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LEASE AGREEMENT

between

**THE HEALTH CARE AUTHORITY
OF SHELBY COUNTY**

and

FLOWARR MANAGEMENT, INC.

Dated as of December 1, 1985

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Relating to

\$5,225,000

**THE HEALTH CARE AUTHORITY
OF SHELBY COUNTY**

**First Mortgage Gross Revenue Bonds
(The Central Alabama Adolescent Chemical
Dependency Treatment Facility)
Series 1985**

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between
THE HEALTH CARE AUTHORITY
OF SHELBY COUNTY
and
FLOWARR MANAGEMENT, INC.

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LEASE AGREEMENT between **THE HEALTH CARE AUTHORITY OF SHELBY COUNTY**, a public corporation organized and existing under the laws of the State of Alabama, party of the first part (herein called the "Authority"), and **FLOWARR MANAGEMENT, INC.**, a corporation organized and existing under the laws of the State of Alabama, party of the second part (herein called the "Company"),

RECITALS

Pursuant to this Lease Agreement the Authority is undertaking to acquire, construct and equip the "Project" hereinafter defined and the Company is undertaking to lease said Project from the Authority for use as a chemical dependency treatment facility. In order to finance the costs of acquiring, constructing and equipping said Project, the Authority will issue \$5,225,000 principal amount of its First Mortgage Gross Revenue Bonds (The Central Alabama Adolescent Chemical Dependency Treatment Facility), Series 1985 (herein called the "Series 1985 Bonds"), under a Mortgage and Trust Indenture dated as of December 1, 1985 (herein called the "Indenture"), between the Authority and National Bank of Commerce of Birmingham, as Trustee (herein called the "Trustee"). In order to secure the payment of the principal of and the interest and premium (if any) on the Series 1985 Bonds, the Authority will mortgage the Project in the Indenture and pledge and assign thereunder the Authority's interest in this Lease Agreement (other than certain expense payment and indemnification rights and certain rights which are herein expressly provided to be exercised by the Authority), including particularly the "Basic Rent" payable hereunder by the Company for the use of said Project. The Company will also guarantee the full and prompt payment of the principal of and the interest and premium (if any) on the Series 1985 Bonds.

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NOW, THEREFORE, THIS LEASE AGREEMENT

WITNESSETH:

That in consideration of the respective representations, warranties and agreements herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND USE OF PHRASES

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

"Act" means the statutes codified as Code of Alabama 1975, Title 22, Chapter 21, Article 11, as amended and supplemented and at the time in force and effect.

"Additional Bonds" means bonds of the Authority authorized in Article VIII of the Indenture to be issued thereunder and secured thereby on a parity with the Series 1985 Bonds.

"Adjusted Project Gross Revenues", when used with reference to any period, means the Project Gross Revenues for such period, less allowances for bad debts and allowances or adjustments made pursuant to cost reimbursement contracts or arrangements with third party payors.

"Affiliate" of any designated Person means any Person which, directly or indirectly, controls, or is controlled by, or is under common control with, such designated Person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person whether through the ownership of voting securities or by contract or otherwise.

"Associated Person" means any officer of the Company, any member of its Board of Directors or the holder of any of the capital stock (either common or preferred) of the Company or of any incorporated Affiliate of the Company.

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

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

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

"Basic Agreements" means the Lease, the Indenture and the Series 1985 Guaranty, as such instruments may from time to time be amended or supplemented in accordance with their respective terms or the terms of the Indenture, as in the case may be applicable.

"Basic Rent" means (i) the moneys payable by the Company pursuant to the provisions of Section 5.2 hereof, (ii) any other moneys payable by the Company pursuant to the Lease to provide for the payment of the principal of and the interest and premium (if any) on the Bonds (other than the aforesaid moneys payable pursuant to Section 5.2 hereof), and (iii) any other moneys payable by the Company pursuant to the Lease that are therein referred to as Basic Rent.

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

"Bond Fund" means the FloWarr-Shelby County Bond Principal and Interest Fund created in Section 10.1 of the Indenture and consisting of three accounts, the Interest Account, the Principal Account and the Escrow Account.

"Bond Payment Date" means any June 1 and December 1, commencing with June 1, 1986, on which any principal or interest with respect to the Bonds shall mature and be due and payable or on which any principal amount of the Bonds shall be required by the Indenture to be redeemed prior to the stated maturity thereof.

"Bond Year" means the annual period beginning on each December 4 and ending on the next succeeding December 3.

"Bond Year Debt Service", when used with reference to any Bond Year and any of the Bonds, means the sum of the principal of and the interest on such Bonds maturing during such Bond Year, provided that for purposes of this definition the principal amount of any such Bonds required to be redeemed or prepaid during any Bond Year, pursuant to any sinking fund arrangement or schedule of mandatory redemptions or prepayments, shall be considered as maturing in the Bond Year during which such redemption or prepayment is required and not in the Bond Year in which occurs the stated maturity of such Bonds.

"Bonds" means all bonds of the Authority issued under the Indenture.

"Certified Resolution" means a resolution adopted by the Board of Directors of the Company and certified by the Secretary or an Assistant Secretary of the Company to be true, correct and in full force and effect.

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

"Company" means the party of the second part hereto and, subject to the provisions of Section 8.4 hereof, includes its successors and assigns and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party.

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

"Component Completion Date", when used with reference to any part of the Project constituting a "project" within the meaning of §1.266-1(c) of the United States Treasury Regulations or successor regulations under Section 266 of the Code, means the date on which an election to capitalize expenditures with respect to such "project" would no longer be effective under Section 266 of the Code.

"Construction Contract" means that certain Agreement dated November 25, 1985, between the Authority and the Contractor, which provides for the construction of the Project Building, as modified and amended by any modifications or amendments thereto whenever made and at the time in force and effect.

"Construction Fund" means the FloWarr-Shelby County Construction Fund created in Section 9.2 of the Indenture.

"Contractor" means Doster Construction Company, Inc., an Alabama corporation, or any other Person succeeding to its rights and obligations under the Construction Contract.

"Counsel" means any attorney duly admitted to practice before the highest court of any state of the United States of America or the District of Columbia (including any officer or full-time employee of the Authority, the Company or an Affiliate of either thereof who is so admitted to practice), it being understood that "Counsel" may also mean a firm of attorneys all of whose members are so admitted to practice.

"County" means Shelby County, Alabama, and includes any political subdivision succeeding to the powers thereof.

"Debt Service Reserve Fund" means the FloWarr-Shelby County Debt Service Reserve Fund created in Section 10.3 of the Indenture.

"Eminent Domain", when used herein with reference to any taking of property, means the power (actual or claimed) of any governmental authority or any person, firm or corporation acting under governmental authority (actual or claimed) to take such property, and for purposes of the Lease, a taking of property under the exercise of the power of Eminent Domain shall include a conveyance made, or a use granted or taken, under either the threat or the fact of the exercise of governmental authority.

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

"ERISA Affiliate" means any corporation or other Person which is considered to be under common control with the Company for purposes of Section 4001(b) of ERISA.

"Event of Default" means an "Event of Default" as specified in Section 10.1 hereof.

"Financial Consultant" means either (i) a nationally recognized accounting firm of favorable repute having expertise in evaluating the operation and management of chemical dependency treatment facilities or (ii) a consulting or management firm experienced in the operation and management of chemical dependency treatment facilities or having expertise in evaluating the operation and management thereof, provided that if the services of any Financial Consultant required to be employed hereunder or under the Indenture include the preparation of a financial feasibility report, such consultant shall have nationally recognized expertise in the

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making of feasibility studies and financial projections, and provided further that any Financial Consultant employed for any purpose hereunder or under the Indenture shall be approved in writing by the Trustee.

"Fiscal Year" means the period commencing on the first day of December of any year and ending on the last day of November of the subsequent year, or any other twelve-month period specified in a certificate of the Company as its fiscal year.

"fully paid", "payment in full", or any similar expression with respect to the Indenture Indebtedness, means that the entire Indenture Indebtedness has been paid in full or duly provided for pursuant to Section 16.1 of the Indenture and that the lien of the Indenture has been cancelled, satisfied and discharged in accordance with the provisions of said Section 16.1 thereof.

"Governmental Unit" means "governmental unit" within the meaning of Section 103(k) of the Code and the applicable regulations thereunder.

"Holder", when used in conjunction with a Bond, means the Person in whose name such Bond is registered on the registry books of the Trustee pertaining to the Bonds.

"Improvement Fund" means the FloWarr-Shelby County Improvement Fund created in Section 10.4 of the Indenture.

"Indenture" means the Mortgage and Trust Indenture between the Authority and National Bank of Commerce of Birmingham, as Trustee, dated as of December 1, 1985, under which (i) the Series 1985 Bonds are authorized to be issued, and (ii) the Authority's interest in this Lease Agreement and the revenues and receipts to be derived by the Authority from any leasing or sale of the Project are to be assigned and the Project is to be mortgaged as security for payment of the principal of and the interest and premium (if any) on the Bonds, as said Mortgage and Trust Indenture now exists and as it may hereafter be supplemented and amended.

"Indenture Funds" means the special trust funds created and maintained under the Indenture, namely, the Bond Fund, the Construction Fund, the Debt Service Reserve Fund, the Improvement Fund, the Insurance Fund and the Operating Fund.

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

"Independent Accountant" means a certified public accountant or firm of certified public accountants that has no continuing employment or business relationship or other connection with the Authority, the Company or any Affiliate of any thereof which, in the opinion of the Trustee, might compromise or interfere with the independent judgment of such accountant or firm of accountants in the performance of any services to be performed hereunder as an Independent Accountant.

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"Independent Actuarial Consultant" means an actuary or actuarial firm that has no continuing employment or business relationship or other connection with the Authority, the Company or the Managing Agent which, in the opinion of the Trustee, might compromise or interfere with the performance of any services to be performed hereunder as an Independent Actuarial Consultant.

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

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

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

"Insurance Consultant" means a Person (i) that has expertise in evaluating risks and recommending insurance coverage to organizations operating health care facilities comparable to the Project and (ii) that has no continuing employment or business relationship with the Authority, the Company or the Managing Agent which, in the opinion of the Trustee, might compromise or interfere with the performance of any services to be performed hereunder as an Insurance Consultant.

"Insurance Fund" means the FloWarr-Shelby County Insurance Fund created in Section 10.5 of the Indenture.

"Lease" or **"this Lease Agreement"** means this Lease Agreement as it now exists and as it may from time to time be modified, supplemented or amended as permitted by Article XV of the Indenture.

"Lease Term" means the period beginning on the date of the delivery of this Lease Agreement and continuing until 11:59 o'clock, P.M., December 1, 2008.

"Local Facilities" means "facilities" [as the term "facilities" is used in Section 103(b)(6) of the Code and the applicable regulations thereunder] of which the Company or a Related Person thereto is or will be the Principal User and which are located wholly within the unincorporated area of the County. For purposes of this definition, 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.

"Managing Agent" means any firm or company having expertise in the management of chemical dependency treatment facilities that is at the time employed by the Company to manage the Project.

"Maximum Annual Debt Service Requirement" means, as of the date of any determination thereof, the maximum Bond Year Debt Service with respect to all the Bonds then outstanding in the then current or any subsequent Bond Year.

"Net Condemnation Award" means the total amount received as compensation for any part of the Project taken under the exercise of the power of Eminent Domain, plus damages to any part of the Project not taken (including any compensation referable to the interest of the Company in the part of the Project taken and as damages to the interest of the Company in any part thereof not taken, but not including any compensation belonging to the Company pursuant to the provisions of Section 7.4 hereof), which compensation shall consist of (i) all awards received pursuant to administrative or judicial proceedings conducted in connection with the exercise of the power of Eminent Domain, plus (ii) all amounts received as the result of any settlement of compensation claims (whether in whole or in part) negotiated with the condemning authority, less (iii) all attorneys' fees and other expenses incurred in connection with the receipt of such compensation, including attorneys' fees and expenses relating to such administrative or judicial proceedings and to such settlement negotiations (other than any that may be paid directly by the Company).

"Net Insurance Proceeds" means the total insurance proceeds recovered by the Authority, the Company and the Trustee on account of any loss or liability covered by such insurance, less all expenses (including attorneys' fees and any extraordinary expenses of the Trustee) incurred in the collection of such proceeds.

"Net Revenues Available for Debt Service", when used with reference to any period, means the Adjusted Project Gross Revenues for such period, less the accrued Operating Expenses for such period.

"Operating Expenses", when used with reference to any period, means all proper and necessary expenses incurred by the Company during such period in operating and maintaining the Project, including, without limitation, administrative and management expenses, insurance premiums, fees for auditing, legal and other professional services, and the expenses and compensation of the Trustee for services performed under the Indenture, but excluding, however, depreciation and amortization expenses of the Company, Basic Rent and any other payments required under the Lease to provide for debt service with respect to the Bonds, payments into any of the Indenture Funds required by the Indenture, compensation of the Managing Agent or any expenses or costs which are properly chargeable to capital account under generally accepted accounting principles and which are not expressly included in Operating Expenses by any provision of the Lease.

"Operating Fund" means the FloWarr-Shelby County Operating Fund created in Section 10.2 of the Indenture.

"outstanding", when used with reference to any of the Bonds, means, at any date as of which the amount of such Bonds outstanding is to be determined, all such Bonds which have been theretofore authenticated and delivered by the Trustee under the Indenture, except (i) those of such Bonds purchased for retirement which have been delivered to and cancelled by the Trustee, (ii) those of such Bonds cancelled by the Trustee because of payment at or after their respective maturities or redemption prior to their respective maturities, (iii) those of such Bonds for the

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payment or redemption of which provisions shall have been made with the Trustee as provided in Section 16.1 of the Indenture, and (iv) those of such Bonds in exchange for which, or in lieu of which, other Bonds have been authenticated and delivered under the Indenture. In determining whether the holders of a requisite aggregate principal amount of outstanding Bonds have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Indenture, Bonds which are owned by the Company or any Affiliate thereof shall be disregarded and deemed not to be outstanding hereunder for the purpose of any such determination.

"Permitted Encumbrances" means, as of any particular time, any of the following: (i) the Lease and the Indenture; (ii) liens imposed by law, such as mechanics', workmen's, materialmen's, carriers' and other like liens arising in the ordinary course of business, securing obligations which are not overdue or which are being contested in good faith and by appropriate proceedings (so long as there have been set aside on the books of the Company with respect to any such obligation so contested reserves which are adequate in the opinion of the officers of the Company); (iii) liens for property taxes not delinquent or for taxes which are being contested in good faith and by appropriate proceedings (so long as there shall have been set aside on the books of the Company with respect to any such taxes so contested reserves which are adequate in the opinion of the officers of the Company); (iv) attachments remaining undischarged for no longer than thirty (30) days after written or actual notice thereof has been received by the Company or in connection with litigation which is being defended in good faith and by appropriate proceedings; (v) liens in respect of judgments or awards relative to claims which (A) are fully covered by insurance, or (B) have been in force for less than the applicable appeal period, provided execution is not levied thereunder, and/or (C) with respect to which an appeal or proceeding for review is being prosecuted in good faith and a stay of execution has been obtained pending such appeal or review; and (vi) utility, access, drainage and other easements and rights-of-way, mineral rights, covenants running with the land, zoning restrictions, environmental regulations and other restrictions and encumbrances affecting the use of real property, or minor irregularities in the title to real property, none of the foregoing of which, individually or in the aggregate, materially impair the title of the Authority to any part of the Project or the use of the Project for the purpose for which it was acquired or is held by the Authority.

"Person" means any natural person, corporation, partnership, trust, government or governmental body, political subdivision, or other legal entity as in the context may be possible or appropriate.

"Plans and Specifications" means those certain plans and specifications which have been prepared for the development and construction of the Project by the Project Architect, and which are designated as "An Adolescent Substance Abuse Center for FloWarr Management, Inc., Shelby County, Alabama", Job No. 635, dated November 22, 1985, as such plans and specifications may from time to time be modified in accordance with the provisions hereof.

"premium", when used with reference to the redemption or purchase for retirement of any of the Bonds, means the amount (if any) by which the redemption or purchase price (in all cases exclusive of accrued interest) of such Bonds exceeds the principal of the Bonds so redeemed or purchased for retirement, as the case may be.

"Principal User" means, with respect to any "facilities" [as the term "facilities" is used in Section 103(b)(6) of the Code], a "principal user" of such "facilities" within the meaning of Section 103(b)(6) of the Code and the applicable regulations thereunder.

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

"Project Architect" means Doster Design/Build Group, Inc. of Birmingham, Alabama, or such other Independent Architect as the Company may, with the approval of the Trustee, designate as the Project Architect.

"Project Building" means the chemical dependency treatment facility which is required by the Lease to be constructed on the Project Site, as such building may at any time exist.

"Project Development Costs" means the following: (i) all costs and expenses incurred in connection with the planning, development and design of the Project, including the costs of preliminary investigations, surveys, estimates and plans and specifications; (ii) all costs of acquiring, preparing and landscaping the Project Site; (iii) all costs and expenses of constructing the Project Building, including the cost to the Company of supervising construction, payments to contractors and materialmen and fees for professional or other specialized services; (iv) all costs and expenses of acquiring the Project Equipment and of installing the same in or about the Project Building or elsewhere on the Project Site; (v) the costs of contract bonds and of insurance of all kinds which may be necessary or desirable in connection with the Project Development Work and which are not paid by any contractor or otherwise provided for; (vi) all expenses incurred in connection with the issuance and sale of the Series 1985 Bonds, including (without limitation) all legal, accounting, financial, underwriting, printing, recording and filing fees and expenses and the initial charge of the Trustee; (vii) the charges of the Trustee for the disbursement of moneys from the Construction Fund; (viii) all other costs which the Authority shall be required to pay, under the terms of any contract or contracts, in connection with the Project Development Work; (ix) interest paid or incurred prior to the issuance of the Series 1985 Bonds on obligations of the Company for money borrowed to pay any Project Development Costs; (x) interest on the Series 1985 Bonds to the extent that the cumulative amount thereof paid out of the proceeds of the Series 1985 Bonds, together with the accrued interest received by the Authority upon the sale of the Series 1985 Bonds, does not exceed the total interest that will accrue on the Series 1985 Bonds from their date until and including a date not more than six (6) months following the Completion Date; and (xi) the reimbursement to the Company of all amounts paid directly by the Company in respect of any of the aforesaid costs and expenses and of all amounts advanced by the Company to the Authority for the payment of such costs and expenses.

"Project Development Work" means all work and undertakings of whatever nature necessary or useful in connection with the acquisition, construction and equipping of the Project and the preparation thereof for operation as a chemical dependency treatment facility in accordance with the intent hereof, including, without limitation, (i) the acquisition of the Project Site and the preparation and

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improvement thereof to the extent that the Company deems necessary or desirable in connection with the construction of the Project Building, (ii) the planning, development, design and construction of the Project Building in accordance with the provisions hereof and (iii) the planning, design and acquisition of the Project Equipment and the installation thereof in or about the Project Building or elsewhere on the Project Site, all in accordance with the provisions hereof.

"Project Equipment" means (i) all items (whether or not fixtures) of furniture, furnishings, machinery, equipment or other personal property initially acquired and installed as a part of the Project, regardless of whether or not any part of the costs have been or are to be paid by the Authority out of the proceeds of any of the Bonds and (ii) all items (whether or not fixtures) of furniture, furnishings, machinery, equipment or other personal property at any time installed in the Project Building or elsewhere on the Project Site that, under the provisions of the Lease and the Indenture, are to constitute part of the Project Equipment, including, without limitation, all such items that are acquired by the Authority in substitution for or replacement of property theretofore constituting part of the Project Equipment. As of the delivery of this Lease Agreement, the Project Equipment is expected to consist of those items (whether or not fixtures) of furniture, furnishings, machinery, equipment or other personal property that are generally described in Exhibit A attached hereto and made a part hereof.

"Project Gross Revenues" means (i) all receipts, revenues, income and other moneys received by the Company from the operation of the Project and (ii) all present and future accounts receivable, contracts and contract rights establishing or evidencing the Company to receive the foregoing.

"Project Site" means (i) the parcel of land specifically described under the heading "T" in Section 3.1 hereof (to the extent that such parcel is at the time subject to the demise hereof) and (ii) any other land that, at the time and under the terms hereof, constitutes a part of the Project Site.

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

"Qualifying Project Development Costs" means Project Development Costs that are expended solely for the purpose of acquiring, constructing, reconstructing or improving land or property of a character subject to the allowance for depreciation within the meaning of Section 103(b)(6) of the Code and the applicable regulations thereunder, including (without limitation) the following: (a) all Project Development Costs described in clauses (i), (ii), (iii), (iv) and (v) of the definition of Project Development Costs herein to the extent that such costs are properly chargeable by the Company to capital account or would be so chargeable either with a proper election by the Company or but for a proper election by the Company to deduct such costs in the computation of its federal income tax; (b) with respect to that proportionate part of the Series 1985 Bonds the proceeds of which are used to pay the costs of acquiring, constructing and installing any portion of the Project constituting a "project" as such term is used in the definition of Component Completion Date,

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(i) property taxes assessed against such "project" during the period from the commencement of acquisition or construction thereof until the Component Completion Date pertaining thereto,

(ii) interest on obligations of the Company for money borrowed to pay the costs of acquiring, constructing and installing such "project" to the extent that such interest accrued during the period from the commencement of acquisition or construction of such "project" until the earlier of the Component Completion Date with respect thereto or the issuance of the Series 1985 Bonds, and

(iii) with respect to the proportionate part of the Series 1985 Bonds the proceeds of which are used to pay the costs of acquiring, constructing and installing such "project," interest on such part of the Series 1985 Bonds during the period beginning with the issuance of the Series 1985 Bonds or the commencement of acquisition or construction of such "project", whichever date occurs later, and continuing until the Component Completion Date with respect thereto; and

(c) all amounts necessary to reimburse the Company (without duplication of any amounts paid by the Authority out of the proceeds of the Series 1985 Bonds) for moneys paid or advanced by the Company for any of the aforesaid costs and expenses.

"Related Person", when used with reference to any Principal User or any Substantial User, means a "related person" within the meaning of Section 103(b)(6) of the Code and the applicable regulations thereunder.

"Series 1985 Bond Proceeds" means, as of the date of any determination thereof, an amount equal to the sum of (i) the aggregate amount (excluding accrued interest, if any) received by the Authority from the sale of the Series 1985 Bonds, less the expenses of issuing the Series 1985 Bonds to the extent, and only to the extent, that, in determining the amount of the "proceeds" of the Series 1985 Bonds for purposes of the "substantially all" test provided by United States Treasury Regulations §1.103-8(a)(1)(i) and §1.103-10(b)(1)(ii), such expenses are properly deductible from the aggregate amount (excluding accrued interest) received by the Authority from the sale of the Series 1985 Bonds, and (ii) the cumulative amount of net income derived, as of such date of determination, from the investment and reinvestment of proceeds of the Series 1985 Bonds (including income derived from the investment and reinvestment of previously derived income), it being understood that such net income shall consist of the aggregate interest received from investments plus any profit actually realized from the purchase of investments at a discount, less any accrued interest and any premium paid as part of the purchase price of any investments.

"Series 1985 Bonds" means those certain First Mortgage Gross Revenue Bonds (The Central Alabama Adolescent Chemical Dependency Treatment Facility), Series 1985, authorized to be issued under the Indenture in the principal amount of \$5,225,000.

"Series 1985 Determination of Taxability" means a determination, made in accordance with the provisions of Section 5.5 hereof, that the interest income on any

of the Series 1985 Bonds is subject to federal income taxation as a result of the occurrence of a Series 1985 Event of Taxability.

"Series 1985 Event of Taxability" means the date on which the interest income on any of the Series 1985 Bonds becomes subject to federal income taxation as a result of any of the conditions or circumstances set forth in Section 5.5 hereof.

"Series 1985 Guaranty" means that certain Guaranty Agreement dated as of December 1, 1985, between the Company and the Trustee in and by which the Company has unconditionally guaranteed the payment by the Authority of the principal of and the interest and premium (if any) on the Series 1985 Bonds and has agreed to pay or discharge certain other obligations relating to the Series 1985 Bonds, as such Guaranty Agreement may from time to time be amended in accordance with the provisions thereof.

"Series 1985 Original Purchasers" means Hugo Marx & Co., Inc. and American Municipal Securities, Inc., the original purchasers of the Series 1985 Bonds from the Authority.

"Series 1985 Taxability Redemption Date" means the redemption date on which all then outstanding Series 1985 Bonds are required to be redeemed, pursuant to the provisions of subsection (b) of Section 7.4 of the Indenture, as the result of a Series 1985 Determination of Taxability.

"Substantial User" means, with respect to any "facilities" [as the term "facilities" is used in Section 103(b)(6) of the Code], a "substantial user" of such "facilities" within the meaning of Section 103(b)(13) of the Code and the applicable regulations thereunder.

"Tangible Net Worth" means, as of the date of any determination thereof, the amount by which the sum of the amounts then appearing on the balance sheet of the Company as (i) the par value or stated value of all outstanding capital stock and (ii) capital, paid-in and earned surplus plus earnings retained in the business shall exceed the sum, without duplication, of (A) any deficit in any surplus account, (B) the aggregate amount of all assets then appearing on such balance sheet which under generally accepted accounting principles would be classified as intangibles, including, without limitation, treasury stock, unamortized debt discount and expense, good will, trademarks, trade names, patents and deferred charges, (C) the aggregate amount of all write-ups after September 1, 1985, in the book value of assets shown on the Company's balance sheet as of such date plus the aggregate amount of all write-ups in the book value of assets acquired by the Company after such date to the extent that such write-ups exceed the respective costs of the assets so written-up, and (D) the balance sheet value of any obligation due the Company if the terms thereof permit the payment of such obligation to be subordinated to the payment of any other indebtedness of the Person owing such obligation to the Company, all as determined in accordance with generally accepted accounting principles.

"Test Period Beneficiary" means a "test period beneficiary" within the meaning of Section 103(b)(15) of the Code and the applicable regulations thereunder.

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"Title Insurance Policy" means that certain title insurance policy issued by Mississippi Valley Title Insurance Company, pursuant its Commitment for Title Insurance, numbered P-275439 and dated November 22, 1985, which insures the mortgage interest of the Trustee in the real property forming part of the Project, as said policy now exists and as it may from time to time be supplemented by endorsements thereto.

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

"United States Corporation" means a corporation organized under the laws of the United States of America, one of the States thereof or the District of Columbia.

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

Section 1.3 **Use of Phrases.** "Herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter" and other equivalent words refer to the Lease as an entirety and not solely to the particular portion in which any such word is used. The definitions set forth in Section 1.1 hereof include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders.

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ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

(a) **Organization.** The Authority is a public corporation duly organized and validly existing under the provisions of the Act, as now existing, by reason of its certificate of incorporation duly filed for record in the office of the Judge of Probate of Shelby County, Alabama; the said certificate of incorporation has not been amended, rescinded and revoked and is in full force and effect; and the Authority is not in default under any of the provisions contained in said certificate of incorporation, as amended, or its bylaws or in the laws of the State of Alabama. The Authority has not initiated any proceedings or taken any action for its dissolution.

