

LEASE AGREEMENT

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 Shelby Cnty Judge of Probate, AL
 04/09/1980 00:00:00 FILED/CERTIFIED

LEASE AGREEMENT between THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF PELHAM, a public corporation organized under the laws of Alabama (herein called "the Board") and N. LEE COOPER, an individual (herein called "the Lessee"),

R E C I T A L S

The Board owns the real property hereinafter described and is in the process of constructing and equipping a warehouse for storing and distributing engineering design equipment and other products of agriculture, mining or industry, all for lease to and use and occupancy by the Lessee. To finance the cost of acquiring said real property and constructing said facility, the Board proposes to issue its Industrial Revenue Bond, Series 1980-NLC, in the principal amount of \$250,000. The Bond is to be secured by, among other things,

(a) a pledge and assignment of the Board's interest in this Lease Agreement,

(b) a pledge and assignment of the revenues and receipts to be derived by the Board from the leasing or sale of the Project hereinafter referred to, and

(c) a Mortgage Indenture dated as of April 1, 1980 from the Board to The First National Bank of Birmingham under which the revenues and receipts to be derived by the Board from the leasing of the said Project will be pledged for payment of the principal of and the interest on the Bond and under which the said Project will be mortgaged and conveyed to the Bank as additional security for payment of said principal and interest.

The said Mortgage Indenture is being executed and delivered simultaneously with the delivery hereof, and the terms and conditions thereof, including particularly and without limitation those relating to the amounts and maturity dates of the installments of principal of the Bond, the interest rate thereof and the provisions for prepayment thereof prior to their respective maturities, are hereby made a part hereof as fully and completely as if set out herein.

To achieve the objectives hereinabove outlined, the Board and the Lessee have entered into this Lease Agreement.

NOW, THEREFORE, this Lease Agreement

Bradley, Inc. to use

W I T N E S S E T H:

In consideration of the respective agreement on the part of the Board and the Lessee hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND USE OF PHRASES

Section 1.1 Definitions. The following words and phrases and others evidently intended as the equivalent thereof shall, in the absence of clear implication herein otherwise, be given the following respective interpretations herein:

"Affiliate" means any person, firm or corporation controlled by, or under common control with, the Lessee and any person, firm or corporation controlling the Lessee.

"Authorized Lessee Representative" means the person or persons at the time designated as such by written certificate furnished to the Board and the Bank, containing the specimen signature or signatures of such person or persons, and signed by the Lessee.

"Authorizing Act" means Article 4 of Chapter 54 of Title 11 (Sections 11-54-80 to 11-54-101, inclusive) of the Code of Alabama of 1975, as amended.

"Bank" means The First National Bank of Birmingham, Birmingham, Alabama.

"Basic Rent" means the cash rental payable by the Lessee pursuant to the provisions of the first paragraph of Section 5.2 hereof and any other sums payable by the Lessee hereunder that are herein referred to as Basic Rent.

"Board" means the party of the first part hereto and its successors and assigns.

"Bond" means that certain Industrial Revenue Bond, Series 1980-NLC, dated as of April 1, 1980, and authorized to be issued under the Indenture in the principal amount of \$250,000.

"Construction Fund" means the Construction Fund created in Section 4.2 of the Indenture.

"Counsel" means any attorney duly admitted to practice before the highest court in the State of Alabama.

"Facility" means that certain warehouse for storing and distributing products required by the provisions of Article IV hereof to be constructed by the Board, as said facility may at any time exist.

"Indenture" means the Mortgage Indenture between the Board and the Bank dated as of April 1, 1980, under which (i) the Bond is authorized to be issued, and (ii) the Board's interest in this Lease Agreement and the revenues and other receipts to be derived by the Board from the Project is to be mortgaged, as security for payment of the principal of and interest on the Bond, as said Mortgage Indenture now exists and as it may hereafter be supplemented and amended.

"Independent Architect" means an architect or architectural firm not employed full time by the Board, the Lessee or an Affiliate.

"Independent Engineer" means an engineer or engineering firm not employed full time by the Board, the Lessee or an Affiliate.

"Lease Term" means the period beginning on the date of delivery of these presents and subject to the provisions of this Lease Agreement and any renewals thereof, continuing until 11:59 o'clock, P.M. on November 30, 1995.

"Leased Equipment" means these items of machinery and equipment that are required hereby to be acquired and installed in or about the Facility and any other items of machinery and equipment that, under the provisions hereof, are to constitute part of the "Leased Equipment."

"Municipality" means the City of Pelham, Alabama, and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party.

"Net Condemnation Award" means the total amount awarded as compensation for any part of th Project taken under the exercise of the power of eminent domain plus damages to any part not taken, less and except (i) any portion thereof to which the Company is entitled under the provisions of Section 7.2 hereof, and (ii) all attorneys' fees and other expenses incurred in the condemnation proceeding with respect to which such award was made (other than those paid directly by the Lessee or deducted, pursuant to the provisions of said Section 7.2, from that portion of the award to which it is entitled under the provisions thereof).

"Net Insurance Proceeds" means the total insurance proceeds recovered by the Board, the Company and the Bank on account of any damage to or destruction of the Project or any part thereof less all expenses (including attorneys' fees and any extraordinary expenses of the Bank) incurred in the collection of such proceeds.

"Permitted Encumbrances" means, as of any particular time, (a) liens for ad valorem taxes and special assessments not then delinquent, (b) this Lease Agreement, (c) utility, access and other easements and rights-of-way, restrictions and exceptions (including inchoate mechanics' and materialmen's liens) that will not materially interfere with or impair the operations for which the Facility was designed or last modified, and (d) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title (including zoning and other similar restrictions and regulations) as customarily exist with respect to properties similar in character to the Project and as do not in the aggregate materially impair the use of the property affected thereby for the purpose for which it was acquired or is held by the Board.

"Project" means the Project Site, the Facility and the Leased Equipment, as they may at any time exist, and all other property and rights referred to or intended so to be in the demising clauses hereof or in any way subject to the demise hereof.

"Project Site" means the real property specifically described in the demising clauses hereof (to the extent that at the time it is subject to the demise hereof) and any other real property that under the terms hereof constitutes a part of the Project Site.

"Project Development Costs" means the costs of acquiring the real property described in the granting clauses hereof, and constructing the Facility, the interest on the Bond during the construction of the Facility, the expenses incurred by the Board in connection with the issuance and sale of the Bond (including the fiscal, legal, printing, advertising, recording, title insurance fees, and other similar fees and expenses relating thereto) and all costs and expenses incurred by the Board in connection with and directly related to the planning, development and design of the Facility.

"Public Securities" means any bonds or other obligations of a state, a territory, or a possession of the United States, or any political subdivision of the United States, or any political subdivision of any of the foregoing, or of the District of Columbia.

"Section 103(b)(6) Expenditure" means an expenditure for the acquisition, construction, reconstruction or improvement of land or property of a character subject to the allowance for depreciation within the meaning of Section 103(b)(6) of the Internal Revenue Code of 1954, as amended.

