

INDENTURE AND SECURITY AGREEMENT

between

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF PELHAM**

and

FIRST COMMERCIAL BANK

Dated as of September 1, 1990

Relating to

\$260,000

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF PELHAM**

**Industrial Revenue Bonds
(Rainbow Technology Corporation Project)
Series 1990-B**

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INDENTURE AND SECURITY AGREEMENT between **THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF PELHAM**, a public corporation organized and existing under the laws of the State of Alabama, party of the first part, and **FIRST COMMERCIAL BANK**, an Alabama banking corporation having its principal office in Birmingham, Alabama, party of the second part;

RECITALS

The party of the first part makes the following recitals of fact as the basis for the undertaking following: it is duly incorporated under the provisions of Code of Alabama 1975, Title 11, Chapter 54, Article 4, by Certificate of Incorporation duly filed for record in the office of the Judge of Probate of Shelby County, Alabama; its Certificate of Incorporation has been duly amended from time to time and, as amended, is in full force and effect; it is not in default under any of the provisions contained in its Certificate of Incorporation, in its bylaws or in the laws of the State of Alabama; it has power to enter into the Lease hereinafter referred to and to perform all undertakings and obligations on its part contained in said Lease; by proper corporate action it has duly authorized the issuance of the Series 1990-B Bonds hereinafter referred to; and to secure payment of the principal of and the interest and premium (if any) on the Series 1990-B Bonds to be issued hereunder, it has by proper corporate action duly authorized the execution and delivery of this Indenture and Security Agreement.

NOW, THEREFORE, THIS INDENTURE AND SECURITY AGREEMENT

WITNESSETH:

For the aforesaid purpose and in consideration of the respective agreements herein contained, it is hereby agreed between the parties signatory hereto and the holders of all the Series 1990-B Bonds issued hereunder (the holders of said Series 1990-B Bonds evidencing their consent hereto by their acceptance of said Series 1990-B Bonds and the parties signatory hereto evidencing their consent hereto by their execution hereof), each with the others, as follows (provided, that in the performance of any of the agreements of the party of the first part herein contained, any obligation it may thereby incur for the payment of money shall not be a general debt on its part but shall be payable solely out of the revenues and receipts derived from the sources of payment hereinafter specified):

ARTICLE I

DEFINITIONS AND USE OF PHRASES

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

"Acquisition Fund" means the "Rainbow Technology Corporation Acquisition Fund" created in Section 7.2 hereof.

"Act" means the statutes codified as Code of Alabama 1975, Title 11, Chapter 54, Article 4, as now amended and supplemented and at the time in force and effect.

"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 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.

"Basic Rent" means (i) the moneys payable by the Company pursuant to the provisions of Section 5.2 of the Lease, (ii) any other moneys payable by the Company under the Lease to provide for the payment of the principal of and the interest and the premium (if any) on the Series 1990-B Bonds, and (iii) any other moneys payable by the Company under the Lease that are therein referred to as Basic Rent.

"Board" means the party of the first part hereto and, subject to the provisions of Section 8.5 hereof, 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.

"Bond Payment Date" means the first day of each calendar month, commencing November 1, 1990, on which any principal or interest with respect to the Series 1990-B Bonds shall mature and be due and payable or on which any principal amount of the Series 1990-B Bonds shall be required by the Indenture to be redeemed prior to the stated maturity thereof.

"Bondholder" means the Holder of any Series 1990-B Bond.

"Company" means Rainbow Technology Corporation, a corporation organized and existing under the laws of the State of Alabama and, subject to the provisions of Section 8.3 of the Lease, 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.

"Counsel" means any attorney duly admitted to practice before the highest court of any state of the United States of America or of the District of Columbia (including any director, officer or full-time employee of, or an attorney regularly employed or retained by, the Board, the Company, the Secured Party or an Affiliate of any thereof who is so admitted

to practice), it being understood that Counsel may also mean a firm of attorneys any of whose members is so admitted to practice.

"Directors" means the Board of Directors of the Board.

"Eligible Certificates" means certificates of deposit issued by any bank or savings and loan association organized under the laws of the United States of America or any state thereof and which are fully insured by the Federal Deposit Insurance Corporation (or its successor) or the Federal Savings and Loan Insurance Corporation (or its successor), as in the case may be applicable.

"Eligible Investments" means (i) Eligible Certificates, (ii) Federal Securities, (iii) repurchase agreements that are collateralized to the extent of not less than 100% of the principal amount thereof by Federal Securities, (iv) shares or other investment units representing a beneficial interest in any money market fund that is registered under the Investment Company Act of 1940, as from time to time amended (or successor provision of federal law), provided that the investment portfolio of such money market fund consists of Federal Securities or repurchase agreements described in clause (iii) of this definition or both.

