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05/08/1981 00:00:00 FILED/CERTIFIED

MORTGAGE AND TRUST INDENTURE

between

CITY OF PELHAM, ALABAMA

and

CENTRAL BANK OF BIRMINGHAM

Dated May 7, 1981

BOOK 412 PAGE 171

Relating to

\$950,000

CITY OF PELHAM, ALABAMA

First Mortgage Commercial Development Revenue Bonds
(Pelmar-Marvin's Project)
Series 1981

Dated May 7, 1981

This Instrument was prepared by
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1710 FIRST NAT
BIR

SOUTHERN NATURAL BUILDING
ALABAMA 35203

Executed in 5 Counterparts of
Which This is Counterpart # 1

BOOK 412 PAGE 172

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between
CITY OF PELHAM, ALABAMA
and
CENTRAL BANK OF BIRMINGHAM

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MORTGAGE and TRUST INDENTURE between the CITY OF PELHAM, a municipal corporation under the laws of the State of Alabama, party of the first part, and CENTRAL BANK OF BIRMINGHAM, a banking corporation under the laws of Alabama having its principal place of business in the City of Birmingham, Alabama, party of the second part,

R E C I T A L S

The party of the first part makes the following recitals of fact as the basis for the undertaking following: it is duly incorporated under the laws of Alabama by Certificate of Incorporation duly filed for record in the office of the Judge of Probate of Shelby County, Alabama; its Certificate of Incorporation has not been amended or revoked; by proper official action it has duly authorized the issuance of the Series 1981 Bonds hereinafter referred to; and to secure payment of the principal of and the interest and premium (if any) on all bonds that may be issued hereunder, it has by proper official action duly authorized the execution and delivery of this Indenture.

NOW, THEREFORE, THIS INDENTURE

W I T N E S S E T H:

For the aforesaid purpose and in consideration of the respective agreements herein contained, it is hereby agreed between the parties signatory hereto and the holders of all bonds issued hereunder (the holders of said bonds evidencing their consent hereto by their acceptance of the said bonds and the parties signatory hereto evidencing their consent hereto by their execution hereof), each with each of the others, as follows (provided, that in the performance of any of the agreements of the party of the first part herein contained, any obligation it may thereby incur for the payment of money shall not be a general debt on its part but shall be payable solely from the sources of payment hereinafter specified):

ARTICLE I

DEFINITIONS AND USE OF PHRASES

Section 1.1 Definitions. Unless the context clearly indicates a different meaning, the following words and phrases, as used herein, shall have the following respective meanings:

"Act" means the statutes codified as Code of Alabama 1975, Title 11, Chapter 54, Article 2, as amended and supplemented and at the time in force and effect.

"Additional Bonds" means bonds of the City authorized in Article VIII hereof to be issued hereunder and secured hereby on a parity with the Series 1981 Bonds.

"Adjudication of Invalidity" means a final adjudication by a court of competent jurisdiction from which no further appeal exists, directly binding upon the City or, if not directly binding upon the City, in the reasonable opinion of the Trustee or in the opinion of Bond Counsel acceptable to the Trustee, applicable to the City and to the Series 1981 Bonds and of retrospective effect, that the City does not hold full legal power and authority, under the Act or otherwise, to acquire, own or lease the Project, or to issue the Series 1981 Bonds, or to enter into the Lease or the Indenture, or that the Series 1981 Bonds are otherwise invalid for any reason whatsoever. The Trustee may, in its discretion, seek any such opinion of Bond Counsel, and the Trustee shall be fully protected in relying upon any such opinion of Bond Counsel.

"Affiliate" of any designated person means any person which, directly or indirectly, controls, or is controlled by, or is under common control with, such designated person, and any general partner or limited partner of the Company shall be deemed to be an Affiliate of both the Company and of Marvin's.

"Authorized City Representative" means the person or persons at the time designated as such by written certificate furnished to the Company and the Trustee, containing the specimen signature or signatures of such person or persons and signed on behalf of the City by its Mayor; provided however, that no officer or employee of the Company or of Marvin's or any Affiliate of either thereof may at any time be designated as an Authorized City Representative.

"Authorized Company Representative" means the person or persons at the time designated as such by written certificate furnished to the City and the Trustee, containing the specimen signature or signatures of such person or persons and signed on behalf of the Company by any general partner thereof.

"Basic Rent" means (i) the moneys payable by the Company pursuant to the provisions of Section 5.2 of the Lease, (ii) any other moneys payable by the Company pursuant to the Lease to provide for the payment of the principal of

and the interest and premium (if any) on the Bonds (other than the aforesaid moneys payable pursuant to Section 5.2 of the Lease), and (iii) any other moneys payable by the Company pursuant to the Lease that are therein referred to as Basic Rent.

"Bond Counsel" means Independent Counsel whose opinions respecting the legality or validity of securities issued by or on behalf of states or political subdivisions thereof are nationally recognized.

"Bond Fund" means the Pelmar-Marvin's Bond Principal and Interest Fund created in Section 10.1 hereof and consisting of two accounts, the Primary Account and the Escrow Account.

"Bond Fund Escrow Account" means the Escrow Account forming part of the Bond Fund.

"Bond Fund Primary Account" means the Primary Account forming part of the Bond Fund.

"Bondholder" means the Holder of any Bond or Coupon, as the case may be.

"Bonds" means all bonds of the City issued under the Indenture; i.e., the Series 1981 Bonds and all Additional Bonds which may from time to time be issued under the Indenture.

"Building" means the storage and distribution building and related structures which now exist upon the Project Site or which are required by the Lease to be constructed thereon (i.e. the Existing Facilities and the Improvements), as the same shall at any time exist.

"City" means the party of the first part hereto and, subject to the provisions of Section 11.6 hereof, includes its successors and assigns and any municipal corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party.

"Code" means the Internal Revenue Code of 1954, as amended and at the time in force and effect.

"Company" means Pelmar, Ltd., a limited partnership organized and existing under the laws of the State of Alabama, and, subject to the provisions of Section 8.4 of the Lease, includes its successors and assigns.

"Completion Date" means the date on which the completion of the Project Development Work and the satisfaction of the other conditions referred to in Section 4.6 of the Lease are certified to the Trustee and the City in accordance with the provisions of said Section 4.6.

"Construction Fund" means the Pelmar-Marvin's Construction Fund created in Section 9.2 hereof and consisting of two accounts, the Primary Account and the Investment Account.

"Construction Fund Investment Account" means the Investment Account forming part of the Construction Fund.

"Construction Fund Primary Account" means the Primary Account forming part of the Construction Fund.

"Counsel" means any attorney duly admitted to practice before the highest court of any state of the United States of America or the District of Columbia or any firm of attorneys all of the members of which are so admitted, including any officer or full-time employee of the City, the Company, Marvin's or an Affiliate of any thereof.

"Coupon Bonds" means all Bonds issued in a form which provides that the interest thereon may be evidenced by Coupons appertaining thereto, irrespective of whether such Coupons may at the time be detached therefrom and held by the Trustee on account of the registration thereof as to both principal and interest pursuant to the provisions of Section 5.1 hereof; i.e., all Bonds other than Special Fully Registered Bonds.

"Coupons" means those issued hereunder and evidencing interest on the applicable Coupon Bond or Bonds.

"Eligible Certificates" means certificates of deposit issued (i) by any bank organized under the laws of the United States of America or any state thereof and having, at the time of the acquisition by the City of such certificates of deposit, combined capital, surplus and undivided profits of not less than \$10,000,000 or (ii) by the Trustee irrespective of the amount of its combined capital, surplus and undivided profits.

"Eligible Investments" means Eligible Certificates, Federal Securities and any other debt securities in which the City is legally authorized to invest its moneys.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended and at the time in force and effect.

"Existing Facilities" means the buildings and other structures now situated on the Project Site which are suitable for use by Marvin's for the selling of hardware and building materials.

"Event of Default" means an "Event of Default" as specified in Section 13.1 hereof.

"Federal Securities" means (i) any debt securities that are direct obligations of the United States of America, and (ii) any debt securities payment of the principal of and the interest on which is unconditionally guaranteed by the United States of America.

"Financial Journal" means a journal or newspaper printed in the English language, customarily published not less than five days during each calendar week and devoted primarily to news of financial matters.

"Fully Registered Bonds" means those Bonds registered as to both principal and interest, i.e., Coupon Bonds registered as to both principal and interest pursuant to the provisions of Section 5.1 hereof and Bonds issued as Special Fully Registered Bonds.

"Holder" when used in conjunction with Coupons or unregistered Bonds, means the person in possession and the apparent owner of the designated item and when used in conjunction with a Registered or Fully Registered Bond means the person in whose name such Bond is registered on the registry books of the Trustee pertaining to the Bonds.

"Improvements" means the additions and improvements to the Existing Facilities which are required to be made by the Lease.

"Indenture" means this Mortgage and Trust Indenture, as supplemented and amended by any Supplemental Indenture executed by the City and the Trustee in accordance with the applicable provisions of Article XV hereof.

"Indenture Indebtedness" means all indebtedness of the City at the time secured by the Indenture, including, without limitation, (i) all principal of and interest and premium (if any) on the Bonds and (ii) all reasonable and proper fees, charges and disbursements of the Trustee for services performed under the Indenture.

"Independent Alabama Counsel" means an attorney who is duly admitted to practice before the highest court in the State of Alabama and who is not an officer or full-time employee of the City, the Company, Marvin's or an Affiliate of any thereof, it being understood that "Independent Alabama Counsel" may also mean a firm of attorneys whose members are so admitted to practice and none of whose members is an officer or full-time employee of the City, the Company, Marvin's or an Affiliate of any thereof.

"Independent Appraiser" means a person, firm or corporation not regularly employed or retained by the City, the Company, Marvin's or an Affiliate of any thereof and regularly engaged in the business of appraising real or personal property (as appropriate to the property being appraised or valued) and otherwise competent, in the opinion of the Trustee, to determine the value of the property in question.

"Independent Architect" means an architect or architectural firm licensed to engage in the independent practice of architecture under the laws of the State of Alabama and not regularly employed or retained by the City, the Company, Marvin's or an Affiliate of any thereof.

"Independent Counsel", when used to describe Counsel who is an individual attorney, means that he is not an officer or full-time employee of the City, the Company, Marvin's or an Affiliate of any thereof and, when used to describe Counsel consisting of a firm of attorneys, means that none of the members of such firm is an officer or full-time employee of the City, the Company, Marvin's or an Affiliate of any thereof.

"Independent Engineer" means an engineer or engineering firm licensed to engage in the independent practice of engineering under the laws of the State of Alabama and not regularly employed or retained by the City, the Company, Marvin's or an Affiliate of any thereof.

"Inducement Agreement" means that certain Inducement Agreement between the City and Marvin's which was exe-

cuted and delivered on behalf of the City and Marvin's on January 5, 1981 and under which Marvin's has heretofore assigned all its rights and obligations to the Company, in which the City agreed, among other things, to acquire, construct and equip the Project, to issue the Series 1981 Bonds to finance the costs of such undertakings and to lease the Project to Marvin's or its assignee.

"Lease" means that certain Lease Agreement dated the date hereof between the City, as lessor, and the Company, as lessee, as said Lease Agreement now exists and as it may from time to time be modified, supplemented or amended in accordance with the provisions of Article XV hereof.

"Lease Default" means an "Event of Default" under the Lease, as such term is defined in Section 10.1 of the Lease.

"Marvin's" means Marvin's, Inc., an Alabama corporation, substantially all the capital stock of which is owned by the general partner and the limited partners of the Company.

"Newspaper" means a newspaper printed in the English language, published not less than five days during each calendar week and being published or having general circulation in such localities as may be herein specified, if there be any such. If there is no newspaper in existence meeting the foregoing qualifications, the term "Newspaper" shall mean any newspaper or other publication selected by the Trustee and reasonably suitable in the circumstances for use in making the publication at the time required to be made.

"Permitted Encumbrances" means, as of any particular time, any of the following: (i) the Lease and the Indenture; (ii) any sublease of the Project to Marvin's, or any assignment of the Lease to Marvin's; (iii) liens imposed by law, such as mechanics', workmen's, materialmen's, carriers' and other like liens arising in the ordinary course of business, securing obligations which are not overdue or which are being contested in good faith and by appropriate proceedings; (iv) liens for property taxes not delinquent or for taxes which are being contested in good faith and by appropriate proceedings; and (v) utility, access, drainage and other easements and rights-of-way, mineral rights, covenants running with the land, zoning restrictions, environmental regulations and other restrictions and encumbrances affecting the use of real property, or minor irregularities in the title to real property, none of the foregoing of which, individually or in the aggregate, materially impair the title of the City to any part of the Project or the use of the Project for the purpose for which it was acquired or is held by the City.

"Prime Rate" means the prime rate of interest charged by the Trustee in its commercial lending operations on ninety (90) day commercial loans to its most credit-worthy corporate borrowers, as said prime rate shall be established from time to time.

"Project" means the Project Site, the Building and the Project Equipment, as they may at any time exist, and all other property and rights of every kind that are or become subject to the demise of the Lease.

"Project Development Costs" means the following: (i) all costs and expenses incurred in connection with the planning, development and design of the Project, including the costs of preliminary investigations, surveys, estimates and plans and specifications; (ii) all costs of acquiring, preparing and improving the Project Site and the Existing Facilities, as well as the cost of any policy of title insurance insuring the interest of the City, the Company and the Trustee in and to the Project Site and the Existing Facilities; (iii) all costs and expenses of constructing the Improvements, including the cost to the Company of supervising construction, payments to contractors and materialmen and fees for professional or other specialized services; (iv) all costs and expenses of acquiring the Project Equipment and of installing the same in or about the Building or elsewhere on the Project Site; (v) the costs of contract bonds and of insurance of all kinds which may be necessary or desirable in connection with the Project Development Work and which are not paid by any contractor or otherwise provided for; (vi) all expenses incurred in connection with the issuance and sale of the Series 1981 Bonds, including (without limitation) all legal, accounting, financial, underwriting, printing, recording and filing fees and expenses and the initial charge of the Trustee; (vii) the charges of the Trustee for the disbursement of moneys from the Construction Fund; (viii) all other costs which the City shall be required to pay, under the terms of any contract or contracts, in connection with the Project Development Work; (ix) interest on any funds borrowed by Marvin's or the Company for the purpose of paying, pursuant to the Inducement Agreement (as that term is defined in the Lease) any Project Development Costs that have heretofore been paid by the Company or by Marvin's; and (x) the reimbursement to the Company or to Marvin's of all amounts paid directly by the Company or by Marvin's in respect of any of the aforesaid costs and expenses and of all amounts advanced by the Company or by Marvin's to the City for the payment of such costs and expenses.

"Project Development Work" means (i) the acquisition of the Project Site and the Existing Facilities and the preparation and improvement thereof to the extent that the Company deems necessary or desirable in connection with the construction of the Improvements, (ii) the planning, design and construction of the Improvements in accordance with the provisions hereof and (iii) the planning, design and acquisition of the Project Equipment and the installation thereof in or about the Building or elsewhere on the Project Site, all in accordance with the provisions hereof.

"Project Equipment" means (i) all items (whether or not fixtures) of machinery, equipment or other personal property the costs of which, in whole or in part, have been or are to be paid by the City out of the proceeds of the sale of any of the Bonds and (ii) all items (whether or not fixtures) of machinery, equipment or other personal property that are acquired by the City in substitution for or replacement of items of machinery, equipment or other personal property theretofore constituting part of the Project Equipment and that, under the provisions of the Lease and the Indenture, are to constitute part of the Project Equipment. As of the delivery of this Indenture, the Project Equipment is expected to consist of those items (whether or not fixtures) of machinery, equipment or other personal property that are generally described in Exhibit A attached hereto and made a part hereof.

"Project Site" means (i) the parcel of land specifically described under the heading "I" in Section 2.1 hereof (to the extent that such parcel is at the time subject to the lien hereof) and (ii) any other land that, at the time and under the terms hereof, constitutes a part of the Project Site.

"Qualifying Project Development Costs" means Project Development Costs that are expended solely for the purpose of acquiring, constructing, reconstructing or improving land or property of a character subject to the allowance for depreciation within the meaning of Section 103(b)(6) of the Code and the applicable regulations thereunder, to the extent that such Project Development Costs are incurred subsequent to the date of the Inducement Agreement.

"Redemption Fund" means the Pelmar-Marvin's Bond Redemption Fund created in Section 10.2 hereof.

"Registered Bonds" means those Coupon Bonds registered as to principal only pursuant to the provisions hereof.

"Resolution" means a resolution or ordinance duly adopted by the governing body of the City.

"Series 1981 Bonds" means those of the Bonds bearing the designation First Mortgage Commercial Development Revenue Bonds (Pelmar-Marvin's Project), Series 1981, dated the date of their issuance and authorized to be issued in Article VII hereof.

"Series 1981 Guaranty" means that certain Bond Guaranty Agreement dated the date hereof between Alfred J. Cohn (the general partner of the Company and also the owner of a majority of the common stock of Marvin's) and Marvin's, as the joint and several guarantors thereunder, and the Trustee in and by which the Alfred J. Cohn and Marvin's have unconditionally jointly and severally guaranteed the payment by the City of the principal of and the interest and premium (if any) on the Series 1981 Bonds, as such Guaranty Agreement may from time to time be amended in accordance with the provisions thereof.

"Series 1981 Guaranty Default" means the failure by the said Alfred J. Cohn or Marvin's to fulfill any of their joint and several obligations, covenants or agreements under the terms of the Series 1981 Guaranty.

"Series 1981 Investment Proceeds" means the net income derived from the investment and reinvestment of proceeds of the Series 1981 Bonds (including income derived from the investment and reinvestment of previously derived income), and includes the net income derived from the investment of moneys transferred from the Construction Fund to the Bond Fund Escrow Account, as well as the net income derived from the investment of moneys held in the Construction Fund.

"Series 1981 Issuance Expenses" means the expenses of issuing the Series 1981 Bonds to the extent that, in determining the amounts of the "proceeds" of the Series 1981 Bonds for purposes of Treasury Regulations §1.103-8(a)(1)(i) and §1.103-10(b)(1)(ii), such expenses are properly deductible from the aggregate amount (excluding accrued interest) received by the City from the sale of the Series 1981 Bonds.

"Series 1981 Principal Proceeds" means the aggregate amount (excluding accrued interest, if any) received by the City from the sale of the Series 1981 Bonds, less the Series 1981 Issuance Expenses.

"Special Fully Registered Bonds" means the Series 1981 Bonds, as issued in the form set out in Section 7.7 hereof, and all Additional Bonds issued in a fully registered form which does not provide that the interest thereon may be evidenced by interest coupons appertaining thereto.

"Stated Rate" means a rate of interest equal to One Percent (1%) in excess of the yield of the "Thirty Year Revenue Index" as established by "The Weekly Bond Buyer", a Financial Journal which is now published in the City of New York, New York, for the weekly period next preceding each January 1, April 1, July 1 and October 1 while any of the Series 1981 Bonds remain outstanding. Should said "The Weekly Bond Buyer" cease or suspend publication, or should it cease to establish and publish said "Thirty Year Revenue Index" at any time prior to full payment of the Series 1981 Bonds, then the Trustee shall compute an equivalent average "yield" on comparable tax-exempt debt securities as those used in computing the aforesaid "Thirty Year Revenue Index", and the Stated Rate shall be computed with respect to the "yield" on such comparable tax-exempt debt securities.

"Supplemental Indenture" means an agreement supplemental hereto.

"Trustee" means the party of the second part hereto and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party.

Section 1.2 Definitions Contained in the Lease. Unless the context clearly indicates a different meaning, any words, terms or phrases that are used in the Indenture as defined terms without being herein defined and that are defined in the Lease shall have the meanings respectively given them in the Lease.

Section 1.3 Use of Phrases. "Herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent words refer to the Indenture and not solely to the particular portion thereof 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. Any percentage of Bonds, specified herein for any purpose, is to be figured with respect to the principal amount thereof then outstanding.

ARTICLE II

GRANTING CLAUSES

Section 2.1 Granting Clauses. In order to secure to the Holders thereof payment of the principal of and the interest and premium (if any) on the Bonds and the performance and observance of the covenants and conditions herein and therein contained, and in consideration of their purchase and acceptance of the Bonds and of the acceptance by the Trustee of the trusts herein provided, the City does hereby grant, bargain, sell and convey, assign, transfer and pledge to and with the Trustee the following described properties of the City, whether the same are now owned by it or may be hereafter acquired:

I

The following described parcels of land situated wholly within the corporate limits of the City in Shelby County, Alabama:

PARCEL I

A parcel of land located in the Northeast 1/4 of the Southeast 1/4 of Section 14, Township 20 South, Range 3 West, Shelby County, Alabama, more particularly described as follows: Commence at the Northeast corner of the Southeast 1/4 of the Northeast 1/4 of said Section 14; thence in a Southerly direction, along the East line of said 1/4 - 1/4 Section, a distance of 794.94 feet to a point on the centerline of Shelby County Highway No. 283; thence 13 deg. 12 min. right, in a Southwesterly direction along said centerline, a distance of 688.83 feet; thence 85 deg. 05 min. right, in a Northwesterly direction, a distance of 30.11 feet to the point of beginning; said point also being located on the Northwest right-of-way line of said Shelby County Highway No. 283; thence continue along last described course, in a Northwesterly direction, a distance of 356.60 feet; thence 90 deg. 17 min. 51 sec. left, in a Southwesterly direction, a distance of 57.64 feet; thence 90 deg. 17 min. 45 sec. right, in a Northwesterly direction, a distance of 263.18 feet; thence 75 deg. 45 min. 24 sec. left, in a Southwesterly direction, a distance of 248.90 feet; thence 104 deg. 14 min. 30 sec. left, in a Southeasterly direction, a distance of 655.0 feet to a point on the Northwesterly right-of-way line of said Shelby County Highway No. 283; thence 85 deg. 05 min. left, in a Northeasterly direction along said Right-of-way line, a distance of 300.00 feet to the point of beginning, containing 3.98 acres.