Section 1.2 Use of Phrases. "herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent words refer to this Lease Agreement as an entirety and not solely to the particular portion in which any such word is used. The definitions set forth in Section 1.1 hereof include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

(a) The Board is duly incorporated under the provisions of the Authorizing Act by Certificate of Incorporation duly filed for record in the office of the Judge of Probate of Shelby County, Alabama, has, not revoked or rescinded said certificate and is not in default under any of the provisions contained in said Certificate of Incorporation or in the laws of Alabama;

(b) Under the provisions of the Authorizing Act, the Board has the power to enter into the transactions contemplated by this Lease Agreement and to carry out its obligations hereunder;

(c) The Board has good and marketable title to the Project Site, subject only to Permitted Encumbrances, and the Project Site is located within twenty-five (25) miles of the corporate limits of the Municipality and outside the corporate limits or police jurisdiction of any other incorporated municipality; and

(d) The execution and delivery of this Lease Agreement on its part have been duly authorized by all necessary corporate action.

Section 2.2 Representations and Warranties by the Company. The Lessee makes the following representations and warranties as the basis for the undertakings on his part herein contained:

(a) Neither the execution and delivery of this Lease Agreement, the consummation of the transactions contemplated hereby, nor the ful-

fillment or compliance with the terms and conditions hereof, conflict with, or result in a breach of, any of the terms, conditions or provisions of any restriction or limitation or any agreement, instrument or court or other governmental order to which the Lessee is now a party or by which the Lessee is bound, or constitute a default under any of the foregoing;

(b) Subject to the provisions of Section 9.1 hereof, on the date of delivery of this Lease Agreement, the Lessee expects that he and Combustion Engineering, Inc. will be the only principal users [as the term "principal user" is used in Section 103(b)(6) of the Internal Revenue Code of 1954, as amended] of the Project during the Lease Term;

(c) On the date of delivery of this Lease Agreement the Lessee expects that substantially all the proceeds derived by the Board from the sale of the Bonds will be applied for Section 103(b)(6) Expenditures with respect to the Project;

(d) The execution and delivery of this Lease Agreement on its part have been duly authorized by all necessary action; and

(e) The acquisition of the Project Site on the part of the Board, the construction of the Facility by the Board, the acquisition and installation of the Leased Equipment, and the leasing of the Project to the Lessee will induce the Lessee to locate a warehousing facility in the State of Alabama;

(f) No state, territory or possession of the United States, nor any political subdivision of any such state, territory or possession, nor the District of Columbia, has, since April 30, 1968 issued any "Industrial Development Bond" (within the meaning of Section 103(b) of the Internal Revenue Code of 1954, as amended), the proceeds of which are to be or have been used primarily with respect to any facilities (i) that are located (A) within the corporate limits of the Municipality or (B) within the unincorporated area of Shelby County, Alabama, and (ii) the principal user of which facilities was, is or will be the Lessee, Combustion Engineering, Inc. or a related person [as the term "related person" is defined in Section 103(b)(6)(C) of the Internal Revenue Code of 1954, as amended].

ARTICLE IIIDEMISING CLAUSE

Section 3.1 The Board does hereby lease to the Lessee, and the Lessee does hereby rent from the Board, for and during the Lease Term and subject to the terms and conditions hereinafter specified, the following described real property situated in Shelby County, Alabama:

Part of the NW-1/4 of SW-1/4 of Section 32, Township 18 South, Range 1 West, Shelby County, Alabama, being more particularly described as follows: From the Northwest corner of said 1/4-1/4 section run in an Easterly direction along the North line of said 1/4-1/4 section for a distance of 701.61 feet to the point of beginning, thence continue along last mentioned course for a distance of 475.76 feet, more or less to a point on the West right-of-way line of Alabama Highway #119, thence turn an angle to the right of 113 degrees 25 minutes 31 seconds and run in a Southwesterly direction along said right-of-way line for a distance of 150 feet, thence turn an angle to the right of 78 degrees 12 minutes 13 seconds and run in a Northeasterly direction for a distance of 424.85 feet, thence turn an angle to the right of 78 degrees 22 minutes 16 seconds and run in a Northerly direction for a distance of 52 feet, more or less to the point of beginning.

together with the Facility, and all other improvements now or hereafter situated on the Project Site and forming a part thereof.

This Lease Agreement is made, however, upon and subject to the following terms and conditions, to each of which the Board and the Lessee hereby agree:

ARTICLE IVCONSTRUCTING AND FINANCING THE FACILITY

Section 4.1 Agreement to Construct Facility and Acquire and Install Machinery and Equipment. The Board will proceed continuously and with all reasonable dispatch with

(a) the construction, wholly within the boundary lines of the Project Site, of a warehouse facility substantially in accordance with plans and specifications therefor provided by the Lessee and prepared by Tully Burch, Designer; and

(b) the acquisition and installation in or about the Facility and wholly within the boundary lines of the Project Site of those items of Machinery and Equipment.

Section 4.2 No Warranty of Suitability by Board. The Lessee recognizes that since the plans and specifications for the Facility have been prepared in consultation with the Lessee, the Board can make no warranty, either expressed or implied, or offer any assurances that the Facility will be suitable for the Company's purposes or needs or that the proceeds derived from the sale of the Bond will be sufficient to pay in full all of the Project Development Costs.

In the event the said proceeds are insufficient to pay all said costs, the Lessee

(a) will cause such changes to be made to said plans and specifications as will result in said Project Development Costs not exceeding the moneys available for payment thereof derived from the sale of the Bond (provided that such changes will not result in any material alteration in the appearance or basic design on the Facility or in altering its character as part of a "project" under the provisions of the Authorizing Act),

(b) will complete said construction itself and will pay that portion of the said Project Development Costs in excess of the available moneys derived from the sale of the Bond, or

(c) will pay into the Construction Fund such moneys as are necessary to provide for payment of all of said costs, in which case the Board will complete said construction.

The Lessee shall not, by reason of any changes in said plans and specifications or any payment of such excess costs (whether by virtue of direct payments thereof or payments into the Construction Fund), be entitled to any reimbursement by the Board or to any diminution of the rental payable hereunder.

ARTICLE V

DURATION OF TERM AND RENTAL PROVISIONS

Section 5.1 Duration of Term. The term of this Lease Agreement and of the lease herein made shall begin on the date of execution and delivery of these presents and, subject to the provisions of this Lease Agreement, shall continue until 11:59 o'clock, P.M., on November 30, 1995. The

Board will deliver to the Lessee sole and exclusive possession of the Project on the commencement date of the Lease Term, subject to the inspection and other rights reserved in Section 8.3 hereof and the Lessee will accept possession thereof at such time; provided however, that the Board will be permitted such possession of the Project as shall be necessary and convenient for it to complete the construction of the Facility and to make any repairs, restorations or improvements required to be made by the Board pursuant to the provisions hereof or pursuant to the provisions of any agreement between the Board and the Lessee supplemental hereto.

