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LEASE AGREEMENT

between

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE TOWN OF PELHAM**

and

MOORE-HANDLEY, INC.

Dated as of December 1, 1981

This Lease Agreement and all right, title and interest of The Industrial Development Board of the Town of Pelham in any and all "Pledged Revenues" (defined herein) derived under this Lease Agreement have been assigned to First Alabama Bank of Birmingham, as Trustee under the Mortgage and Trust Indenture, dated as of December 1, 1981, from The Industrial Development Board of the Town of Pelham which secures \$2,850,000 in principal amount of The Industrial Development Board of the Town of Pelham Industrial Development Revenue Bonds (Moore-Handley, Inc. Project), Series 1981.

This instrument was prepared by:

King & Spalding
2500 Trust Company Tower
Atlanta, Georgia 30303

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LEASE AGREEMENT

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LEASE AGREEMENT

THIS LEASE AGREEMENT is entered into as of December 1, 1981, by and between THE INDUSTRIAL DEVELOPMENT BOARD OF THE TOWN OF PELHAM (the "Issuer"), a public corporation and instrumentality organized and existing under the laws of the State of Alabama, as Lessor, and MOORE-HANDLEY, INC. (the "Company"), a corporation organized and existing under the laws of the State of Delaware and formerly named M-H Acquisition Company, as Lessee;

WITNESSETH:

In consideration of the respective representations and agreements hereinafter contained, the Issuer and the Company agree as follows (provided, that in the performance of the agreements of the Issuer 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 out of the "Pledged Revenues" as hereinafter defined, and revenues derived from the sale of the Bonds referred to in Section 2.1 hereof):

ARTICLE I.

DEFINITIONS

Section 1.1. **Definitions.** In addition to the words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings unless the context or use indicates another or different meaning or intent, and any other words and terms defined in the Indenture shall have the same meanings when used herein as assigned them in the Indenture. Such definitions shall be equally applicable to both the singular and plural forms of the words and terms herein defined:

"Act" means Act No. 648 enacted at the 1949 Regular Session of the Legislature of Alabama (Code of Alabama 1975, Section 11-54-80, et seq.), as amended.

"Additional Bonds" means the Industrial Development Board of the Town of Pelham Industrial Development Revenue Bonds (Moore-Handley, Inc. Project) of any series, other than the Bonds, authorized under the Indenture and authenticated and delivered in accordance with Sections 209 and 210 of the Indenture.

"Agreement" means this Lease Agreement as it now exists and as it may hereafter be amended, changed or modified pursuant to Article XIV of the Indenture.

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"Authorized Company Representative" means the person or persons who at the time shall have been designated as such in or pursuant to the provisions of Section 4.3 hereof.

"Bond Fund" means the Bond principal and interest payment fund created by Section 502 of the Indenture and within which have been established a general account and a special account. Any reference herein to the "Bond Fund" without further limitation or explanation shall be deemed to be a reference to the general account in the Bond Fund.

The term **"bondholder"**, **"bondholders"** or **"holder of the Bonds"** means the registered owner or owners of any Bond.

"Bonds" means the \$2,850,000 aggregate principal amount of The Industrial Development Board of the Town of Pelham Industrial Development Revenue Bonds (Moore-Handley, Inc. Project), Series 1981, dated the date of issuance and delivery thereof and issued by the Issuer pursuant to the Indenture.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in Birmingham, Alabama, are authorized or required by law to close.

"City" means the City of Pelham, Alabama, a municipal corporation of the State of Alabama.

"Code" means the Internal Revenue Code of 1954, as amended from time to time, and the applicable regulations thereunder.

"Company" means Moore-Handley, Inc., a Delaware corporation formerly named M-H Acquisition Company, its successors and assigns, including any surviving, resulting or transferee corporation as provided in Section 8.3 hereof.

"Completion Date" means the date of completion of the construction of any Improvements as that date shall be certified as provided in Section 604 of the Indenture.

"Construction Fund" means the Construction Fund created by Section 601 of the Indenture.

"Construction Period" means the period between the commencement of construction of any Improvements or the date on which the Additional Bonds issued to finance such Improvements are delivered to the first purchaser or purchasers thereof (whichever is earlier) and the Completion Date.

"Construction Supervisor" means the person or persons who at the time shall have been designated as such in or pursuant to the provisions of Section 4.8 hereof.

"Financing Statements" means any and all financing statements (including continuation statements) filed for record from time to time to perfect the security interests.

"Guaranty" means the Guaranty Agreement, of even date herewith, from the Company to the Trustee.

"Improvements" means any additions, enlargements, improvements, extensions, alterations, fixtures, equipment, land, appurtenances and other facilities to or for the Project (including, without limitation, land, and improvements, fixtures and equipment located thereon, adjacent to the Project), the cost of which shall be paid in whole or in part with the proceeds of Additional Bonds issued under Sections 209 and 210 hereof.

"Indenture" means the Mortgage and Trust Indenture between the Issuer and the Trustee, of even date herewith, pursuant to which the Bonds are authorized to be issued and the Issuer's interest in this Agreement and the Pledged Revenues are to be pledged and assigned as security for the payment of the principal of and interest on the Bonds, including any indenture supplemental thereto.

"Independent Counsel" means an attorney or firm thereof duly admitted to practice law before the highest court of any state of the United States of America or the District of Columbia and not an employee on a full-time basis of either the Issuer or the Company (but who or which may be regularly retained by either).

"Independent Engineer" means an engineer or engineering firm registered and qualified to practice the profession of engineering under the laws of the State of Alabama and who or which is not a full-time employee of either the Issuer or the Company.

"Issuer" means The Industrial Development Board of the Town of Pelham, a public corporation and instrumentality organized and existing under the Act, and its successors and assigns.

"Lease Term" means the duration of the leasehold interest created by this Agreement as specified in Section 5.1 hereof.

"Leased Building" means those certain buildings and all other facilities and improvements forming a part of the Project and not constituting part of the Leased Equipment as they may at any time exist.

"Leased Equipment" means those items of machinery, equipment and related personal property comprising a portion of the Project, as more fully described in Exhibit "B" attached hereto and by this reference made a part hereof, less such machinery, equipment and related property as may be released from this Agreement pursuant to Section 6.2 hereof or taken by the exercise of the power of eminent domain as provided in Section 7.2 hereof, and is further defined as all property owned by the Issuer and leased to the Company which is not included in the definition of Leased Land or Leased Building, but not including the Company's own machinery, equipment and related property installed under the provisions of Section 6.1(b) hereof.

"Leased Land" means the real property described in Exhibit "A" attached hereto and by this reference made a part of this Agreement, less such real property as may be released from this Agreement pursuant to Sections 8.6 and 11.2 hereof or taken by the exercise of the power of eminent domain as provided in Section 7.2 hereof.

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

The term "payment in full of the Bonds" or "paid in full" when used in reference to the Bonds specifically encompasses the situations referred to in Section 902 of the Indenture.

"Permitted Encumbrances" means, as of any particular time,

(a) liens for ad valorem taxes and special assessments not then delinquent or permitted to exist as provided in Section 6.4 hereof;

(b) this Agreement and the Indenture and the security interests created herein and in the Indenture;

(c) utility, access or other easements and rights-of-way, restrictions, reservations, reversions and exceptions that an Independent Engineer and the Company certify will not materially interfere with or impair the operations being conducted in the Leased Building (or, if no operations are being conducted therein, the operations for which the Leased Building was designed or last modified) or elsewhere on the Leased Land;

(d) unfiled and inchoate mechanics', materialmen's, architects', contractors', subcontractors', suppliers', laborers', vendors', workmen's, repairmen's, land surveyors', engineers' or other similar liens for construction work in progress;

(e) architects', contractors', subcontractors', mechanics', materialmen's, suppliers', laborers', vendors', workmen's, repairmen's, carriers', land surveyors' and engineers' liens or other similar liens not then payable (which may include unfiled or inchoate liens), and those permitted to exist as provided in Section 6.1 hereof;

(f) liens permitted under Section 6.4 hereof or granted under Section 8.6 hereof;

(g) liens, encumbrances, easements, rights-of-way, restrictions, reservations, exceptions, defects and irregularities described in any evidence as to the status of title furnished to the Company by the Issuer pursuant to Section 3.2 hereof; and

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(h) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Project and as do not materially impair the property affected thereby for the purpose for which it was acquired or is held by the Issuer.

"Pledged Revenues" means and shall include:

(a) the rents and other payments required to be made by the Company under this Agreement, except for payments to be made to the Trustee for services rendered as Trustee under the Indenture and as Bond Registrar and Paying Agent for the Bonds and except for certain payments required to be made pursuant to Sections 6.8, 6.9 and 6.10 hereof,

(b) any proceeds which arise with respect to any disposition of the security interests, and

(c) any other revenues arising out of or in connection with the Issuer's ownership of the Project to the extent provided for herein.

"Project" means the Leased Land, the Leased Building and the Leased Equipment, as they may at any time exist.

The term **"security interest"** or **"security interests"** shall refer to the security interest created herein and in the Indenture and shall have the meaning set forth in the Uniform Commercial Code of the State of Alabama as now or hereafter amended.

"Trustee" means First Alabama Bank of Birmingham, Birmingham, Alabama, or any co-trustee or any successor trustee under the Indenture.

ARTICLE II.

REPRESENTATIONS

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

(a) The Issuer is a public corporation and instrumentality duly organized and existing under the provisions of the Act by a certificate of incorporation duly filed for record in the Office of the Judge of Probate of Shelby County, Alabama. The Issuer is not in default under any of the provisions contained in the laws of the State of Alabama and agrees that it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence. Under the provisions of the Act, the Issuer has the power to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder. By proper corporate action, the Issuer has been duly authorized to execute and deliver this Agreement.

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(b) The Project constitutes a "project" within the meaning of the Act, is located within twenty-five miles of the corporate limits of the City, and no part thereof is located within the corporate limits or the police jurisdiction of any other municipality or any county of any state other than Shelby County, Alabama.

(c) The Issuer has found and hereby declares that the issuance of the Bonds, the acquisition of the Project and the leasing and the selling of same to the Company will be in furtherance of the public purposes expressed in the Act.

(d) Notwithstanding anything herein contained to the contrary, any obligation the Issuer may hereby incur for the payment of money shall not be a general debt on its part but shall be payable solely from the Pledged Revenues.

(e) The Issuer has been induced to enter into this undertaking by the promise of the Company to acquire certain facilities in the City, which facilities the Company will use in connection with certain warehouse, wholesale, commercial and industrial and office operations, and to acquire or undertake certain expansions, improvements and renovations to such facility in the future.

(f) To accomplish the foregoing, the Issuer proposes to issue the Bonds immediately following the execution and delivery of this Agreement to finance the acquisition of the Project. The date, denomination, interest rate or rates, maturity schedule, redemption provisions and other pertinent provisions with respect to the Bonds are set forth in the Indenture (particularly Articles II and III thereof) and by this reference thereto they are incorporated herein.

(g) By resolution duly adopted November 18, 1981, the Issuer took official action providing for the acquisition, leasing and selling of the Project and the financing of a substantial portion of the Project through the issuance of the Bonds.

(h) The Bonds are to be issued under and secured by the Indenture, pursuant to which the Issuer's right, title and interest in this Agreement and the Pledged Revenues will be pledged and pursuant to which a security interest in the aforesaid will be created as security for the payment of the principal of and interest on the Bonds. The security interest in the Leased Equipment which the Company grants herein to the Issuer to secure payment of the rents and other payments hereunder will likewise be pledged and assigned to the Trustee pursuant to the Indenture. In addition, the title which the Issuer holds in and to the Leased Land and the Leased Building will be mortgaged to the Trustee by the Indenture as further security for the payment of the principal of and interest on the Bonds.

Section 2.2. **Representations by the Company.** The Company makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Company is a corporation duly incorporated under the laws of the State of Delaware, is in good standing under its corporate charter and the laws of the State of Delaware, is in good standing under the laws of the State

of Alabama, has the power to enter into this Agreement and perform all obligations contained herein, and has, by proper corporate action, been duly authorized to execute, deliver and perform this Agreement.

(b) The issuance of the Bonds, the acquisition of the Project and the leasing of the Project by the Issuer to the Company has induced the Company to enter into commitments to acquire or undertake certain expansions, improvements and renovations to the Project over the next 3 years, which will preserve the current level of employment opportunities in the area served by the Issuer. Further, such expansions, improvements and renovations, when completed, will provide approximately 22-25 new employment opportunities in such area.

(c) The Company intends to operate the Project from date of the acquisition thereof by the Issuer to the expiration or sooner termination of this Agreement as an authorized project within the meaning of the Act.

(d) The Company is not subject to any charter, by-law or contractual limitation or provision of any nature whatsoever which in any way limits, restricts or prevents the Company from entering into this Agreement or performing any of its obligations hereunder except to the extent that such performance may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally, and the execution and delivery of this Agreement and the fulfillment of or compliance with the terms and conditions hereof will not conflict with or result in a breach of the terms, conditions or provisions of any corporate restriction, charter document or by-law provision or constitute a default under any agreement or instrument to which it is a party or by which it is bound, and covenants that, anything in this Agreement to the contrary notwithstanding, so long as any of the Bonds are outstanding there shall be no abatement or reduction of the rents payable by the Company except as provided in Section 9.6 hereof.

(e) The Project consists of land and property of a character subject to the allowance for depreciation under Section 167 of the Code. Substantially all of the proceeds of sale of the Bonds will be used to finance the acquisition of the Project. No part of said proceeds is to be used by the Company, directly or indirectly, as working capital or to finance inventory, excepting the permitted transfer of Bond proceeds from the Construction Fund to the Bond Fund pursuant to Section 602(k) of the Indenture.

(f) As of November 18, 1981, no final or unconditional contracts had been awarded or entered into with respect to any components of the Project and none of said components had been acquired.

(g) Based on current facts, estimates and circumstances, it is expected that:

(1) the acquisition of the Project and the expenditure of all Bond proceeds will occur simultaneously with the issuance and delivery of the Bonds,

(2) the Company has entered into a contract providing for the acquisition of the Project and the amounts required to be paid under said contract exceeds 2 1/2% of the estimated total cost of the Project,

(3) the net proceeds from the issuance of the Bonds are needed for the purpose of paying the cost of the acquisition of the Project, and

(4) except as contemplated herein, the Project will not be sold or disposed of, in whole or in part, prior to the maturity or payment in full of the Bonds, whichever shall first occur.

(h) The information furnished by the Company and used by the Issuer in preparing the election which it will file with the Internal Revenue Service pursuant to Section 103(b)(6)(D) of the Code will be true and complete as of the date of filing of said election.

ARTICLE III.

LEASING CLAUSES AND WARRANTY OF TITLE

Section 3.1. **Lease of the Project.** The Issuer hereby leases to the Company, and the Company hereby leases from the Issuer, the Project at the rent set forth in Section 5.3 hereof and in accordance with the provisions of this Agreement.

Section 3.2. **Warranty of Title.** The Issuer for itself, its successors and assigns, warrants to the Company, its successors and assigns, that it has good and marketable fee simple title in and to the Leased Land described in Exhibit "A" free from all encumbrances except Permitted Encumbrances. The Issuer, for its successors and assigns, will not create, suffer or place on the Project any liens, encumbrances, exceptions or other defects, subject, however, to Permitted Encumbrances. The Issuer will furnish, at the Company's expense, a mortgagee title insurance policy or binder issued by a title insurance company nominated by the Company insuring that the Indenture conveys a first lien on the Leased Land, subject only to this Agreement and the other Permitted Encumbrances as defined in this Agreement, in a face amount equal to the estimated cost to the Issuer of the Leased Land and the Leased Building.

Section 3.3. **Quiet Enjoyment.** Throughout the Lease Term, the Issuer covenants and agrees that, so long as the Company is not in default hereunder, the Company shall be entitled to possess, occupy, use, enjoy and operate the Project as a facility for, warehouse, wholesale, commercial and industrial and office operations and other commercial purposes, free from molestation, hindrance, eviction or disturbance by the Issuer or by any other person or persons lawfully claiming through or under the Issuer. Such possession, occupation, use, enjoyment and operation of the Project by the Company shall be exclusive. The Issuer warrants and covenants that it will defend the Company in the quiet enjoyment and peaceable possession of the Leased Land, and all appurtenances thereto belonging, including

the Leased Building and Leased Equipment, free from all claims of all persons whomsoever, throughout the Lease Term, so long as the Company shall perform the covenants, conditions and agreements to be performed by it hereunder, or so long as the period for remedying any default in such performance shall not have expired.