"Equipment" means (i) all items (whether or not fixtures) of furniture, furnishings, machinery, equipment and other personal property the costs of which, in whole or in part, have been or are to be paid by the Board out of the proceeds of the Series 1990-B Bonds or otherwise paid pursuant to the provisions of Section 4.3 of the Lease and (ii) all items (whether or not fixtures) of furniture, furnishings, machinery, equipment and other personal property that are acquired by the Board in substitution for or replacement of furniture, furnishings, machinery, equipment and other personal property theretofore constituting part of the Equipment and that, under the provisions hereof, are to constitute part of the Equipment. As of the delivery date of this Indenture and Security Agreement, the Equipment is expected to consist of those items (whether or not fixtures) of machinery, equipment and other personal property that are described in Exhibit A attached hereto and made a part hereof.

"Event of Default" means an "Event of Default" as specified in Section 9.1 hereof.

"Holder", when used in conjunction with a Series 1990-B Bond, means the Person in whose name such Series 1990-B Bond is registered on the registry books of the Secured Party pertaining to the Series 1990-B Bonds.

"Home Office Payment Agreement" means (i) a special payment agreement between the Secured Party and any Bondholder or (ii) a special payment agreement among the Company, the Secured Party and any Bondholder, in any case complying with the provisions of Section 3.4 hereof.

"Indenture" means this Indenture and Security Agreement as it now exists and as it may from time to time be amended or supplemented in accordance with the provisions of Section 12.1 hereof.

"Independent Counsel" means Counsel having no continuing employment or business relationship or other connection with the Board, the Company, the Shareholders or any Affiliate of any thereof, which might compromise or interfere with the independent judgment of such Counsel in the performance of any services to be performed hereunder as Independent Counsel.

"Lease" means that certain Lease Agreement dated as of September 1, 1990, pursuant to which the Board has leased the Equipment to the Company, as said Lease Agreement now exists and as it may from time to time be amended and supplemented in accordance with Section 12.2 hereof.

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

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

"Outstanding", when used with reference to any of the Series 1990-B Bonds, means, at any date as of which the amount of such Series 1990-B Bonds outstanding is to be determined, all such Series 1990-B Bonds which have been theretofore authenticated and delivered under the Indenture, except (i) those of such Series 1990-B Bonds, or any portion of the principal thereof, cancelled after acquisition in the open market or otherwise, or on account of which payment at or redemption prior to maturity has been made, and (ii) those of such Series 1990-B Bonds in exchange for which, or in lieu of which, other Series 1990-B Bonds have been authenticated and delivered under the Indenture. In determining whether the Holders of a requisite aggregate principal amount of outstanding Series 1990-B Bonds have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Lease or the Indenture, Series 1990-B 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", when used with reference to the Equipment as of any particular time, means any of the following: (i) the Lease and the Indenture; (ii) liens for ad valorem taxes not then delinquent; and (iii) liens imposed by law, such as mechanics', materialmen's and other like liens, securing obligations that are not yet due and payable.

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

"Prime Rate" means the rate of interest announced from time to time by First Commercial Bank, with its principal office in the City of Birmingham, Alabama, as its prime rate, with the understanding that the said prime rate is one of the base rates from time to time established by said First Commercial Bank which serves as the basis upon which effective rates of interest are calculated for those loans of money making reference to the said prime rate and is evidenced by the recording thereof after its announcement in such publication or publications as the said First Commercial Bank may designate.

"Project" means the Project Facilities and the Equipment.

"Project Building" means the industrial building and related improvements that are located on the Project Site, as such building and related improvements may at any time exist.

"Project Facilities" means the Project Site and the Project Building.

"Project Site" means (i) the parcel of land specifically described in Exhibit A to the Lease and (ii) any other land that, at the time and under the terms of the Lease, constitutes a part of the Project Site.

"Sale Date" means the date of the sale and assignment of the Series 1990-A Bond and related financing documents by First Commercial Bank to Protective Life Insurance Company.

"Secured Party" means the party of the second part hereto, its successors under the provisions of Section 11.5 hereof, and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party.

"Series 1990-A Bond" means that certain First Mortgage Industrial Revenue Bond (Rainbow Technology Corporation Project), Series 1990-A, which are being issued by the Board in the aggregate principal amount of up to \$840,000 for the purpose of financing the costs of acquiring and improving the Project Facilities.

"Series 1990-B Bonds" means those certain Industrial Revenue Bonds (Rainbow Technology Corporation Project), Series 1990-B, authorized to be issued in Article III hereof.