Section 5.2 Basic Rent. For and during the Lease Term, the Lessee will pay to the Board, for use and occupancy of the Project, the following basic rent:

(a) Prior to the first day of December 1980, an amount equal to the interest that will accrue on the Bond during the period April through November 1980; and

(b) On or before January 1, 1981 and on or before the first day of each month thereafter until and including December 1995, an amount equal to the installment of principal and interest that will mature on the Bond on the next succeeding monthly payment date (which sum is hereby affixed at \$2,535.66 until such time as any part of the principal of the Bond shall have been prepaid prior to maturity;

provided, however, that there shall be credited on any installment of Basic Rent due under the proceeding provisions of this section any amount which has been paid to the Bank to be applied against the Bond at the time of the payment of such installment that has not theretofore been credited on any previous installment of the Basic Rent due hereunder.

So long as any part of the Bond is outstanding, all Basic Rent payments shall be made directly to the Bank for the account of the Board. In the event the due date of any installment of Basic Rent payable hereunder is a Sunday or legal holiday in Alabama, such installment shall be due on the next preceeding business day. Any Basic Rent payment due hereunder that is not paid within ten days after the due date thereof shall bear interest from such date until paid at the rate of 10 percent per annum.

Section 5.3 Obligations of Lessee Unconditional. The obligation of the Lessee to pay the Basic Rent, to make all other payments provided for herein and to perform and observe the other agreements and covenants on his part herein contained shall be absolute and unconditional, irrespective of any rights of set-off, recoupment or counterclaim he might otherwise have against the Board. The Lessee will not suspend or discontinue any such payment for any cause, including, without limiting the generality of the foregoing,

the failure of the Board to complete the construction of the Facility, any acts or circumstances that may constitute an eviction or construction 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 of the United States of America, the State of Alabama or any political or taxing subdivision of either thereof, or any failure of the Board to perform and observe any agreement or covenant, whether expressed or implied, or any duty, liability or obligation arising out of or connected with this Lease Agreement.

The provisions of the preceding paragraph of this Section 5.3 shall continue in effect only so long as any part of the principal of or the interest on the Bond remains unpaid. Nothing herein contained shall, however, be construed to prevent the Lessee, at its own cost and expense and in its own name or in the name of the Board, from prosecuting or defending any action or proceeding or taking any other action involving third persons which the Company deems reasonably necessary in order to secure or protect its rights of use and occupancy and other rights hereunder, and the Board, will cooperate fully with the Lessee in any such action or proceeding.

Section 5.4 Special Covenants of Lessee with Respect to Acquisition and Construction of Project. (a) The Lessee shall obtain (i) a building permit from the appropriate governmental authorities for the construction and installation of improvements, additions and fixtures for the Project, (ii) certificates from the appropriate governmental authorities that the Project Site is legally zoned to permit the construction and installation of such improvements and additions and that adequate water, and electrical services are available for the Project.

(b) The Lessee shall submit to the Board and the Bank a detailed breakdown of the sources and uses of funds for the Project, supported by contracts and proposals. If at any time the Board or Bank is, in good faith, of the opinion that the undisbursed balance in the Construction Fund is not adequate to complete the Project, the Lessee shall pay out of its own funds all Project Development Costs until such time as the undisbursed balance of the Construction Fund is sufficient to complete the Project.

Section 5.5 Special Rights of Bank With Respect to Acquisition and Construction of the Project. (a) If the Board and the Lessee at any time prior to the completion of the Project abandon the Project, or cease work thereon for a period of more than ten consecutive calendar days, or fail to promptly prosecute the work on the Project, or fail to comply with any of the terms, conditions or provisions of this Lease Agreement, or of the Indenture, the Bank, at its option and without notice to anyone, may at any time thereafter enter into possession of the Project and perform any work and labor and purchase any materials, supplies and fixtures

which it may deem necessary or desirable to complete the Project substantially in accordance with the plans and specifications therefor. All sums so advanced or paid by the Bank, together with interest thereon from the date of advance at the rate of 10% per annum or the maximum rate of interest allowed by law, whichever is less, shall become an additional obligation payable by the Lessee under this Lease Agreement. Any remedy herein vested in the Board or the Bank for the collection of the rental payments shall also be available to the Bank for the collection of all such additional obligations for amounts so advanced.

(b) The Bank and its agents shall, at all reasonable times during the construction and installation of the improvements, additions and fixtures for the Project, have the right of entry and free access to the Project and the right to inspect all work done, labor performed and materials in, on or connected with the Project and to inspect all books, contracts, subcontracts, purchase orders and records of the Lessee and Board relating to the Project, and the right to demand and receive from the Board and the Lessee, their contractors, subcontractors, suppliers, agents and employees, such information regarding the Project and the finances connected therewith as the Bank may request.

ARTICLE VI

MAINTENANCE, TAXES AND INSURANCE

Section 6.1 Maintenance, Alterations and Improvements. The Lessee will at his own expense (a) keep the Project in as reasonably safe condition as its operations permit, in accordance with generally accepted industrial practices, and (b) keep the Facility and the other improvements located on the Project Site in good repair and in good operating condition, making from time to time all necessary and proper renewals thereof and repairs and replacements thereto. The Lessee may, also at his own expense, make any alterations or improvements to the Project that it may deem desirable for his business purposes and that do not adversely affect the structural integrity of any building or other structure forming a part of the Project; provided that all such alterations or improvements

(a) are located wholly within the boundary lines of the Project Site, or

(b) are located wholly within the boundary lines of other adjacent real property hereafter acquired by the Board, leased to the Lessee by the Board, and subjected to the demise of these presents and the lien of the Indenture, and with respect to which the Board and the Bank have been furnished an opinion of counsel satisfactory to each of them to the effect that the Board has a good and marketable title thereto, subject only to the lien of the Indenture and such matters as are defined as "Permitted Encumbrances" in the Indenture, or

(c) are located wholly within the boundaries of the Project Site and such other adjacent real property.

Any such adjacent real property so subjected to the demise hereof and to the lien of the Indenture shall henceforth be considered, for purposes of this Lease Agreement, as part of the Project Site. All such alterations and improvements so made by the Lessee shall become a part of the Project.

The Lessee will not permit any mechanics' or other liens to stand against the Project for labor or materials furnished it in connection with any alterations, improvements, repairs or renewals so made by it. The Lessee may, however, at its own expense and in good faith contest any such mechanics' liens or other liens, and in the event of any such contest 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 to any part of the Project shall be endangered or any part of the Project shall be subject to loss or forfeiture, in either of which events such mechanics' or other liens shall be promptly discharged.

Section 6.2 Taxes, Other Governmental Charges and Utility Charges. The Lessee will pay, as the same respectively become due, (i) all taxes and governmental charges of any kind whatsoever that may lawfully be assessed or levied against or with respect to the Project (including, without limiting the generality of the foregoing, any taxes levied upon or with respect to the receipts of the Board from the Project and any rent or other similar tax, but not including any taxes of the type that are generally referred to as "net income taxes" and that may be assessed or levied on the net income of the Board from the Project); (ii) all utility and other similar 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 only such installments as are required to be paid during the Lease Term.