Section 3.4. Execution, Delivery and Escrowing of Limited Warranty Deed. The Issuer agrees to execute a limited warranty deed to the Company and to deliver the same to the Trustee to be held in escrow for delivery to the Company at the expiration or sooner termination of the Lease Term following the payment in full of the Bonds. Said limited warranty deed shall be in the form of that which is attached hereto as Exhibit "C" and by this reference thereto incorporated herein. Upon the expiration or sooner termination of the Lease Term following the payment in full of the Bonds, the Trustee shall deliver to the Company the above referenced limited warranty deed executed in the proper manner so as to permit the same to be recorded, and the Issuer agrees to execute such other instruments and documents as the Company may reasonably request to perfect the transfer of title to the Project to the Company.

ARTICLE IV.

ACQUISITION OF THE PROJECT; ISSUANCE OF THE BONDS; CONSTRUCTION OF IMPROVEMENTS

Section 4.1. Agreement to Acquire the Project. In the Indenture, the Issuer has instructed the Trustee to disburse the proceeds derived from the sale of the Bonds, simultaneously with the delivery by the Trustee of the Bonds to the original purchaser or purchasers thereof, as directed by the Company in the Certificate of Cost (as defined in the Indenture) to pay the costs of acquiring the Project.

The Company hereby assigns to the Issuer all right, title and interest of the Company in, to and under that certain Asset Purchase Agreement, dated as of November 24, 1981, among the Company as Buyer, Moore-Handley, Incorporated (name changed to "Homecrafters Centers Inc."), as Seller and Union Camp Corporation, a Virginia corporation, insofar as such Agreement relates to the acquisition by the Company of the Project, which assignment the Issuer hereby accepts. The Issuer hereby appoints the Company as its agent to perform such Asset Purchase Agreement. The Issuer agrees that it will enter into, or accept the assignment of, such contracts supplemental to such Asset Purchase Agreement as the Company may request in order to effectuate the purposes of this Section 4.1 but that it will not execute any other contract or any amendment or supplement to such Asset Purchase Agreement without obtaining the written consent of the Company.

Section 4.2. Agreement to Issue Bonds; Application of Bond Proceeds. In order to provide funds for the payment of the cost of the acquisition of the Project, the Issuer agrees that as soon as possible it will authorize, sell and cause to be delivered to the purchaser or purchasers thereof, the Bonds, bearing interest and maturing as set forth in Article II of the Indenture, at a price equal to the aggregate principal amount thereof and will instruct the Trustee to disburse the proceeds derived from the sale of the Bonds as described above.

If no event of default or default shall have occurred and be continuing under this Agreement or the Indenture, the Issuer shall, from time to time at the request of the Company and to the extent permitted by law, authorize the issuance of, and use its best efforts to provide for the sale of, Additional Bonds, upon the terms and conditions provided in the Indenture. Additional Bonds may be issued, among other purposes, for the purpose of financing the cost (a) of any Improvements, (b) refunding one or more series of Bonds or (c) any combination of the foregoing; provided that either prior to or contemporaneously with the issuance of Additional Bonds, (i) the terms, conditions, manner of issuance, purchase price, delivery and contemplated disposition of the proceeds of the sale of such Additional Bonds shall have been approved in writing by the Chairman of the Board of Directors of the Issuer and the President or any Vice President of the Company and (ii) the conditions specified in Section 209 of the Indenture with respect to the issuance of such Additional Bonds shall have been satisfied. The Issuer will cause the proceeds derived from the sale of any Additional Bonds to be deposited with the Trustee in accordance with the provisions of the supplemental Indenture providing for the issuance of such Additional Bonds.

Section 4.3. Authorized Company Representatives. For the purposes of performing and carrying out the duties imposed by the Indenture on the Authorized Company Representatives, the Company agrees to appoint an Authorized Company Representative and an Alternate Authorized Company Representative prior to the commencement of construction of any Improvements and to constitute the Authorized Company Representatives as its duly authorized agents to supervise the construction of any Improvements and to direct the Trustee to make disbursements from the Construction Fund as provided in the Indenture. If any Authorized Company Representative should become unavailable or unable to take any action or make any certificate provided for in the Indenture, another Authorized Company Representative or Alternate shall thereupon be appointed by the Company. The appointment of any Authorized Company Representative or Alternate shall be effected by means of a written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Company by its president or any vice president.

Section 4.4. Construction Supervisor. For the purposes of performing and carrying out the duties imposed by the Indenture on the Construction Supervisor, the Company agrees to employ during the construction of any Improvements an architect or architectural firm selected by the Company having a favorable repute for skill and experience in such work. Such employment shall be evidenced by a certificate furnished by the Company to the issuer and the Trustee containing the name of the Construction Supervisor, the name of the person or persons at the time designated to act on behalf of the Construction Supervisor and the specimen signature of such person or persons. Such certificate may designate an alternate or alternates.

ARTICLE V.

TERM OF THIS AGREEMENT; RENTAL PROVISIONS

Section 5.1. **Term of this Agreement.** This Agreement shall become effective upon its delivery and the leasehold interest created by this Agreement shall then begin, and, subject to the other provisions of this Agreement (including particularly Articles X, XI and XII hereof), shall expire at midnight, December 1, 1996, or if at said time and on said date all of the Bonds have not been paid in full, then on such date as such payment shall have been made.

Section 5.2. **Delivery and Acceptance of Possession.** The Issuer agrees to deliver to the Company sole and exclusive possession of the Project (subject to the right of the Trustee to enter thereon for inspection purposes and to the other provisions of Section 8.2 hereof) simultaneously with this Agreement becoming effective as provided in Section 5.1 hereof and the Company agrees to accept possession of the Project upon such delivery.

Section 5.3. **Rents and Other Amounts Payable.** The rental payments due hereunder shall be payable in monthly installments on the last Business Day of each month during the term of this Agreement, the first of such installments being due and payable on the last Business Day of the month following the month in which this Agreement becomes effective, as provided in Section 5.1 hereof. Each monthly installment of rental shall be equal to the sum of the amounts specified in clauses (a) and (b) below:

(a) (i) Beginning January 1982, and in each month thereafter to and including May 1982, one-fifth of the interest payable on the Bonds on June 1, 1982, and (ii) beginning June 1982, one-sixth of the interest payable on the Bonds on the next ensuing interest payment date and

(b) (i) Beginning January 1982, and in each month thereafter to and including November 1982, one-eleventh of the principal payable on the Bonds maturing on December 1, 1982, and (ii) beginning December 1982, one-twelfth of the next maturing installment of principal of the Bonds (whether at stated maturity or by mandatory sinking fund redemption as provided in Section 305 of the Indenture).

Each monthly installment of rental shall be increased as may be necessary in any month to make up any previous deficiency in any of the required monthly payments and to make up any deficiency or loss in the Bond Fund, and if at any semiannual interest payment date or any other date upon which principal and/or interest on the Bonds becomes due and payable the amount of money available in the Bond Fund is insufficient to make required payments of principal (whether at stated maturity or by mandatory sinking fund redemption as provided in Section 305 of the Indenture) and interest becoming due and payable on such date, the Company shall forthwith pay to the Trustee the amount of any such deficiency. Such rental payments provided for in this paragraph are included in Pledged Revenues.

Anything herein to the contrary notwithstanding, any amount at any time held by the Trustee in the Bond Fund that is attributable to earnings on the

investment of moneys from time to time held in the Bond Fund shall be credited against the next succeeding rental payment required to be made by the Company under the provisions of this Section 5.2 and shall reduce the payment to be then made by the Company; and further, if the amount held by the Trustee in the Bond Fund should be sufficient to pay at the times required the principal of and interest on the Bonds then remaining unpaid, the Company shall not be obligated to make any further rental payments under the provisions of this Section.

The Trustee has agreed in the Indenture that, within fifteen Business Days following the first Business Day of June and December of each year so long as the Bonds are outstanding, the Trustee shall calculate the amount of the monthly installments of rental that will be due from the Company under the Agreement for each month during the semiannual period commencing on the first day of such June or December, as the case may be, and shall notify the Issuer and the Company thereof; provided, however, that at least fifteen Business Days prior to the date upon which the final installment of rental during such semiannual period is due, the Trustee shall determine the amount held by the Trustee that is attributable to earnings on the investment of moneys from time to time held in the Bond Fund during such semiannual period or is otherwise available in the Bond Fund for payment of such final installment and shall notify the Issuer and the Company thereof. The final installment of rental for such semiannual period shall be reduced by such amount. Unless the Issuer or the Company, prior to the payment of any installment of rental contests the amount calculated by the Trustee to be due on such date, the amount of rental as calculated by the Trustee shall become final and shall be binding upon the Issuer, the Company and the Bondholder. From and after payment of any installment of rental, neither the Issuer, the Company nor the Bondholder shall have the right to contest the Trustee's calculation of the amount of such installment of rental.

The Company agrees to pay to the Trustee until the principal of and interest on the Bonds shall have been paid in full (i) an amount equal to the annual fee of the Trustee for the Ordinary Services of the Trustee rendered and its Ordinary Expenses incurred under the Indenture, (ii) the reasonable fees and charges of the Trustee and any other paying agents on the Bonds for acting as Paying Agent and as Bond Registrar (including the payment of any cost incurred in connection with the initial exchange of any fully registered Bond) and the reasonable fees of Trustee's Counsel as provided in the Indenture, as and when the same become due, and (iii) the reasonable fees and charges of the Trustee for Extraordinary Services rendered by it and Extraordinary Expenses incurred by it as such terms are defined in the Indenture, as and when the same become due; provided, that the Company may, without creating a default hereunder, withhold such payment to contest in good faith the necessity for any such Extraordinary Services and Extraordinary Expenses and the reasonableness of any such fees, charges or expenses.

If the Company should fail to make any of the payments required in this Section, the item or installment so in default shall continue as an obligation of the Company until the same shall have been fully paid, and the Company agrees to pay the same with interest thereon at the rate of fifteen per centum (15%) per annum until paid. The provisions of this Section shall be subject to the provisions of Sections 9.5 and 9.6 hereof.

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Section 5.4. Place of Rental Payments. The rents provided for in Section 5.3 hereof and the interest on delinquent rents shall be paid directly to the Trustee for the account of the Issuer and will be deposited in the Bond Fund. The other payments provided for in Section 5.3 hereof shall be paid directly to the Trustee for its own use or for disbursement to any other Paying Agent on the Bonds, as the case may be.

Section 5.5. Obligations of Company Hereunder Absolute and Unconditional. Subject to the provisions of the second paragraph of Section 5.3 hereof and Section 9.6 hereof, the obligations of the Company to make the payments required in Section 5.3 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional. Until such time as the principal of and interest on the Bonds shall have been paid in full the Company (i) will not suspend or discontinue any payments provided for in Section 5.3 hereof except to the extent the same have been prepaid, (ii) will perform and observe all of its other agreements contained in this Agreement, and (iii) except as provided in Sections 11.1 and 12.2 hereof, will not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, failure of the Issuer's title in and to the Project or any part thereof, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of Alabama or any political subdivision of either thereof or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or in connection with this Agreement or the Indenture. Nothing contained in this Section shall be construed to release the Issuer from the performance of any of the agreements on its part herein contained; and if the Issuer should fail to perform any such agreement, the Company may institute such action against the Issuer as the Company may deem necessary to compel performance, but such action shall not excuse the Company from the performance of the obligations contained in the preceding sentence. The Company may, however, at its own cost and expense and in its own name or in the name of the Issuer, prosecute or defend any action or proceeding or take any other action involving third persons which the Company deems reasonably necessary in order to insure the acquisition of the Project or to secure or protect its right of possession, occupancy and use hereunder, and in such event the Issuer hereby agrees to cooperate fully with the Company and to take all lawful action which is required to effect the substitution of the Company for the Issuer in any such action or proceeding if the Company shall so request.

ARTICLE VI.

MAINTENANCE, MODIFICATION, TAXES AND INSURANCE

Section 6.1. Maintenance and Modification of Project by Company.

(a) Throughout the term of this Agreement the Company shall at its own expense (i) keep the Project in as reasonably safe condition as prevailed on the date hereof, and (ii) keep the Leased Building and the Leased Equipment and all other improvements forming a part of the Project in as good repair and operating

condition as prevailed on the date hereof, subject to ordinary wear and tear and conditions prevailing on the date hereof, making from time to time all necessary repairs thereto and renewals and replacements thereof.

(b) The Company may from time to time, in its sole discretion and at its own expense, make any additions, modifications or improvements to the Project, including the installation of machinery, equipment, and related property in the Leased Building or on the Leased Land, which it may deem desirable for its business purposes; provided that all such additions, modifications and improvements do not adversely affect the structural integrity of the Leased Building and are located wholly within the boundary lines of the Leased Land or on any adjacent land in which the Issuer has a fee or leasehold interest. All machinery, equipment and related property so installed by the Company shall not constitute Leased Equipment or fixtures as to the Leased Land and the Leased Building and shall remain the sole property of the Company in which neither the Issuer nor the Trustee shall have any interest and may be modified or removed at any time while the Company is not in default under this Agreement; provided that any damage to the Project occasioned by such modification or removal shall be repaired by the Company at its own expense.

(c) The Company shall not permit any mechanics' liens, materialmen's liens or other liens to remain unpaid against the Project for labor or materials furnished or services rendered in connection with any additions, modifications, improvements, repairs, renewals or replacements so made by it; provided, that if the Company shall first notify the Trustee of its intention so to do, the Company may in good faith contest any mechanics' liens, materialmen's liens or other liens filed or established against the Project, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Issuer or the Trustee shall notify the Company that, in the opinion of Independent Counsel, by nonpayment of any such items the lien or security interests afforded by this Agreement or the Indenture as to any part of the Project or the revenues from the Project will be materially endangered or the Project or any part thereof or the revenues from the Project will be subject to loss or forfeiture, in which event the Company shall promptly pay or bond (if legally permissible) and cause to be satisfied and discharged all such unpaid items. The Issuer will cooperate fully with the Company in any such contest.

Section 6.2. **Removal and Substitution of Leased Equipment.** The Issuer shall not be under any obligation to renew, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable, inappropriate or unnecessary items of Leased Equipment. In any instance where the Company in its sole discretion determines that any such items of Leased Equipment have become inadequate, obsolete, worn out, unsuitable, undesirable, inappropriate or unnecessary for their purposes at such time, the Company may remove such items from the Leased Building and the Leased Land and sell, trade-in, exchange or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the Issuer or the Trustee therefor, provided that the removal from the Project of any item of Leased Equipment pursuant to the provisions of this Section shall not entitle the Company to any diminution in or postponement or abatement of the amount of the rents payable under Section 5.3 hereof.

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Upon the request of the Company, the Issuer shall deliver and cause or direct the Trustee to deliver to the Company appropriate documents conveying to the Company title to any property removed from the Project pursuant to this Section 6.2, and releasing the same from the lien of the Indenture and cancelling any security interest with respect thereto.

Section 6.3. Payment for Police and Fire Protection. Annually throughout the Lease Term, the Company shall pay to or for the benefit of the City of Pelham, Alabama, the sum of \$15,500 as a payment that is calculated to defray the costs incurred by said City in providing police and fire protection to the Project and any Improvements. The Company shall pay said sum on or before the last Business Day of November of each year during the term of this Agreement by mailing its check in said amount to the Treasurer of the City of Pelham, City Hall, Pelham, Alabama 35124.

Section 6.4. Taxes, Other Governmental Charges and Utility Charges. The Issuer represents, warrants and acknowledges that under present law no part of the title in and to the Project owned by the Issuer will be subject to ad valorem taxation by the State of Alabama or by any political or taxing subdivision thereof, and that under present law the income and profits (if any) of the Issuer from the Project are not subject to either Federal or Alabama taxation. The Company shall pay, as the same become lawfully due and payable, (i) all taxes and governmental charges of any kind whatsoever upon or with respect to the interest held by the Company under this Agreement, (ii) all taxes and governmental charges of any kind whatsoever upon or with respect to the Project or any machinery, equipment or related property installed or brought by the Company therein or thereon (including, without limiting the generality of the foregoing, any taxes levied upon or with respect to the income or profits of the Issuer from the Project which, if not paid, will become a lien on the Project prior to or on a parity with the security interest granted by this Agreement or a charge on the Pledged Revenues prior to or on a parity with the security interest therein created and made in the Indenture), (iii) all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project, and (iv) 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 Company shall be obligated to pay only such installments as are required to be paid during the Lease Term.