PARCEL II

A parcel of land located in the Northwest 1/4 of the Southeast 1/4 and the Southwest 1/4 of the Northeast 1/4 of Section 14, Township 20 South, Range 3 West, Shelby County, Alabama, more particularly described as follows: Commence at the Southwest corner of the Northwest 1/4 of the Southeast 1/4 of said Section 14; thence in a Northerly direction, along the West line of said 1/4-1/4 Section, a distance of 461.07 feet to a point on the Southeast Right of Way Line of Parker Drive (extended); thence 41 degrees 28 minutes 50 seconds right, in a Northeasterly direction along said Right of Way Line, a distance of 1027.37 feet to the beginning of a curve to the left, said curve having a radius of 130.62 feet and a central angle of 43 degrees 51 minutes 52 seconds, said point also being on the North Right of Way Line of the New Seaboard Coast Line Railroad Right of Way, said point also being the Point of Beginning; thence along arc of said curve, in a Northeasterly then Northwesterly direction, along said Right of Way Line of Parker Drive, a distance of 100.0 feet to end of said curve; thence 139 degrees 23 minutes 10 seconds right, measured from tangent of said curve, in a Southeasterly direction, a distance of 545.97 feet; thence 84 degrees 28 minutes 42 seconds right, in a Southwesterly direction, a distance of 38.0 feet to a point on the North Right of Way Line of said New Seaboard Coast Line Railroad Right of Way; thence 90 degrees right, in a Northwesterly direction along said Right of Way Line, a distance of 507.0 feet to the Point of Beginning. Said parcel contains 0.75 acre and is subject to easements and rights of way of record;

II

The Building and all other buildings, structures and other improvements now or hereafter situated on the Project Site, all permits, easements, licenses, rights-of-way, contracts, leases, privileges, immunities and hereditaments pertaining or applicable to the Project Site and all fixtures now or hereafter owned by the City and installed on the Project Site or in the Building or in any of such other buildings, structures and improvements now or hereafter located on the Project Site, it being the intention hereof that all property, rights and privileges hereafter acquired for use as a part of or in connection with or as an improvement to the Project Site shall be as fully covered hereby as if such property, rights and privileges were now owned by the City and were specifically described herein, along with the proceeds, including the insurance proceeds, and products of all of the foregoing;

III

All items (whether or not fixtures) of machinery, equipment and other personal property that at any time, under the provisions of the Lease or of the Indenture, constitute the Project Equipment, including, without limitation, the items (whether or not fixtures) of machinery, equipment and other personal property generally described in Exhibit A attached hereto and made a part hereof (but excluding any items of personal property which are owned by the Company or by any third party), along with the proceeds, including the insurance proceeds, and products of all of the foregoing;

IV

The moneys required by the Lease or the Indenture to be deposited in the Construction Fund, together with any investments and reinvestments of such moneys and the proceeds thereof, subject, however, to the disbursement and use thereof for the payment of Project Development Costs in accordance with the provisions of the Lease and the Indenture;

V

The Basic Rent and all other revenues and receipts derived by the City from the leasing or sale of the Project (excluding, however, moneys paid by the Company pursuant to Section 5.4 or 10.4 of the Lease to reimburse the City for its expenses or to pay such expenses directly for its account), all other moneys required by the Lease or the Indenture to be deposited from time to time in the Bond Fund, and all other moneys from time to time held by the Trustee for the benefit of the Bondholders pursuant to the Indenture, together in each case with any investments and reinvestments of such moneys and the proceeds thereof;

VI

All right, title and interest of the City in and to the Lease [except (i) the right to require the Company to pay certain expenses incurred by the City as provided in Sections 5.4 and 10.4 of the Lease, (ii) the release and indemnification rights of the City contained in Section 8.2 of the Lease and (iii) any other rights personal to the City which are expressly provided in the Lease to be exercised by the City], but not including, however, any of the obligations of the City thereunder; and

VII

Any and all moneys, rights and properties of every kind or description which may from time to time hereafter be sold, transferred, conveyed, assigned, hypothecated, endorsed,

deposited, pledged, mortgaged, granted or delivered to, or deposited with, the Trustee by the City or anyone on its part as additional security for the payment of all or any specified series of the Bonds, or which pursuant to any of the provisions hereof or of the Lease, may come into the possession or control of the Trustee as such additional security; and the Trustee is hereby authorized to receive any and all such moneys, rights and properties as and for additional security for the payment of all or any specified series of the Bonds and to hold and apply the same subject to the terms hereof;

TO HAVE AND TO HOLD the same unto the Trustee, its successor trustees and assigns forever, subject to Permitted Encumbrances; IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and pro rata protection and benefit of the Holders, present and future, of the Bonds equally and ratably, without preference, priority or distinction of any over others by reason of priority in issuance or acquisition or otherwise, as if all the Bonds at any time outstanding had been executed, sold, authenticated, delivered and negotiated simultaneously with the execution and delivery hereof; subject, however, to the right and duty of the Trustee to apply solely for the benefit of the Holders of any particular series of the Bonds all moneys, rights and properties that are pledged or otherwise contractually obligated for the sole and exclusive benefit of the Holders of such particular series of the Bonds, including, without limitation, all moneys received pursuant to, or as a result of the enforcement of, the Series 1981 Guaranty, which moneys shall be applied by the Trustee solely for the payment of the principal of and the interest and premium (if any) on the Series 1981 Bonds;

PROVIDED HOWEVER, that these presents are upon the condition that if the City shall pay or cause to be paid the principal of and the interest and premium (if any) on all Bonds secured hereby at the times and in the manner mentioned in the Bonds, according to the true intent and meaning thereof, or shall provide for such payment as specified in Section 16.1 hereof, and shall pay or cause to be paid all other Indenture Indebtedness, then the Indenture and the estate and rights granted hereby shall cease, determine and be void; otherwise the Indenture shall be and remain in full force and effect.

ARTICLE III

DESCRIPTION OF BONDS

Section 3.1 Issuance of Bonds in Series. The Bonds may be issued in different series, and each Bond shall have an appropriate series designation. All the Bonds and the Coupons respectively applicable thereto shall be equally and ratably secured by the Indenture and by the pledge herein contained, it being expressly understood and agreed that no Bonds issued hereunder shall be prior to any other Bonds

thereafter issued hereunder, but shall be on a parity therewith with respect to the security afforded by the Indenture. It is expressly understood and agreed, however, that the Series 1981 Guaranty shall be for the exclusive benefit of the Holders of the Series 1981 Bonds and that all moneys received by the Trustee under the Series 1981 Guaranty shall be applied for the payment of the principal of and the interest and premium (if any) on the Series 1981 Bonds. Special Fully Registered Bonds shall have the letter "R" prefixed to the numbers thereof, and Coupon Bonds shall have the letter "C" prefixed to the numbers thereof.

Section 3.2 Dates and Places of Payment of Bonds.

Subject to any applicable provisions pertaining to the dating of Bonds issued pursuant to the provisions of either Section 5.1 or 5.3 hereof, the Bonds of each series shall bear such date or dates as shall be specified in the Indenture or Supplemental Indenture under which such series is issued, and the Bonds of each such series shall mature on such days, in such years and in such amounts as shall be fixed therefor prior to issuance of such Bonds. In the event that all or any part of the Bonds of any series are required (by the terms of the Indenture or any Supplemental Indenture) to be redeemed prior to maturity through the operation of a sinking or other similar fund, such redemption shall be required to be effected on one or both of the calendar days on which any Bonds issued hereunder are permitted to have a stated maturity date, in such years and amounts as shall be specified prior to the issuance of such Bonds. Interest on the Bonds of each series from their respective dates until their respective maturities shall be payable, at such per annum rate or rates and on such date or dates as shall be fixed therefor prior to their issuance and, except with respect to Fully Registered Bonds, shall be evidenced by Coupons attached to the Bonds. All installments of principal of and interest and premium (if any) on each series of the Bonds shall bear interest after the respective due dates of such principal, interest and premium (if any) until paid or until moneys sufficient for payment thereof shall have been deposited for that purpose with the Trustee, whichever first occurs, at such per annum rate and subject to such grace period (if any) as shall be specified prior to their issuance. The principal of and the interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

Subject to the provisions of Section 3.3 hereof, the principal of and the interest and premium (if any) on the Bonds shall be payable at the principal office of the Trustee, except that interest on Fully Registered Bonds shall be paid by check or draft mailed or otherwise delivered by the Trustee to the respective Holders thereof at their addresses as they appear on the registry books of the Trustee pertaining to the registration of the Bonds; provided that the final payment of such interest shall be made only upon surrender of the appropriate Fully Registered Bond to the Trustee. In addition, the City may, prior to the issuance of any series of Bonds hereunder, designate such other paying agent or agents for the Bonds of such series as it may deem desirable, and in the event of any such designa-

tion, the Coupon Bonds of that series (other than Coupon Bonds at the time registered as to both principal and interest) and the Coupons applicable thereto shall also be payable at the principal office of such other paying agent or agents, at the option of the respective Holders thereof.

Section 3.3 Form of Bonds, Etc. The Series 1981 Bonds and the authentication certificate applicable thereto shall be in substantially the forms respectively provided therefor in Section 7.7 hereof. The Coupon Bonds and the Special Fully Registered Bonds of each series of Additional Bonds and the Coupons and the various certificates and endorsements applicable thereto shall be in substantially the forms respectively provided therefor in the Supplemental Indenture under which each such series of Additional Bonds is issued.

ARTICLE IV

EXECUTION AND AUTHENTICATION OF THE BONDS

Section 4.1 Execution of Bonds. The Bonds shall be executed by the Mayor of the City, and the seal of the City shall be affixed thereto and attested by the Clerk of the City; provided that either the signature of the Mayor of the City or the signature of the Clerk of the City on the Bonds may be a facsimile of the signature of such officer if the other of such signatures is manually subscribed thereon; and provided further that a facsimile of the seal of the City may be imprinted thereon rather than manually affixed thereto. The Coupons shall be executed with a facsimile of the signature of the said Mayor and of the said City Clerk. Signatures on the Bonds and the Coupons by persons who were officers of the City at the time such signatures were written or printed shall continue effective although such persons cease to be such officers prior to the authentication of the Bonds or the delivery of the Bonds and the Coupons.

Section 4.2 Authentication Certificate of Trustee. A duly executed authentication certificate by the Trustee in substantially the applicable form hereinafter recited shall be endorsed on each of the Bonds and shall be essential to its validity. Such certificate shall be conclusive of the due issue of such Bond hereunder.

Section 4.3 Replacement of Mutilated, Lost, Stolen or Destroyed Bonds and Coupons. In the event any Bond is mutilated, lost, stolen or destroyed, the City may execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor as that mutilated, lost, stolen or destroyed, which such new Bond shall have attached

thereto Coupons corresponding in all respects to those (if any) on the Bond mutilated, lost, stolen or destroyed; provided that (i) in the case of any such mutilated Bond, such Bond together with all Coupons (if any) appertaining thereto is first surrendered to the City and the Trustee, and (ii) in the case of any such lost, stolen or destroyed Bond, there is first furnished to the City, the Trustee and the Company evidence of such loss, theft or destruction satisfactory to the Trustee, together with indemnity satisfactory to each of them. In the event any Coupon is mutilated, lost, stolen or destroyed, the City may issue a duplicate Coupon upon the same terms and conditions as those provided in the preceding sentence hereof respecting replacement of mutilated, lost, stolen or destroyed Bonds. The City may charge the Holder with the expense of issuing any such new Bond or Coupon. In lieu of issuing a new Bond or Coupon to replace any mutilated, lost, stolen or destroyed Bond or Coupon which shall have already matured, the Trustee may pay such Bond or Coupon at or after the maturity thereof if the owner of such Bond or Coupon satisfies the same terms and conditions as those provided in the preceding provisions of this section for the replacement thereof.

ARTICLE V

REGISTRATION, TRANSFERS AND EXCHANGES OF THE BONDS

Section 5.1 Registration and Transfer of Bonds.
The Trustee shall be the registrar and transfer agent of the City and shall keep at its office proper registry and transfer books in which it will note the registration and transfer of such Bonds as are presented for those purposes, all in the manner and to the extent hereinafter specified.

Any Coupon Bond may be registered as to principal only, or as to both principal and interest, but unless so registered shall pass and be transferable by delivery. The Trustee shall note, both on each Coupon Bond presented to it for registration or transfer and on its registry and transfer books, the date of such registration, the name of the registered holder and the extent of such registration (viz., whether as to principal only or as to both principal and interest). Such registration shall conclusively designate the registered owner as the sole person to whom or on whose order payment of the principal of and premium (if any) on such Coupon Bond may be made, but (unless the registration is to both principal and interest) shall not affect the negotiability of the Coupons appertaining thereto. After such registration, no transfer of a Coupon Bond registered as to principal or as to both principal and interest shall be valid unless it is presented at said office with written power to transfer, properly stamped if required, in form and with guaranty of signature reasonably satisfactory to the Trustee, with such registration noted thereon by the Trustee. Any Coupon Bond registered as to principal or as to both principal and interest may be discharged from registration by being in

like manner transferred to bearer, after which transferability by delivery shall be restored. Any such Coupon Bond may from time to time be registered or discharged from registration in the same manner.

In order to effect the registration of a Coupon Bond as to both principal and interest, such Bond together with all unmatured Coupons applicable thereto shall be presented to the Trustee, which shall simultaneously with such registration detach and retain such unmatured Coupons and shall, at the times the interest evidenced thereby is paid or remitted to the person entitled thereto, cancel such Coupons. Upon the discharge of a Coupon Bond from registration as to both principal and interest or upon its conversion into a Registered Bond, the Trustee shall reattach thereto all unmatured Coupons applicable thereto along with such of the matured Coupons applicable thereto as were surrendered to it upon the registration of such Bond as to principal and interest and as are necessary to evidence interest not paid or made available for payment on such Bond.

Bonds issued as Special Fully Registered Bonds, which shall be registered as to both principal and interest by the Trustee as registrar and transfer agent for the City, shall be transferable only on the transfer books of the Trustee. No transfer of a Special Fully Registered Bond shall be valid hereunder unless such Bond is presented at the office of the Trustee with written power to transfer signed by the registered owner thereof in person or by duly authorized attorney, properly stamped if required, in form and with guaranty of signature satisfactory to the Trustee, whereupon the City shall execute, and the Trustee shall authenticate and deliver to the transferee a new Special Fully Registered Bond, registered in the name of such transferee and of like tenor as that presented for transfer. The person in whose name a Special Fully Registered Bond is registered on the books of the Trustee shall be the sole person to whom or on whose order payments on account of the principal thereof and of the interest and premium (if any) thereon may be made.

Any Special Fully Registered Bond authenticated and delivered pursuant to the provisions of this section shall be dated as of the interest payment date next preceding the date of its authentication by the Trustee or, if the date of such authentication is an interest payment date, as of such date; provided that if any Special Fully Registered Bond is to be authenticated and delivered pursuant to this section prior to the first interest payment date with respect to the Bond or Bonds presented for transfer for which it is to be issued in lieu of, such Special Fully Registered Bond shall be dated the date of the Bond or Bonds for which it is to be so issued in lieu of; and provided further that if at the time of such authentication, the City is in default in payment of the interest on the Bonds, such Special Fully Registered Bond shall be dated as of the interest payment date to which interest has previously been paid or made available for payment on the Bonds. In any case, any Special Fully Registered Bond issued in lieu of other Bonds pre-

sented for transfer shall bear interest at the rate borne by the Bonds so presented for transfer and shall bear interest from such date as is necessary to assure that no gain or loss of interest shall result from the transfer of any Bonds.

The Trustee shall not be required to register or transfer any Bond during the period of fifteen (15) days next preceding any interest payment date with respect thereto; and if any Bond shall be duly called for redemption (in whole or in part), the Trustee shall not be required to register or transfer such Bond during the period of forty-five (45) days next preceding the date fixed for such redemption.

Section 5.2 Persons Deemed Owners of Bonds and Coupons. The City, the Trustee and any institution at which the Bonds and the Coupons are or may be payable may deem and treat the Holder of a Coupon as the absolute owner thereof for all purposes; they may deem and treat the Holder of an unregistered Coupon Bond as the absolute owner thereof for all purposes other than to receive payment of outstanding Coupons appertaining thereto; they may deem and treat the person in whose name a Registered Bond is registered as the absolute owner thereof for all purposes other than to receive payment of outstanding Coupons appertaining thereto; they may deem and treat the person in whose name a Fully Registered Bond is registered as the absolute owner thereof for all purposes; they shall not be affected by notice to the contrary; and all payments by any of them to the Holders of such Coupons and unregistered Coupon Bonds, and to the person in whose name a Registered Bond or a Fully Registered Bond is registered, shall to the extent thereof fully discharge and satisfy all liability for the same.

Section 5.3 Exchange of Bonds. The Bonds of each series shall be freely exchangeable within the limits provided in the Indenture or Supplemental Indenture under which such series is issued; provided however, that under no circumstances shall a Special Fully Registered Bond be issuable in exchange for Coupon Bonds unless all the Coupon Bonds being so exchanged are of the same series, bear interest at the same rate and have the same stated maturity. Upon the request of a Holder of one or more Coupon Bonds, the City shall execute, and the Trustee shall thereupon authenticate and deliver, upon surrender to the Trustee of such Coupon Bonds and in exchange therefor, a Special Fully Registered Bond of like tenor as the Coupon Bonds so surrendered and in an authorized denomination aggregating the same principal amount as the Coupon Bonds so surrendered. Except as hereinafter in this sentence provided, upon the request of the Holder of one or more Special Fully Registered Bonds so authenticated and delivered, the City shall execute, and the Trustee shall thereupon authenticate and deliver, upon surrender to the Trustee of such Special Fully Registered Bond or Bonds and in exchange therefor, (a) a Coupon Bond or Bonds of like tenor and aggregating the same principal amount as the then unpaid principal amount of the Special Fully Registered Bond

or Bonds so surrendered, (b) other Special Fully Registered Bonds in different authorized denominations of like tenor and together aggregating the same principal amount as the then unpaid principal amount of the Special Fully Registered Bond or Bonds so surrendered, or (c) a Coupon Bond or Bonds and a Special Fully Registered Bond or Bonds of like tenor and together aggregating the same principal amount as the then unpaid principal amount of the Special Fully Registered Bond or Bonds so surrendered, all as may be requested by the person surrendering such Special Fully Registered Bond or Bonds; provided however, that no Series 1981 Bond may at any time be exchanged for one or more Coupon Bonds. Any Registered Bonds and any Fully Registered Bonds surrendered for exchange pursuant to the provisions of this Section 5.3 shall be accompanied by a written power to transfer signed by the registered owner thereof in person or by duly authorized attorney, properly stamped if required, in form and with guaranty of signature satisfactory to the Trustee.

All Coupon Bonds (including Registered Bonds) not registered as to both principal and interest which are surrendered for exchange pursuant to the provisions of this Section 5.3 shall be accompanied by all unmatured Coupons applicable thereto and by any matured Coupons applicable thereto respecting interest not paid or made available for payment on the Bonds. Any Special Fully Registered Bond authenticated and delivered pursuant to the provisions of this section shall be dated as of the interest payment date next preceding the date of its authentication by the Trustee or, if the date of such authentication is an interest payment date, as of such date; provided that if any Special Fully Registered Bond is to be authenticated and delivered pursuant to this section prior to the first interest payment date with respect to the Bond or Bonds for which it is to be issued in exchange, such Special Fully Registered Bond shall be dated the date of the Bond or Bonds for which it is to be so issued in exchange; and provided further that if at the time of such authentication, the City is in default in payment of the interest on the Bonds, such Special Fully Registered Bond shall be dated as of the interest payment date to which interest has previously been paid or made available for payment on the Bonds. In any case, any Special Fully Registered Bond issued in exchange for one or more Coupon Bonds shall bear interest at the rate evidenced by the Coupons accompanying the Coupon Bonds so surrendered for exchange and shall be dated in accordance with the applicable provisions of the next preceding sentence, all to the end that no gain or loss of interest shall result from the exchange of Coupon Bonds for a Special Fully Registered Bond.

In connection with each Coupon Bond delivered upon any exchange effected pursuant to the provisions hereof, the Trustee shall see that such unmatured Coupons appertain thereto as shall be required to evidence interest thereon at the same rate borne by the Special Fully Registered Bond exchanged therefor and that such matured Coupons appertain to such Coupon Bond as may be necessary to evidence any interest not paid or made available for payment on the Special Fully Registered Bond exchanged therefor, all to the end

that no gain or loss of interest shall result from any such exchange. If such Coupon Bond is, simultaneously with the delivery thereof, to be registered as to both principal and interest, all such Coupons shall be detached and retained by the Trustee in accordance with the applicable provisions of Section 5.1 hereof; otherwise such Coupons shall be attached to and delivered with such Coupon Bond.

Upon the issuance of any Special Fully Registered Bond (other than a Series 1981 Bond or any Additional Bond that is initially issued as a Special Fully Registered Bond and is not, under its terms and under the terms of the Supplemental Indenture under which it is issued, exchangeable for Coupon Bonds), there shall be reserved (1) in the case of a Special Fully Registered Bond initially issued hereunder, a serial number or numbers corresponding to the Coupon Bonds of the same interest rate, maturity and aggregate principal amount, (2) in the case of a Special Fully Registered Bond issued in exchange for Coupon Bonds, the serial numbers of the Coupon Bonds in exchange for which such Special Fully Registered Bond was issued, or (3) in the case of a Special Fully Registered Bond issued in exchange for one or more other Special Fully Registered Bonds, the serial numbers of the Coupon Bonds so reserved upon its or their issuance. In each such case, the serial number or numbers of the Coupon Bonds so reserved shall be endorsed on such Special Fully Registered Bond. All Coupon Bonds issued in exchange for Special Fully Registered Bonds pursuant to the provisions of this Section 5.3 shall bear serial numbers corresponding to those so reserved upon the issuance of the Special Fully Registered Bond or Bonds so exchanged therefor.

The Trustee shall not be required to exchange any Bond or Bonds for other Bonds pursuant to the provisions of this Section 5.3 during the period of fifteen (15) days next preceeding any interest payment date with respect thereto; and if any Bond shall be duly called for redemption (in whole or in part), the Trustee shall not be required so to exchange such Bond during the period of forty-five (45) days next preceding the date fixed for such redemption.

Section 5.4 Expenses of Registration, Transfer and Exchange. The City and the Trustee may charge the Holder with their reasonable fees and expenses in connection with any transfer, registration or exchange of any of the Bonds (including, without limitation, the expenses of printing any new Bonds that may be necessitated by any transfer, registration or exchange), except that (i) no charge shall be made for the issuance of a new Special Fully Registered Bond issued, pursuant to the provisions of Section 6.2 hereof, as a result of a call for partial redemption of a Special Fully Registered Bond, (ii) no charge shall be made to any Holder for the first exchange by such Holder of particular Coupon Bonds (as identified by the Coupon Bond or "C" numbers thereof) for one or more Special Fully Registered Bonds, and (iii) no charge shall be made to any Holder for the first exchange by such Holder of any Special Fully Reg-

istered Bond for the Coupon Bond or Bonds bearing the Coupon Bond or "C" numbers reserved in respect of such Special Fully Registered Bond. In every case involving any transfer, registration or exchange of any of the Bonds that is requested by the Holder thereof, such Holder shall pay all taxes and other governmental charges required to be paid in connection with such transfer, registration or exchange.

Section 5.5 Removal of Past Due Coupons. No exchange or substitution of Bonds hereunder shall effect any gain or loss in interest to the Holder thereof and, to the extent required to effect such result, upon authentication of any Coupon Bond by the Trustee, it shall pay all past due Coupons for which it has been provided moneys and shall remove and cancel all other past due Coupons except those evidencing interest the payment of which is in default. Further, upon any surrender to the Trustee of any Coupon Bond for a Fully Registered Bond, it shall pay and cancel all past due Coupons for which it has been provided moneys.