The Lessee may, at its own expense and in its own name and behalf or in the name and behalf of the Board, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless by such action the title of the Board to a part of the Project shall be materially endangered or the Project or any part thereof shall become subject to loss or forfeiture, in which event such taxes, assessments or charges shall be paid prior to their becoming delinquent. The Board will cooperate fully with the Lessee in any such contest.

Section 6.3 Insurance Required. The Lessee will take out or cause to be taken out and continuously maintain in effect insurance with respect to the Project against such risks as are customarily insured against by businesses of like size and type, paying as the same become due all premiums with respect thereto, including, but no necessarily limited to,

(a) Insurance to the extent of the full replacement value of the Facility against loss or damage by fire, 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;

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

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

(d) Use and occupancy insurance to the extent necessary to pay the Basic Rent which will be payable by the Lessee hereunder during the time required to repair or restore the Facility in the event of any damage thereto or destruction thereof, limited, however, to the amount of such Basic Rent payable under the provisions of Section 6.2 during the six month period next succeeding the date of such damage or destruction.

All policies evidencing the insurance required by the terms of the preceding paragraph shall be taken out and maintained in generally recognized responsible insurance companies qualified under the laws of the State of Alabama to assume the respective risks undertaken [provided, that any policy or policies evidencing the insurance required in the clause (b) of the preceding paragraph may be taken out from and maintained with the United States of America or any agency thereof], shall each contain a clause providing that not less than thirty days' prior notice shall be given to the Lessee and the Board before any cancellation thereof, and may be written with deductible amounts comparable to those on similar policies carried by persons engaged in businesses of the size and type of the Lessee. All such insurance policies, other than those evidencing the insurance required by clause (c) of the preceding paragraph and such other policies or portions thereof as may evidence insurance against liability for injury to persons or property of others, shall name as insureds the Board, and the

Bank (as their respective interests shall appear) and shall contain standard clauses providing for all losses thereunder in excess of \$1,000 to be paid to the Board; provided that all losses (including those in excess of \$1,000) may be adjusted by the Lessee, subject, in the case of any single loss in excess of \$1,000, to the approval of the Board. All policies evidencing the insurance required to be carried by this Section 5.4 shall be deposited with the Board. Prior to the expiration of any such policy, the Lessee will furnish to the Board evidence satisfactory to the Board that such policy has been renewed or replaced by another policy or that there is no necessity therefor under this Lease Agreement. Anything herein to the contrary notwithstanding, the insurance required by the provisions of clause (c) of the preceding paragraph may be evidenced by a blanket policy covering risks in addition to those required to be covered hereby, but if and only if appropriate policies and loss payable endorsements are furnished to the Board.

Section 6.4 Advances by Board. In the event the Lessee fails to take out or maintain the full insurance coverage required by this Lease Agreement or fails to keep the Project in as reasonable safe condition as its operating conditions permit, and the Facility and the other improvements located on the Project Site in good repair and operating condition, the Board 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 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 Facility and the other improvements located on the Project Site in good repair and operating condition, in accordance with generally accepted industrial and medical practices, respectively; and all amounts so advanced therefor by the Board shall become an additional obligation of the Lessee to the Board, 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 Board for the collection of the rental payments shall also be available to the Board for the collection of all such amounts so advanced.

ARTICLE VII

PROVISIONS RESPECTING DAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.1 Damage and Destruction Provisions. If the Facility is destroyed, in whole or in part, or is damaged, by fire or other casualty, to such extent that the loss resulting therefrom is not greater than \$1,000, the Lessee (a) will promptly repair, rebuild or restore the property damaged or destroyed to substantially the same condition as prior to the event causing such damage or destruction, with such changes, alterations and modifications as will not impair the operating unity of the Facility or its character as a "project" under the Authorizing Act,

(b) will apply for such purpose so much as may be necessary therefor of any Net Insurance Proceeds referable thereto, as well as any other moneys required therefor; and (c) shall, in the event the total cost of such repair, rebuilding and restoration are less than the amount of the Net Insurance Proceeds referable thereto pay to the Bank for payment against the Bond, the amount by which such proceeds exceed said total costs; provided that the Lessee may, if as a result of such damage or destruction it is entitled to do so under the provisions of Section 11.2 hereof, exercise the option to terminate there granted, in which event it need not repair, rebuild or restore the property damaged or destroyed.

If the Facility is destroyed, in whole or in part, or is damaged by fire or other casualty, to such extent that the loss resulting therefrom is in excess of \$1,000, the Lessee will promptly so notify the Board in writing. If, in such event, the Lessee is not entitled to exercise the option to terminate granted in Section 11.2 hereof or if, in such event, being entitled to, it does not exercise such option, any Net Insurance Proceeds recovered by the Board or the Lessee on account of such damage or destruction shall be paid to and held by the Board, whereupon

(1) the Board will proceed, as promptly as practicable under the circumstances and upon such terms and conditions as shall be approved by the Lessee, to repair, rebuild or restore the property damaged or destroyed to substantially the same condition as prior to the event causing such damage or destruction, and

(2) the Board will apply the Net Insurance Proceeds to payment of the costs of such repair, rebuilding or restoration, either on completion thereof or as the work progresses, as the Board may elect.

Any balance of the Net Insurance Proceeds remaining after payment of all the costs of such repair, rebuilding, or restoration shall be paid to the Bank to be applied against the Bond. In no event shall the Board be required to expend any amount in excess of the Net Insurance Proceeds for such repair, rebuilding or restoration; and in the event the costs of such repair, rebuilding or restoration are in excess of the Net Insurance Proceeds, the amount of such excess costs shall be paid by the Lessee, who shall not, on account of any such payment, be entitled to any reduction or diminution in the Basic Rent payable by it hereunder.

If, after being furnished with the necessary funds (whether by the Lessee, from insurance proceeds or from both sources), the Board fails or refuses after reasonable request so to repair, rebuild, or restore the property damaged or destroyed, the Lessee may, for and in the name and behalf of the Board, perform the work of such repair, rebuilding or restoration, in which case it shall be entitled to reimbursement for the costs thereof from the funds referred to above, to the extent such funds are sufficient therefor.

In no event shall the Board undertake the work of any repair, rebuilding or restoration under the provisions of this section unless and until the Bank has approved the work contemplated by this Section and (i) it has been notified in writing by the Lessee that the Lessee irrevocably relinquishes any right it may have, on account of such damage or destruction, to exercise the option to terminate granted in Section 11.2 hereof, or (ii) the time within which the Lessee must exercise such option has expired without the Lessee having exercised such option. If, however, as a result of such damage or destruction (irrespective of whether the loss resulting therefrom is greater than \$1,000 or not), the Lessee is entitled to exercise such option and duly does so in accordance with the applicable provisions of said Section 11.2, then neither the Lessee nor the Board shall be required to repair, rebuild or restore the property damaged or destroyed, in which event the Net Insurance Proceeds referable to such damage or destruction shall be paid to the Bank to be applied against the Bond.