The Company may, at its own expense and in its own name and behalf or in the name and behalf of the Issuer, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments and other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Issuer or the Trustee shall notify the Company that, in the opinion of Independent Counsel, by nonpayment of any such items the lien or security interests afforded by this Agreement or the Indenture as to any part of the Project or the Pledged Revenues will be materially endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event such taxes, assessments or charges shall be paid promptly. The Issuer shall cooperate fully with the Company in any such contest. If the Company shall fail to pay any of the foregoing items required by this Section to be

paid by the Company, the Issuer or the Trustee may (but shall be under no obligation to) pay the same and any amounts so advanced therefor by the Issuer or the Trustee shall become an additional obligation of the Company to the one making the advancement, which amounts, together with interest thereon at the rate of fifteen per centum (15%) per annum from the date thereof, the Company agrees to pay.

Section 6.5. Insurance Required. Throughout the Lease Term the Company shall keep or shall cause another to keep the Project continuously insured against such risks as are customarily insured against by businesses of like size and type in the Birmingham, Alabama, area (other than business interruption insurance), paying (except as provided in Section 4.3(g) hereof) as the same become due all premiums in respect thereto, including, but not necessarily limited to:

(a) insurance to the full insurable replacement cost, without deduction for depreciation or obsolescence, against (i) loss from damage by fire and lightning, with uniform standard extended coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at the time in use in the State of Alabama (provided that such insurance may provide for a deductible provision of not in excess of \$10,000 direct damage applicable to each separate instance of loss insured against), and (ii) in time of war in which the United States of America is a belligerent, against loss from the risks and hazards of war, if such insurance is then obtainable and generally carried by owners of facilities of like nature in the State of Alabama; and

(b) boiler and pressure vessel (including pressure pipes) explosion insurance in an amount at least equal to replacement value (with deductible provisions not to exceed \$100,000) against loss from damage with respect to all boilers and pressure vessels and pressure pipes which may be installed in the Project; and

(c) general public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Project and the adjoining streets, sidewalks, and passageways, such insurance to afford protection of not less than \$500,000 with respect to bodily injury to any one person, not less than \$500,000 with respect to bodily injury to two or more persons in any one accident, and not less than \$250,000 with respect to property damage resulting from any one occurrence and the policies evidencing such insurance may provide that the Company may be self-insured to the extent of \$100,000 in connection with each separate claim insured against. Such self-insurance may, at the Company's option, be taken directly as a deductible or indirectly under any type of retrospective rating arrangement between the Company and such insurer as it may select; and

(d) workmen's compensation coverage required by then applicable law.

Section 6.6. Application of Net Proceeds of Insurance. The Net Proceeds of the insurance carried pursuant to the provisions of Section 6.5 hereof shall be applied as follows: (i) the Net Proceeds of the insurance required in Section 6.5(a) and (b) hereof shall be applied as provided in Section 7.1 hereof, and (ii) the Net Proceeds of the insurance required in Section 6.5(c) and (d) hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

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Section 6.7. Additional Provisions Respecting Insurance. All insurance required in Section 6.5 hereof shall be taken out and maintained in generally recognized responsible insurance companies selected by the Company and authorized to do business in the State of Alabama. All policies evidencing such insurance shall provide for payment of the losses for coverage required by Section 6.5(a) and (b) to the Issuer, the Company and the Trustee as their respective interests may appear, and the policies required by Section 6.5(a) and (b) shall contain standard mortgage clauses requiring that so long as any of the Bonds are outstanding all Net Proceeds of insurance resulting from any claim for loss or damage covered thereby shall be paid to the Trustee if the amount of Net Proceeds when added to any applicable deductible amount relating to said claim exceeds \$100,000; provided, however, that all claims regardless of amount may be adjusted by the Company with the insurers, subject to approval of the Trustee, which approval shall not be unreasonably withheld, as to settlement of any claim which is an amount which would require payment to the Trustee as aforesaid. The insurance hereby required may be contained in blanket policies now or hereafter maintained by the Company.

All such policies or a certificate or certificates of the insurers that such insurance is in force and effect, shall be deposited with the Trustee and shall contain a provision that such policy may not be cancelled unless the Trustee is notified at least thirty (30) days prior to cancellation; and at least thirty (30) days prior to expiration of any such policy, the Company shall furnish the Trustee with evidence satisfactory to the latter that the policy has been renewed or replaced or is no longer required by this Agreement.

Section 6.8. Other Issuer Expenses. Anything to the contrary herein notwithstanding, the Company shall pay any reasonable expenses not specifically mentioned herein which are necessarily incurred by the Issuer in connection with the Project, this Agreement, the Indenture, the Financing Statements or the Bonds.

Section 6.9. Advances by Issuer or Trustee. If the Company fails to maintain the full insurance coverage required by this Agreement or fails to keep the Project in as reasonably safe condition as prevailed on the date hereof, or fails to keep the Leased Building and the Leased Equipment in good repair and operating condition as prevailed on the date hereof, subject to ordinary wear and tear and conditions prevailing on the date hereof, the Issuer or the Trustee may (but unless satisfactorily indemnified shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or make the required repairs, renewals and replacements; and all amounts so advanced therefor by the Issuer or the Trustee will become an additional obligation of the Company to the one making the advancement, which amounts, together with interest thereon at the rate of fifteen per centum (15%) per annum from the date thereof, the Company agrees to pay.

Section 6.10. Indemnification of Issuer and Trustee. The Company shall indemnify and save the Issuer and the Trustee harmless against and from all claims by or on behalf of any person, firm or corporation arising from the conduct or management of, or from any work or thing done on, the Project during the Lease Term, and against and from all claims arising during the Lease Term from (a) any condition of the Project caused by the Company, (b) any breach or default on the part of the Company in the performance of any of its obligations under this

Agreement, (c) any contract entered into in connection with the acquisition of the Project, (d) any act of negligence of the Company or of its agents, contractors, servants, employees or licensees, and (e) any act of negligence of any assignee or sublessee of the Company, or of any agents, contractors, servants, employees or licensees of any assignee or sublessee of the Company; provided that the indemnity provided in this sentence shall be effective only to the extent of any loss that may be sustained by the Issuer or the Trustee in excess of the net proceeds actually received by the Issuer from any insurance carried with respect to the loss sustained, and provided further, that the indemnity shall not be effective for any claim that results from the gross negligence or wilful misconduct of the Issuer or the Trustee or their respective agents or employees. The Company shall indemnify and save the Issuer and the Trustee harmless from and against all costs and expenses incurred in or in connection with any action or proceeding brought thereon, and upon notice from the Issuer or the Trustee, the Company shall defend them or either of them in any such action or proceeding.

Section 6.11. Investment Credit. The Issuer covenants and agrees that any investment tax credit with respect to the Project or any part thereof shall be made available to the Company, and the Issuer will fully cooperate with the Company in any effort by the Company to avail itself of any such investment tax credit, but, neither the Issuer nor the Trustee shall have any responsibility or liability for the Company's failure to receive any such investment tax credit. The Issuer covenants and agrees that it will cause the Trustee to cooperate in making any investment tax credit available to the Company.

ARTICLE VII.

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.1. Damage and Destruction. Unless the Company shall have elected to exercise its option to purchase the Project pursuant to the provisions of Section 11.3(a), if prior to payment in full of the Bonds the Project is damaged by fire or other casualty to such extent that the claim for loss (including any deductible amount pertaining thereto) resulting from such damage is not greater than \$100,000, the Company shall be obligated to continue to make the rental payments and other payments specified in Section 5.3 hereof. In such event, the Company, or the Issuer at the Company's direction,

(i) shall, except to the extent such damaged property is, in the opinion of the Company, no longer necessary to the operating unity or character of the Project, promptly replace, repair, rebuild or restore the property damaged to substantially the same condition as existed prior to the event causing such damage, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Company and as will not impair operating unity or productive capacity of the Leased Building or change its character to such an extent that its ownership by the Issuer would not be permitted under the laws pursuant to which the Issuer was created, and

(ii) shall apply for such purpose so much as may be necessary of any Net Proceeds of insurance resulting from claims for such losses, as well as any additional moneys of the Company necessary therefor. All Net Proceeds of insurance resulting from claims for such losses not in excess of the amount hereinabove specified in this paragraph and not used to pay expenses incurred under (i) above shall be paid to the Company.

Unless the Company shall have elected to exercise its option to purchase the Project pursuant to the provisions of Section 11.3(a), if prior to payment in full of the Bonds the Project is destroyed or is damaged by fire or other casualty to such extent that the claim for loss resulting from such destruction or damage is in excess of the amount specified in the preceding paragraph, the Company shall be obligated to continue to make the rental payments and other payments specified in Section 5.3 hereof. In the event of such damage or destruction, the Company shall promptly give written notice thereof to the Trustee, and all Net Proceeds of insurance resulting from claims for such losses in excess of the amount specified in the preceding paragraph shall be paid to and held by the Trustee in a trust account and invested in securities of the type referred to in Section 4.10 hereof, whereupon

(i) the Company, or the Issuer at the Company's direction, shall, except to the extent such damaged property is, in the opinion of the Company, no longer necessary to the operating unity or character of the Project, proceed promptly to replace, repair, rebuild or restore the property damaged or destroyed to substantially the same condition as existed prior to the event causing such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Company and as will not impair operating unity or productive capacity of the Leased Building or change its character to such an extent that its ownership by the Issuer would not be permitted under the laws pursuant to which the Issuer was created, and

(ii) the Trustee shall apply so much as may be necessary of the Net Proceeds of such insurance to the payment of the costs of such replacement, repair, rebuilding or restoration, either on completion thereof or as the work progresses, as directed by the Company. Each such direction of the Company shall be accompanied by a certificate of an architect or engineer (who shall be selected by the Company and satisfactory to the Trustee) in charge of the replacing, repairing, rebuilding or restoring, dated not more than thirty (30) days prior to such direction, setting forth in substance that

(a) the sum then directed to be applied either has been paid by the Company, or is justly due, to contractors, subcontractors, materialmen, engineers, architects or other persons who shall have rendered services or furnished materials or improvements for the replacing, repairing, rebuilding or restoring therein specified; the names of such persons; a brief description of such services or materials or improvements and the several amounts so paid or due to each of such persons; and, a statement that none of the costs of the services or materials or improvements described in such certificate has been or is being made the basis of any previous or then pending direction for payment under this Section 7.1 and that the sum then directed to be applied does not exceed the value of the services or materials or improvements described in the certificate, and

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(b) that, except for the amount, if any, stated (pursuant to (a) preceding) in such certificate to be due for services or materials or improvements, there is not outstanding any indebtedness known to the persons signing such certificate which is then due for labor, services, wages, materials, supplies or services in connection with the replacing, repairing, rebuilding or restoring which, if unpaid, might become the basis of recorded vendors', mechanics', laborers', materialmen's or other liens (other than those being contested in good faith as permitted in Section 6.1(c) hereof) upon the Project or any part thereof. The Trustee may conclusively rely upon such direction and shall have no liability or responsibility for payments made pursuant to this Section in reliance thereon. If said Net Proceeds are not sufficient to pay in full the costs of such replacement, repair, rebuilding or restoration, the Company shall nonetheless complete the work thereof and shall pay that portion of the costs thereof in excess of the amount of said Net Proceeds or shall advance to the Issuer and the Trustee the moneys necessary to complete said work, in which case the Issuer shall proceed so to complete the work. The Company shall not, by reason of the payment of such excess costs (whether by direct payment thereof or advances to the Issuer or Trustee), be entitled to any reimbursement from the Issuer or any abatement, diminution or postponement of the rents payable under Section 5.3 hereof.

Any balance of said Net Proceeds remaining after payment of all the costs of such replacement, repair, rebuilding or restoration shall be paid into the Bond Fund. If payment in full of the Bonds has been made, all Net Proceeds shall be paid to the Company.

Section 7.2. Condemnation. Unless the Company shall exercise its option to purchase the Project pursuant to the provisions of Section 11.3(b), if the title in and to, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Company shall be obligated to continue to make the rental payments and other payments specified in Section 5.3 hereof. The Issuer shall cause the Net Proceeds received by it and the Trustee, from any award made in such eminent domain proceeding, to be applied in one or more of the following ways as shall be directed in writing by the Company:

(a) the restoration of the improvements of the Project to substantially the same condition as they existed prior to the exercise of the said power of eminent domain;

(b) the acquisition, by construction or otherwise, by the Issuer of other improvements suitable for the Company's operations at the Project (which improvements will be deemed a part of the Project and available for use and occupancy by the Company without the payment of any rent other than herein provided to the same extent as if such other improvements were specifically described herein and demised hereby); provided, that such improvements will be acquired by the Issuer subject to no liens, security interests or encumbrances prior to the lien or security interests created by this Agreement or the Indenture, other than Permitted Encumbrances; or

(c) payment into the Bond Fund or, if payment in full of the Bonds has been made, to the Company.

Unless the Company shall exercise its option to purchase the Project pursuant to the provisions of Section 11.3(b), within ninety (90) days from the date of entry of a final order in any eminent domain proceeding granting condemnation, the Company shall direct the Issuer and the Trustee in writing as to which of the ways specified in this Section the Company elects to have the condemnation award applied. The direction of the Company shall, in the case of a restoration under Section 7.2(a) or the acquisition or construction of improvements under Section 7.2(b), be accompanied by a certificate similar to that required in the second paragraph of Section 7.1. The Trustee may conclusively rely upon such direction and shall have no liability for payments made pursuant to this Section in reliance thereon.

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

Section 7.3. **Condemnation of Company-Owned Property.** The Company shall be entitled to the proceeds of any condemnation award or portion thereof made for damages to or takings of any property to which it owns fee simple title.

ARTICLE VIII.

SPECIAL COVENANTS

Section 8.1. **No Warranty of Condition or Suitability by the Issuer.** The Issuer makes no warranty, either express or implied, as to the condition of the Project or that it will be suitable for the Company's purposes or needs. The Company releases the Issuer from, agrees that the Issuer shall not be liable for and agrees to hold the Issuer harmless against, any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project or the use thereof, except as caused by the gross negligence or wilful misconduct of the Issuer or any agent thereof.

Section 8.2. **Inspection of the Project.** The Company agrees that the Issuer and the Trustee and their duly authorized agents who are acceptable to the Company shall have the right at reasonable times during business hours to enter upon the Leased Land and to examine and inspect the Project without interference or prejudice to the Company's operations.

Section 8.3. **Company to Maintain its Corporate Existence; Exceptions Permitted.** The Company agrees that so long as any Bonds remain

outstanding it shall maintain its corporate existence and shall not merge or consolidate with any other corporation and shall not, except as to inventory in the ordinary course of business, transfer or convey (except for security) all or substantially all of its property, assets and licenses; provided, however, the Company may, without violating any provision hereof, consolidate with or merge into another domestic corporation (i.e., a corporation incorporated and existing under the laws of one of the states of the United States of America or the District of Columbia) or permit one or more other domestic corporations to consolidate with or merge into it, or transfer all or substantially all of its assets to another domestic corporation, but only on condition that

(a) the transferee corporation or the corporation resulting from or surviving such merger (if other than the Company) or consolidation or the corporation to which such transfer is made is in compliance with the terms of Section 8.4 and shall expressly assume in writing and agree to perform all of the Company's obligations hereunder, and

(b) in connection with any such consolidation, merger or transfer there shall be filed with the Issuer and the Trustee, a letter from an independent certified public accountant (or firm thereof) certifying that immediately after the consummation of such consolidation, merger or transfer the corporation resulting from or surviving such consolidation or merger or the corporation to which such transfer is made will have an aggregate stockholders' equity at least equal to 90% of the aggregate stockholders' equity of the Company immediately preceding such consolidation, merger or transfer.

If the Company is the surviving corporation in such a consolidation or merger, the express assumption referred to in (a) above shall not be required, but the letter of an independent certified public accountant (or firm thereof) shall be filed as indicated in (b) above.

