the Lessee may, without creating a default hereunder, contest in good

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faith the necessity for any such extraordinary services and extraordinary expenses and the reasonableness of any such fees, charges or expenses.

Section 3.3 Life Insurance. The Lessee shall obtain a policy or policies of insurance on the life of Mr. James B. Mercer in an insurance company or companies qualified to do an insurance business in the State of Alabama and New York, payable to the Trustee in the event of the death of Mr. James B. Mercer in an amount not less at any time than 108-1/2% of the principal of the Bonds at such time outstanding, less the amount of any funds then held by the Trustee and available for the redemption of Bonds. Such policy or policies shall be the property of the Trustee and shall be held by the Trustee so long as any of the Bonds shall be outstanding, and the Lessor shall cause the Trustee to make application for such insurance, hold possession of such policy or policies, pay premiums thereon to the extent that the Lessee shall pay to the Trustee the amount of such premiums as additional rent, and in the event of the death of Mr. James B. Mercer, to apply for the payment of the face amount of such policy or policies and to apply all such policy proceeds collected by the Trustee to the mandatory redemption of Bonds; provided, however, any Bonds maturing within six months of the receipt by the Trustee of such insurance proceeds need not be redeemed and the Trustee shall hold a sufficient amount of such insurance proceeds to pay said Bonds and interest thereon. Rent shall be abated by the amount of insurance proceeds applied to the redemption of Bonds and the latest installment of rent shall be first abated. Any insurance proceeds not required for the redemption or payment of Bonds shall be paid to Lessee. When all the Bonds shall have been paid in full as to both principal and interest or shall have been redeemed, the Lessor shall cause the Trustee to transfer or assign or change the beneficiary of such policy or policies of insurance as may be requested by the Lessee, and the Trustee shall deliver such policy or policies to or upon the order of the Trustee.

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The Lessee shall pay as additional rent to the Trustee the amount required for the payment of the premiums on the insurance required by the preceding paragraph prior to the respective due dates of such premiums.

Section 3.4 Obligations of Lessee Unconditional. The obligation of the Lessee to pay Basic Rent and additional rent, to make all other payments provided for herein and to perform and observe the other agreements and covenants on its part herein contained shall be absolute and unconditional, irrespective of any rights of set-off, recoupment or counterclaim it might otherwise have against the Lessor. The Lessee will not suspend or discontinue any such payment or fail to perform and observe any of its other agreements and covenants contained herein or terminate this Lease Agreement for any cause whatsoever, including, without limiting the generality of the foregoing, failure of the Lessor to complete the Project, any acts or circumstances that may constitute an eviction or constructive eviction, failure of consideration or commercial frustration of purpose, or any damage to or destruction of the Project or any part thereof, or the taking by eminent domain of title to or the right to temporary use of all or any part of the Project, or any change in the tax or other laws or administrative rulings, actions or regulations of the United States of America or of the State or any political or taxing subdivision of either thereof, or any failure of the Lessor to perform and observe any agreement or covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with this Lease Agreement. Notwithstanding the foregoing, the Lessee may, at its own cost and expense and in its own name or in the name of the Lessor, prosecute or defend any action or proceeding, or take any other action involving third persons which the Lessee deems reasonably necessary in order to secure or protect its rights of use and occupancy and the other rights hereunder. The provisions of the first and second sentences of this section shall apply only so long as any part of the principal of and the interest on the Bonds remains outstanding and unpaid.

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ARTICLE IV

MAINTENANCE, TAXES AND INSURANCE

Section 4.1 Maintenance, Alterations and Improvements.

(a) The Lessee will, at its own expense, (i) keep the Project in as reasonably safe condition as its operations permit, and (ii) keep the Project in good order and repair, and from time to time make all needful and proper repairs, renewals and replacements thereto, including external and structural repairs, renewals and replacements. The Lessee agrees to pay all gas, electric, water, sewer and all other charges for the operation, maintenance, use and upkeep of the Project.

(b) The Lessee may, at its expense, install in the Building or on the Leased Realty any machinery, equipment or other personal property which in the Lessee's judgment will facilitate the operation of the Project and which machinery and equipment is in addition to the machinery and equipment constituting a part of the Project. Any such additional machinery, equipment and personal property owned by the Lessee may be removed by the Lessee at any time and from time to time while it is not in default under the terms of this Lease Agreement; provided, however, that any damage to the Project occasioned by such removal shall be repaired by the Lessee at its own expense. At the time of the installation by the Lessee of any items of its own machinery and equipment in the Building or on the Leased Realty, the Lessee shall plainly, distinctly, permanently and conspicuously place and fasten on each item a metal plate (or other practicable identification) readily visible identifying the item as the property of the Lessee. In case any such plate shall at any time be removed, defaced or destroyed, the Lessee shall immediately cause the same to be restored or replaced.

(c) The Lessee may, also at its own expense, make structural changes, additions, improvements or alterations to the Project including the Building and other improvements on the



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Leased Realty that it may deem desirable for its business purposes, provided such structural changes, additions, improvements or alterations do not change its character as a "project" under the Act and any subsequent amendments thereto, and provided further that the Lessee files with the Lessor and the Trustee a certificate of an Independent Engineer or an Independent Architect that such additions, improvements or alterations will not adversely affect the utility of the Project or substantially reduce its value. In lieu of making such additions, improvements or alterations itself, the Lessee may, if it so desires, furnish to the Lessor the funds necessary therefor, in which case the Lessor will proceed to make such additions, improvements or alterations. All such additions, improvements and alterations whether made by the Lessee or the Lessor shall become a part of the Project and shall be covered by the Indenture.

(d) The Lessee may, also at its expense, exercise any one or more of the rights provided in this subsection (d) which rights are hereby granted by the Lessor to the Lessee, provided that the Lessee furnishes the Lessor and the Trustee a certificate of an Independent Engineer or an Independent Architect that the operation of the Project will not be adversely affected by the exercise of such rights. The Lessee may connect or "tie-in" walls of the Building and utility and other facilities located on the Leased Realty to other structures and facilities owned or leased by it on real property adjacent to the Leased Realty. The Lessee may use as a party wall any wall of the Building which is on or contiguous to the boundary line of real property owned or leased by it, and in the event of such use, each party hereto hereby grants to the other a ten-foot easement adjacent to any such party wall for the purpose of inspection, maintenance, repair and replacement thereof and the tying in of new construction. If the Lessee utilizes any wall of the Building as a party wall for the purpose of tying in new construction that will be utilized under common control with the



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Project, the Lessee may also remove any non-loadbearing wall panel in the party wall; provided, however, if the adjacent property ceases to be operated under common control with the Project, the Lessee will, at its expense, install wall panels similar in quality to those that have been removed.