Section 7.2 Condemnation Provisions. If the Project or any part thereof is taken under the exercise of the power of eminent domain by any governmental authority or person, firm or corporation acting under governmental authority, the Net Condemnation Award, including any that may be recoverable by the Lessee, shall be paid to the Bank (or, if the Bond has been fully paid, to the Board), and applied as hereinafter provided:

(a) Taking of All or Substantially All the Project. If all or substantially all the Project is taken by such eminent domain proceeding, this Lease Agreement shall, unless the Lessee has theretofore duly exercised the option to purchase granted in Section 11.3 hereof terminate [except as to the provisions of this subsection (a)] as of the forty-fifth (45th) day after the receipt by the Bank of the entire final condemnation award.

The Board will, as promptly as practical, following the Bank's receipt of the entire final condemnation award, notify the Lessee of the date on which the Bank received such entire final condemnation award, and will, on the 45th day after such receipt by the Bank, furnish to the Lessee a statement in writing of the amount of the Net Condemnation Award.

If the total of such amount is insufficient to pay the entire unpaid balance of the Bond (including, without limitations, principal, interest to maturity or to the earliest practical redemption date, as the case may be, expenses of redemption) in accordance with the applicable provisions of the Indenture, the Lessee will promptly pay to the Board and to the Bank the amount of such deficiency as additional Basic Rent.

If the total of all such amount is in excess of the sum needed to pay and retire the Bond, as aforesaid (or if the Bond has been fully paid), then such excess (or, if the Bond has been fully paid, such total amount) shall be paid to the Lessee.

(b) Taking of Less than Substantially All the Project. If less than all or less than substantially all the Project is taken by such eminent domain proceeding, this Lease Agreement shall continue in full force and effect but with the following consequences:

(i) If no part of the Facility is taken or damaged and if in the Lessee's opinion the efficient utilization of the Facility is not impaired by such taking, the Net Condemnation Award referable thereto shall be paid to the Bank to be applied against the Bond or, in the event the Bond has been fully paid, to the Lessee.

(ii) If any part of the Facility is taken or damaged or if in the Lessee's opinion the efficient utilization of the Facility is impaired by such taking, the Board will proceed, as promptly as practicable under the circumstances, to repair, rebuild or restore the Facility or to rearrange the Facility as to make it suitable for the Lessee's use and the Board will apply the Net Condemnation Award referable to such taking to payment of such cost. In the event the costs of such work are in excess of the Net Condemnation Award, the Lessee shall pay the amount of such excess, but shall not, on account thereof, be entitled to any reduction or diminution of the Basic Rent payable by it hereunder. Any balance of the Net Condemnation Award remaining after payment of all costs of the work provided for in this subparagraph (ii) shall be paid to the Bank to be applied against the Bond, or in the event the Bond has been fully paid, to the Lessee.

The provisions of the preceding subparagraph (ii) to the contrary notwithstanding, in no event shall the Board undertake the work of any repair, rebuilding, restoration or rearrangement thereunder unless and until the Bank has approved the work contemplated by this Section and (A) the Lessee notifies the Board in writing that the Lessee irrevocably relinquishes any right it may have, on account of

such condemnation, to exercise the option to terminate granted in Section 11.2, or (B) the time within which the Lessee must exercise such option has expired without the Lessee having exercised such option. If, however, as a result of such taking, the Lessee is entitled to exercise such option and duly does so in accordance with the applicable provisions of said Section 11.2, then the Board shall not be required to repair, rebuild or restore the Facility or to rearrange the Facility nor shall any of the other provisions of said subparagraph (ii) apply in such case and so much (which may be all) of the Net Condemnation Award referable to such taking as may be necessary to provide for full payment and retirement of the Bond shall be paid or credited by the Bank for such purpose and the excess (if any) shall be paid to the Lessee after or simultaneously with the exercise by the Lessee of such option.

The Board will 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 follow all reasonable directions given to it by the Lessee in connection with such proceeding. In no event will the Board settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Project or any part thereof without the prior written consent of the Lessee.

Section 7.3 Condemnation of Right to Use of Project for Limited Period. If the use, for a limited period of any part of the Project is taken by any such eminent domain proceeding, this Lease Agreement (including, without limitation, the provisions hereof relating to the payment of Basic Rent) shall, continue in full force and effect, but with the consequences specified in the remaining provisions of this Section 7.3. If the period of such taking expires on or before the expiration of the Lease term, the Lessee shall be entitled to receive the entire condemnation award made therefor, whether by way of damages, rent or otherwise, and shall upon being restored to possession restore the Project as nearly as practicable to the condition existing immediately prior to such taking, with such changes, alterations and modifications as will not impair the operating unity of the Facility or its character as a part of a "project" under the Authorizing Act. If such taking occurs during the Lease Term but the period of such taking expires after the expiration of the Lease Term, the Lessee shall be entitled to receive that portion of the award applicable to the period from the date of such taking to 11:59 o'clock P.M. on March 31, 1995, and the Board shall be entitled to the remainder thereof.

ARTICLE VIII

PARTICULAR COVENANTS OF THE LESSEE

Section 8.1 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 damage by fire, casualty or otherwise. The Lessee will, in the use of the Project Site, the Facility and the public ways abutting the Project Site, comply with all lawful requirements of all governmental bodies.

Section 8.2 Release and Indemnification Covenants.

The Lessee releases the Board (and its officers and members of its Board of Directors, acting in their official capacities) from and covenants and agrees that the Board (and its officers and the members of its Board of Directors, acting in their official capacities) shall not be liable for, and to hold the Board (and its officers and the members of its Board of Directors, acting in their official capacities) 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 Site, the Facility or the other improvements on the Project Site, including any expenses incurred by the Board (and its officers and the members of its Board of Directors, acting in their official capacities) in connection with the defense of any claim against it or any of them arising out of any such loss, damage, injury or death; provided however, that nothing herein contained shall be construed to indemnify the Board (or its officers or the members of its Board of Directors) against, or to release the Board (or its officers or the members of its Board of Directors) from liability for, any loss or damage that may result from wanton misconduct on the part of the Board (or its officers or the members of its Board of Directors) or from its or their own intentional wrongful acts. The Lessee will provide for and insure, in the public liability policies required in subsection (c) of Section 6.3 hereof, not only its own liability in respect of the matters there mentioned, but also the liability herein assumed.

The Board 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 8.2, to indemnify the Board.

Section 8.3 Inspection of Project. The Lessee will permit the Board and the Bank and the duly authorized agent of either of them at all reasonable times to enter upon, examine and inspect the Project.

Section 8.4 Maintenance of Records and Furnishings of Copies of Annual Audits. The Lessee will maintain proper books of record and account in which he will make full and correct entries of all its business activities in accordance with generally accepted accounting practices. Within one hundred twenty (120) days following the close of each fiscal year of the Lessee, he will furnish to the Board a balance sheet and statements of income and expense and surplus showing the financial condition of the Lessee at the close of such fiscal year and the results of operations of the Lessee for such fiscal year.