Until the Bonds are paid in full, the Company shall preserve and keep in full force and effect all licenses and permits necessary to the proper conduct of its business.

Section 8.4. Qualification in Alabama. The Company warrants (except as may be otherwise permitted pursuant to the provisions of Section 8.3 above) that it is and throughout the Lease Term it will continue to be a corporation either organized under the laws of the State of Alabama or duly qualified to do business in the State of Alabama as a foreign corporation, as the case may be.

Section 8.5. Financial Information. During the term of this Agreement, the Company will deliver to the Trustee and the Issuer the following:

(i) as soon as available and in any event within 90 days after the close of each fiscal year of the Company, a consolidated balance sheet of the Company and its subsidiaries as of the end of such year and consolidated statements of income and surplus of the Company and its subsidiaries for such year, accompanied by the opinion of independent public accountants for the Company to the effect that the same fairly present the consolidated financial condition of the Company and its subsidiaries as of such date and the results of their operations for such year; and

(ii) within 45 days after the end of each of the first three quarters of each fiscal year of the Company, a consolidated balance sheet of the Company and its subsidiaries as of the close of each such quarter, and consolidated statements of income and surplus of the Company and its subsidiaries for each such quarter and for that part of the fiscal year ending with each such fiscal quarter, all in reasonable detail and certified (subject to audit and normal year-end adjustments) by a proper accounting officer of the Company.

Section 8.6. Granting of Easements. If no event of default shall have happened and be continuing, the Company may at any time or times cause to be granted easements, licenses, rights-of-way (temporary or perpetual and including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property included in the Project and such grant will be free from the lien or security interest created by this Agreement and the Indenture or the Company may cause to be released existing easements, licenses, rights-of-way and other rights or privileges in the nature of easements, held with respect to any property included in the Project with or without consideration and the Issuer agrees that it shall execute and deliver and will cause and direct the Trustee to execute and deliver any instrument necessary or appropriate to confirm and grant or release of any such easement, license, right-of-way or other right or privilege upon receipt of: (i) a copy of the instrument of grant or release; (ii) a written application signed by the president or any vice president of the Company requesting the execution and delivery of such instrument and stating (1) that such grant or release is not detrimental to the proper conduct of the business of the Company, and (2) that such grant or release will not impair the effective use or interfere with the operation of the Project and will not materially weaken, diminish or impair the security intended to be given by or under this Agreement or the Indenture. The Issuer shall not grant any easement with respect to the Leased Land without the prior written consent of the Company.

Section 8.7. Covenants With Respect to Exemption of Interest from Federal Income Taxation. The Bonds are being issued by the Issuer in compliance with the conditions necessary for the interest income of the Bonds to be exempt from Federal income taxation pursuant to the provisions of Section 103(b)(6)(D) of the Code relating to "industrial development bonds" issued as part of an issue the aggregate authorized face amount of which is \$10,000,000 or less and substantially all the proceeds of which are to be used for the acquisition, construction, reconstruction, or improvement of land or property of a character subject to the allowance for depreciation under Section 167 of the Code. It is the intention of the parties hereto that the interest on the Bonds be and remain free from Federal income taxation and to that end the Issuer and the Company do hereby covenant and agree with each other and with the Trustee for the benefit of the holders of the Bonds, present and future, as follows:

(a) that neither of them will cause or permit the proceeds of the Bonds to be used in a manner which will cause the interest on the Bonds to lose the exemption from Federal income taxation described in Section 103(b)(6)(D) of the Code and the applicable Income Tax Regulations thereunder.

(b) No state, territory or possession of the United States of America, nor any political subdivision of any such state, territory or possession, nor the

District of Columbia, nor any agency, authority, instrumentality or corporation of a public or quasi-public nature, has issued any obligations the proceeds of which are to be or have been used primarily with respect to any facilities (i) that are located in the City and (ii) the "principal user" of which facilities was, is or will be the Company or any one or more "related persons" with respect to the Company (as such terms are defined in Section 103(b) of the Code). For purposes of this subsection (b), a contiguous or integrated facility located on both sides of the border between any two or more political jurisdictions shall be considered as being located wholly within each such political jurisdiction. No bonds, notes or other obligations have been or will be, prior to the date of the issuance of the Bond, issued for the benefit of the Company or any "related person" (as defined above) which (i) were, or will be, sold at substantially the same time as the Bonds; (ii) were, or will be, sold pursuant to a plan of marketing that included the sale of the Bonds contemplated by this Agreement; (iii) were or will be, sold at substantially the same interest rate as the interest rate on the Bonds; and (iv) used or had available, or will use or will have available, security for the payment of debt service that is the same as the security for the payment of the Bonds or that pools the security for the payment of the Bonds with other security.

(c) The Company represents that the aggregate principal amount of the Bonds being issued and the capital expenditures made during the three-year period immediately preceding the issuance and delivery of the Bonds (other than those mentioned in Section 103(b)(6)(F) of the Code) with respect to "facilities" described in Section 103(b)(6)(E) of the Code which are located in the City do not exceed \$10,000,000.

(d) The Issuer and the Company further covenant and agree that during the three-year period immediately following the date of the issuance and delivery of the Bonds, neither of them shall make or cause or permit to be made any capital expenditures (other than those mentioned in Section 103(b)(6)(F) of the Code) with respect to "facilities" described in Section 103(b)(6)(E) of the Code which are located or treated as being located in the City, which would cause the interest payable on the Bonds to be or become subject to Federal income taxation.

(e) The Company further covenants and agrees that it will furnish to the Trustee, within 30 days after the filing of its income tax returns for the taxable years 1981, 1982, 1983 and 1984, copies of the supplemental statements required to be filed with such income tax returns pursuant to Section 1.103-10(b)(2)(vi)(c) of the Income Tax Regulations.

(f) The Issuer and the Company further covenant and agree to fully comply, during the term hereof, with all effective published rulings and regulations promulgated by the Department of the Treasury or the Internal Revenue Service, with respect to bonds issued under said Section 103(b)(6)(D) of the Code so as to maintain the tax-exempt status of the interest payable on the Bonds.

Section 8.8. **Event and Determination of Taxability.** An "Event of Taxability" shall mean an event the occurrence of which results in the inclusion of

interest payable on the Bonds in the gross income for federal income tax purposes of any holder of a Bond (other than a holder who is a "substantial user" or a "related person" as such terms are used in Section 103(b) of the Code). A "Determination of Taxability" shall be deemed to have occurred on that date when the Company shall receive notice from the Trustee in writing that the Trustee has been advised by (i) any bondholder that the Internal Revenue Service has assessed as includable in the gross income of such bondholder the interest on his Bonds because of the occurrence of an Event of Taxability, or (ii) the Commissioner or any District Director of Internal Revenue that the interest on any Bond is includable in the gross income of any bondholder because of the occurrence of an Event of Taxability; provided, however, that no Determination of Taxability shall occur and be final (and the 180-day period referred to below shall not commence) unless the Company has been afforded the opportunity, at its expense, to contest any such assessment or conclusion and such contest, if made, has been finally determined.

Upon the occurrence of a final Determination of Taxability, the Company shall have the option, exercisable by the giving of written notice of exercise to the Trustee within 180 days following said occurrence, to purchase the Project on a date specified in the notice of exercise which date shall not be less than sixty (60) days nor more than ninety (90) days following receipt by the Trustee of the written notice of the exercise of said option to purchase. Upon the exercise of said option the purchase price of the Project shall be an amount equal to:

- (a) 100% of the principal amount of the Bonds outstanding on the date of such final Determination of Taxability plus accrued interest thereon to the purchase date; plus
- (b) an additional amount, computed for the period beginning on the date of the Event of Taxability and ending on the purchase date, equal to the difference between (i) the accrued interest paid (if any) on such Bonds at the rate borne by the Bonds and (ii) the accrued interest which would have been paid on such Bonds at the "Taxable Rate" (as defined in Section 202 of the Indenture); plus
- (c) the expenses of redemption and fees and expenses of the Trustee in such capacity and in its capacities as Paying Agent and Bond Registrar.

Upon the exercise by the Company of said option, the Trustee will give notice with respect to and provide for the redemption of all outstanding Bonds on the date of closing of such purchase. Said redemption will be carried out in accordance with the provisions of Article III of the Indenture.

If the Company fails to exercise its option within the 180-day period following the occurrence of a final Determination of Taxability, the interest rate pertaining to the Bonds outstanding on the date of such final Determination of Taxability shall automatically increase to the Taxable Rate retroactively to the occurrence of the related Event of Taxability. Upon the 181st day after the occurrence of a final Determination of Taxability, the Company shall pay to the Trustee for deposit in the Bond Fund an amount equal to the amount which would have been paid under clause (b) above, had an election thereunder been made to purchase the Project on the 180th day, for distribution by the Trustee as appropriate

with respect to the Bonds outstanding during the period to which the final Determination of Taxability relates.

The Company further covenants and agrees to reimburse any bondholders for the amount of any interest and penalties assessed by the Internal Revenue Service and paid by such bondholder as a result of any such final Determination of Taxability, but not including any amounts of interest or penalty resulting from fraud or other acts or omissions on the part of such bondholder or failure to pay when due any such assessment of interest and penalty. Such reimbursement shall be made upon written request (with proof of assessment and payment satisfactory to the Company and the Trustee) delivered by such bondholder to the Company and the Trustee not later than six (6) months from the date of the final Determination of Taxability.

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Section 8.9. **Financial Covenants and Restrictions.** Following the payment or prepayment in full of that certain Promissory Note, dated as of December 2, 1981, between the Company and Manufacturers Hanover Commercial Corporation, the Company hereby covenants and agrees to enter into good faith negotiations with the Trustee to the end of amending this Agreement to include herein financial covenants and restrictions pertaining to the Company which will be no more onerous than those contained in said Note on the date of the payment or prepayment in full thereof. In the event that the Company and the Trustee are unable to agree, within 90 days following the expiration or termination of said Note, upon the form, scope and substance of such financial covenants and restrictions, the financial covenants and restrictions in such Note as of the date of such payment or prepayment shall apply to the Company with the same effect as if set forth in full herein.

Section 8.10. **Grant of Security Interest in Leased Equipment.** As security for the rental payments and other payments which shall be or become due and payable hereunder, the Company hereby grants to the Issuer a security interest covering any right, title or interest which the Company may have in the Leased Equipment and all proceeds thereof and general intangibles relating thereto. The security interest granted in this Section shall terminate when the Bonds are paid in full.

ARTICLE IX.

ASSIGNMENT, SUBLEASING, PLEDGING AND SELLING; REDEMPTION; RENT PREPAYMENT AND ABATEMENT

Section 9.1. **Assignment and Subleasing.** This Agreement may be assigned, in whole or in part, and the Project may be subleased, as a whole or in part, by the Company without the necessity of obtaining the consent of the Issuer or the Trustee, subject, however, to the following conditions:

- (a) no assignment (other than pursuant to Section 8.3 hereof) or sublease shall relieve the Company from primary liability for any of its

obligations hereunder, and if any such assignment occurs the Company shall continue to remain primarily liable for payment of the rents specified in Section 5.3 hereof and for performance and observance of the other agreements on its part herein provided to be performed and observed by it;

(b) the interest of the assignee or sublessee in the Project shall be subject to the obligations of the Company hereunder;

(c) the Company shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Issuer and to the Trustee a true and complete copy of each such assignment or sublease, as the case may be; and

(d) the Company shall reaffirm that the Guaranty shall continue in full force and effect following such assignment or sublease.

Section 9.2. Pledge and Security Interest. Pursuant to the Indenture the Issuer shall create, and assign and pledge to the Trustee, a security interest with respect to its interest in all Pledged Revenues, all as security for the payment of the principal of and interest on the Bonds, but the Indenture and said assignment and pledge shall be subject and subordinate to this Agreement.

Section 9.3. Restrictions on Sale of Project by Issuer. The Issuer agrees that, except for the assignment of this Agreement and the rents, revenues and receipts to be derived hereunder to the Trustee pursuant to the Indenture and except for any assignment or sublease permitted by Section 9.1, it shall not (i) sell, assign, transfer or convey the Project or any interest therein during the Lease Term, (ii) create or suffer to be created any debt, lien or charge on the Pledged Revenues, or (iii) take any other action which might reasonably be construed as tending to cause or induce the levy or assessment of ad valorem taxes on the Project or on its title in and to the Project. If the laws of the State of Alabama at the time permit such action to be taken, nothing contained in this Section shall prevent the consolidation of the Issuer with, or the merger of the Issuer into, or the transfer of the Project as an entirety to, any public corporation whose property and income are not subject to taxation and which has corporate authority to carry on the business of owning and leasing the Project; provided (a) that no such action shall be taken without the prior written consent of the Company, unless such action shall be required by law, (b) that upon any such consolidation, merger or transfer, the due and punctual payment of the principal of and interest on the Bonds according to their tenor, and the due and punctual performance and observance of all the agreements and conditions of this Agreement to be kept and performed by the Issuer, shall be expressly assumed in writing by the corporation resulting from such consolidation or surviving such merger or to which the Project shall be transferred as an entirety, and (c) such consolidation, merger or transfer shall not constitute or result in an Event of Taxability.

Section 9.4. Redemption of Bonds. The Issuer, at the request at any time of the Company and if the same are then redeemable, shall forthwith take all steps that may be necessary under the applicable redemption provisions of the Indenture to effect redemption of all or any portion of the Bonds, as may be specified by the Company, on the earliest applicable redemption date on which such

redemption may be made under such applicable provisions or upon the date set for the redemption by the Company pursuant to Section 11.1 hereof. So long as the Company is not in default hereunder and the Issuer is not obligated to call Bonds pursuant to the terms of the Indenture, the Issuer shall not redeem Bonds prior to their respective maturities unless requested in writing by the Company.

Section 9.5. Prepayment of Rents. On or after December 1, 1983, there is expressly reserved to the Company the right, and the Company is authorized and permitted, at any time it may choose, so long as it is not in default hereunder, to prepay all or any part of the rents payable under Section 5.3 hereof, and the Issuer agrees that the Trustee shall accept such prepayment when the same is tendered by the Company. All such prepayments shall be credited on the rents specified in Section 5.3, in the chronological order of their due dates, and at the election of the Company shall be used for the redemption or purchase of Bonds in the manner and to the extent provided in the Indenture.

Section 9.6. Rent Abatements if Bonds Paid Prior to Maturity. If at any time the aggregate moneys in the Bond Fund are sufficient to retire, in accordance with the terms of the Indenture, all of the outstanding Bonds and to pay all fees and charges of the Trustee due or to become due through the date on which the last of the Bonds is to be retired, under circumstances not resulting in default hereunder, then, at the election of the Company (i) the Company shall be entitled to use and occupy the Project from the date on which such aggregate moneys are in the Bond Fund to and including midnight on December 1, 1996, without the payment of rent during that interval (but otherwise on the terms and conditions hereof), or (ii) the Company may instruct the Issuer to redeem the Bonds, may terminate this Agreement and the Lease Term, and purchase the Project pursuant to Section 12.1.

Section 9.7. Reference to Bonds Ineffective After Bonds Paid. Upon payment in full of the Bonds and all fees and charges of the Trustee, all references in this Agreement to the Bonds and the Trustee shall be ineffective and neither the Trustee nor the holders of any of the Bonds shall thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested and any rights of the Issuer or the Trustee to payment of expenses under Section 6.8 hereof or to indemnification under Sections 6.9 and 6.10, which rights shall survive the payment of the Bonds and the termination of this Agreement. Reference is hereby made to Section 902 of the Indenture which sets forth the conditions upon the existence or occurrence of which payment in full of the Bonds shall be deemed to have been made.

ARTICLE X.