(e) The Lessor will also, upon request of the Lessee, grant such utility and other similar easements over, across or under the Leased Realty as shall be necessary or convenient for the furnishing of utility and other similar services to real property adjacent to or near the Leased Realty and owned or leased by the Lessee; provided that the Lessee files with the Lessor and the Trustee a certificate of an Independent Engineer or Independent Architect that such easements shall not adversely affect the operations of the facilities forming a part of the Project.

(f) The Lessee will not permit any mechanics' or other liens to stand against the Project for labor or material furnished it. The Lessee may, however, in good faith contest any such mechanics' or other liens and in such event may permit any such liens to remain unsatisfied and undischarged during the period of such contest and any appeal therefrom unless by such action the lien of the Indenture on the Project or any part thereof, or the Project or any part thereof shall be subject to loss or forfeiture, in either of which events such mechanics' or other liens shall be promptly satisfied.

Section 4.2 Taxes, Other Governmental Charges and Utility Charges. The Lessor and the Lessee acknowledge (a) that under present law no part of the Project will be subject to ad valorem taxation by the State or by any political or taxing subdivision thereof and that under present law the income and profits (if any) of the Lessor from the Project are not subject to either Federal or State taxation, and (b) that these factors, among others, induce the Lessee to enter into this Lease Agreement.



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However, the Lessee will pay, as the same respectively become due, (i) all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project or any machinery, equipment or other property installed or brought by the Lessee on the Leased Realty (including, without limiting the generality of the foregoing, any taxes levied on or with respect to the income or profits of the Lessor from the Project and any other taxes levied upon or with respect to the Project which, if not paid, will become a lien on the Project prior to or on a parity of the lien of the Indenture or a charge on the revenues and receipts from the Project prior to or on a parity with the charge thereon and pledge or assignment thereof created and made in the Indenture and including any ad valorem taxes assessed upon Lessee's interest in the Project), (ii) all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project, and (iii) all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Project; provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Lessee shall be obligated to pay only such installments as are required to be paid during the Lease Term. The foregoing provisions of this section shall be effective only so long as any part of the principal of or the interest on the Bonds remains outstanding and unpaid.

The Lessee may, at its own expense and in its own name and behalf or in the name and behalf of the Lessor, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless by such action the title of the Lessor to any part of the Project shall be ma-

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terially endangered or the Project or any part thereof shall become subject to loss or forfeiture, in which event such taxes, assessments or charges shall be paid forthwith by the Lessee. The Lessor will cooperate fully with the Lessee in any such contest.

Section 4.3 Insurance Required. The Lessee will take out and continuously maintain in effect the following insurance with respect to the Project, paying as the same become due all premiums with respect thereto:

(a) Insurance upon the repair or replacement value of the insured property if available, and otherwise to the full insurable value of the insured property (but not less than the original cost of construction thereof or the principal amount of the Bonds outstanding, whichever is less) as determined by a recognized appraiser or insurer selected by the Lessee, against loss or damage by fire and lightning, with uniform standard extended coverage endorsement, limited only as may be provided in the standard form of extended coverage endorsement at the time in use in Alabama; and

(b) Rents insurance covering the payment of rent due under this Lease Agreement during such period or periods as the Project shall be damaged or destroyed by one of the hazards insured against by the insurance to be provided for in clause (a) of this Section during the period when it shall be under reconstruction, rebuilding or repair and until replaced in usable condition for the Lessee; and

(c) Insurance against liability for the death of persons resulting from injuries occurring on or in any way relating to the Project, for injuries to persons occurring on or in any way relating to the Project, and for damage to property occurring on or in any way relating to the Project, in the minimum amount of \$500,000 for the death of or injury to any one person, \$1,000,000 minimum liability for personal injuries or deaths in connection with each occurrence, and a minimum of \$100,000 property damage for any occurrence.

All policies evidencing the insurance required by the terms of the preceding paragraph shall be taken out and maintained in generally recognized responsible insurance companies, qualified under the laws of the State to assume the respective risks undertaken. All such insurance policies required by clause (a) of the preceding paragraph shall name as insureds the Lessor, the Trustee and the Lessee (as their respective interests shall appear) and shall contain standard mortgage clauses providing for all losses thereunder in excess of \$5,000 to be paid to the Trustee; provided that all losses (including those in excess of \$5,000) may be adjusted by the Lessee, subject, in the case



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of any single loss in excess of \$5,000, to the approval of the Trustee. The Lessee may insure under a blanket policy or policies. All policies evidencing the insurance required to be carried by this Section shall be deposited with the Trustee; provided, however, that in lieu thereof the Lessee may deposit with the Trustee a certificate or certificates of the respective insurers attesting the fact that such insurance is in force and effect. Prior to the expiration of any such policy, the Lessee will furnish to the Trustee evidence reasonably satisfactory to the Trustee that such policy has been renewed or replaced by another policy or that there is no necessity therefor under this Lease Agreement.

Section 4.4 Advances by Lessor or Trustee. In the event that the Lessee fails to take out or maintain the full insurance coverage required by this Lease Agreement, fails to pay the taxes and other charges required to be paid by the Lessee at or prior to the time they are required to be paid, or fails to keep the Project in good order and repair and in as reasonably safe condition as its operations permit the Lessor or the Trustee, after first notifying the Lessee of any such failure on its part, may (but shall not be obligated to) take out the required policies of insurance and pay the premiums on the same, pay such taxes or other charges, or make such repairs, renewals and replacements as may be necessary to maintain the Project in as reasonably safe condition as the Lessee's operations permit and the Building in good order and repair, respectively; and all amounts so advanced therefor by the Lessor or the Trustee shall become an additional obligation of the Lessee to the Lessor or to the Trustee, as the case may be, which amounts, together with interest thereon at the rate of 8% per annum from the date thereof, the Lessee will pay. Any remedy herein vested in the Lessor or the Trustee for the collection of the rental payments shall also be available to the Lessor and the Trustee for the collection of all such amounts so advanced.