Section 8.5 Further Assurances. The Lessee will, at his own cost and expense, take all actions that may at the time and from time to time be necessary to perfect, preserve, protect and secure the interests of the Board in and to the Project, including, without limitation, the filing of all financing and continuation statements that may at the time be required under the Alabama Uniform Commercial Code. The Company further agrees, without in any way limiting the generality of the foregoing, to take any and all such actions that in the judgment of the Board or the Bank are necessary for the perfection, preservation, protection and securing of such interests.

ARTICLE IX

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

Section 9.1 Provisions Relating to Assignment and Subleasing by Lessee. 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 consent of either the Board or the Bank; provided however, that no assignee or sublessee or anyone claiming by, through or under any such assignment or sublease shall be virtue thereof acquire any greater rights in the Project or any part thereof than the Lessee then has under this Lease Agreement, or shall any such Assignment or subleasing or any dealings or transactions between the Board or the Bank or any sublessee or assignee in any way relieve the Lessee from primary liability for any obligations hereunder.

Section 9.2 Mortgaging of Project by Board. The Board may mortgage the Project to the Bank as security for the payment of the Bond, subject to this Lease Agreement (which Lease Agreement and the estate of the Company hereunder shall be prior and superior to the lien of the Indenture), and may assign its interest in and pledge any moneys receivable under this Lease Agreement to the Bank as security for payment of the principal of and the interest on the Bond. The Board may in the Indenture obligate itself to follow the instructions of the Bank in the election or pursuit of any remedies herein vested in it. In the event that the Board's interest in this Lease Agreement is so assigned and pledged to the Bank, the Bank shall have all rights and remedies herein accorded the Board and any reference herein to the Board shall be deemed, with the necessary changes in detail, to include the Bank, and the Bank shall be deemed to be a third party beneficiary of the covenants and agreements of the Lessee herein contained. Subsequent to the issuance of the Bond and prior to its payment in full, the Board and the Lessee shall have no power to modify, alter, amend (except as specifically authorized herein) terminate this Lease Agreement without the prior written consent of the Bank and then only as provided in the Indenture. The Board will not, so long as the Lessee is not in default hereunder, amend the Indenture or any indenture supplemental thereto without the prior written consent of the Lessee.

Without the prior written consent of the Lessee, the Board will not, at any time, while the Lessee is not in default hereunder, hereafter issue any bonds or other securities (including refund in securities), other than the bonds payable out of or secured by a pledge of the revenues and receipts derived by the Board from the leasing or sale of the Project, nor, without such consent, will the Board, at any time, while the Lessee is not in default hereunder, hereafter place any mortgage or other encumbrance (other than the Indenture and Supplemental Indentures contemplated thereby) on the Project or any part thereof. Neither the Board nor the Lessee will unreasonably withhold any consent herein or in the Indenture required of either of them.

Section 9.3 Prepayment of Basic Rent. The Lessee may, at its option at any time and from time to time, prepay directly to the Bank, for the account of the Board, such amount of Basic Rent as shall be sufficient to enable the Board to redeem and retire in advance of maturity, any or all of the unpaid principal of the Bond, in accordance with its terms. In the event of such prepayment, the Board will cause the amount of Basic Rent so prepaid to be applied to the prepayment of the Bond, in accordance with the provisions of the Indenture, on the earliest practicable date after receipt of such prepaid Basic Rent on which, under its terms, the Bond may be prepaid, and will take all action necessary under the provisions of the Indenture to effect such prepayment. The Board recognizes that under the provisions of Section 5.2 hereof, any such prepayment of Basic Rent will result in a total or a partial abatement of the Basic Rent that would thereafter become due under the provisions of said Section 5.2, had it not been for such prepayment.

Section 9.4 References to Bond Ineffective After Bond Paid. Upon full payment of the Bond all references in this Lease Agreement to the Bond and the Bank shall be ineffective and the Bank shall not thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

Section 10.1 Events of Default Defined. The following shall be "events of default" under this 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 by the Lessee to pay the Basic Rent hereinabove provided, which failure shall have continued for a period of ten (10) days after such Basic Rent became due and payable;

(b) Failure by the Lessee in the due performance or observance of any of its other agreements or covenants contained in this Lease

Agreement, which failure shall have continued for a period of thirty (30) days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Company by the Board, unless the Board and the Bank shall agree in writing to an extension of such period prior to its expiration or unless during such thirty (30) day period, or any extension thereof, the Lessee has taken steps reasonably calculated to remedy such default, or the Lessee is by reason of force majeure at the time prevented from performing or observing the agreement or covenant with respect to which it is delinquent; or

(c) The filing by the Lessee of a voluntary petition in bankruptcy or his failure promptly to lift any execution, garnishment or attachment of such size as seriously to impair his ability to carry on his operations, the commission by him of any act of bankruptcy or his adjudication as a bankrupt, an assignment by him for the benefit of creditors, the entry by him into an agreement of composition with his creditors or the approval by a court of competent jurisdiction as having been filed in good faith of a petition applicable to him in any proceeding for his reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act that may hereafter be enacted.

The term "force majeure" as used in subsection (b) of this section means acts of God or the public enemy, strikes, labor disputes, lockouts, work slowdowns or stoppages or other industrial disturbances, insurrections, riots or other civil disturbances, orders of the United States of America, the State of Alabama or any department, agency or political subdivision of either thereof, or of other civil or military authority, or partial or entire failure of public utilities.

Section 10.2 Remedies on Default. Whenever any such event of default shall have happened and be continuing, the Board and the Bank may take any one or more of the following remedial steps:

(a) They may re-enter and take possession of the Project, exclude the Company from possession thereof and rent the same for the account of the Lessee, holding the Lessee liable for the balance due hereunder;

(b) They may terminate this Lease Agreement, exclude the Lessee from possession of the Project and lease the same for the account of the Board, holding the Lessee liable for all rent due up to the date such lease is made for the account of the Board;

(c) They may declare immediately due and payable all installments of rent thereafter coming due hereunder, provided however, that the total amount of such rent that may be so declared immediately due and payable shall be an amount which will be sufficient to pay and retire the Bond on the earliest practicable date thereafter on which the Bond, by its terms, may be retired, including, without limitation, principal, premium (if any), all interest to mature until and on such date, and expenses;

(d) They may have access to, and inspect, examine and make copies of, the books, records and accounts of the Lessee pertaining to the Project; and

(e) They may take whatever other action at law or in equity may appear necessary or desirable to collect the rent then due, or to enforce any obligation, covenant or agreement of the Lessee under this Lease Agreement.

Section 10.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Board or the Bank 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 or shall be construed to be a waiver thereof but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Board or the Bank to exercise any remedy reserved to it in this Article X, it shall not be necessary to give any notice, other than such notice as is herein expressly required.

Section 10.4 Agreement to Pay Attorneys' Fees. In the event the Board or the Bank should employ attorneys at law or incur other expenses in or about the collection of rent or the enforcement of any other obligation, covenant, agreement, term or condition of this Lease Agreement, the Lessee will pay to the Board or the Bank, as the case may be, reasonable attorneys' fees and other expenses so incurred by the Board or the Bank.