(b) **Litigation.** There are no actions, suits or proceedings pending (nor, to the knowledge of the Authority, are any actions, suits or proceedings threatened) against or affecting the Authority or any property of the Authority in any court, or before an arbitrator of any kind, or before or by any governmental body, which might

materially and adversely affect the transactions contemplated by this Lease Agreement or which might adversely affect the validity or enforceability of this Lease Agreement or any other agreement or instrument to which the Authority is or is to be a party relating to the transactions contemplated by this Lease Agreement.

(c) Sale and Other Transactions are Legal and Authorized. The sale and issuance of the Series 1985 Bonds, the execution and delivery of this Lease Agreement and the Indenture, and the compliance with all the provisions of each thereof and of the Series 1985 Bonds by the Authority (i) are within the power and authority of the Authority, (ii) will not conflict with or result in a breach of any of the provisions of, or constitute a default under, or result in or require the creation of any lien or encumbrance (other than Permitted Encumbrances) upon any property of the Authority under, the Act, the certificate of incorporation or the bylaws of the Authority, any agreement or other instrument to which the Authority is a party or by which it may be bound, or any license, judgment, decree, order, law, statute, ordinance or governmental regulation applicable to the Authority, and (iii) have been duly authorized by all necessary corporate action on the part of the Authority.

(d) Governmental Consents. Neither the nature of the Authority, nor any of its activities or properties, nor any relationship between the Authority and any other Person, nor any circumstance in connection with the offering, sale, issuance or delivery of any of the Series 1985 Bonds is such as to require a consent, approval or authorization of, or filing, registration or qualification with, any governmental body on the part of the Authority in connection with the execution, delivery and performance of either this Lease Agreement or the Indenture or the offering, sale, issuance or delivery of any of the Series 1985 Bonds, other than (i) the due filing and/or recording of the deed or deeds by which the Authority acquired title to the Project Site, the Lease and the Indenture, (ii) the due filing of requisite Uniform Commercial Code financing statements, (iii) the approval by the County of the issuance of the Series 1985 Bonds more particularly described in subsection 2.1(e) hereof and the consent by the governing body of the County to the undertakings of the Authority contemplated by the Lease and the Indenture, and (iv) the granting of an allocation to the Series 1985 Bonds of a portion of the State's capacity for the issuance of so-called "private activity bonds" under the Alabama 1985 Bond Allocation Plan. The governing body of the County has duly adopted appropriate resolutions consenting to the undertakings of the Authority contemplated by the Lease and the Indenture, and the State Industrial Development Authority has issued a Notice of Allocation with respect to the Series 1985 Bonds.

(e) Public Approval. The issuance of the Series 1985 Bonds has been approved by the County (the County being the Governmental Unit on behalf of which the Series 1985 Bonds are being issued and the County being the political jurisdiction in which the Project will be located), said approval having been made by the respective applicable elected representative of each such Governmental Unit after a public hearing following reasonably public notice, all in accordance with the provisions of Section 103(k) of the Code and the applicable regulations thereunder.

(f) No Default. No event has occurred and no condition exists which would constitute an "Event of Default" under the Indenture, as "Event of Default" is therein defined, or which would become such an "Event of Default" with the passage of time or with the giving of notice or both. The Authority is not in default under the

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Act, its certificate of incorporation, as amended, its bylaws, or any agreement or instrument to which it is a party or by which it is bound, or any judgment, order, rule or regulation of any court or other governmental body applicable to it, to the extent in any such case that the default in question would adversely affect the existence of the Authority, its corporate power to carry out the transactions contemplated by this Lease Agreement or the validity of any of the Series 1985 Bonds or the security therefor.

(g) The Series 1985 Bonds. The Series 1985 Bonds, when issued and paid for in accordance with this Lease Agreement and the Indenture and when duly authenticated by the Trustee, will constitute legal, valid and binding special obligations of the Authority payable solely from the sources provided in the Indenture.

(h) Tax Exempt Status of Series 1985 Bonds. The Authority intends for the Series 1985 Bonds to be issued in compliance with the conditions necessary for the interest income thereon to be exempt from federal income taxation under Section 103(b)(6) of the Code, and the Authority understands that such exemption constitutes a principal inducement to the purchase of the Series 1985 Bonds by the Series 1985 Original Purchasers and will constitute a principal inducement to the purchase of any of the Series 1985 Bonds by any subsequent purchaser thereof.

(i) Filing of Statements with Internal Revenue Service. The Authority has filed with the Internal Revenue Service all statements (based in part on information supplied by the Company) required pursuant to Section 103(b)(6)(D) of the Code for the purpose of making an election to have the Series 1985 Bonds treated as an issue of bonds in the aggregate authorized face amount of \$10,000,000 or less, in lieu of the \$1,000,000 "exemption" provided for in Section 103(b)(6)(A) of the Code.

(j) Average Maturity of the Series 1985 Bonds. The "average maturity" of the Series 1985 Bonds does not exceed 120 percent of the average reasonably expected economic life of the facilities being financed with the proceeds of the Series 1985 Bonds, all within the meaning of Section 103(b)(14) of the Code and the applicable regulations thereunder.

(k) Title to Project. The Authority has good and marketable title to the Project Site, subject only to Permitted Encumbrances.

(l) Nature and Location of Project. The Project will constitute a "health care facility" within the meaning of the Act, as now existing. As of the delivery of this Lease Agreement, the Project Site is located wholly within the unincorporated area of the County.

(m) Concerning Annual Limit on Aggregate Amount of Private Activity Bonds. The issuance of the Series 1985 Bonds, when added to the aggregate amount of so-called "private activity bonds" previously issued by the Authority during calendar year 1985, will not cause the aggregate amount of such private activity bonds issued by the Authority during such calendar year to exceed the Authority's private activity bond limit for such calendar year, all within the meaning of Section 103(n) of the Code and the applicable regulations thereunder.

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(n) Fulfillment of Purposes of Act. The Authority has determined that the issuance of the Series 1985 Bonds, the performance of the Project Development Work and the leasing of the Project to the Company will promote the public health of the people of the State of Alabama and otherwise fulfill the purposes of the Act, as now existing.

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

(a) Organization of Company. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Alabama. The Company has the corporate power and authority to own its properties and assets and to carry on its business as now being conducted, and has all requisite corporate power to enter into this Lease Agreement and to consummate the transactions contemplated hereby.

(b) Authorization and Validity of this Lease Agreement. The Company has, by all necessary corporate action, duly authorized the execution, delivery and performance of this Lease Agreement, and when duly executed and delivered by the Authority, this Lease Agreement will constitute a legal, valid and binding obligation of the Company.

(c) Burdensome and Conflicting Agreements and Charter Provisions. The Company is not a party to any instrument or agreement or subject to any charter or corporate restriction or to any judgment, order, rule or regulation of any court or governmental body which materially and adversely affects, or in the future may (so far as the Company can now foresee) materially and adversely affect the business, prospects, operations, properties, assets or condition (financial or otherwise) of the Company. Neither the execution and delivery of this Lease Agreement, nor the offering, sale and issuance of any of the Series 1985 Bonds, nor the consummation of the transactions herein contemplated, nor the fulfillment of or compliance with the terms and provisions hereof conflicts with, or results in a breach of, or constitutes a default under, or results in or requires the creation of any lien in respect of any properties or assets of the Company pursuant to, or requires any authorization, consent, approval, exemption or other action by, or any notice to, any Person (other than those already obtained, taken or made and which continue in full force and effect) pursuant to the terms, conditions or provisions of any applicable law, rule, regulation, corporate charter, bylaw, agreement, instrument, judgment or order by which the Company is bound or to which the Company or any of its properties is subject.

(d) Governmental Consents. Neither the nature of the Company, its business or property, nor any relationship between the Company and any other Person nor any circumstance in connection with the offering, sale, issuance or delivery of any of the Series 1985 Bonds is such as to require on the part of the Company any consent, approval, permit, exemption, action, order or authorization of, or filing, registration or qualification with, or with respect to, any court, regulatory agency or other governmental body in connection with the execution and delivery of this Lease Agreement or the offering, sale, issuance or delivery of any of the Series 1985 Bonds

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(other than those already obtained, taken or made and which continue in full force and effect).

(e) Litigation. There is no action, suit, inquiry, investigation or proceeding pending or overtly threatened against or affecting the Company at law or in equity or before or by any court or governmental body (nor, to the best knowledge and belief of the Company, is there any basis therefor) which might result in any material adverse change in the business, prospects, operations, properties or assets or in the condition (financial or otherwise) of the Company, or which might materially and adversely affect the transactions contemplated by this Lease Agreement, or which might impair the ability of the Company to comply with its obligations hereunder.

(f) No Defaults. No event has occurred and no condition exists which, upon the issuance of any of the Series 1985 Bonds, would constitute an Event of Default or which would become such an Event of Default with the passage of time or with the giving of notice or both. To the best of the knowledge of the Company, no event has occurred and no condition exists which would constitute an "Event of Default" under the Indenture, as "Event of Default" is therein defined, or which would become such an "Event of Default" with the passage of time or with the giving of notice or both. The Company is not in default in any respect under its charter or other constitutive instrument or to the best knowledge of the Company, any agreement or other instrument to which it is a party or by which it is bound, on any judgment, order, rule or regulation of any court or other governmental body applicable to it, to the extent in any such case that the default in question would materially and adversely affect the transactions contemplated by this Lease Agreement or would impair the ability of the Company to comply with its obligations hereunder.

(g) Licenses, Permits, Etc. The Company possesses adequate licenses and permits, or rights thereto, to conduct its business substantially as now conducted and as presently proposed to be conducted. All licenses, permits or other approvals required in connection with the acquisition, construction, installation and operation of the Project have been duly obtained and are in full force and effect except for any such licenses, permits or other approvals (i) which are not yet required and which will be duly obtained not later than the time required or (ii) the failure to obtain which will not materially and adversely affect the acquisition, construction, installation and operation of the Project.

(h) Project's Compliance with Statutes and Regulations. To the best of the knowledge and judgment of the Company, the operation of the Project for the purpose for which it was designed and acquired will not conflict with any zoning, planning or similar regulations applicable thereto and will comply in all material respects with all applicable statutes, regulations, orders and restrictions, including any thereof relating to the control of air and water pollution.

(i) Full Disclosure. Neither any information furnished by the Company to the Series 1985 Original Purchasers in connection with the sale and issuance of the Series 1985 Bonds and the other transactions contemplated by this Lease Agreement, nor the representations and warranties made by the Company in this Lease Agreement or in any document in writing furnished by the Company to the Series 1985

Original Purchasers in connection with the transactions contemplated hereby, contain (except to the extent, as to any such representation or warranty not made in this Lease Agreement or in a document required to be furnished pursuant to this Lease Agreement, corrected in any other written communication subsequently furnished by the Company to the Series 1985 Original Purchasers prior to the execution and delivery of this Lease Agreement) any untrue statement of a material fact or omit a material fact necessary to make the statements contained therein or herein, in light of the circumstances in which they were made, not misleading at the times they were made. There is no fact known to the Company or which in the exercise of reasonable diligence should have been known to the Company which the Company has not disclosed to the Series 1985 Original Purchasers in writing prior to the execution and delivery of this Lease Agreement which materially adversely affects or, so far as the Company can now in the exercise of its reasonable business judgment foresee, will materially adversely affect the Project, the condition (financial or otherwise) of the Company or the ability of the Company to perform its obligations hereunder or under any agreement contemplated hereby.

(j) Date of Acquisition of Project. No property or interest therein which constitutes or is to constitute part of the Project was acquired by or on behalf of the Company or any Related Person thereto prior to the effective date hereof.

(k) Nature and Location of Project. The Project will constitute a "health care facility" within the meaning of the Act, as now existing. As of the delivery of this Lease Agreement, the Project Site is located wholly within the unincorporated area of the County.

(l) Relationship of Qualifying Project Development Costs to Amount of Series 1985 Bond Proceeds. Based upon reasonable estimates as of the date of the delivery of this Lease Agreement, those costs of acquiring, constructing and installing the Project that constitute Qualifying Project Development Costs are expected to amount, in the aggregate, to not less than ninety percent (90%) of the Series 1985 Bond Proceeds.

(m) Use of the Project. As of the date of the delivery of this Lease Agreement, the Company does not have any plans and is not a party to any arrangement which, if consummated, would result in the Project being used by any Principal User other than the Company or a Related Person thereto.

(n) Tax Exempt Status of the Series 1985 Bonds. The Company intends for the Series 1985 Bonds to be issued in compliance with the conditions necessary for the interest income thereon to be exempt from federal income taxation under Section 103(b)(6) of the Code, and the Company understands that such exemption constitutes a principal inducement to the purchase of the Series 1985 Bonds by the Series 1985 Original Purchasers from the Authority and will constitute a principal inducement to the purchase of any of the Series 1985 Bonds by any subsequent purchaser thereof.

(o) No Previously Issued Public Securities. Except for the Series 1985 Bonds, no Public Securities have been issued since June 30, 1968, and are now outstanding, the proceeds of which have been or are to be used primarily with respect to Local Facilities.

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(p) Previous Capital Expenditures. All capital expenditures [determined in accordance with the provisions of Section 103(b)(6)(D) of the Code and the applicable regulations thereunder] that have been made with respect to Local Facilities during the three-year period next preceding the date of issue of the Series 1985 Bonds and that are not to be paid in some manner out of the Series 1985 Bond Proceeds do not in the aggregate exceed the sum of \$5,500,000.

(q) Average Maturity of the Series 1985 Bonds. The "average maturity" of the Series 1985 Bonds does not exceed 120 percent of the average reasonably expected economic life of the facilities being financed with the proceeds of the Series 1985 Bonds, all within the meaning of Section 103(b)(14) of the Code and the applicable regulations thereunder.

(r) No Composite Issue. As of the date of the delivery of this Lease Agreement, the Company does not have any plans and is not a party to any arrangement which, if consummated, would result in the Series 1985 Bonds and any other Public Securities being considered a single issue of "industrial development bonds" within the meaning of Section 103(b)(6)(K) of the Code, the applicable regulations thereunder or Rev. Rul. 81-216, 1981-1 C.B. 21, including, without limitation, any arrangement pursuant to which (i) the Series 1985 Bonds and such other Public Securities will be sold at substantially the same time; (ii) the Series 1985 Bonds and such other Public Securities will be sold pursuant to a common plan of marketing; (iii) the Series 1985 Bonds and such other Public Securities will be sold at substantially the same rates of interest; and (iv) a common or pooled security will either be used or available to pay debt service on the Series 1985 Bonds and such other Public Securities.

(s) Series 1985 Bonds Not Federally Guaranteed. The payment of the principal or interest with respect to the Series 1985 Bonds will not be guaranteed, in whole or in part, by the United States of America or any agency or instrumentality thereof; nor will the Series 1985 Bonds be issued as part of an issue a significant portion of the proceeds of which are to be (i) used in making loans the payment of the principal or interest with respect to which is to be guaranteed, in whole or in part, by the United States of America or any agency or instrumentality thereof, or (ii) invested, directly or indirectly, in federally insured deposits or accounts [except as provided by Section 103(h)(3)(B) of the Code]; nor will the payment of the principal or interest with respect to the Series 1985 Bonds be otherwise indirectly guaranteed, in whole or in part, by the United States of America or any agency or instrumentality thereof.

(t) Inducement to Locate Project in Alabama. The undertakings by the Authority to acquire, construct and equip the Project and to lease the same to the Company pursuant to this Lease Agreement have induced the Company to operate a new chemical dependency treatment facility in the State of Alabama.

ARTICLE III
DEMISING CLAUSES

Section 3.1 Demising Clauses. For and during the Lease Term, the Authority hereby demises and leases to the Company, subject to Permitted Encumbrances, and the Company hereby rents from the Authority, subject to Permitted Encumbrances, the following described properties and related rights:

I

The following described parcel of land situated in the unincorporated area of the County:

A parcel of land situated in the Southeast 1/4 of the Northeast 1/4 and the Northeast 1/4 of the Southeast 1/4 of Section 7, Township 20 South, Range 2 West, Shelby County, Alabama, being more particularly described as follows:

Commence at the Northwest corner of the Southeast 1/4 of the Northeast 1/4 of Section 7, Township 20 South, Range 2 West, Shelby County, Alabama, and run in a Southerly direction along the West line of said 1/4-1/4 section a distance of 1051.31 feet to the point of beginning of the herein described parcel; thence deflect $61^{\circ}40'02''$ and run to the left in a Southeasterly direction a distance of 908.36 feet to a point; thence turn an interior angle of $117^{\circ}29'37''$ and run to the right in a Southerly direction a distance of 425.00 feet to a point; thence turn an interior angle of $270^{\circ}00'00''$ and run to the left in an easterly direction a distance of 320.00 feet to a point; thence turn an interior angle of $90^{\circ}00'00''$ and run to the right and in an southerly direction a distance of 242.42 feet to a point; thence turn an interior angle of $120^{\circ}00'00''$ and run to the right and in a southwesterly direction a distance of 225.17 feet to a point; thence turn an interior angle of $150^{\circ}00'00''$ and run to the right in a Westerly direction a distance of 1125.00 feet to a point on the Southeast right-of-way line of Shelby County Road #35, and a point on a curve running in a Northerly direction and to the left having a central angle of $29^{\circ}59'34''$ and a radius of 1260.81 feet; thence turn an interior angle of $66^{\circ}40'35''$ to the tangent of said curve and run in a Northerly direction and along the East right-of-way of said road a distance of 660.00 feet to a point; thence tangent to the last described curve, turn an interior angle of $81^{\circ}51'05''$ and run to the right in an Easterly direction a distance of 107.92 feet to a point on the West line of the Northeast 1/4 of the Southeast 1/4 of said section; thence turn an interior angle of $272^{\circ}19'07''$ and run to the left in a Northerly direction and along the West line of said 1/4-1/4 section a distance of 556.58, more or less, to the point of beginning of the herein described parcel, containing 22.3559 acres, more or less.

II

The Project Building and all other buildings, structures and other improvements now or hereafter situated on the Project Site, all permits, easements, licenses, rights-of-way, contracts, leases, privileges, immunities and hereditaments pertaining or applicable to the Project Site and all fixtures now or hereafter owned by the Authority and installed on the Project Site or in the Project Building or in any of such other buildings, structures and improvements now or hereafter located on the Project Site, it being the intention hereof that all property, rights and privileges hereafter

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acquired for use as a part of or in connection with or as an improvement to the Project Site shall be as fully covered hereby as if such property, rights and privileges were now owned by the Authority and were specifically described herein; and

III

All items (whether or not fixtures) of furniture, furnishings, machinery, equipment and other personal property that at any time, under the provisions of the Lease, constitute the Project Equipment, including, without limitation, the items (whether or not fixtures) of furniture, furnishings, machinery, equipment and other personal property generally described in Exhibit A attached hereto and made a part hereof.

ARTICLE IV

CONCERNING THE PROJECT DEVELOPMENT WORK; ISSUANCE OF THE SERIES 1985 BONDS

Section 4.1 **Performance of the Project Development Work.** The Authority and the Company will undertake and complete, or will cause to be undertaken and completed, the following work with respect to the Project:

(a) the improvement of the Project Site in such manner and to such extent as the Company deems necessary or desirable, and in accordance with detailed plans and specifications to be prepared by the Company and its agents, in connection with the construction of the Project Building;

(b) the construction, wholly within the boundaries of the Project Site, of a one-story chemical dependency treatment facility containing 80 treatment beds; and

(c) the acquisition and installation, in or about the Project Building or elsewhere on the Project Site, of such items of furniture, furnishings, machinery, equipment and other personal property necessary for or useful in the operation of the Project as shall be specified by the Company (said furniture, furnishings, machinery, equipment and other personal property, as presently envisioned by the Company, being generally described in Exhibit A attached hereto and made a part hereof).

The Project Building and other improvements to the Project Site shall be constructed in with those portions of the Plans and Specifications respectively applicable thereto and the directions of the Company to the extent not inconsistent with the Plans and Specifications. The Authority and the Company will use their best efforts to complete the Project Development Work, or to cause the same to be completed, as promptly as practicable, delays incident to strikes, riots, acts of God or the public enemy or other acts beyond the reasonable control of the Authority or the Company only excepted; provided, however, that no liability on the part of the Authority nor any reduction in or postponement of any rentals payable by the Company hereunder shall result from any delay in the completion of any of the Project Development Work or from the failure of such work to be completed in accordance with the Plans and Specifications and directions furnished by the Company.

The Authority acknowledges that the Project is to be acquired, constructed, equipped and furnished in accordance with the requirements of the Company, and it is therefore agreed and understood that the Company, at any time and from time to time after the delivery of this Lease Agreement, may cause such modifications to be made to the Plans and Specifications as it may deem necessary or desirable, provided that no such modification shall be implemented unless the following conditions are met:

(a) the Project Building, as constructed in accordance with such modification, shall be of a size and quality substantially equivalent to that provided for in the Plans and Specifications as they existed at the time of the delivery of this Lease Agreement;

(b) the nature and character of the Project shall not be changed by such modification to such extent that it will not qualify as a "health care facility" within the meaning of the Act;

(c) the Company shall have obtained the consent to such modification of any governmental or regulatory authorities if such consent shall be required by law or is of such a nature that the failure to obtain it would have a materially adverse affect upon the licensing or operation of the Project or any part thereof;

(d) if such modification involves any work to be performed under the Construction Contract, the effect of such modification shall be reflected in an adjustment to the contract price under the Construction Contract made by a formal change order to such contract;

(e) if such modification results in a projected increase in the cost of constructing the Project Building, the President or other chief executive officer of the Company shall certify to the Trustee that sufficient funds are then held in the Construction Fund (including, without limitation, any additional moneys deposited therein by or on behalf of the Company) to pay all Project Development Costs thereafter coming due, including the cost of constructing the Project Building as increased by such modification to the Plans and Specifications;

(f) the Contractor shall furnish to the Trustee a certificate of its estimate of the delay (if any) in the completion of the Project which would result from such modification, and such modification shall not be implemented if such modification would delay such completion, as specified by the Construction Contractor, by more than thirty (30) days; and

(g) the surety with respect to any surety bond relating to the Construction Contract shall furnish to the Trustee an endorsement or other document satisfactory to the Trustee to the effect that such modification will not terminate, reduce or otherwise adversely affect the coverage afforded under such surety bond.

The Company may, after the delivery of this Lease Agreement, cause such changes to be made in the Project Equipment described in Exhibit A hereto, including additions

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thereto, deletions therefrom and substitutions therefor, as it may desire and as will not cause the Project Equipment, as altered by such changes, to be functionally inferior (insofar as the operation of the Project by the Company is concerned) to the Project Equipment described in said Exhibit A. Except as provided in the foregoing provisions of this paragraph, neither the Authority nor the Company will cause or permit any changes to be made prior to the Completion Date in the design of the Project Building or in the composition of the Project Equipment. The rights of the Company under this paragraph to cause changes to be made in the Project Equipment described in said Exhibit A shall apply only to the selection of such equipment prior to its installation in or about the Project Building or elsewhere on the Project Site, and nothing herein contained shall be construed to enlarge, restrict or otherwise alter the terms and conditions contained in Section 6.3 hereof respecting the removal from the Project Site of any item of the Project Equipment.

The Authority will execute and deliver, or cause to be executed and delivered, all contracts, orders, requisitions, instructions and other written instruments and do, or cause to be done, all other acts or things that may be necessary or proper to carry out the Project Development Work and to perform fully its obligations under this Lease Agreement. In no event, however, will the Authority hereafter enter into any contract with respect to the Project Development Work or any part thereof unless there is endorsed thereon a legend indicating that the Company has approved both the form and substance of such contract and such legend is signed on behalf of the Company by an Authorized Company Representative.

The Authority hereby appoints the Company as its true and lawful agent to act on its behalf in connection with the Project Development Work, and the Company hereby accepts such agency to act and do all things on behalf of the Authority required to carry out such work to completion. The appointment of the Company to act as agent for the Authority and the authority thereby conferred on the Company shall irrevocably continue in effect until the Project Development Work has been completed in every respect; provided, however, that the Authority may, upon the occurrence of an Event of Default and notwithstanding the preceding provisions of this paragraph, terminate the agency relationship created hereby. In addition to all other powers and duties of the Company as the general agent of the Authority in connection with the Project Development Work, the Company shall have the power, hereby granted by the Authority, to appoint as an agent of the Authority any person, firm or corporation having a contract to perform any part of the Project Development Work, irrespective of whether such contract is directly with the Authority or is a subcontract with a person, firm or corporation other than the Authority. Any agent of the Authority so appointed by the Company (such agent being herein called a "Company Appointed Authority Agent") shall be authorized to act for and in the name and behalf of the Authority to the same extent that any provision of this Agreement authorizes the Company to act for and in the name and behalf of the Authority; provided, however, that the Company may limit the power of any Company Appointed Authority Agent to act for the Authority to such extent as the Company, in the exercise of its discretion, may deem desirable. The Company may exercise its power to appoint any Company Appointed Authority Agent either (i) by causing such appointment to be recognized in any contract or subcontract providing for the employment of such agent in connection with the Project Development Work or (ii) by evidencing such appointment in a written instrument other than such contract or subcontract, a copy of which instrument is to be furnished to the Authority.

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The Authority hereby ratifies and confirms all actions heretofore taken by it and assumes and adopts all contracts heretofore entered into by the Company, whether in the name and behalf of the Authority or in the name and behalf of the Company, with respect to the Project Development Work; provided, however, that any obligation for the payment of money incurred or assumed by the Authority with respect to any such contract shall be payable solely from the proceeds derived by the Authority from the sale of any of the Bonds, from income earned by the Authority from the investment of such proceeds or from any moneys made available to the Authority by the Company for the payment of such obligation.

The Authority and the Company shall each appoint by written instrument an agent or agents authorized to act for each respectively in any or all matters arising under the Lease or the Indenture which, by the specific terms of the Lease or the Indenture, require action by such agents. Each agent so appointed to act for the Authority shall be designated an Authorized Authority Representative, and each agent so appointed to act for the Company shall be designated an Authorized Company Representative. Either the Authority or the Company may from time to time, by written notice to the other party hereto and to the Trustee, revoke, amend or otherwise limit the authorization of any agent appointed by it to act on its behalf or designate another agent or agents to act on its behalf, provided that with reference to all the foregoing matters there shall be at all times at least one Authorized Authority Representative authorized to act on behalf of the Authority and at least one Authorized Company Representative authorized to act on behalf of the Company.