"Series 1990-B Company Guaranty" means that certain Guaranty and Indemnification Agreement dated as of September 1, 1990, between the Company and the Secured Party in and by which the Company has unconditionally guaranteed the payment by the Board of the principal of and the interest on the Series 1990-B Bonds and has agreed to pay or discharge certain other obligations relating to the Series 1990-B Bonds, as such Guaranty and Indemnification Agreement may from time to time be amended in accordance with the provisions thereof.

"Series 1990-B Guaranties" means the Series 1990-B Company Guaranty and the Series 1990-B Shareholders Guaranty.

"Series 1990-B Shareholders Guaranty" means that certain Guaranty and Indemnification Agreement dated as of September 1, 1990, between the Shareholders and the Secured Party in and by which the Shareholders have jointly, severally and unconditionally guaranteed the payment by the Board of the principal of and the interest on the Series 1990-B Bonds and have agreed to pay or discharge certain other obligations relating to the Series 1990-B Bonds, as such Guaranty and Indemnification Agreement may from time to time be amended in accordance with the provisions thereof.

"Shareholders" means Larry Joe Steeley and Sarah Dean Steeley and includes their respective heirs, legal representatives, successors and assigns.

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

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

ARTICLE II

GRANTING CLAUSES

Section 2.1 **Granting Clauses.** In order to secure to the Holders thereof payment of the principal of and the interest and premium (if any) on the Series 1990-B Bonds and the performance and observance of the covenants and conditions herein and therein contained, and in consideration of its purchase and acceptance of the Series 1990-B Bonds and of the acceptance by the Secured Party of the rights, titles and interests conveyed hereby, the Board does hereby grant, bargain, sell and convey, assign, transfer and pledge to and with the Secured Party, and does hereby grant to the Secured Party a security interest in, the following described properties of the Board, whether the same are now owned by it or may be hereafter acquired:

I

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 or the Indenture, constitute the 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;

II

All revenues and receipts derived by the Board from the leasing or sale of the Equipment (including, without limitation, the Basic Rent payable by the Company pursuant to the Lease) and all other moneys from time to time held by the Secured Party for the benefit of the Bondholders pursuant to the Indenture, together in each case with any investments and reinvestments of such moneys and proceeds thereof, but not including, however, any moneys payable by the Company to the Board or to Persons other than the Secured Party or Bondholders pursuant to the provisions of any of Sections 5.4, 8.1 and 10.4 of the Lease;

III

The moneys required by the Lease and the Indenture to be deposited in the Acquisition Fund, together with any investments and reinvestments of such moneys and the proceeds thereof, subject, however, to the disbursement and use thereof in accordance with the provisions of the Lease and the Indenture;

IV

All right, title and interest of the Board in and to the Lease [except (i) the right to require the Company to pay certain expenses incurred by the Board as provided in Sections 5.4 and 10.4 of the Lease and (ii) the release and indemnification rights of the Board and other Persons contained in Section 8.1 of the Lease], but not including, however, any of the obligations of the Board under the Lease; and

V

Any and all moneys, rights and properties of every kind or description which may from time to time hereafter be sold, transferred, conveyed, assigned, hypothecated, endorsed, deposited, pledged, mortgaged, granted or delivered to, or deposited with, the Secured Party by the Board or anyone on behalf of the Board, as additional security for the payment of the principal of and the interest and premium (if any) on the Series 1990-B Bonds, or which pursuant to any of the provisions hereof or of the Lease, may come into the possession or control of the Secured Party as such additional security; and the Secured Party is hereby authorized to receive any and all such moneys, rights and properties as and for additional security for the payment of the principal of and the interest and premium (if any) on the Series 1990-B Bonds and to hold and apply the same subject to the terms hereof;

TO HAVE AND TO HOLD the same unto the Secured Party, its successors and assigns forever, subject to Permitted Encumbrances, upon the terms and conditions herein set forth, for the equal and pro rata protection and benefit of the Holders, present and future, of the Series 1990-B Bonds, equally and ratably, without preference, priority or distinction of any Series 1990-B Bonds over any other Series 1990-B Bonds;

PROVIDED, HOWEVER, that these presents are upon the condition that if the Board shall pay or cause to be paid the principal of and the interest and premium (if any) on the Series 1990-B Bonds secured hereby at the times and in the manner provided herein and in the Series 1990-B Bonds, according to the true intent and meaning hereof and thereof, and shall pay or cause to be paid in full all other indebtedness secured by the Indenture, then the Indenture and the estate and rights granted hereby shall cease, determine and be void; otherwise the Indenture shall be and remain in full force and effect.