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Section 4.5 Indemnity of Lessor. The Lessor shall not be liable for, and the Lessee shall hold the Lessor harmless against, any loss or damage to property or any injury to or death of any person that may be occasioned on account of any defect in the Project even if such defect existed prior to the delivery of possession of the Project to the Lessee, including any expenses incurred by the Lessor in connection with the defense of any claim against it arising out of any such loss, damage, injury or death. The Lessee will provide for and insure, in the public liability policies required in Section 4.3 hereof, not only its own liability in respect of the matters there mentioned but also the liability herein assumed. The Lessor will not, without the prior written consent of the Lessee, settle or consent to the settlement of any prospective or pending litigation for which the Lessee is obligated under the provisions of this Section to indemnify the Lessor.

ARTICLE V

PROVISIONS RESPECTING DAMAGE,
DESTRUCTION AND CONDEMNATION

Section 5.1 Damage and Destruction. If the Project is destroyed (in whole or in part) or is damaged by fire or other casualty to such extent that the claim for loss resulting from such destruction or damage is not greater than \$5,000, the Lessee will continue to pay the rent required to be paid hereunder and the Lessee, or the Lessor at the Lessee's direction and expense, (i) will promptly repair, rebuild or restore the property damaged or destroyed to substantially the same condition as it existed prior to the event causing such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not impair the operating unity or productive capacity of the Project or its character as a "project" under the Act and any amendments thereto hereafter enacted, and (ii)



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will apply for such purpose so much as may be necessary of any Net Proceeds of insurance resulting from claims for such losses, as well as any additional moneys of the Lessee necessary therefor. If the cost of such repairs, rebuilding and restoration are less than the amount of Net Proceeds the insurance referable thereto, the Lessee may retain the amount by which such insurance proceeds exceed said total cost.

If the Project is destroyed (in whole or in part) or is damaged by fire or other casualty to such extent that the claim for loss resulting from such destruction or damage is in excess of \$5,000, the Lessee will continue to pay the rent required to be paid hereunder and will promptly give written notice of such damage and destruction to the Trustee and the Lessor. All Net Proceeds of insurance resulting from claims for such losses shall be paid to the Trustee and deposited in the Construction Fund, whereupon (i) the Lessee, or the Lessor at the Lessee's direction, will proceed promptly to repair, rebuild or restore the property damaged or destroyed to substantially the same condition as it existed prior to the event causing such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not impair the operating unity or productive capacity of the Project or its character as a "project" under the Act and any amendments thereto hereafter enacted and (ii) the Lessor will cause withdrawals to be made from the Construction Fund in the manner provided in the Indenture to pay the costs of such repair, rebuilding or restoration, either on completion thereof, or as the work progresses. The balance, if any, of insurance proceeds in the Construction Fund remaining after the payment of all of the costs of such repair, rebuilding or restoration shall be paid into the Bond Fund, or if the Bonds are fully paid, to the Lessee.

In the event the Net Proceeds of insurance are not sufficient to pay in full the costs of repairing, rebuilding and re-

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storing the Project as provided in this Section, the Lessee will nonetheless complete the work thereof and will pay that portion of the costs thereof in excess of the amount of said proceeds or will pay to the Trustee for the account of the Lessor the moneys necessary to complete said work, in which case the Lessor will proceed so to complete said work. The Lessee shall not, by reason of the payment of such excess costs (whether by direct payment thereof or payment to the Trustee therefor), be entitled to any reimbursement from the Lessor or any abatement or diminution of the rents payable hereunder.

Anything in this Section to the contrary notwithstanding, if, as a result of such damage or destruction (irrespective of whether the loss resulting therefrom is greater than \$5,000 or not), the Lessee is entitled to exercise an option to purchase the Project and duly does so in accordance with the applicable provisions of Section 9.3 hereof, then neither the Lessee nor the Lessor shall be required to repair, rebuild or restore the property damaged or destroyed, and so much (which may be all) of any Net Proceeds referable to such damage or destruction as shall be necessary to provide for full payment of the Bonds (as specified in Section 6.5 hereof) shall be paid to the Trustee and the excess thereafter remaining (if any) shall be paid to the Lessee.

Section 5.2 Condemnation. In the event that title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain and as a result thereof the Lessee is entitled to exercise an option to purchase the Project and duly does so in accordance with the applicable provisions of Section 9.3 hereof, so much (which may be all) of the Net Proceeds referable to such taking, including the amounts awarded to the Lessor and the Trustee and the amount awarded to the Lessee for the taking of all or any part of the leasehold estate of the Lessee in the Project created by this Lease Agreement, as shall be necessary to provide for full payment



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of the Bonds (as specified in Section 6.5 hereof) shall be paid to the Trustee and the excess of such Net Proceeds remaining (if any) shall be paid to the Lessee. If as a result of such taking, the Lessee is not entitled to exercise an option to purchase the Project under Section 9.3 hereof, or, having such option, fails to exercise the same in accordance with the terms thereof or notifies the Lessor and the Trustee in writing that it does not propose to exercise such option, the Lessee shall be obligated to continue to make the rental payments required to be paid under this Lease Agreement, and the entire Net Proceeds hereinabove referred to shall be applied in one or more of the following ways as shall be directed in writing by the Lessee:

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

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

(c) To the redemption of Bonds including accrued interest thereon to the date of redemption and the applicable premium, provided, that no part of any such Net Proceeds (other than the Net Proceeds awarded to the Lessee for the taking of all or any part of the leasehold estate of the Lessee on the Project created by this Lease Agreement) may be applied to the redemption of Bonds unless (1) all of the Bonds are to be redeemed or (2) in the event that less than all of the Bonds are to be redeemed, the Lessee has furnished to the Lessor and the Trustee a certificate of an Independent Engineer or of an Independent Architect stating

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(i) that the part of the Project that was taken by such condemnation proceedings is not essential to the Lessee's use or occupancy of the Project, or (ii) that the Project has been restored to a condition substantially equivalent to its condition prior to the taking by such condemnation proceedings or (iii) that land or other improvements have been acquired which are suitable for the Lessee's operations at the Project as contemplated by the foregoing subsection (b) of this Section.