Section 4.2 Agreement to Issue Series 1985 Bonds. In order to finance the Project Development Costs, the Authority will, simultaneously with the delivery hereof, issue and sell the Series 1985 Bonds and, as security therefor, execute and deliver the Indenture. All the terms and conditions of the Indenture (including, without limitation, those relating to the amounts and maturity date or dates of the principal of the Series 1985 Bonds, the interest rate or rates thereof and the provisions for redemption thereof prior to their respective maturities) are hereby approved by the Company, and to the extent that any provision of the Indenture is relevant to the calculation of any rental or other amount payable by the Company hereunder or to the determination of any other obligation of the Company hereunder, the Company hereby agrees that such provision of the Indenture shall be deemed a part hereof as fully and completely as if set out herein.

Section 4.3 Disbursement of Moneys from Construction Fund. Subject to the conditions of Section 4.4 hereof, the Authority will pay, or cause to be paid, all Project Development Costs, but such costs shall be paid solely out of the principal proceeds from the sale of the Series 1985 Bonds, income earned from the investment of such proceeds and any other moneys which the Company may cause to be deposited in the Construction Fund. The Company, as agent for the Authority, will cause such requisitions to be prepared and submitted to the Trustee as shall be necessary to enable the Trustee to pay, out of moneys held in the Construction Fund in accordance with the provisions of Section 9.2 of the Indenture, all the Project Development Costs. The Company, upon request by the Authority, will furnish a copy of each such requisition to the Authority.

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As provided in the Inducement Agreement, the Authority will, simultaneously with the issuance of the Series 1985 Bonds or as soon thereafter as may be practicable, cause the Trustee, upon submission of requisitions satisfying the requirements of the Indenture, to reimburse the Company, out of the proceeds of the Series 1985 Bonds deposited in the Construction Fund, for (i) all costs and expenses that the Company may have heretofore paid or incurred in connection with the Project Development Work, and (ii) all advances and loans to the Authority heretofore made by the Company pursuant to the Inducement Agreement in order to enable the Authority to pay Project Development Costs. The Company hereby acknowledges and agrees that the failure by the Authority to reimburse the Company, or to cause the Company to be reimbursed, in full for all such costs and expenses and all such advances (whether such failure results from insufficient moneys being available in the Construction Fund for such purpose, a decision by the Company not to request such reimbursement or any other cause) shall not result in any diminution or postponement of any rentals payable by the Company hereunder, or in the acquisition of title to any part of the Project by the Company, or in the imposition of a lien in favor of the Company upon any part of the Project.

It is understood and agreed that the Construction Contract will require all subcontractors and materialmen involved in the performance of the work thereunder to waive their respective mechanics', laborers' or materialmen's liens on the Project or any part thereof in consideration of the payment bond for the work thereunder to be provided by the Contractor.

Section 4.4 No Warranty of Suitability by the Authority. Company Required to Make Arrangements for Payment of Project Development Costs. The Company recognizes that the Project Development Work has been or is to be planned and carried out under its control and in accordance with its requirements, and the Authority can, therefore, make no warranty, either express or implied, or offer any assurances that such work, when completed, will be suitable for the Company's purposes or needs or that the proceeds derived from the sale of the Series 1985 Bonds, together with the income (if any) earned from the investment of such proceeds, will requirements, and the Authority can, therefore, make no warranty, either express or implied, or offer any assurances that such work, when completed, will be suitable for the Company's purposes or needs or that the proceeds derived from the sale of the Series 1985 Bonds, together with the income (if any) earned from the investment of such proceeds, will be sufficient to pay in full all the Project Development Costs. In the event such proceeds and investment income (if any) are insufficient to pay all the Project Development Costs, the Company

(a) will, subject to the provisions of Section 4.1 hereof, cause such changes to be made in the scope of the Project Development Work (including changes in the design of the Project Building, or in the design of any other improvements to be constructed on the Project Site, or in the composition of the Project Equipment) as will result in the aggregate Project Development Costs not exceeding such proceeds and investment income, or

(b) will itself complete the Project Development Work as originally planned and will pay that portion of the Project Development Costs in excess of such proceeds and investment income, or

(c) will pay into the Construction Fund such moneys as are necessary for the payment of all Project Development Costs, in which case the Authority will complete the Project Development Work, or

(d) will, to the extent legally and economically possible, cause the Authority to sell and issue not exceeding \$200,000 in principal amount of Additional Bonds, in accordance with the provisions of the Indenture, in whatever principal amount is necessary to provide for payment of all Project Development Costs, in which case the Authority will complete the Project Development Work, or

(e) will take action pursuant to any two or more of the courses of action described in the preceding clauses (a), (b), (c) and (d),

all to the end that all obligations incurred by the Authority in connection with the Project Development Work shall be paid in full and that the acquisition, construction and installation of the Project shall be completed to the extent required for (i) the use of the proceeds of the Series 1985 Bonds to comply with the conditions necessary for the interest on the Series 1985 Bonds to be exempt from federal income taxation pursuant to Section 103(b)(6) of the Code and the applicable regulations thereunder and (ii) the Project to constitute a "health care facility" within the meaning of the Act. The Company shall not, by reason of (1) its direct payment of any excess Project Development Costs, (2) its payment of any moneys into the Construction Fund for the payment of any such costs or (3) any other arrangements made by it for the payment of such costs, be entitled to any reimbursement from the Authority (except out of the proceeds from the sale of any Additional Bonds that may hereafter be issued by the Authority for the purpose of funding the payment of any such excess costs) or to any diminution or postponement of any rentals payable by the Company hereunder. Further, the fact that the Company directly pays, or directly or indirectly furnishes money to the Authority for the payment of, any part of the Project Development Costs shall not result in the Company's acquisition of title to any part of the Project or in the imposition of a lien in favor of the Company upon any part of the Project, it being understood and agreed (A) that title to all the Project shall, as between the Authority and the Company, be fully and solely vested in the Authority and (B) that any such lien in favor of the Company that might so result is hereby expressly waived and released by the Company.

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Section 4.5 Authority to Pursue Rights against Suppliers and Contractors, etc. In the event of default by any supplier, contractor or subcontractor under any contract with the Authority for the performance of the Project Development Work or any part thereof, the Authority will, upon written request made to it by the Company, proceed, either separately or in conjunction with others, to exhaust all remedies the Authority may have against such supplier, contractor or subcontractor so in default and against each surety (if any) for the performance of such contract, but all actions taken by the Authority to exhaust such remedies shall be at the expense of the Company. Further, in the event the Authority proceeds in an arbitration proceeding or by an action at law or in equity against any such supplier, contractor, subcontractor or surety pursuant to the provisions of this section or in the event any such supplier, contractor, subcontractor or surety brings any such proceeding or action against the Authority in connection with or relating to the Project Development Work, the Authority will follow all reasonable directions given to it by the

Company in connection with such proceeding or action, and the Company shall have full and complete control thereof, but any Counsel selected by the Company for the Authority shall be subject to the approval of the Authority. The net amount recovered by the Authority in any such proceeding or action shall be paid into the Construction Fund or, if such amount is recovered after the Completion Date, to the Company, unless an Event of Default shall have occurred and be continuing, in which case such amount shall be paid into the Bond Fund.

The Authority hereby transfers and assigns to the Company all the Authority's rights and interests in, to and under any maintenance or surety bonds or warranties respecting quality, durability or workmanship obtained by or vested in the Authority in connection with the Project Development Work, and grants to the Company the right to take action, in the name of either the Authority or the Company, but at the Company's sole cost and expense, for the enforcement of such bonds and warranties. The net amount recovered in any such action shall be paid into the Construction Fund or, if such amount is recovered after the Completion Date, to the Company, unless an Event of Default shall have occurred and be continuing, in which case such amount shall be paid into the Principal Account of the Bond Fund.

Section 4.6 Certification of Completion Date. The Completion Date shall be established by the delivery to the Trustee and the Authority by a certificate signed by the President or other chief executive officer of the Company stating that

(a) the acquisition, construction and installation of the Project and all other Project Development Work have been completed in accordance with the Plans and Specifications and directions furnished by the Company,

(b) all the Project Development Costs have been paid in full, except for amounts retained by the Trustee at the Company's direction for any such costs not then due and payable or the liability for payment of which is being contested or disputed by the Company or by the Authority at the Company's direction,

(c) the Project Building is in habitable condition and is fit for the purposes for which it was designed,

(d) all Project Equipment required for the commencement of initial operations at the Project have been installed in the Project Building or elsewhere on the Project Site as needed, and

(e) any legally required or customarily used confirmation of compliance with applicable building codes has been issued by the appropriate county or municipal officials to the effect that the Project is suitable for occupancy, and a certification has been made by the Alabama State Department of Health or the Alabama State Mental Health Board, as in the case may be applicable, that the portion of the Project intended for use as a chemical dependency treatment facility is in compliance with applicable regulations and may be lawfully operated as such.

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The certificate of the Company establishing the Completion Date shall not be effective for any purpose of the Lease or the Indenture unless the executed copy thereof furnished to the Trustee is accompanied by (i) a certificate of the Project Architect stating that the Project Building and all necessary improvements related thereto have been satisfactorily completed in accordance with the Plans and Specifications, with such certificate to be in the customary form of completion certificate prescribed by the American Institute of Architects, (ii) fully executed counterparts of instruments by which the Contractor waives, without reservation and to the fullest extent possible, the mechanics' lien covering the Project that arises in connection with the work performed under the Construction Contract and (iii) an endorsement to the Title Insurance Policy which establishes that the coverage thereof does not exclude or except unfiled mechanic's or materialmen's liens.

Section 4.7 Deposit of Surety Bond by Contractor Required. Prior to or simultaneously with the delivery of this Lease Agreement, the Company will cause the Contractor to deposit with the Trustee a surety bond issued by a surety company authorized to do business in the State of Alabama and guaranteeing to the Company and the Authority the performance of the Construction Contract, the completion of the work provided for therein and the payment of all bills incurred thereunder for materials and labor, which bond shall be in an amount not less than the contract price under such contract (and including coverage of the liquidated damages provisions thereof). Nothing contained in the Lease or the Indenture shall impose on the Trustee any duty or liability with respect to the appropriateness or sufficiency of the Construction Contract or any surety bond furnished in connection therewith.

Section 4.8 Supplemental Agreement on Completion. Upon completion of the acquisition and installation of the Project Equipment, the Authority and the Company will enter into a supplemental agreement identifying, with such particularity as the Trustee shall specify, the items of Project Equipment installed in or about the Project Building and confirming the demise thereof to the Company hereunder.

ARTICLE V

DURATION OF TERM AND RENTAL PROVISIONS

Section 5.1 Duration of Term. The Lease Term shall begin on the date of the delivery of this Lease Agreement and, subject to the provisions hereof, shall continue until 11:59 o'clock, P.M., on December 1, 2008. The Authority will deliver to the Company sole and exclusive possession of the Project (or such portion or portions thereof as are then in existence) on the commencement date of the Lease Term, subject to the inspection and other rights reserved in Section 8.3 hereof, and the Company will accept possession thereof at such time; provided, however, that the Authority will be permitted such access to the Project as shall be necessary and convenient for it to accomplish the undertakings on its part contained in Section 4.1 hereof; and provided further, that the Authority will be permitted such possession of the Project as shall be necessary and convenient for it to make any repairs, restorations, additions or improvements required or permitted to be made by the Authority pursuant to the provisions of the Lease.

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Section 5.2 **Basic Rent.** For the use and occupancy of the Project during the Lease Term, the Company will, not later than the close of business of the Trustee five (5) days prior to the last calendar day of each calendar month, beginning with December 1985, and continuing until and including November 2008, pay to the Trustee at its principal corporate trust office, for the account of the Authority, installments of Basic Rent. Each installment of Basic Rent shall be paid in immediately available funds and shall be in an amount equal to the sum of the following:

(a) an amount equal to one-sixth (1/6) of the interest becoming due with respect to the then outstanding Series 1985 Bonds on the next succeeding Bond Payment Date;

(b) commencing in December 1989, the sum of \$21,771 per month for deposit into the Principal Account of the Bond Fund;

(c) following any withdrawal from the Debt Service Reserve Fund, an amount equal to all earnings of the Company from the operation of the Project after the payment of other portions of Basic Rent and current Operating Expenses; provided that in any event such amount shall be not less than an amount obtained by dividing (i) the amount of such withdrawal by (ii) the number of months between the first day of the calendar month in which such withdrawal occurred and the last day of the twenty-ninth calendar month next succeeding such withdrawal, all to the end that the amounts payable pursuant to this clause (c) will cause any withdrawal from the Debt Service Reserve Fund to be fully restored within 30 months after such withdrawal occurred;

(d) commencing in December 1989, one-tenth (1/10) of the amount necessary to cause the amount held in the Operating Fund to be equal to the amount of two (2) months' Operating Expenses under the current annual budget of the Project;

(e) commencing in December 1989 and continuing until the balance in the Improvement Fund shall equal or exceed \$250,000, the sum of \$2,000 for deposit into the Improvement Fund; and

(f) an amount equal to one-twelfth (1/12) of the projected total amount of the next ensuing annual premium or premiums due with respect to the various insurance coverages required by the Lease to be maintained with respect to the Project, as such projected amount is determined in accordance with the provisions of Section 10.4 of the Indenture.

Installments of Basic Rent shall be reduced by the following credits:

(1) there shall be credited against that portion of each installment of Basic Rent due under clause (a) of the preceding paragraph the aggregate amount deposited in the Interest Account of the Bond Fund pursuant to clauses (b) and (c) of Section 7.9 of the Indenture, to the extent that such amount has not theretofore been credited against such portion of a previously due installment of Basic Rent;

(2) in the case of that portion of any installment of Basic Rent due under clause (a) in each June and December following the Completion Date, there shall be credited against such portion the amount of any interest earnings then held in the Bond Fund Interest Account; and

(3) in case of that portion of any installment of Basic Rent due under clause (a) of the preceding paragraph is not paid on or before the Bond Payment Date next succeeding the due date thereof, there shall be credited against such overdue installment of Basic Rent any amount transferred from the Improvement Fund or the Debt Service Reserve Fund into the Bond Fund, pursuant to the provisions of the Indenture, to avoid a default in the payment of the principal of and interest on the Bonds corresponding to such overdue installment of Basic Rent;

provided, however, that moneys in either account of the Bond Fund shall not be credited against any such installment if such moneys (i) are held therein for payment of Bonds called for redemption but not yet redeemed and matured but unpaid interest on the Bonds, (ii) are held therein pursuant to instructions from the Company for the future redemption or purchase of Bonds, (iii) are held therein subject to the restrictions contained in the last paragraph of Section 10.1 of the Indenture and cannot be applied as a credit against any such installment without violating such restrictions, or (iv) are held therein for the payment of matured Bonds not called for redemption if such Bonds are considered fully paid pursuant to the provisions of Section 16.1 of the Indenture by reason of the fact that such moneys are so held in the Bond Fund.

Anything to the contrary contained in the Lease notwithstanding, if for any reason, after the payment by the Company of such installments of Basic Rent as are required to be paid by it pursuant to any provisions of the Lease, the moneys then held by and available to the Trustee for payment or redemption of the principal of and the interest and premium (if any) on the Bonds are not sufficient to pay, on the due or required redemption date thereof, the principal maturing or required to be redeemed with respect to the Bonds plus the interest and premium (if any) due with respect to the Bonds, the Company will promptly pay to the Trustee (for the account of the Authority) such additional Basic Rent as, when added to the aforesaid moneys held by and available to the Trustee, will equal an amount sufficient to pay such principal, interest and premium (if any).

Nothing herein contained shall be construed as imposing on the Authority or on the Trustee any duty or responsibility of giving any notice to the Company of the amount on deposit in either account of the Bond Fund, or of the amount of any credits against Basic Rent available to the Company, as of any rent payment date, but the Authority will cause the Trustee to respond to any reasonable requests that the Company may make for such information. Neither the Authority nor the Trustee shall be obligated to give any prior notice to the Company of the due date or amount of any installment of Basic Rent, and failure to receive any such prior notice, even if customarily given by the Authority or the Trustee, shall not relieve the Company of its obligation to pay such installment of Basic Rent when it is due and payable.

The Authority will, promptly following the designation of any successor or interim successor Trustee under the Indenture, give written notice to the Company of

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the name and location of the principal corporate trust office of such successor or interim successor Trustee, or it will cause such notice to be promptly given. In the event the due date of any installment of Basic Rent payable hereunder is a Saturday, Sunday or legal holiday in the state in which the principal corporate office of the Trustee is located or a day on which the bank that is then acting as Trustee is legally authorized to close, such installment shall be due in immediately available funds no later than the opening of business by the Trustee on the first business day next preceding such due date. Any installment of Basic Rent due hereunder that is not paid on or before the Bond Payment Date next succeeding the original due date thereof shall bear interest from such Bond Payment Date until paid at the per annum rate or rates applicable to the Series 1985 Bonds.

Section 5.3 Additional Rent - Trustee's Fees and Expenses. In addition to the Basic Rent and all other rental payments due from the Company hereunder, the Company will also pay, as additional rent, (i) 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 as registrar, transfer agent and paying agent with respect to the Bonds, as well as the fees and charges of any other paying agent with respect to the Bonds who shall act as such agent in accordance with the provisions of the Indenture, (iii) the reasonable fees and expenses of the Trustee in connection with the issuance of a new Bond upon the partial redemption of any Bond (including, without limitation, the expenses of printing such new Bond), and (iv) the reasonable fees, charges and expenses of the Trustee for necessary extraordinary services rendered by it and necessary extraordinary expenses incurred by it under the Indenture. All such fees, charges and expenses shall be paid directly to the Trustee, for its own account upon presentation of its statements therefor, but the Company may, without creating a default hereunder, contest in good faith the necessity for any of the extraordinary services performed by the Trustee or the reasonableness of the fees, charges or expenses of the Trustee in connection therewith.

Section 5.4 Additional Rent - Authority's Expenses. In addition to the Basic Rent and all other rental payments due from the Company hereunder, the Company will also pay, as additional rent, the reasonable and necessary expenses, not otherwise provided for, which may be incurred by the Authority, or for which the Authority may in any way become liable, as a result of issuing any of the Bonds, acquiring the Project and leasing the same to the Company, or being a party to the Lease or the Indenture; provided, however, that so long as no Event of Default shall have occurred and be continuing, the Company's liability under this Section 5.4 shall not include expenses voluntarily incurred by the Authority without prior request or approval by the Company, unless such expenses are necessary to enable the Authority to perform its obligations under the Lease and the Indenture.

Section 5.5 Concerning a Series 1985 Determination of Taxability. It is understood by the parties hereto, on the basis of representations, warranties and covenants contained in Sections 2.1, 2.2, 8.10 and 8.11 hereof,

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(a) that the interest income on the Series 1985 Bonds will be exempt from federal income taxation under the provisions of Section 103 of the Code (except that the interest income on any Series 1985 Bond will not be exempt from federal income taxation for any period during which such Series 1985 Bond is held by a Substantial User of the Project or by a Related Person),

(b) that the general rule of Section 103(b)(1) of the Code - denying to the interest income on Public Securities of the general nature of the Series 1985 Bonds exemption from federal income taxation - is not now applicable to the Series 1985 Bonds because they constitute an issue in the aggregate authorized face amount of \$10,000,000 or less, determined as provided in Section 103(b)(6) of the Code; and

(c) that the Series 1985 Bonds will not be "arbitrage bonds" within the meaning of Section 103(c) of the Code.

The Company understands and agrees (i) that one of the principal inducements to the purchase of the Series 1985 Bonds by the Series 1985 Original Purchaser is that under existing law the interest thereon will be exempt from federal income taxation, and (ii) that, as a result of a mistake in any one or more of the aforesaid representations, or as a result of the breach of any one or more of the aforesaid warranties or covenants, the interest on the Series 1985 Bonds may, under the provisions of Section 103 of the Code, be or become subject to federal income taxation. Therefore, upon the occurrence of a Series 1985 Determination of Taxability, the Company shall be obligated to pay, in addition to all other Basic Rent and additional rentals due from the Company hereunder, the special installments of Basic Rent provided for in Section 5.6 hereof.

A Series 1985 Event of Taxability shall result from the interest on the Series 1985 Bonds being or becoming subject to federal income taxation as a result of any of the following conditions or circumstances:

(a) the aggregate authorized face amount of the Series 1985 Bonds allocated to any Test Period Beneficiary (when increased by the outstanding tax-exempt "industrial development bonds" allocable to such Test Period Beneficiary) exceeds \$40,000,000 during the period of three years following the date on which the Project is placed in service; or

(b) as a result of capital expenditures being paid or incurred with respect to Local Facilities, the aggregate face amount of the Series 1985 Bonds, determined in accordance with the provisions of Section 103(b)(6)(D) of the Code, exceeds the limits permitted by said Section 103(b)(6)(D); or

(c) the Series 1985 Bonds constitute "arbitrage bonds" within the meaning of Section 103(c) of the Code; or

(d) the taking of any action by the Authority or the Company, or the failure of the Authority or the Company to take any action, or any mistake in or untruthfulness of any representation of the Authority or the

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Company contained in the Lease or in any certificate of the Authority or the Company delivered pursuant to the Lease or the Indenture or in connection with the issuance of the Series 1985 Bonds, if such action or omission, or such mistake in or untruthfulness of such representation, has the effect of causing the interest on the Series 1985 Bonds to be or become subject to federal income taxation;

provided that no Series 1985 Event of Taxability shall be deemed to have occurred with respect to any Series 1985 Bond if the interest thereon shall be subject to federal income taxation for any period solely because during that period such bond was held by a Person who is a Substantial User of the Project or by a Related Person; provided further that any taxation of income of any Holder of a Series 1985 Bond as a result of the application of the Social Security Amendments of 1983 (P.L. 98-21) to such Holder shall not constitute a Series 1985 Event of Taxability; and provided further that no Series 1985 Event of Taxability shall be deemed to have occurred if the interest income on any of the Series 1985 Bonds becomes subject to federal income taxation as the result of a change in federal tax law or the applicable regulations thereunder occurring after the issuance of the Series 1985 Bonds.

Irrespective of whether any or none of the Series 1985 Bonds are at the time outstanding, a Series 1985 Determination of Taxability shall be deemed to have occurred on the first to occur of the following:

(a) the date on which the Company determines that the interest income on the Series 1985 Bonds is subject to federal income taxation by filing with the Trustee a statement to that effect, supported by any tax schedule, return or other document which discloses that a Series 1985 Event of Taxability has occurred; or

(b) the date on which the Company shall be notified by private ruling, technical advice or any other written communication from an authorized official of the Internal Revenue Service that, based upon any filings of the Company, or upon any review or audit of the Company, or upon any other grounds whatsoever, a Series 1985 Event of Taxability has occurred; or

(c) the date on which the Company shall receive written notice from the Trustee that (i) the Trustee has been notified in writing by any Holder of any Series 1985 Bond that the Internal Revenue Service has assessed as includable in the gross income of such Holder the interest on such Series 1985 Bond due to the occurrence of a Series 1985 Event of Taxability, or (ii) that the Trustee has been notified by private ruling, technical advice or any other written communication from an authorized official of the Internal Revenue Service that the interest on any Series 1985 Bond is includable in the gross income of any Holder thereof due to the occurrence of a Series 1985 Event of Taxability.

Anything herein contained to the contrary notwithstanding, no Series 1985 Determination of Taxability shall result from any ruling or technical advice of the Internal Revenue Service unless the Company initiated the request for such ruling or advice or was afforded the opportunity to participate in such request and all other negotiations

and communications with the Internal Revenue Service respecting such ruling or advice. Further, anything herein contained to the contrary notwithstanding, no Series 1985 Determination of Taxability shall result from any audit, investigation, suit, proceeding or any other action by the Internal Revenue Service that involves any Holder or former Holder of Series 1985 Bonds and that might be reasonably expected to lead to a Series 1985 Determination of Taxability, unless (i) the Company has received timely notice of such audit, investigation, suit, proceeding or other action, including, without limitation, notice of any preliminary notice of deficiency (the so-called "30-day letter") received by any Holder or former Holder, (ii) subject to the conditions of this section, the Company has been afforded a reasonable opportunity to contest, through appropriate proceedings conducted in the name and behalf of any Holder or former Holder of Series 1985 Bonds, any assessment or other action by the Internal Revenue Service against any Holder or former Holder of Series 1985 Bonds based on a determination that the interest on the Series 1985 Bonds is subject to federal income taxation, and (iii) such contest, if made, has been abandoned by the Company or has been finally decided by a court of competent jurisdiction from which no further appeal exists. Nothing herein contained shall be construed to impose upon the Company any obligation to contest any assessment or other action by the Internal Revenue Service providing the basis for a Series 1985 Determination of Taxability.

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In order to afford the Company time in which to decide whether to contest any assessment or other action by the Internal Revenue Service in connection with a pending Series 1985 Determination of Taxability, no such determination shall be recognized as occurring for a period of sixty (60) days following the event which, in the absence of the right of the Company to contest, would otherwise have immediately constituted such a determination. Definitive recognition of the occurrence of a pending Series 1985 Determination of Taxability shall not be deferred for more than such initial sixty-day period unless, prior to the expiration thereof, the Company (i) notifies the Trustee in writing of its intention to contest the assessment or other action by the Internal Revenue Service giving rise to such determination and (ii) furnishes to the Trustee a written opinion of Independent Counsel having expertise in federal tax law (which counsel shall be selected by the Company but shall be acceptable to the Trustee) to the effect that there is a meritorious defense to the contention of the Internal Revenue Service that interest on the Series 1985 Bonds is subject to federal income taxation. If the Company notifies the Trustee in writing during such initial sixty-day period that it has decided not to contest any action of the Internal Revenue Service in connection with a pending Series 1985 Determination of Taxability, or if the Company does not notify the Trustee in writing of its intention to contest any such action or to furnish the Trustee with the opinion of Independent Counsel referred to in the preceding sentence prior to the expiration of such period, then, in either case, the pending Series 1985 Determination of Taxability shall be deemed to have occurred on the date of the event which, in the absence of the right of the Company to contest, would have immediately constituted such determination.

If a Series 1985 Determination of Taxability is finally determined to have occurred as the result of a judicial decision in any contest conducted by or otherwise involving the Company, or if any contest in connection with a Series 1985 Determination of Taxability is abandoned by the Company, then the Company shall promptly give written notice to the Trustee of such decision or abandonment, as the case may be, and shall state therein the date determined by the Company to be that on which

such decision or abandonment occurred, which date, subject to the right of the Trustee to designate a different date as hereinafter provided, shall be the date on which such Series 1985 Determination of Taxability shall be deemed to have occurred. If the Company fails to give the notice required by the preceding sentence within a reasonable time, or if the Company gives such notice but specifies therein a date for the Series 1985 Determination of Taxability that does not accord with the facts on which the determination of such date should have been based, or if such date has been otherwise determined in a manner prejudicial to the interests of the Holders or former Holders of the Series 1985 Bonds, then, in any such case, the Trustee, in the exercise of its sole judgment, shall designate the date of occurrence of the Series 1985 Determination of Taxability based upon such information as may be available to it. If continued contest by the Company results in a deferral of a pending Series 1985 Determination of Taxability for more than three years, then, regardless of the continuation of such contest, such determination shall be deemed to have occurred three years after the date on which, absent such contest, it would otherwise have occurred. Nothing contained in the Lease, the Indenture or the Series 1985 Guaranty shall be construed to prevent the recognition of a Series 1985 Determination of Taxability at any time after all of the Series 1985 Bonds have been paid in full and are no longer outstanding.