ARTICLE III

THE SERIES 1990-B BONDS

Section 3.1 Authorized Amount of Series 1990-B Bonds; Interest Rate and Other Terms of Series 1990-B Bonds. There is hereby authorized to be issued under the Indenture an issue of bonds designated Industrial Revenue Bonds (Rainbow Technology Corporation Project), Series 1990-B, limited in aggregate principal amount of up to \$260,000. The Series 1990-B Bonds shall (except as otherwise provided in Sections 5.1 and 5.2 hereof) be dated the dates of their authentication and delivery by the Secured Party, shall mature and become payable on October 1, 1993, and shall be initially issued as a single fully registered bond without coupons, in the principal amount of up to \$260,000, numbered R1, and payable to the original purchaser thereof from the Board. Subject to and in accordance with the provisions of Article V hereof, any Series 1990-B Bonds issued hereunder may be exchanged by the Holder thereof for other Series 1990-B Bonds in the denomination of \$1.00 or any integral multiple thereof.

The outstanding principal of the Series 1990-B Bonds shall bear interest from the date thereof until paid (whether at the maturity thereof or prior to maturity as the result of acceleration, redemption or otherwise) at the rate of eleven and one-half percent (11-1/2%) per annum.

Interest on the Series 1990-B Bonds shall be computed on the basis of a 360-day year for the actual number of days elapsed and shall be payable on August 1, 1990, and on the first day of each calendar month thereafter. Overdue payments of principal of and interest and premium (if any) on Series 1990-B Bonds (including all such payments becoming due as a result of acceleration, mandatory redemption or otherwise) shall bear interest from their respective due dates until paid at a per annum rate equal to two percent (2%) above the rate of interest which at the time would otherwise be borne by the Series 1990-B Bonds.

The principal of and the interest and premium (if any) on the Series 1990-B Bonds shall be payable in accordance with the provisions of Section 3.3 hereof, except that the interest on the Series 1990-B Bonds and the redemption price of any partial redemptions of the principal of the Series 1990-B Bonds may be payable in accordance with Home Office Payment Agreements made in accordance with the provisions of Section 3.4 hereof.

Section 3.2 Payment of Series 1990-B Bonds. The Secured Party shall be the paying agent for the Series 1990-B Bonds and, except to the extent that any Basic Rent may be payable directly to Bondholders other than the Secured Party pursuant to a Home Office Payment Agreement, the Secured Party shall apply the Basic Rent to the payment of the principal of and interest and premium (if any) on the Series 1990-B Bonds in accordance with the provisions thereof and the provisions of the Indenture. The Secured Party will maintain a record of all payments of principal, interest and premium (if any) with respect to each of the outstanding Series 1990-B Bonds (including the payments resulting from the redemption of principal thereof prior to maturity), and such record shall include the amount of each payment, the allocation of such amount to principal, interest and premium (if any), the name

of the Holder to whom such payment was made, and the date of such payment. The Secured Party will include in such record all payments of Basic Rent made directly by the Company to Bondholders pursuant to Home Office Payment Agreements, but only if and to the extent that the Company performs its agreement in the last paragraph of Section 5.2 of the Lease to provide the Secured Party with information concerning such payments. At reasonable times and under reasonable conditions established by the Secured Party, the payment record for the Series 1990-B Bonds may be inspected and copied by the Board, the Company, any Bondholder or the duly authorized agents and representatives of any thereof.

For so long as the Secured Party shall be the Holder of all of the outstanding Series 1990-B Bonds, the payment by the Company, directly to the Secured Party at its principal office located in Birmingham, Alabama, of all Basic Rent at any time due shall constitute payment of the principal, interest and premium (if any) then due with respect to the Series 1990-B Bonds. In the event that the Secured Party shall transfer any of the Series 1990-B Bonds to another Person and shall cease accordingly to be the Holder of all of the outstanding Series 1990-B Bonds, the Series 1990-B Bonds shall be payable by the Secured Party pursuant to the succeeding provisions of this section. The principal of and the premium (if any) on the Series 1990-B Bonds shall be payable at the principal office of the Secured Party located in Birmingham, Alabama, upon presentation and surrender of the Series 1990-B Bonds as the same shall become due. In case any Series 1990-B Bond is called for partial redemption, the redemption price of the principal thereof so called for redemption shall be payable at the principal office of the Secured Party (i) upon presentation and surrender of such Series 1990-B Bond in exchange for a new Series 1990-B Bond or Bonds of the same tenor and in authorized denominations having an aggregate principal amount equal to the unredeemed portion of the principal of the Series 1990-B Bond so surrendered, or (ii) upon presentation of such Series 1990-B Bond for an appropriate endorsement by the Secured Party of such partial redemption on such Series 1990-B Bond or on any record of partial redemptions appertaining thereto and constituting a part thereof. The interest on the Series 1990-B Bonds shall be paid by check or draft mailed or otherwise delivered by the Secured Party to the respective Holders thereof at their addresses as they appear on the registry books of the Secured Party pertaining to the registration of the Series 1990-B Bonds; provided, however, that the final payment of such interest shall be made only upon surrender of the appropriate Series 1990-B Bond to the Secured Party. The preceding provisions of this paragraph to the contrary notwithstanding, the interest on any Series 1990-B Bonds and the redemption price of any partial redemption of the principal thereof may be paid to the Holders thereof pursuant to a Home Office Payment Agreement complying with the conditions of Section 3.4 hereof.