ARTICLE VI

GENERAL PROVISIONS RESPECTING REDEMPTION OF BONDS

Section 6.1 Manner of Effecting Redemption of Bonds. Any redemption of any Bonds of any series shall be effected in the following manner:

(a) Call. The governing body of the City shall adopt a Resolution containing the following: (1) a call for redemption, on a specified date when they are by their terms subject to redemption, of Bonds bearing a stated series designation or designations and stated numbers (and, in the case all or any portion of any Special Fully Registered Bonds are to be redeemed, in whole or in part, the principal amounts thereof to be redeemed and the "C" numbers, if any, reserved in respect of such amounts); and (2) unless all the Bonds then outstanding are to be redeemed (or unless a portion of all such outstanding Bonds are to be redeemed and the remainder are, simultaneously with or prior to such redemption, to be otherwise retired), a statement that no Event of Default has occurred and is continuing; provided however, that it shall not be necessary for the governing body of the City to adopt any such Resolution (i) in the case of Series 1981 Bonds that are to be redeemed pursuant to the provisions of Section 7.3 hereof, provided that the Company shall have requested such redemption by a written request furnished to the City and the Trustee and shall have specified in such request the prin-

cipal amount of Series 1981 Bonds to be so redeemed and the date on which the redemption thereof is to be effected, (ii) in the case of Series 1981 Bonds that are to be redeemed pursuant to the provisions of Section 7.4 hereof, or (iii) in the case of any redemption of the Bonds of any series of Additional Bonds, if such redemption is required by the terms of the Supplemental Indenture under which such series of Additional Bonds is issued or if, in such Supplemental Indenture, the adoption of such Resolution is expressly stated to be unnecessary.

(b) Publication. Not more than sixty (60) nor less than thirty (30) days prior to the date fixed for redemption, the Trustee (on behalf of the City) shall cause to be published one time in a Newspaper published in the City of Birmingham, Alabama or in a Financial Journal having general circulation in the City of New York, New York, a notice stating the following: that Bonds bearing a stated series designation or designations and stated numbers (and, in the case all or any portion of any Special Fully Registered Bonds are to be redeemed, in whole or in part, the principal amounts thereof to be redeemed and the "C" numbers, if any, reserved in respect of such amounts) have been called for redemption and will become due and payable at the redemption price or redemption prices on a specified redemption date, and that all interest thereon will cease after the redemption date. If, because of the temporary or permanent suspension of the publication or general circulation of any Newspaper or Financial Journal or for any other reasons, it is impossible or impractical to effect the publication of such notice in accordance with any of the foregoing provisions in this subsection (b), then such publication in lieu thereof as shall be made by the Trustee shall constitute a sufficient publication of such notice. Further, if all the Bonds to be called for redemption (in whole or in part) are Registered or Fully Registered Bonds and if the notice referred to in subsection (c) of this section is, in accordance with the requirements of said subsection (c), duly mailed to the Holders of such Registered or Fully Registered Bonds to be so redeemed, it shall not be necessary so to publish the notice referred to in this subsection (b).

(c) Notice by Registered or Certified Mail. In the event any of the Bonds so called for redemption in whole or in part shall be also a Registered or a Fully Registered Bond, the Trustee (on behalf of the City) shall cause to be forwarded by United States registered or certified mail to the registered owner thereof, at the address of such registered owner as such address ap-

appears on the registry books of the Trustee pertaining to the registration of the Bonds, a notice stating the following: that Bonds bearing stated numbers and a stated series designation or designations (and, in the case all or any portion of any Special Fully Registered Bonds are to be redeemed, in whole or in part, the principal amounts thereof to be redeemed and the "C" numbers, if any, reserved in respect of such amounts) have been called for redemption and will become due and payable at the redemption price or prices on a specified redemption date, and that all interest thereon will cease after such redemption date. Such notice shall also be forwarded, by United States registered or certified mail, postage prepaid, to all Holders of Coupon Bonds not registered as to principal or as to both principal and interest whose names and addresses appear on the list of Bondholders to be maintained by the Trustee pursuant to the provisions of Section 14.2 hereof. The notice provided for in this subsection (c) shall be mailed to all persons entitled to receive the same not more than sixty (60) nor less than thirty (30) days prior to the date fixed for redemption. Except with respect to any Bonds called for redemption that are Registered or Fully Registered Bonds, the validity of any call for redemption shall not be affected by any failure to give notice by mail as provided in this subsection (c), and the Holders of any Registered or Fully Registered Bonds may waive the requirements of this subsection with respect to the Registered or Fully Registered Bonds held by them without affecting the validity of the call for redemption of any other Bonds.

(d) Deposit. Prior to the date fixed for redemption the City shall deposit or cause to be deposited with the Trustee the total redemption price of the Bonds (or portions thereof) so called for redemption and shall further furnish or cause to be furnished to the Trustee the following: (1) a certified copy of the Resolution required by subsection (a) of this section (if, under the circumstances, the adoption of any such Resolution is required); and (2) in the case of the redemption of any Bonds on a date when such Bonds may be redeemed only with funds from a specified source or when such redemption is made subject, by the terms of the Indenture or any Supplemental Indenture, to any other restriction or requirement, evidence satisfactory to the Trustee showing compliance with such restriction or requirement.

Section 6.2 Presentation of Bonds for Redemption.
Bonds Called for Redemption to Cease to Bear Interest. Upon compliance by the City and the Trustee with the applicable requirements of Section 6.1 hereof [and, unless all the Bonds then outstanding are to be redeemed (or unless a por-

tion of such outstanding Bonds are to be redeemed and the remainder are, simultaneously with or prior to such redemption, to be otherwise retired), if the City is not on the date fixed for redemption in default in payment of the principal of or the interest or premium (if any) on any of the Bonds], the Bonds so called for redemption (or, in the case of any Special Fully Registered Bonds called for redemption in part, the portions thereof called for redemption) shall become due and payable at the place or places at which the same shall be payable at the redemption price or prices and on the redemption date specified in such notice, anything herein or in such Bonds to the contrary notwithstanding, and the Holders thereof shall then and there surrender them for redemption; provided however, that with respect to any Special Fully Registered Bond called for partial redemption, (i) the Holder thereof shall surrender such Bond to the Trustee in exchange for one or more Coupon Bonds or Special Fully Registered Bonds in authorized denominations or any authorized combination thereof, in an aggregate principal amount equal to the unredeemed portion of the Special Fully Registered Bond so surrendered or (ii) such Holder shall, in lieu of surrendering such Special Fully Registered Bond in exchange for one or more Coupon Bonds or Special Fully Registered Bonds, present the same to the Trustee for endorsement thereon (or on any record of partial redemptions appertaining thereto and constituting a part thereof) of the payment of the portion of the principal thereof so redeemed, all as shall be requested by the Holder of such Special Fully Registered Bond so called for partial redemption, it being understood that, pursuant to the provisions of Section 7.1 hereof, no Series 1981 Bond may at any time be exchanged for any Coupon Bond or Bonds. All future interest on the Bonds so called for redemption (or, in the case of any Special Fully Registered Bonds called for redemption in part, the portions thereof called for redemption) shall cease to accrue after the date fixed for redemption and any Coupons applicable thereto and maturing after the date fixed for redemption shall be void. The Bonds so called (or, in the case of any Special Fully Registered Bonds called for redemption in part, the portions thereof called for redemption) shall, subject to such deposit having been made, be entitled to no security under the Indenture other than the moneys deposited with the Trustee under the provisions of this article; and out of the moneys so deposited with it, the Trustee shall pay on the redemption date the applicable redemption price or prices of the Bonds so called for redemption (or, in the case of any Special Fully Registered Bonds called for redemption in part, the portions thereof called for redemption).

Section 6.3 Cancellation of Corresponding Coupon Bonds and Reserved Coupon Bond Numbers upon Redemption of Special Fully Registered Bonds. Upon the redemption of any principal amount of a Special Fully Registered Bond (other than a Series 1981 Bond or any Additional Bond in respect of which Coupon Bond or "C" numbers are not required to be reserved), the Trustee shall show in its records pertaining to the Bonds the cancellation and retirement of those Coupon Bond or "C" numbers reserved for such Special Fully Registered Bond that correspond to the principal amount there-

of so redeemed, and the Coupon Bond or "C" numbers so cancelled shall not be borne by any Coupon Bonds or reserved for any Special Fully Registered Bonds, as the case may be, thereafter issued. If at the time of the redemption of any principal amount of a Special Fully Registered Bond the Trustee is holding unissued Coupon Bonds bearing Coupon Bond or "C" numbers that correspond to the principal amount of the Special Fully Registered Bond so redeemed, then the Trustee shall forthwith cancel such unissued Coupon Bonds in order to prevent the subsequent issuance thereof.

Section 6.4 Pro Rata Redemption of Bonds of Different Series Not Required. Nothing contained in the Indenture shall be construed as requiring pro rata redemption of Bonds of different series, even though at the time that any redemption of Bonds is to be effected there are then outstanding under the Indenture Bonds of two or more series then subject to redemption.

Section 6.5 Termination of Lease or Exercise by the Company of Option to Purchase Project. In the event that the Lease terminates pursuant to Section 7.2(a) thereof, or in the event that the Lease shall terminate as the result of an Adjudication of Invalidity, or in the event that the Company exercises the option to terminate the Lease granted in Section 11.1(a) thereof, or in the event that the Company is entitled to exercise the option to purchase the Project granted in Section 11.2 of the Lease and duly does so in accordance with the applicable provisions of said Section 11.2, then, in any of such events, the Trustee (i) shall segregate and set aside in the Bond Fund [out of moneys therein, moneys in the Construction Fund and the Redemption Fund, any insurance proceeds or condemnation awards then held by the Trustee that are referable to the Project and that are available for the retirement of Bonds, and any moneys payable by the Company pursuant to the provisions of any of Sections 7.2(a), 11.1(a) or 11.2 of the Lease, in the order named] moneys sufficient to retire the Bonds and pay all other Indenture Indebtedness as provided in Sections 7.2(a), 11.1(a) or 11.2 of the Lease, as the case may be, and (ii) shall, in accordance with the applicable provisions of the Lease, dispose of any balance of such moneys not needed for the retirement of the Bonds and the payment of all other Indenture Indebtedness.

ARTICLE VII

THE SERIES 1981 BONDS

Section 7.1 Issuance of Series 1981 Bonds. There is hereby authorized to be issued under the Indenture an issue or series of Bonds designated First Mortgage Commercial

Development Revenue Bonds (Pelmar-Marvin's Project), Series 1981, limited in aggregate principal amount to \$950,000. The Series 1981 Bonds shall (except as otherwise provided in Sections 5.1 and 5.3 hereof) be dated the date of their authentication and delivery by the Trustee, shall be initially issued as a single Special Fully Registered Bond in the aforesaid principal amount of \$950,000, numbered R-1, and payable to National Bank of Commerce, a national banking association having its principal office in the City of Birmingham, Alabama, and shall mature and become due as to principal as follows:

<u>Date of Principal Maturity</u>	<u>Aggregate Principal Amount Maturing</u>
August 1, 1982	\$ 4,000
November 1, 1982	4,000
February 1, 1983	4,000
May 1, 1983	4,000
August 1, 1983	5,000
November 1, 1983	5,000
February 1, 1984	5,000
May 1, 1984	5,000
August 1, 1984	6,000
November 1, 1984	6,000
February 1, 1985	6,000
May 1, 1985	6,000
August 1, 1985	7,000
November 1, 1985	7,000
February 1, 1986	7,000
May 1, 1986	7,000
August 1, 1986	8,000
November 1, 1986	8,000
February 1, 1987	8,000
May 1, 1987	8,000
August 1, 1987	10,000
November 1, 1987	10,000
February 1, 1988	10,000
May 1, 1988	10,000
August 1, 1988	12,000
November 1, 1988	12,000
February 1, 1989	12,000
May 1, 1989	12,000
August 1, 1989	14,000
November 1, 1989	14,000
February 1, 1990	16,000
May 1, 1990	16,000
August 1, 1990	18,000
November 1, 1990	18,000
February 1, 1991	18,000
May 1, 1991	18,000
August 1, 1991	21,000
November 1, 1991	21,000
February 1, 1992	21,000
May 1, 1992	21,000
August 1, 1992	24,000
November 1, 1992	24,000
February 1, 1993	24,000
May 1, 1993	24,000
August 1, 1993	28,000
November 1, 1993	28,000

February 1, 1994	32,000
May 1, 1994	32,000
August 1, 1994	36,000
November 1, 1994	36,000
February 1, 1995	36,000
May 1, 1995	36,000
August 1, 1995	40,000
November 1, 1995	40,000
February 1, 1996	40,000
May 1, 1996	46,000

The Series 1981 Bonds may be exchanged solely for other Special Fully Registered Bonds as provided in Section 5.3 hereof, and any Series 1981 Bonds hereafter issued shall be dated in accordance with the provisions of Section 5.3 hereof applicable to Special Fully Registered Bonds issued in exchange for Coupon Bonds or other Special Fully Registered Bonds, shall be in the denomination of \$1,000 or any integral multiple thereof, and shall be numbered from R-2 up, in the order in which issued.

Section 7.2 Interest Rate and Places of Payment.
The Series 1981 Bonds shall bear interest from their date until their maturity (whether by acceleration, mandatory redemption prior to maturity or otherwise) at the Stated Rate (computed on the basis of a 365-day year counting actual days), as the same shall be established for the weekly period next preceding each May 1, August 1, November 1 and February 1, but in no event shall the Series 1981 Bonds bear interest at a rate of interest exceeding Fourteen Percent (14%) per annum or less than Seven Percent (7%) per annum. Such interest shall be payable on August 1, 1981 and quarterly thereafter on each February 1, May 1, August 1 and November 1; provided, that if for any reason the interest on the Series 1981 Bonds shall become subject to federal income taxation, then the Series 1981 Bonds shall bear interest at a per annum rate equal to Two Percent (2%) in excess of the Prime Rate. Overdue installments of principal of and the interest and premium (if any) on the Series 1981 Bonds, including all installments becoming due as a result of acceleration or mandatory redemption, shall bear interest from their respective due dates until paid at a per annum rate equal to Two Percent (2%) in excess of the Prime Rate.

Section 7.3 Redemption Provisions. The Series 1981 Bonds may be redeemed and paid prior to their respective maturities as follows:

(a) The Series 1981 Bonds shall be subject to such redemption and payment, at the option of the City (which option shall be exercised only upon request by the Company) on August 1, 1981, and on any interest payment date thereafter, as a whole or in part (but if in part, only in installments of \$1,000 or any integral multiple thereof and in the inverse order of the due dates of such principal so prepaid

and redeemed) at and for the following respective redemption prices (expressed in percentages of the principal amount of the Series 1981 Bonds or portion thereof to be redeemed) plus accrued interest to the redemption date:

<u>If the Redemption Date Is</u>	<u>Redemption Price</u>
On or before August 1, 1988	103.00%
After August 1, 1988	100.00%

(b) The Series 1981 Bonds shall be subject to mandatory redemption and payment as a whole on any date at and for a redemption price, with respect to each such Series 1981 Bond, equal to the principal amount thereof plus accrued interest thereon to the redemption date, but only in the event of the taking by eminent domain of all or substantially all the Project or in the event of an Adjudication of Invalidity or in the event of the exercise by the Company of an option to purchase the Project granted in Section 11.2 of the Lease; and

(c) The Series 1981 Bonds shall also be subject to redemption, at any time after May 1, 1982, at and for a redemption price equal to the principal amount of each Series 1981 Bond, or portion thereof, so redeemed plus accrued interest thereon to the date of redemption, but the principal of the Series 1981 Bonds so redeemed shall be paid only from moneys on deposit in the Bond Fund Escrow Account, and any such redemption shall be effected pro rata among the Series 1981 Bonds of each maturity, in the proportion that the outstanding principal amount of the Series 1981 Bonds of each maturity bears to the total outstanding principal amount of the Series 1981 Bonds.

Section 7.4 Special Provisions Respecting Partial Redemption of the Series 1981 Bonds. The principal of any Series 1981 Bonds shall be redeemed only in the amount of One Thousand Dollars (\$1,000) or any integral multiples thereof. When less than all the outstanding Series 1981 Bonds are to be redeemed prior to maturity at any one time, the Trustee shall allocate the principal amount to be redeemed at such time among all the Holders of the Series 1981 Bonds then outstanding which are to be so redeemed pro-rata with respect to the principal amount of Series 1981 Bonds to be so redeemed. To the extent possible, the individual amounts allocated to the Holders of the Series 1981 Bonds in accordance with the preceding sentence shall be rounded up or down to the nearest integral multiple of One Thousand Dollars (\$1,000), but if the rounding of each such individual amount to the nearest integral multiple of One Thousand Dollars should result in the sum of such individual amounts being less than or greater than the amount on depos-

it in the Bond Fund that is available to redeem Series 1981 Bonds, then in such case the Trustee shall adjust such individual amounts to such extent as will cause the aggregate principal amount of Series 1981 Bonds redeemed to equal as nearly as practicable the amount available to effect such redemption. The adjustment of such individual amounts shall be made by the Trustee in an equitable manner, taking into account similar adjustments made in connection with prior redemptions, but in no event shall such adjustment result in the amount allocable to any Holder of the Series 1981 Bonds being increased or decreased by more than One Thousand Dollars (\$1,000) above or below the amount that would have been allocable to such Holder if such amount had been rounded to the nearest One Thousand Dollars (\$1,000). All such prepayments shall be credited to the principal indebtedness evidenced by the Series 1981 Bonds in the inverse order in which the installments of such principal indebtedness are due and payable.

Section 7.5 Bond Form of Series 1981 Bonds. The Series 1981 Bonds, the Trustee's authentication certificate applicable thereto and the record of partial redemptions and the form of assignment applicable thereto shall be in substantially the following forms, respectively, with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof:

[Form of Series 1981 Bond]

No. R _____

\$ _____

UNITED STATES OF AMERICA

STATE OF ALABAMA

CITY OF PELHAM, ALABAMA

FIRST MORTGAGE COMMERCIAL DEVELOPMENT REVENUE BOND
(Pelmar-Marvin's Project)
Series 1981

For value received, the CITY OF PELHAM, ALABAMA, a municipal corporation under the laws of the State of Alabama (herein called the "City"), will pay to _____, or registered assigns, solely out of the sources of payment hereinafter referred to, the sum of

D O L L A R S

with interest on the unpaid principal balance hereof from the date hereof at the rate of interest equal to One Per-

cent (1%) in excess of the "Thirty Year Revenue Index" that shall be established from time to time by "The Weekly Bond Buyer", but in no event at a rate of interest exceeding Fourteen Percent (14%) per annum or less than Seven Percent (7%) per annum, all as more fully described in the Indenture hereinafter referred to (computed on the basis of a 365-day year counting actual days), payable on August 1, 1981 and quarterly thereafter on each February 1, May 1, August 1 and November 1 in each year until and at the maturity hereof; provided, that if for any reason the interest on this bond shall become subject to federal income taxation, then the interest on the unpaid principal balance shall be at the rate of two percent (2%) in excess of the announced prime rate of interest charged from time to time by Central Bank of Birmingham, or its successor as Trustee under the aforesaid Indenture, on ninety (90) day commercial loans to its most credit-worthy corporate borrowers, payable as aforesaid. The principal of and the premium (if any) on this bond shall be payable in lawful money of the United States of America at the principal office of the said Central Bank of Birmingham in Birmingham, Alabama, or its successor as Trustee under the Indenture hereinafter referred to, and the interest on this bond shall (except for the final payment of such interest which shall be made only upon the surrender of this bond) be remitted, by the Trustee hereinafter referred to, by check or draft mailed or otherwise delivered to the then registered holder hereof at the address shown on the registry books of the said Trustee. Overdue installments of principal of and the interest and premium (if any) on this bond shall bear interest after the respective due dates until paid at a per annum rate equal to Two Percent (2%) in excess of the aforesaid prime rate of interest.

This bond evidences or is one of a duly authorized issue or series of bonds authorized to be issued in the aggregate principal amount of \$950,000 and designated First Mortgage Commercial Development Revenue Bonds (Pelmar-Marvin's Project), Series 1981 (herein called the "Series 1981 Bonds"), which are due as to principal in the aggregate in installments on the following dates and in the following principal amounts:

<u>Date of Principal Maturity</u>	<u>Aggregate Principal Amount Maturing</u>
August 1, 1982	\$ 4,000
November 1, 1982	4,000
February 1, 1983	4,000
May 1, 1983	4,000
August 1, 1983	5,000
November 1, 1983	5,000
February 1, 1984	5,000
May 1, 1984	5,000
August 1, 1984	6,000
November 1, 1984	6,000
February 1, 1985	6,000
May 1, 1985	6,000
August 1, 1985	7,000
November 1, 1985	7,000

February 1, 1986	7,000
May 1, 1986	7,000
August 1, 1986	8,000
November 1, 1986	8,000
February 1, 1987	8,000
May 1, 1987	8,000
August 1, 1987	10,000
November 1, 1987	10,000
February 1, 1988	10,000
May 1, 1988	10,000
August 1, 1988	12,000
November 1, 1988	12,000
February 1, 1989	12,000
May 1, 1989	12,000
August 1, 1989	14,000
November 1, 1989	14,000
February 1, 1990	16,000
May 1, 1990	16,000
August 1, 1990	18,000
November 1, 1990	18,000
February 1, 1991	18,000
May 1, 1991	18,000
August 1, 1991	21,000
November 1, 1991	21,000
February 1, 1992	21,000
May 1, 1992	21,000
August 1, 1992	24,000
November 1, 1992	24,000
February 1, 1993	24,000
May 1, 1993	24,000
August 1, 1993	28,000
November 1, 1993	28,000
February 1, 1994	32,000
May 1, 1994	32,000
August 1, 1994	36,000
November 1, 1994	36,000
February 1, 1995	36,000
May 1, 1995	36,000
August 1, 1995	40,000
November 1, 1995	40,000
February 1, 1996	40,000
May 1, 1996	46,000

The Series 1981 Bonds have been issued under a Mortgage and Trust Indenture dated the date hereof (herein called the "Indenture"), from the City to Central Bank of Birmingham, Birmingham, Alabama, as Trustee (herein, together with its successors in trust, called the "Trustee"), for the purpose of financing the costs of acquiring, constructing and equipping a commercial distribution facility to be located wholly within the corporate limits of the City (said facility and all land and leasehold interests therein, improvements, equipment and other property acquired by the City in connection therewith, as they may at any time exist, being herein together called the "Project"). In connection with the issuance of the Series 1981 Bonds, the City has leased the Project to Pelmar, Ltd., a limited partnership organized under the laws of Alabama (herein, together with its successors and assigns, called the "Company"), under a Lease Agreement dated the date hereof (herein called the "Lease"), which obligates the Company to pay rent directly to the Trustee, for the account of the City, on such dates and in

such amounts as will provide moneys sufficient to pay, when due, the principal of and the interest on the Series 1981 Bonds. Simultaneously with the execution of the Lease the Company has subleased the Project to Marvin's Inc., an Alabama corporation. Pursuant to a Bond Guaranty Agreement with the Trustee dated the date hereof (herein called the "Series 1981 Guaranty"), Alfred J. Cohn, the present owner of a substantial portion of the capital stock of the said Marvin's Inc., and the said Marvin's Inc. have jointly and severally unconditionally guaranteed the full and prompt payment of the principal of and the interest and premium (if any) on the Series 1981 Bonds.

