

STATE OF ALABAMA

SHELBY COUNTY.

LEASE

THIS LEASE AGREEMENT made and entered into on this the 6TH day of APRIL, 1981, by and between GULF STATES PAPER CORPORATION, a corporation, hereinafter called Lessor, and ALABAMA RIVER WOODLANDS, INC., a corporation, hereinafter called Lessee:

W I T N E S S E T H:

WHEREAS, the Lessor has agreed to lease to Lessee the property hereinafter described under the terms and conditions set out; and

WHEREAS, it is the desire of both parties, the Lessor and Lessee, to reduce the terms of said agreement to writing.

NOW THEREFORE, for and in consideration of the rental hereinafter set out, and in consideration of the mutual covenants and agreements contained herein, the Lessor does hereby demise, let and lease unto the Lessee, for a period of five (5) years, the following described real estate located in Shelby County, Alabama, to-wit:

An area not-to-exceed five (5) acres located in the N $\frac{1}{2}$ of the NE $\frac{1}{4}$ of the SW $\frac{1}{4}$ of Section 23, Township 22 South, Range 2 West, located in Shelby County, Alabama.

Subject to all rights-of-way, easements, and restrictive covenants of record, including the right-of-way to the L&N Railroad and a private road located on the south side of said right-of-way.

It is understood and agreed between the parties that subsequent to the Lessee's taking possession of the five acres described above, the Lessor shall have the right to enter the premises for the purpose of surveying and identifying the five acres

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made the subject of this lease, and after said five acres have been surveyed and described, the parties shall incorporate said description of said five acres into this lease by executing any and all instruments necessary in amending this lease to incorporate said description of said five acres.

Lessor reserves unto itself, its successors in title, and assigns the right to use as a means of ingress and egress to and from Lessor's real property adjoining the leased premises the private road located on the south side of and running parallel to the L&N Railroad right of way located in the N $\frac{1}{2}$ of NE $\frac{1}{4}$ of SW $\frac{1}{4}$ of Section 23, Township 22 South, Range 2 West in Shelby County, Alabama, which road may traverse the property to be made the subject of this lease. Lessor further reserves unto itself, its successors and assigns the right at any time during the term of this lease to enter upon the leased premises to grade, level, fill, drain, pave, build, maintain, repair and rebuild said road as such may be deemed necessary by Lessor. Lessor grants to Lessee the right to use the above described road during the term of this lease, but it is understood and agreed between the parties that Lessor shall not be obligated to Lessee for the maintenance or repair of said road. Lessee shall repair any damage it shall cause to Lessor's roadway and shall indemnify Lessor against any loss or damage which Lessee shall cause.

TO HAVE AND TO HOLD the above described land with all improvements, if any, located thereon, together with all privileges and appurtenances thereto belonging, to the Lessee or its successors in interest, upon the following conditions, to-wit:

1. TERM: The term of this lease shall commence on the 6TH day of APRIL, 1981, and shall extend for five (5) years.

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2. RENTAL: Lessee will pay Lessor as rent the sum of One Thousand Five Hundred and No/100 (\$1,500) Dollars per year, in advance, on the first day of the first year of the lease term, and thereafter, on the first day of each subsequent lease year until such lease term expires. Lessor and Lessee agree that the annual rental paid by Lessee under this lease shall be increased or decreased annually by an amount equal to the product of (a) the annual rental stated herein (\$1,500) multiplied by (b) a fraction composed of the Producers' Price Index for January, 1981 as the denominator, and the Producers' Price Index for the same month of each succeeding year under this lease as the numerator. Producers' Price Index as used herein shall be the Producer Price Index For All Finished Goods (1967=100) issued by the U.S. Bureau of Labor Statistics. If the Producers' Price Index published by the U.S. Bureau of Labor Statistics is discontinued, then Lessor and Lessee shall, in good faith, agree on a suitable substitute.