Section 3.3 Home Office Payment Agreements. Any provision hereof to the contrary notwithstanding, the Holder of any Series 1990-B Bonds shall have the right to enter into a Home Office Payment Agreement providing for the payment of the interest on such Series 1990-B Bonds and the redemption price of any partial redemption of the principal thereof through wire transfers, crediting of bank accounts or other arrangements involving the rapid transfer of funds from bank to bank. A Home Office Payment Agreement may provide for the Secured Party to pay to a Bondholder the principal, interest and premium (if any) covered by such agreement after the Secured Party has received from the Company the Basic Rent referable to such principal, interest and premium (if any), in which case the only

parties to such agreement shall be the Secured Party and such Bondholder, or, in the alternative, a Home Office Payment Agreement may provide for the Company to pay directly to a Bondholder the Basic Rent referable to the principal, interest and premium (if any) covered by such agreement, in which case the parties to such agreement shall be the Company, the Secured Party and such Bondholder. As provided in Section 5.2 of the Lease, the Company will inform the Secured Party of all payments made pursuant to a Home Office Payment Agreement which requires payment directly to a Holder of the Basic Rent referable to the Series 1990-B Bonds of such Holder. Every Home Office Payment Agreement, regardless of the parties thereto and the arrangements for payment made thereby, shall be subject to the following conditions:

(a) The specific terms and conditions of such agreement shall be satisfactory to the Secured Party and the Company;

(b) The final payment of the principal of and the interest and premium (if any) on any Series 1990-B Bond or Bonds covered by such agreement shall be made only upon the surrender of such Series 1990-B Bonds to the Secured Party;

(c) If such agreement provides for the partial redemption of the principal of any Series 1990-B Bond or Bonds without the surrender thereof in exchange for one or more new Series 1990-B Bonds in an aggregate principal amount equal to the unredeemed portion of such Series 1990-B Bond or Bonds or without the presentation thereof to the Secured Party for the endorsement thereon of such partial redemption, then such agreement

(i) shall provide that the Holder of such Series 1990-B Bond or Bonds will not sell, pledge, transfer or otherwise dispose of the same unless prior to the delivery thereof it shall (A) surrender the same to the Secured Party in exchange for a new Series 1990-B Bond or Bonds in an aggregate principal amount equal to the aggregate unpaid principal of such Series 1990-B Bond or Bonds or (B) notify the Secured Party in writing of such sale, pledge, transfer or other disposition and deliver to the Secured Party a certificate certifying to the Secured Party that endorsement has been made on such Series 1990-B Bond or Bonds, or on a record of partial redemption appertaining to each such Series 1990-B Bond and constituting a part thereof, of all portions of the principal of each such Series 1990-B Bond which have been redeemed, and

(ii) shall provide (A) that, to the extent of the payment to the Holder of such Series 1990-B Bond or Bonds of the redemption price of any portion thereof called for redemption, the Board, the Company and the Secured Party shall be released from liability with respect to such Series 1990-B Bond or Bonds and the Company shall be released from liability for any Basic Rent referable thereto, and (B) that such Holder will indemnify and hold harmless the Board, the Company and the Secured Party against any liability arising from the

failure of such Holder to make any endorsement on such Series 1990-B Bond or Bonds required by the preceding clause (i) or from an error or omission in such endorsement; and

(d) Such agreement shall provide that if, in accordance with the provisions of the Lease and all applicable Home Office Payment Agreements, the Company pays the Basic Rent necessary to pay the interest on the Series 1990-B Bonds due on any interest payment date or the redemption price of any Series 1990-B Bonds called for redemption on any date fixed for redemption, as the case may be, then the failure of the Holder of any such Series 1990-B Bonds to receive in a timely manner any payment due such Holder on such interest payment date or date fixed for redemption, as the case may be, because of a mistake, delay or other failure in the implementation of the method of payment prescribed by such Holder in such agreement shall not constitute an Event of Default, provided such mistake, delay or other failure is not due to the negligence of the Board or the Company.