The Series 1981 Bonds are subject to redemption prior to their respective maturities as follows:

(a) The Series 1981 Bonds shall be subject to such redemption and payment, at the option of the City (which option shall be exercised only upon request by the Company) on August 1, 1981, and on any interest payment date thereafter, as a whole or in part (but if in part, only in installments of \$1,000 or any integral multiple thereof and in the inverse order of the due dates of such principal so prepaid and redeemed) at and for the following respective redemption prices (expressed in percentages of the principal amount of the Series 1981 Bonds or portion thereof to be redeemed) plus accrued interest to the redemption date:

<u>If the Redemption Date Is</u>	<u>Redemption Price</u>
On or before August 1, 1988	103.00%
After August 1, 1988	100.00%

(b) The Series 1981 Bonds shall be subject to mandatory redemption and payment as a whole on any date at and for a redemption price, with respect to each such Series 1981 Bond, equal to the principal amount thereof plus accrued interest thereon to the redemption date, but only in the event of the taking by eminent domain of all or substantially all the Project or in the event of an "Adjudication of Invalidity" (as that term is defined in the Indenture), or in the event of the exercise by the Company of an option to purchase the Project granted in Section 11.2 of the Lease; and

(c) The Series 1981 Bonds shall also be subject to redemption, at any time after May 1, 1982, at and for a redemption price equal to the principal amount of each Series 1981 Bond, or portion thereof, so redeemed plus accrued interest thereon to the date of redemption, but the principal of the Series 1981 Bonds so redeem-

ed shall be paid only from moneys on deposit in the Bond Fund Escrow Account created in the Indenture, and any such redemption shall be effected pro rata among the Series 1981 Bonds of each maturity, in the proportion that the outstanding principal amount of the Series 1981 Bonds of each maturity bears to the total outstanding principal amount of the Series 1981 Bonds.

Except as provided in paragraph (c) above, if less than all the principal indebtedness evidenced by the Series 1981 Bonds shall be called for prepayment and redemption at any one time, then the Series 1981 Bonds will be redeemed in the inverse order of the due dates of such principal indebtedness, the principal amount of Series 1981 Bonds to be prepaid and redeemed being allocated among all the holders of Series 1981 Bonds in proportion to the aggregate principal amount of outstanding Series 1981 Bonds which are to be so redeemed owned by each such holder.

Except as noted below, the Indenture requires written notice of the call for redemption of this bond (or portion of the principal thereof) to be forwarded by United States registered or certified mail to the registered owner of such Bond, not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption. In the event that less than all the outstanding principal of this bond is to be redeemed, (i) the registered holder thereof shall surrender this bond to the Trustee in exchange for a new bond or like tenor herewith except in a principal amount equal to the unredeemed portion of this bond or (ii) such holder shall, in lieu of surrendering this bond in exchange for a new bond, present the same to the Trustee for endorsement hereon, or on the record of partial redemptions appertaining hereto, of the payment of the portion of the principal hereof so redeemed.

The City, with the consent of the Company, and with the express written consent of the holders of not less than seventy-five percent (75%) of the holders of all the Bonds issued under the Indenture and otherwise upon the terms and conditions therein specified, is authorized by the Indenture to issue additional bonds thereunder that are secured on a parity with the Series 1981 Bonds as respects the security afforded by the Indenture. Such additional parity bonds may be issued, at any time and from time to time, for the purposes of (i) obtaining funds, if additional funds are needed, to pay the costs of completing the acquisition, construction and equipping of the Project, (ii) obtaining funds to pay the costs of making additions and improvements to the Project, (iii) refunding and retiring all or any portion of any one or more series of bonds then outstanding under the Indenture and (iv) any combination of the foregoing purposes (the Series 1981 Bonds and all such additional parity bonds being herein together called the "Bonds").

The principal of and the interest and premium (if any) on the Bonds are payable solely from the revenues and receipts to be derived from the leasing or sale of the Project and certain other moneys pledged under the Indenture. The payment of the principal of and the interest and premium (if any) on the Bonds is secured, pro rata and without preference or priority of one Bond over another or of the Bonds of any one series over the Bonds of any other, by a valid pledge of the aforesaid revenues, receipts and moneys out of which the Bonds are solely payable (including specifically the "Basic Rent" payable to the City by the Company under the Lease), by the Indenture, which constitutes a lien on the Project, and by an assignment to the Trustee of all right, title and interest of the City in and to the Lease (except certain expense reimbursement and indemnification rights of the City and certain other rights which are expressly reserved to the City); provided however, that the Series 1981 Guaranty shall be for the exclusive benefit of the holders of the Series 1981 Bonds and all moneys received by the Trustee under the Series 1981 Guaranty shall be applied solely for the payment of the principal of and the interest and premium (if any) on the Series 1981 Bonds. Reference is hereby made to the Lease, the Indenture and the Series 1981 Guaranty for complete information respecting the nature and extent of the security afforded by each of such instruments, the rights and duties of the City and the Trustee with respect thereto, the rights of the holders of the Series 1981 Bonds and the terms and conditions on which additional series of Bonds may be issued.

The Indenture provides, inter alia, (a) that upon the occurrence and continuation of certain events of default as therein provided, the Trustee may declare the principal of and the interest accrued on this bond immediately due and payable, whereupon the same shall thereupon become immediately due and payable and the Trustee shall be entitled to pursue the remedies provided in the Indenture, (b) that the holder of this bond shall have no right to enforce the provisions of the Indenture except as provided therein and then only for the equal and pro rata benefit of the holders of all the Bonds, and (c) that if this bond shall not be presented for payment when due (whether by maturity or otherwise) and if funds sufficient for such payment shall have been made available to the Trustee therefor, all liability of the City to the holder of such bond and all rights of such holder against the City under such bond or under the Indenture shall cease and terminate and that the sole right of such holder shall thereafter be against the said funds so made available, which the Trustee is required to set aside and hold, subject to any applicable escheat or other similar law, for the benefit of such holder. The Indenture also provides that the City and the Trustee, with the written consent of the holders of seventy-five percent (75%) in aggregate principal amount of the Bonds then outstanding under the Indenture, may at any time and from time to time amend the Indenture or any indenture supplemental thereto, provided that no such amendment shall (1) without the consent of the holder of each Bond and coupon affected, reduce the principal of, the rate of interest on, or the premium (if any) payable on redemption of, any Bond or coupon, or (2) without the consent of the holders of all the Bonds then outstanding under the Indenture, extend the maturity of any

installment of principal of or interest on any of the Bonds, make any change in the provisions of the Indenture that require the redemption of any of the Bonds prior to maturity, create a lien or charge on the property mortgaged under the Indenture or the revenues and receipts pledged thereunder ranking prior to or on a parity with the lien and charge thereon contained in the Indenture, effect a preference or priority of any Bond over any other Bond or reduce the aggregate principal amount of Bonds the holders of which are required to consent to any such amendment. The Indenture further provides that the City and the Company, with the written consent of the holders of seventy-five percent (75%) in aggregate principal amount of the Bonds then outstanding under the Indenture, may at any time and from time to time amend, change or modify the Lease, provided that no such amendment, change or modification shall, without the consent of the holders of all the Bonds then outstanding under the Indenture, permit (i) a reduction in the amount of "Basic Rent" payable under the Lease [other than a reduction resulting from, and directly proportional to, a reduction in the amounts required for payment of the principal of or the interest or premium (if any) on the Bonds], (ii) any change in the due dates of the installments of such "Basic Rent," or (iii) any other change that, in the reasonable judgment of the Trustee, might adversely affect the interests of the holders of the Bonds.

The City is a municipal corporation organized under the laws of Alabama, and the Series 1981 Bonds are authorized to be issued for the purposes for which bonds are authorized to be issued under the provisions of Article 2 of Chapter 54 of Title 11 of the Code of Alabama of 1975. The Series 1981 Bonds and the covenants and representations contained in the Indenture do not and shall never constitute a general liability or charge against the general credit of the City. Neither the State of Alabama nor any political subdivision of said state shall in any manner be liable for payment of the principal of or the interest or premium (if any) on the Series 1981 Bonds or for the performance of the undertakings of the City contained herein or in the Indenture.

It is hereby certified that all conditions, actions and things required by the Constitution and laws of the State of Alabama to exist, be performed and happen precedent to or in the issuance of this bond do exist, have been performed and have happened in due and legal form.

The Series 1981 Bonds are issuable only as fully registered bonds without coupons in the denomination of \$1,000 or any integral multiple thereof. Provision is made in the Indenture for the exchange of Series 1981 Bonds for a like aggregate principal amount of other fully registered Series 1981 Bonds in authorized denominations, all as may be requested by the holder surrendering the Series 1981 Bond or Bonds to be so exchanged and upon the terms and conditions specified in the Indenture.

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This bond is transferable by the registered holder hereof in person, or by duly authorized attorney, only on the books of the Trustee and only upon surrender of this bond to the Trustee for cancellation, and upon any such transfer a new fully registered bond of like tenor hereof will be issued to the transferee in exchange therefor, all as more particularly provided in the Indenture. ANY ASSIGNEE OR TRANSFEREE OF THIS BOND TAKES IT SUBJECT TO ALL PAYMENTS OF PRINCIPAL, INTEREST AND PREMIUM IN FACT MADE WITH RESPECT HERETO, WHETHER OR NOT SUCH PAYMENTS ARE REFLECTED BY ENDORSEMENT ON THIS BOND OR ANY PAYMENT RECORD PERTAINING HERETO.

The Trustee shall not be required to transfer or exchange this bond during the period of fifteen (15) days next preceding any interest payment date with respect thereto; and in the event this bond (or any portion of the principal hereof) is duly called for redemption, the Trustee shall not be required to transfer or exchange it during the period of forty-five (45) days next preceding the date fixed for such redemption.

Execution by the Trustee of its authentication certificate hereon is essential to the validity hereof and is conclusive of the due issue hereof under the Indenture.

IN WITNESS WHEREOF, the City has caused this bond to be executed in its name and behalf by its Mayor, has caused its official seal to be hereunto impressed, has caused this bond to be attested by its City Clerk, and has caused this bond to be dated _____, 1981.

CITY OF PELHAM, ALABAMA

By _____
Its Mayor

Attest:

City Clerk

[S E A L]

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[Form of Trustee's Authentication Certificate]

The within bond is one of those described in the within-mentioned Mortgage and Trust Indenture.

CENTRAL BANK OF BIRMINGHAM,
Trustee

By _____
Its Authorized Officer

[Form of Record of Partial Payment or Redemption]

RECORD OF PARTIAL PAYMENT OR REDEMPTION

Upon each partial payment or redemption of the principal indebtedness evidenced by the within bond, such bond shall be surrendered to the Trustee for the appropriate endorsement by it of such redemption on the record below.

Date of Payment or Redemption	Principal Amount Paid or Redeemed	Remaining Unpaid Balance	Signature

[Form of Assignment]

For value received, _____
hereby sell(s), assign(s) and transfer(s) unto _____
_____ the within bond and hereby irrev-
ocably constitute(s) and appoint(s) _____
_____ attorney, with full power of sub-

stitution in the premises, to transfer such bond on the books of the within-mentioned Trustee.

DATED this _____ day of _____.

NOTE: The name signed to this assignment must correspond with the name of the payee written on the face of the within bond in every particular, without alteration, enlargement or change whatsoever.

Section 7.6 Execution and Delivery of the Series 1981 Bonds. The Series 1980 Bonds shall be forthwith executed and delivered to the Trustee and shall be authenticated and delivered by the Trustee from time to time upon receipt by the Trustee of an order signed on behalf of the City by its Mayor, requesting such authentication and delivery and designating the person or persons to receive the same or any part thereof.

Section 7.7 Application of Proceeds from Sale of Series 1981 Bonds. The entire proceeds derived by the City from the sale of the Series 1981 Bonds shall be paid to the Trustee and promptly thereafter paid by the Trustee into the Construction Fund Primary Account.

ARTICLE VIII

ADDITIONAL BONDS

Section 8.1 Additional Bonds - In General. If no Event of Default shall have occurred and be continuing, the City shall at any time and from time to time, if requested by the Company, issue Additional Bonds, within the limitations of and upon compliance with the provisions of this Article VIII, for any one or more of the following purposes:

(a) in the event the available proceeds from the sale of the Series 1981 Bonds are insufficient to pay all the Project Development Costs, for the purpose of obtaining funds with which to pay such costs;

(b) for the purpose of acquiring or constructing any additions, improvements or modifications (including, without limitation, any additional land, buildings or machinery, equipment or other personal property) to the facilities at the time forming part of the Project;

(c) for the purpose of refunding or otherwise retiring all or any portion of any one or more series of Bonds then outstanding under the Indenture; and

(d) for any combination of the foregoing purposes.

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The Additional Bonds may be in such denomination or denominations, shall bear interest at such rate or rates, shall bear such dates not inconsistent with the provisions hereof, shall mature in such amounts and at such times as are not in conflict with the provisions hereof, shall be in such form and may contain such provisions for redemption prior to maturity, all as may be provided in the Supplemental Indenture under which they are issued; provided that all such Additional Bonds shall be subject to redemption at any time, at such redemption price or prices as shall be fixed prior to their issuance, if (i) the Company shall exercise the option to purchase the Project granted in Section 11.2 of the Lease or (ii) all or substantially all of the Project shall be taken under the exercise of the power of eminent domain. Any redemption of Additional Bonds prior to maturity shall be effected in the manner set forth in and shall be subject to the provisions of Article VI hereof. All Additional Bonds so issued shall contain an appropriate series designation.

Section 8.2 Conditions Precedent to Issuance of Additional Bonds. Prior to the issuance of any Additional Bonds, the City shall deliver to the Trustee those of the Additional Bonds proposed to be issued, duly executed and sealed, accompanied by the following:

(a) Supplemental Indenture. A Supplemental Indenture duly executed, sealed and acknowledged on behalf of the City and containing the following [to the extent applicable in the case of clause (ii) below]: (i) a description of such Additional Bonds, including the aggregate principal amount, the numbers and series designation, the denomination or denominations, the date, the interest rate or rates and the maturity or maturities thereof, the provisions for redemption thereof prior to maturity and the forms of such Additional Bonds and the Coupons (if any) and various certificates applicable thereto, (ii) provisions subjecting to the lien of the Indenture all properties acquired and to be acquired in connection with any addi-

tions, improvements and modifications to the Project, including any additional land not theretofore constituting part of the Project Site on which any such additions, improvements and modifications are, or are to be located, (iii) a confirmation of the lien of the Indenture on all properties then constituting a part of the Project, including specifically, without limiting the generality of the foregoing, all such properties acquired since the execution of the Indenture or Supplemental Indenture most recently executed, and (iv) any other provisions that do not conflict with the provisions hereof;

(b) Proceedings. A certified copy of the proceedings of the governing body of the City authorizing the issuance of such Additional Bonds and the execution and delivery of the Supplemental Indenture providing therefor, which said proceedings shall include a Resolution requesting the Trustee to authenticate and deliver such Additional Bonds and reciting the following: (i) that no Event of Default has occurred and is continuing and that no event which, with the giving of notice or the passage of time or both, would constitute an Event of Default has occurred and is continuing, (ii) the person or persons to whom such Additional Bonds have been sold and awarded and shall be delivered, (iii) the purchase price of such Additional Bonds, and (iv) a list of all Additional Bonds previously issued by the City hereunder and at the time outstanding and of the Supplemental Indentures under which they were issued;

(c) Supplemental Lease. A fully executed and acknowledged copy of an agreement between the City and the Company supplemental to the Lease containing the following [to the extent applicable in the case of clauses (ii) and (iii) below]: (i) an agreement by the Company to pay additional, supplemental or changed Basic Rent in amounts that will result in there being on deposit in the Bond Fund sums at least sufficient to pay, on or prior to the respective due dates thereof, the principal of and the interest and premium (if any) on all Bonds that will be outstanding hereunder immediately following the issuance of such Additional Bonds, (ii) in the event the last maturity of such Additional Bonds is subsequent to the date of expiration of the then current "Lease Term" of the Lease, an extension of such "Lease Term" until or beyond the last maturity of such Additional Bonds, (iii) provisions subjecting to the demise of the Lease all properties acquired and to be acquired in connection with any additions, improvements and modifications to the Project, including any additional land not theretofore constituting part of the Project Site on which any such additions, improvements and modifications are, or are to be located,

and (iv) any other provisions not in conflict with the Indenture or the Lease;

(d) Bondholder Consent. An instrument or instruments in writing by or on behalf of the Holders of not less than seventy-five percent (75%) in principal amount of each series of Bonds then outstanding (provided, that if any series of Bonds is to be refunded or otherwise retired in whole out of the proceeds from the sale of such Additional Bonds, then the consent of the holders of any such series of Bonds shall not be required), evidencing their consent to the issuance of such Additional Bonds and the terms under which such Additional Bonds will be issued;

(e) Confirmation of Title to Project Site. An opinion, acceptable to the Trustee and dated as of the date of the issuance of such Additional Bonds, of Independent Alabama Counsel acceptable to the Trustee stating that the City has good and marketable title to any land subjected to the lien of the Indenture pursuant to the provisions of clause (ii) of subsection (a) of this section, subject only to Permitted Encumbrances, or, in lieu of such opinion, a policy or binder of title insurance, or an endorsement to a previously issued policy of title insurance, written by an insurer acceptable to the Trustee and insuring the mortgage interest of the Trustee in such land, except with respect to Permitted Encumbrances, in an amount not less than the principal amount of such of the Additional Bonds as are being issued to pay the costs of acquiring or improving real property (including such land) which constitutes, or is to constitute, part of the Project;

(f) Opinion of Company Counsel. An opinion, acceptable to the Trustee and dated as of the date of the issuance of such Additional Bonds, of Counsel for the Company acceptable to the Trustee stating in substance that the Lease, as supplemented by the supplemental agreement provided for in subsection (c) of this Section 8.2, has been duly authorized, executed and delivered on behalf of the Company and constitutes a valid and binding agreement of the Company;

(g) Opinion of Independent Counsel. An opinion, acceptable to the Trustee and dated as of the date of the issuance of such Additional Bonds, of Independent Counsel acceptable to the Trustee [which Independent Counsel may, but need not be, the Bond Counsel rendering the opinion required by subsection (h) of this section] approving the forms of all documents required by the preceding portions of this section to be delivered to the Trustee and stating that they comply with the applicable requirements of this Article VIII; and

(h) Opinion of Bond Counsel. An opinion, dated as of the date of the issuance of such Additional Bonds, of Bond Counsel approving the validity of such Additional Bonds.

Upon receipt of the documents required by the provisions of this section to be furnished to it, the Trustee shall, unless it has cause to believe any of the statements set out in said documents to be incorrect, thereupon execute the Supplemental Indenture so presented and cause the same to be filed for record at the expense of the City or the Company in the public office or offices in the State of Alabama in which such document is then required by law to be filed in order to constitute constructive notice thereof, and it shall further authenticate the Additional Bonds with respect to which the said documents shall have been provided and shall, upon receipt of evidence satisfactory to it that the City has received the purchase price or other consideration therefor, deliver such Additional Bonds to the person or persons to whom the Resolution provided for in subsection (b) of this section directed that they be delivered.

ARTICLE IX

CONCERNING THE PROJECT DEVELOPMENT WORK AND PAYMENT OF PROJECT DEVELOPMENT COSTS

Section 9.1 Agreement Respecting Completion of Project Development Work. The City will undertake and complete the Project Development Work or will cause the same to be undertaken and completed, all as and to the extent provided in Article IV of the Lease. The City will complete the Project Development Work, or cause the same to be completed, as soon as may be practicable, delays incident to any condition or event beyond the reasonable control of the City only excepted, including, without limitation, strikes, riots, acts of God and the public enemy. The City will promptly pay or cause to be paid, as and when due, all Project Development Costs, but the obligation of the City to pay such costs shall be limited to moneys on deposit in the Construction Fund and such other funds for the payment of such costs as may be made available by the Company under the provisions of the Lease.

The City will not suffer or permit any mechanics' or materialmen's liens that might be filed or otherwise claimed or established upon or against the Project or any part thereof, and which might be or become a lien superior to the lien hereof, to remain unsatisfied and undischarged for a period exceeding thirty (30) days after the filing or establishment thereof; provided however, that the City may in good faith contest any such mechanics' or materialmen's lien claims so filed or established and, in the event that such lien claims are so contested, may permit the mechanics' or materialmen's liens so contested to remain unsatisfied

and undischarged during the period of such contest and any appeal therefrom, irrespective of whether such period extends beyond the thirty (30) day period after the filing or establishment of such liens, unless the Trustee shall be of the opinion that by such action the lien of the Indenture to any part of the Project shall be materially endangered or the Project or any part thereof shall be subject to loss or forfeiture, in which event such mechanics' or materialmen's liens shall (unless they are bonded or superseded in a manner satisfactory to the Trustee) be satisfied prior to the expiration of said thirty (30) day period.

Section 9.2 Construction Fund. There is hereby created a special trust fund, the name of which shall be the "Pelmar-Marvin's Construction Fund," for the purpose of providing funds for the payment of Project Development Costs. The Construction Fund shall consist of two separate accounts, namely, the Primary Account and the Investment Account. The Trustee shall be and remain the depository, custodian and disbursing agent for the Construction Fund and for each account forming a part thereof. As provided in Section 7.7 hereof, there shall be deposited in the Construction Fund Primary Account all proceeds derived from the sale of the Series 1981 Bonds. All net income at any time derived from the investment and reinvestment of moneys at any time held in the Construction Fund (including income derived from the investment and reinvestment of previously derived income) shall be paid or credited into the Construction Fund Investment Account.

The moneys in the Construction Fund shall be disbursed by the Trustee from time to time for the purpose of paying Project Development Costs, but only upon receipt of the following:

(a) City Requisition. A requisition signed by an Authorized City Representative and containing, with respect to each such payment, the following:

(1) a statement of the amount requested to be paid, the name and address of the person (which may be the Trustee, the Company, Marvin's or an Affiliate of the Company or of Marvin's) to whom such payment is due and the particular Project Development Cost which is to be paid pursuant to such requisition; and

(2) a certification that no Event of Default has occurred and is continuing; and

(b) Company Endorsement. An endorsement signed by an Authorized Company Representative applicable to and forming a part of such requisition containing, with respect to each payment requested thereby, the following:

(1) a statement that the Company approves such requisition and the payment of the Project Development Costs which are to be paid pursuant thereto;

(2) a certification that Construction Fund moneys expended pursuant to such requisition will be expended for a purpose authorized in the Indenture;

(3) a certification that the payment requested in such requisition has not formed the basis for any previous requisition for the disbursement of moneys from the Construction Fund or any previous payment out of the proceeds derived by the City from the sale of the Series 1981 Bonds;

(4) in the case of a requisition for payment of any part of the costs of constructing the Improvements (whether bills or contractor's estimates), a certification that the labor, services or materials represented thereby are located on, or are referable to, the Project Site;

(5) in the case of any requisition for payment of any part of the purchase price, other acquisition cost or installation cost of any of the Project Equipment, a certification either (i) that such equipment is physically located on the Project Site and is in good condition, or (ii) that the amount so requested to be paid on account of such equipment, together with any amounts theretofore paid out of the Construction Fund on account thereof, represents progress payments for such equipment which have been substantiated to the Company's satisfaction;

(6) a certification as to what portion (if any) of the amount to be paid pursuant to such requisition will be used for the payment of Project Development Costs not constituting Qualifying Project Development Costs or Series 1981 Issuance Expenses; and

(7) a certification that the payment requested in such requisition will not result, as of the making of such payment, in either

(i) the use for any purpose other than the payment of Qualifying Project Development Costs of more than ten percent (10%) of the cumulative amount of Series 1981 Principal Proceeds theretofore disbursed from the Construction Fund Primary Account, or

(ii) the use for any purpose other than the payment of Qualifying Project Development Costs of more than ten percent (10%) of the sum of the cumulative amount of Series 1981 Principal Proceeds and Series 1981 Investment Proceeds theretofore disbursed from the Construction Fund (including both accounts forming a part thereof); provided however, that if the City and the Trustee are furnished with an opinion of Bond Counsel stating that the requirement set forth in this clause (ii) may be disregarded to any extent without adversely affecting the exemption of the interest on the Series 1981 Bonds from federal income taxation under Section 103(b)(6) of the Code, then the requirement of this clause (ii) may be disregarded to the extent stated in said opinion.