3. OPTION TO RENEW: Lessor hereby grants to Lessee an option to renew said lease agreement for an additional term of five (5) years from the aforementioned expiration date of this lease, under the same terms and conditions as contained in this lease agreement, except as herein provided. The annual rent for such renewal term shall be increased or decreased annually as set forth in Paragraph 2. RENTAL of this lease. To exercise such option, Lessee shall give Lessor, not later than twelve (12) months prior to the expiration of the original term, written notice of its intention to exercise the option to renew. During the renewal term of the lease agreement, either party may cancel the lease agreement upon twelve (12) months' written notice to the other party.

4. USE OF PREMISES: It is expressly agreed that the leased premises may be occupied and used by Lessee as a mechanized woodyard and/or for other forest products business,

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common and customary in the industry, during the term of this lease. ~~Lessee further agrees to return said premises in substantially the same condition as it exists on the date Lessee takes possession of same, reasonable wear and tear excepted.~~

5. INDEMNIFICATION: Lessee shall, at all times prior to the termination of this lease and to the delivery to Lessor of possession of the demised premises and all improvements thereon, indemnify Lessor against all liability, loss, cost, damage, or expense sustained by Lessor, including attorneys' fees and other expenses of litigation, arising prior to termination of the lease term and delivery to Lessor of possession of the premises:

(a) On account of or through the use of the demised premises or improvements or any part thereof by Lessee or by any other person for any purpose inconsistent with the provisions of this lease.

(b) Arising out of, or directly or indirectly due to, any failure of Lessee in any respect promptly and faithfully to satisfy its obligations under this lease.

(c) Arising out of, or directly or indirectly due to, any accident or other occurrence causing injury to any person or persons or property resulting from the use of the demised premises and improvements or any part thereof.

(d) For which the demised premises and improvements or any part thereof or the Lessor as owner thereof or interested therein may hereafter without fault by Lessor become liable, and especially, but not exclusively, any such liability, loss, cost, damage, or expense that may arise under any statute, ordinance, or regulation.

Lessee also shall, at all times prior to termination of the lease term and delivery to Lessor of possession of the premises, indemnify Lessor against all liens and charges

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any and every nature that may at any time be established against the premises or any improvements thereon or any part thereof as a consequence, direct or indirect, of any act or omission of Lessee or as a consequence, direct or indirect, of the existence of Lessee's interest under this lease.

6. INSURANCE: The Lessee covenants and agrees, during the term of this lease, to maintain the following insurance coverage:

- a) Workmen's Compensation Insurance, as required by law.
- b) General, comprehensive public liability insurance with limits of not less than \$500,000 with combined single limits for bodily injury and property damage, including contractual liability.
- c) Fire insurance on the improvements located on the leased premises.

Lessee shall provide Lessor with certificates evidencing coverage, which shall also indicate that the insurance companies issuing the above described policies will not cancel any such policies without giving Lessor thirty (30) days' written notice thereof.

7. ATTORNEYS' FEES: Lessee does further agree that it will pay all such reasonable attorneys' fees as may be incurred by the Lessor in the collection of any rent due hereunder or in obtaining possession of said leased premises whenever this lease may be terminated.

8. IMPROVEMENTS AND EQUIPMENT: It is understood by and between the parties hereto, that all sheds, buildings, structures of whatsoever kind and description which shall be erected or placed on said lease premises by Lessee, and all machinery, fixtures, appliances and other personal property thereon which may belong to the Lessee, shall be and remain the property of the Lessee, its successors or assigns; and the Lessee, its successors or assigns shall have, at any time within ninety (90) days after the termination of this lease, unless in default on rental payments hereunder, the right to enter upon said leased premises and to remove

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therefrom all such sheds, buildings, structures, machinery, fixtures, appliances and other personal property which have been constructed, erected, placed or located upon said lease premises. Lessee hereby further agrees that if it fails to remove said property from the leased premises within ninety (90) days after the termination of this lease, title to said property shall automatically vest in the Lessor.