Section 3.4 Scheduled Mandatory Redemption of Series 1990-B Bonds. The Series 1990-B Bonds shall be subject to mandatory redemption and payment on the first day of the first full calendar month after the Sale Date, and on the first day of each calendar month thereafter until and including October 1, 1993, in an amount equal to the principal component of a level monthly debt service payment calculated on the basis of the applicable interest rate and a five (5) year amortization of the outstanding principal balance of the Series 1990-B Bonds at a maturity of the entire unamortized principal balance of the Series 1990-B Bonds on October 1, 1993. Each Series 1990-B Bond (or portion of the principal thereof) called for such mandatory redemption shall be redeemed at and for a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, and such redemption shall be effected in accordance with the applicable provisions of Section 3.8 and Article VI hereof. The Secured Party will take such actions as are necessary under the provisions hereof to redeem the principal amount of the Series 1990-B Bonds required by this section to be redeemed on each Bond Payment Date.

If less than all the outstanding Series 1990-B Bonds are redeemed pursuant to the provisions of Section 3.6 hereof, or if less than all the outstanding Series 1990-B Bonds are acquired by the Company or an Affiliate thereof and surrendered to the Secured Party for cancellation and retirement, the principal amount of Series 1990-B Bonds so redeemed or surrendered for cancellation and retirement, as the case may be, shall be credited first against the principal amount of Series 1990-B Bonds scheduled to be retired at their final maturity (assuming that all mandatory redemptions required by this section shall be made as scheduled) and then in inverse chronological order against the mandatory redemptions of Series 1990-B Bonds required by this section, and unless and until all the Series 1990-B Bonds shall have been paid in full, no such redemption or surrender of less than all the Series 1990-B Bonds shall have the effect of extending or postponing the redemption date of any redemption of Series 1990-B Bonds required by this section or of reducing the principal amount of Series 1990-B Bonds required by this section to be redeemed on such date.

Section 3.5 Optional Redemption of Series 1990-B Bonds. At the option of the Board (subject to direction by the Company as hereinafter provided), the Series 1990-B Bonds shall be subject to redemption and payment on any date, as a whole or in part, at and for a redemption price, with respect to each Series 1990-B Bond (or portion of the principal thereof) called for redemption, equal to the principal amount to be redeemed plus accrued interest thereon to the date fixed for redemption. The redemption of Series 1990-B Bonds pursuant to this section shall comply with the applicable provisions of Article VI hereof, including the giving of such notice to the Holders of the Series 1990-B Bonds called for redemption as may be required by Section 6.1(b) hereof. Any redemption of less than all the Series 1990-B Bonds then outstanding pursuant to this section shall also comply with the provisions of Section 3.7 hereof.

For so long as no Lease Default shall have occurred and be continuing, the Board will from time to time redeem such principal amount of the Series 1990-B Bonds pursuant to this section as may be directed in writing by the Company and will not otherwise exercise its rights under this section without the written request or consent of the Company. At the written direction of the Company, the Board will at any time redeem all the then outstanding Series 1990-B Bonds pursuant to this section, regardless of whether a Lease Default shall have occurred and then be continuing.

Section 3.6 Extraordinary Redemption of Series 1990-B Bonds. In the event that (i) all or substantially all of the Equipment is taken through the exercise of the power of eminent domain with the consequences described in Section 7.2(a) of the Lease or (ii) the Company exercises the option granted in Section 11.2 of the Lease to purchase the Equipment, then, and in either of such events, the Series 1990-B Bonds shall be subject to mandatory redemption as a whole, at and for a redemption price, with respect to each Series 1990-B Bond, equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. In case all the Series 1990-B Bonds are required to be redeemed pursuant to clause (i) of the first sentence of this subsection (a), the date fixed for such redemption shall be the date on which the Lease terminates as provided in said Section 7.2 (a) thereof (or such later date as may be required by the provisions of Section 12.4 hereof). In case all the Series 1990-B Bonds are required to be redeemed pursuant to clause (ii) of the first sentence of this subsection (a), the date fixed for such redemption shall be the date of purchase of the Equipment determined by the Company in accordance with the provisions of Section 11.2 of the Lease. The redemption of Series 1990-B Bonds pursuant to this section shall comply with the applicable provisions of Article VI hereof, including the giving of such notice to the Holders of Series 1990-B Bonds called for redemption as may be required by Section 6.1(b) hereof.