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If the Company contests any action by the Internal Revenue Service that could result in a Series 1985 Determination of Taxability, and if such contest involves any Holder or former Holder of Series 1985 Bonds, either through the appeal of any proposed assessment or other adjustment in the federal income taxes of such Holder or former Holder or through any proceeding brought in the name and behalf of such Holder or former Holder, then, and in such case, as a condition precedent to the obligations of the Company to such Holder or former Holder arising under Article V hereof as a result of a Series 1985 Determination of Taxability, such Holder or former Holder shall be obligated to cooperate fully with the Company in such contest and, if requested by the Company, to give the Company complete control of the conduct of such contest on the part of such Holder or former Holder, including, without limitation, the right to select counsel therefor and the right to settle or compromise the question of whether interest on the Series 1985 Bonds is includable in the gross income of such Holder or former Holder for federal income tax purposes. In connection with such contest, the Company will pay, or cause to be paid, all legal and other expenses incurred by the Company in the name and behalf of any Holder or former Holder of Series 1985 Bonds, as well as any legal and other expenses directly incurred by such Holder or former Holder with the written approval of the Company. The Company shall have the right to pay any tax deficiency or other charge assessed against any Holder or former Holder of Series 1985 Bonds which the Company deems it necessary or desirable to pay in connection with any contest, and any payment so made by the Company shall be credited against any special rental payments which may ultimately be owed to such Holder or former Holder pursuant to the provisions of Article V hereof.

If either the Company or the Trustee learns, from any source other than the other party, of any action by the Internal Revenue Service or any other condition or event that constitutes or could result in a Series 1985 Determination of Taxability, the party so learning of such action, condition or event shall give notice thereof to the other such party as promptly as practicable. Further, upon learning from any source of any action by the Internal Revenue Service or any other condition or event

that constitutes or could result in a Series 1985 Determination of Taxability (including particularly, but without limitation thereto, the definitive occurrence of a pending Series 1985 Determination of Taxability), the Trustee shall give written notice of such action, condition or event as promptly as practicable to all Holders of the Series 1985 Bonds then outstanding and to all former Holders of Series 1985 Bonds who held such bonds at any time subsequent to the date upon which, as a result of such action, condition or event, the interest on the Series 1985 Bonds may have become subject to federal income taxation, but if the Trustee learns of such action, condition or event from any source other than the Company, the Trustee shall not give notice thereof to any Holder or former Holder before giving such notice to the Company. In connection with such notice to the Holders and former Holders of Series 1985 Bonds, the Trustee may request, and make arrangements for obtaining, advice and information from such Holders and former Holders concerning actions by the Internal Revenue Service which relate to the occurrence or probable occurrence of a Series 1985 Determination of Taxability.

As a condition precedent to the obligations of the Company to any Holder or former Holder of Series 1985 Bonds arising under Article V hereof as the result of a Series 1985 Determination of Taxability, such Holder or former Holder shall be obligated to give timely written notice to the Company and to the Trustee of any audit, investigation, suit, proceeding or other action by the Internal Revenue Service that involves such Holder or former Holder and that might reasonably be expected to lead to a Series 1985 Determination of Taxability. In the event that irreparable harm to the Company results from the failure of any Holder or former Holder of Series 1985 Bonds to give such notice to the Company and to the Trustee, the Company shall be discharged from such obligations (i.e., the obligations of the Company resulting from a Series 1985 Determination of Taxability) to such Holder or former Holder, but the Company shall not be discharged by such failure from such obligations to other Holders or former Holders of Series 1985 Bonds who have not breached the duty to give notice to the Company and to the Trustee.

The parties hereto understand and agree that the additional payment of Basic Rent and other payments required from the Company by the provisions of Article V hereof upon the occurrence of a Series 1985 Determination of Taxability, constitute liquidated damages for all losses and liabilities incurred at any time by the Holders or former Holders of the Series 1985 Bonds as a result of the interest thereon being or becoming subject to federal income taxation. It is understood and agreed therefore, that if the Company duly pays such additional Basic Rent and other payments upon the occurrence of a Series 1985 Determination of Taxability, then neither the Authority nor the Trustee nor any Holder or former Holder of any Series 1985 Bond shall have any additional claim against the Company on account of the untruthfulness of any representation by the Company, the breach of any warranty or covenant of the Company, or any action taken by the Company, or any other event whether or not within the control of the Company, which caused or may have caused the interest on the Series 1985 Bonds to be or become subject to federal income taxation. No provision of the Lease shall be construed or applied in such manner as to result in the multiple payment of the same loss, expense or claim of the Trustee or of any Holder or former Holder of any Series 1985 Bonds, and neither the Trustee nor any such Holder or former Holder shall be entitled to recover moneys from the Company hereunder in payment of any such loss, expense or claim to the extent that the same has therefore been paid with moneys from another source.

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Section 5.6 Mandatory Prepayment of Basic Rent in the Event of a Series 1985 Determination of Taxability. In the event of a Series 1985 Determination of Taxability, the Company will pay to the Trustee for the account of the Authority and as a special installment of Basic Rent, the sum of the following:

(1) with respect to each of the Series 1985 Bonds that will be outstanding on the Series 1985 Taxability Redemption Date, an amount equal to the sum of (i) the principal amount thereof, (ii) accrued interest thereon to the Series 1985 Taxability Redemption Date and (iii) the interest accrued thereon from the date of the Series 1985 Event of Taxability until the Series 1985 Taxability Redemption Date [it being understood and agreed that, for purposes of this clause (1), a Series 1985 Bond for the full retirement of which moneys or Federal Securities (or both) were on the Series 1985 Taxability Redemption Date set aside as provided in the Indenture shall nonetheless be considered as being outstanding on such date unless the date of its maturity (or, in the case it had theretofore been duly called for redemption under other provisions of the Indenture, the date fixed for its redemption) was prior to the Series 1985 Taxability Redemption Date]; and

(2) with respect to each of the Series 1985 Bonds that was outstanding on the date of the Series 1985 Event of Taxability but that was not outstanding on the Series 1985 Taxability Redemption Date, an amount equal to the interest accrued thereon, at the per annum rate applicable thereto, from the date of the Series 1985 Event of Taxability until the stated maturity date thereof or the date fixed for its redemption, whichever is earlier [it being understood and agreed that, for purposes of this clause (2), a Series 1985 Bond for the full retirement of which moneys or Federal Securities (or both) were on the date of the Series 1985 Event of Taxability set aside as provided in the Indenture shall nonetheless be considered as having been outstanding on the date of the Series 1985 Event of Taxability and thereafter until the date of its maturity (or, in the case it had theretofore been duly called for redemption, the date fixed for its redemption)].

The special installment of Basic Rent required to be paid by the Company pursuant to this section shall be paid in immediately available funds on or before the close of business on the business day next preceding the Series 1985 Taxability Redemption Date; provided that if any of the moneys then held in the Bond Fund (exclusive of any moneys held therein for the payment of Bonds called for redemption but not yet redeemed and matured but unpaid interest) are not restricted to other purposes and can be applied to the redemption of Series 1985 Bonds, there shall be credited against such special installment of Basic Rent so much of such moneys as the Company may specify in writing to the Authority and the Trustee.

If any Series 1985 Determination of Taxability occurs while the Lease is still in effect and all installments of Basic Rent referable to the Series 1985 Bonds have not yet become due and payable, then in such case the payment of the special installment of Basic Rent required by this section shall constitute a prepayment of the Basic Rent referable to the Series 1985 Bonds. The provisions of this section shall survive any termination of the Lease [including, without limitation, any

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termination pursuant to the provisions of any of Sections 7.2(a), 10.2(b), 11.1 and 11.2 hereof, or any termination resulting from the expiration of the Lease Term], and if any Series 1985 Determination of Taxability occurs after such termination, the Company shall be obligated to pay such installment in addition to all Basic Rent paid prior to or at the termination of the Lease.

Section 5.7 Optional Prepayment of Basic Rent. The Company may, at its option at any time and from time to time, prepay directly to the Trustee, for the account of the Authority, such amount of Basic Rent as shall be sufficient to enable the Authority to redeem and retire, in advance of maturity, any or all of the Bonds in accordance with their terms and the terms of the Indenture. In the event of such prepayment, the Authority will cause the amount of Basic Rent so prepaid to be applied to redemption and retirement of Bonds, in accordance with the provisions of the Indenture, on the earliest practicable date after receipt of such prepaid Basic Rent on which, under their terms and the terms of the Indenture, such Bonds may be redeemed, and will (upon being notified by the Company in writing of the Company's intention in this respect and without the necessity of the moneys therefor being deposited with the Trustee) take all action necessary under the provisions of the Indenture to effect such redemption. Optional prepayments of Basic Rent referable to the Series 1985 Bonds shall be applied to the redemption of Series 1985 Bonds at the redemption prices and in accordance with the other terms and conditions set forth in Section 7.2 of the Indenture. If less than all the outstanding Series 1985 Bonds are redeemed at any one time with a prepayment of Basic Rent, the principal amount of Series 1985 Bonds so redeemed shall be credited against the mandatory redemption of Series 1985 Bonds required by Section 7.3 of the Indenture, but no such prepayment of Basic Rent shall result in a reduction of the portion of any installment of Basic Rent required to be paid pursuant to the provisions of clause (b) of the first paragraph of Section 5.2 hereof.

Section 5.8 General Provisions Concerning Prepayment of Basic Rent. The prepayment of Basic Rent pursuant to any provision of the Lease will result in a total or partial abatement of the Basic Rent that would thereafter have come due had it not been for such prepayment. After the prepayment of Basic Rent sufficient to pay, redeem and retire all the outstanding Bonds, the Company shall be entitled to the use and possession of the Project without the payment of any further Basic Rent but otherwise on all the same terms and conditions of the Lease.

Section 5.9 Obligations of Company Unconditional. The obligation of the Company to pay the Basic Rent, to make all other payments provided for herein and to perform and observe the other agreements and covenants on its part herein contained shall be absolute and unconditional, irrespective of any rights of set-off, recoupment or counterclaim it might otherwise have against the Authority. The Company will not suspend, discontinue, reduce or defer any such payment or fail to perform and observe any of its other agreements and covenants contained herein or (except as expressly authorized herein) terminate the Lease for any cause, including, without limiting the generality of the foregoing, the failure of the Authority to complete the acquisition, construction and installation of the Project or any other part of the Project Development Work, any acts or circumstances that may deprive

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the Company of the use and enjoyment of the Project, failure of consideration or commercial frustration of purpose, or any damage to or destruction of the Project or any part thereof, or the taking by Eminent Domain of title to or the right to temporary use of all or any part of the Project, or any change in the tax or other laws of the United States of America, the State of Alabama or any political or taxing subdivision of either thereof, or any change in the cost or availability of labor, raw materials or energy adversely affecting the profitable operation of the Project by the Company, or any failure of the Authority to perform and observe any agreement or covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with the Lease.

The provisions of the first paragraph of this section shall remain in effect only so long as any of the Indenture Indebtedness remains outstanding and unpaid. Nothing contained in this section shall be construed to prevent the Company, at its own cost and expense and in its own name or in the name of the Authority, from prosecuting or defending any action or proceeding or taking any other action involving third persons which the Company deems reasonably necessary in order to secure or protect its rights hereunder, including, without limitation, such actions as may be necessary to ensure that the Project Development Work will be completed in accordance with the directions and requirements of the Company, and in such event the Authority will cooperate fully with the Company in any such action or proceeding. Further, nothing contained in this section shall be construed to release the Authority from the performance of any of the agreements on its part herein contained or to preclude the Company from instituting such action against the Authority as the Company may deem necessary to compel such performance, it being understood and agreed, however, that no such action on the part of the Company shall in any way affect the agreements on the part of the Company contained in the first paragraph of this section or in any way relieve the Company from performing any such agreements.

Section 5.10 Pledge and Assignment of Project Gross Revenues. Grant of Security Interest. In order to secure the payment of the Basic Rent and the performance by the Company of its other obligations under the Lease, the Company hereby pledges and assigns to the Authority, grants to the Authority a security interest in, and agrees and acknowledges that the Authority shall continue to have a security interest in, the Project Gross Revenues. The Company warrants that, at the time the security interest granted to the Authority in this section shall attach to any of the Project Gross Revenues, the Company shall be the lawful owner of such Project Gross Revenues and shall have a good right to subject the same to the Authority's security interest created by this section. The Company further warrants that it will keep such Project Gross Revenues free from all security interests, pledges, liens and claims prior to the Authority's security interest created by this section, but in the event any claim shall result in, or threaten to result in, the creation of a perfected lien prior to the Authority's security interest, the Company may defer paying such claim pending the bona fide contest thereof, unless the Trustee shall be of the opinion that by such action the Authority's security interest shall be materially endangered or the property, right or interest subject to such claim shall be threatened with loss or forfeiture, in which event the payment of such claim shall not be deferred.

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During any period in which an Event of Default shall not have occurred and be continuing, the Company shall have the right to collect, hold, invest and disburse for its various business purposes all Project Gross Revenues, but upon the occurrence of an Event of Default and during the continuation thereof, the Trustee, on behalf of the Authority, shall have, in addition to all other rights and remedies, the rights and remedies of a secured party under the Alabama Uniform Commercial Code, including the right to take possession of all proceeds of the Project Gross Revenues covered by the Authority's security interest. Further, upon the occurrence of an Event of Default and during the continuation thereof, the Trustee, on behalf of the Authority, shall have the right to request any Person having an obligation to the Company to make payment on such obligation directly to the Trustee, and any such Person is hereby authorized and directed, upon such request, to make such payment directly to the Trustee, whereupon the Trustee shall have the right to apply any moneys thus collected to the payment of any Basic Rent or to the payment of any other obligation of the Company under the Lease.

The Company hereby irrevocably designates and appoints the Trustee as the true and lawful attorney of the Company for any period during which an Event of Default shall have occurred and be continuing and authorizes the Trustee as such attorney, either in the name of the Trustee or in the name of the Company, to demand, sue for, collect, compromise, compound, receive, give receipts for and give acquittances for any and all Project Gross Revenues covered by the Authority's security interest and to take any and all actions, which the Trustee may in its sole discretion deem necessary or desirable, to realize cash proceeds from such Project Gross Revenues, including the power to open and dispose of mail addressed to the Company and to endorse in the name of the Company any checks, drafts, notes or other instruments received in payment of or on account of such Project Gross Revenues.

Section 5.11 **Governmental Service Fee.** The Authority and the Company acknowledge that, under present law, so long as the Project is owned by the Authority, the Project is exempt from ad valorem taxation by the State of Alabama and any political or taxing subdivision thereof, including the County. The Company will, nevertheless, pay to the County, and not to the Authority, the Trustee, the State of Alabama or any political or taxing subdivision thereof except the County, on or before December 31 in each year during the term hereof beginning with 1987, a governmental service fee in the amount of \$ _____.

If the Project becomes subject to ad valorem taxation at any time during the Lease Term and if the Company is required to pay such ad valorem taxes pursuant to the provisions of Section 6.4 hereof, then in such case the ad valorem taxes so payable by the Company shall be credited in full against the governmental service fee required by this section for the applicable tax year, with the result that if the Project shall become fully subject to ad valorem taxation payable by the Company, no further payments shall be due under this section.

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ARTICLE VI

PROVISIONS CONCERNING MAINTENANCE,
ADDITIONS, PARTY WALLS, REMOVAL OF
PROJECT EQUIPMENT, INSURANCE AND TAXES

Section 6.1 Maintenance, Additions, Alterations, Improvements and Modifications. The Company will, at its own expense, keep the Project in reasonably safe condition and keep all buildings, equipment and other facilities at any time forming part of the Project in good repair and operating condition (reasonable wear and tear excepted), making from time to time all necessary and proper repairs thereto (including, without limitation, exterior and structural repairs); provided, however, that the Company shall have no obligation hereunder to repair or maintain the Project after full payment of the Indenture Indebtedness. The Authority and the Company recognize that, as a result of reasonable wear and tear, technological obsolescence or other causes, various items of the Project Equipment may become inadequate, obsolete, worn-out or unsuitable in the use and operation of the Project by the Company, but neither the Authority nor the Company shall be obligated to replace or renew any such items of the Project Equipment.

The Company may, at its own cost and expense, make, or cause to be made, any additions, alterations, improvements or modifications to the Project that it may deem desirable for its business purposes, provided that such additions, alterations, improvements or modifications do not (i) change the character of the Project to such extent that it no longer constitutes a "health care facility" under the Act or (ii) significantly impair the value or utility of the Project, and provided further that, if such additions, alterations, improvements or modifications affect the structural integrity of any building or other structure forming a part of the Project, the Company furnishes the Authority and the Trustee a certificate of an Independent Engineer acceptable to the Trustee, or a certificate signed on behalf of the Company by an Authorized Company Representative who is a licensed engineer, stating, in either case, that such additions, alterations, improvements or modifications will not significantly impair the value or utility of the Project.

Subject to the privilege of making full use of the party wall easements created by Section 6.2 hereof, all additions, alterations, improvements or modifications to the Project made, or caused to be made, by the Company shall

- (a) be located wholly within the boundaries of the Project Site, or
- (b) be located wholly within the boundaries of other adjacent land hereafter acquired by the Authority that has been subjected (i) to the demise of the Lease and (ii) to the lien of the Indenture if the Indenture Indebtedness has not been fully paid, or
- (c) be located wholly within the boundaries of the Project Site and such other adjacent land.

Prior to the payment in full of the Indenture Indebtedness, no additions, alterations, improvements or modifications to the Project shall be located, in whole or in part, on

any land adjacent to the Project Site in accordance with the preceding clauses (b) and (c) unless the Authority and the Trustee shall have been furnished either (i) an opinion of Independent Counsel satisfactory to the Trustee to the effect that the Authority has good and marketable title to such land, subject only to Permitted Encumbrances, or (ii) a policy or policies of title insurance written by an insurer satisfactory to the Trustee and insuring the mortgage interest of the Trustee in such land, except with respect to Permitted Encumbrances, in an amount approximately equal to the cost of such land and the improvements located or to be located thereon. Any such adjacent land so subjected to the demise hereof and to the lien of the Indenture shall henceforth be considered, for purposes of the Lease and the Indenture, as part of the Project Site. All such additions, alterations, improvements and modifications to the Project so made, or caused to be made, by the Company shall become a part of the Project.

In the event that, after the completion of the original acquisition, construction and installation of the Project, the Company determines to make, or to cause to be made, any additions, alterations, improvements or modifications to the Project pursuant to the second paragraph of this section, then the Authority will execute and deliver, or cause to be executed and delivered, all contracts, orders, requisitions, instructions and other written instruments and do, or cause to be done, all other acts that may be necessary or proper in making such additions, alterations, improvements or modifications. In no event, however, will the Authority hereafter enter into any contract with respect to any such additions, alterations, improvements or modifications unless there is endorsed thereon a legend indicating that the Company has approved both the form and substance of such contract and such legend is signed on behalf of the Company by an Authorized Company Representative. Any obligation for the payment of money incurred or assumed by the Authority in connection with such additions, alterations, improvements or modifications shall be payable solely out of the proceeds derived by the Authority from the sale of Additional Bonds or from any moneys made available to the Authority by the Company for such purpose.

The Company will not permit any mechanics' or other liens to stand against the Project for labor, materials, equipment or supplies furnished in connection with the original acquisition, construction and equipping of the Project or in connection with any additions, alterations, improvements, modifications, repairs or renewals that may subsequently be made thereto. The Company may, however, at its own expense and in good faith, contest any such mechanics' or other liens and in the event of any such contest may permit any such liens to remain unsatisfied and undischarged during the period of such contest and any appeal therefrom unless by such action the lien of the Indenture to any part of the Project shall be endangered or any part of the Project shall be subject to loss or forfeiture, in either of which events such mechanics' or other liens shall (unless they are bonded or superseded in a manner satisfactory to the Trustee) be promptly satisfied.

Section 6.2 Party Wall Provisions. If the Company purchases any unimproved part of the Project Site pursuant to the provisions of Section 11.4 hereof, or if the Company leases or otherwise acquires any other land adjacent to the Project Site, or if any unimproved portion of the Project Site is released from the demise hereof, then all building walls now standing or hereafter erected on or contiguous to

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any common boundary between the Project Site and any land theretofore constituting part of the Project Site that has been purchased by the Company, any other land adjacent to the Project Site that has been purchased, leased or otherwise acquired by the Company or any land theretofore constituting part of the Project Site that has been released from the demise hereof, as the case may be, shall be party walls, and each parcel of land on either side of such common boundary shall be subject to a reciprocal easement for the benefit of the other parcel, which easement on each side of such common boundary shall extend out fifteen feet from such boundary and shall be for the purposes of construction, inspection, maintenance, repair and replacement of any party wall now or hereafter erected on or contiguous to such common boundary.

To the extent permitted by applicable building codes and accepted principles of structural design, new buildings or other structures located on either side of any such common boundary may be structurally connected to any such party wall then in existence, but any party exercising such right of connection to an existing party wall shall indemnify and hold harmless the owner, mortgagee and lessee of the parcel of land on which such party wall was erected (as well as any other person having an interest in said parcel) against any and all losses and damages that may in any way result from the construction and connection of adjacent buildings and other structures to such party wall, including damage or loss occurring after the completion of construction as well as any that may occur during construction.

If a building or other structure now or hereafter located on a parcel of land on either side of any such common boundary utilizes a party wall with a building or other structure now or hereafter located on the parcel of land on the other side of such common boundary, and if all buildings or other structures utilizing such party wall are leased by the same person or are otherwise operated under common control, then such party wall may be constructed or modified to permit such openness between the buildings or other structures utilizing such party wall as may be deemed desirable by the person exercising common control over such buildings or structures, and the utilities serving either of such parcels may be tied in or connected with the utilities serving the other of such parcels, but in the event that such parcels thereafter cease to be leased by the same person or otherwise operated under common control, the openings in such party wall shall be closed by using any materials or construction methods which will produce a completed wall of a structural quality equivalent to or better than the structural quality of the affected Project Building, as it then exists, and separate utilities shall be provided for each of such parcels of land.

The covenants and agreements on the part of the Authority and the Company contained in this section shall run with all separate parcels of land into which the parcel of land described in the demising clauses of the Lease may be hereafter divided and shall be enforceable for the benefit of each such parcel by all present and future owners, lessees and mortgagees thereof.

Section 6.3 Concerning the Project Equipment. The Company may, if no Event of Default shall have occurred and be continuing, dispose of any item of the

Project Equipment upon compliance with the conditions set forth in either subparagraph (a) or (b) below:

(a) Such item of the Project Equipment may be removed from the Project Site and used by the Company in its other business operations or sold or otherwise disposed of in any way the Company may see fit, free of the demise of the Lease and of the lien of the Indenture and without the Company having any responsibility or accountability to the Authority or the Trustee therefor, provided that the Company substitutes and installs in the Project Building or elsewhere on the Project Site, before or simultaneously with such removal, other equipment or other personal property not theretofore constituting part of the Project Equipment and having utility (but not necessarily the same value or function) in the operation of the Project equal to or greater than the utility of the item of Project Equipment so removed, it being understood that all such substituted equipment or other personal property shall be free of all liens and encumbrances (other than Permitted Encumbrances), shall be the sole property of the Authority, shall be and become a part of the Project Equipment subject to the demise of the Lease and to the lien of the Indenture and shall be held by the Company on the same terms and conditions as the items originally constituting the Project Equipment.

(b) Such item of the Project Equipment may be removed from the Project Site and used by the Company in its other business operations or sold or otherwise disposed of in any way the Company may see fit, free of the demise of the Lease and of the lien of the Indenture and without the Company having any responsibility or accountability to the Authority or the Trustee therefor or being required to substitute other property therefor, provided that (i) in the case of the sale of such item of Project Equipment to anyone other than the Company or an Affiliate thereof, the Company pays into the Principal Account of the Bond Fund the proceeds from such sale or the scrap value thereof, respectively, (ii) in the case of the trade-in or exchange of such item of Project Equipment for other property not to be substituted therefor pursuant to the provisions of subparagraph (a) of this paragraph, the Company pays into the Principal Account of the Bond Fund an amount in cash equal to the credit received for such trade-in or exchange, and (iii) in the case of the sale of such item of Project Equipment to the Company or an Affiliate thereof (including the Company's use thereof in any other business operations conducted by it or any of its Affiliates), the Company pays into the Principal Account of the Bond Fund an amount equal to the market value thereof as of the date of such sale or other disposition, as such market value shall be determined by an Independent Appraiser acceptable to the Trustee.

The Company will not remove any items of the Project Equipment pursuant to the provisions of this section if the operating utility of the Project will be significantly impaired by such removal or if such removal changes the character of the Project to such an extent that it no longer qualified as a "health care facility" within the meaning of the Act. In any case where the Company is herein required to purchase, install and substitute in the Project Building or elsewhere on the Project Site any item of equipment or other personal property it may, in lieu of purchasing

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and installing said equipment or other personal property itself, advance to the Authority the funds necessary therefor, whereupon the Authority will purchase and install such equipment or other personal property in the Project Building or elsewhere on the Project Site.

In furtherance of the preceding provisions of this section, the Company will do the following:

(1) If the Company elects to remove any item of the Project Equipment pursuant to subparagraph (b) of the second paragraph of this section, it will pay to the Trustee such amounts as are required thereby to be paid into the Principal Account of the Bond Fund promptly after the sale or other disposition of the item requiring such payment.

(2) The Company will execute and deliver to the Authority and the Trustee such documents as the Trustee may from time to time require to confirm the title of the Authority (subject to the Lease) to, and the lien of the Indenture with respect to, any items of equipment and other personal property that under the provisions of this section are to become a part of the Project Equipment.

(3) The Company will pay all costs (including attorneys' fees) incurred in subjecting to the demise of the Lease and to the lien of the Indenture any items of equipment and other personal property that under the provisions of this section are to become a part of the Project Equipment.

The Company will not remove, or permit the removal of, any of the Project Equipment from the Project Site except in accordance with the provisions of this section. The Company shall not, by reason of the removal of any items of the Project Equipment pursuant to this section, or any substitutions made for any items of the Project Equipment so removed, or any payments made to the Trustee on account of any items of the Project Equipment so removed, be entitled to any diminution or abatement of the rent payable by the Company hereunder.

Upon receipt of a written confirmation from the Trustee that any item of Project Equipment has been removed from the Project Site in compliance with the conditions of this section, the Authority will convey title to such item to the Company by bill of sale or other appropriate conveyance. Further, in accordance with agreements with the Trustee contained in the Indenture, the Authority will cause the Trustee to execute and deliver to the Company all instruments that may be necessary to release from the lien of the Indenture any item of Project Equipment removed from the Project Site in compliance with the conditions of this section. The Company will reimburse the Authority and the Trustee for their respective reasonable expenses incurred in connection with the conveyance of such title and the execution and delivery of such instruments.