Section 10.5 No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Lease Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. Further, neither the receipt or the acceptance of rental hereunder by the Board, or by the Bank on its behalf, shall be deemed a waiver of any breach of any covenant or condition herein contained even though at the time of such receipt or acceptance there has been a breach of one or more covenants or conditions on the part of the Company herein contained and the Board or the Bank (or both) have knowledge thereof.

ARTICLE XI

OPTIONS

Section 11.1 Option to Renew. If the Lessee pays the rental herein reserved to the Board and is not otherwise at the time in default hereunder, he shall have the right and option, herein granted by the Board, to renew the terms of this Lease Agreement for an additional twenty-three years by notifying the Board in writing not less than thirty (30) days prior to the expiration of the initial term. The rental due by the Lessee during such renewal term or terms shall be the sum of \$1 per year payable annually during such renewal term and all other terms and conditions herein contained shall, with the necessary changes in detail, apply during such renewal term.

Section 11.2 Options to Terminate. The Lessee shall have the following options to cancel or terminate this Lease Agreement:

(a) At any time prior to full payment of the Bond (or provisions for payment thereof having been made in accordance with the provisions of the Indenture) the Lessee may terminate the Lease Agreement by paying to the Bank, for the account of the Board, an amount which, will be sufficient to pay the then remaining principal of the Bond and any accrued but unpaid interest thereon.

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

Upon compliance with the foregoing and the giving of notice to the Board in writing of such termination, such termination shall forthwith become effective.

Section 11.3 Option to Purchase Project Prior to Payment of the Bond. The Lessee shall have, and is hereby granted, the option to purchase the Project prior to the full payment of the Bond (or provision for payment thereof having been made in accordance with the provisions of the Indenture), if any of the following shall have occurred:

(a) The Facility shall have been damaged or destroyed to such extent that, in the opinion of the Lessee expressed in a certificate filed with the Board and the Bank as expeditiously as possible, (i) it cannot be reasonably restored within a period of four months from the date of

the later of such certificates to the condition thereof immediately preceding such damage or destruction, or (ii) the Lessee is thereby prevented or likely to be prevented from carrying on its normal operations for a period of four months, or (iii) the cost of restoration thereof would exceed the Net Insurance Proceeds carried thereon pursuant to the requirements of Section 6.3 hereof, plus the amounts for which the Lessee is self-insured with respect to deductible amounts permitted, if any, under Section 6.3 hereof.

(b) Title to, or the temporary use of, all or a part of the Project shall have been taken under the exercise of the power of eminent domain by any governmental authority, or person, firm or corporation acting under governmental authority (including such a taking or takings as results or, in the opinion of the partners of the Lessee expressed in a resolution and of an Independent Engineer expressed in a certificate in each case filed with the Board and the Bank, 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 Alabama or the Constitution of the United States of America as a result of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered into 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 purposes of the parties, or been declared to be unlawful, or unreasonable burdens or excessive liabilities shall have been imposed on the Board or the Lessee.

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

To exercise such option, the Lessee shall, within six months following the event authorizing the exercise of such option, give written notice to the Board and to the Bank if any portion of the Bond shall then be unpaid and provision for the payment thereof has not been made in accordance with the provisions of the Indenture, and shall specify therein the date of closing such purchase, which date shall be not less than 45 nor more than 90 days from the date such notice is mailed. The purchase price payable by the Lessee in the event of its exercise of the option granted in this Section shall be an amount of money which will be sufficient to pay

off the then remaining principal of the Bond, accrued but unpaid interest thereon and premium, if any.

In the event the Lessee elects to exercise such option, the Company may direct the Bank or the Board to apply against payment of the Bond any Net Proceeds of insurance or condemnation award which the Bank or Board may then hold. Upon the date of closing such purchase as provided in this Section, this Lease Agreement shall thereupon be terminated, but the Lessee shall be entitled to retain possession. At the closing of the foregoing purchase, the Board will, by deed or other appropriate conveyance or instrument, transfer and convey the Project (or such portion - which may be none - thereof as is then in existence and is owned by the Board and in its then condition, whatever that may be) to the Lessee.

Section 11.4 Option to Purchase After Payment of Bond. If the Lessee pays the rental herein reserved to the Board, it shall have the right and option, herein granted by the Board, to purchase the Project from the Board at any time during the term of this Lease Agreement after payment in full of the principal of and the interest on the Bond and all reasonable fees, charges and disbursements of the Bank, accrued and to accrue until the date of such full payment, at and for a purchase price equal to the sum of \$50.00.

To exercise any such purchase option, the Lessee shall notify the Board in writing not less than thirty (30) days prior to the date on which it proposes to effect such purchase and, on the date of such purchase, shall pay the aforesaid purchase price to the Board in bankable funds, whereupon the Board will, by deed or other appropriate conveyance, transfer and convey the Project (in its then condition, whatever that may be) to the Lessee. Nothing herein contained shall be construed to give the Lessee any right to any rebate to or refund of any rental paid by it hereunder prior to the exercise by it or the purchase option hereinabove granted, even though such rental may have been wholly or partially prepaid.

It is hereby agreed between the Board and the Lessee that unless the Lessee gives the Board thirty (30) days prior notice to the contrary, or unless this Lease Agreement shall be sooner terminate, the Lessee shall be deemed to have exercised the option herein granted it to purchase the Project upon final payment of the Bonds, such purchase to be effected on June 1, 1995.

Section 11.5 Relative Position of Options and Indenture. The options granted to the Lessee in this Article shall be and remain prior and superior to the Indenture and, except as respects the options granted under Section 11.1 hereof, may be exercised whether or not the Lessee is in default hereunder, provided that such default will not result in non-fulfillment of any condition to the exercise of any such option.

ARTICLE XII

MISCELLANEOUS

Section 12.1 Covenant of Quiet Enjoyment. Surrender of Project. 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 or any renewal term, subject to all the terms and provisions hereof. At the end of the Lease Term, or renewal term, as the case may be, or upon any prior termination of this Lease Agreement, the Lessee will surrender possession of the Project peaceably and promptly to the Board in as good condition as at the completion of the construction of the Facility, excepting only (a) loss by fire or other casualty covered by insurance, (b) loss that, under the provisions of subsection (a) of Section 11.2 hereof, resulted in the termination of this Lease Agreement, (c) alterations, changes or improvements made in accordance with the provisions of this Lease Agreement, (d) acts of governmental or condemning authorities, and (e) ordinary wear and tear.