Section 3.7 Special Provisions Respecting Partial Redemption and Purchase for Retirement of Series 1990-B Bonds. If less than all the outstanding Series 1990-B Bonds are to be redeemed prior to maturity at any one time, (i) the principal of Series 1990-B Bonds shall be redeemed only in the amount of one dollar (\$1.00) or integral multiples thereof and (ii) the Secured Party shall allocate the principal amount to be redeemed at such time among all the Holders of the Series 1990-B Bonds then outstanding in the following manner: there shall be allocated to each such Holder, as nearly as practicable, the same proportion of

the principal amount of Series 1990-B Bonds to be redeemed as the outstanding principal amount of all Series 1990-B Bonds held by such Holder bears to the aggregate principal amount of all Series 1990-B Bonds then outstanding. To the extent possible the individual amounts allocated to the Holders of the Series 1990-B Bonds in accordance with the preceding sentence shall be rounded up or down to the nearest integral multiple of one dollar (\$1.00), but if the rounding of each such individual amount to the nearest integral multiple of one dollar should result in the sum of such individual amounts being less than or greater than the amount available to redeem Series 1990-B Bonds, then in such case the Secured Party shall adjust such individual amounts to such extent as will cause the aggregate principal amount of Series 1990-B Bonds redeemed to equal as nearly as practicable the amount available for such redemption. The adjustment of such individual amounts shall be made by the Secured Party in an equitable manner, taking into account similar adjustments made in connection with prior redemptions, but in no event shall such adjustment result in the amount allocable to any Holder of the Series 1990-B Bonds being increased or decreased by more than one dollar (\$1.00) above or below the amount that would have been allocable to such Holder if such amount had been rounded to the nearest integral multiple of one dollar (\$1.00).

The Secured Party shall cancel any Series 1990-B Bonds from time to time purchased by the Company or an Affiliate thereof and surrendered to the Secured Party for cancellation, provided that no Series 1990-B Bonds so surrendered shall be cancelled by the Secured Party unless there shall be delivered to the Secured Party a certificate signed by an officer of the Company stating in effect that such Series 1990-B Bonds were purchased pursuant to an offer to purchase Series 1990-B Bonds from all Holders thereof in a principal amount proportionate to the principal amount of Series 1990-B Bonds then held by such Holders and that the same terms and conditions for the purchase of such Series 1990-B Bonds were offered to each Holder.

Section 3.8 Form of Series 1990-B Bonds. The Series 1990-B Bonds and the Secured Party's authentication certificate, the record of partial redemption, and the forms of assignment and signature guaranty therefor shall be in substantially the following forms, respectively, with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof:

[Form of Series 1990-B Bond]

No. R _____

\$ _____

UNITED STATES OF AMERICA

STATE OF ALABAMA

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF PELHAM**

**INDUSTRIAL REVENUE BOND
(Rainbow Technology Corporation Project)
Series 1990-B**

On the 1st day of October, 1993 (unless the principal of this bond shall have been duly called for previous redemption and payment duly provided for), for value received, THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF PELHAM, a public corporation organized and existing under the laws of the State of Alabama (herein called the "Board"), will pay to _____, or registered assigns, solely out of the sources of payment hereinafter referred to, the principal sum of

D O L L A R S

(or so much thereof as may have been advanced to the Board from time to time during the term hereof and not repaid by the Board pursuant to the terms hereof). The unpaid principal balance of this bond shall bear interest from the date hereof until paid at the rate of 11-1/2% per annum. The interest on this bond is payable on November 1, 1990, and on the first day of each calendar month thereafter until and at the maturity hereof.

Overdue payments of principal of and interest and premium (if any) on this bond (including all such payments becoming due as a result of acceleration, mandatory redemption or otherwise) shall bear interest from their respective due dates until paid at a per annum rate equal to two percent (2%) above the rate of interest which would otherwise be borne by this bond. All interest on this bond (including, without limitation, interest on overdue installments of principal and interest) shall be computed on the basis of a 360-day year for the actual number of days elapsed.

The principal of and the interest on this bond shall be payable in lawful money of the United States of America. The principal of this bond shall be payable at the principal office of First Commercial Bank, Birmingham, Alabama, or its successor as Secured Party under the Indenture hereinafter referred to, and the interest on this bond shall (except for the final payment of such interest which shall be made only upon the surrender of this bond) be remitted, by the Secured Party hereinafter referred to, by check or draft mailed or otherwise delivered to the then registered holder hereof at the address shown on the registry books of

the said Secured Party; provided, however, that the said Secured Party will, at the request of the holder hereof, enter into a special payment agreement with such holder providing for the payment of the interest hereon and the redemption price of any partial redemption of the principal hereof at a place and in a manner other than as described above, but such special payment agreement shall be subject to the terms and conditions specified in the said Indenture.