Any balance of such Net Proceeds remaining after the application thereof as provided in subsections (a), (b) and (c) of this Section shall be paid into the Bond Fund or if the Bonds are fully paid, to the Lessee.

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

Section 5.3 Condemnation of Lessee-Owned Property. The Lessee shall be entitled to the Net Proceeds of any award or portion thereof made for damage to or takings of its own property not included in the Project, provided that any Net Proceeds resulting from the taking of all or any part of the leasehold estate of the Lessee in the Project created by the Lease Agreement shall be paid and applied in the manner provided in the foregoing Section of this Lease Agreement.

ARTICLE VI

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

Section 6.1 Provisions Relating to Assignment and Subleasing. The Lessee may assign this Lease Agreement and the leasehold interest created hereby and may sublet the Project or any part thereof, without the necessity of obtaining the consent of either

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the Lessor or the Trustee. No such assignment or subleasing and no dealings or transactions between the Lessor or the Trustee and any assignee or sublessee shall, however, in any way relieve the Lessee from primary liability for any of its obligations hereunder. In the event of any such assignment or subleasing the Lessee shall continue to remain primarily liable for the payment of all rentals herein provided to be paid by it and for the performance and observance of the other agreements and covenants on its part herein provided to be performed and observed by it.

Section 6.2 Mortgaging of Project by Lessor. The Lessor has simultaneously with the delivery of this Lease Agreement, mortgaged the Project to the Trustee subject to this Lease Agreement (which Lease Agreement and the estate of the Lessee hereunder shall be prior and superior to the lien of the Indenture), and has assigned its interest in and pledged any money receivable under this Lease Agreement to the Trustee as security for payment of the principal of and the interest on the Bonds. The Lessor has in the Indenture obligated itself to follow the instructions of the Trustee or the holders of the Bonds or a certain percentage thereof in the election or pursuit of any remedies herein vested in it. The Trustee shall have all rights and remedies herein accorded to the Lessor and any reference herein to the Lessor shall be deemed, with the necessary changes in detail, to include the Trustee, and the Trustee and the holders of the Bonds are deemed to be third party beneficiaries of the covenants, agreements and representations of the Lessee herein contained. Prior to the payment in full of the Bonds, the Lessor and the Lessee shall have no power to modify, alter, amend or terminate this Lease Agreement without the prior written consent of the Trustee and then only as provided in the Indenture. The Lessor will not amend the Indenture or any indenture supplemental thereto without the prior written consent of the Lessee. Neither

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the Lessor nor the Lessee will unreasonably withhold any consent herein or in the Indenture required of either of them. The Lessee shall not be deemed to be a party to the Indenture or the Bonds and reference in this Lease Agreement to the Indenture and the Bonds shall not impose any liability or obligation upon the Lessee other than its specific obligations and liabilities undertaken in this Lease Agreement.

Section 6.3 Restrictions on Mortgage or Sale of Project by Lessor. Except for the mortgage of the Project to the Trustee pursuant to the Indenture, the Lessor will not mortgage, sell, assign, transfer or convey the Project at any time during the Lease Term without the prior written consent of the Lessee while the Lessee is not in default hereunder. If the laws of the State at the time shall permit it, nothing contained in this Section shall prevent the consolidation of the Lessor with, or merger of the Lessor into, or transfer of the Project as an entirety to, any public corporation whose property and income are not subject to taxation and which has corporate authority to carry on the business of owning and leasing the Project; provided, that upon any such consolidation, merger or transfer, the due and punctual payment of the principal and interest on the Bonds according to their tenor, and the due and punctual performance and observance of all the agreements and provisions of this Lease Agreement and of the Indenture to be kept and performed by the Lessor, shall be expressly assumed in writing by the corporation resulting from such consolidation or surviving such merger or to which the Project shall be transferred as an entirety.

Section 6.4 Redemption of Bonds. The amount necessary to redeem Bonds shall be deemed to include, in addition to the redemption price of the Bonds, all expenses necessary to effect the redemption and all interest on the Bonds to be redeemed to the next ensuing date on which they can be redeemed, and, if all Bonds are redeemed, all other obligations under the Indenture that shall become due and payable on or prior to the re-



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demption date, including the Trustee's and paying agents' fees, charges and expenses. The Lessee may, at its election and at any time while it is not in default hereunder, pay to the Trustee such amount as shall be sufficient to enable the Lessor to retire, in advance of maturity and in accordance with their terms, all of the Bonds or any of the Bonds in the principal amount of not less than \$50,000. Any payment made by the Lessee under this or any other Section of this Lease Agreement to be applied to the redemption of Bonds shall be made at least 45 days prior to the proposed redemption date and at the time of such payment the Lessee shall notify the Lessor and the Trustee, in writing, as to the purpose of such payment, and the Lessor, upon receiving such notice, shall be obligated and hereby agrees to take all necessary action to have the payment made by the Lessee for the purpose of redeeming Bonds applied to the redemption of as many Bonds as such payment will permit under the Bond redemption provisions of the Bonds and the Indenture.

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Section 6.5 References to Bonds Ineffective after Bonds Paid. Upon full payment of the Bonds, all references in this Lease Agreement to the Bonds, the Indenture and the Trustee shall be ineffective and neither the Trustee nor the holders of any of the Bonds shall thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested. For purposes of this Lease Agreement, the Bonds shall be deemed fully paid:

(a) If there is on deposit in the Bond Fund a total amount sufficient to pay the principal of all the then outstanding Bonds plus the interest due thereon until and at their respective maturities and provision has been made for payment of all other obligations under the Indenture that shall become due and payable on or prior to maturity of all such Bonds, including the Trustee's and paying agents' fees, charges and expenses, in a manner satisfactory to the Trustee, or



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(b) If there have been irrevocably deposited with the Trustee moneys sufficient to pay, redeem and retire all the then outstanding Bonds (including, without limitation, principal, premium, interest to maturity or earliest practicable redemption date, as the case may be, and all other obligations under the Indenture that shall become due and payable on or prior to maturity or earliest practicable redemption date, as the case may be, including the Trustee's and paying agents' fees, charges and expenses) and there has been filed with the Trustee (i) evidence satisfactory to it that all redemption notices required by the Indenture have been duly given or (ii) irrevocable powers authorizing the Trustee to give such redemption notices.