EVENTS OF DEFAULT AND REMEDIES

Section 10.1. Events of Default Defined. The following shall be "events of default" under this Agreement and the term "event of default" shall mean, whenever used in this Agreement, any one or more of the following events:

(a) failure by the Company to pay the rents required to be paid under Section 5.3 hereof within 10 days of the times specified therein;

(b) failure by the Company to observe and perform any covenant, condition or agreement of this Agreement on its part to be observed or performed, other than as referred to in subsection (a) of this Section, for a period of forty-five (45) days after written notice, specifying such failure and requesting that it be remedied, given to the Company by the Issuer or the Trustee, unless the Issuer and the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Issuer and the Trustee will not unreasonably withhold their consent to an extension of such time if it is possible to correct such failure and corrective action is instituted by the Company within the applicable period and diligently pursued until the default is corrected;

(c) any material representation or warranty by the Company contained in this Agreement proves false or misleading in any material respect as of the date of the making or furnishing thereof;

(d) the Company shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of the Company or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (vi) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against the Company in an involuntary case under said Federal Bankruptcy Code, or (vii) take any corporate action for the purpose of effecting any of the foregoing;

(e) a proceeding or case shall be commenced, without the application or consent of the Company, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution, winding-up, or composition or readjustment of debts, of the Company, as the case may be, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of the Company, as the case may be, or of all or any substantial part of its assets, (iii) similar relief in respect of the Company, as the case may be, under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of sixty (60) days from commencement of such proceeding or case, or an order for relief against the Company shall be entered in an involuntary case under said Federal Bankruptcy Code;

(f) any "event of default" under that certain Promissory Note, dated as of December 30, 1981, between the Company and Manufacturers Hanover Commercial Corporation, shall have occurred and be continuing; or

(g) if at any time during the Lease Term Mr. William Riley and/or Mr. Pierce E. Marks, Jr. or the members of the immediate family of either of them shall possess less than 51 percent of the combined voting power of all classes of stock of the Company entitled to vote.

The foregoing provisions of this Section are subject to the following limitations: If by reason of force majeure the Company is unable in whole or in part to carry out the agreements on its part herein contained, other than the obligations on the part of the Company contained in Article V and Sections 6.4, 6.5, 8.8 and 12.2 hereof, the Company shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God, strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States of America or of the State of Alabama or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Company. The Company agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the Company from carrying out its agreements; provided, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Company, and the Company shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Company, unfavorable to the Company.

The foregoing provisions of this Section 10.1 are also subject to the following limitations: A default in the performance or observance of any covenant, agreement or condition on the part of the Company in this Agreement pertaining, directly or indirectly to the tax-exempt status of the Bonds shall not constitute an "event of default" hereunder, but shall be exclusively governed by the provisions of Sections 8.8 and 12.1 hereof. Failure by the Company to comply with the provisions of Sections 8.8 and 12.1 hereof shall, however, constitute a default in the performance or observance of an agreement on the part of the Company and upon failure to correct the same after notice thereof pursuant to Section 10.1(b) hereof shall constitute an "event of default" hereunder.

Section 10.2. Remedies on Default. Whenever any event of default referred to in Section 10.1 hereof shall have happened and be subsisting, the Issuer, or the Trustee as provided in the Indenture, may take any one or more of the following remedial steps (provided, however, that upon the occurrence of any event of default referred to in subsection (d) or (e) of Section 10.1, all amounts payable as rent under Section 5.3 hereof for the remainder of the Lease Term shall immediately become due and payable without any act or action on the part of either the Issuer or the Trustee):

(a) the Issuer or the Trustee may, at its option, declare all installments of rent payable under Section 5.3 hereof for the remainder of the Lease Term to be immediately due and payable, whereupon the same shall become immediately due and payable. If the Issuer or the Trustee elects to

exercise the remedy afforded in this Section 10.2(a) and accelerates all rents payable under Section 5.3 hereof for the remainder of the Lease Term, the amount then due and payable by the Company as accelerated rents shall be the sum of (1) the aggregate principal amount of the outstanding Bonds, and (2) all interest on the Bonds then due and to become due to maturity at the rate in effect on the date of such acceleration, whether by acceleration or otherwise. Such sums as may then become payable shall be paid into the Bond Fund and after the Bonds and accrued interest thereon have been fully paid and any costs occasioned by such default have been satisfied, any excess moneys in the Bond Fund shall be returned to the Company as an overpayment of rents;

(b) the Issuer or the Trustee may re-enter and take possession of the Project without terminating the Lease Term and without any liability to the Company for such entry and repossession, and sublease the Project for the account of the Company, holding the Company liable for the difference in the rents and other amounts payable by such sublessee in such subleasing and the rents and other amounts payable by the Company hereunder;

(c) the Issuer or the Trustee may require the Company to assemble the Leased Equipment and make the same available on the Leased Land or in the Leased Building and shall have the right, without notice, demand or legal process, to come upon the Leased Land and take possession of all or any of the Leased Equipment in such manner and as and on such terms as it may choose, and otherwise the Issuer or the Trustee may exercise with respect to the Leased Equipment the rights of a secured party under the Uniform Commercial Code of the State of Alabama as now or hereafter amended;

(d) the Issuer or the Trustee may terminate the Lease Term, exclude the Company from possession of the Project and use its best efforts to lease or sell the Project to another for the account of the Company, holding the Company liable for all rents and other amounts payable by the Company hereunder up to the effective date of such leasing or sale;

(e) if any of the Bonds shall at the time be outstanding, the Issuer or the Trustee may require the Company to furnish copies of all books and records of the Company pertaining to the Project;

(f) the Issuer or the Trustee may take whatever action at law or in equity may appear necessary or desirable to collect the rents and other payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Company under this Agreement; and

(g) the Issuer or the Trustee may exercise any remedies provided for in the Indenture and with respect to any security interest the rights of a secured party under the Uniform Commercial Code of the State of Alabama as now or hereafter amended.

Any amounts collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if payment in full of the Bonds and the payment of any costs occasioned by an event of default hereunder has been made, to the Company.

Section 10.3. **No Remedy Exclusive.** Except as provided in Section 8.8, 10.1 and 12.1, no remedy herein conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon the occurrence of any event of default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice or notices as may be herein expressly required. Such remedies as are given to the Issuer hereunder shall also extend to the Trustee, and the Trustee and the holders of the Bonds shall be deemed third party beneficiaries of all covenants and agreements herein contained.

Section 10.4. **Agreement to Pay Attorneys' Fees and Expenses.** If the Company should default under any of the provisions of this Agreement and the Issuer or the Trustee should employ attorneys or incur other expenses for the collection of rents or the enforcement of performance or observance of any obligation or agreement on the part of the Company herein contained, the Company agrees that it shall on demand therefor pay to the Issuer or the Trustee the reasonable fee of such attorneys and such other reasonable expenses so incurred by the Issuer or the Trustee.

Section 10.5. **No Additional Waiver Implied by One Waiver.** If any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE XI.

OPTIONS IN FAVOR OF COMPANY

Section 11.1. **Option to Prepay.** On or after December 1, 1983, the Company shall have the option to prepay all or a portion of the rents and other payments due hereunder at any time prior to payment in full of the Bonds, and may terminate the Lease Term by giving the Issuer notice in writing of such termination and by paying to the Trustee an amount which, when added to the funds in the Bond Fund, will be sufficient to pay, retire and redeem all of the outstanding Bonds in accordance with the provisions of the Indenture (including, without limiting the generality of the foregoing, principal, interest to maturity or earliest applicable redemption date, as the case may be, expenses of redemption and the Trustee's and Paying Agents' fees and expenses), and, in case of redemption, making arrangements satisfactory to the Trustee for the giving of the required notice of redemption. If the Company shall elect to prepay in full all rents due hereunder, the Company shall be obligated to purchase the Project pursuant to Section 12.1 hereof.

Section 11.2. **Option to Purchase Unimproved Land.** The Company shall have, and is hereby granted an option to purchase any unimproved portion of the Leased Land (on which neither the Leased Building nor any Leased Equipment is located but on which parking, transportation or utility facilities may be located) at any time and from time to time at a purchase price per acre of \$ 13,000, provided that it furnishes the Issuer with the following: *J.M. Jones*

(a) a notice in writing containing (i) an adequate legal description of that portion of, or interest in, the Leased Land with respect to which such option is to be exercised, (ii) a statement that the Company intends to exercise its option to purchase such portion of, or interest in, the Leased Land on a date stated, which shall not be less than forty-five (45) nor more than ninety (90) days from the date of such notice, and (iii) a statement that the use to which it is intended that such portion of, or interest in, the Leased Land is to be devoted will promote at least one of the public purposes of the Issuer;

(b) a certificate of an Independent Engineer who is acceptable to the Trustee, dated not more than ninety (90) days prior to the date of the purchase and stating that, in the opinion of the person signing such certificate, (i) the portion of, or interest in, the Leased Land with respect to which the option is exercised is not needed for the operation of the Project for the purpose hereinabove stated or that sufficient right and title is reserved to the Issuer to fulfill said needs, and (ii) the purchase will not impair the usefulness of the Leased Building as an industrial facility and will not destroy the means of ingress thereto and egress therefrom; and

(c) an amount of money equal to the purchase price computed as provided in this Section.

The Issuer agrees that upon receipt of the notice, certificate and money required in this Section to be furnished to it by the Company, the Issuer will promptly deliver the same to the Trustee for deposit in the Bond Fund and secure from the Trustee appropriate document(s) of conveyance and a release from the lien or security interests afforded by this Agreement and the Indenture of such portion of, or interest in, the Leased Land with respect to which the Company shall have exercised the option granted to it in this Section subject to any right and title reserved in and to the Issuer and that thereafter such portion or interest shall not be deemed to be a part of the Leased Land. If the Company shall exercise the option granted to it under this Section the Company shall not be entitled to any diminution in or postponement or abatement of the rents payable under Section 5.3 hereof.

If the Company purchases any unimproved part of, or interest in, the Leased Land pursuant to the provisions of the preceding paragraph, the Company and the Issuer agree that all walls presently standing or hereafter erected on or contiguous to the boundary line of the portion of, or interest in, the Leased Land so purchased shall be party walls and each party grants the other a 10-foot easement adjacent to any such party wall for the purpose of inspection, maintenance, repair and replacement thereof and the tying-in of new construction. If the Company utilizes any party wall for the purpose of tying-in construction that will be utilized under common control with the Project, the Company may also tie into the utility facilities on the Leased Land for the purpose of serving the new construction and

may remove any non-loadbearing wa'l panels in the party wall; provided, however, that if the property so purchased ceases to be operated under common control with the Project, the Company covenants that it will install non-loadbearing wall panels similar in quality to those that have been removed and will provide separate utility services for the new construction.* No wall may be so utilized by the Company unless prior thereto the Issuer has been furnished with a certificate of an Independent Engineer acceptable to the Trustee stating that the proposed utilization will not impair the utility of the Project for the purposes for which it was designed to be used or most recently modified.

Section 11.3. Option to Purchase Project Under Certain Conditions.

The Company shall have, and is hereby granted, the option to purchase the Project prior to the expiration of the Lease Term and prior to payment in full of the Bonds, if any of the following events shall have occurred:

(a) the Project shall have been damaged or destroyed to such an extent that, in the judgment of the Company, (i) it cannot be reasonably restored within a period of three (3) consecutive months to the condition thereof immediately preceding such damage or destruction, (ii) the Company is thereby prevented from carrying on its normal operations at the Project for a period of three (3) consecutive months, (iii) the cost of restoration thereof would exceed by ^{at least} \$100,000 the Net Proceeds of insurance carried thereon pursuant to the requirements of Section 6.5, plus the amounts for which the Company is self-insured with respect to deductible amounts permitted under Section 6.5, or (iv) it would not be economically feasible for the Company to replace, repair, rebuild or restore the same;

(b) title in and to, or the temporary use of, all or substantially all of the Project shall have been taken under the exercise of the power of eminent domain by any governmental authority, or person acting under governmental authority (including such taking as, in the judgment of the Company, results in the Company being thereby prevented from carrying on its normal operations at the Project for a period of three (3) consecutive months);

(c) as a result of any changes in the Constitution of the State or the Constitution of the United States of America or by legislative or administrative action (whether State or Federal) or by final decree, judgment, decision or order of any court or administrative body (whether State or Federal), this Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed herein;

(d) unreasonable burdens or excessive liabilities shall have been imposed on the Issuer or the Company with respect to the operation of the Project, including, without limitation, Federal, State or other ad valorem, property, income or other taxes not being imposed on the date hereof which, in the judgment of the Company, would prevent the Company from carrying on its normal operations at the Project for a period of three (3) consecutive months;

(e) changes which the Company cannot reasonably control or overcome in the economic availability of materials, supplies, labor, equipment and other properties and things necessary for the efficient operation of the Project for the purposes contemplated by this Agreement shall have occurred or technological changes which the Company cannot reasonably overcome shall have occurred which, in the judgment of the Company, render the continued operation of the Project uneconomic for such purposes;

(f) legal curtailment of the Company's use and occupancy of all or substantially all of the Project for any reason other than that set forth in subsection (b), which curtailment shall, in the judgment of the Company, prevent the Company from carrying on its normal operations at the Project for a period of three (3) consecutive months; or

(g) this Agreement is terminated prior to the expiration of the Lease Term for any reason other than the occurrence of an event of default.

To exercise such option, the Company (i) shall, within ninety (90) days following the event giving rise to the Company's desire to exercise such option, deliver to the Issuer and to the Trustee a certificate, executed by an officer of the Company, stating (A) the event giving rise to the exercise of such option, (B) that the Company has directed the Trustee to redeem all of the Bonds in accordance with the provisions of the Indenture, (C) the date of closing such purchase, which date shall be not less than forty-five (45) days nor more than ninety (90) days from the date such notice is mailed; and (ii) shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption.

The purchase price which shall be paid to the Trustee by the Company upon its exercise of the option granted in this Section shall be the sum of the following:

(i) an amount of money which, when added to the moneys in the Bond Fund, will be sufficient to pay and redeem all of the then outstanding Bonds on the earliest applicable redemption date including, without limitation, principal plus accrued interest thereon to said redemption date, plus

(ii) an amount of money equal to the Trustee's and the paying agents' fees and expenses under the Indenture accrued and to accrue until such final payment and redemption of the Bonds, plus

(iii) the sum of TEN DOLLARS (\$10.00) which shall be paid by the Trustee to the Issuer.

Upon the exercise of the option granted in this Section any Net Proceeds of insurance or condemnation awards shall be paid to the Company.

Section 11.4. **Conveyance on Purchase.** At the closing of the purchase of the Project pursuant to Article XII hereof or pursuant to the exercise of

any option to purchase granted in Section 8.8 or this Article XI, the Issuer will upon receipt of the purchase price deliver to the Company the following:

(a) if the Indenture shall not at the time have been satisfied in full, a release by the Trustee (including appropriate U.C.C. Termination Statements) from the lien or security interest of the Indenture of the property with respect to which such purchase is being consummated; and

(b) if the Indenture shall have been satisfied in full, a release by the Trustee (including appropriate U.C.C. Termination Statements) from all liens and security interests of the Indenture and such evidence of the termination of the Indenture as the Company may reasonably request; and

(c) documents conveying to the Company good and marketable fee simple title in and to the property with respect to which such purchase is being consummated, as such property then exists, subject only to the following: those liens, security interests and encumbrances (if any) to which such title in and to said property was subject when conveyed to the Issuer, (ii) those liens, security interests and encumbrances created by the Company or to the creation or suffering of which the Company consented, (iii) those liens, security interests and encumbrances resulting from the failure of the Company to perform or observe any of the agreements on its part contained in this Agreement, and (iv) Permitted Encumbrances other than the Indenture.

ARTICLE XII.

OBLIGATIONS OF COMPANY

Section 12.1. **Obligation to Purchase Project.** The Company hereby agrees to purchase, and the Issuer hereby agrees to sell, the Project for ten dollars (\$10.00) at the expiration or sooner termination of the Lease Term following payment in full of the Bonds. The obligations specified in this Section shall be and remain prior and superior to the Indenture and may be exercised whether or not the Company is in default hereunder provided that such default will not result in nonfulfillment of any condition to this right. Upon payment in full of the Bonds the Trustee shall deliver and release to the Company the Limited Warranty Deed and Bill of Sale described in Section 3.4 hereof.

Section 12.2. **Obligation to Purchase Project Under Certain Circumstances.** Should there occur a final "Determination of Taxability", as defined in Section 8.8 hereof and the Company thereafter exercises its option to purchase the Project as specified in said Section, the Company agrees to purchase and the Issuer hereby agrees to sell the Project. The purchase price which shall be paid to the Trustee by the Company shall be the amount set forth in said Section 8.8. The terms of such purchase and sale are specified more fully in said Section 8.8.