Any Project Development Cost or portion thereof that is not a Qualifying Project Development Cost or a Series 1981 Issuance Expense shall be paid out of the Construction Fund Investment Account to the extent that moneys are available in such account on the date of payment, provided that the Company may, by written order signed by an Authorized Company Representative, direct the Trustee to pay any such Project Development Cost or portion thereof out of the Construction Fund Primary Account. The requirements of this paragraph shall apply to all disbursements from the Construction Fund, including those made to reimburse the Company for Project Development Costs theretofore paid by the Company.

The completion of the acquisition, improvement and equipping of the Project and the payment of all Project Development Costs (except for amounts to be retained by the Trustee at the Company's direction, as hereinafter provided, for any such costs not then due and payable or the liability for payment of which is being contested) shall be evidenced to the Trustee by a certificate signed by an Authorized Company Representative as provided in Section 4.6 of the Lease. On the Completion Date, or as promptly thereafter as practicable, the Trustee shall set aside in each account of the Construction Fund such amount as the Company, by written order signed in its behalf by an Authorized Company Representative and furnished to the Trustee simultaneously with the aforesaid certificate establishing the Completion Date, may direct for the payment of any Project Development Costs not then due and payable or the liability for payment of which is then being contested by the Company, or by the City at the direction of the Company. After setting aside in each account the amount (if any) required by the preceding sentence so to be set aside, the Trustee shall transfer the balance therein remaining from the Construction Fund into the Bond Fund Escrow Account. The Trustee shall from time to time thereafter transfer from either account of the Construction Fund so much of the balance at the time remaining therein as the Company may request and apply the same in accordance with the provisions of the preceding paragraph, irrespective of whether all the Project Development Costs with respect to which such moneys were so set aside have been paid; provided however, that in the event of a Lease

Default, the Trustee shall, notwithstanding the preceding provisions of this section and without any request or direction from the Company, promptly pay and transfer into the Bond Fund Escrow Account the entire amount of moneys then held in the Construction Fund; and provided further, that, any provision hereof to the contrary notwithstanding, the Trustee may disburse moneys remaining in the Construction Fund after the Completion Date only for the purpose of paying Project Development Costs that were incurred by the City prior to the Completion Date or for the purpose of transferring such moneys to the Bond Fund Escrow Account.

The Trustee will keep and maintain adequate records pertaining to the Construction Fund and all moneys received therein and disbursed therefrom, and when all moneys in the Construction Fund have been exhausted, whether on the Completion Date or (in accordance with the provisions of the next preceding paragraph of this Section 9.2) thereafter, the Trustee will file with the City and the Company an accounting of all moneys received into and disbursed from the Construction Fund.

Section 9.3 Trustee Protected in Construction Fund Payments; Additional Evidence May Be Required. The Trustee shall be fully protected in making payments from the Construction Fund upon presentation to it of requisitions complying with the requirements of Section 9.2 hereof. The Trustee may rely as to the completeness and accuracy of all statements and certifications contained in such requisitions, and the Trustee shall incur no liability in acting or proceeding in good faith upon such requisitions and shall be under no duty to make any investigation or inquiry as to any statements or certifications contained in any of such requisitions, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements and certifications. Notwithstanding the foregoing provisions of this section, the Trustee shall, when requested in writing so to do by the Holders of not less than seventy-five percent (75%) in principal amount of the Bonds then outstanding, require, as a condition precedent to any payment from the Construction Fund (other than a payment into the Bond Fund Escrow Account pursuant to the last paragraph of Section 9.2 hereof), such additional evidence as it may reasonably deem appropriate respecting the application of any moneys previously disbursed from the Construction Fund or as to the correctness of any estimate or bill presented to it for payment pursuant to the provisions of said Section 9.2.

Section 9.4 Investment of Construction Fund Moneys. Following the issuance of the Series 1981 Bonds, the Company may thereafter at any time and from time to time request the Trustee to invest the moneys held in either or both of the accounts of the Construction Fund by furnishing to the Trustee a written certificate signed by an Authorized Company Representative and stating (i) what portions (if any) of the moneys held in either of such accounts are not then needed for payment of Project Development Costs and (ii) the approximate dates that such presently unneeded moneys will be needed

for the payment of Project Development Costs. Promptly after receipt of each such certificate, the Trustee will, to the extent practicable, cause the moneys certified in said certificate as not then needed for the payment of Project Development Costs to be invested in any Eligible Investments having stated maturities in such amounts and on such dates, prior to or corresponding with the dates and amounts specified in said certificate, as to make available from the Construction Fund cash moneys sufficient to meet the needs of the Construction Fund as specified in said certificate. Such certificate may contain either specific or general instructions from the Company as to the kind of Eligible Investments in which the presently unneeded moneys in the Construction Fund are to be invested, and the Trustee will comply with such instructions to the extent that they are not inconsistent with the applicable provisions hereof; provided that the Trustee shall make no investment of moneys in the Construction Fund that would result in any of the Bonds being considered "arbitrage bonds" within the meaning of Section 103(c) of the Code and the applicable regulations thereunder.

In the event that moneys in the Construction Fund are invested pursuant to the provisions hereof, the Eligible Investments in which such moneys are so invested shall become a part of the particular Construction Fund account from which moneys were used to make such investment, but all income or profit derived from the investment or reinvestment of moneys in either account of the Construction Fund shall be credited to the Construction Fund Investment Account and considered a part thereof and, to the extent possible, all losses resulting from such investment or reinvestment shall be charged to such account. The Trustee shall convert investments forming a part of either account of the Construction Fund into cash at their respective maturities, may sell or otherwise convert any of such investments into cash if such sale or conversion is necessary to provide for payment of a requisition presented to it pursuant to the provisions of Section 9.2 hereof, and shall, upon written request signed by an Authorized Company Representative, sell or otherwise convert any of such investments into cash. In the event of the sale or other conversion into cash of any investments forming a part of the Construction Fund Primary Account, the portion of the proceeds from such sale or other conversion that constitutes net income or profit from such investment shall be credited to and become a part of the Construction Fund Investment Account, and the balance of such proceeds shall be and remain a part of the Construction Fund Primary Account. All net proceeds from the sale or conversion of any investment forming a part of the Construction Fund Investment Account shall be and remain part of said account. The Trustee shall be fully protected in making any such investment, sale or conversion in accordance with the provisions of this section. In any determination of the amount of moneys at any time forming a part of either account of the Construction Fund, all Eligible Investments in which any portion of such account is at the time so invested shall be included therein at their then market value.

ARTICLE X

APPLICATION OF REVENUES AND CREATION OF SPECIAL FUNDS

Section 10.1 Bond Fund. There is hereby created a special trust fund, the name of which shall be the "Pelmar-Marvin's Bond Principal and Interest Fund," for the purpose of providing for payment of the principal of and the interest and premium (if any) on the Bonds and which shall be maintained until such principal, interest and premium (if any) have been paid in full. The Bond Fund shall consist of two separate accounts, namely, the Primary Account and the Escrow Account. The Trustee shall be and remain the depository, custodian and disbursing agent for the Bond Fund and for each account forming a part thereof. In any case where moneys are herein required to be paid or transferred into the Bond Fund without direction as into which account such moneys are to be paid or transferred, they shall be paid or transferred into the Bond Fund Primary Account.

So long as any part of the principal of or the interest or premium (if any) on any of the Bonds remains outstanding and unpaid, the City will pay the following moneys into the Bond Fund:

(a) so long as the Lease is in full force and effect, no Lease Default shall have occurred and be continuing, and the City is not in default in the payment of any Indenture Indebtedness, the City will pay into the Bond Fund, or will cause to be paid therein, promptly as received by it, the Basic Rent, all other moneys that are required by the provisions of the Lease to be paid therein, and all moneys that are specifically required by the provisions hereof to be paid therein; and

(b) at all times during which the Lease is not in full force and effect or during which a Lease Default shall have occurred and be continuing or during which the City is in default in the payment of any Indenture Indebtedness, the City will pay into the Bond Fund, or will cause to be paid therein, promptly as received by it, all revenues derived by it from the Project and all other moneys that are herein or in the Lease expressly required to be paid into the Bond Fund.

Out of the moneys on deposit in the Bond Fund, the Trustee shall make provision for payment of the principal of and the interest on the Bonds as said principal and interest respectively become due, as well as for the redemption of any Bonds required by the provisions hereof or of any Supplemental Indenture to be redeemed prior to their respective maturities. Moneys on deposit in the Bond Fund shall, subject to the

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provisions of Sections 10.3 and 10.4 hereof, be used only for the payment of the principal of and the interest on the Bonds upon or after their respective maturities, for the redemption of Bonds prior to their respective maturities, and for the purchase of Bonds for retirement at a price not greater than their par or face value plus accrued interest thereon.

In the event that any moneys are transferred to the Bond Fund Escrow Account from the Construction Fund in accordance with the provisions of the third paragraph of Section 9.2 hereof, such moneys shall be exhausted as soon as practicable by the application thereof for the prepayment or redemption of Bonds on the earliest practicable date on which under their terms and the terms of the Indenture such redemption may be effected but, unless the Holder or Holders of all the then outstanding Bonds shall otherwise direct to the Trustee in writing, only in the inverse order of the maturity or due dates of the principal of such Bonds, and subject to the condition that moneys in the Bond Fund Escrow Account shall not be used for the payment of any portion of the redemption price of the Bonds so redeemed that constitutes premium. Anything herein contained to the contrary notwithstanding, no moneys at any time held in the Bond Fund Escrow Account shall be disbursed for the payment of any interest on any of the Bonds, or for the payment of any premium in connection with the redemption or purchase for retirement of any of the Bonds, unless the Trustee is furnished a certificate signed by an Authorized Company Representative that such disbursement will not result, as of the making of such disbursement, in either

(1) the use for any purpose other than the payment of Qualifying Project Development Costs of more than ten percent (10%) of the the cumulative amount of Series 1981 Principal Proceeds theretofore disbursed from the Construction Fund Primary Account and the Bond Fund Escrow Account, or

(2) the use for any purpose other than the payment of Qualifying Project Development Costs of more than ten percent (10%) of the sum of the cumulative amount of Series 1981 Principal Proceeds and Series 1981 Investment Proceeds theretofore disbursed from the Construction Fund (including both accounts forming a part thereof) and the Bond Fund Escrow Account; provided however, that if the City and the Trustee are furnished with an opinion of Bond Counsel stating that the requirement set forth in this clause (2) may be disregarded to any extent without adversely affecting the exemption of the interest on the Series 1981 Bonds from federal income taxation under Section 103(b)(6) of the Code, then the requirement of this clause (2) may be disregarded to the extent stated in said opinion.

To the extent that moneys in the Bond Fund Escrow Account can be applied to the payment of the principal of and the interest

and premium (if any) on the Bonds in accordance with the preceding conditions of this paragraph, such moneys shall be so applied in preference to any moneys at the time on deposit in the Bond Fund Primary Account, all to the end that moneys at any time held in the Bond Fund Escrow Account shall be exhausted as soon as practicable. If at any time moneys in the Bond Fund Escrow Account cannot be used for the purposes and in accordance with the conditions specified in the preceding provisions of this paragraph, then such moneys shall be held in the Bond Fund Escrow Account until they can be so used for such purposes and in accordance with such conditions. Moneys held in the Bond Fund Escrow Account shall, to the extent practicable, be invested in accordance with the applicable provisions of Sec-10.4 hereof.

Section 10.2 Redemption Fund. There is hereby created a special trust fund, the name of which shall be the "Pelmar-Marvin's Bond Redemption Fund" and which shall be maintained as long as any of the Bonds are outstanding. There shall be paid into the Redemption Fund only such moneys as are herein and in the Lease expressly required to be paid therein. The Trustee shall, subject to the provisions of Sections 10.3 and 10.4 hereof, use and apply the moneys in the Redemption Fund solely for the purpose of providing for payment of the principal indebtedness evidenced by the Series 1981 Bonds in the inverse order of the due dates of such principal indebtedness (whether such principal indebtedness shall become due by its terms or by virtue of a requirement for the mandatory prepayment or redemption thereof) or purchasing Bonds for retirement at a price not greater than their par or face value plus accrued interest thereon, and premium, if any; provided that if at any time the aggregate of available moneys held in the Bond Fund shall not be sufficient to pay the principal of, interest on, or premium (if any) due under any of the Bonds at the respective maturities of such principal and interest or the redemption price of any of the Bonds on the date on which, under the terms hereof or of any Supplemental Indenture, they are required to be redeemed, then the moneys held in the Redemption Fund shall be used to pay said principal or interest so maturing or the redemption price of any such Bonds, but only to such extent as may be necessary to prevent default in the payment thereof.

Not more than sixty (60) and not less than forty-five (45) days prior to each interest payment date with respect to the Bonds, the Trustee will determine the amount then held in the Redemption Fund, and if such amount is sufficient to effect the redemption of at least \$10,000 in principal amount of Bonds, the Trustee shall so notify the City, whereupon the City will take such action as may be necessary under the provisions hereof to exhaust, as nearly as may be practicable, the moneys held in the Redemption Fund by effecting the redemption of Bonds on the earliest practicable date thereafter on which such redemption may be effected, by purchasing Bonds for retirement as provided above, or by both effecting the redemption of Bonds and purchasing Bonds for retirement as aforesaid. So long as any of the Series 1981 Bonds are outstanding, moneys held in the Redemption Fund shall be applied first to the redemp-

tion or purchase of Series 1981 Bonds, and if less than all the Series 1981 Bonds are to be so redeemed at any one time, such redemption shall comply with the provisions of Section 7.4 hereof. If no Series 1981 Bonds are outstanding at the time any redemption of Bonds is to be effected with moneys held in the Redemption Fund, the Bonds to be so redeemed shall be selected in accordance with such priorities or rules of selection as may be provided in the Supplemental Indentures under which the Bonds then outstanding were issued; provided however, that if no contrary provisions are contained in any Supplemental Indenture or Indentures, the Bonds to be redeemed with moneys held in the Redemption Fund shall be selected in the inverse order of their maturities, without any requirement that the principal amount of such Bonds be prorated among different series of Bonds (if more than one series is at the time outstanding), and if less than all the Bonds of the same maturity are to be redeemed, those to be redeemed, in whole or in part, shall be selected by the Trustee by lot.

Section 10.3 Retirement of Bonds Under Certain Conditions. General Provisions Respecting Bond Fund. In the event that at any time the total sum of moneys held in the Bond Fund and the Redemption Fund is sufficient to provide for retirement of all the Bonds (including premium, if any, and the interest that will mature thereon until and on the date or dates they are retired), either by redemption prior to their respective maturities in accordance with the applicable provisions of the Indenture or by payment of a portion thereof at their respective maturities and redemption of the remainder prior to their respective maturities, the Trustee will so notify the City in writing, and the City and the Trustee will thereupon take such action as may be necessary under the provisions of Article VI hereof to call for redemption, on the earliest practicable redemption date thereafter on which under the terms of the Indenture such redemption may be effected, all the Bonds subject to redemption that will come due after such redemption date. On or before the redemption date to be fixed pursuant to the preceding provisions of this paragraph, the Trustee will transfer into the Bond Fund all moneys then held in the Redemption Fund, and the moneys so transferred, together with the moneys already held in the Bond Fund, shall be used to retire all the Bonds as aforesaid. Any redemption of Bonds effected pursuant to the requirements of this section shall be subject to the provisions of, and shall be effected in the manner provided by, Article VI hereof and (to the extent applicable) Section 7.4 hereof.

In the event that at any time the moneys held in the Bond Fund are sufficient so to effect retirement of all the Bonds or in the event that at any time the total of the moneys held in the Bond Fund equals or exceeds the aggregate principal of the Bonds then outstanding plus the aggregate interest thereon then due and to become due until the maturity thereof, then and in either of such events no further payments need thereafter be made into the Bond Fund unless (i) further payments are needed to make good moneys paid therein that may have been lost for any reason whatsoever, or (ii) the Series 1981 Bonds thereafter become subject to mandatory redemption

under any of the provisions hereof and further payments into the Bond Fund are needed to effect such redemption.

Section 10.4 Investment of Moneys in Bond Fund and Redemption Fund. The Trustee shall, to the extent practicable, cause all the moneys held in the Bond Fund (exclusive of any amount held therein for payment of matured but unpaid Bonds, Bonds called for redemption but not yet redeemed and matured but unpaid interest) that will not be needed, during the then next ensuing ten days, for payment of any maturing installment of principal of or interest on the Bonds or for payment of the redemption price of any Bond called for redemption, to be kept continuously invested in Federal Securities or Eligible Certificates having such stated maturities as will assure the availability of cash moneys necessary to provide for payment and redemption of the principal of and the interest on the Bonds, as such principal and interest respectively become due and payable (whether at maturity, upon earlier call for redemption or otherwise). Moneys held in the Bond Fund Escrow Account shall not be invested to produce a yield (as the term "yield" is defined and used in Section 103(c) of the Code, and all regulations, Revenue Rulings and Revenue Procedures issued thereunder) greater than the yield on the Series 1981 Bonds. All securities and certificates in which any portion of the moneys in the Bond Fund are invested, together with all income therefrom, shall become a part of the particular Bond Fund account from which moneys were used to make such investment.

If at any time the total sum of moneys held in the Redemption Fund is less than \$10,000, the Trustee shall, to the extent practicable, cause such moneys to be invested in Eligible Investments having stated maturities, or being redeemable at the option of the holder at a stated price and time, not later than five (5) years after the date of investment therein or the next succeeding date on which any of the Bonds are subject to redemption, whichever date is earlier. If at any time the total sum of moneys held in the Redemption Fund is \$10,000 or more, the Trustee shall, to the extent practicable, cause such moneys to be invested in Eligible Investments having stated maturities, or being redeemable at the option of the holder at a stated price and time, not later than the next succeeding date on which any of the Bonds are subject to redemption, it being understood, however, that any investment of moneys in the Redemption Fund made when the total amount held therein was less than \$10,000 need not be converted into cash and reinvested in accordance with this sentence but may be held until the maturity thereof or until the conversion thereof into cash prior to maturity shall be required as a result of the use of the moneys in the Redemption Fund for the purchase of Bonds for retirement or the redemption of Bonds in accordance with the provisions of Section 10.2 hereof. All investments in which moneys in the Redemption Fund shall be invested, together with all income therefrom, shall become a part of the Redemption Fund.

In order to comply with the requirements of the Indenture, the Trustee (i) may, at any time and from time to

time, cause any Federal Securities or Eligible Certificates forming a part of either account of the Bond Fund, or any Eligible Investments forming a part of the Redemption Fund, to be sold or otherwise converted into cash, (ii) shall upon written request of an Authorized Company Representative cause any such securities, certificates or investments to be sold or otherwise converted into cash (but if and only if, in the case of Federal Securities or Eligible Certificates forming a part of the Bond Fund, such sale or other conversion into cash will not jeopardize the payment, when due, of the principal of and the interest on any of the Bonds or of the redemption price of any Bond required, by the provisions hereof or of any Supplemental Indenture, to be redeemed prior to its maturity), and (iii) shall cause any such securities, certificates or investments to be sold or otherwise converted into cash if and to the extent that such sale or conversion is necessary to obtain moneys to prevent a default in the payment, when due, of the principal of or the interest on the Bonds or of the redemption price of any Bond required, by the provisions hereof or of any Supplemental Indenture, to be redeemed prior to its maturity. The net proceeds from the sale or other conversion into cash of any securities, certificates or investments forming a part of the Redemption Fund or either account of the Bond Fund shall be paid into and become a part of the fund or account of which such securities, certificates or investments formed a part. In making any investment of moneys forming a part of the Bond Fund or the Redemption Fund, the Trustee will follow such written instructions as may be given to it by an Authorized Company Representative, but if and only to the extent that such instructions are not inconsistent with any applicable provisions of the Indenture; provided however, that the Trustee shall make no investment of any such moneys that would result in any of the Bonds being considered "arbitrage bonds" within the meaning of Section 103(c) of the Code and the applicable regulations thereunder. The Trustee shall be fully protected in making any such investment, sale or conversion in accordance with the provisions of this section. In any determination of the amount of moneys at any time forming a part of the Redemption Fund or either account of the Bond Fund, all securities, certificates or other investments in which any portion of such fund or account is at the time so invested shall be included therein at their then market value.

Section 10.5 Security for Bond Fund and Redemption Fund Moneys. The moneys at any time held in the Bond Fund or the Redemption Fund shall be and at all times remain impressed with a trust for the purposes for which said funds were respectively created. The Trustee shall at all times keep the moneys held in each such fund continuously secured, for the benefit of the City and the Holders of the Bonds, either

(a) by holding on deposit, as collateral security, Federal Securities, or other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency, having a market value (exclusive of accrued interest) not less

than the amount of moneys held in the fund being secured, or

(b) if the furnishing of security in the manner provided in the foregoing clause (a) of this section is not permitted by the then applicable laws and regulations, then in such other manner as may be required or permitted by the then applicable state and federal laws and regulations respecting the security for, or granting a preference in the case of, the deposit of trust funds;

provided however, that it shall not be necessary for the Trustee so to secure any portion of the moneys on deposit in any of such trust funds that is invested in Federal Securities or that is insured by the Federal Deposit Insurance Corporation or by any agency of the United States of America that may succeed to its functions.

Section 10.6 Commingling of Moneys in Separate Trust Funds. Any provision hereof to the contrary notwithstanding, moneys on deposit in the accounts of the Construction Fund, the accounts of the Bond Fund or the Redemption Fund may be commingled and combined for the purpose of making investments under the provisions of Sections 9.4 and 10.4 hereof, subject to the following conditions:

(a) all interest, income or profit realized from any such commingled investment shall be credited, and all losses resulting therefrom shall be charged, to each such account or fund in the same respective proportions as the amount invested from each such account or fund bears to the total amount so invested (subject, however, to the provisions of Sections 9.2 and 9.4 hereof which require the net income derived from the investment or reinvestment of moneys at any time held in the Construction Fund to be credited, and losses resulting from such investment or reinvestment to be charged, to the Construction Fund Investment Account); and

(b) no moneys forming a part of any such account or fund shall be invested in any investments other than such as are expressly authorized herein.

ARTICLE XI

PARTICULAR COVENANTS OF THE CITY

Section 11.1 Payment of the Bonds. The City will pay or will cause to be paid, out of the revenues derived

from the leasing or sale of the Project and any other moneys deposited in the Bond Fund, the principal of and the interest and premium (if any) on the Bonds as specified therein, and it will otherwise perform all obligations that, either expressly or by reasonable implication, are imposed on it in the Indenture, and it will not default hereunder.