In the event the Bonds are fully paid prior to the last maturity thereof as aforesaid, the Lessee shall be entitled to use and occupancy of the Project from the date of such payment until the expiration of the term provided for in Section 3.1 without the payment of any further Basic Rent or additional rent under Section 3.2 but otherwise on all of the terms and conditions hereof, except that the provisions of Sections 5.1, 5.2, 5.3 and 7.2 shall not apply and except further that the Lessee shall not be required to carry any insurance for the benefit of the Trustee, but shall be required to carry insurance under Section 4.3 for the benefit of the Lessor as its interest may appear. If, after full payment of the Bonds, there is any surplus remaining in the Bond Fund, the Lessor will promptly pay such surplus to the Lessee.

ARTICLE VII

PARTICULAR COVENANTS OF THE LESSEE

Section 7.1 General Covenants. The Lessee will not do or permit anything to be done on or about the Project that will affect, impair or contravene any policies of insurance that may be carried on the Project or any part thereof against loss or

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damage by fire, casualty or otherwise. The Lessee will, in the use of the Project and the public ways abutting the same comply with all lawful requirements of all governmental bodies; provided, however, the Lessee may, at its own expense in good faith contest the validity or applicability of any such requirement.

Section 7.2 Inspection of Project. The Lessee will permit the Lessor, the Trustee, the original purchaser of the Bonds and their duly authorized agents (subject to the restrictions and requirements imposed by contracts with the United States Government or agencies thereof, or by subcontracts governed by such contracts, being performed by the Lessee, or its subtenant or subtenants, in any part of the Leased Realty or the Project) at all reasonable times to enter upon, examine and inspect the Leased Realty, the Building and the Project; and in the event of default as hereinafter provided, the Lessee will permit a public accountant or firm of public accountants designated by the Trustee, to have access to, inspect, examine and make copies of the books and records, accounts and data of the Lessee.

Section 7.3 Special Covenants. So long as any of the Bonds are outstanding:

(a) The Lessee shall furnish to the Lessor, to the Trustee and to the original purchasers of the Bonds the following financial statements, financial data and certificates:

- (1) not later than 45 days after the end of each quarterly period, other than the last quarterly period in each fiscal year, a report certified by the President or the principal financial officer of the Lessee covering the operations of the Lessee and its consolidated subsidiaries (if any) for the last preceding quarterly fiscal period and containing consolidated statements of income and retained earnings for the period beginning on the first day of the fiscal year and ended with the last day of such quarterly fiscal period and a consolidated balance sheet of the Lessee and such subsidiaries as at the close of such quarterly fiscal period, each accompanied by consolidated statements in comparative form for the corresponding periods in the preceding fiscal year, and all in reasonable detail;

- (ii) as soon as practicable and in any event within 90 days after the end of each fiscal year, consolidated financial statements, covering the operations of the Lessee and its consolidated subsidiaries (if any) for such fiscal year and containing consolidated statements of income and of retained earnings for such fiscal year, and a consolidated balance sheet of the Lessee and such subsidiaries (if any) as at the close of such fiscal year, each accompanied by consolidated statements in comparative form for the preceding fiscal year and a certificate or opinion in the standard form approved by the American Institute of Certified Public Accountants signed by an independent public accountant;
 - (iii) copies of all such financial statements, reports and returns as the Lessee shall send to its stockholders;
 - (iv) with reasonable promptness such other financial data as may reasonably be requested;
 - (v) together with each delivery of financial statements required by clauses (i) and (ii) above, an officer's certificate setting forth that there exists no default or defaults with respect to any loans, notes, debentures, bonds, leases, or other obligations then outstanding, including this Lease Agreement, or, if any such event of default or defaults exists, specifying the nature thereof, the period of existence thereof and what action the Lessee proposes to take with respect thereto.
- (b) The Lessee will at all times keep an office or agency in the county in which the Project is situated where notices, requests and demands in respect of this Lease Agreement may be served, and it will in writing notify the Lessor and the Trustee of the location of each such office or agency. In default of any such office or agency or such notification thereof, such notices, requests and demands may be served at the principal office of the Trustee.
- (c) The Lessee will duly pay and discharge all taxes, assessments and other governmental charges and liens lawfully imposed on the Lessee and upon the properties of the Lessee, provided, however, the Lessee shall not be required to pay any taxes, assessments or other governmental charges so long as in good faith it shall contest the validity thereof by appropriate legal proceedings.
- (d) The Lessee will maintain and preserve its Certificate of Incorporation or Charter and its corporate existence and or-



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ganization, and its authority to do business in the State and will not voluntarily dissolve without first discharging its obligations under this Lease Agreement (except as otherwise permitted under subsection (e) of this Section) and will comply with all valid laws, ordinances, regulations and requirements applicable to it or to its property and the Project.

(e) The Lessee will not transfer or dispose of all or substantially all of its assets (either in a single transaction or in a series of related transactions), and will not merge or consolidate with any other corporation nor permit one or more corporations to consolidate with or merge into it unless the following conditions and provisions are complied with: (i) that such surviving, successor or transferee corporation is a corporation organized and existing under the laws of the State or is duly qualified to do business in the State, (ii) that the assignee corporation or the corporation resulting from or surviving such merger or consolidation shall expressly assume and agree to perform all of the Lessee's obligations under this Lease Agreement, and (iii) in connection with any such consolidation or merger, there shall be filed with the Lessor, the original purchaser of the Bonds and the Trustee a letter or certificate by a firm of certified public accountants (which is of the size and type commonly referred to as nationally known certified public accountants and which is acceptable to the Trustee), certifying that after the consummation of such consolidation or merger the corporation resulting from or surviving such consolidation or merger will have an excess of assets over liabilities at least as great as the Lessee would have had if such consolidation or merger had not occurred; or (iv) in connection with any transfer or other disposition of assets there shall be filed with the Lessor, the original purchaser of the Bonds, and the Trustee a letter or certificate by a firm of certified public accountants (which is of the size and type commonly referred to as nationally known certified public accountants and which is acceptable to the Trustee) certifying that at the consumma-

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tion of such transfer the corporation to which such transfer is made has an excess of assets over liabilities at least as great as the Lessee would have had if such transfer had not been made.