Section 12.2 Grant of Utility Easements. Release from Demise. Without the prior written consent of the Lessee, the Board will not itself, at any time during which the Lessee is not in default hereunder, (a) sell, convey or otherwise dispose of all or any part of the Project (b) except as provided in Section 9.2 hereof, mortgage or otherwise encumber the Project or any part hereof, or (c) dissolve or do anything that will result in the termination of its corporate existence. The Board will, however, grant such reasonable utility, access and other similar easements over, across or under the Project Site as shall be required by the Lessee and as are necessary or convenient for the efficient operation of the Project. The Lessee may at any time and from time to time release to the Board, from the demise of this Lease Agreement, any portion or portions of the Project Site, or any interest therein, provided that the Lessee shall not, by reason of any such release, be entitled to any abatement or diminution of the rental payable hereunder. From and after any such release of any portion of the Project Site, the Term "Project Site," as used in this Lease Agreement, shall be construed to refer to the real property that immediately prior thereto formed a part of the Project Site less and except that portion thereof so released.

Section 12.3 This Lease a Net Lease. The Lessee recognizes and understands that it is the intention hereof that this lease be a net lease and that until the Bond is fully paid all Basic Rent be available for payment of principal and interest on the Bond. This Lease Agreement shall be construed to effectuate such intent.

Section 12.4 Notices. All notices hereunder shall be deemed sufficient and properly given if in writing and sent by United States registered or certified mail, postage prepaid, and addressed, if to the Board, at c/o City Hall, Pelham, Alabama 35____, (Attention: Chairman of the Board); if to the Bank, at P. O. Box 11007, Birmingham, Alabama 35288, (Attention: Real Estate Loan Department) and

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if to the Lessee, at 19th Floor, First National-Southern Natural Building, Birmingham, Alabama 35203. The Board, the Lessee and the Bank may, by like notice, designate any further or different addresses to which subsequent notices shall be sent.

Section 12.5 Binding Effect. This Lease Agreement shall inure to the benefit of and shall be binding upon the Board, the Lessee and their respective successors and assigns.

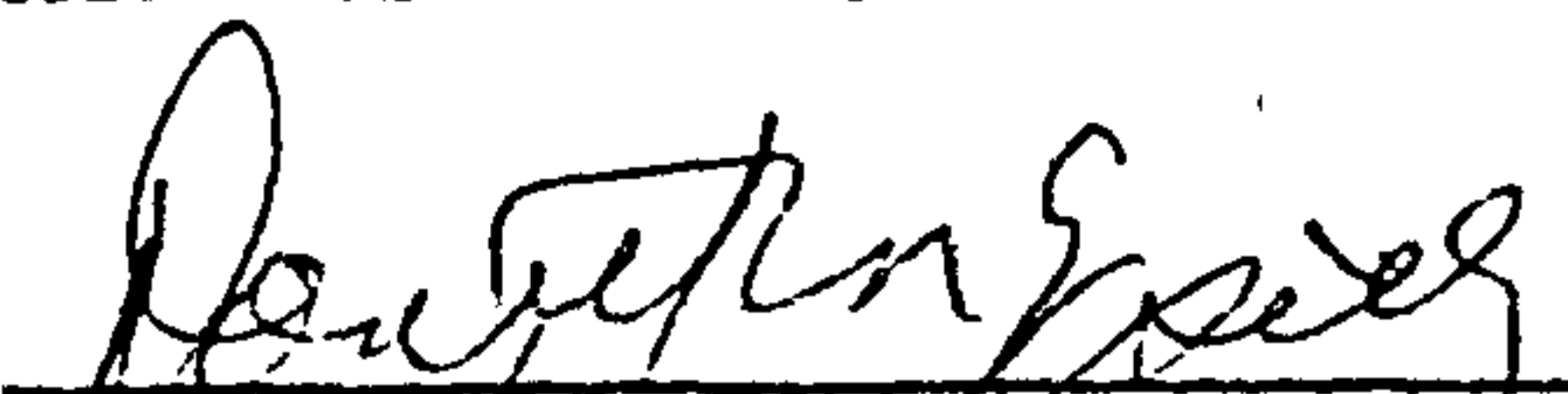
Section 12.6 Severability. In the event any provision of this Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 12.7 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 12.8 Limited Liability of Board. The Board is entering into this Lease Agreement pursuant to the authority conferred upon it in the Authorizing Act. No provision hereof shall be construed to impose a charge against the general credit of the Board or any personal or pecuniary liability upon the Board or any member of its Board of Directors or any of its officers except with respect to the proper application of 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.

IN WITNESS WHEREOF, the Board has caused this Lease Agreement to be executed in its corporate name, has caused its corporate seal to be hereunto affixed, has caused this Lease Agreement to be attested, all by its duly authorized officers, and the Lessee has executed this Lease Agreement in six (6) counterparts, each of which shall be deemed an original, and have caused this Lease Agreement to be dated as of April 1, 1980, although actually executed and delivered on the 2nd day of April, 1980.

THE INDUSTRIAL DEVELOPMENT
BOARD OF THE CITY OF PELHAM

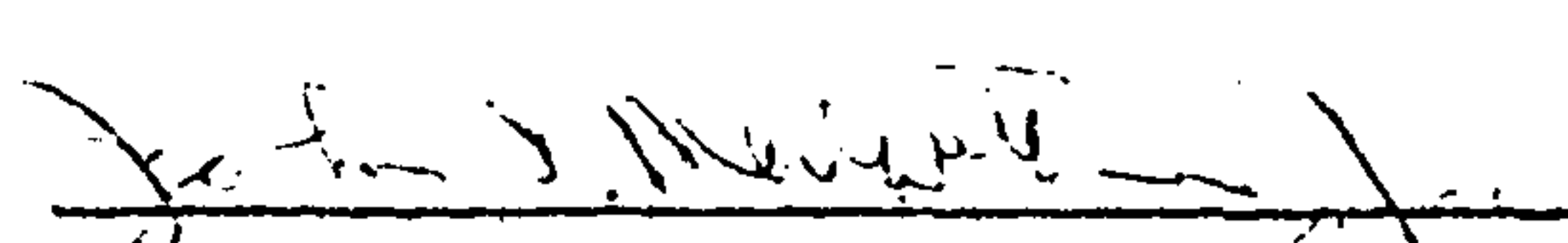
By 
Its Charles


N. Lee Cooper

ATTEST:


Its Secretary

WITNESS:



STATE OF ALABAMA)
)
COUNTY OF _____)

I, _____, a Notary Public in and for said County and said State, hereby certify that Daniel M. Spitzer whose name as President of The Industrial Development Board of the City of Pelham, a public corporation under the laws of Alabama, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the within instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal of office this 2nd day of April, 1980.

June Freeman
Notary Public

[NOTARIAL SEAL]

My Commission Expires: 3-11-81

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Shelby Cnty Judge of Probate, AL
04/09/1980 00:00:00 FILED/CERTIFIED

STATE OF Alabama)
)
COUNTY OF Jefferson)

I, June Freeman, a Notary Public in and for said County and said State, hereby certify that N. Lee Cooper, whose name is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the within instrument, he, executed the same voluntarily as of the day the same bears date.

Given under my hand and official seal of office this 2nd day of April, 1980.

June Freeman
Notary Public

[NOTARIAL SEAL]

My Commission Expires: 3-11-81

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

1980 APR -9 AM 8:44

JUDGE OF PROBATE

NO TAX COLLECTED

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