9. TAXES: Lessee agrees to pay all taxes, license fees and other charges that may be levied or assessed upon its operations on the lease premises and upon any and all improvements that may be placed thereon by Lessee, and Lessee further agrees to pay or reimburse Lessor for the payment of one-half of any amount by which applicable property taxes on the demised premises exceed those assessed for the tax year commencing October 1, 1980.

10. COVENANT OF QUIET ENJOYMENT: The Lessor hereby covenants and agrees to keep the Lessee, its successors and assigns in the free, peaceable and non-interrupted use, possession and enjoyment of the above described parcel of land for and during the term hereof and any renewal term. Lessee agrees to fully observe and comply with all federal and state laws and municipal ordinances so as not to endanger its possession of said premises for the lease term.

11. SUBLETTING: Lessee shall not sublet, transfer, or assign this lease without the written consent of the Lessor. Lessor does hereby consent to the subletting of the above described property to Lewis B. Walker. This consent is not a waiver of the restriction or limitation on the subleasing of the premises by Lessee without consent of the Lessor, and Lessor reserves the right to approve any future tenant with whom Lessee desires to make an additional sublease.

12. ASSIGNEES AND SUCCESSORS IN TITLE: This agreement and every part thereof shall be binding upon the Lessor, its successors in title, and assigns, and the same shall be binding on the Lessee, its successors in title, and assigns.

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13. NOTICES: Any notice required to be given hereunder shall be deemed given when deposited in the United States Mail, postage prepaid, properly addressed to the other party at the addresses specified below, or such other address as may be later specified by notice of either party to the other:

Gulf States Paper Corporation
P. O. Box 3199
Tuscaloosa, Alabama 35404
Attention: James D. Haynes

Alabama River Woodlands, Inc.
P. O. Box 99
Clairborne, Alabama 36470
Attention: ~~Robert F. Freese, Jr.~~
William F. Wood

IN WITNESS WHEREOF, the Lessor and Lessee have caused these presents to be executed in their names by their respective officers, duly attested, and their corporate seals affixed hereunto on the day and year first above written.

ATTEST:

[Signature]
Its: *[Signature]*

GULF STATES PAPER CORPORATION

By: *[Signature]*
Its: *[Signature]*

ATTEST:

[Signature]
Its: _____

ALABAMA RIVER WOODLANDS, INC.

By: *[Signature]*
Its: *VP/sec*

COPY

STATE OF ALABAMA
TUSCALOOSA COUNTY

I, Elizabeth Cadenhead, a Notary Public in
and for said county in said state, hereby certify that
E.E. Lopez, whose name as Vice President
of GULF STATES PAPER CORPORATION, a corporation, is signed
to the foregoing instrument, and who is known to me, acknow-
ledged before me on this day that, being informed of the
contents of the instrument, he, as such officer and with
full authority, executed the same voluntarily for and as the
act of said corporation.

Given under my hand and seal this 6th day of
April, 1981.

Elizabeth Cadenhead
Notary Public
State At Large Alabama
My Commission Expires
July 28, 1984

Elizabeth Cadenhead
NOTARY PUBLIC

Due TAX 22.50
Rec 28.50
Fund 1.00
52.00

STATE OF ALABAMA
TUSCALOOSA COUNTY
Monroe

STATE OF ALA. SHELBY CO.
I CERTIFY THIS
INSTRUMENT WAS FILED
1983 APR 26 PM 1:12

Thomas A. Shanks, Jr.
JUDGE OF PROBATE

I, Virginia C. McQueen, a Notary Public in
and for said county in said state, hereby certify that
William F. Wood, whose name as Vice Presid. / Sec.
of ALABAMA RIVER WOODLANDS, INC., a corporation, is signed
to the foregoing instrument, and who is known to me, acknow-
ledged before me on this day that, being informed of the
contents of the instrument, he, as such officer and with
full authority, executed the same voluntarily for and as the
act of said corporation.

Given under my hand and seal this 6th day of
April, 1981.

Virginia C. McQueen
NOTARY PUBLIC

COPY