(f) The Lessee will not in any manner transfer or convey any substantial portion of its property, assets and licenses; provided, however, the Lessee may without violating the foregoing provision make such a transfer or conveyance if prior thereto it files with the Trustee a letter or certificate by a firm of certified public accountants (which is of the size and type commonly referred to as nationally known certified public accountants and which is acceptable to the Trustee) certifying that at the consummation of such transfer or conveyance the Lessee will have an excess of assets over liabilities (i) of at least \$1,000,000 or (ii) at least as great as the Lessee would have had if such transfer or conveyance had not occurred.

(g) The Lessee warrants and represents that it has obtained and presently holds a license from Modular Wall Systems, Inc. for the manufacture of walls under a system of Modular Wall Systems, Inc. The Lessee hereby covenants and agrees that it will comply in all respects with the terms, conditions and provisions of said license and that it will require and enforce compliance by Modular Wall Systems, Inc. with the terms, conditions and provisions of said license.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.1 Events of Default Defined. The following shall be events of default under this Lease Agreement and the terms "event of default" or "default" shall mean, whenever they are used in this Lease Agreement, any one or more of the following events:

(a) Failure to pay any installment of Basic Rent or the additional rent specified in Section 3.3 hereof that has become due and payable by the terms of this Lease Agreement and such

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failure continues for a period of five days after such Basic Rent or additional rent becomes due and payable.

(b) Failure by the Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsection (a) of this Section, for a period of thirty days after written notice, specifying such failure and requesting that it be remedied, given to the Lessee by the Lessor or the Trustee, unless the Lessor and the Trustee shall agree in writing to an extension of such time prior to its expiration, provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Lessor and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Lessee promptly upon receipt of the written notice and is diligently pursued until the default is corrected.

(c) The dissolution or liquidation of the Lessee or the filing by the Lessee of a voluntary petition in bankruptcy, or failure by the Lessee promptly to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Project, the Lessee's seeking of or consenting to or acquiescing in the appointment of a receiver of all or substantially all its property or of the Project, or the commission by the Lessee of any act of bankruptcy, or adjudication of the Lessee as a bankrupt, or any assignment by the Lessee for the benefit of its creditors, or the entry by the Lessee into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction as having been filed in good faith of a petition applicable to the Lessee in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act which may hereafter be enacted. The term "dissolution or liquidation of the Lessee" as used in this subsection,

shall not be construed to include the cessation of the corporate existence of the Lessee resulting either from a merger or consolidation of the Lessee into or with another corporation or a dissolution or liquidation of the Lessee following a transfer of all or substantially all of its assets as an entirety, under the conditions permitting such actions as herein provided.

Section 8.2 Remedies on Default. Whenever any such event of default shall have happened and be continuing, the Lessor or the Trustee may take any of the following remedial steps:

(a) Declare immediately due and payable all installments of Basic Rent provided for in Section 3.2(a) of this Lease Agreement;

(b) Reenter and take possession of the Leased Realty, without terminating this Lease Agreement, exclude the Lessee from possession thereof and sublease the Project or any part thereof, for the account of the Lessee, holding the Lessee liable for the difference in the rent and other amounts payable by such sublessee in such subleasing and the rents and other amounts payable by the Lessee hereunder;

(c) Terminate this Lease Agreement, exclude the Lessee from possession of the Leased Realty and, if the Lessor or Trustee elect so to do, lease the same for the account of the Lessor, holding the Lessee liable for all rent due up to the date such lease is made for the account of the Lessor;

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

Section 8.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Lessor or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease Agreement or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof but any such right or power may be exercised from time to time and as often as may be deemed expedient.

Section 8.4 Agreement to Pay Attorneys' Fees and Expenses. In the event the Lessee should default under any of the provisions of this Lease Agreement and the Lessor or the Trustee (in its own name or in the name and on behalf of the Lessor) should employ attorneys or incur other expenses for the collection of rent or the enforcement of performance or observance of any obligation or agreement on the part of the Lessee herein contained, the Lessee will on demand therefor pay to the Lessor or the Trustee (as the case may be) the reasonable fee of such attorneys and such other expenses so incurred.

Section 8.5 No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Lease Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE IX

OPTIONS


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Section 9.1 Options to Terminate. The Lessee shall have, if it is not in default hereunder, the following options to cancel or terminate the term of this Lease Agreement:

(a) At any time prior to full payment of the Bonds, the Lessee may terminate the term of this Lease Agreement by paying to the Trustee for the account of the Lessor such an amount determined as specified in Section 6.4 hereof as shall, together with the amount, if any, on deposit in the Bond Fund and available therefor, be required to redeem all of the then outstanding Bonds.

(b) At any time after full payment of the Bonds the Lessee may terminate the term of this Lease Agreement by giving

the Lessor notice in writing of such termination and such termination shall forthwith become effective.

Section 9.2 Option to Renew. If the Lessee pays the rental herein reserved to the Lessor and is not otherwise in default hereunder, it shall have the right and option, herein granted by the Lessor, to renew the Lease Term for an additional term expiring on midnight of April 30, 2011, by giving written notice of such renewal to the Lessor at least sixty (60) days prior to April 30, 1992. The cash rental payable by the Lessee during any such renewal term shall be the sum of \$1,000.00 per year, payable annually in advance, but otherwise all of the terms and conditions herein contained shall apply during such renewal term; except that the provisions of Sections 5.1, 5.2, 5.3 and 7.2 shall not apply and except further that the Lessee shall not be required to carry any insurance for the benefit of the Trustee, but shall be required to carry insurance under Section 4.3 for the benefit of the Lessor as its interest may appear.

Section 9.3 Option to Purchase Project Prior to Payment of the Bonds. The Lessee, if not in default hereunder, shall have, and is hereby granted, the option to purchase the Project prior to the full payment of the Bonds if any of the following shall have occurred:

(a) The Project or any part thereof shall have been damaged or destroyed to such extent that, in the opinion of the Lessee, (i) it cannot be reasonably restored within a period of four consecutive months to the condition thereof immediately preceding such damage or destruction, or (ii) the Lessee is thereby prevented from carrying on its normal operations at the Project for a period of four consecutive months or (iii) the cost of restoration thereof would exceed by more than \$50,000 the Net Proceeds of insurance carried thereon pursuant to the requirements of this Lease Agreement.