The preceding provisions of this section shall apply only so long as any of the Indenture Indebtedness remains unpaid. After full payment of the Indenture Indebtedness and the cancellation, satisfaction and discharge of the lien of the Indenture in accordance with the provisions thereof, the Company may, if in its sole

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discretion it determines that any or all items of Project Equipment have become unsuitable or unnecessary for its use and operation of the Project, remove such items of the Project Equipment from the Project Site and (on behalf of the Authority) sell or otherwise dispose of such items, without any responsibility or accountability to the Authority therefor and without being required to install in the Project Building or elsewhere on the Project Site equipment or other personal property in substitution therefor, and may retain any money or other consideration received by it upon any disposition of such items of Project Equipment.

Nothing contained herein shall prohibit the removal from the Project Site of any equipment or other personal property that is owned by Persons other than the Authority or the Company and is located on the Project Site because it is leased by the Company, or is used by Persons having a contract with the Company for the management of the Project, or belongs to Persons residing in the Project; provided, however, that if any such equipment or other personal property is removed from the Project Site prior to full payment of the Indenture Indebtedness, the Company will promptly repair at its own expense any damage to the Project caused by such removal.

Section 6.4 Payment of Claims, Judgments, Taxes, Other Governmental Charges and Utility Charges. The Company warrants and covenants that the (i) lien of the Indenture on the Project shall be prior and superior to any other lien or encumbrance on the Project except Permitted Encumbrances and (ii) the pledge and assignment herein made of the Project Gross Revenues shall be prior and superior to any other pledge, assignment, lien or other charge to which the Project Gross Revenues may be or become subject, except as otherwise included in the definition of Permitted Encumbrances. The Company will not create, or knowingly suffer to exist, any liens, charges or encumbrances on the Project or the Project Gross Revenues other than Permitted Encumbrances, and it will pay and discharge, or cause to be paid and discharged, as the same respectively become due,

(a) all claims or judgments giving rise to a lien or charge on the Project or the Project Gross Revenues which, if not paid or discharged, would be prior to the lien of the Indenture,

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

(c) 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

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period of years, the Company shall be obligated to pay only such installments as are required to be paid during any period while the Lease shall be in effect.

The Authority will forward to the Company any bills, statements, assessments, notices or other instruments asserting or otherwise relating to any such claims, taxes, assessments or charges.

The Company may, at its own expense and in its own name and behalf or in the name and behalf of the Authority, in good faith contest any such claims, taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee notifies the Company that, in the opinion of Independent Counsel, such action by the Company will materially endanger the lien of the Indenture as to any part of the Project or will cause the Project or any part thereof to become subject to a material risk of loss or forfeiture, or will cause the revenues of the Authority from the Project (including, without limitation, the Project Gross Revenues) to become subject to a lien or charge thereon prior to or on a parity with the pledge and assignment thereof made in the Indenture, in any of which cases such claims, judgments, taxes, assessments or charges shall (unless they are bonded or are superseded in a manner satisfactory to the Trustee) be paid prior to their becoming delinquent. The Authority will cooperate fully with the Company in any such contest.

The Company will also pay, as the same respectively become due, all utility and other similar charges incurred in the operation, maintenance, use and upkeep of the Project.

Section 6.5 Insurance Required. The Company will, not later than the date of delivery of this Lease Agreement [or, in the case of the insurance required in the succeeding clause (a) of this Section 6.5, not later than the first to occur of (i) the date on which a contract for the construction of the Project Building is entered into by or on behalf of the Authority or (ii) the date of the commencement of construction of the Project Building], take out and thereafter continuously maintain in effect or cause to be taken out and thereafter continuously maintained in effect, insurance with respect to the Project against such risks as are customarily insured against by businesses of like size and type as the Company, paying as the same become due all premiums with respect thereto, including, but not necessarily limited to, the following:

(a) until such time as the construction of the Project Building and the other improvements to be constructed initially on the Project Site shall have been completed, builder's risk insurance with respect to the Project Building, such other improvements and the Project Equipment to such extent as is necessary to provide for full payment of the costs of repairing, restoring or replacing the property damaged or destroyed or, if insurance to such extent is not available, to the extent of the full insurable value (as determined by a recognized insurer) of the Project Building, such improvements and the Project Equipment; provided, however, that the Company shall not be required to put into effect the

insurance required by this clause (a) with respect to the Project Building or any other property until (i) the date on which a contract for the construction of the Project Building is entered into by or on behalf of the Authority or (ii) the date of the commencement of construction of the Project Building, whichever such event is the first to occur;

(b) insurance against loss or damage to the Project Building, all other improvements located on the Project Site and the Project Equipment by fire, lightning, windstorm, vandalism and malicious mischief, 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, to such extent as is necessary to provide (i) for full payment of the costs of repairing, restoring or replacing, the property damaged or destroyed or, if insurance to such extent is not available, to the extent of the full insurable value (as determined by a recognized insurer) of the Project Building, such improvements and the Project Equipment, or (ii) for the recovery of such lesser amount as may be required for the full payment of the Indenture Indebtedness then outstanding; provided, however, that the Company shall not be required to put into effect the insurance required by this clause (b) with respect to the Project Building or any other property until the construction of the Project Building or other property in question is no longer covered by the builder's risk insurance required by the preceding clause (a);

(c) comprehensive general liability insurance against liability for personal or bodily injury to or death of persons and for damage to or loss of property occurring on or about the Project Site or in any way related to the use, occupancy or operation of the Project, which shall consist of (i) basic coverage in the minimum amount of \$1,000,000 for all death and personal or bodily injury claims resulting from any one accident and property damage, with a deductible amount of not more than \$15,000 per occurrence, and (ii) so-called "umbrella" coverage in the minimum amount of \$3,000,000 in excess of the aforesaid basic coverage;

(d) insurance against loss or damage resulting from the explosion of any boilers, pressure vessels and pressure piping in the Project in an amount not less than the full repair or replacement cost of property damaged, together with (i) coverage for death or bodily injury and consequential damage, if available, to the extent that such risks are not covered by the general liability insurance required by clause (c) of this paragraph and (ii) coverage for loss of revenues due to business interruption, if available, to the extent that such risk is not covered by the business interruption insurance required by clause (f) of this paragraph;

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

(f) business interruption insurance covering (i) the expenses of operating the Project during the time required to repair or restore the

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Project in the event of any damage thereto or destruction thereof, including the Basic Rent allocable to debt service with respect to the then outstanding Bonds, the expenses of continuing the employment of key personnel and all other expenses necessary to preserve the Project as an operating entity and (ii) the expenses of providing alternative housing for displaced residents of the Project during the time required to repair or restore the Project; provided, however, that such insurance need not cover such expenses for more than one (1) year next succeeding such damage or destruction and may exclude from coverage the revenue loss sustained by the Company during the first fourteen (14) days of interrupted use of the Project;

(g) medical liability insurance covering risks arising from the examination, diagnosis, treatment or care provided by employees or agents of the Company to any resident of the Project, which shall consist of (i) basic coverage in the minimum amount of \$1,000,000 and (ii) so-called "umbrella" coverage in the minimum amount of \$3,000,000;

(h) workmen's compensation insurance covering the employees of the Company sufficient to provide the benefits required by applicable law; and

(i) fidelity bonds covering all officers and employees of the Company and the Managing Agent who collect or have custody of any funds, excluding, however, petty cash of the Company, such bonds to be in such amounts as shall be recommended by the Insurance Consultant;

provided, however, that the Company shall not be required to take out and maintain any of the insurance required by the preceding clauses (f), (g) and (h) until such time as it begins the actual operation of the Project for the purposes contemplated hereby. To the extent that any insurance required by this section (including, without limitation, insurance recommended by the Insurance Consultant pursuant to the provisions of the third paragraph of this section) cannot be obtained, the Company may make exceptions to the required coverage or provide reasonable substitutions therefor, including self-insurance in whole or in part for such required coverage, provided that all such exceptions or substitutions shall be approved by the Trustee acting with the advice of the Insurance Consultant and shall comply with such terms and conditions as the Insurance Consultant may reasonably impose.

The Company will appoint an Insurance Consultant to perform the duties required to be performed hereunder by such consultant during each Fiscal Year while any of the Indenture Indebtedness shall be outstanding, with the initial Insurance Consultant to be appointed within thirty (30) days of the delivery date of the Lease Agreement and to serve for the remainder of the then current Fiscal Year and each subsequent Insurance Consultant to be appointed on or before the commencement of the Fiscal Year thereafter in which it is to serve. Any Insurance Consultant appointed by the Company must be approved in writing by the Trustee, but such approval shall not be unreasonably withheld. At least fifteen (15) days before appointing any Insurance Consultant, the Company shall give written notice to the Trustee of its intention to make such appointment and shall state in such notice the name, address and qualifications of the proposed Insurance Consultant. The Trustee

shall approve or reject the appointment of the proposed Insurance Consultant within fifteen (15) days after actual receipt of the notice. Any Insurance Consultant may be reappointed without limit, provided that the Trustee must approve in writing the reappointment for each Fiscal Year as if it were an initial appointment of the Insurance Consultant.

The Insurance Consultant shall review annually the insurance coverage maintained by the Company and, in connection therewith, shall evaluate the insurable risks to which the Project is then subject in the light of possible improvements as to coverage, cost and other factors considered relevant by such consultant. Within forty-five (45) days after the beginning of each Fiscal Year, the Insurance Consultant will submit a written report to the Company and the Trustee stating whether the insurance then maintained by the Company complies with the requirements of the Lease and setting forth the recommendations of such consultant as to any changes which should be made in such insurance either to comply with specific requirements of the Lease or to provide the Company with insurance coverage comparable to the coverage which is then generally provided by organizations similar to the Company operating facilities comparable to the Project. In making recommendations concerning the insurance coverage to be maintained by the Company, the Insurance Consultant shall be required to consider the premium costs of insurance against any particular risk in relation to the probability and extent of loss from such risk, all to the end that unreasonable economic burdens will not be placed upon the Company in connection with the insurance coverage at any time required by the Lease. In making its recommendations the Insurance Consultant may depart from the general standard applicable to facilities comparable to the Project if, in its judgment, the Project is subject to special risks requiring insurance coverage according to a different standard. The Company will, as soon as practicable, make such changes in its insurance coverage as shall be recommended by the Insurance Consultant in its aforesaid report; provided, however, that no changes recommended by the Insurance Consultant shall be made without the prior written approval of the Trustee if the changes have the effect of eliminating or reducing, by reason of deductible amounts, coinsurance provisions or otherwise, the minimum coverage required by the first paragraph of this section to be maintained in effect by the Company.

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All policies providing the insurance required by this section shall be obtained from generally recognized responsible insurance companies, qualified under the laws of the State of Alabama to assume the respective risks undertaken; provided, however, that

(1) the insurance required by clause (e) of the first paragraph of this section may be obtained from the United States of America or any agency thereof;

(2) with respect to the medical liability insurance required by clause (g) of the first paragraph of this section, the Company may elect to be self-insured in accordance with the provisions of the last paragraph of this section; and

(3) any such insurance may, with the approval of the Insurance Consultant and the Trustee, be obtained from responsible trusts or insurance groups or associations, public or private, insurance companies

not qualified under the laws of the State of Alabama or any other state in the United States of America, or any combination of the foregoing selected by the Company.

Unless deductible amounts are specified in the first paragraph of this section or contrary recommendations are made by the Insurance Consultant, all policies providing the insurance required by this section may be written with deductible amounts comparable to those on similar policies carried by organizations operating facilities comparable to the Project. All policies providing the insurance required by this section shall contain an agreement on the part of the insurer issuing such policy that the same shall not be cancelled, terminated or permitted to lapse by such insurer unless thirty (30) days' prior written notice of such cancellation, termination or lapse in coverage shall have been given to the Trustee. All such policies providing insurance against liability for injury to persons or property of others shall cover the liability, in the several respects indicated, of both the Authority and the Company. All such policies, other than those or portions thereof providing insurance against liability for injury to persons or property of others, shall name as insureds the Authority, the Company and the Trustee (as their respective interests shall appear) and shall contain standard mortgage clauses providing for all recoveries thereunder in respect of losses greater than \$25,000 to be paid to the Trustee; provided that all recoveries (including those in respect of losses greater than \$25,000) may be adjusted by the Company, subject, in the case of the recovery in respect of a loss greater than \$25,000, to the approval of the Trustee. In the event of any loss to the Project covered by such policies, the Company will give immediate notice of such loss to the Trustee, and the Trustee may make proof of loss if the same shall not be promptly made by the Company. The Trustee is hereby authorized to demand, collect and receipt for any and all insurance proceeds payable under such policies in respect of losses to property or revenues of the Company or the Authority.

The Company will pay or cause to be paid, when due, all premiums with respect to policies providing the insurance required by this section. All such policies shall be deposited with the Trustee; provided, however, that in lieu thereof the Company may deposit with the Trustee a certificate or certificates of the respective insurers attesting the fact that such insurance is in force and effect. Prior to the expiration or cancellation of any such policy, the Company will furnish to the Trustee evidence reasonably satisfactory to the Trustee that such policy has been renewed or replaced by another policy or that there is no necessity therefor under the Lease. Anything herein to the contrary notwithstanding, any insurance required by the provisions hereof may be evidenced by a blanket policy covering risks in addition to those hereby required to be covered, but if and only if appropriate allocation certificates and loss payable endorsements are furnished to the Authority and the Trustee.

Subject to the requirements of this paragraph, the Company may elect to establish and maintain a program of self-insurance covering medical liability, or a program combining such self-insurance and commercial insurance, in lieu of the commercial insurance against such liability otherwise required by this section, unless the establishment and maintenance of a self-insurance program would breach any covenant or warranty contained in the Lease. The Company may establish a self-insurance program by filing with the Trustee an initial approving report of an insurance consultant acceptable to the Trustee and having particular expertise in

self-insurance programs covering the medical liability of hospitals and similar facilities, which consultant may, but need not be, the Insurance Consultant then serving pursuant to the provisions of this section. Such initial approving report shall

(i) set forth the reasons why such self-insurance program will be beneficial to the Company, considering, among other factors, the availability of commercial insurance, the terms upon which such insurance is available, the cost of such insurance, the effect of such terms and such costs upon the charges which the Company must make for its services, and the effect of such self-insurance program on the qualification of the Company for reimbursement under Medicare or Medicaid or other governmental programs providing similar benefits,

(ii) set forth the recommendations of such consultant as to the structure and operating requirements of such self-insurance program, including the size and nature of all reserves to be maintained in connection therewith, and

(iii) conclude that such self-insurance program is actuarially sound on the basis of calculations made by an Independent Actuarial Consultant.

The Company will comply with such recommendations in the establishment and operation of such self-insurance program. All reserves required for such self-insurance program shall be maintained in the amounts recommended by such consultant and shall be deposited with the Trustee or such other independent corporate trustee as may be recommended by such consultant. So long as any of the Indenture Indebtedness remains outstanding, the Company will cause any self-insurance program then in effect to be evaluated annually by a consultant meeting the requirements stated above and will cause a written report to be submitted by such consultant to the Company and the Trustee within forty-five (45) days after the beginning of each Fiscal Year, commencing with the Fiscal Year next succeeding that in which such self-insurance program was put into effect. The Company will implement the recommendations with respect to such self-insurance program contained in such annual report, except to the extent that the implementation of any such recommendations may be waived by the Trustee.

Section 6.6 Application of Net Proceeds of Insurance. The Net Insurance Proceeds of the insurance required by clauses (a), (b), (d) and (e) of the first paragraph of Section 6.5 hereof, as well as the Net Insurance Proceeds of any other insurance carried by the Company covering losses to the Project, shall be applied in accordance with the provisions of Section 7.1 hereof.

The Net Insurance Proceeds of any business interruption insurance required by Section 6.5 hereof shall be paid to the Trustee and held by it in a special trust account until applied, as needed from time to time, to pay the monthly installments of Basic Rent related to debt service on the Bonds and the necessary operating expenses incurred during any period of reconstruction or repair of the Project. The Trustee shall pay installments of Basic Rent out of such proceeds by depositing the required amounts directly in the appropriate accounts of the Bond Fund,

and the obligation of the Company hereunder to pay such installments shall be abated to the extent of such deposits.

The Net Insurance Proceeds of all general public liability insurance, medical liability insurance and workmen's compensation insurance required by Section 6.5 hereof shall be applied by the Company to the payment of any judgment, settlement or liability incurred in connection with risks covered by such insurance. To the extent that the Net Insurance Proceeds recovered on account of any liability exceed the amount required to discharge such liability, such excess shall be paid to the Company. The Net Insurance Proceeds of all fidelity bonds recovered by the Company in respect of lost, stolen or otherwise depleted funds or revenues shall be used for the restoration of such funds or revenues, and if such proceeds are not required to be restored to some specific trust fund or account, they shall be paid to the Company.

Section 6.7 Performance by Authority or Trustee of Certain Company Obligations. Reimbursement of Expenses. In the event the Company fails to take out or maintain the full insurance coverage required by the Lease, fails to pay the taxes and other charges herein required to be paid at or prior to the time they are so required to be paid, or fails to keep the Project in as reasonably safe condition as its operations permit and in good repair and operating condition, the Authority or the Trustee, after first notifying the Company of any such failure on its part and after the subsequent failure by the Company to perform the obligation with respect to which it is delinquent, may (but shall not be obligated to) perform any such obligation on behalf of the Company. Any expense incurred by the Authority or the Trustee in performing any of such obligations of the Company shall become an additional obligation of the Company to the Authority or to the Trustee, as the case may be, and shall be repaid by the Company, together with interest thereon, from the date such amount was paid by the Authority or the Trustee, as the case may be, until the date of its repayment by the Company, at a per annum rate equal to two percent (2%) above the prime lending rate of the Trustee from time to time in effect until such amount is repaid or at the maximum applicable non-usurious per annum rate of interest then permitted by the laws of the State of Alabama, whichever of the foregoing rates of interest is the lesser. Any remedy herein vested in the Authority or the Trustee for the collection of rental payments shall also be available to the Authority or the Trustee for the collection of all amounts so paid by the Authority or the Trustee in performing any of such obligations of the Company.

ARTICLE VII

PROVISIONS RESPECTING DAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.1 Damage and Destruction Provisions. If, prior to full payment of the Indenture Indebtedness, the Project is destroyed, in whole or in part, or is damaged, by fire or other casualty, to such extent that the loss to the Project resulting therefrom is not greater than \$25,000, the Company will continue to pay the rent required to be paid hereunder and will promptly repair, replace or restore the

property destroyed or damaged to substantially the same condition as prior to the event causing such damage or destruction with such changes, alterations or modifications (including the substitution and addition of other property) as will not significantly impair the operating utility of the Project or change the character thereof to such extent that it will not constitute a "health care facility" within the meaning of the Act. The Company will apply so much as may be necessary of any Net Insurance Proceeds referable to such damage or destruction to the payment of the costs of such repair, replacement or restoration, and if such costs exceed the available Net Insurance Proceeds, the Company will provide any additional moneys required for the payment of such costs. In the event that the total costs of such repair, replacement and restoration are less than such Net Insurance Proceeds, the Company will pay into the Principal Account of the Bond Fund the amount by which such proceeds exceed said total costs. Any preceding provision of this paragraph to the contrary notwithstanding, the Company may, if as a result of such damage or destruction it is entitled to do so under the provisions of Section 11.2 hereof, exercise the option to purchase the Project there granted upon the terms there provided, in which event it need not repair, replace or restore the property damaged or destroyed.

If, prior to full payment of the Indenture Indebtedness, the Project is destroyed, in whole or in part, or is damaged, by fire or other casualty, to such extent that the loss to the Project resulting therefrom is greater than \$25,000, the Company will promptly so notify the Authority and the Trustee in writing. All obligations of the Company and the Authority under the Lease which are still capable of performance (including, without limitation, the obligation of the Company to pay the Basic Rent and all other rent due hereunder) shall continue in full force and effect. If, in such event, the Company is not entitled to exercise the option to purchase the Project granted in Section 11.2 hereof or if, in such event, being entitled to, it does not exercise such option, the Net Insurance Proceeds recovered by the Authority, the Company and the Trustee on account of such damage or destruction shall be paid to and held by the Trustee. Pursuant to directions to be given the Authority and the Trustee by the Company in a Certified Resolution to be forwarded to the Authority and the Trustee not more than sixty (60) days following the event causing such damage or destruction, such proceeds shall be applied by the Trustee in one or both of the following ways (the amount, if any, to be applied in each such way to be specified in such Certified Resolution):

(a) payment of the costs of repairing, replacing or restoring the property damaged or destroyed to the extent necessary for it to have substantially the same operating utility that it had (or would have had if the Company had theretofore complied with all its obligations hereunder) prior to the event causing such damage or destruction, with such changes, alterations or modifications as shall be specified by the Company and as will not change the character thereof to such extent that it will not constitute a "health care facilities" within the meaning of the Act;

(b) the redemption of Bonds prior to maturity in accordance with the terms of the Indenture and on the earliest practicable date permitted thereby or the purchase of Bonds for retirement, in which case such portion of the Net Insurance Proceeds to be used therefor shall be deposited in the Principal Account of the Bond Fund; provided, however, that no part of any such portion of the Net Insurance Proceeds shall be so

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deposited in the Principal Account of the Bond Fund and so applied for the redemption or purchase of Bonds unless

(i) provision has theretofore been made, or is made simultaneously with such redemption or purchase, for the retirement, in accordance with the terms of the Indenture, of all the Bonds (including premium, if any, and the interest that will mature thereon until and on the date or dates they are retired), either by redemption prior to their maturity or by payment thereof at their maturity, or

(ii) in the absence of such provision for the retirement of all the Bonds, the following conditions shall be satisfied: (1) the condition of the Project, as repaired, restored or modified after the event causing such damage or destruction, shall be such that the Project will constitute a "health care facility" within the meaning of the Act; and (2) the Company shall furnish to the Authority and the Trustee one of the following:

(A) a certificate of an Independent Engineer acceptable to the Trustee stating either (x) that the property damaged or destroyed is not essential to the Company's operation of the Project and is not necessary to maintain substantially the same operating utility that it had (or would have had if the Company had theretofore complied with all its obligations hereunder) prior to the event causing such damage or destruction, or (y) that the Project has been repaired, restored or modified to the extent necessary for it to have substantially the same operating utility that it had (or would have had if the Company had theretofore complied with all its obligations hereunder) prior to the event causing such damage or destruction; or

(B) an appraisal made by an Independent Appraiser acceptable to the Trustee stating that the Project, as repaired, restored or modified to the extent deemed necessary by the Company, has a market value not less than one hundred twenty-five percent (125%) of the principal amount of all Bonds that will be outstanding after the retirement of those of the Bonds that are to be redeemed or purchased with the portion of the Net Insurance Proceeds proposed to be deposited in the Principal Account of the Bond Fund.

In the event that the Company does not comply with all of the conditions of either clause (i) or clause (ii) of this subparagraph (b), then the Net Insurance Proceeds shall be applied in accordance with the provisions of subparagraph (a) of this paragraph.

In the event that the Net Insurance Proceeds held by the Trustee (or any specified portion thereof) are to be applied for payment of the costs of repairing, replacing or restoring the property damaged or destroyed, the Construction Fund

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shall be reestablished and such proceeds (or specified portion thereof) shall be deposited therein, and the Authority will cause disbursements to be made from such fund to pay such costs in the same manner (with the necessary changes in detail) as provided in the Indenture for the disbursement of proceeds of the Series 1985 Bonds originally deposited in such fund. Any balance of the Net Insurance Proceeds (or any balance of the portion thereof specified for the payment of such costs) remaining after the payment of all such costs shall be paid into the Principal Account of the Bond Fund or, if the Indenture Indebtedness has been paid in full and no Event of Default shall have occurred and be continuing, to the Company. In the event that the Net Insurance Proceeds (or the portion thereof specified for the payment of such costs) are not sufficient to pay in full the costs of such repair, replacement or restoration, the Company (i) will nonetheless complete the work thereof and will pay that portion of the costs thereof in excess of the Net Insurance Proceeds (or specified portion thereof) available for the payment of such costs, or (ii) will pay to the Trustee, for the account of the Authority, the moneys necessary to complete such work, in which case the Authority will cause such work to be so completed, and the Authority and the Trustee will, upon completion of such work and payment in full of the costs thereof, return to the Company any portion of such payment that is not needed therefor. The Company shall not, by reason of the payment of such excess costs (whether by direct payment thereof or payment to the Trustee therefor), be entitled to any reimbursement from the Authority or to any abatement or diminution of the rent provided for herein.

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In no event shall any of the Net Insurance Proceeds held by the Trustee be applied for payment of any costs of repair, replacement or restoration unless and until (i) the Authority and the Trustee have been notified in writing by the Company that the Company irrevocably relinquishes any right it may have, on account of such damage or destruction, to exercise the option to purchase the Project granted in Section 11.2 hereof, or (ii) the time within which the Company must exercise such option has expired without the Company having exercised such option. If, however, as a result of such damage or destruction (irrespective of whether or not the loss resulting therefrom is greater than \$25,000), the Company is entitled to exercise such option and duly does so in accordance with the applicable provisions of said Section 11.2, then neither the Company nor the Authority shall have any obligation to repair, replace or restore the property damaged or destroyed, in which case so much (which may be all) of such Net Insurance Proceeds then held by the Trustee as shall be necessary to provide for full retirement of the Bonds (as specified in Section 11.2 hereof) shall be paid or credited by the Trustee into the Principal Account of the Bond Fund and so much of the excess thereafter remaining (if any) as shall be necessary for the payment of any other Indenture Indebtedness shall be applied by the Trustee to the payment of such other Indenture Indebtedness. Any portion of such Net Insurance Proceeds remaining after payment in full of the entire Indenture Indebtedness shall be paid to the Company after or simultaneously with the exercise by the Company of such option.

If the Project is destroyed, in whole or in part, or is damaged after the Indenture Indebtedness has been paid in full, neither the Company nor the Authority shall be obligated to repair, replace or restore the property damaged or destroyed, and any Net Insurance Proceeds referable to such damage or destruction shall be paid to the Company; provided, however, that the Authority will, to the extent and in the manner provided in Section 7.6 hereof, cooperate fully with the Company in carrying

out such repair, replacement and restoration as the Company may, in its sole discretion, decide to undertake.

All property acquired in connection with the repair, replacement or restoration of any part of the Project pursuant to the provisions of this Section 7.1 shall be and become part of the Project subject to the demise hereof and the lien of the Indenture and shall be held by the Company on the same terms and conditions as the property originally constituting the Project.