From the occurrence of a final Determination of Taxability and up to and including the day which follows such occurrence by 180 days, any option which

the Company otherwise might have to purchase the Project or to have the Issuer redeem the Bonds pursuant to any other provision of this Agreement or the Indenture shall be superseded by the provisions of Section 8.8 hereof and this Section. The obligation of the Company contained in this Section 12.2 shall be the sole remedy available to the Trustee and the bondholders and the Issuer upon the occurrence of a final Determination of Taxability. Upon the payment of the purchase price described herein, this Agreement and the Lease Term shall terminate.

ARTICLE XIII.

MISCELLANEOUS

Section 13.1. **Notices.** All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

(a) If to the Issuer - The Industrial Development Board
of the Town of Pelham
City Hall
Attention: Chairman
Pelham, Alabama 35124

(b) If to the Company - Moore-Handley, Inc.
P. O. Box 2607
Birmingham, Alabama 35202
Attention: President

with a copy to: c/o Old Lyme Corporation
717 Fifth Avenue
New York, New York 10022

and a copy to: Barry R. Bryan, Esq.
Debevoise & Plimpton
299 Park Avenue
New York, New York 10171

(c) If to the Trustee - First Alabama Bank of Birmingham
Attention: Corporate Trust
Department
P.O. Box 10247
Birmingham, Alabama 35202

A duplicate copy of each notice, certificate or other communication given hereunder by either the Issuer, the Company or the Trustee to any one of the others shall also be given to all of the others and to the original purchasers of the Bonds, as long as they remain the registered owners of the same, at the addresses of said original purchasers shown on the registration books of the Trustee. The Issuer, the

Company and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 13.2. **Binding Effect.** This Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Company and their respective successors and assigns.

Section 13.3. **Severability.** If any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.4. **Amounts Remaining in Bond Fund.** It is agreed by the parties hereto that, subject to and in accordance with the terms and conditions of Section 510 of the Indenture, certain surplus moneys remaining in the two accounts in the Bond Fund shall belong to and be paid to the Company by the Trustee as an overpayment of rents.

Section 13.5. **Amendments, Changes and Modifications.** Except as otherwise provided in this Agreement or in the Indenture, subsequent to the initial issuance of Bonds and prior to their payment in full, this Agreement may not be effectively amended, changed, modified, altered or terminated without the concurring written consent of the Trustee.

Section 13.6. **Execution Counterparts.** This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.7. **Captions.** The captions and headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions of this Agreement.

Section 13.8. **Recording of Agreement.** This Agreement and every assignment and modification hereof shall be recorded in the Office of the Judge of Probate of Shelby County, Alabama, or in such other office as may be at the time provided by law as the proper place for such recordation.

Section 13.9. **Law Governing Construction of Agreement.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Alabama.

Section 13.10. **Net Lease.** This Agreement shall be deemed a "net lease", and the Company shall pay absolutely net during the term of this Agreement the rents specified herein, without abatement, deduction or set-off other than those herein expressly provided.

IN WITNESS WHEREOF, the Issuer and the Company have caused this Agreement to be executed in their respective corporate names and their respective corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE TOWN OF PELHAM**

(CORPORATE SEAL)

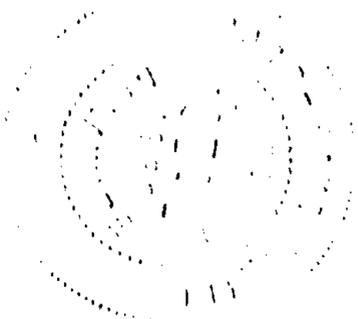
By: *[Signature]*
Chairman of the Board of Directors

Attest:

[Signature]
Secretary

(Execution by the Company appears on page 40.)

BOOK 337 PAGE 107



(CORPORATE SEAL)

MOORE-HANDLEY, INC.

By: *[Signature]*
Title: *[Signature]*

Attest:

[Signature]
Title: *[Signature]*

BOOK 337 PAGE 108

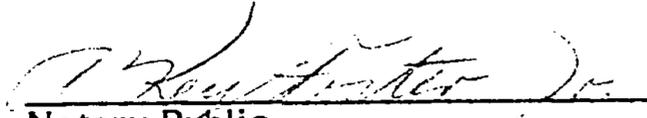
ACKNOWLEDGMENT OF ISSUER

STATE OF ALABAMA

COUNTY OF SHELBY

I, the undersigned, a Notary Public in and for said County in said State, do hereby certify that Daniel M. Spitler, whose name as Chairman of the Board of Directors of The Industrial Development Board of the Town of Pelham is signed to the foregoing Lease Agreement, and who is known to me and known to be such officer, acknowledged before me under oath that, being informed of the contents of said Lease Agreement he, in his capacity as such officer and with full authority, executed the same voluntarily for and as the act of said Industrial Board.

Given under my hand and seal of office this 28th day of December, 1981.


Notary Public

(SEAL)

My commission expires:

1/14/84

BOOK 337 PAGE 109

ACKNOWLEDGMENT OF COMPANY

STATE OF Alabama

COUNTY OF Shelby

I, the undersigned, a Notary Public in and for said County in said State, do hereby certify that Pierce Marks Jr., whose name as President of Moore-Handley, Inc., is signed to the foregoing Lease Agreement, and who is known to me and known to be such officer, acknowledged before me under oath that, being informed of the contents of said Lease Agreement he, in his capacity as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and seal of office this 29 day of December, 1981.

Donna K. Falkner
Notary Public

(SEAL)

My commission expires:

My Commission Expires December 1, 1985

BOOK 337 PAGE 110

EXHIBIT "A"

to

Lease Agreement between

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE TOWN OF PELHAM**

and

MOORE-HANDLEY, INC.
dated as of December 1, 1981

DESCRIPTION OF LEASED LAND

A parcel of land located in the SW 1/4 of the SW 1/4 of Section 13, and the SE 1/4 of the SE 1/4 of Section 14, all in Township 20 South, Range 3 West, Shelby County, Alabama, more particularly described as follows: Commence at the Southwest corner of said Section 13, thence in an Easterly direction along the South line of said Section 13, a distance of 764.69 feet to the intersection of said Section line and the Westerly right-of-way line of U. S. Highway 31; thence 102 deg. 18 min. left in a Northwesterly direction along said right-of-way a distance of 662.23 feet to the point of beginning; thence continue along last described course a distance of 655.57 feet; thence 77 deg. 42 min. left in a Westerly direction a distance of 848.51 feet to the Easterly right-of-way line of the Old Ashville-Montevallo Highway; thence 90 deg. 12 min. left in a Southerly direction along the Easterly right-of-way line of said Highway, a distance of 249.15 feet; thence 6 deg. 24 min. left in a Southeasterly direction along said right-of-way a distance of 283.08 feet; thence 90 deg. 11 min. 36 sec. left in a Northeasterly direction a distance of 313.80 feet; thence 90 deg. right, in a Southeasterly direction a distance of 222.33 feet; thence 90 deg. left in a Northeasterly direction a distance of 621.22 feet to the point of beginning; being situated in Shelby County, Alabama.

(Subject to Permitted Encumbrances as described in the Agreement.)

EXHIBIT "B"

to

Lease Agreement between

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE TOWN OF PELHAM**

and

MOORE-HANDLEY, INC.
dated as of December 1, 1981

DESCRIPTION OF LEASED EQUIPMENT

BOOK 337 PAGE 112

PELHAM ADMINISTRATION

01 ALABAMA

PLT	GL	MD	VA	ASSET NUMBER	CAP JOB NO	DESCRIPTION OF ASSET	COST BASIS	ACCUMULATED RESERVE	DATE ACORD	EST. LIFE
MZB	B000	5	78	78M6700104099		PAVING - PELHAM	26,869	4,726	06-78	20-00
MZB	B000	5	79	79M6700103099		PAVING - PELHAM	3,420	389	07-79	19-00
MZB	B000	5	80	80M6700103099	000081-208	DRAINAGE IMPROVEMENTS	5,986	302	11-80	20-00
MZB	B000	5	80	80M6700103099	000081-209	LANDSCAPING	16,196	759	12-80	20-00
MZB	B000	5	81	81M6700102099	000081-209	LANDSCAPING	1,088	12	08-81	20-00
MZB	D000	5	81	81M6700103099	000081-208	REEXCATE & PAVE PELHAM YARD DEPT 7403	10,117	339	03-81	20-00

000

63,676

6,527

MZB B

63,676

6,527

MZB	C000	5	68	68M6700115099		IMPROV - PELHAM	109,238	84,987	10-68	17-00
MZB	C000	5	68	68M6700120099		IMPROV PELHAM	1,686	1,334	06-68	17-04
MZB	C000	5	69	69M6700113099		IMPROVEMENTS - PELHAM	21,256	16,921	01-69	16-09
MZB	C000	5	70	70M6700121099		IMPROVEMENTS - PELHAM	5,156	5,156	07-70	10-00
MZB	C000	5	72	72M6700118099		WHSE IMP - PELHAM	258,083	212,746	01-72	12-00
MZB	C000	5	72	72M6700122099		COMPUTER FLOOR & PARTITIONS - PELHAM	2,092	1,466	10-72	13-00
MZB	C000	5	72	72M6700123099		STORAGE RACKS - PELHAM	1,246	1,134	11-72	10-00
MZB	C000	5	75	75M6700119099		REMODEL PRINT SHOP	1,004	1,004	05-75	05-00
MZB	C000	5	81	81M6700003099	000081-216	BLOG IMPROVEMENTS - AERESOL STOR ROOM	17,549	1,004	11-81	20-00

000

417,310

327,036

MZB C

417,310

324,648

MZB	R000	5	67	67M1100349099		6-2553-30 KEY PUNCH DESKS	495	462	12-67	15-00
MZB	R000	5	67	67M1100250099		3#2553 KP DESKS 6 #1405 DESK TRAYS	328	306	08-67	15-00
MZB	R000	5	68	68M1100338099		2553-11 KEY PUNCH DESKS -3	301	256	06-68	15-00
MZB	R000	5	69	69M1100248099		3-KEY PUNCH DESKS	274	181	12-69	15-00
MZB	R000	5	70	70M1100201099		CHAIRS 5 SIDE & 2 ARM	373	361	09-70	10-00
MZB	R000	5	70	70M1100299099		TABLES	174	160	10-70	10-00
MZB	R000	5	70	70M1100312099		BOOKCASE	191	120	07-70	15-00
MZB	R000	5	70	70M1100315099		CHAIR	138	127	10-70	10-00
MZB	R000	5	71	71M1100231099		STLCSSE DSK 22021 9201-1218-2633	278	160	04-71	15-00
MZB	R000	5	71	71M1100231099		STLCSSE DSK 32021 9201-1218-2633	278	152	10-71	15-00
MZB	R000	5	71	71M1100231099		STELCASE DESK & FILE W/ LOCK #1705-L	578	384	12-72	15-00
MZB	R000	5	72	72M1100204099		STLCSSE DESK 9201-1218-2633	360	216	12-72	15-00
MZB	R000	5	72	72M1100234099		STLCSSE EXEC DESK 329041-W 9201-1218-2633	349	222	05-72	15-00
MZB	R000	5	72	72M1100244099		1 EXEC CHAIR 1 SIDE CHAIR	159	159	02-72	10-00
MZB	R000	5	72	72M1100328099		2 METALSTAND EXEC POSTURE CHAIRS	245	218	01-72	10-00
MZB	R000	5	72	72M1100335099		2 METALSTAND CHAIRS #885	245	207	08-72	10-00
MZB	R000	5	73	73M1100236099		SEC DESK 32021 SIR 32342	418	352	10-73	10-00

PELHAM ADMINISTRATION

01 ALABAMA

PLT	GL	MD	YA	ASSET NUMBER	CAP	JOB NO	DESCRIPTION OF ASSET	COST BASIS	ACCUMULATED RESERVE	DATE ACORD	EST. LIFE
MZB	R000	5	73	73M1100239099			DESK & WING #32041-SIL #32A47-RH	417	374	03-73	10-00
MZB	R000	5	73	73M1100240099			STECSE SEC DESK #32021-SIR-32345	404	371	01-73	10-00
MZB	R000	5	73	73M1100252099			DESK #32021	298	248	03-73	10-00
MZB	R000	5	73	73M1100265099			25 TABLES 100 CHAIRS CAFETERIA	4,126	3,629	01-73	10-00
MZB	R000	5	73	73M1100320099			1775 L SILCSE FILE LOCK 2 DRAWER	78	55	01-73	10-00
MZB	R000	5	73	73M1100323099			DRAFTING TABLE 42 PARALLEL BAR	114	77	04-73	10-00
MZB	R000	5	73	73M1100325099			CHAIR	152	104	03-73	10-00
MZB	R000	5	73	73M1100337099			2 STEELCASE CHAIRS	257	204	02-73	10-00
MZB	R000	5	74	74M1100237099			VICTOR 4 DRAWER D LABEL FILES 5410 BLACK	354	273	12-74	10-00
MZB	R000	5	74	74M1100255099			SHELVING SA 12-0246-0E	288	204	07-74	10-00
MZB	R000	5	75	75M1100208099			209 CLARIDGELECTUM	418	252	12-75	10-00
MZB	R000	5	75	75M1100220099			CONFERENCE TABLE 16X5	703	383	12-75	10-00
MZB	R000	5	75	75M1100221099			STEEL DSK W/ MATCHING CREDENZA	1,257	724	12-75	10-00
MZB	R000	5	75	75M1100266099			TABLES CHAIRS SOFA	5,142	3,057	12-75	10-00
MZB	R000	5	75	75M1100533099			380 SQ YARDS CUMMARRON CARPET	4,271	3,126	12-75	08-00
MZB	R000	5	79	79M1100266099			OFFICE PARTITIONS	8,000	800	05-79	10-00
MZB	R000	5	79	79M1100267099			OFFICE PARTITIONS	8,000	800	05-79	10-00
MZB	R000	5	79	79M1100269099			OFFICE PARTITIONS	2,907	261	07-79	10-00
MZB	R000	5	80	80M1100114099			OFFICE FURNITURE - PANELS-56	16,000	4,709	07-80	10-00
MZB	R000	5	80	80M1100119099			36X72 DESK & CREDENZA	1,220	126	09-80	10-00
MZB	R000	5	80	80M1100121099			SONY T.V. & VIDEO INSTRUCTION EQUIP	2,446	264	11-80	10-00
000								43,135	20,745		
								52,178	22,358		
MZB	R										
MZB	T000	5	63	63M1100366099			IBM EXEC ELEC TYPEW M#4118 S#2154499	326	326	10-63	09-00
MZB	T000	5	63	63M1100367099			SEL TYPEW IBM S#4394063	245	245	09-63	08-00
MZB	T000	5	66	66M1100342099			FOLDING MACH-MAIL M#1800 S#30740	511	511	03-66	10-00
MZB	T000	5	66	66M1100343099			MAILING MACH S#13366 M#4351	1,442	1,442	03-66	08-00
MZB	T000	5	66	66M1100381099			IBM SEL TYPEW S#4412722	280	280	03-66	08-00
MZB	T000	5	66	66M1100382099			IBM SEL TYPEW S#4412722	262	262	01-66	10-00
MZB	T000	5	65	65M1100383099			DICTAPHONE SPE MODEL TA-7	262	262	01-66	10-00
MZB	T000	5	72	72M1100409099			IBM SELECTRIC TYPEWRITER #2109144	691	691	10-72	08-00
MZB	T000	5	72	72M1100409099			IBM SELECTRIC TYPEWRITER #2109144	814	814	02-72	05-00
MZB	T000	5	72	72M1100630099			2 CALCULATORS #4180081 & #4140728	814	814	02-72	05-00
MZB	T000	5	73	73M1100639099			6 ELECTRONIC CALCULATORS	1,494	1,494	05-73	05-00
MZB	T000	5	73	73M1100639099			5 ELECTRONIC PRINTING CALCULATORS	1,804	1,804	09-73	05-00
MZB	T000	5	73	73M1100639099			POSTING SCALES DM FXZ 3770-0416-70	735	735	11-75	10-00
MZB	T000	5	75	75M1100355099			IBM ELEC TYPE D #6124261	365	343	02-75	05-00
MZB	T000	5	75	75M1100401099			IBM TYPEW D #8317654	420	339	04-75	08-00
MZB	T000	5	76	76M1100402099			IBM TYPEWRITER #2858680	570	413	02-76	08-00
MZB	T000	5	76	76M1100416099			CHECK SIGNER & TABLE	642	301	11-76	10-00
MZB	T000	5	79	79M1100415099			IBM 13" DUAL PITCH TYPEWRITER #1120404	675	334	07-79	05-00
000								11,276	10,360		
								10,394	10,394		