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(b) Title to, or the temporary use of, the Project or any part thereof or the leasehold estate of the Lessee in the Project created by this Lease Agreement or any part thereof shall have been taken under the exercise of the power of eminent domain by any governmental authority or person, firm or corporation acting under governmental authority which taking results, or is likely to result, in the Lessee being thereby prevented from carrying on its normal operations therein for a period of four months.

(c) As a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Lessee in good faith, this Lease Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed herein, or unreasonable burdens or excessive liabilities shall have been imposed on the Lessor or the Lessee including without limitation, the imposition of taxes of any kind on the Project or the income or profits on the Lessor therefrom, or upon the interest of the Lessee therein, which taxes were not being imposed on the date of this Lease Agreement.

To exercise such option, the Lessee shall, within thirty days following the event authorizing the exercise of such option, give written notice to the Lessor and to the Trustee and shall specify therein the date of closing such purchase, which date shall be not less than forty-five nor more than ninety days from the date such notice is mailed, and shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption for the redemption of the Bonds on the date specified for closing such purchase. The purchase price

payable by the Lessee in the event of its exercise of the option granted in this Section shall be such an amount determined as specified in Section 6.4 hereof as shall, together with the amount, if any, on deposit in the Bond Fund and available therefor, be required to redeem all of the then outstanding Bonds. The purchase price shall be paid by the Lessee to the Trustee.

Upon the exercise of the option granted in this Section and the payment of the option price, any Net Proceeds of insurance or condemnation award then on hand or thereafter received shall be paid to the Lessee.

Section 9.4 Option to Purchase Project After Payment of the Bonds. The Lessee, if not in default hereunder, shall also have, and is hereby granted, the option to purchase the Project at any time during the Lease Term following full payment of the Bonds for a purchase price of one dollar. To exercise the option granted in this Section, the Lessee shall notify the Lessor of its intention so to exercise such option not less than forty-five days nor more than ninety days prior to the proposed date of purchase and shall on the date of purchase pay such purchase price to the Lessor.

Section 9.5 Option to Purchase Unimproved Leased Realty. The Lessee shall also have, and is hereby granted, the option to purchase any Unimproved part of the Leased Realty at any time and from time to time while not in default hereunder at and for a purchase price equal to the pro rata cost thereof to the Lessor, provided that it furnishes the Lessor and the Trustee with the following:

(a) A notice in writing containing (i) an adequate legal description of that portion of the Leased Realty with respect to which such option is to be exercised, which portion may include rights granted in party walls, the right to "tie-into" existing utilities, the right to connect and join any building, structure or improvement with existing structures, facilities

and improvements on the Leased Realty, and the right of ingress or egress to and from the public highway which shall not interfere with the use and occupancy of existing structures, improvements and buildings, (ii) a statement that the Lessee intends to exercise its option to purchase such portion of the Leased Realty on a date stated, which shall not be less than forty-five nor more than ninety days from the date of such notice, (iii) a description of the buildings, structures, or improvements to be erected on the portion to be purchased and (iv) a statement that the use to which such portion of the Leased Realty will be devoted will be in furtherance of the purpose for which the Lessor was organized.

(b) A certificate of an Independent Engineer or of an Independent Architect dated not more than ninety days prior to the date of the purchase and stating that, in the opinion of the person signing such certificate, (i) the portion of the Leased Realty with respect to which the option is exercised is not needed for the operation of the Project, (ii) the buildings, structures or improvements described in the above certificate by the Lessee can be constructed on the real property to be purchased and (iii) the severance of such portion of the Leased Realty from the Project and the construction thereon of the buildings, structures and improvements above referred to will not impair the usefulness of the Building or the means of ingress thereto and egress therefrom.

(c) An amount of money equal to the purchase price computed as provided in this Section, which amount shall be paid to the Trustee and shall be held by the Trustee as additional security for the payment of the Bonds and credited to the Lessee as a payment of Basic Rent in the inverse order of the rental installments provided for in this Lease Agreement, the final installment due being the first to be so credited.





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Upon receipt by it of the notice and certificate required in this Section to be furnished by the Lessee and the payment by the Lessee to the Trustee of the purchase price, the Lessor will promptly deliver to the Lessee the documents referred to in Section 9.6 hereof and will secure from the Trustee a release from the lien of the Indenture of the portion of the Leased Realty with respect to which the Lessee shall have exercised the option granted to it in this Section.

If such option relates to Leased Realty on which transportation or utility facilities are located, the Lessor shall retain an easement to use such transportation or utility facilities to the extent necessary for the efficient operation of the Project.

No purchase effected under the provisions of this Section shall affect the liability or the obligation of the Lessee for the payment of Basic Rent and additional rent in the amounts and at the times provided in this Lease Agreement or the performance of any other agreement, covenant or provision hereof, and there shall be no abatement or adjustment in rent by reason of the release of any such realty except as specified in this Section and the obligation and the liability of the Lessee shall continue in all respects as provided in this Lease Agreement, excluding, however, any realty so purchased.

Section 9.6 Conveyance on Exercise of Option to Purchase.

At the closing of the purchase pursuant to the exercise of any option to purchase granted herein, the Lessor will upon receipt of the purchase price deliver to the Lessee documents conveying to the Lessee the property with respect to which such option was exercised, as such property then exists, subject to the following: (i) all easements or other rights, if any, required to be reserved by the Lessor under the terms and provisions of the option being exercised by the Lessee; (ii) those liens and encumbrances, if any, to which title to said property was subject when conveyed to the Lessor; (iii) those liens and en-

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cumbrances created by the Lessee or to the creation or suffering of which the Lessee consented; and (iv) those liens and encumbrances resulting from the failure of the Lessee to perform or observe any of the agreements on its part contained in this Lease Agreement.

ARTICLE X

INTERNAL REVENUE CODE, SECTION 103

Section 10.1 Covenant Regarding Section 103(d) of the Internal Revenue Code. The parties hereto recognize that the Bonds are being sold on the basis that the interest payable on the Bonds is excludable from gross income of the holder thereof under Section 103 of the Internal Revenue Code of 1954, as amended (referred to in this Lease Agreement as the "Internal Revenue Code"). The Lessor and the Lessee do each hereby covenant and agree for the benefit of the Trustee and the holders of the Bonds and interest coupons that the proceeds of the Bonds shall not be used or applied in such manner as to constitute any Bond an "arbitrage bond" as that term is defined in Section 103(d) of the Internal Revenue Code.