Section 11.2 Priority of Pledge. The pledge herein made of the revenues derived from any leasing or sale of the Project shall be prior and superior to any pledge thereof hereafter made for the benefit of any other securities hereafter issued (other than Additional Bonds) or any contract hereafter made by the City. In the event the City should hereafter issue any other securities (other than Additional Bonds) payable, in whole or in part, out of the revenues to be derived from the leasing or sale of the Project or for which any part of said revenues may be pledged or any part of the Project may be mortgaged, or in the event the City should hereafter make any contract payable, in whole or in part, out of said revenues or for which any part of said revenues may be pledged or any part of the Project may be mortgaged, the City will, in the proceedings under which any such securities or contract are hereafter authorized, recognize the priority of the pledge of said revenues made herein for the benefit of the Bonds. The City recognizes that in the Lease it has agreed

(a) not to issue any securities, other than the Series 1981 Bonds, or, subject to the conditions set forth in the Indenture, Additional Bonds, that are payable out of or secured by a pledge of the revenues derived by the City from the leasing or sale of the Project or any part thereof, and

(b) not to place any mortgage or other encumbrance (other than the Indenture or any Supplemental Indentures contemplated thereby) on the Project or any part thereof,

without, in either case, the prior written request or consent of the Company.

Section 11.3 Concerning the Lease. The Indenture and the rights and privileges of the Trustee and the Bondholders are specifically made subject to the rights, options and privileges of the Company under the Lease, and nothing herein contained shall be construed to impair the rights, options and privileges granted to the Company by the Lease. The City will perform and observe, or cause to be performed and observed, all agreements, covenants, terms and conditions required to be observed and performed by it in the Lease. Without relieving the City from the consequences hereunder of any default in connection therewith, the Trustee (on behalf of the City) may perform and observe, or cause to be performed and observed, any such agreement, covenant, term

or condition, all to the end that the rights of the City under the Lease may be unimpaired and free from default.

The City will promptly notify the Trustee in writing of (i) the occurrence of any Lease Default, provided that the City has knowledge of such default, and (ii) the giving of any notice of default under the Lease. The City will also promptly notify the Trustee in writing if, to the knowledge of the City, the Company fails to perform or observe any of the agreements or covenants on its part contained in the Lease. In the event of the occurrence of a Lease Default, any such giving of notice of default or any such failure, whether notice thereof is given to the Trustee by the City, as aforesaid, or whether the Trustee independently has knowledge thereof, the Trustee will promptly give written notice thereof to the Company, with a copy to the City, and shall in such notice expressly require the Company to perform or observe the agreement or covenant with respect to which the Company is delinquent, all to the end that if the Company does not perform or observe such agreement or covenant (or cause such agreement or covenant to be performed or observed) in the manner and within the time provided by the Lease, a Lease Default may be declared without delay.

So long as the Lease shall remain in effect the City will cause the Basic Rent to be paid directly to the Trustee as provided in the Lease. The City will not cancel, terminate or modify, or consent to the cancellation, termination or modification of, the Lease (except as is specifically provided, authorized or contemplated therein and herein) unless and until the entire Indenture Indebtedness shall have been paid in full; provided however, that with the written consent of the Trustee, the City may terminate the Lease under those provisions thereof authorizing such termination upon the occurrence of a Lease Default. In the event of a Lease Default, or in the event of a default on the part of the lessee under any subsequent lease entered into by the City with respect to the Project or any part thereof, the City will exhaust or cause to be exhausted, as promptly as may be practicable, all legal remedies that it may have against the Company or other defaulting lessee, as the case may be, to obtain compliance with the provisions of the Lease or of any subsequent lease, including payment of the rentals therein provided and performance and observance of all agreements and covenants on the part of the Company or other lessee therein contained. In the event it should become necessary for the City to terminate the Lease, or any subsequent lease entered into by the City with respect to the Project or any part thereof, to cure an Event of Default, the City and the Trustee will, following any such termination (with the consent of the Trustee, as aforesaid, for termination of the Lease) as a consequence of any Lease Default or any default by the lessee under any subsequent lease, as the case may be, use their best efforts to lease the Project in such manner and on such terms as shall produce net revenues sufficient to provide for payment of the principal of and the interest and premium (if any) on the Bonds when due (whether at maturity, by redemption or otherwise) and to that end will use their best efforts to provide in any such lease that the lessee thereunder will pay the costs of all repairs, maintenance, alterations and

insurance, all utility charges, all taxes and other governmental charges, all fees and expenses of the Trustee and any other paying agents for the Bonds and all other operating and incidental costs and expenses, all to the end that all cash rent payable to the City under such lease may be used for payment of the principal of and the interest and premium (if any) on the Bonds. Any such subsequent lease so made shall be subject to the Indenture.

Section 11.4 Maintenance, Repairs, Changes, Alterations, Taxes and Other Charges. Subject to the provisions of Section 17.1 hereof, the City will continuously maintain the Building, the Project Equipment and the other improvements located on the Project Site in good repair and operating condition (reasonable wear and tear excepted), making from time to time all necessary and proper repairs thereto (including, without limitation, exterior and structural repairs), or it will cause the Building, the Project Equipment and said improvements to be so maintained and such repairs to be so made; provided however, that the City shall not be obligated to repair or replace any of the Project Equipment that may become inadequate, obsolete, worn-out, unsuitable or unnecessary in the operation of the Project or to cause any such Project Equipment to be repaired or replaced. Without the prior written consent of the Trustee, the City will not itself make, or permit to be made, any change or alteration in the Project other than those permitted or contemplated by the Lease.

Subject to the provisions of Section 17.1 hereof, the City will pay, or will cause to be paid, as the same respectively become due and payable,

(a) all taxes and governmental charges of any kind whatsoever that may be lawfully assessed or levied against or with respect to the Project or any part thereof, including, without limiting the generality of the foregoing, any taxes levied upon or with respect to any part of the receipts, income or profits of the City from the Project and other taxes levied upon or with respect to the Project which, if not paid, would become a lien on the Project or any part thereof prior to or on a parity with the lien of the Indenture or a charge on the revenues from the Project prior to or on a parity with the charge thereon and the pledge and assignment thereof created and made in the Indenture, and

(b) 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 City shall be obligated to pay, or cause to be paid, only such installments as come due while any part of the Indenture Indebtedness remains outstanding and unpaid.

The City may, however, defer or cause to be deferred payment of any such taxes, charges or assessments pending the bona fide contest thereof unless the Trustee shall be of the opinion that by such action the lien of the Indenture as to any part of the Project shall be materially endangered, or the Project or any part thereof shall be subject to loss or forfeiture, or the revenues of the City from the Project shall become subject to a lien or charge thereon prior to or on a parity with the pledge and assignment thereof made in the Indenture, in any of which cases any such payment then due shall not be deferred.

The City will also pay, or cause to be paid, as the same respectively become due, all utility and other similar charges incurred in the operation, maintenance, use and upkeep of the Project.

Nothing contained in this section shall be construed to create or give rise to a general obligation of the City, and the performance by the City of the agreements contained in this section shall be limited to the extent that moneys derived from the leasing or sale of the Project are available to pay the costs of performing such obligations.

Section 11.5 Warranty of Title. The City warrants as follows: it has good and marketable title to the property described and mortgaged in Section 2.1 hereof free and clear of every lien, encumbrance, trust or charge prior to the lien of the Indenture, other than Permitted Encumbrances; it has power and authority to subject said property to the lien of the Indenture and has duly done so; and it will forever warrant and defend the title to the Project unto the Trustee, for the benefit of the Holders of the Bonds and the Coupons, against the claims of all persons whomsoever, except those claiming under Permitted Encumbrances.

Section 11.6 Agreement of City to Maintain Corporate Existence and Not to Dispose of Project. Except to the extent specifically permitted otherwise by the provisions of the second paragraph of this Section 11.6, the City will maintain its corporate existence, will not dissolve or sell, transfer or otherwise dispose of the Project or any part thereof and will not consolidate with or merge into another municipal corporation or permit one or more other municipal corporations to consolidate with or merge into it. Further, the City will use its best efforts to maintain, preserve and renew all the rights and powers provided to it by the Act and any other applicable laws of the State of Alabama or the United States of America.

If the laws of the State of Alabama at the time shall permit such action to be taken, nothing contained in this section shall prevent (a) the consolidation of the City with, or the merger of the City into, any municipal corporation which has corporate authority to undertake and perform the obligations and agreements of the City under

the Lease and the Indenture or (b) the transfer by the City of the Project as an entirety to another municipal corporation or public corporation or instrumentality which has corporate authority to undertake and perform the obligations and agreements of the City under the Lease and the Indenture; provided that upon any such consolidation, merger or transfer the following conditions shall be satisfied: (i) the due and punctual payment of the principal of and the interest and premium (if any) on the Bonds according to their tenor and the due and punctual performance and observance of all the agreements and conditions contained in the Lease and the Indenture to be kept and performed by the City shall be expressly assumed in writing by the corporation resulting from such consolidation or surviving such merger or the instrumentality to which the Project shall be transferred as an entirety; (ii) such consolidation, merger or transfer shall not cause or result in any mortgage or other lien being imposed on the Project or the revenues therefrom that will be prior to the lien of the Indenture covering the Project or prior to the pledge of the revenues from the Project made in the Indenture for the benefit of the Bonds; and (iii) such consolidation, merger or transfer shall not cause or result in the Project or the revenues of the City therefrom becoming subject to any taxation to which the same was not theretofore subject, or in the interest income on any of the Bonds becoming subject to income taxation by the United States of America, the State of Alabama or any political subdivision of either thereof. Nothing contained herein shall, however, be construed to prevent the City from disposing of any unimproved portion of the Project Site pursuant to the provisions of Section 12.2 hereof or from disposing of any of the Project Equipment pursuant to the provisions of Section 12.3 hereof.

Section 11.7 Freedom of Project from Prior Liens. Subject to the provisions of Section 17.1 hereof, the City will not knowingly permit the Project or any part thereof to be or remain subject to any liens and encumbrances prior to the lien hereof (other than Permitted Encumbrances), but it may defer payment pending the bona fide contest of any claim unless the Trustee shall be of the opinion that by such action the lien of the Indenture as to the Project or any part thereof shall be materially endangered or the Project or any part thereof shall be subject to loss or forfeiture, in which event any such payment then due shall not be deferred. Nothing herein contained shall be construed to prevent the City from hereafter purchasing, for use in connection with the Project, additional property on conditional or lease sale contract or subject to vendor's lien or purchase money mortgage, and as to all property so purchased (other than property that is, under the terms hereof, to constitute part of the Project), the Indenture shall be subject and subordinate to such conditional or lease sale contract, vendor's lien or purchase money mortgage.

Section 11.8 Payment of Trustee's Charges; Lien Therefor. Subject to the provisions of Section 17.1 hereof, the City will discharge, pay or satisfactorily provide to

the Trustee, or cause to be discharged, paid or provided, all liabilities, expenses, and advances reasonably incurred, disbursed or made by the Trustee in the execution of the trusts hereby created (including the reasonable compensation and expenses and disbursements of its Counsel and of all other persons not regularly in its employ but excluding any expenses or liabilities arising from the gross negligence of the Trustee), and it will from time to time pay to the Trustee, or cause to be paid, reasonable compensation for its services hereunder, including extra compensation for unusual or extraordinary services. As security for the payment of such liabilities, expenses, advances and compensation, the Trustee shall have a first lien on the Project and the revenues and receipts therefrom pledged hereunder and all funds held or collected by the Trustee as such (except funds held in trust for the benefit of the Holders of particular Bonds), with right of payment therefrom prior to the rights of the Holders of the Bonds. All such liabilities, expenses, advances and compensation shall bear interest until paid, from and after thirty (30) days after the respective dates on which the Trustee makes demand for the payment thereof, at a per annum rate equal to Two percent (2%) in excess of the Prime Rate or at the maximum applicable non-usurious per annum rate of interest then permitted by the laws of Alabama, whichever of the foregoing rates of interest is the lesser. The Trustee will not make demand for such payment earlier than the date on which such liabilities, expenses and advances shall be incurred, disbursed or made or the date on which such compensation shall be earned, as the case may be.

Section 11.9 Inspections by Trustee. Subject to the provisions of Section 8.3 of the Lease, the City will permit the Trustee and its duly authorized agents to inspect, at any reasonable time, any and every part of the Project and will permit the Trustee and the Holder of any Bond to inspect, at any reasonable time, the books and records of the City pertaining to the Project. The City will assist in furnishing facilities for any such inspection.

Section 11.10 Recordation. Further Assurances. The City will cause the Indenture, and all Supplemental Indentures hereafter executed, to be filed for record in such public office or offices in which said documents are required by law to be filed in order to constitute constructive notice thereof and to preserve and protect fully the rights and security afforded thereby to the Trustee and the Holders of the Bonds and the Coupons. In addition, the City

(a) will, upon reasonable request, execute and deliver such further instruments and do such further acts as may be necessary or proper to carry out more effectually the purposes of the Indenture, and in particular (without in any way limiting the generality of the foregoing) to make subject to the lien of the Indenture any property hereafter acquired as a part of the Project and

to transfer to any successor trustee or trustees the assets, powers, instruments and funds held in trust hereunder and to confirm the lien of the Indenture with respect to any Bonds issued hereunder, and

(b) will take all actions that at any time and from time to time may be necessary (or, in the opinion of the Trustee, may be necessary) to perfect, preserve, protect and secure the interests of the City and the Trustee, or either, in and to the Project and the Lease.

No failure to request such further instruments or further acts shall be deemed a waiver of any right to the execution and delivery of such instruments or the doing of such acts or to be deemed to affect the interpretation of any provisions of the Indenture.

The obligations of the City under this section are limited to cooperation with, and the taking of actions requested by, the Trustee or other interested parties, and nothing contained in this section shall be construed as imposing upon the City an affirmative duty to determine whether the filing or recording or the re-filing or re-recording of any instruments (including, without limitation, Uniform Commercial Code financing statements) is at the time necessary to preserve or protect any interest of the City or the Trustee in the Project, the Lease, or any other rights or properties mortgaged or pledged under the Indenture.

ARTICLE XII

CERTAIN PROVISIONS RELATING TO THE POSSESSION, USE AND RELEASE OF THE PROJECT AND TO THE DISPOSITION OF INSURANCE PROCEEDS AND CONDEMNATION AWARDS

Section 12.1 Retention of Possession of Project by City. Unless an Event of Default shall have occurred and be continuing, or except as otherwise provided herein, the City may retain actual possession of the Project and may manage and lease the same, and may collect, use and enjoy the rents, revenues, income and profits thereof to such extent as does not violate any of the covenants of the City herein contained or contained in the Lease.

Section 12.2 Release of Unimproved Parts of Project Site. Unless an Event of Default shall have occurred and be continuing, the City may, at any time and from time to time, obtain the release of any unimproved part of the

Project Site, and the Trustee shall release the same from the lien hereof upon deposit by the City with the Trustee of the following:

(a) a notice signed by the Mayor of the City containing an adequate legal description of that part of the Project Site requested to be released (including the acreage thereof), requesting such release and stating that no Event of Default has occurred which is continuing;

(b) a certificate signed by an Independent Engineer stating (i) that no part of the Building or the Project Equipment nor any other improvement (except for roads, walkways, ground level parking improvements, sewer, water, gas and electric lines and the like, which shall be specified in such certificate) is located on the part of the Project Site requested to be released, and (ii) that the severance of such part of the Project Site from the Project will not impair the operating utility of the Project or unduly restrict ingress or egress to or from the Building;

(c) an amount, in cash or bankable funds, equal to \$22,500 per acre (prorated for fractional parts of an acre) of the part of the Project Site to be released as specified in said notice; and

(d) an instrument or instruments in writing, executed by or on behalf of the Holders of not less than seventy-five percent (75%) in principal amount of the then outstanding Bonds, consenting to the release of any such portion of the Project Site from the lien hereof.

Upon compliance by the City with the foregoing conditions the Trustee shall, at the expense of the City, execute and deliver to the City any and all instruments that may be necessary to release from the lien of the Indenture that part of the Project Site with respect to which said conditions shall have been complied with. All moneys coming into the hands of the Trustee under the provisions of this section shall be paid by the Trustee into the Redemption Fund.

Section 12.3 Release of Project Equipment. Reference is hereby made to Section 6.3 of the Lease which permits the Company, upon compliance with the conditions therein contained, to remove items of the Project Equipment from the Project Site and to sell or otherwise dispose of the same free and clear of the demise of the Lease and of the lien of the Indenture. Any item of the Project Equipment released from the demise of the Lease in accordance with the provisions thereof also be released from the lien of

the Indenture, and the Trustee shall at the request of the City or the Company execute and deliver all instruments that may be necessary to confirm such release.

Section 12.4 Release Upon Payment of Condemnation Award to Trustee. If the Project or any part thereof shall be taken through the exercise of the power of eminent domain the entire condemnation award referable thereto shall be paid directly to the Trustee. Upon payment to the Trustee of such award, the Trustee shall, at the expense of the City, execute and deliver to the City or to the person successfully exercising such power of eminent domain any and all instruments that may be necessary (i) to release from the demise of the Lease all property forming part of the Project that shall be so taken and (ii) to release from the lien of the Indenture all property forming part of the Project that shall be so taken.

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Section 12.5 Disposition of Condemnation Award. Reference is hereby made to the Lease wherein it is provided that if title to all or any part of the Project shall be taken through the exercise of the power of eminent domain, the entire condemnation award referable thereto shall be paid to and held by the Trustee and shall thereafter be applied by the Trustee in the manner and for the purposes specified in Section 7.2 of the Lease. The Trustee hereby accepts the duties and obligations on its part specified in the Lease with respect to such condemnation award and agrees that such condemnation award shall be applied in accordance with the applicable provisions of the Lease.

Section 12.6 Disposition of Insurance Proceeds. Reference is hereby made to the Lease wherein it is provided that if the Project is destroyed, in whole or in part, or is damaged, by fire or other casualty, to such extent that the loss to the Project resulting therefrom is in excess of \$50,000 then all "Net Insurance Proceeds" (as defined in the Lease) recovered by the City, the Company and the Trustee shall be paid to and held by the Trustee and shall thereafter be applied by the Trustee in the manner and for the purposes specified in Section 7.1 of the Lease. The Trustee hereby accepts the duties and obligations on its part specified in the Lease with respect to such proceeds and agrees that such proceeds shall be applied in accordance with the applicable provisions of the Lease.

ARTICLE XIII

EVENT OF DEFAULT AND REMEDIES OF TRUSTEE AND BONDHOLDERS

Section 13.1 Events of Default Defined. Any of the following shall be "Events of Default" under the Inden-

ture, and the term "Event of Default" shall mean, whenever it is used in the Indenture, any one or more of the following conditions or events:

(a) failure by the City to pay the principal of or the interest or premium (if any) on any Bond or Coupon as and when the same become due as therein and herein provided (whether such shall become due at maturity, upon redemption, by acceleration or otherwise);

(b) a Lease Default or a Series 1981 Guaranty Default;

(c) failure by the City to perform or observe any agreement, covenant or condition required by the Indenture to be performed or observed by it [other than (i) its agreement to pay the principal of and the interest and premium (if any) on the Bonds and the Coupons, and (ii) any other agreement, covenant or condition with respect to which its failure to perform or observe is the result of a Lease Default] after ten (10) days' written notice to it of such failure given by the Trustee or by the Holders of not less than ten percent (10%) in principal amount of any series of the Bonds then outstanding hereunder, unless such failure cannot be cured within such 10-day period and the City has commenced and is diligently pursuing appropriate corrective action, in which case the City shall have a total of sixty (60) days in which to cure such failure;

(d) any material warranty, representation or other statement by or on behalf of the City contained in the Lease or the Indenture, or in any document furnished by the City in connection with the issuance and sale of any of the Bonds, being false or misleading in any material respect at the time made; or

(e) appointment by a court having jurisdiction of a receiver for the Project or for a substantial part thereof, or approval by a court of competent jurisdiction of any petition for reorganization or readjustment of the obligations of the City under any provisions of the bankruptcy laws of the United States of America.

Section 13.2 Remedies on Default. Upon the occurrence and continuation of any Event of Default, the Trustee shall have the following rights and remedies, subject to the provisions of Section 13.7 hereof:

(a) Acceleration. The Trustee may, and shall upon the written request of the Holders of

not less than twenty-five percent (25%) in aggregate principal amount of the then outstanding Bonds, by written notice to the City and the Company, declare the principal of and the interest accrued on all the Bonds forthwith due and payable, and thereupon they shall so be, anything herein or therein to the contrary notwithstanding; provided, however, that the Trustee may not have or exercise the right or remedy granted by this subsection (a) unless the Event of Default that has occurred is one of those specified in subsection (a) or (b) of Section 13.1 hereof.

(b) Possession of Project. The Trustee shall have the power to require the City to surrender possession of the Project to it, and the City shall, upon demand so to do by the Trustee, forthwith surrender to the Trustee actual possession of the Project or such part or parts thereof as the Trustee may designate, and the Trustee shall take possession thereof and may wholly exclude the City and its agents therefrom. The Trustee shall thereafter have the power to operate, lease or otherwise control, use and dispose of the Project in the manner it deems most beneficial to the Bondholders. The Trustee shall further have the power to make, at the expense of the trust estate, such repairs, replacements, alterations, additions or improvements to the Project as it may consider advisable, to collect the income therefrom and to pay all proper charges and maintenance expenses thereof, including all proper disbursements by the Trustee.

(c) Sale of Project. The Trustee shall have the power to sell, at public auction, as a whole or in parcels, at such time and on such terms as it deems best, to the highest bidder, all or any part of the Project and the entire interest and equity of redemption of the City therein, subject, however, to succeeding provisions of this section and to the provisions of Sections 13.3 and 13.4 hereof.

(d) Other Remedies. The Trustee shall have the power to proceed with any other right or remedy independent of or in aid of the foregoing powers, as it may deem best, including the right to foreclose the Indenture by bill in equity or by proceedings at law, the right to enforce any obligation of the City or the Company contained in the Lease or the Indenture, and the right to the appointment, as a matter of right and without regard to the sufficiency of the security afforded by the Project, of a receiver for all or any part of the Project and the earnings, rents and income therefrom. In the case of an Event of Default resulting from the failure of the City to pay the principal of or the interest or premium (if any) on any of the Series 1981 Bonds, the Trustee shall

have the right (without prejudice to the exercise of any of its rights under the Indenture) to enforce the performance of the Series 1981 Guaranty and to institute any action, suit or proceeding for that purpose. The rights here specified are to be cumulative to all other available rights, remedies or powers and shall not exclude any such.

If, upon the occurrence of an Event of Default, the City makes good the default which is the reason for such Event of Default and every other default hereunder (except any principal and interest declared payable that would, absent such declaration, not then be payable), with interest on all overdue payments of principal, interest and premium (if any), and makes reimbursement of all the reasonable expenses of the Trustee, then the Trustee may in its discretion, and shall upon the written request of the Holders of a majority in principal amount of the then outstanding Bonds, waive such default and its consequences, but no such waiver shall affect any subsequent default or right relative thereto. Further, upon the occurrence of any Event of Default, except a default in the payment of the principal of or the interest or premium (if any) on the Bonds, the Trustee may in its discretion, and shall upon the written request of the Holders of a majority in principal amount of the then outstanding Bonds, waive such default and its consequences without the City having theretofore made good such default, but no such waiver shall affect any subsequent default or right relative thereto. In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every case the City, the Trustee and the Holders of the Bonds and Coupons shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Section 13.3 Manner of Sale of the Project. Notice of any sale by the Trustee of any part of the Project pursuant hereto shall state the time and place of such sale (which time shall be between the legal hours of sale and which place shall be before the main entrance of the Courthouse of Shelby County, Alabama), describing briefly the property to be sold, and shall be sufficiently given if published once a week for three successive weeks preceding the date of sale in a Newspaper published in Shelby County, Alabama. The Trustee may from time to time adjourn any such sale by announcing at the time and place appointed therefor an adjournment to a future time and place specified, at which it may effectively make the sale without further notice.