PELHAM ADMINISTRATION 01 ALABAMA

PLT	GL	MD	YA	ASSET NUMBER	CAP	JOB	NQ	DESCRIPTION OF ASSET	COST BASIS	ACCUMULATED RESERVE	DATE ACORD	EST. LIFE
MZ8	V	000						SYSTEM SEVEN COMPUTER	34,081	32,109	09-77	03-00
MZ8	V	000	5	77	77M1100471099			DUAL DATA STATIONS KEY PUNCH MACHINES-2	40,902 6,818	10,909 6,818	11-78	03-00
MZ8	V	000	5	78	78M1100470099			DISK DRIVES #3340X3344	66,807	37,591	02-79	05-00
MZ8	V	000	5	79	79M1100467099			MSI INVENTORY RECORDERS	6,444	3,509	03-79	05-00
MZ8	V	000	5	79	79M1100468099			COMPUTER FIRE PROTECTION EQUIPMENT	3,919	595	05-80	10-00
MZ8	V	000	5	80	80M1100101099			COMPUTER FIRE PROTECTION EQUIPMENT	3,919	535	07-80	10-00
MZ8	V	000	5	80	80M1100115099							
MZ8	V	000	5	76	76M1100268099			DAVIDSON DUAL LITH PRESS SN 1810	181	181	12-63	10-00
MZ8	V	000	5	76	76M1100474099			PUNCHING MACHINE	1,386	1,386	04-64	10-00
MZ8	V	000	5	76	76M1100549099			VF 11P NUARC 13X18 VACUUM FRAME	181	181	03-64	10-00
MZ8	V	000	5	65	65M1100547C99			19 IN NYGREEN PERFORATOR	86	86	05-65	10-00
MZ8	V	000	5	65	65M1100548099			DAVIDSON DUAL LITH PRESS SN 636591	738	738	06-65	10-00
MZ8	V	000	5	65	65M1100549099			MAIL RM EQUIP P P SCALE MAIL BG RACK	419	419	05-65	08-00
MZ8	V	000	5	65	65M1100549099			USED 370E PAPER CUTTER SN 29051	0-032	0-032	06-65	10-00
MZ8	V	000	5	66	66M1100551099			B20 HEADLINER	418	295	06-66	20-00
MZ8	V	000	5	66	66M1100551099			SHOP PRESS K0550A-6.5-2HP	372	280	09-66	18-03
MZ8	V	000	5	69	69M1100575C99			COMPOSING SYSTEM-TYPES CATALOG PAGES	4,066	2,492	12-69	20-00
MZ8	V	000	5	69	69M1100575C99			408A FORM DETACHER #7815	2,290	2,290	12-69	10-00
MZ8	V	000	5	70	70M1100429099			GIBSON AIR CONDITIONER F0203571043	2,290	2,290	12-69	10-00
MZ8	V	000	5	70	70M1100429099			SUPERSIDLE PUMP SN 12792	21,135	16,370	04-70	15-00
MZ8	V	000	5	70	70M1100485099			BROWN SINK PLATE SN 36819	2,485	2,485	03-70	05-00
MZ8	V	000	5	70	70M1100540099			OFFSET PRESS	170	170	08-70	05-00
MZ8	V	000	5	71	71M1100546099			PMT MICRO 18 AUTO FEED PROCESSOR SN 2124	414	414	01-70	03-00
MZ8	V	000	5	71	71M1102481099			RESUSCITATOR	295	195	01-71	05-00
MZ8	V	000	5	72	72M1100545099			VACUUM PRINTING FRAME	5,664	5,664	06-71	10-00
MZ8	V	000	5	72	72M1100545099			MODEL 2RD B DECOLLATOR #6305	426	426	10-72	03-00
MZ8	V	000	5	73	73M1100524099			PAPER SHIFTER	400	342	05-73	10-00
MZ8	V	000	5	73	73M1100524099			PACKAGE TYING MACHINE SN 71047	365	338	03-73	10-00
MZ8	V	000	5	74	74M1100428099			18X18 IN 24 STATION COLLATOR	2,188	1,039	10-74	15-00
MZ8	V	000	5	74	74M1100558099			OFFSET PRESS 770 CD SN 88681	365	342	05-73	10-00
MZ8	V	000	5	74	74M1100558099			CAMERA PLATE SYSTEM	2,188	2,188	10-74	15-00
MZ8	V	000	5	74	74M1100558099			YORK MODEL 6904 SAFE	1,576	1,576	09-74	05-00
MZ8	V	000	5	74	74M1100558099			ELECTRONIC SEL COMPONER #5106500	1,006	1,006	05-74	10-00
MZ8	V	000	5	74	74M1100572099			METAL SHELVING IN VAULT	803	803	05-74	10-00
MZ8	V	000	5	74	74M1100573099				20,265	14,840	09-74	10-00
MZ8	V	000	5	74	74M1100573099				9,625	7,520	04-74	10-00
MZ8	V	000	5	74	74M1100574099				12,075	9,170	06-74	10-00
MZ8	V	000	5	76	76M1100268099				4,277	2,485	01-76	10-00
MZ8	V	000	5	76	76M1100474099				8,945	5,926	08-76	08-00
MZ8	V	000	5	76	76M1100528099				935	493	12-76	10-00

PELHAM ADMINISTRATION 01 ALABAMA

PLT	GL	MO	YA	ASSET NUMBER	CAP JOB NO	DESCRIPTION OF ASSET	COST BASIS	ACCUMULATED RESERVE	DATE ACORD	EST. LIFE
MZB	2000	5	78	78M1100473099		VESIVLAN PROCESSOR	1,206	393	06-78	10-00
MZB	2000	5	78	78M1100560099		701 PERFECTOR PRESS SN 7P63074	23,742	7,603	10-78	10-00
MZB	2000	5	78	78M1100570099		EH3A DRILL CHALLENGE SN 48551	2,625	941	06-78	10-00
MZB	2000	5	78	78M1100571099		XRITE MODEL 76A SHRINK WRAP SN B34	1,740	565	07-78	10-00
MZB	2000	5	79	79M1100560099		CAMERA	4,840	1,284	04-79	10-00
MZB	2000	5	80	80M1100117099	000081-209	CORPORATE EXTERIOR SIGN	7,189	915	08-80	10-00
MZB	2000	5	80	80M1100118099	000081-209	CORPORATE SIGN W/LETTERS	13,534	1,582	09-80	10-00
MZB	2000	5	80	80M1100125099	000081-209	SIGN	500	48	11-80	10-00
MZB	2000	5	81	81M1100101099	000081-214	COMP/EDIT 5810 TYPESETTING EQUIP DPT6040	44,804	2,944	03-81	10-00

000 210,565 103,014

MZB 2 192,446 92,596

880,557 561,520
 850,961 540,001
 880,559 561,520

PELHAM INDUSTRIAL 01 ALABAMA

PLT	GL	MD	YA	ASSET NUMBER	CAP	JOB NO	DESCRIPTION OF ASSET	COST BASIS	ACCUMULATED RESERVE	DATE ACORD	EST. LIFE
MZ1	C000	5	79	79MD100101099			REMODELING - PELHAM IND	37,813	9,115	07-79	10-00
	000							37,813	9,115		
MZ1	C							37,813	9,115		
	000							35,161	35,161		
MZ1	R000	5	66	66M1100279099			T-6030TW DSK 1721-L FILE 521 CHAIR	201	201	06-66	08-00
MZ1	R000	5	73	73M1100198099			DESK 2 TABLES	320	291	04-73	10-00
MZ1	R000	5	73	73M1100242099			3 DESKS 1 TABLE 1 FILE	686	618	01-73	10-00
	000							1,207	1,110		
MZ1	R							1,207	1,110		
	000							259	259	04-64	08-00
MZ1	T000	5	64	64M1100371099			SEL TYPEWRITER IBM S#4736927	703	618	09-74	08-00
MZ1	T000	5	74	74M1100417099			IBM SELECTRIC II TYPEWRITER 2465389	634	578	07-74	08-00
MZ1	T000	5	74	74M1100418099			IBM STANDARD TYPEWRITER #6876602	676	556	06-79	08-00
MZ1	T000	5	79	79MD100105099			IBM TYPEWRITER 2030264				
	000							2,272	1,711		
MZ1	I							2,272	1,728		
	000							4,007	4,007	10-76	03-00
MZ1	V000	5	76	76M1100469099			925 TERMINAL #902725	4,007	4,007		
	000							4,007	4,007		

PELHAM INDUSTRIAL 01 ALABAMA

PLT GL MD YA ASSET NUMBER CAP JOB NO DESCRIPTION OF ASSET COST BASIS ACCUMULATED RESERVE DATE ACORD EST. LIFE

MZ1 V 4,007 987 . . .

MZ1 2000 5 69	69M0100110099		TOP RUNNING SINGLE GIRDER CRANE	5,593	3,582	01-69	20-00
MZ1 2000 5 70	70M0100111099		ELECTRIC HOIST	2,081	1,213	05-70	20-00
MZ1 2000 5 71	71M0100108099		BANDSAW BLADE WELDER	621	621	04-71	10-00
MZ1 2000 5 71	71M0100109099		BELT SLITTING AND WINDING MACHINE	12,618	12,618	04-71	10-00
MZ1 2000 5 73	73M0100112099		WELDING TABLE	13,984	11,736	07-73	10-00
MZ1 2000 5 74	74M0100107099		TOW MO	10,654	9,425	10-74	08-00
MZ1 2000 5 79	79M0100106099		MODEL 56 STOCK CHASER 52103	2,319	747	05-79	08-00
000				34,897	29,914		
				47,010 ✓	39,042		

MZ1 Z 47,010 39,042 . . .

93,169 46,199 . . .

120,330 80,026 . . .

WHOLESALE HARDWARE 01 ALABAMA

PLT	GL	MD	YA	ASSET NUMBER	CAP	JOB NO	DESCRIPTION OF ASSET	COST BASIS	ACCUMULATED RESERVE	DATE ACORD	EST. LIFE
MZ7	N000	5	70	70M1100069099	---	---	1970 TRAILMOBILE VAN SNG6302 MH-532	5,154	5,134	12-70	01-00
MZ7	N000	5	70	70M1100069099	---	---	1970 TRAILMOBILE VAN TRAILER 534	5,457	5,457	10-70	06-00
MZ7	N000	5	71	71M2700007099	---	---	1971 ALA TRAILMOBILE SNG63299 MH-535	5,559	5,559	12-71	06-00
MZ7	N000	5	71	71M2700008099	---	---	1971 ALA TRAILMOBILE SNG63300 MH-536	5,559	5,559	12-71	06-00
MZ7	N000	5	71	71M2700009099	---	---	1971 ALA TRAILMOBILE SNG63302 MH-537	5,559	5,559	12-71	06-00
MZ7	N000	5	71	71M2700010099	---	---	1971 ALA TRAILMOBILE SNG63301 MH-538	5,559	5,559	12-71	06-00
MZ7	N000	5	71	71M2700011099	---	---	1971 HORBS A6700 BLHBU-6001 MH-539	5,440	5,440	12-71	06-00
MZ7	N000	5	72	72M2700012099	---	---	1972 HORBS A6700 BLNBN-6002 MH-540	5,440	5,440	12-72	06-00
MZ7	N000	5	72	72M1100071099	---	---	2 40 FT HORBS FRT VANS 541 AND 542	10,880	10,880	08-72	06-00
MZ7	N000	5	73	73M1100072099	---	---	HOBBS 40 FT FRT VAN 543	4,800	4,800	04-73	04-00
MZ7	N000	5	74	74M1100073099	---	---	TRAILER K33339 544	6,375	6,375	02-74	04-00
MZ7	N000	5	74	74M1100074099	---	---	TRAILER K33340 545	6,375	6,375	02-74	04-00
MZ7	N000	5	74	74M1100075099	---	---	FLAT BED TRAILER 3744B 546	3,850	3,750	04-74	04-00
MZ7	N000	5	74	74M1100077099	---	---	TRAILER K33341 548	6,372	6,372	04-74	04-00
MZ7	N000	5	75	75M1100078099	---	---	1972 DORSEY TRAILER 550	4,500	4,500	11-75	04-00
MZ7	N000	5	75	75M1100079099	---	---	1972 DORSEY TRAILER 551	4,500	4,500	11-75	04-00
MZ7	N000	5	75	75M1100080099	---	---	1972 DORSEY TRAILER 552	4,500	4,500	11-75	04-00
MZ7	N000	5	75	75M1100081099	---	---	TRAILER ALIA K33328 547	4,500	4,500	04-74	01-00
MZ7	N000	5	76	76M1100082099	---	---	TRAILER K33329 547	6,372	6,372	02-76	01-00
MZ7	N000	5	76	76M1100083099	---	---	1972 DORSEY TRAILER 553	3,978	3,978	02-76	01-00
MZ7	N000	5	76	76M1100084099	---	---	1972 DORSEY VAN 40 FT 554	3,979	3,979	02-76	01-00
MZ7	N000	5	76	76M1100085099	---	---	1972 DORSEY VAN 40 FT 555	4,250	4,250	06-77	01-00
MZ7	N000	5	77	77M1100086099	---	---	1971 HORBS 40 FT VAN 71 556	4,250	4,250	06-77	01-00
MZ7	N000	5	77	77M1100087099	---	---	1971 HORBS 40 FT VAN 71 557	4,250	4,250	07-77	01-00
MZ7	N000	5	77	77M1100088099	---	---	1971 HORBS 40 FT VAN 71 558	4,246	4,244	07-77	01-00
MZ7	N000	5	77	77M1100089099	---	---	1971 HORBS 40 FT VAN 71 559	4,246	4,130	07-78	04-00
MZ7	N000	5	78	78M1100090099	---	---	PULLMAN VAN V35 5449 559	4,900	4,130	07-78	04-00
MZ7	N000	5	78	78M1100091099	---	---	1979 IHC MODEL CDF 40708 79 377	37,433	27,693	12-78	04-00
MZ7	N000	5	78	78M1100092099	---	---	1978 WHITE MODEL RC25 64T 78 375	35,066	30,995	03-78	04-00
MZ7	N000	5	79	79M1100093099	---	---	1979 IHC MODEL 2275 378	31,194	16,713	10-79	04-00
MZ7	N000	5	79	79M1100094099	---	---	1979 IHC MODEL 2275 379	31,194	16,713	10-79	04-00
MZ7	N000	5	79	79M1100095099	---	---	1979 IHC MODEL 2275 380	31,194	16,713	10-79	04-00
MZ7	N000	5	79	79M1100096099	---	---	1979 IHC MODEL 2275 381	31,194	16,713	10-79	04-00
MZ7	N000	5	79	79M1100097099	---	---	1979 IHC MODEL 2275 382	31,194	16,713	10-79	04-00
MZ7	N000	5	79	79M1100098099	---	---					
MZ7	N000	5	79	79M1100099099	---	---					
MZ7	N000	5	79	79M1100100099	---	---					
MZ7	N000	5	79	79M1100101099	---	---					
MZ7	N000	5	79	79M1100102099	---	---					
MZ7	N000	5	79	79M1100103099	---	---					
MZ7	N000	5	79	79M1100104099	---	---					
MZ7	N000	5	79	79M1100105099	---	---					
MZ7	N000	5	79	79M1100106099	---	---					
MZ7	N000	5	79	79M1100107099	---	---					
MZ7	N000	5	79	79M1100108099	---	---					
MZ7	N000	5	79	79M1100109099	---	---					
MZ7	N000	5	79	79M1100110099	---	---					
MZ7	N000	5	79	79M1100111099	---	---					
MZ7	N000	5	79	79M1100112099	---	---					
MZ7	N000	5	79	79M1100113099	---	---					
MZ7	N000	5	79	79M1100114099	---	---					
MZ7	N000	5	79	79M1100115099	---	---					
MZ7	N000	5	79	79M1100116099	---	---					
MZ7	N000	5	79	79M1100117099	---	---					
MZ7	N000	5	79	79M1100118099	---	---					
MZ7	N000	5	79	79M1100119099	---	---					
MZ7	N000	5	79	79M1100120099	---	---					
MZ7	N000	5	79	79M1100121099	---	---					
MZ7	N000	5	79	79M1100122099	---	---					
MZ7	N000	5	79	79M1100123099	---	---					
MZ7	N000	5	79	79M1100124099	---	---					
MZ7	N000	5	79	79M1100125099	---	---					
MZ7	N000	5	79	79M1100126099	---	---					
MZ7	N000	5	79	79M1100127099	---	---					
MZ7	N000	5	79	79M1100128099	---	---					
MZ7	N000	5	79	79M1100129099	---	---					
MZ7	N000	5	79	79M1100130099	---	---					
MZ7	N000	5	79	79M1100131099	---	---					
MZ7	N000	5	79	79M1100132099	---	---					
MZ7	N000	5	79	79M1100133099	---	---					
MZ7	N000	5	79	79M1100134099	---	---					
MZ7	N000	5	79	79M1100135099	---	---					
MZ7	N000	5	79	79M1100136099	---	---					
MZ7	N000	5	79	79M1100137099	---	---					
MZ7	N000	5	79	79M1100138099	---	---					
MZ7	N000	5	79	79M1100139099	---	---					
MZ7	N000	5	79	79M1100140099	---	---					
MZ7	N000	5	79	79M1100141099	---	---					
MZ7	N000	5	79	79M1100142099	---	---					
MZ7	N000	5	79	79M1100143099	---	---					
MZ7	N000	5	79	79M1100144099	---	---					
MZ7 </											