Section 7.2 Condemnation Provisions. If title to the Project or any part thereof is taken under the exercise of the power of Eminent Domain, the entire condemnation award in respect of such taking (including, without limitation, (i) all amounts received as the result of any settlement of compensation claims negotiated with the condemning authority, and (ii) any amount awarded as compensation for the interest of the Company in the part of the Project taken and as damages to the interest of the Company in any part thereof not taken, but not including any condemnation award belonging to the Company pursuant to the provisions of Section 7.4 hereof) shall be paid to the Trustee (or, if the Indenture Indebtedness has been fully paid, to the Company), whereupon such award shall be applied and certain related actions shall be taken in accordance with the succeeding provisions of this Section 7.2:

(a) Taking of All or Substantially All the Project Prior to Full Payment of the Indenture Indebtedness. If all or substantially all the Project is so taken by such exercise of the power of Eminent Domain, prior to full payment of the Indenture Indebtedness, the Lease shall terminate [except as to the provisions of this subsection (a) and Section 5.6 hereof] as of the forty-fifth (45th) day after the receipt by the Trustee of the final installment of the entire condemnation award in respect of such taking, unless the Company has theretofore exercised the option to purchase the Project granted in Section 11.2 hereof. The Authority will cause the Company to be notified in writing, as promptly as practicable following such receipt by the Trustee of such final installment of the entire condemnation award, of the date on which such final installment was so received by the Trustee and the amount of the Net Condemnation Award in respect of such taking then held by the Trustee. On or before the close of business on the business day next preceding the date on which the Lease shall terminate pursuant to this subsection (a), the Company will pay to the Trustee, for the account of the Authority, such additional Basic Rent as, when added to the total of the amounts then held in the Indenture Funds (exclusive of any amount held in the Bond Fund for payment of Bonds called for redemption but not yet redeemed and matured but unpaid interest) plus the full amount of the Net Condemnation Award then held by the Trustee, will be sufficient to pay, redeem and retire all the then outstanding Bonds on the aforesaid date on which the Lease shall terminate, including, without limitation, principal, premium (if any), interest to maturity or earliest practicable redemption date, as the case may be, expenses of redemption and all other Indenture Indebtedness. Any portion of the Net Condemnation Award not needed

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for payment of the Indenture Indebtedness shall be paid to the Company simultaneously with or promptly after the termination of the Lease.

(b) Taking of Less than Substantially All the Project Prior to Full Payment of the Indenture Indebtedness. If less than substantially all the Project is so taken by such exercise of the power of Eminent Domain, prior to full payment of the Indenture Indebtedness, all obligations of the Company under the Lease which are still capable of performance (including, without limitation, the obligation of the Company to pay the Basic Rent and all other rent due hereunder) shall continue in full force and effect, but with the consequences specified in the succeeding provisions of this subsection (b):

(1) If any part of the Project Building, any part of any other structure located on the Project Site, or any part of the Project Equipment is not taken or damaged and if in the Company's opinion, expressed in a Certified Resolution delivered to the Authority and the Trustee, such taking does not significantly impair the operating utility of the Project, the Net Condemnation Award in respect of the part of the Project so taken shall be paid into the Bond Fund.

(2) If any part of the Project Building, any part of any other structure located on the Project Site, or any part of the Project Equipment is taken or damaged, or if in the Company's opinion, expressed in a Certified Resolution delivered to the Authority and the Trustee, such taking significantly impairs the operating utility of the Project, and if, in the event of such taking, the Company is not entitled to exercise the option to purchase the Project granted in Section 11.2 hereof or if, in such event, being entitled to, it does not exercise such option, the Net Condemnation Award in respect of such taking shall, pursuant to directions to be given the Authority and the Trustee by the Company in a Certified Resolution to be forwarded to the Authority and the Trustee not more than sixty (60) days following such taking, be applied by the Trustee in one or more of the following ways (the amount, if any, to be applied in each such way to be specified in such Certified Resolution):

(I) payment of the costs of repairing, restoring, modifying, relocating or rearranging any portions of the Project not taken but damaged or adversely affected by such taking, all to the extent necessary for the Project to have substantially the same operating utility that it had (or would have had if the Company had theretofore complied with all its obligations hereunder) prior to such taking and to the extent necessary for the Project to constitute a "health care facility" under the Act and all under such circumstances and upon such terms as shall be specified by the Company;

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(II) payment of the costs of purchasing such additional land and of acquiring (by construction or otherwise) such additional facilities and equipment as the Company may direct, which land, facilities and equipment (i) shall be of such nature as to constitute a "health care facility" under the Act, (ii) shall be acquired by the Authority and made subject to the demise of the Lease and to the lien of the Indenture free of liens and encumbrances other than Permitted Encumbrances and (iii) shall be deemed a part of the Project and made available for use and occupancy by the Company, without the payment of additional rent hereunder, to the same extent as if such land, facilities and equipment had originally constituted part of the Project and had been specifically demised hereby;

(III) the redemption of Bonds prior to maturity in accordance with the terms of the Indenture and on the earliest practicable date permitted thereby or the purchase of Bonds for retirement, in which case such portion of the Net Condemnation Award to be used therefor shall be deposited in the Principal Account of the Bond Fund; provided, however, that no part of any such portion of the Net Condemnation Award shall be so deposited in the Principal Account of the Bond Fund and so applied for the redemption or purchase of Bonds unless

(i) provision has theretofore been made, or is to be made simultaneously with such redemption or purchase, for the retirement in accordance with the terms of the Indenture of all the Bonds, either by redemption prior to their maturity or by payment thereof at their maturity, or

(ii) in the absence of such provision for the retirement of all the Bonds, the following conditions shall be satisfied: (1) the condition of the Project, as repaired, replaced, modified or rearranged after such taking, shall be such that the Project will constitute a "health care facility" under the Act; and (2) the Company shall furnish to the Authority and the Trustee one of the following:

(A) a certificate of an Independent Engineer acceptable to the Trustee stating either (x) that the property so taken is not essential to the Company's operation of the Project and is not necessary to maintain substantially the same operating utility that it had (or would have had if the Company had theretofore complied with all its obligations hereunder) prior to such taking, or (y) that the Project has been repaired, replaced, restored, modified or

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rearranged to the extent necessary for it to have substantially the same operating utility that it had (or would have had if the Company had theretofore complied with all its obligations hereunder) prior to such taking, or

(B) an appraisal made by an Independent Appraiser acceptable to the Trustee stating that the Project, as repaired, replaced, restored, modified or rearranged to the extent deemed necessary by the Company, has a market value not less than one hundred twenty-five percent (125%) of the principal amount of all Bonds that will be outstanding after the retirement of those of the Bonds that are to be redeemed or purchased with the portion of the Net Condemnation Award proposed to be deposited in the Principal Account of the Bond Fund.

In the event that the Company does not comply with the conditions of either clause (i) or clause (ii) of this subparagraph (III), then the Net Condemnation Award shall be applied in accordance with the provisions of one or both of subparagraphs (I) and (II) of this subsection (b)(2).

In the event that the Net Condemnation Award held by the Trustee (or any specified portion thereof) is to be applied, pursuant to the provisions of subparagraphs (I) or (II) of this subsection (b)(2), for payment of the costs of repairing, restoring, modifying, relocating or rearranging any part of the Project or for payment of the costs of acquiring additional property to become part of the Project, as the case may be, the Construction Fund shall be reestablished and such award (or specified portion thereof) shall be deposited therein, and the Authority will cause disbursements to be made from such fund to pay such costs in the same manner (with the necessary changes in detail) as provided in the Indenture for the disbursement of proceeds of the Series 1985 Bonds originally deposited in such fund. Any balance of the Net Condemnation Award (or any balance of the portion thereof specified for the payment of such costs) remaining after payment of all such costs shall be paid into the Principal Account of the Bond Fund or, if the Indenture Indebtedness has been paid in full and no Event of Default shall have occurred and be continuing, to the Company. In the event that the Net Condemnation Award (or the portion thereof specified for the payment of such costs) is not sufficient to pay in full the costs of such repair, restoration, modification, relocation or rearrangement, or the costs of acquiring such additional property, as the case may be, the Company (i) will nonetheless complete such repair, restoration, modification, relocation or rearrangement or the acquisition of such additional property, as the case may be, and will pay that portion of the costs thereof in excess of the amount of the Net Condemnation Award (or specified portion thereof) available for the payment of such costs, or (ii) will pay to the Trustee for the account of the Authority the moneys necessary to complete such repair, restoration, modification, relocation or

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rearrangement or the acquisition of such additional property, as the case may be, in which case the Authority will cause such undertakings to be so completed, and the Trustee will, upon completion of such undertakings and payment in full of the costs thereof, return to the Company any portion of such payment by the Company that is not needed therefor. The Company shall not, by reason of the payment of such excess costs (whether by direct payment thereof or payments to the Trustee therefor), be entitled to any reimbursement from the Authority or to any abatement or diminution of the rent provided for herein.

(c) Taking of All or Substantially All the Project After Full Payment of the Indenture Indebtedness. If, after the full payment of the Indenture Indebtedness, title to all or substantially all the Project is taken by such exercise of the power of Eminent Domain, the Net Condemnation Award referable to such taking shall be paid and belong to the Company. The Lease shall terminate as of the date on which the final condemnation award is received by the Company, and the Authority and the Company shall have no further rights or obligations hereunder except those which may theretofore have vested.

(d) Taking of Less Than Substantially All the Project After Full Payment of Indenture Indebtedness. If, after full payment of the Indenture Indebtedness, title to less than substantially all the Project is taken by such exercise of the power of Eminent Domain, the Lease shall continue in full force and effect, but neither the Company nor the Authority shall be obligated to correct or ameliorate in any way the condition of the Project caused by such taking, and the Net Condemnation Award referable to such taking shall be paid to the Company; provided, however, that the Authority will, to the extent and in the manner provided in Section 7.6 hereof, cooperate fully with the Company in carrying out such work of repairing, restoring, modifying, relocating or rearranging the Project or in acquiring such additional property to form part of the Project as the Company may, in its sole discretion, deem necessary or desirable.

In no event shall any of the Net Condemnation Award held by the Trustee be applied for payment of any costs described in subparagraphs (I) and (II) of subsection (b)(2) of this Section 7.2 unless and until (i) the Authority and the Trustee have been notified in writing by the Company that the Company irrevocably relinquishes any right it may have, on account of such taking, to exercise the option to purchase the Project granted in Section 11.2 hereof, or (ii) the time within which the Company must exercise such option has expired without the Company having exercised such option. If, however, as a result of such taking, the Company is entitled to exercise such option and duly does so in accordance with the applicable provisions of said Section 11.2, then neither the Company nor the Authority shall be obligated to correct or ameliorate in any way the condition of the Project caused by such taking, in which event so much (which may be all) of such Net Condemnation Award then held by the Trustee as shall be necessary to provide for full retirement of the Bonds (as specified in Section 11.2 hereof) shall be paid or credited by the Trustee into the Principal Account of the Bond Fund and so much of the excess thereafter remaining (if any) as shall be necessary for the payment of any other Indenture

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Indebtedness shall be applied by the Trustee to the payment of such other Indenture Indebtedness. Any portion of such Net Condemnation Award remaining after payment in full of the entire Indenture Indebtedness shall be paid to the Company after or simultaneously with the exercise by the Company of such option.

Section 7.3 Condemnation of Right to Use of the Project for Limited Period. If the use, for a limited period, of all or part of the Project is taken under the exercise of the power of Eminent Domain, the Lease (including, without limitation, the provisions hereof relating to the payment of Basic Rent) shall, unless as a result thereof the Company is entitled to exercise the option to purchase the Project granted in Section 11.2 hereof and duly does so in accordance with the provisions of said Section 11.2, continue in full force and effect, but with the consequences specified in the succeeding provisions of this section. If the period of such taking expires on or before the expiration of the Lease Term, the Company shall be entitled to receive the entire condemnation award made therefor, whether by way of damages, rent or otherwise, and shall upon being restored to possession restore the Project to substantially the same condition as prior to such taking, with such changes, alterations and modifications as will not significantly impair the operating utility of the Project, or change the character thereof to such extent that it will not constitute a "health care facility" within the meaning of the Act. If such taking occurs during the Lease Term but the period of such taking expires after the expiration of the Lease Term, the Company shall be entitled to receive that portion of the award allocable to the period from the date of such taking to the end of the Lease Term, and the Authority shall be entitled to the remainder thereof; provided that if prior to the end of the Lease Term, the Company exercises either of the options to purchase the Project granted in Sections 11.2 and 11.3 hereof, the Company (rather than the Authority) shall be entitled to receive the remainder of such award.

Section 7.4 Condemnation of Company-Owned Property. The Company shall be entitled to any condemnation award or portion thereof made for damages to or the taking of its own property not included in the Project, but any condemnation award resulting from damages to or the taking of all or any part of the leasehold estate or other interest of the Company in the Project created by the Lease shall be applied in accordance with the provisions of Section 7.2 or 7.3 hereof, whichever may be applicable. In the event of any taking which involves both the Project and property of the Company, the Company shall be responsible for all attorney's fees and other expenses properly allocable to the taking of its own property.

Section 7.5 Cooperation of the Authority in the Conduct of Condemnation Proceedings. The Authority will cooperate fully with the Company in the handling and conduct of any prospective or pending condemnation proceeding with respect to the Project or any part thereof and will follow all reasonable directions given to it by the Company in connection with such proceeding. In no event will the Authority settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Project or any part thereof without the prior written consent of the Company.

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Section 7.6 Cooperation of the Authority with respect to Restoration of the Project in the Event of Casualty or Condemnation. If, as a result of the taking of title to less than substantially all the Project or the taking of the temporary use of all or any part of the Project through the exercise of the power of Eminent Domain, or if, as a result of any event causing destruction or damage to the Project or any part thereof, the Company determines, in accordance with any applicable provision of this article, to acquire (by purchase, construction or otherwise) any additional property to replace any part of the Project so taken, or to have the Project repaired, replaced, restored, modified, relocated or rearranged in order to correct or ameliorate any condition caused by such taking, damage or destruction, as the case may be, then the Authority will execute and deliver, or cause to be executed and delivered, all contracts, orders, requisitions, instructions and other written instruments and do, or cause to be done, all other acts that may be necessary or proper in carrying out all such undertakings with respect to the Project. In no event, however, will the Authority hereafter enter into any contract with respect to any part of such undertakings unless there is endorsed thereon a legend indicating that the Company has approved both the form and substance of such contract and such legend is signed on behalf of the Company by an Authorized Company Representative at the time acting as such under the provisions hereof. Any obligation for the payment of money incurred or assumed by the Authority in connection with such undertakings shall be payable solely out of any Net Condemnation Award or Net Insurance Proceeds held by the Trustee or from any other moneys made available to the Authority by the Company under the provisions of the Lease.

Section 7.7 Provisions Relating to the Incurring of Certain Expenses after Indenture Indebtedness Paid. The Authority will not, at any time after full payment of the Indenture Indebtedness, incur any expenses in connection with the collection of any insurance proceeds or any condemnation award with respect to the Project, or any part thereof, without the prior written consent of the Company.

ARTICLE VIII

PARTICULAR COVENANTS OF THE COMPANY

Section 8.1 General Covenants. The Company will not do or permit anything to be done in or about or with respect to the Project that will affect, impair or contravene any policies of insurance that may be carried on the Project against loss or damage by fire, casualty or otherwise. The Company will, in the use of the Project and the public ways abutting the Project Site, comply in all material respects with all valid and applicable laws, ordinances, rules, regulations and orders of all governmental authorities or agencies; provided, however, that the Company may in good faith contest the validity of any such laws, ordinances, rules, regulations and orders or the application thereof to the Project and in the event of any such contest defer compliance therewith during the period of such contest and the pendency of any appeal in connection therewith, unless by such action the rights or interests of the Authority or the Trustee with respect to the Project or any part thereof shall be materially endangered or impaired.

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Section 8.2 Release and Indemnification Covenants. The Company releases the Authority (and each director, officer, employee and agent thereof) and the Trustee from, and will indemnify and hold the Authority (and each director, officer, employee and agent thereof) and the Trustee harmless against, any and all claims and liabilities of any character or nature whatsoever, regardless of by whom asserted or imposed, and losses of every conceivable kind, character and nature whatsoever claimed by or on behalf of any person, firm, corporation or governmental authority, arising out of, resulting from, or in any way connected with the Project, including, without limiting the generality of the foregoing, (i) any actions relating to the acquisition, construction and installation of the Project or any part thereof and (ii) the leasing of the Project to the Company and the condition, use, possession or management of the Project during the Lease Term; provided, however, that the Company shall not be obligated to indemnify any director, officer, employee or agent of the Authority against any claim, liability or loss in any way connected with the Project unless such claim, liability or loss arises out of or results from official action taken in the name and behalf of the Authority by such director, officer or employee.

The Company acknowledges that it has furnished to the Series 1985 Original Purchasers, or has caused to be so furnished, certain information concerning the business and financial condition of the Company, and the Company further acknowledges that it has sought and received the assistance and cooperation of the Authority in connection with the offering and sale of the Series 1985 Bonds. The Company will indemnify, hold harmless and defend the Authority (and each director, officer, employee and agent thereof) against

(a) any claim or liability whatsoever arising out of or based upon any untrue or misleading statement or alleged untrue or misleading statement of any material fact contained in any of the aforesaid information furnished, or caused to be furnished, by the Company to the Series 1985 Original Purchasers, or the omission or alleged omission to state in any such information any material fact necessary to make the statements contained therein not misleading in the light of the circumstances under which such statements were made, and

(b) any claim or liability arising out of any action taken by the Authority at the request of the Company (or any other person authorized to act on behalf of the Company) in connection with the offering and sale of the Series 1985 Bonds.

The Company will pay or reimburse all legal or other expenses reasonably incurred by the Authority (and each director, officer, employee and agent thereof), or the Trustee, as the case may be, in connection with the investigation or defense of any action or proceeding, whether or not resulting in liability, with respect to any claim, liability or loss in respect of which indemnity may be sought against the Company under the provisions of this section.

In the event that any action or proceeding is brought against any indemnifiable party (whether the Authority, or any of the Authority's directors, officers, employees or agents, or the Trustee), in respect of which indemnity may be sought against the Company under the provisions of this section, such indemnifiable party shall, as a condition of the Company's liability under the provisions of this sec-

tion, be obligated to notify promptly the Company in writing of the commencement of such action or proceeding and shall thereafter forward to the Company a copy of every summons, complaint, pleading, motion or other process received with respect to such action or proceeding. The Company may (and if so requested by such indemnifiable party, shall) at any time assume the defense of such indemnifiable party in connection with any such action or proceeding, and in such case the Company shall pay all expenses of such defense and shall have full and complete control of the conduct on the part of such party of any such action or proceeding, including, without limitation, the right to settle or compromise any claim giving rise to such action or proceeding upon such terms and conditions as the Company, in its sole discretion, shall determine and the right to select Counsel for such party; provided, however, that any Counsel selected by the Company for the Authority shall be subject to the approval of the Authority, which approval shall not be unreasonably withheld. The Company shall not be obligated to indemnify any such indemnifiable party for any liability resulting from the settlement of any action or proceeding, or for any legal or other expenses incurred in connection with the investigation or defense of any action or proceeding, if such settlement was made without the Company's consent, irrespective of whether the Company had, prior to such settlement, exercised its right to assume the defense of such indemnifiable party in connection with such action or proceeding; provided, however, that if the indemnifiable party desires to settle any claim in response to a bona fide offer of settlement, and if the Company is unwilling to settle the claim in accordance with the terms of such offer, then, in that case, the Company may withhold its consent to the settlement of the claim in accordance with the terms of such offer only if it establishes an escrow with an escrow agent acceptable to both the Company and such indemnifiable party in a principal amount equal to the difference between the claimed amount for which the indemnifiable party is potentially liable and the amount of the rejected settlement offer. The moneys in such escrow may be held in cash or invested in certificates of deposit, United States Treasury obligations or any combination thereof and any interest thereon shall accrue to the Company and be paid over to the Company as earned. In the event that any claim is asserted against the Authority which would not be payable solely out of the proceeds of any of the Series 1985 Bonds or other funds advanced to the Authority by the Company, or out of the proceeds of the sale or leasing of the Project (viz., a general, as opposed to a limited, obligation), the Company shall, at the request of the Authority, provided to the Authority an indemnity bond with sureties satisfactory to the Authority covering the amount so claimed.

Nothing contained in this section shall be construed to indemnify the Authority, or any of the Authority's directors, officers, employees or agents, or the Trustee, against, or to release any of such parties from liability for, any claim, liability or loss that may result from willful misconduct or gross negligence on the part of such parties.

Anything to the contrary herein contained notwithstanding, the covenants of the Company contained in this section shall, with respect to any claim, liability or loss for which the Company is obligated to provide indemnity, remain in full force and effect after the termination of the Lease until (i) any cause of action brought in respect of such claim, liability or loss shall be barred by the applicable statute of limitation or (ii) the payment in full or the satisfaction of such claim, liability or loss, including all reasonable expenses incurred by the indemnifiable party or parties in defending against such claim, liability or loss; provided, however, that in the event

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any action or proceeding arguably barred by the applicable statute of limitation is brought against any indemnifiable party hereunder, the Company shall be obligated to defend such indemnifiable party with respect to such action or proceeding, all to the end that the bar of the statute of limitation may be asserted by the Company against the party bringing such action or proceeding but may not be asserted by the Company against the indemnifiable party in order to avoid performing any of its obligations under this section.

Section 8.3 Inspection of Project. The Company will permit the Authority, the Trustee and their duly authorized agents at all reasonable times to examine and inspect the Project or any part thereof. So long as any of the Indenture Indebtedness shall be outstanding and unpaid, the Company will also permit the Trustee and its duly authorized agents to take such action as may be necessary and convenient to cause the Project to be kept in as reasonably safe condition as its operations permit and the Project to be kept in good repair and operating condition, all as and to the extent provided in Sections 6.1 and 6.6 hereof.

Section 8.4 Agreement to Maintain Corporate Existence. So long as any of the Indenture Indebtedness shall be outstanding and unpaid, the Company will maintain its corporate existence, will not dissolve or sell, lease, transfer or otherwise dispose of all or substantially all its assets (either in a single transaction or in a series of related transactions), and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided that it may, without violating the agreements contained in this section, consolidate with or merge into another United States Corporation, permit one or more other United States Corporations to consolidate with or merge into it, or sell, lease, transfer or otherwise dispose of all or substantially all its assets to another United States Corporation, but if and only if the following conditions are met:

(a) the corporation surviving or resulting from such consolidation or merger (if it be one other than the Company) or the corporation to which such sale, lease, transfer or other disposition shall be made, as the case may be (the "Successor Corporation"), (i) expressly assumes in writing all the obligations of the Company contained in the Lease, with the same effect as if the Successor Corporation had been named herein as a party hereto in lieu of the original Company, (ii) furnishes to the Authority and the Trustee, promptly following such consolidation or merger or such sale, lease, transfer or other disposition, appropriately certified or fully executed copies of the writing by which the Successor Corporation so assumes such obligations and (iii) furnishes to the Authority and the Trustee the opinions of one or more Counsel (who, although selected by the Company, shall be satisfactory to the Trustee) which, taken together, state in substance that the Successor Corporation is a duly organized and existing United States Corporation and has by such writing duly and validly assumed, and is bound by, all the obligations of the Company contained in the Lease;

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(b) the Successor Corporation (irrespective of whether or not it is the original Company) will not have (either immediately following such consolidation or merger or such sale, lease, transfer or other disposition or as the result of the subsequent implementation of any transaction of which such consolidation or merger or such sale, lease, transfer or other disposition forms a part) a Tangible Net Worth less than two hundred percent (200%) of the principal amount of all Bonds that will be outstanding immediately following the implementation of any transaction (including, without limitation, such consolidation or merger or such sale, lease, transfer or other disposition itself) or series of related transactions of which such consolidation or merger or such sale, lease, transfer or other disposition forms a part; provided further that in any calculation of Tangible Net Worth for purposes of this clause (b) there shall be excluded the amounts held in the Indenture Funds unless the Successor Corporation shall have made provision for the redemption of all Bonds then outstanding on the earliest date on which such Bonds may be called for redemption in accordance with the provisions of the Indenture following the consummation of such merger, consolidation or transfer;

(c) at the time of such consolidation or merger or such sale, lease, transfer or other disposition and immediately upon giving effect thereto, the Successor Corporation shall be a solvent corporation;

(d) immediately after and giving effect to such merger, consolidation or such sale, lease, transfer or other disposition, no event which constitutes an Event of Default, or which would become an Event of Default with the passage of time or the giving of notice or both, shall have occurred and be continuing; and

(e) there shall have been delivered to the Authority and to the Trustee a certificate signed by the Chairman of the Authority, the President or any Vice President of the Company or the Successor Corporation, as the case may be, and stating that such merger, consolidation, sale, lease, transfer or other disposition complies with the provisions of this section and that all conditions precedent herein provided for relating to such transaction have been complied with.

Upon any merger, consolidation or any sale, lease, transfer or other disposition complying with the provisions of this section, the Successor Corporation shall succeed to, and be substituted for, the Company for all purposes under the Lease, with the same effect as if the Successor Corporation had been named as the Company herein. If, after a sale or transfer by the Company of all or substantially all its assets to another United States Corporation under the circumstances described in the preceding provisions of this section, the Company does not thereafter dissolve, it shall not have any further rights or obligations hereunder.

Section 8.5 Qualification in Alabama. So long as the Lease shall be in effect, the Company will continuously remain qualified to do business in the State of Alabama. If, in accordance with the permissive provisions of Section 8.4 hereof, the Company should merge into a corporation not organized and existing under the laws

of the State of Alabama, should consolidate with one or more corporations under circumstances wherein the consolidated corporation is not a corporation organized and existing under the laws of the State of Alabama or should transfer all or substantially all its assets to a corporation not organized under the laws of the State of Alabama, it will cause the corporation into which it merged, the corporation resulting from such consolidation or the corporation to which all or substantially all its assets were transferred, as the case may be, to qualify to do business in the State of Alabama and to remain so qualified at all times while the Lease shall be in effect.

Section 8.6 No Diversion of Project Gross Revenues. Exceptions. The Company will not hereafter enter into any agreement or arrangement with respect to services provided by the Project, the franchising of any services, the operation of any concession for the sale of any product or the furnishing of any service, or the acquisition, leasing or sale of any service or facility related to or constituting part of the Project which requires, or has the effect of requiring, the payment or diversion to any Person (other than the Company) of Project Gross Revenues or revenues that would otherwise constitute Project Gross Revenues. The foregoing provisions of this section shall not, however, be construed to prohibit the Company

(a) from entering into agreement or arrangements permitting the installation of vending machines in or about the Project, or

(b) granting franchises or concessions to any Persons to provide services or perform needed functions in or about the Project, irrespective of whether such services or functions are of a professional or non-professional nature, which, in the judgment of the Company, can be most advantageously obtained from such Persons, including, but without limitation thereto, (i) concessions for the operation of gift shops, beauty shops, barber shops and similar businesses selling products at retail or providing personal services to residents of the Project, (ii) catering contracts or arrangements pursuant to which food services will be provided to the residents of the Project and (iii) agreements, concessions or other arrangements, revocable at the option of the Company, pursuant to which physicians are permitted to use facilities located in the Project for the care and treatment of residents of any thereof;

provided, however, that no agreement, concession, franchise or other arrangement respecting the furnishing of any service at the Project, or the use of any facilities constituting part thereof, shall be entered into, granted or otherwise permitted by the Company unless it receives reasonable compensation for the use of the facilities involved in such agreement, concession, franchise or arrangement. All compensation received by the Company from any agreement, concession, franchise or other arrangement respecting the furnishing of any service at the Project, or the use of any facilities constituting part of the Project, shall constitute a part of the Project Gross Revenues subject to the pledge and assignment thereof made in Section 5.10 hereof.