Section 10.2 Covenant Regarding Election Under Section 103(c)(6)(D) of the Internal Revenue Code. The Lessor represents that it has not heretofore elected that paragraph (D) of Section 103(c)(6) of the Internal Revenue Code apply to the Bonds and does hereby covenant and agree that it will not hereafter so elect. Any such election by the Lessor if hereafter made by it shall be null and void.

ARTICLE XI

MISCELLANEOUS

Section 11.1 Covenant of Quiet Enjoyment. So long as the Lessee performs and observes all the covenants and agreements on its part herein contained, it shall peaceably and quietly have, hold and enjoy the Project during the Lease Term subject to all the terms and provisions hereof.


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Section 11.2 This Lease a Net Lease. The Lessee recognizes, understands and acknowledges that it is the intention hereof that this Lease Agreement be a net lease and that until the Bonds are fully paid all Basic Rent be available for payment of the principal of and interest on the Bonds and that all additional rent shall be available for the purposes specified therefor. This Lease Agreement shall be construed to effectuate such intent.

Section 11.3 Lessor's Liabilities Limited. This Lease Agreement is entered into under and pursuant to the provisions of the Act. No provision hereof shall be construed to impose a charge against the general credit of the Lessor or any personal or pecuniary liability upon the Lessor except to apply the proceeds to be derived from the sale of the Bonds and the revenues and receipts to be derived from any leasing or sale of the Project or any part thereof as provided herein and in the Indenture.

Section 11.4 Prior Agreements Cancelled. This Lease Agreement shall completely and fully supersede all other prior agreements, both written and oral, between the Lessor and the Lessee relating to the acquisition of the Project, the construction or equipping of the Building, the leasing of the Project and any options to renew or to purchase; excepting however any deed or other instrument by which the Leased Realty, any part thereof, or any interest therein has been transferred and conveyed by the Lessee to the Lessor. Neither the Lessor nor the Lessee shall hereafter have any rights under such prior agreements but shall look solely to this Lease Agreement for definition and determination of all of their respective rights, liabilities and responsibilities relating to the Project.

Section 11.5 Execution Counterparts. This Lease Agreement may be simultaneously executed in several counterparts,

each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.6 Binding Effect. This Lease Agreement shall inure to the benefit of, and shall be binding upon, the Lessor, the Lessee and their respective successors and assigns.

Section 11.7 Severability. In the event any provision of this Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.8 Article and Section Captions. The Article and Section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

Section 11.9 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, addressed as follows: if to the Lessor, at Pelham, Alabama; if to the Lessee, at Route 1, Box 745, Helena, Alabama 35080; if to the Trustee, at Tuscaloosa, Alabama, Attention: Trust Officer; and if to the original purchasers of the Bonds to Watkins, Morrow & Co., Woodward Building, Birmingham, Alabama 35203. A duplicate copy of each notice, certificate or other communication given hereunder by either the Lessor or the Lessee to the other shall also be given to the Trustee. The Lessor, the Lessee, the Trustee and any original purchaser may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Lease Agreement to be executed in their respective corporate names, have caused their respective corporate seals to be

hereunto affixed, and have caused this Lease Agreement to be attested, all by their duly authorized officers.

THE INDUSTRIAL DEVELOPMENT BOARD
OF THE TOWN OF PELHAM

By *Ralph E. Lawrence*
Chairman of its Board of Directors

S E A L

Attest: *Grady H. King*
Its Secretary

JAMESTOWN CORPORATION

By *Paul S. Williams*
Its President

S E A L

Attest: *James C. ...*
Its Secretary

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STATE OF ALABAMA

Shelby COUNTY

I, the undersigned Notary Public in and for said County in said State, hereby certify that Ralph E. Sorrell whose name as Chairman of the Board of Directors of The Industrial Development Board of the Town of Pelham is signed to the foregoing Lease Agreement and who is known to me and known to be such officer, acknowledged before me on this day that, being informed of the contents of said Lease Agreement, he, in his capacity as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and seal of office this 21 day of June, 1971.

William M. L. Dennis
Notary Public

NOTARIAL SEAL

My commission expires: 1972

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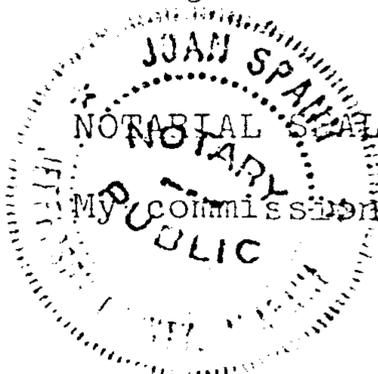
STATE OF ALABAMA

Jefferson COUNTY

I, the undersigned Notary Public in and for said County in said State, hereby certify that Garr S. Williams whose name as President of Jamestown Corporation, a corporation, is signed to the foregoing Lease Agreement, and who is known to me and known to be such officer, acknowledged before me on this day that, being informed of the contents of said Lease Agreement, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and seal of office this 23rd day of June, 1971.

Joan Sparr
Notary Public



My commission expires: 7-15-74

EXHIBIT A TO THE LEASE AGREEMENT DATED
MAY 1, 1971, BETWEEN THE INDUSTRIAL DE-
VELOPMENT BOARD OF THE TOWN OF PELHAM
AND JAMESTOWN CORPORATION

Machinery and Equipment

Harnischfeger Crane Conductor Bar and
15 ton Crane

Vac-U-Lift

Bed Covers for manufacturing bed

Fornery Test Equipment
6" x 12" Cylinder Molds
Slump Cone Set
Schmit Test Hammer
Concrete Tester
Platens for Tester

Desa Industries Power Screed

Desa Industries 34" Power Trowels

Two 40" Flat Bed Tandom Trailers

#6604 Demming Pump



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STATE OF ALA. SHELBY CO. *Sect. 11-54.95*
I CERTIFY THIS
1979 FEB 16 PM 1:33 *Rec. 7050*
Ind. 100
7150
Thomas A. Snowden, Jr.
JUDGE OF PROBATE

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