WHOLESALE HARDWARE 01 ALABAMA

PLT	GL	MD	YA	ASSET NUMBER	CAP	JOB NO	DESCRIPTION OF ASSET	COST BASIS	ACCUMULATED RESERVE	DATE ACORD	EST. LIFE
MZ7	T000	5	66	66M1100387099			DICTAPHONE TVL MST MODEL PBR #332591	305	305	01-66	10-00
MZ7	T000	5	69	69M1100617099			IBM TYPE #6275347 15-12202087-101-05-01	520	520	03-69	08-00
MZ7	T000	5	72	72M1100407099			IBM SEL II TYPE 3 ELE #2125404	691	691	11-72	08-00
MZ7	T000	5	72	72M1100410099			16 IBM STD ELEC TYPEWRITER #6650020	585	547	05-72	08-00
MZ7	T000	5	74	74M1100419099			IBM TYPEWRITER 6809473	605	578	04-74	08-00
MZ7	T000	5	76	76M1100472099			925 TERMINAL #902697	4,007	4,007	10-76	03-00
	000							6,713	3,628		
MZ7	T							6,713	6,657		
MZ7	T000	5	62	62M1100273099			M3700 SCALE SW#12575 M0120 SCALE SW#16812	237	237	06-62	10-00
MZ7	T000	5	62	62M1100611099			1 FGHE 40-48 BAKER LIFT SN 29597	40	40	04-62	05-00
MZ7	T000	5	63	63M1100530099			ALLEN SCOPE ANALYZER FSJ-7234	598	598	10-63	08-00
MZ7	T000	5	64	64M1100341099			1-SCALE #M3700 SW#17395	212	212	04-64	10-00
MZ7	T000	5	68	68M1100330099			FORKLIFT SN 107021349	4,465	4,465	03-68	04-00
MZ7	T000	5	68	68M1100330099			FORKLIFT SN 040149906	7,120	7,120	11-68	09-00
MZ7	T000	5	69	69M1100535099			CLARK LIFT SN 44052512869 ST 6007	8,209	8,209	08-69	04-00
MZ7	T000	5	72	72M1100256099			GRATING FOR ADDITIONAL STORAGE SPACE	5,100	4,279	03-69	15-00
MZ7	T000	5	72	72M1100257099			2 TIME RECORDERS & 4CARD RACKS	591	563	12-72	08-00
MZ7	T000	5	72	72M1100257099			TIME RECORDER & 2 CAND RACKS	308	308	12-72	04-00
MZ7	T000	5	72	72M1100491099			CLARK LIFT TRUCK SN 295410122021072	7,268	7,251	10-72	08-00
MZ7	T000	5	73	73M1100499099			H50MP FORK LIFT SN 03020031	10,322	10,322	02-73	04-00
MZ7	T000	5	74	74M1100527099			WHOLESALE SHELVING	1,852	1,441	01-74	10-00
MZ7	T000	5	75	75M1100556099			WHEEL BALANCER	1,330	1,029	10-75	08-00
MZ7	T000	5	76	76M11003195099			M4700 FORK LIFT SN 40700400	17,090	11,647	06-76	04-00
MZ7	T000	5	76	76M11003195099			M430 LIFT TRUCK SN 41W479 BATTERY&CHARGE	14,925	9,763	09-76	03-00
MZ7	T000	5	76	76M1100496099			FLOOR SWEEPER SN 2136511HK	7,919	4,856	12-76	08-00
MZ7	T000	5	77	77M1100187099			SAOC LIFT TRUCK SN CZ019505X	19,044	7,419	05-77	08-00
MZ7	T000	5	78	78M1100553099			EG500-50 CLARK LIFT SN E3550902315664	20,152	8,772	06-78	04-00
MZ7	T000	5	78	78M1100553099			4101 HOT WATER HI PRESSURE WASHER SN2843	1,322	511	03-78	05-00
MZ7	T000	5	78	78M1100554099			DATA PAPER SHREDDER	2,038	1,346	08-78	05-00
MZ7	T000	5	79	79M1100494099			R540 PRIME MOVER SN 1779 BATTERY&CHARGER	14,820	4,779	05-79	04-00
MZ7	T000	5	79	79M1100494099			R540 PRIME MOVER SN 1767 BATTERY&CHARGER	14,820	4,779	05-79	04-00
MZ7	T000	5	79	79M1100500099			SN 1764 R540 PRIME MOVER BATTERY CHARGER	14,820	4,779	05-79	04-00
MZ7	T000	5	79	79M1100500099			SN 1763 R540 PRIME MOVER BATTERY CHARGER	14,820	4,779	05-79	04-00
MZ7	T000	5	79	79M1100504099			SN 1760 R540 PRIME MOVER BATTERY CHARGER	14,820	4,779	05-79	04-00
MZ7	T000	5	79	79M1100552099			WHSE STORAGE BINS AND PALLET RACKS	419,320	83,589	12-79	10-00
MZ7	T000	5	79	79M1100552099			1-91-692 FLOOR JACK	897	284	04-79	10-00
MZ7	T000	5	80	80M110011099			WATE ELEC FORK LIFT SN 959260	10,209	2,492	07-80	10-00
MZ7	T000	5	80	80M1100126099			WATE ELEC FORK LIFT SN 350963	10,209	2,492	07-80	10-00
MZ7	T000	5	80	80M1100126099			PELIHAM WAREHOUSE MODERNIZATION	4,479	4,479	12-80	10-00
MZ7	T000	5	81	81M27000004099			MARKETOR SN209773 WT 22	7,043	7,043	11-81	10-00
	000						Warehouses racks	709,197	207,000		
								444,040	107,541		
								486,133			

0 analysis 3,000 for financing with 900 down

WHOLESALE HARDWARE

01 ALABAMA

PLT	GL	MD	YA	ASSET NUMBER	CAP	JOB NO	DESCRIPTION OF ASSET	COST BASIS	ACCUMULATED RESERVE	DATE ACORD	EST. LIFE
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M27	2						3 - Misc Cars	209,197	207,649		
-----	---	--	--	--	--	--	---------------	---------	---------	--	--

							Van Body 617	898	68		
							Van Body 601	58	58		

								1,024	1,151		
								1,949,898	997,179		

PELHAM MACHINE TOOL 01 ALABAMA

PLT	GL	MD	YA	ASSET NUMBER	CAP	JOB NO	DESCRIPTION OF ASSET	COST BASIS	ACCUMULATED RESERVE	DATE ACORD	EST. LIFE
M13	R000	S	73	73M1100254099			DESK TYPE HGT RET	203	176	05-73	10-00
M13	R000	S	73	73M1100324099			CHAIR	110	73	05-73	10-00
	000							313	249		

PLT	GL	MD	YA	ASSET NUMBER	CAP	JOB NO	DESCRIPTION OF ASSET	COST BASIS	ACCUMULATED RESERVE	DATE ACORD	EST. LIFE
M13	R							313	249 253		
M13	T000	S	66	66M1100393099			MARCHANT CALCULATOR M1050-X-360255	293	293	05-66	10-00
M13	T000	S	71	71M1300523099			IBM TYPEWRITER #6500919	540	540	07-71	08-00
M13	T000	S	73	73M1100411099			IBM STD TYPEWRITER #6755044	585	585	05-73	08-00
M13	T000	S	73	73M1100641099			1117A ELEC CALC #58914	390	190	01-73	05-00
	000							1,808	1,808		

PLT	GL	MD	YA	ASSET NUMBER	CAP	JOB NO	DESCRIPTION OF ASSET	COST BASIS	ACCUMULATED RESERVE	DATE ACORD	EST. LIFE
M13	T							1,808	1,808		
								2,121	2,057		
								2,121	2,057		

Totals Pelham except mobile equipment 1,430,002 1,99,869 731,135

EXHIBIT "C"

to

Lease Agreement between

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE TOWN OF PELHAM**

and

MOORE-HANDLEY, INC.
dated as of December 1, 1981

LIMITED WARRANTY DEED AND BILL OF SALE

STATE OF ALABAMA

COUNTY OF SHELBY

THIS LIMITED WARRANTY DEED AND BILL OF SALE, made as of the 1st day of December, 1981, by and between THE INDUSTRIAL DEVELOPMENT BOARD OF THE TOWN OF PELHAM, a public corporation and instrumentality organized and existing under the laws of the State of Alabama (the "Grantor"), and MOORE-HANDLEY, INC., a Delaware corporation (the "Grantee"), and its successors and assigns;

WITNESSETH:

WHEREAS, pursuant to a Lease Agreement, dated as of December 1, 1981 (the "Agreement"), by and between the Grantor and the Grantee, the Grantor has undertaken to acquire a certain Project as described and defined in the Agreement and the Grantor has agreed to lease the Project to the Grantee for a term specified in the Agreement, and, upon the expiration or sooner termination of the term of the Agreement following the payment in full of the Bonds described in the Agreement, to bargain, grant, sell and convey the Project to the Grantee at the time and for the considerations set forth in and/or contemplated by the Agreement;

NOW, THEREFORE, for the consideration set forth in and/or contemplated by the Agreement and the sum of Ten Dollars (\$10), the receipt of

which is acknowledged, the Grantor by these presents hereby (1) bargains, grants, sells and conveys to the Grantee, its successors and assigns, forever, all of the Grantor's right, title and interest in and to all real and personal property comprising the Project which is more fully described in Exhibits "1" and "2" attached hereto, together with all additions, improvements and fixtures located thereon and (2) assigns to the Grantee, its successors and assigns, forever, all warranties and guaranties of all contractors, subcontractors, suppliers, architects and engineers for the furnishing of labor, materials, supplies or equipment and/or the supervision or design in connection with the Project, and any other rights or causes of action arising from or against any of the foregoing.

TO HAVE AND TO HOLD all of said real property comprising the Project, together with all the hereditaments and appurtenances thereunto belonging or in anywise appertaining, to the Grantee, its successors and assigns, forever. And the Grantor, for its successors and assigns, does agree that it has the full right and authority to bargain, grant, sell and convey the Project to the Grantee, its successors and assigns, forever, and that it has not mortgaged, sold, hypothecated, assigned, transferred or conveyed, nor will it prior to the delivery of this instrument to the Grantee at the time set forth in the Agreement, mortgage, sell, hypothecate, assign, transfer or convey the Project or any part thereof except as is set forth in and/or contemplated by the Agreement. And the Grantor, for its successors and assigns, does further agree that it has not created, suffered or placed, nor will it prior to the delivery of this instrument to the Grantee at the time set forth in the Agreement, create, suffer or place on the Project any liens, encumbrances, title exceptions or other title defects, excluding, however, "Permitted Encumbrances" (as defined in the Agreement) and such other, if any, liens, encumbrances, title exceptions or other title defects to the creation of which the Grantee has consented in writing or to which it may hereafter consent and those, if any, resulting from any failure of the Grantee to observe and perform any of the agreements on its part contained in the Agreement. Except with respect to the hereinbefore mentioned items, the Grantor will warrant and defend the title to all real and personal property comprising the Project against all persons lawfully claiming the same from, through or under it.

THE GRANTOR MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, WITH RESPECT TO THE CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROJECT.

The Agreement further provides that the Grantor shall execute and deliver to the Grantee such other instruments and documents as the Grantee may reasonably request to perfect the conveyance of title in and to the Project to the Grantee.

IN WITNESS WHEREOF, the Grantor has caused this Limited Warranty Deed to be signed in its name and behalf by the Chairman of its Board of Directors and its official seal to be hereunto affixed and attested by its Secretary, all as of the date first above written.

**THE INDUSTRIAL DEVELOPMENT
BOARD OF THE TOWN OF PELHAM**

By: _____
Chairman of the Board of Directors

(SEAL)

Attest:

Secretary

BOOK 337 PAGE 126

ACKNOWLEDGMENT OF GRANTOR

STATE OF ALABAMA

COUNTY OF SHELBY

I, the undersigned, a Notary Public in and for said State and County, DO **HEREBY CERTIFY** that Daniel M. Spitler, whose name as Chairman of the Board of Directors of The Industrial Development Board of the Town of Pelham is signed to the foregoing Limited Warranty Deed, and who is known to me to be such officer, acknowledged before me under oath, that, being informed of the contents of said Limited Warranty Deed he, as such officer and with full authority, executed the same voluntarily for and as the act of The Industrial Development Board of the Town of Pelham.

Given under my hand and seal of office this ____ day of December, 1981.

Notary Public

(SEAL)

My commission expires:

EXHIBIT "1"

to

LIMITED WARRANTY DEED AND BILL OF SALE
from
THE INDUSTRIAL DEVELOPMENT BOARD
OF THE TOWN OF PELHAM
to
MOORE-HANDLEY, INC.
dated as of December 1, 1981

DESCRIPTION OF REAL PROPERTY CONVEYED

A parcel of land located in the SW 1/4 of the SW 1/4 of Section 13, and the SE 1/4 of the SE 1/4 of Section 14, all in Township 20 South, Range 3 West, Shelby County, Alabama, more particularly described as follows: Commence at the Southwest corner of said Section 13, thence in an Easterly direction along the South line of said Section 13, a distance of 764.69 feet to the intersection of said Section line and the Westerly right-of-way line of U. S. Highway 31; thence 102 deg. 18 min. left in a Northwesterly direction along said right-of-way a distance of 662.23 feet to the point of beginning; thence continue along last described course a distance of 655.57 feet; thence 77 deg. 42 min. left in a Westerly direction a distance of 848.51 feet to the Easterly right-of-way line of the Old Ashville-Montevallo Highway; thence 90 deg. 12 min. left in a Southerly direction along the Easterly right-of-way line of said Highway, a distance of 249.15 feet; thence 6 deg. 24 min. left in a Southeasterly direction along said right-of-way a distance of 283.08 feet; thence 90 deg. 11 min. 36 sec. left in a Northeasterly direction a distance of 313.80 feet; thence 90 deg. right, in a Southeasterly direction a distance of 222.33 feet; thence 90 deg. left in a Northeasterly direction a distance of 621.22 feet to the point of beginning; being situated in Shelby County, Alabama.

(Subject to Permitted Encumbrances as described in the Agreement.)

EXHIBIT "2"

to

LIMITED WARRANTY DEED AND BILL OF SALE
from
THE INDUSTRIAL DEVELOPMENT BOARD
OF THE TOWN OF PELHAM
to
MOORE-HANDLEY, INC.
dated as of December 1, 1981

DESCRIPTION OF PERSONAL PROPERTY CONVEYED

BOOK 337 PAGE 129

CLERK OF THE COURT
SHELBY COUNTY, ALABAMA

1981 DEC 31 PM 3:50

Thomas J. Handley, Jr.
MOORE-HANDLEY, INC.

Rec. 99.00
Incl. 1.00

100.00

NO TAX COLLECTED