If, on any auction or offer for sale of the whole of the Project pursuant to the provisions of this Article XIII, no cash bid be received in an amount sufficient to pay all amounts then owing to the Trustee and the Bondholders, the Trustee may, after first re-advertising such sale in the manner provided in the first paragraph of this section, sell

the Project for an amount less than sufficient to pay all amounts then owing to the Trustee and the Bondholders or for a consideration consisting of part cash and part purchase money mortgage, or both; provided (i) that such sale and the terms and amounts of any purchase money mortgage are approved in writing by the Holders of a majority in principal amount of the then outstanding Bonds, and (ii) that in the opinion of the Trustee the price obtained at such sale represents the fair market value of the property sold, as demonstrated by at least two bids therefor (each of which shall have been submitted or made by a bidder duly qualified to bid) or by appraisal by an Independent Appraiser acceptable to the Trustee.

Section 13.4 Sale of the Project. The following conditions shall apply to any sale of the Project or any part thereof by the Trustee pursuant to any power granted by the Indenture or pursuant to judicial authority:

(a) The principal of and the interest accrued on all the Bonds not yet matured or declared due shall forthwith become due, anything therein or herein to the contrary notwithstanding.

(b) Any Bondholder or Bondholders or the Trustee, or any of them, may bid for and purchase the Project, or any part thereof to be sold, at such sale.

(c) The purchaser of any property sold may make payment, in whole or in part, of the amount by which his bid exceeds the sum necessary to discharge any prior liens and to pay costs, charges, fees and expenses by receipting for the share of the proceeds of the sale to which as a Bondholder he will be entitled.

(d) The Trustee is hereby appointed, empowered and directed by the City as its irrevocable attorney to convey, assign, transfer and deliver to the purchaser the property sold and make all necessary conveyances and transfers thereof, all of which the City hereby ratifies. The entire right, title, interest, claim and demand, legal and equitable, of the City in the property sold shall be completely divested by such sale and the same shall be a perpetual legal and equitable bar to any claim by the City thereto. The City, however, if and when requested, will execute and deliver to the purchaser such proper instruments as may be requested in further assurance of the title so acquired.

(e) The purchaser upon paying the purchase money to the Trustee and receiving his

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receipt therefor need not inquire into the authorization, necessity, expediency or regularity of the sale and need not see to or in any way be responsible for the application by the Trustee of any part of the purchase money, unless such purchaser shall have actual or constructive notice of actual or legal fraud in the aforesaid sale of the Project.

Section 13.5 Application of Moneys Received from Enforcement of Rights Under the Indenture. Upon the occurrence and continuation of an Event of Default, any moneys derived by the Trustee from the leasing or sale of the Project or from the enforcement of the rights of the City under the Lease or from the exercise of any other right or remedy granted to the Trustee under the Indenture, as opposed to any right or remedy granted to the Trustee under the Series 1981 Guaranty, together with all other funds then held by it hereunder, shall, after payment of all proper and reasonable costs, expenses and liabilities incurred and disbursements made by the Trustee hereunder, and all liens and charges on the Project prior to the rights of the Trustee which the Trustee is required to pay, be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST - to the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest, with interest on overdue installments of interest, and, if the amount available shall not be sufficient to pay in full any particular installment plus said interest thereon, then to the payment ratably, according to the amounts due on such installments and with respect to said interest, to the persons entitled thereto, without any discrimination or privilege;

SECOND - to the payment to the persons entitled thereto of the unpaid principal of and premium (if any) on any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of the maturity on overdue installments of principal and premium (if any), and, if the amount available shall not be sufficient to pay in full all principal and premium (if any) due on any particular date, together with the aforesaid interest thereon, then to the payment of such principal and premium (if any) due on such date, together with such interest, ratably, without any discrimination or privilege; and

THIRD - the surplus, if any there be, into the Bond Fund, or in the event the Indenture Indebtedness has been fully paid, to the City or to whosoever may be entitled thereto.

(b) If the principal of all the Bonds shall have become or been declared due and payable, all such moneys shall be applied as follows:

FIRST - to the payment of the principal and interest then due and unpaid upon the Bonds (with interest on overdue principal and interest), without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege; provided, however, that if the principal of all the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded under the provisions of Section 13.2 hereof, then, subject to the provisions of this subsection (b) in the event that the principal of all the Bonds shall later become or be declared due and payable, such moneys shall be applied in accordance with the provisions of subsection (a) of this section.

SECOND - the surplus, if any there be, into the Bond Fund, or in the event the Indenture Indebtedness has been fully paid, to the City, to the Company or to whomsoever may be entitled thereto.

Whenever moneys are to be applied pursuant to the provisions of this section, such moneys shall be applied at such time or times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal and interest to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date and shall not be required to make payment to the Holder of any unpaid Coupon or any Bond until such Coupon or such Bond and all unmatured Coupons, if any, appertaining to such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 13.6 Remedies Vested in Trustee. All remedies hereunder are vested exclusively in the Trustee for the equal and pro rata benefit of all the Holders of the Bonds and the Coupons, unless the Trustee refuses or neglects to act within a reasonable time after written request so to act addressed to the Trustee by the Holders of twenty-five per cent (25%) in principal amount of any series of the outstanding Bonds, accompanied by indemnity satisfactory to the Trustee, in which event the Holder of any of the Bonds or Coupons may thereupon so act in the name and behalf of the Trustee or may so act in his own name in lieu of action by or in the name and behalf of the Trustee. Except as above provided, no Holder of any of the Bonds or Coupons shall have the right to enforce any remedy hereunder, and then only for the equal and pro rata benefit of the Holders of all the Bonds and Coupons.

Notwithstanding any other provision hereof, the right of the Holder of any Bond, which is absolute and unconditional, to payment of the principal of and the interest and premium (if any) on such Bond on or after the due date thereof, but solely from the revenues from the Project as therein and herein expressed, or the obligation of the City, which is also absolute and unconditional, to pay, but solely from said revenues, the principal of and the interest on the Bonds to the respective Holders thereof at the time and place in said Bonds and Coupons expressed, shall not be impaired or affected without the consent of such Holder.

Section 13.7 Rights of the Company Upon Occurrence of an Event of Default. If an Event of Default should occur solely by reason of some action or failure to act on the part of the City, and if at the time there shall have not occurred and be continuing a Lease Default, the Trustee shall notify the Company in writing of the occurrence of such Event of Default and the Company shall have the right to remedy such Event of Default hereunder within sixty (60) days after such written notice, provided that the Company shall pay all expenses of curing such Event of Default. The exercise of the remedies set forth in Section 13.2 hereof are subject to the right of the Company to cure such Event of Default as provided in this section.

Section 13.8 Delay No Waiver. No delay or omission by the Trustee or by any Bondholder to exercise any available right, power or remedy hereunder shall impair or be construed a waiver thereof or an acquiescence in the circumstances giving rise thereto; every right, power or remedy given herein to the Trustee or to the Bondholders may be exercised from time to time and as often as deemed expedient.

Section 13.9 Notice to Bondholders upon Occurrence of Event of Default. If an Event of Default occurs that is known to the Trustee, or if any event or condition

occurs that is known to the Trustee and that with the giving of notice or the passage of time or both would constitute an Event of Default, and if such Event of Default or such event or condition, as the case may be, continues for a period of at least five (5) business days after the Trustee first learns thereof, then the Trustee will, at or before the end of such period of five (5) business days, give written notice thereof by United States regular mail, postage prepaid, (i) to all Holders of Registered and Fully Registered Bonds at their respective addresses appearing in the records of the Trustee pertaining to the registration of the Bonds and (ii) to all other persons whose names and addresses appear on the list of Bondholders required by Section 14.2 hereof to be maintained by the Trustee. Nothing contained in this section shall be deemed to require the Trustee to undertake independent inquiries into or investigations of the condition of the Project, the business or condition of the Company, or any other circumstances, conditions or information (whether or not publicly available) which would disclose to it the occurrence of an Event of Default or any event or condition that with the giving of notice or the passage of time or both would constitute an Event of Default, unless the Trustee shall have first received, without effort on its part, information which would warrant the undertaking of such independent inquiries or investigations.

ARTICLE XIV

CONCERNING THE TRUSTEE

Section 14.1 Acceptance of Trusts. The Trustee accepts the trusts hereby created and agrees to perform the duties herein required of it, either expressly or by reasonable implication, subject, however, to the following conditions:

(a) It shall not be liable hereunder except for its non-compliance with the provisions hereof, its wilful misconduct or its negligence.

(b) It may execute any of the trusts and powers conferred on it hereunder or perform any duty hereunder either directly or through agents and attorneys in fact who are not regularly in its employ and who are selected by it with reasonable care, but it shall be responsible for the observance by such agents and attorneys in fact of the terms and conditions hereof.

(c) It may consult Counsel on any matters connected herewith and shall not be answerable for any action taken or failure to take any action in good faith on the advice of Counsel, provided that its action or inaction is not contrary to any express provision hereof.

(d) It need not recognize a Holder of a Bond or Coupon as such without the satisfactory establishment of his title to such Bond or Coupon.

(e) It shall not be answerable for any action taken in good faith on any notice, request, consent, certificate or other paper or document which it believes to be genuine and signed or acknowledged by the proper party.

(f) Except for giving notice to Bondholders in accordance with the provisions of Section 13.9 hereof, it need not take any action with respect to any Event of Default or with respect to any event or condition which with the giving of notice or the passage of time or both would constitute an Event of Default, unless requested so to do by the Holders of twenty-five percent (25%) in aggregate principal amount of any series of the Bonds then outstanding.

(g) Upon the occurrence of an Event of Default, the Trustee need not exercise any of its rights or powers specified in Section 13.2 hereof or take any action under said Section 13.2 unless requested in writing so to do by the Holders of twenty-five percent (25%) in aggregate principal amount of any series of Bonds then outstanding; it may exercise any such rights or powers or take any such action, if it thinks advisable, without any such request; it shall do so when so requested, provided that the furnishing of indemnity, satisfactory to the Trustee, against its prospective liabilities and expenses by the Bondholders requesting any action by the Trustee under said Section 13.2 shall be a condition precedent to the duty of the Trustee to take or continue any action under said Section 13.2 which in the opinion of the Trustee would involve it in any such liabilities or expenses. Whenever it has a choice of remedies under said Section 13.2 or a discretion as to details in the exercise of its powers thereunder, it must follow any specific directions given by the Holders of twenty-five percent (25%) in principal amount of the Bonds at the time outstanding, anything therein or herein to the contrary notwithstanding, unless the observance of such directions would, in the opinion of the Trustee, unjustly prejudice the non-assenting Bondholders.

(h) It shall be entitled to reasonable compensation for its services hereunder, including extra compensation for unusual or extraordinary services, and it shall pay the reasonable fees and charges of any co-paying agents for any of the Bonds (for which it shall be entitled to reimbursement from the City).

(i) Any action taken by the Trustee at the request of and with the consent of the Holder of a Bond will bind all subsequent Holders of the same Bond and any Bond issued hereunder in lieu thereof.

(j) It may be the Holder of Bonds as if not Trustee hereunder.

(k) It shall not be liable for the proper application of any moneys other than those that may be paid to or deposited with it.

(l) It shall not unreasonably withhold or delay any consent or approval required of it under the provisions of the Lease or the Indenture.

(m) All moneys received by the Trustee to be held by it hereunder shall be held as trust funds until disbursed in the manner herein provided therefor. The Trustee shall not be liable to pay or allow interest thereon or otherwise to invest any such moneys except as specifically required herein.

(n) It may make any investments permitted hereby through its own Bond Department, and any Eligible Certificates issued or held by it hereunder shall be deemed investments and not deposits.

(o) It shall, upon reasonable request, advise the City or the Company of the amount at the time on deposit in any of the special funds herein created.

(p) It shall, upon reasonable request, issue to the City or the Company a certificate indicating whether, to the knowledge of the Trustee, the City or the Company is in default under the provisions of the Lease or the Indenture, and, in the event there is such a default, briefly describing the nature thereof.

(q) The recitals of fact herein and in the Bonds are statements by the City and not by the Trustee, and the Trustee is in no way responsible for the validity or security of the Bonds, the validity or enforceability of the Lease or the Indenture, the existence of any part of the Project, the value thereof, the title of the City thereto, the security afforded hereby, or the validity or priority of the lien hereof. The Trustee does, however, assume responsibility for its eligibility to accept and administer

the trusts created hereby, and it warrants and represents that it is duly authorized to accept and administer such trusts and that the acceptance and administration by it of such trusts do not violate or contravene, and are not void or voidable under, any applicable state or federal law now existing or any provision of its charter or bylaws.

Section 14.2 List of Bondholders. To the extent that such information shall be made known to the Trustee under the terms of this section, it will establish and maintain a list of names and addresses of the last known Holders of all unregistered Coupon Bonds. To said list the Trustee shall add the names and addresses of the Holders of all Coupon Bonds which may from time to time be registered. Whenever any registered Coupon Bond shall be discharged from such registration by being registered as payable to bearer, the Trustee may (unless the Trustee has reason to believe that the previous registered owner of such Coupon Bond will continue to be the Holder of such Coupon Bond or the Holder of other unregistered Coupon Bonds), but need not, remove the name of the previous registered owner of such Coupon Bond from said list. Any Bondholder may request that his name and address be placed on said list by filing a written request with the Trustee, which request shall include a statement of the principal amount of Bonds held by such Holder and the "C" numbers, if any, borne by, or reserved in respect of, such Bonds. The Trustee shall not be responsible for the accuracy of said list. At reasonable times and under reasonable conditions established by the Trustee, said list may be inspected and copied by the Company or by the Holders (or a designated representative thereof) of ten percent (10%) or more in principal amount of any series of the Bonds then outstanding, such ownership and the authority of such designated representative to be reasonably evidenced to the Trustee.

Section 14.3 Trustee Authorized to Perform Certain Acts on Failure of City. Without relieving the City from the consequences of any default in connection therewith, the Trustee may pay any charge, including, without limitation, any tax, assessment or governmental or other charge upon any part of the Project, which the failure of the City to pay, or to cause to be paid, has made or will make an encumbrance or lien on the Project prior to any rights of the Trustee under the Indenture, and in the event the City fails to take out, or to cause to be taken out, insurance on the Project to the extent required by Section 6.5 of the Lease, or in the event the City fails to maintain the Project in good repair and in a reasonably safe condition, or to cause the Project to be so maintained, the Trustee may take out any such insurance on the Project that the City has failed to furnish or cause to be furnished and may pay the premiums thereon, or it may pay the expenses of keeping the Project in good repair and in a reasonably safe condition, as the case may be. The Trustee shall not be obligated to perform any acts or make any payments pursuant to the preceding provisions of this section, unless it shall

have been requested to do so by the Holders of a majority in aggregate principal amount of the Bonds then outstanding and shall have been provided with adequate funds for the purpose of performing such acts or making such payments. All moneys expended under the provisions of this section (whether advanced by the Trustee or by any of the Bondholders) shall be secured by the Indenture, shall be repayable by the City upon demand (subject to the provisions of Section 17.1 hereof), shall bear interest from the date on which they are so expended until they are repaid at a per annum rate equal to Two Percent (2%) in excess of the Prime Rate or at the maximum applicable non-usurious per annum rate of interest then permitted by the laws of the State of Alabama, whichever of the foregoing rates of interest is the lesser, and shall (together with the interest thereon) be entitled to priority of payment over the principal of and the interest and premium (if any) on the Bonds.

Section 14.4 Trustee May Institute Suit, etc.

The Trustee may, in its own name and at any time, institute or intervene in any suit or proceeding for the enforcement of all rights of action (including the right to file proof of claims in connection with any reorganization, bankruptcy, receivership or like proceeding) under any of the Bonds or Coupons or under the Lease or the Indenture without the necessity of joining as parties to such suit or proceeding any Holders of the Bonds or the Coupons and without the necessity of possessing any of such Bonds or Coupons or producing same in any trial or other proceedings related to such rights of action. The Holders of the Bonds and of the Coupons do hereby appoint the Trustee as their irrevocable agent and attorney in fact for the purpose of enforcing all such rights of action, but such appointment shall not include the power to agree to accept new securities of any nature in lieu of the Bonds or Coupons or to alter or amend the terms of the Lease or the Indenture except as herein provided.

Section 14.5 Resignation and Discharge of Trustee. The Trustee may resign and be discharged of the trusts hereby created by causing written notice specifying the effective date of such resignation

(a) to be forwarded by United States registered or certified mail, postage prepaid, (i) to the City, (ii) to every Holder of a Registered or Fully Registered Bond and (iii) to every Holder of a Coupon Bond not registered as to principal or as to both principal and interest whose name and address appears on the list of Bondholders to be maintained by the Trustee pursuant to the provisions of Section 14.2 hereof, and

(b) to be published at least one time in (i) a Newspaper having general circulation in the City of Birmingham, Alabama, and (ii) a Financial Journal having general circulation in the City of New York, New York; provided however, that if at the time the Trustee gives

notice of its resignation all of the Bonds then outstanding are held as Registered or Fully Registered Bonds, and if the notice required by the preceding clause (a) is duly mailed to the Bondholders, then it shall not be necessary for such notice to be published as provided in this clause (b).

Unless the effective date of the Trustee's resignation shall coincide with the appointment of a successor Trustee by the Bondholders as herein provided, such date shall be at least thirty (30) days after (1) the date on which notice to the Board and the Bondholders shall have been mailed or (2) the date on which the publication of the notice (if such publication is required) was completed as aforesaid, whichever of the foregoing (1) or (2) occurs last. The Trustee may at any time be removed by a written instrument signed by the Holders of not less than seventy-five percent (75%) in principal amount of the Bonds then outstanding. If the Trustee shall resign or be removed, it shall be reimbursed for all its proper prior expenses reasonable under the circumstances.

Section 14.6 Appointment of Successor Trustee.

If the Trustee shall resign, be removed, be placed by a court or governmental authority under the control of a receiver or other public officer or otherwise become incapable of acting, a successor may be appointed by a written instrument signed by the Holders of a majority in principal amount of the Bonds then outstanding and in the interim by an instrument executed by the City, such interim successor Trustee to be immediately and ipso facto superseded by the one appointed as above by the Holders of a majority in principal amount of the Bonds. The City shall cause notice of such interim appointment, in the event such is made,

(a) to be forwarded by United States registered or certified mail, postage prepaid, (i) to every Holder of a Registered or Fully Registered Bond and (ii) to every Holder of a Coupon Bond not registered as to principal or as to both principal and interest whose name and address appears on the list of Bondholders to be maintained by the Trustee pursuant to the provisions of Section 14.2 hereof, and

(b) to be published at least one time in (i) a Newspaper having general circulation in the City of Birmingham, Alabama, and (ii) a Financial Journal having general circulation in the City of New York, New York; provided however, that if at the time of such interim appointment all of the Bonds then outstanding are held as Registered or Fully Registered Bonds, and if the notice required by the preceding clause (a) is duly mailed to the Bondholders, then it shall not be necessary for such notice to be published as provided in this clause (b).

When the appointment of a successor Trustee, as selected by the Holders of a majority in principal amount of the Bonds then outstanding, becomes effective, the City shall also cause notice of that fact to be given in the manner provided above for the notice required to be given upon the appointment of an interim successor Trustee. Every successor Trustee appointed pursuant to this section shall be a trust company or bank authorized to administer trusts, and shall have, at the time of its acceptance of such appointment, capital, surplus and undivided profits of not less than \$10,000,000, if there be such an institution willing, qualified and able to accept appointment as Trustee upon reasonable or customary terms; otherwise there shall be so appointed any such trust company or bank acceptable to the Holders of not less than seventy-five percent (75%) in principal amount of the then outstanding Bonds.

Section 14.7 Concerning any Successor Trustee.

Every successor Trustee shall execute, acknowledge and deliver to its predecessor and also to the City an instrument in writing accepting its appointment as Trustee hereunder, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all the estate and title of its predecessor to the Project and with all the rights, powers, trusts, duties and obligations of its predecessor. Such predecessor shall, nevertheless, on the written request of the City or such successor Trustee, execute and deliver an instrument transferring to such successor Trustee all the estate and title of such predecessor to the Project and all rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the City be required by any successor Trustee for more fully and certainly vesting in it the properties, rights, powers and duties hereby vested or intended to be vested in the Trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the City. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this article, shall be filed for record by the City in each recording office where the Indenture shall have been filed and recorded.

Section 14.8 Merger or Consolidation of Trustee.

Any corporation into which the Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

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ARTICLE XV

SUPPLEMENTAL INDENTURES AND
AMENDMENTS TO THE LEASE

Section 15.1 Supplemental Indentures without Bondholder Consent. Without the consent of or notice to any Bondholders, the City and the Trustee may, at any time and from time to time, enter into such Supplemental Indentures (in addition to such Supplemental Indentures as are otherwise provided for herein or contemplated hereby, including, without limitation, Supplemental Indentures providing for the issuance of Additional Bonds) as shall not be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

(a) to add to the covenants and agreements of the City herein contained other covenants and agreements thereafter to be observed and performed by the City, provided that such other covenants and agreements shall not either expressly or impliedly limit or restrict any of the obligations of the City contained in the Indenture;

(b) to provide for the surrender by the City of any right or power conferred in the Indenture on the City, or to grant to or confer upon the Bondholders or the Trustee, for the benefit of the Bondholders, any right, power or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee;

(c) to cure or correct any ambiguity, defect or inconsistent provision contained in the Indenture or in any Supplemental Indenture or to make any provisions with respect to matters arising under the Indenture or any Supplemental Indenture for any other purpose if such provisions are necessary or desirable and are not inconsistent with the provisions of the Indenture or any Supplemental Indenture and do not adversely affect the interests of the Holders of the Bonds; or

(d) to subject to the lien of the Indenture and the pledge herein contained additional property and the revenues therefrom or to identify more precisely any of the property subject to the lien hereof.

Section 15.2 Supplemental Indenture Requiring Bondholder Consent. In addition to those Supplemental Indentures permitted by Section 15.1 hereof, the City and the Trustee may, at any time and from time to time, with the written consent of the Holders of not less than seventy-five percent (75%) in principal amount of the Bonds then

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outstanding, enter into such Supplemental Indentures as shall be deemed necessary or desirable by the City and the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided that, without the written consent of the Holder of each Bond and Coupon affected, no reduction in the principal amount of, the rate of interest on, or the premium payable upon the redemption of, any Bond or Coupon shall be made; and provided further that, without the written consent of the Holders of all the Bonds then outstanding, none of the following shall be permitted:

(a) an extension of the maturity of any installment of principal of or interest on any Bond;

(b) a reduction in principal amount or a postponement in the redemption date of any Bonds required to be redeemed prior to the stated maturities thereof pursuant to any mandatory redemption provisions applicable to such Bonds;

(c) the creation of a lien or charge on the property mortgaged under the Indenture or the revenues pledged thereunder ranking prior to or (except, but only in accordance with the terms and conditions set forth in Article VIII hereof, in connection with the issuance of Additional Bonds) on a parity with the lien and charge thereon contained in the Indenture;

(d) the establishment of preferences or priorities as between the Bonds; or

(e) a reduction in the aggregate principal amount of Bonds the Holders of which are required to consent to such Supplemental Indenture.

Section 15.3 Execution of Supplemental Indentures.