Section 8.7 Management of Project The Company will operate and maintain the Project, or cause the Project to be operated and maintained, in an economical and efficient manner, consistent with generally accepted standards

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applicable to the management of fully licensed and qualified nursing home facilities comparable to the Project. The Company will provide at its own cost and expense, to the extent not included within the scope of the Project financed by the Bonds, all working capital, equipment and other assets or property reasonably necessary for the operation and maintenance of the Project. In the operation of the Project, the Company will comply with all lawful rules, regulations and requirements of all governmental agencies, including particularly, but without limitation thereto, the applicable rules, regulations and requirements of the State of Alabama which must be complied with in order for the Company to maintain the requisite licenses to operate the Project. The Company will employ on a full time basis a competent, qualified and licensed administrator to supervise the operation of the Project at all times.

Section 8.8 Maintenance of Revenues. The Company will, subject to applicable governmental price regulations which may from time to time be in effect, make and maintain such rates and charges for services provided by the Project, make collections of such charges, and otherwise operate the Project so as to produce revenues sufficient at all times to pay the Basic Rent and the other rent due under the Lease and to pay the reasonable and necessary expenses of operating and maintaining the Project. If the annual audit of the Company with respect to the Project required by Section 8.13 hereof for any Fiscal Year shall show (i) that the earnings of the Company from the Project have not equalled or exceeded the projection thereof contained in the "Financial Feasibility Study of the Facilities Construction Program -- FloWarr Management, Inc. d/b/a The Central Alabama Adolescent Chemical Dependency Treatment Center (November, 1985)" prepared by Arthur Young & Company in connection with the sale of the Series 1985 Bonds through the Fiscal Year ending November 30, 1990, or (ii) that for Fiscal Years ending after November 30, 1990, all amounts required to be maintained in the Indenture Funds are not maintained on a current basis, then, in either of such events, the Company shall promptly employ a Financial Consultant satisfactory to the Trustee for the purpose of making recommendations concerning the management of the Project, and the Company shall implement the recommendations of such Financial Consultant and shall continue to employ such Financial Consultant until such earnings projections or balances in the Indenture Funds, as in the case may be applicable, have been satisfied. If the Company fails to comply with the recommendations of such Financial Consultant, the Trustee or the holders of not less than ten percent (10%) in aggregate principal amount of the Bonds then outstanding, without regard to whether an Event of Default shall have occurred and be continuing, may, in addition to all other remedies provided in the Lease and the Indenture, institute and prosecute an action or proceeding in any court, or before any other governmental body having jurisdiction, to compel the Company to comply with the recommendations of such Financial Consultant. Subject to governmental price regulations and other applicable laws, the Company will comply with any decree or order entered in any such action or proceeding.

Section 8.9 Subordination of Certain Payments by the Company. All payments of salary or other compensation of any kind, as well as all reimbursements of expenses or advances made by the Company to the Managing Agent or any Associated Person and all indebtedness of the Company owing to the Managing Agent or any Associated Person, whether principal or interest and whether any such

indebtedness shall be funded or unfunded, shall be subordinate to payment of Basic Rent (including, without limitation, any portions of Basic Rent allocable to replenishment of withdrawals from the Debt Service Reserve Fund or to required payments into the Improvement Fund, the Operating Fund or the Insurance Fund), and to payment of all Operating Expenses. If the Company shall fail to pay any installment of Basic Rent when due, or shall fail to pay any Operating Expense within forty-five (45) days of the date upon which the same shall become due and payable, then unless the Authority shall terminate this Lease Agreement upon failure of the Company to pay Basic Rent as provided in subsection (b) of Section 10.2 hereof, the Company shall make no payment of salary or other compensation, or make reimbursement of any expense or advance, or repay the principal of or interest on any indebtedness of the Company of any kind, to the Management Agent or any Associated Person until all delinquent installments of Basic Rent (including, without limitation, any portion of Basic Rent allocable to replenishment of withdrawals from the Debt Service Reserve Fund or to required payments into the Improvement Fund, the Operating Fund or the Insurance Fund Account) and all Operating Expenses have been paid in full. The Company may in good faith contest any claim for Operating Expenses, and in the event of any such contest may permit any such claim to remain unsatisfied during the period of such contest and any appeal therefrom, unless any such contest is not, in the sole opinion of the Trustee, justified and in good faith. In the event that the Trustee shall deem any such contest not to be justified and in good faith, the Trustee shall so notify the Company in writing, whereupon the provisions of this Section 8.9 shall become applicable with respect to any such unpaid Operating Expenses.

Section 8.10 Covenants With Respect to Exemption of Interest on Series 1985 Bonds from Federal Income Taxation. The Series 1985 Bonds are being issued by the Authority in compliance with the conditions necessary for the interest income on the Bonds to be exempt from federal income taxation pursuant to the provisions of Section 103(b)(6) of the Code relating to "industrial development bonds" substantially all the proceeds of which are to be used for the acquisition, construction, reconstruction or improvement of land or property subject to the allowance for depreciation. The Authority and the Company covenant with each other and with the Trustee for the benefit of the holders of any Series 1985 Bonds, present and future, that neither of them will cause or permit the proceeds of the Series 1985 Bonds to be used in a manner which would cause the interest on the Series 1985 Bonds to lose the exemption from federal income taxation conferred by Section 103(b)(6) of the Code and the applicable regulations thereunder.

The Company will file, or will cause to be filed, with the appropriate governmental authorities (whether federal, state or local) all statements, reports and other documents required to be so filed as a condition to continued qualification of the Series 1985 Bonds as an issue the interest on which is exempt from federal income taxation, and the Authority will cooperate with the Company in effecting any such filings. Further, the Company will furnish to the Trustee a copy of the supplemental statement that it is required, by §1.103-10(b)(2)(vi)(c) of the Treasury Regulations under Section 103(b)(6) of the Code, to file annually with the Internal Revenue Service, such statement to be so furnished to the Trustee promptly following the date on which it is filed with the Internal Revenue Service.

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Section 8.11 No-Arbitrage Covenants. Neither the Authority nor the Company will take any action, or omit to take any action, with respect to the investment of any of the proceeds from the sale of the Series 1985 Bonds, or any revenues from the Project accumulated by the Authority, if, as a result of such action by the Authority or the Company, or the omission of the Authority or the Company to take such action, as the case may be, such proceeds or revenues would be invested in a manner causing the Series 1985 Bonds to be "arbitrage bonds" within the meaning of Section 103(c) of the Code and the applicable regulations thereunder.

The Company will not cause or permit any proceeds of the Series 1985 Bonds to be invested in a manner contrary to the provisions of Section 103(c)(6) of the Code and the applicable regulations thereunder and will assure compliance with such requirements on behalf of the Authority. Not later than thirty (30) days after the end of each Bond Year, the Company will furnish to the Authority and the Trustee a report showing the amounts that will be required to be paid to the United States of America pursuant to the provisions of said Section 103(c)(6) as of the end of such Bond Year. The Company will timely pay to the United States of America, for the account of the Authority, all amounts required to be so paid in accordance with said Section 103(c)(6) and will maintain, on behalf of the Authority, all records required to be maintained pursuant to said Section 103(c)(6). The Company agrees to furnish to the Authority and the Trustee such reports, certificates and documentation (including, without limitation, certificates of accountants and opinions of counsel) as they may reasonably request to evidence compliance with the provisions of this section.

Section 8.12 Annual Budgets. So long as any of the Indenture Indebtedness shall remain unpaid, the Company will prepare and adopt an annual budget for each Fiscal Year covering the operation of the Project. Each such annual budget shall be prepared and submitted to the Board of Directors of the Company at least thirty (30) days prior to the commencement of the Fiscal Year to which it applies, and such annual budget shall be approved and adopted by the Board of Directors of the Company prior to the commencement of such Fiscal Year. If an annual budget is not adopted for any new Fiscal Year prior to the commencement thereof, then the annual budget (if any) in effect as of the end of the next preceding Fiscal Year shall be used for such new Fiscal Year until replaced by an annual budget adopted therefor in accordance with the provisions of this section. Promptly following the adoption thereof by the Board of Directors of the Company, a copy of the annual budget shall be furnished to the Trustee and the original purchaser or purchasers of any series of the Bonds (including, without limitation, the Series 1985 Original Purchasers) and, if requested, to any Bondholder.

The annual budget for each Fiscal Year shall contain (i) a projection of all Project Gross Revenues expected to be received by the Company during each calendar month of such Fiscal Year, (ii) a projection of all expenses expected to be incurred by the Company during each calendar month of such Fiscal Year, reflecting a reasonable breakdown of such projected expenses into separate accounts, (iii) a projection of the debt service payments and any additions to or replenishments of reserves required during each calendar month of such Fiscal Year with respect to the Bonds, (iv) a projected balance sheet for the Company as of the end of each quarterly accounting period during such Fiscal Year, (v) a schedule of capital expenditures (including all installment purchases) proposed to be made by the Company during such

Fiscal Year, including in the schedule of such capital expenditures any proposed lease having a term in excess of one year, irrespective of whether such lease is required to be capitalized under generally accepted accounting principles, and (vi) such other statistical information related to the projected operations of the Company as the Trustee may request or the Company may deem useful. To the extent consistent with general standards applicable to comparable financial reports and statements, the annual budget may be prepared in such format as the Company shall deem most appropriate for its purposes.

In conducting its operation of the Project during each Fiscal Year, the Company will use its best efforts to adhere to the annual budget adopted therefor, but, subject to the provisions of the next succeeding sentence, its actual Operating Expenses may, if necessary, exceed the amount budgeted therefor in the then effective annual budget. The Company may from time to time amend the annual budget to reflect necessary increases in the Operating Expenses, but it need not do so if such actual expenses do not in the aggregate exceed the amount budgeted therefor by more than ten percent (10%). If, on the other hand, the Company finds it necessary to pay Operating Expenses for any Fiscal Year or part thereof that exceed the aggregate budgeted amount by more than ten percent (10%), it will formally amend the annual budget then in effect by action of the Board of Directors of the Company, which action shall be taken in the form of a resolution setting forth the increases in Operating Expenses to be provided for in the amended annual budget and stating the reasons why such increases are necessary. A copy of any amended annual budget shall be promptly furnished to the Trustee and the original purchaser or purchasers of any series of the Bonds (including, without limitation, the Series 1985 Original Purchasers) and, if requested, any Bondholder.

Section 8.13 Maintenance of Proper Books and Records and Furnishing Annual Audits and Other Financial Reports. The Company will maintain complete books and records pertaining to the Project and all receipts and disbursements with respect thereto. The Company will operate the Project on a fiscal year basis, each Fiscal Year to comprise the period beginning on December 1 of one calendar year and continuing until and including November 30 in the following calendar year. The Company will, within ninety (90) days following the close of each Fiscal Year, cause an audit of its books for such fiscal year to be made by an Independent Accountant. Each such audit report, in addition to whatever other matters may be thought proper by the auditor to be included therein, shall include the following matters with respect to the Project: (a) a statement in reasonable detail of the revenues and expenditures during such Fiscal Year; (b) a balance sheet as of the end of such Fiscal Year; (c) a statement analyzing each of the Indenture Funds, including all deposits into and withdrawals therefrom and the balances in each of the Indenture Funds at the beginning and ending of the Fiscal Year; (d) the auditor's comments regarding the manner in which the Company has carried out the requirements hereof, and the auditor's recommendations for any changes or improvements in the operation of the Project; (e) a statement showing the schedule of rates charged for each type of service or treatment offered at the Project at the end of such Fiscal Year; (f) a list of the names and titles of the officers of the Company at the end of such Fiscal Year; (g) a general comment concerning any event or circumstance that might materially affect the financial status of the Project; (h) a list of the insurance policies and fidelity bonds in force with respect to the Project at the end of such

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Fiscal Year, setting out with respect to each such policy the amount thereof, the risk covered, the name of the insurer and the expiration date of the policy; and (i) the average daily census of patients in the Project during such Fiscal Year. All expenses incurred in the making of each such audit shall constitute and be paid as an Operating Expense. Within ten (10) days following its receipt of the report of such audit, the Company will furnish a copy of such an audit with respect to that Fiscal Year to the Trustee and the original purchaser or purchasers of each series of the Bonds (including, without limitation, the Series 1985 Original Purchasers) and to the Holder of any of the Bonds who has prior thereto filed with the Company a written request therefor, and each of them is granted the right to discuss the contents of the audit with the auditor making the same and to secure from the auditor such additional information respecting the matters herein or therein set out as may be reasonably required. In the event that the required audit report is not furnished in accordance with the foregoing provisions hereof within one hundred twenty (120) days following the close of any fiscal year, the Trustee may, at the expiration of such period, employ an Independent Accountant to make such audit for such fiscal year, and the cost thereof shall be borne by the Company. Within thirty (30) days following the end of each calendar month, the Company will cause to be prepared an unaudited financial statement covering its activities during such most recently ended calendar month, which financial statement shall include the following matters with respect to the Project; (x) a statement in reasonable detail of the revenues and expenditures during such completed calendar month; (y) a balance sheet as of the end of such completed calendar month; and (z) a statement analyzing each of the Indenture Funds, including all deposits into and withdrawals therefrom and the balances in each of the Indenture Funds at the beginning and ending of such completed calendar month. The Company will furnish a copy of such monthly unaudited financial statement to the Trustee and the original purchaser or purchasers of each series of the Bonds (including, without limitation, the Series 1985 Original Purchasers) and to any Holder of any of the Bonds who makes written request therefor.

In addition to the foregoing financial reports, for so long as any of the Indenture Indebtedness shall be outstanding, the Company will furnish, or cause to be furnished to the Trustee and, upon request, to the Authority, the following:

(a) such information relating to the performance or observance of the terms of the Lease and the Series 1985 Guaranty and the financial condition of the Company as the Trustee may from time to time reasonably request;

(b) immediately upon becoming aware of the existence of any default by the Company in the performance or observance of any of the covenants set forth in the Lease or the Series 1985 Guaranty, as in the case may be applicable, a written notice specifying the nature and existence thereof and what action the Company is taking and proposes to take with respect thereto;

(c) immediately upon becoming aware of the occurrence of any (i) "reportable event" (as such term is defined in Section 4043 of ERISA) or (ii) prohibited transaction (as such term is defined in Section 406 of ERISA or Section 4975 of the Code) in connection with any employee benefit plan which is maintained for employees of the Company or any of its ERISA

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Affiliates and which is subject to the provisions of Title IV of ERISA, a written notice specifying the nature and existence thereof, what action the Company is taking or proposes to take with respect thereto and, when known, any action taken by the Department of Labor or the Internal Revenue Service with respect thereto;

(d) promptly after receipt thereof from the Pension Benefit Guaranty Corporation, copies of each notice received of such corporation's intention to terminate any employee benefit plan which is maintained for employees of the Company or any of its ERISA Affiliates and which is subject to Title IV of ERISA or to have a trustee appointed to administer any such plan; and

(e) immediately upon becoming aware of any action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency which, if adversely determined, might impair the ability of the Company to perform its obligations under the Lease or the Series 1985 Guaranty, impair the right of the Company to carry on its business substantially as now conducted, or materially and adversely affect the business, operations, properties, assets or condition (financial or otherwise) of the Company, a written notice describing such action, suit or proceeding and what action the Company is taking or proposes to take with respect thereto.

Section 8.14 Maintenance of Line of Credit for Working Capital Purposes. In order to ensure the availability of sufficient working capital for the operation of the Project, for so long as any of the Indenture Indebtedness shall be outstanding, the Company shall maintain one or more lines of credit in the aggregate amount of \$250,000 with one or more commercial banks satisfactory to the Trustee, against which line of credit the Company may draw solely for the purpose of providing working capital for the operation of the Project, it being understood, however, that the Company shall not be required to maintain such line or lines of credit in an aggregate amount greater than \$250,000 and that the aggregate amount available to be drawn thereunder will be increased to the extent of the principal amount of any repayment of moneys drawn thereunder pursuant to the terms of the arrangements with the commercial bank or banks with which line or lines of credit shall be established. For so long as any such line or lines of credit shall be required to be maintained in effect, the Company at all times shall have satisfied all conditions precedent to its right to draw against such line or lines of credit.

Section 8.15 Further Assurances. The Company will, at its own cost and expense, take all actions that may at the time and from time to time be necessary to perfect, preserve, protect and secure the interests of the Authority and the Trustee, or either, in and to the Project and the revenues therefrom pledged and assigned in the Indenture, including, without limitation, the filing of all financing and continuation statements that may at the time be required under the Alabama Uniform Commercial Code. The Company further agrees, without in any way limiting the generality of the foregoing, to take any and all such actions that in the

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judgment of the Authority or the Trustee are necessary for the perfection, preservation, protection and securing of such interests.

ARTICLE IX

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

Section 9.1 Provisions Relating to Assignment and Subleasing by Company. The Company will not assign the Lease and the leasehold interest created thereby, nor will it sublease the Project or any part thereof, without the prior consent of the Trustee; and in no event shall the Company assign the Lease or the leasehold interest created thereby or sublease the Project or any part thereof if such assignment or subleasing would change the character of the Project to such an extent that any part thereof would not constitute part of a "health care facility" within the meaning of the Act. The Trustee shall have the right to withhold approval of any proposed assignment of the Lease or any proposed sublease of all or any part of the Project if, in its sole and arbitrary judgment (after taking into consideration such advice of Counsel or financial consultants as it may deem necessary or advisable), such assignment or sublease might adversely affect the performance or observance of the obligations of the Company under the Lease or in any way impair or adversely affect any rights or interest of the Bondholders. In no event shall any assignee of the Lease or any sublessee of the Project or any part thereof or anyone claiming by, through or under any such assignment or sublease acquire by virtue thereof any greater rights in the Project than the Company then has under the Lease, nor shall any such assignment (except an assignment resulting from or incident to a consolidation or merger of the Company into another corporation or a transfer of its assets to another legal entity under the conditions specified in and meeting the requirements of Section 8.4 hereof) or subleasing or any dealings or transactions between the Authority or the Trustee or any sublessee or assignee in any way relieve the Company from primary liability for any of its obligations hereunder. Thus, in the event of any such assignment (except an assignment resulting from or incident to a consolidation or merger of the Company into another corporation or a transfer of its assets to another legal entity under the conditions specified in and meeting the requirements of Section 8.4 hereof) or subleasing, the Company shall continue to remain primarily liable for payment of the rentals herein provided to be paid by it and for performance and observance of the other agreements and covenants on its part herein provided to be performed and observed by it.

Section 9.2 Mortgaging of the Project by Authority. It is understood and agreed that the Authority will mortgage the Project to the Trustee as security for the payment of the Bonds, subject to the Lease (which Lease and the estate of the Company hereunder shall be prior and superior to the lien of the Indenture), and will assign its interest (other than its right to require the Company to pay certain expenses as provided in Sections 5.4 and 10.4 hereof, the indemnification rights contained in Section 8.2 hereof and certain other rights which are herein expressly provided to be exercised by the Authority) in the Lease and pledge any moneys

receivable hereunder to the Trustee as security for payment of the principal of and the interest and premium (if any) on the Bonds. It is further understood and agreed that in the Indenture the Authority will obligate itself to follow the instructions of the Trustee or the holders of the Bonds or a certain percentage of the latter in the election or pursuit of any remedies herein vested in it. Upon the assignment and pledge to the Trustee of the Authority's interest in the Lease, the Trustee shall have all rights and remedies herein accorded the Authority (other than the aforesaid rights reserved to the Authority), and any reference herein to the Authority shall be deemed, with the necessary changes in detail, to include the Trustee; and the Trustee and the holders of the Bonds shall be deemed to be third party beneficiaries of the covenants and agreements on the part of the Company contained in the Lease and shall, to the extent provided in the Indenture, be entitled to enforce performance and observance of the agreements and covenants on the part of the Company contained in the Lease to the same extent as if they were parties hereto. Subsequent to the issuance of the Bonds and prior to the payment of the Indenture Indebtedness in full, the Authority and the Company shall have no power to modify, alter, amend or (except as specifically authorized herein) terminate the Lease without the prior written consent of the Trustee and then only as provided in the Indenture. The Authority will not, so long as no Event of Default shall have occurred and be continuing, amend the Indenture or any indenture supplemental thereto without the prior written consent of the Company.

Without the prior written request or consent of the Company, the Authority will not, so long as no Event of Default shall have occurred and be continuing, hereafter issue any Bonds or other securities (including refunding securities), other than the Series 1985 Bonds, that are payable out of or secured by a pledge of the revenues and receipts derived by the Authority from the leasing or sale of the Project, nor, without such consent, will the Authority, so long as no Event of Default shall have occurred and be continuing, hereafter place any mortgage or other encumbrance (other than the Indenture and supplemental indentures contemplated thereby) on the Project or any part thereof.

Section 9.3 References to Bonds Ineffective After Indenture Indebtedness Paid. Upon full payment of the Indenture Indebtedness and cancellation, satisfaction and discharge of the Indenture in accordance with the provisions of Section 16.1 thereof, all references in the Lease 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 any that shall have theretofore vested. For purposes of the Lease, any of the Bonds shall be deemed fully paid if there exists, with respect thereto, the applicable conditions specified in Section 16.1 of the Indenture.

If the Indenture Indebtedness is fully paid prior to the end of the Lease Term, the Company shall be entitled to use of the Project for the remainder of the Lease Term without the payment of any further Basic Rent but otherwise on all the same terms and conditions hereof.

Section 9.4 Concerning Issuance of Additional Parity Bonds. The Authority and the Company recognize that the Authority is authorized to issue under

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the Indenture, upon compliance with the conditions precedent specified therein, one or more series of Additional Bonds for any one or more of the purposes specified in the Indenture. If no Event of Default shall have occurred and be continuing, the Authority will, on the written request of the Company and upon compliance with the applicable conditions contained in Article VIII of the Indenture, take such actions as are necessary to authorize the issuance and sale of Additional Bonds in such principal amount and for such purpose or purposes as are specified in such request and will use its best efforts to effect the sale thereof. To the extent consistent with all applicable provisions of the Indenture and the Lease, all terms and conditions of such Additional Bonds (including, without limitation, those relating to the maturity dates of the principal of such Additional Bonds, the interest rate or rates thereof and the provisions for redemption thereof prior to their respective maturities) and the purchase price to be paid therefor shall be subject to the approval of the Company.

Section 9.5 Disposition of Trust Fund Moneys After Full Payment of Indenture Indebtedness. The Authority hereby assigns to the Company all surplus moneys (if any) that may remain in the Indenture Funds or that may otherwise be held by the Trustee after the Indenture Indebtedness has been fully paid, such assignment to be subject to the condition that the Lease shall not have been terminated prior to full payment of the Indenture Indebtedness as a result of the occurrence of an Event of Default. The Authority will provide in the Indenture for such surplus moneys to be paid to the Company in accordance with such assignment. It is understood and agreed that surplus moneys remaining in the Bond Fund or otherwise held by the Trustee shall not include (i) any amounts so held for payment of matured but unpaid Bonds, Bonds called for redemption but not yet redeemed and matured but unpaid interest and (ii) any amounts held therein which are referable to unmatured Bonds if such Bonds are considered fully paid pursuant to the provisions of Section 16.1 of the Indenture by reason of the fact that such amounts are so held by the Trustee. The provisions of this section shall survive the expiration or prior termination of the Lease.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

Section 10.1 Events of Default Defined. The following shall be "Events of Default" under the Lease, and the term "Event of Default" shall mean, whenever it is used in the Lease, any one or more of the following events:

(a) failure by the Company to pay any installment of Basic Rent or to make any other payment required under the terms hereof [other than any payment referred to in clause (b) of this section] on the date on which such installment or such payment shall become due and payable by the terms of the Lease;

(b) failure by the Company to pay any amount due the Trustee for its reasonable fees, charges and disbursements within thirty (30) days after written demand for such payment by the Trustee, which demand

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shall not be made earlier than the date on which such amount is due and payable;

(c) failure by the Company to perform or observe any agreement, covenant or condition required by the Lease to be performed or observed by it [other than the agreements and covenants referred to in the preceding clauses (a) and (b), of this section], which failure shall have continued for a period of thirty (30) days after written notice specifying, in reasonable detail, the nature of such failure and requiring the Company to perform or observe the agreement, covenant or condition with respect to which it is delinquent shall have been given to the Company by the Authority or the Trustee, unless (i) the Authority and the Trustee shall agree in writing to an extension of such period prior to its expiration, or (ii) during such thirty (30) day period or any extension thereof, the Company has commenced and is diligently pursuing appropriate corrective action, or (iii) the Company is by reason of force majeure at the time prevented from performing or observing the agreement, covenant or condition with respect to which it is delinquent;

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

(e) the dissolution or liquidation of the Company under conditions other than those permitted by the provisions of Section 8.4 hereof in the case of the merger of the Company into another corporation, the consolidation of the Company with another corporation or the dissolution of the Company following a transfer of all or substantially all its assets to another corporation;

(f) the occurrence of an "Event of Default" under the Series 1985 Guaranty, as said term is defined and used therein;

(g) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of the Company in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Company or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days; or

(h) the commencement by the Company of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by it to the entry of an order for relief in an involuntary case under any such law or to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Company or of any substantial part of its property, or the making by it of any general assignment for

the benefit of creditors, or the failure of the Company generally to pay its debts as such debts become due, or the taking of corporate action by the Company in furtherance of any of the foregoing.

The term "force majeure" as used herein means acts of God or the public enemy, strikes, lockouts, work slowdowns or stoppages or other labor disputes, insurrections, riots or other civil disturbances, orders of the government of the United States of America or of any state of the United States of America or of any of the departments, agencies, political subdivisions or officials of the United States of America or of any state thereof, or orders of any other civil or military authority, or partial or entire failure of public utilities, or any other condition or event beyond the reasonable control of the Company. The Company will, to the extent that it may lawfully do so, use its best efforts to remedy, alleviate or circumvent any cause or causes preventing it from performing its agreements and covenants hereunder; provided, however, that the settlement of strikes, lockouts and other labor disputes shall be entirely within the discretion of the Company, and the Company shall not be required to settle strikes, lockouts and other labor disputes by acceding to the demands of the opposing party or parties when such course is in its judgment against its best interests.