The City and the Trustee recognize that under the terms of Section 9.2 of the Lease, they may not make any amendment of the Indenture or any Supplemental Indenture without the prior written consent of the Company. Subject to such consent (if required by the terms of said Section 9.2), the Trustee is authorized to join with the City in the execution of any Supplemental Indenture authorized under the provisions of this article and to make the further agreements and stipulations which may be contained therein, but the Trustee shall not be obligated to enter into any such Supplemental Indenture which affects its rights, duties or immunities under the Indenture. Upon the execution of any Supplemental Indenture under and pursuant to the provisions of this Article XV, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the City, the Trustee and all Holders of the Bonds then outstanding shall thereafter be

determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

Section 15.4 Amendments to the Lease. With the prior written consent of the Trustee, but without the consent of or notice to any Bondholders, the City and the Company may

(a) amend, change or modify the Lease so as to identify more precisely the Project or to substitute or add additional real estate or any additional equipment or other personal property or additional rights and interests in real or personal property acquired in accordance with the provisions of the Lease, and

(b) amend, change or modify the Lease to cure or correct any ambiguity, defect or inconsistent provision contained in the Lease or to make provision with respect to matters arising under the Lease for any other purpose if such provisions are necessary or desirable, are not inconsistent with the provisions of the Lease or the Indenture and do not, in the reasonable judgment of the Trustee, adversely affect the interests of the Bondholders.

The City and the Company may, at any time and from time to time, with the written consent of the Trustee and the written consent of the Holders of a majority in principal amount of the Bonds then outstanding, amend, change or modify the Lease to such extent as shall be deemed necessary or desirable by the City and the Company, provided that without the written consent of the Holders of all the Bonds then outstanding, no such amendment, change or modification shall permit (i) any abatement of, or reduction in the amount of, the Basic Rent prior to payment in full of the principal of and the interest and premium (if any) on the Bonds [other than a reduction resulting from, and directly proportional to, a reduction in the amounts required for payment of the principal of or the interest or premium (if any) on the Bonds], (ii) any change in the due dates of the Basic Rent prior to such full payment of the Bonds, and (iii) any other change that, in the sole and uncontrolled judgment of the Trustee, might adversely affect the interests of the Bondholders.

Section 15.5 Notices with Respect to Certain Changes in the Indenture or the Lease. If at any time the City shall request the Trustee to enter into any Supplemental Indenture requiring the written consent of the Holders of seventy-five percent (75%) in principal amount of the Bonds then outstanding, or to consent to any amendment, change or modification to the Lease requiring the written consent of the Holders of seventy-five percent (75%) in principal amount of the Bonds then outstanding, the Trus-

tee shall, upon being satisfactorily indemnified with respect to its prospective expenses incident thereto, cause notice of the proposed Supplemental Indenture or the proposed amendment, change or modification

(a) to be forwarded by United States registered or certified mail, postage prepaid, (i) to every Holder of a Registered or Fully Registered Bond and (ii) to every Holder of a Coupon Bond not registered as to principal or as to both principal and interest whose name and address appears on the list of Bondholders to be maintained by the Trustee pursuant to the provisions of Section 14.2 hereof, and

(b) to be published one time in (i) a Newspaper having general circulation in the City of Birmingham, Alabama, and (ii) a Financial Journal having general circulation in the City of New York, New York; provided however, that if at the time such notice is to be given all of the Bonds then outstanding are held as Registered or Fully Registered Bonds, and if the notice required by the preceding clause (a) is duly mailed to the Bondholders, then it shall not be necessary for such notice to be published as provided in this clause (b).

Such notice shall briefly set forth the nature of the proposed Supplemental Indenture or the proposed amendment, change or modification to the Lease, as the case may be, and shall state that copies thereof are on file at the principal office of the Trustee for inspection by all Bondholders.

If, within sixty days (or such longer period as shall be prescribed by the Trustee) following the last to occur of (i) the date on which the last of the notices to Bondholders were mailed as aforesaid and (ii) the date on which the publication of the notice was completed as aforesaid, the Holders of a majority in aggregate principal amount of the Bonds outstanding at the time of the execution of any such Supplemental Indenture or at the time of the execution of such proposed amendment, change or modification to the Lease, as the case may be, shall have consented to and approved the execution thereof as herein provided, no Holder of any Bond or Coupon shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the City from executing the same or from taking any action pursuant to the provisions thereof.

If, because of the temporary or permanent suspension of the publication or general circulation of any Newspaper or Financial Journal or for any other reason, it is impossible or impractical to publish any notice required in this section, then such publication in lieu thereof as

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shall be made by the Trustee shall constitute a sufficient publication of notice.

Section 15.6 Discretion of the Trustee. In the case of (i) any Supplemental Indenture authorized by either Section 15.1 or 15.2 hereof or (ii) any amendment, change or modification to the Lease authorized by Section 15.4 hereof, the Trustee shall be entitled to exercise its discretion in determining whether or not any proposed Supplemental Indenture, or any amendment, change or modification to the Lease, or any term or provision contained in any thereof, is proper or desirable, having in view the purposes of such instrument, the needs of the City, the Company and the Project and the rights and interests of the Bondholders, and the Trustee shall not be under any responsibility or liability to the City or to any Bondholder or to anyone whomsoever for any act or thing which it may in good faith do or decline to do under the provisions of this article. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of Independent Counsel acceptable to it as conclusive evidence that any such Supplemental Indenture, or any such amendment, change or modification to the Lease, complies with the provisions of the Indenture and that it is proper for the Trustee acting under the provisions of this article to join in the execution of such Supplemental Indenture or to consent to such amendment, change or modification to the Lease.

ARTICLE XVI

PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE

Section 16.1 Satisfaction of Indenture. Whenever the entire Indenture Indebtedness shall have been fully paid and the City shall have performed and observed all the covenants and promises expressed in the Bonds and in the Indenture to be performed and observed by it or on its part, the Trustee shall, at the expense of the City, cancel, satisfy and discharge the lien of the Indenture and shall execute and deliver to the City such deeds and instruments as shall be requisite to satisfy of record the lien hereof and to reconvey and transfer the property mortgaged hereunder to the City. For purposes of the Indenture (except as may herein or in the Lease be expressly provided otherwise), any of the Bonds and any of the Coupons shall be deemed to have been fully paid when there shall have been irrevocably deposited with the Trustee for payment thereof the entire amount (principal, interest and premium, if any) due or to become due thereon until and at maturity, and, further, any Bonds subject to redemption shall also be deemed to have been fully paid when the City shall have deposited with the Trustee the following:

- (a) the applicable redemption price in cash of such Bonds, including the interest that will

mature thereon (to the extent that such interest may be reasonably estimated or calculated) to the earliest date on which they may, under the terms of the Indenture, be redeemed, and

(b) a certified copy of a Resolution calling such Bonds for redemption (if, under the terms of Section 6.1 hereof, the adoption of such a Resolution is required).

In addition, any of the Bonds shall, for all purposes of the Indenture (except as may herein or in the Lease be expressly provided otherwise), be considered as fully paid if the Trustee shall be provided with each of the following:

(1) a trust agreement between the City and the Trustee making provision for the retirement of such Bonds by creating for that purpose an irrevocable trust fund sufficient to provide for payment and retirement of such Bonds (including payment of the interest that will mature thereon until and on the dates they are retired, as such interest becomes due and payable), either by redemption prior to their respective maturities, by payment at their respective maturities or by payment of part thereof at their respective maturities and redemption of the remainder prior to their respective maturities, which said trust fund shall consist of (i) Federal Securities which are not subject to redemption prior to their respective maturities at the option of the issuer and which, if the principal thereof and the interest thereon are paid at their respective maturities, will produce funds sufficient so to provide for payment and retirement of all such Bonds, or (ii) both cash and such Federal Securities which together will produce funds sufficient for such purpose, or (iii) cash sufficient for such purpose; provided however, that said trust agreement shall require all cash held on deposit in such trust fund to be kept continuously secured in the manner provided in Section 10.5 hereof, but with the further condition that only Federal Securities shall qualify as collateral security for such cash so held on deposit;

(2) a certified copy of a Resolution calling for redemption those of such Bonds that, according to said trust agreement, are to be redeemed prior to their respective maturities (if, under the terms of Section 6.1 hereof, the adoption of such a Resolution is required);

(3) a certificate of a firm of certified public accountants stating that, if the principal of and the interest on the investments (if any) forming part of the trust fund provided for in the preceding subparagraph (1) are paid

on the respective due dates of such principal and interest, said trust fund will produce funds sufficient to provide for the full payment and retirement of such Bonds; and

(4) an opinion of Bond Counsel to the effect that the execution and effectuation of the trust agreement referred to in the preceding subparagraph (1) will not result in subjecting the interest income on such Bonds to federal income taxation.

The Trustee is hereby irrevocably authorized to publish or otherwise give notice, in accordance with the requirements of Article VI hereof, of the redemption of any Bonds to be effected in connection with arrangements made pursuant to the provisions of this Section 16.1.

Anything herein to the contrary notwithstanding, the Bonds shall be deemed to have been paid and retired only if there shall have been deposited with the Trustee funds which are sufficient to pay the entire principal of and the interest (and premium, if any) on the Bonds, regardless of the rate of interest to be borne by the Bonds, or any series thereof, from the date of any deposit of such funds until the respective maturities or earlier redemption of the Bonds; and all the provisions of this Section 16.1 shall be construed to that effect.

Section 16.2 Destruction of Surrendered Bonds. Upon the surrender to the Trustee of any mutilated Bonds, or Special Fully Registered Bonds transferred or exchanged for other Bonds, or Bonds redeemed or paid at maturity by the City, or Coupons paid or surrendered for cancellation, such Bonds and Coupons shall forthwith be cancelled and destroyed by the Trustee, which shall deliver its certificate confirming such destruction to the City and the Company.

Section 16.3 Payment to Company of Remaining Trust Fund Moneys. At such time as the entire Indenture Indebtedness shall have been fully paid in accordance with the provisions of Section 16.1 hereof, the Trustee shall, if the Lease has not theretofore been terminated as a result of a Lease Default, pay to the Company any surplus moneys then remaining in any of the special trust funds created in the Indenture, but not including any amounts held by the Trustee for the payment of the principal of and the interest and premium (if any) on the Bonds.

ARTICLE XVII

MISCELLANEOUS PROVISIONS

Section 17.1 Disclaimer of General Liability. It is hereby expressly recognized and made a condition of this Indenture that

(a) the liability of the City for the payment of the principal of and the interest and premium (if any) on the Bonds and the performance and observance of all agreements and covenants, warranties and representations of the City contained in the Indenture, the Bonds or the Coupons shall be limited to the proper application of the revenues and receipts derived from the leasing or sale of the Project,

(b) the agreements, covenants, warranties or representations contained in the Indenture or in any of the Bonds or the Coupons do not and shall never constitute or give rise to any pecuniary liability or charge against the general credit of the City, and

(c) in the event of a breach of any such agreement, covenant, warranty or representation, no pecuniary liability or charge payable directly or indirectly from the general revenues of the City shall arise therefrom.

Neither the State of Alabama nor any political subdivision of said state other than the City shall in any manner be liable for the payment of the principal of or the interest or premium (if any) on any of the Bonds or for the performance or observance of any of the agreements, covenants, warranties or representations of the City contained in the Indenture or in any of the Bonds or Coupons. Further, none of the officers, employees or agents of the City shall have any personal liability whatever hereunder or any liability for the breach by the City of any of the agreements, covenants, warranties or representations on its part herein contained. Nothing contained in this section, however, shall relieve the City from the observance and performance of the several covenants and agreements on its part herein contained or relieve the officers, employees or agents of the City from performing all duties of their respective offices that may be necessary to enable the City to perform the covenants and agreements on its part herein contained.

Section 17.2 Retention of Moneys for Payment of Bonds and Coupons. Should any of the Bonds or the Coupons not be presented for payment when due, whether by maturity or otherwise, the Trustee shall, subject to the provisions

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of any applicable escheat or other similar law, retain from any moneys transferred to it for the purpose of paying said Bonds and Coupons so due, for the benefit of the Holders thereof, a sum of money sufficient to pay such Bonds or Coupons when the same are presented by the Holders thereof for payment (upon which sum the Trustee shall not be required to pay interest. All liability of the City to the Holders of such Bonds and Coupons and all rights of such Holders against the City under the Bonds and the Coupons or under the Indenture shall thereupon cease and terminate, and the sole right of such Holders shall thereafter be against such deposit. If any Bond or Coupon shall not be presented for payment within a period of ten (10) years following the date when such Bond or Coupon becomes due, whether by maturity or otherwise, the Trustee shall, subject to the provisions of any applicable escheat or other similar law, return to the City any moneys theretofore held by it for payment of such Bond or Coupon, and such Bond or Coupon shall (subject to the defense of any applicable statute of limitation) thereafter be an unsecured obligation of the City.

Section 17.3 Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of the principal of or the interest or premium (if any) on the Bonds, or the redemption date of any Bonds, shall be, at the locale of payment, a Saturday, Sunday or legal holiday or a day on which banking institutions are authorized or obligated by law to close, then payment of such principal, interest and premium (if any) need not be made on such date, but may be made on the next succeeding business day not a Saturday, Sunday or a legal holiday or a day upon which banking institutions are authorized or obligated by law to close, with the same force and effect as if made on such date of maturity or such redemption date, and no interest shall accrue for the period after such date of maturity or such redemption date, as the case may be.

Section 17.4 Form of Requests, etc., by Bondholders. Any request, direction or other instrument required to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor, signed, or executed in person or by agent appointed in writing. Such signature or execution may be proved by the certificate of a notary public or other officer at the time authorized to take acknowledgments to deeds to be recorded in the State of Alabama, stating that the signer was known to him and acknowledged to him the execution thereof.

Section 17.5 Limitation of Rights. Nothing herein or in the Bonds shall confer any right on anyone other than the City, the Trustee, the Company and the Holders of the Bonds and the Coupons; provided however, that anything herein or in the Lease to the contrary notwithstanding, the Company shall have no rights hereunder at any time during which a Lease Default shall have occurred and be continuing.

Section 17.6 Manner of Proving Ownership of Bonds and Coupons. The ownership at any given time of a Coupon or an unregistered Bond may be proved by the certificate, if deemed satisfactory to the Trustee, of any trust company, bank or bankers, wherever situated, stating that on the date stated the stated party had on deposit with or exhibited to it the Coupon or Bond described. The ownership at any given time of a Registered or Fully Registered Bond may be proved by a certificate of the Trustee stating that on the date stated the Registered or Fully Registered Bond described was registered on its books in the name of the stated party.

Section 17.7 Granting of Utility and Access Easements. Any other provisions hereof to the contrary notwithstanding, the City may grant such utility, access and other similar easements, permits and rights-of-way over, across or under the Project Site as shall be requested in writing by the Company, provided that in connection with the grant of each such easement, permit or right-of-way the Trustee is furnished a certificate of the Company signed by an Authorized Company Representative stating that such easement, permit or right-of-way is, or will be, useful or necessary in the operation of the Project, will not materially reduce the value of the Project, and will not materially interfere with or impair the use of the Project for the purpose for which it was acquired or is held by the City.

Section 17.8 Indenture Governed by Alabama Law. The Indenture shall in all respects be governed by and construed in accordance with the laws of the State of Alabama.

Section 17.9 Notices. All notices, demands, requests and other communications hereunder shall be deemed sufficient and properly given if in writing and delivered in person to the following addresses or received by certified or registered mail, postage prepaid with return receipt requested, at such addresses:

(a) If to the City:

City of Pelham, Alabama
City Hall
Pelham, Alabama 35124
Attention: Mayor

(b) If to the Company:

Pelmar, Ltd.
Post Office Box 227
Gadsden, Alabama 35999
Attention: General Partner

(c) If to the Trustee:

Central Bank of Birmingham
Post Office Box 10566
Birmingham, Alabama 35296
Attention: Corporate Trust Department

Any of the above-mentioned parties may, by like notice, designate any further or different addresses to which subsequent notices shall be sent. The Trustee and the City will send a copy of each notice that either thereof gives to the other pursuant to the provisions hereof to the Company; provided however, that the failure of either the City or the Trustee to send a copy of any such notice to the Company shall not invalidate such notice or render it ineffective unless notice to the Company is otherwise expressly required herein. Any notice hereunder signed on behalf of the notifying party by a duly authorized attorney at law shall be valid and effective to the same extent as if signed on behalf of such party by a duly authorized officer or employee.

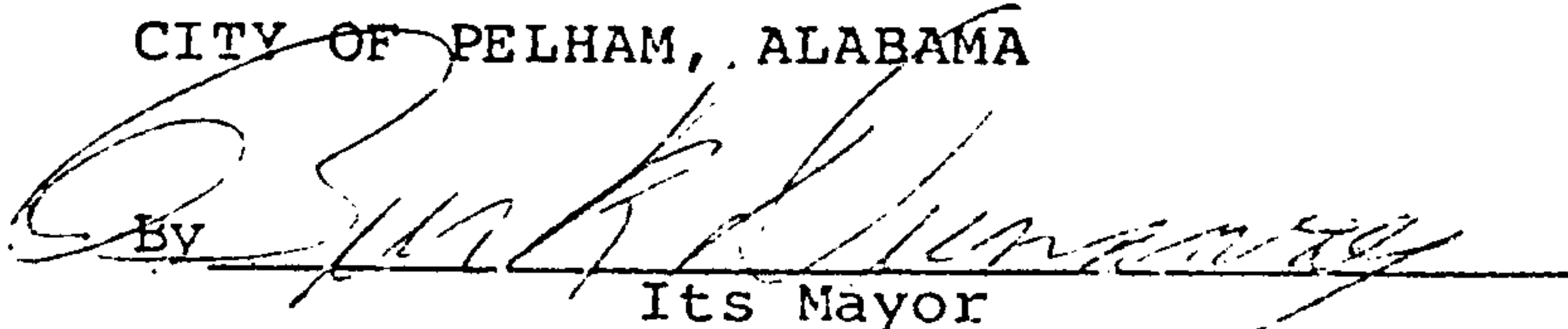
The Trustee will also furnish a copy of any notice given or received by it hereunder or under the Lease to the Holder of any Registered Bond or any Fully Registered Bond, at the address of such Holder as shown on the registry books pertaining to the Bonds.

Section 17.10 Severability. In the event that any provision hereof 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 17.11 Article and Section Captions. The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

IN WITNESS WHEREOF, the City has caused this Indenture to be executed in its name and behalf by its Mayor, has caused its official seal to be hereunto affixed and has caused this Indenture to be attested by its City Clerk, and the Trustee, to evidence its acceptance of the trusts hereby created, has caused this Indenture to be executed in its name and behalf, has caused its seal to be hereunto affixed and has caused this Indenture to be attested, by its duly authorized officers, all in five (5) counterparts, each of which shall be deemed an original, and the City and the Trustee have caused this Indenture to be dated May 7, 1981.

CITY OF PELHAM, ALABAMA

By  Its Mayor

[S E A L]

Attest:


City Clerk

CENTRAL BANK OF BIRMINGHAM

By

Its

[S E A L]

Attest:

Sandra Little

Its

Trust Officer

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STATE OF ALABAMA)
JEFFERSON COUNTY)

I, Doris H. Williford, a Notary Public in and for said county in said state, hereby certify that Bark Denaway, whose name as Mayor of the CITY OF PELHAM, a municipal corporation under the laws of the State 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 said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said municipal corporation.

GIVEN under my hand and official seal of office, this 7th day of May, 1981.

[NOTARIAL SEAL]

Doris H. Williford
Notary Public
4-9-85

STATE OF ALABAMA)
JEFFERSON COUNTY)

I, Doris H. Williford, a Notary Public in and for said county in said state, hereby certify that Charles O. Trotter, whose name as Vice President & Sr. Trust Officer of CENTRAL BANK OF BIRMINGHAM, a banking 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 said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said banking corporation.

GIVEN under my hand and official seal of office, this 7th day of May, 1981.

[NOTARIAL SEAL]

Doris H. Williford
Notary Public
4-9-85

EXHIBIT A
to
MORTGAGE AND TRUST INDENTURE
between
CITY OF PELHAM, ALABAMA
and
CENTRAL BANK OF BIRMINGHAM
dated May 7, 1981

The Project Equipment referred to in the Mortgage and Trust Indenture of which this Exhibit A forms a part initially consist of the following:

<u>Quantity</u>	<u>Description</u>
1 Lot	Lozier Fixture Top Rails Plt Uprites Plt Shelves 5" & 3" Wire Fronts 5" & 3" Wire Dividers
1	3" Convey-Air Pneumatic Conveyor System
1	Steel Pallet Rack and Storage System
1 Lot	E-Z UP Shelving 80 - SS-24 Supports 55 - SS-30 Supports 39 - SS-36 Supports 80 - TB-24 Tie Bars 55 - TB-30 Tie Bars 39 - TB-36 Tie Bars 60 - Nuts & Bolts 2 1/4 108 - P-84 Posts 70 - CM-24 Cross Members 60 - CM-30 Cross Members 42 - CM-36 Cross Members
1 Lot	Space Racks 4 - FH20 - 48 x 144 12 - SB 50 - 144 12 - BB 50 - 144 4 - SR 101-48
1 Lot	Warehouse Fixtures 20 - 4 x 6 Paneling Racks 2 - 6' Door Dollies 144' - Molding A-Frame Pre-cut Shelves
5	12' Vinyl Racks
3	Carpet Racks
1	Wall Carpet Rack
6	Sales Counters
1	Cashier's Island
1	EEOA Pallet Puller - Model Pul-2
3	Harper Model 5960 Steel Hand Trucks
2	35 x 54 Platform Floats
1	5500 27 x 48 Pallet Jack
1	Rug Pole for Pallet Jack
10	A-1 Load Binder Assemblys
1 Lot	Interior Signs
1	Rickles Electronics Inter-Com & FM System

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- 1 Best Carpet Rewinder and Dolly Set
- 1 Lot O'Brien Paint Mixing Equipment
 - #5400 Shader
 - #5153 Base
 - #6172 Color Machine
- 1 Model 660 Xerox Copier
- 1 C-500 Y 55 Clark Forklift
- 1 C-500 Y 80 Clark Forklift
- 1 Model 8126 Lathem Time Recorder (with rack & accessories)
- 1 Model VH 1407 Adesco Safe
- 1 Interior Decor
- 1 Lot Miscellaneous Displays (Bath, Kitchen, Lite, Wall Covering, etc.)
- 1 Data-Point Computer System
- 1 Model 810 RO Texas Instrument Printer
- 2 Data Point Disk Packs
- 1 Computer Cabling
- 2 Model EP-125K M-S Electric Cash Drawers
- 1 Power - Flite Vacuum and Eureka Attachment
- 1 4CFD Ton 4 Dr Fireproof File
- 6 V X 2183 Sharp Calculators
- 5 V X 2173 Sharp Calculators
- 1 Mornay # 3060 WP Exec. Desk
- 1 Monarch Marking System
- 1 Lot Office Equipment
 - 4 - 30 x 60 Desks
 - 3 - #514 4 Drawer Files
 - 3 - NE #54 Secretary Chairs
 - 1 - NE #54 Secretary Chair
 - 1 - #861 White hall chair
 - 1 - 36 x 72 High Point Desk

101 MAY -8 PM 9 37
Exempt
William P. Richardson, Jr.
Rec. 139.50
Ind. 1.00
140.50