Section 10.2 Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Authority and the Trustee, or the Trustee on behalf of the Authority, may take any one or more of the following remedial actions:

(a) take possession of the Project, exclude the Company from possession thereof and rent the same for the account of the Company, holding the Company liable for the balance of all rent and other amounts due under the Lease;

(b) terminate the Lease, take possession of the Project, exclude the Company from possession thereof and lease the same for the account of the Authority and the Trustee, holding the Company liable for all rent and other amounts due under the Lease until the date such other lease is made for the account of the Authority and the Trustee;

(c) declare immediately due and payable Basic Rent in an amount equal to the principal amount of all outstanding Bonds plus interest accrued on such Bonds to the date of such declaration, whereupon the Basic Rent shall become immediately due and payable, but only if, concurrently with such declaration, the principal of and accrued interest on the Bonds are also declared due and payable pursuant to subsection (a) of Section 13.2 of the Indenture;

(d) have access to, and inspect, examine and make copies of, the books, records and accounts of the Company, but if and only if any of the Bonds are then outstanding; and

(e) take whatever legal proceedings may appear necessary or desirable to collect the rent then due, whether by declaration or other-

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wise, or to enforce any obligation, covenant or agreement of the Company under the Lease or any obligation of the Company imposed by any applicable law;

provided, however, that neither the Authority and the Trustee, nor the Trustee on behalf of the Authority, shall take any of the remedial actions described in either of subsections (a) and (b) of this section unless the Event of Default authorizing such action shall have continued for a period of at least thirty (30) days.

Section 10.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority 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 the Lease or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it in this Article X, it shall not be necessary to give any notice, other than such notice as is herein expressly required.

Section 10.4 Agreement to Pay Attorneys' Fees. In the event that, as a result of an Event of Default or a threatened Event of Default by the Company, the Authority or the Trustee should employ attorneys at law or incur other expenses in or about the collection of rent or the enforcement of any other obligation, covenant, agreement, term or condition of the Lease, the Company will, if the Authority or the Trustee is successful in such efforts or if a final judgment for either is rendered by a court of competent jurisdiction, pay to the Authority or to the Trustee or both, as the case may be, reasonable attorneys' fees and other reasonable expenses so incurred by the Authority and the Trustee.

Section 10.5 No Additional Waiver Implied by One Waiver. In the event any agreement contained in the Lease should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. Further, neither the receipt nor the acceptance of any rent hereunder by the Authority, or by the Trustee on its behalf, shall be deemed to be a waiver of any breach of any covenant, condition or obligation herein contained or a waiver of any Event of Default even though at the time of such receipt or acceptance there has been a breach of one or more covenants, conditions or obligations on the part of the Company herein contained or an Event of Default (or both) and the Authority or the Trustee (or both) have knowledge thereof.

ARTICLE XI

OPTIONS

Section 11.1 Options to Terminate the Lease During the Lease Term. The Company shall have the right, exercisable at its option, to cancel or terminate the Lease during the Lease Term upon compliance with the conditions specified in the succeeding provisions of this section:

(a) At any time prior to full payment of the entire Indenture Indebtedness, the Company may cancel or terminate the Lease by (i) giving the Authority and the Trustee written notice of such termination and specifying in such notice the date on which such termination is to be effective and (ii) paying to the Trustee for the account of the Authority, on or before the effective date of such termination, an amount which, when added to the total of the amounts then held in the Indenture Funds (exclusive of any amount held in the Bond Fund for payment of Bonds called for redemption but not yet redeemed and matured but unpaid interest) will be sufficient to pay, redeem and retire all the outstanding Bonds on the earliest practicable date next succeeding the effective date of such termination on which under their terms and the terms of the Indenture they may be paid or redeemed, including, without limitation, principal, premium (if any), all interest to mature until and on such payment or redemption date, the expenses of redemption and all other Indenture Indebtedness then owed and that will accrue until the payment, redemption and retirement of all the outstanding Bonds.

(b) At any time after the entire Indenture Indebtedness has been fully paid, the Company may cancel or terminate the Lease by giving the Authority written notice of such termination not less than ten (10) days prior to the date on which such termination is to be effective.

Any cancellation or termination of the Lease as aforesaid notwithstanding, any obligations or liabilities of the Company hereunder, actual or contingent, which have arisen on or before the effective date of such cancellation or termination shall remain in full force and effect.

Section 11.2 Option to Purchase - Casualties. While any of the Indenture Indebtedness is outstanding and unpaid, the Company shall have the right and option, hereby granted by the Authority, to purchase the Project if

(a) any part of the Project is damaged or destroyed, by fire or other casualty, to such extent that, in the opinion of the Company expressed in a written statement filed with the Authority and the Trustee, the restoration or repair of the property damaged or destroyed to the condition thereof immediately preceding such damage or destruction would not be economically practicable or desirable, or

(b) under the exercise of the power of Eminent Domain, (i) title to all or substantially all the Project is taken, or (ii) the temporary use of all or part of the Project, or title to part of the Project, is taken to such extent that, in the opinion of the Company expressed in a Certified Resolution filed with the Authority and the Trustee, the Company will thereby be prevented, or is likely to be thereby prevented, from making normal use of the Project, or

(c) as a result of (i) any changes in the Constitution of the State of Alabama or the Constitution of the United States of America, (ii) any legislative or administrative action (whether local, state or federal) or (iii) any final decree, judgment or order of any court or administrative body (whether local, state or federal) entered after the contest thereof by the Company in good faith, the Lease becomes void or unenforceable.

To exercise such option, the Company

(1) shall, within sixty (60) days following the event authorizing the exercise of such option, give to the Authority and the Trustee written notice, signed by the Chairman of the Authority, the President or any Vice President of the Company, which shall contain a description of such event and shall state the reason why it authorizes the exercise of such option,

(2) shall specify in such notice the date of purchase, which (subject to the provisions of the last paragraph of this Section 11.2) shall be not less than forty-five (45) nor more than ninety (90) days after the date such notice is mailed or otherwise delivered,

(3) shall direct the Trustee in such notice to call for redemption all the outstanding Bonds on the business day next succeeding the date of purchase specified by the Company in such notice,

(4) in the case of an authorizing event described in any of the preceding clauses (a) or (b), shall certify in such notice that the Company has discontinued, or will discontinue at the earliest practicable date, its operation of the Project, and

(5) shall on the date of purchase pay to the Trustee (for the account of the Authority), as and for the purchase price of the Project, an amount which, when added to the total of the amounts then held in the Indenture Funds (exclusive of any amount held in the Bond Fund for payment of Bonds called for redemption but not yet redeemed and matured but unpaid interest), plus the amount of any Net Insurance Proceeds or Net Condemnation Award then held by the Trustee and referable to any damage, destruction or condemnation authorizing the exercise of such option, will be sufficient to pay, redeem and retire all the outstanding Bonds on the business day next succeeding the date of purchase, including, without limitation, principal, premium (if any), all interest to mature until and on such payment or redemption date, expenses of redemption and all other Indenture Indebtedness; provided,

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however, that if on the date of purchase the entire Indenture Indebtedness has been paid in full, the Company shall not be required to pay any such amount in order to entitle it to exercise such option, in which event (any provision herein to the contrary notwithstanding) any Net Insurance Proceeds or Net Condemnation Award referable to any damage, destruction or condemnation authorizing the exercise of such option shall be paid to the Company simultaneously with or promptly after the exercise of such option.

Upon receipt of the amount required by this Section 11.2 to be paid by the Company as the purchase price of the Project (if payment of any such amount is required), and if at such time the Company is not in default in payment of the rent or any other amounts due hereunder, the Authority will, by deed or other appropriate instrument complying with the provisions of Section 11.5 hereof, transfer and convey the Project (or such portion thereof - which may be none - as is then in existence and is owned by the Authority) in its then condition, whatever that may be, to the Company.

In the event that the option granted by this Section 11.2 is exercised by the Company as a result of the taking of all or substantially all the Project under the exercise of the power of Eminent Domain, the date of purchase of the Project pursuant to such option shall not, irrespective of the date specified therefor pursuant to clause (2) of the first paragraph of this Section 11.2, be later than the date on which the Lease terminates in accordance with the provisions of Section 7.2(a) hereof, which date of termination is the forty-fifth (45th) day after the receipt by the Trustee of the final installment of the entire condemnation award in respect of such taking.

Section 11.3 Option to Purchase. If the Company pays all rent and other amounts due hereunder, it shall have the right and option, hereby granted by the Authority, to purchase the Project from the Authority at any time during Lease Term of the Lease after payment in full of the Indenture Indebtedness, at and for a purchase price equal to the sum of one dollar (\$1.00). To exercise any such purchase option, the Company shall notify the Authority in writing not less than ten (10) days prior to the date on which it proposes to effect such purchase and, on the date of such purchase, shall pay the aforesaid purchase price to the Authority in cash or bankable funds, whereupon the Authority will, by deed or other instrument complying with the provisions of Section 11.5 hereof, transfer and convey the Project (in its then condition, whatever that may be) to the Company. If at the end of the Lease Term no Event of Default shall have occurred and be continuing, the Company shall be deemed to have exercised such purchase option unless it notifies the Authority in writing to the contrary at least ten (10) days before the end of the Lease Term, and, in the event of such automatic exercise by the Company of its option to purchase the Project, the date of purchase shall be the last day of the Lease Term or such other date within one hundred eighty (180) days thereafter as shall be designated by the Company. Nothing herein contained shall be construed to give the Company any right to any rebate to or refund of any rent paid by it hereunder prior to the exercise by it of the purchase option hereinabove granted, even though such rent may have been wholly or partially prepaid.

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Section 11.4 Option to Purchase Unimproved Parts of Project Site. The Company shall have the right and option, hereby granted by the Authority, to purchase from the Authority, at any time and from time to time and on the terms and conditions hereafter specified in this section, any unimproved part of the Project Site. In order to exercise such option the Company shall furnish to the Authority and the Trustee the following:

(a) a notice in writing containing (i) an adequate legal description of that part of the Project Site with respect to which such option is to be exercised (including the acreage thereof) and (ii) a statement that the Company intends to exercise its option to purchase such part of the Project Site on a date stated, which shall not be less than thirty (30) nor more than ninety (90) days from the date of such notice;

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

(c) a certificate signed by an Independent Appraiser and made and dated not more than sixty (60) days prior to the date of the notice provided for in clause (a) of this section stating the fair market value of that portion of the Project Site required to be released; and

(d) an amount, in cash or bankable funds, equal to (i) if any of the Indenture Indebtedness is then outstanding and unpaid, the greater of (A) the fair market value specified in the Independent Appraiser's certificate provided for in clause (c) of this section or (B) \$15,000 per acre (prorated for fractional parts of an acre) of that part of the Project Site with respect to which such option is to be exercised, or (ii) if the Indenture Indebtedness has been fully paid, \$10 per acre (prorated for fractional parts of an acre) of the part of the Project Site with respect to which such option is to be exercised.

The option granted by this section shall not be exercisable at any time prior to full payment of the Indenture Indebtedness if an Event of Default shall have occurred and be continuing. Upon the receipt by the Authority and the Trustee of the appropriate purchase price and the notice and certificates complying with the provisions of the preceding clauses (a), (b) and (c), respectively, the Authority will execute and deliver to the Company a statutory warranty deed complying with the provisions of Section 11.5 hereof, conveying to the Company the part of the Project Site with respect to which such option was exercised. If, at the time of any such purchase, any of the Indenture Indebtedness is outstanding and unpaid, the Authority will take all actions required by Section 12.2 of the Indenture to release such part of the Project Site from the lien of the Indenture and will pay into the Principal Account of the Bond Fund the entire amount received by it from such purchase.

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From and after the consummation of any purchase effected by the Company pursuant to the provisions of this section, any reference herein to the Project Site shall be deemed to refer to the land that immediately prior thereto constituted the Project Site, less and except that part so purchased by the Company under the provisions of this section. No purchase effected by the Company under the provisions of this section shall entitle the Company to any abatement or diminution of the rent payable hereunder.

Section 11.5 Options - In General. Except to the extent otherwise specifically provided in Section 11.4 hereof, each of the options herein granted to the Company may be exercised by it even though an Event of Default shall have occurred and be continuing, it being understood and agreed, however, that all other applicable conditions specified herein to the exercise of such option (including payment of any amounts of money herein required to be paid by the Company) are met.

In the event of the exercise by the Company of any of the options to purchase the Project or any part thereof granted in Sections 11.2, 11.3 and 11.4 hereof, the Authority will convey to the Company, after compliance by the Company with the conditions to purchase specified in the respectively applicable sections hereof, the property with respect to which such option was exercised by statutory warranty deed, bill of sale (in the case of personal property) or other appropriate instrument, subject only to Permitted Encumbrances, such liens, encumbrances and exceptions to which title to such property was subject when this Lease Agreement was delivered or such property was acquired by the Authority (whichever occurred last), those to the creation or suffering of which the Company consented and those resulting from the failure of the Company to perform or observe any of the agreements or covenants on its part herein contained.

In case that, at the time of the exercise by the Company of either of the options to purchase the Project granted in Sections 11.2 and 11.3 hereof, there shall not have been collected by the Authority, the Trustee or the Company the entire insurance proceeds or condemnation award referable to any damage, destruction or condemnation with respect to the Project which may have theretofore occurred, then in such case all Net Insurance Proceeds and all Net Condemnation Awards thereafter collected and referable to such damage, destruction or condemnation shall be paid to the Company, and the Authority will take all actions necessary to cause the amount of any such proceeds or awards to be paid to the Company. The provisions of this paragraph shall survive the expiration of the term of the Lease or any prior termination of the Lease unless at the time of such expiration or termination the Company is in default in the payment of any amounts of money herein required to be paid by it.

ARTICLE XII

MISCELLANEOUS

Section 12.1 Covenant of Quiet Enjoyment. Surrender. So long as the Company performs and observes all the covenants and agreements on its part herein

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contained, it shall peaceably and quietly have, hold and enjoy the Project during the Lease Term subject to all the terms and provisions hereof. At the end of the Lease Term or upon any prior termination of the Lease, the Company will surrender to the Authority possession of all property then subject to the demise of the Lease (unless it is simultaneously purchasing such property from the Authority) in its then condition, whatever that may be.

Section 12.2 Retention of Title to Project by Authority. Granting of Easements. Without the prior written consent of the Company, the Authority will not itself, so long as no Event of Default shall have occurred and be continuing, (i) sell, convey or otherwise dispose of all or any part of the Project (except as provided in Section 11.6 of the Indenture or to the Company as provided in Article XI hereof), (ii) mortgage or otherwise encumber the Project or any part thereof (except as provided in Section 9.2 hereof), or (iii) dissolve or do anything that will result in the termination of its corporate existence (except as provided in Section 11.6 of the Indenture). The Authority will, however, grant such utility, access and other similar easements, permits and rights-of-way over, across or under the Project Site as shall be requested in writing by the Company, provided that in connection with the grant of each such easement, permit or right-of-way the Company furnishes to the Authority and the Trustee a certificate signed by an Authorized Company Representative stating that such easement, permit or right-of-way is, or will be, useful or necessary in the operation of the Project and will not materially interfere with or impair the use of the Project for the purpose for which it was acquired or is held by the Authority. The Company will pay all reasonable expenses incurred by the Authority in connection with the granting of all such easements, permits and rights-of-way.

Section 12.3 Exemption from Taxation. As provided in the Act, as now existing, the Bonds and the income therefrom, as well as the Project and any revenues derived by the Authority from the leasing or sale thereof, shall be exempt from all taxation in the State of Alabama.

Section 12.4 This Lease a Net Lease. The Company recognizes and understands that it is the intention hereof that the lease herein made shall be a net lease and that until the Bonds are fully paid all Basic Rent shall be available for payment of the principal and the interest and premium (if any) on the Bonds. The Lease shall be construed to effectuate such intent.

Section 12.5 Statement of Intention Regarding Certain Tax Matters. The Authority and the Company acknowledge and agree that it is their mutual intention that the Company, for federal and state income tax purposes, will be entitled to all deductions and credits with respect to the Project (including, but not limited to, depreciation and investment credits) and that for such purposes the Lease will be deemed to be a financing of the Project.

Section 12.6 Notices. All notices, demands, requests and other communications hereunder shall be deemed sufficient and properly given if in writing and delivered in person to the following addresses or received by certified or registered mail, postage prepaid with return receipt requested, at such addresses:

(a) If to the Authority:

The Health Care Authority
of Shelby County
Shelby County Courthouse
Columbiana, Alabama 35051
Attention: Chairman of the Board of Directors

(b) If to the Company:

FloWarr Management, Inc.
Post Office Box 549
Marion, Alabama 36756
Attention: President

(c) If to the Trustee:

National Bank of Commerce of Birmingham
Post Office Box 10686
Birmingham, Alabama 35202
Attention: Trust Department

Any of the above mentioned parties may, by like notice, designate any further or different addresses to which subsequent notices shall be sent. A copy of any notice given to the Authority, the Company or the Trustee pursuant to the provisions of the Lease shall also be given to each of the other above-named parties to whom notice is not herein required to be given, but the failure to give a copy of such notice to any party claiming the right to receive it pursuant to this sentence shall not invalidate such notice or render it ineffective unless notice to such party is otherwise herein expressly required. Any notice hereunder signed on behalf of the notifying party by a duly authorized attorney at law shall be valid and effective to the same extent as if signed on behalf of such party by a duly authorized officer or employee.

Whenever, under the provisions hereof, any request, consent or approval of the Authority or the Company is required or authorized, such request, consent or approval shall (unless otherwise expressly provided herein) be signed on behalf of the Authority by an Authorized Authority Representative and, on behalf of the Company by an Authorized Company Representative; and each of the parties and the Trustee are authorized to act and rely upon any such requests, consents or approvals so signed.

Section 12.7 Certain Prior and Contemporaneous Agreements Cancelled. The Lease shall completely and fully supersede all other prior or contemporaneous agreements, both written and oral, between the Authority and the Company relating to the Project Development Work and the leasing of the Project, all to the

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end that the Authority and the Company shall look to the Lease for ultimate definition and determination of their respective rights, liabilities and responsibilities respecting the Project Development Work and the Project. The Company and the Authority acknowledge that they have no outstanding agreement, commitment or understanding, either express or implied, for the grant to the Company of any option to purchase the Project or any part thereof or of any option to renew the term of the Lease, other than those options contained in Article XI hereof.

Section 12.8 Limited Liability of Authority. The Authority is entering into this Lease Agreement pursuant to the authority conferred upon it by the Act. No provision hereof shall be construed to impose a charge against the general credit of the Authority or any personal or pecuniary liability upon the Authority except with respect to the proper application of the proceeds to be derived from the sale of the Bonds, moneys made available by the Company to the Authority pursuant to the provisions hereof, and the revenues and receipts to be derived from any leasing or sale of the Project, including insurance proceeds and condemnation awards. Further, none of the directors, officers, employees or agents of the Authority shall have any personal or pecuniary liability whatever hereunder or any liability for the breach by the Authority of any of the agreements on its part herein contained. Nothing contained in this section, however, shall relieve the Authority from the observance and performance of the several covenants and agreements on its part herein contained or relieve any director, officer, employee or agent of the Authority from performing all duties of his respective offices that may be necessary to enable the Authority to perform the covenants and agreements on its part herein contained.

Section 12.9 Binding Effect. The Lease shall inure to the benefit of, and shall be binding upon, the Authority, the Company and their respective successors and assigns. To the extent provided herein and in the Indenture, the Trustee and the holders of the Bonds shall be deemed to be third party beneficiaries hereof, but nothing herein contained shall be deemed to create any right in, or to be for the benefit of, any other person who is not a party hereto.

Section 12.10 Severability. In the event any provision of the Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof. Without in any way limiting the generality of the foregoing, the Company specifically acknowledges and agrees that the several purchase options granted it in Article XI hereof are fully severable from and independent of the other provisions hereof and that neither the invalidity or unenforceability of any of such purchase options shall invalidate or render unenforceable any other provision hereof nor excuse the Company from fully performing and observing any of the agreements and covenants on its part herein contained.

Section 12.11 Article and Section Captions. The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

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Section 12.12 Governing Law. The Lease shall in all respects be governed by and construed in accordance with the laws of the State of Alabama.

IN WITNESS WHEREOF, the Authority and the Company have caused this Lease Agreement to be executed in their respective corporate names, have caused their respective corporate seals to be hereunder affixed, and have caused this Lease Agreement to be attested, all by their duly authorized officers, in ten (10) counterparts, each of which shall be deemed an original, and the parties hereto have caused this Lease Agreement to be dated as of December 1, 1985, although delivered on December 4, 1985.

THE HEALTH CARE AUTHORITY OF
SHELBY COUNTY

By W Paul Penner
Its Chairman

ATTEST:

J. D. Falkner
Its Secretary

[SEAL]

FLOWARR MANAGEMENT, INC.

By Ray B. Warren
Its President

ATTEST:

Ray B. Warren
Its Secretary

[SEAL]

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STATE OF ALABAMA)
:)
SHELBY COUNTY)

I, the undersigned, a Notary Public in and for said county in said state, hereby certify that W. PAUL YEAGER, whose name as Chairman of THE HEALTH CARE AUTHORITY OF SHELBY COUNTY, a public corporation and instrumentality under the laws of the State of Alabama, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said public corporation.

GIVEN under my hand and official seal of office, this 4th day of December, 1985.

[NOTARIAL SEAL]

E. Bertie Ray

Notary Public

My Commission Expires:

9/8/89

STATE OF ALABAMA)
:)
JEFFERSON COUNTY)

I, the undersigned, a Notary Public in and for said county in said state, hereby certify that GEORGE B. WARREN, JR., whose name as President of FLOWARR MANAGEMENT, INC., a corporation organized and existing under the laws of the State of Alabama, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

GIVEN under my hand and official seal of office, this 9 day of December, 1985.

[NOTARIAL SEAL]

Randy F. Lashby

Notary Public

My Commission Expires:

11-18-89

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EXHIBIT A
to
LEASE AGREEMENT
between
**THE HEALTH CARE AUTHORITY
OF SHELBY COUNTY**
and
FLOWARR MANAGEMENT, INC.
dated as of December 1, 1985

The Project Equipment referred to in the Lease Agreement of which this Exhibit A forms a part initially consists of the following:

1. Patient, Detoxification and Family Bedrooms

Desk/Wardrobe Units
Task Lighting at Desks
Chairs, Tables, Beds
Table Lamp(s) at Beds
Vanity, Top, Splash & Lavatory
Mirror at Vanity
Towel Rings at Vanity
Draperies and/or Blinds
Vanity Lighting
Artwork
Bedspreads, Accessories

2. Patient, Detoxification and Family Baths

Plumbing Fixtures
Ventilation Fan
Accessories:
S.S. Shelf
Shower Rod
Shower Curtain
Towel Bars
Soap Dish
Tissue Holder

3. Patient, Detoxification and Family Lounges

Chairs, Tables, Lamps
Artwork, Accessories
Draperies and/or Blinds

Residential Washer and Dryer
Dryer Vent
Sink
Refrigerator
Cabinetwork, Cabinets and Shelving

4. Nurses Station

Cabinetwork, Counter
Counter Task Lighting
Door Monitor
Chairs, Filing Cabinets
Accessories
Medical Equipment

5. Pharmacy

Cabinetwork, Counter
Sink
Undercounter Refrigerator
Medical Equipment

6. Head Nurse

Desk, Chairs
Files, Accessories

7. Locker Room

Cabinetwork, Counter
Sink
Mirror
Lockers

8. Nurses' Toilet

Plumbing Fixtures
Mirror
Ventilation Fan
Tissue Holder
Soap Dispenser
Accessories

9. Doctors' Office/Exam

Examining Table
Stools, Chairs, Desk
Medical Cabinet
Medical Equipment
Sink
Drapery and/or Blinds

10. Doctors' Toilet

Plumbing Fixtures
Mirror
Ventilation Fan
Tissue Holder
Soap Dispenser

11. Patient Wing Corridors

Exit Door Monitors
Lighted Exit Signs
Room Number Signs

12. Admissions Office

Desk, Chairs
Artwork, Accessories
Drapery and/or Blinds
Tables, Lamps

13. Private Offices (Counselors, Treatment, Administrative)

Desk, Chairs
Artwork, Accessories
Drapery and/or Blinds
Tables, Lamps
Files, Office Equipment
Chalkboards (counselors only)

14. Treatment Conference

Tables, Chairs
Artwork, Accessories
Drapery and/or Blinds
One-Way View Window

15. Public Toilets

Plumbing Fixtures
Mirrors
Toilet Partitions
Ventilation Fans
Tissue Holders
Soap Dispensers
Handicap Grab Bars
Drinking Fountain
Paper Tower Dispenser/Disposal

16. Reception/Lobby

Skylight
Reception Desk, Chair
Lounge Seating
Tables, Lamps
Artwork, Accessories
Drapery and/or Blinds
Decorative Lighting

17. Administrative Conference

Tables, Chairs
Artwork, Accessories
Drapery and/or Blinds

18. Finance/Insurance Office

Desk, Chairs
Artwork, Accessories
Drapery and/or Blinds
Tables, Lamps
Files, Office Equipment
Movable Partitions/Counters

19. Bookkeeping

Desk, Chairs
Artwork, Accessories
Drapery and/or Blinds
Tables, Lamps
Files, Office Equipment

20. Records

Shelving Systems

21. Storage Rooms (typical)

Shelving Systems

22. Kitchen Storage

Shelving Systems

23. Kitchen/Serving Line

Plumbing Fixtures
Food Preparation Equipment
Exhaust Hood
Dishwashing Equipment
Work tables, Shelving
Walk-in Cooler, Freezer
Booster Heater
Ice Maker
Food Serving Equipment
Fire Suppression System
Tray Return Window

24. Dining Rooms

Tables, Chairs
Artwork, Accessories
Drapery and/or Blinds
Built-in Planter

25. Group Therapy

Movable Partitions
Tables, Chairs
Lecturn
Artwor, Accessories
Chalkboards (5)
Projection Screens (2)

26. Physical Therapy

Whirlpool

Exercise Equipment
View Windows
Plumbing Fixtures
Toilet Partitions
Mirrors
Ventilation Fan
Tissue Holder
Soap Dispenser
Handicap Grab Bars
Chairs, Tables
Desk, Office Equipment
Artwork, Accessories
Drapery and/or Blinds
Drinking Fountain

27. Laundry

Commercial Equipment
Tables, Chairs
Accessories
Storage Shelving

28. Janitor Closet

Mop Sink
Racks, Accessories
Shelving

29. Courtyards

Pavers
Landscape Lighting
Furniture, Accessories

30. Exterior

Pavers
Security Lighting
Screen Fencing at Service Area
Other Fencing
Drives, Curbs, Walkways
Recreational Equipment
Septic System

31. Gymnasium

Miscellaneous gymnasium equipment and furnishings

32. General

Sprinkler System
Paging/Music System
Rough-in for Paging
Telephone System
Rough-in for Telephone
Room ID Signs
Complete Electrical System
Emergency Generator
Complete HVAC System
Complete Plumbing System
Fire Extinguishers
Carpeting
Wallcovering
Linens
Supplies
Housekeeping Equipment

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

1985 DEC 13 PM 2:18

Thomas G. Swindler, Jr.
JUDGE OF PROBATE

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