This bond is one of a duly authorized issue or series of bonds authorized to be issued in the aggregate principal amount of up to \$260,000 and designated Industrial Revenue Bonds (Rainbow Technology Corporation Project), Series 1990-B (herein called the "Series 1990-B Bonds"), which have been issued under an Indenture and Security Agreement dated as of September 1, 1990 (herein called the "Indenture"), from the Board to First Commercial Bank, Birmingham, Alabama, as Secured Party (herein, together with its successors under the Indenture, called the "Secured Party"), for the purpose of financing the costs of acquiring certain equipment (herein called the "Equipment") and installing the same at an assembly, storage and distribution facility located in Pelham, Alabama, and operated by Rainbow Technology Corporation, an Alabama corporation (herein called the "Company"). In connection with the issuance of the Series 1990-B Bonds, the Board has leased the Equipment to the Company under a Lease Agreement dated as of September 1, 1990 (herein called the "Lease"), which obligates the Company to pay rent directly to the Secured Party or to the holders of the Series 1990-B Bonds, for the account of the Board, that will be equal to the principal, interest and premium (if any) from time to time coming due with respect to the Series 1990-B Bonds. The Series 1990-B Bonds are further secured by separate Guaranty and Indemnification Agreements dated as of September 1, 1990 (herein called the "Series 1990-B Guaranties"), between the Secured Party and the Company and its shareholders (herein together called the "Guarantors"), pursuant to which the Guarantors have guaranteed the payment of the Series 1990-B Bonds and certain other obligations relating thereto.

The Series 1990-B Bonds are subject to redemption prior to their maturity as follows:

(1) At the option of the Board (which option shall be exercised at the direction of the Company), the Series 1990-B Bonds are subject to redemption on any date, as a whole or in part, at and for a redemption price, with respect to each Series 1990-B Bond (or portion of the principal thereof) called for redemption, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption.

(2) The Series 1990-B Bonds are subject to mandatory redemption on the first day of the first full calendar month after the Sale Date (as defined in the Indenture) and on the first day of each calendar month thereafter until and including October 1, 1993, in an amount equal to the principal component of a level monthly debt service payment calculated on the basis of the applicable interest rate and a five (5) year amortization of the outstanding principal balance of the Series 1990-B Bonds at a maturity of the entire unamortized principal balance of the Series 1990-B Bonds on October 1, 1993.

The Series 1990-B Bonds (or portion of the principal thereof) called for such mandatory redemption shall be redeemed at and for a redemption price, with

respect to each Series 1990-B Bond (or portion of the principal thereof) called for redemption, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption.

(3) The Series 1990-B Bonds are subject to mandatory redemption as a whole on any date, at and for a redemption price, with respect to each Series 1990-B Bond, equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, but only in the event of the taking through the exercise of the power of eminent domain of all or substantially all the Equipment or in the event of the exercise by the Company of an option to purchase the Equipment granted in the Lease.

If less than all the Series 1990-B Bonds shall be called for redemption at any one time, the principal amount of Series 1990-B Bonds to be redeemed shall be allocated among all the holders of the Series 1990-B Bonds in proportion to the aggregate principal amount of outstanding Series 1990-B Bonds held by each such holder, and the principal amount so allocated to each such holder shall be called for redemption from among the Series 1990-B Bonds owned by such holder.

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The Indenture requires written notice of any redemption of this bond (or portion of the principal thereof) to be forwarded by United States registered or certified mail to the registered holder hereof and to be received by such holder not less than five (5) nor more than sixty (60) days prior to the date fixed for redemption; provided, however, that such notice is not required to be given in connection with any redemption of the principal hereof pursuant to subparagraph (2) of the preceding paragraph. In the event that less than all the outstanding principal of this bond is to be redeemed, (i) the registered holder of this bond shall surrender this bond to the Secured Party in exchange for a new bond of like tenor herewith except in a principal amount equal to the unredeemed portion of this bond or (ii) such holder shall, in lieu of surrendering this bond in exchange for a new bond, present the same to the Secured Party for endorsement hereon, or on the record of partial redemptions appertaining hereto, of the payment of the portion of the principal hereof so redeemed. Further, the Indenture provides that the holder of this bond may enter into a special payment agreement with the Secured Party which will permit the redemption price of any partial redemption of the principal hereof to be paid to the holder without the surrender or presentation of this bond to the Secured Party, but such special payment agreement shall require in such case that the holder endorse hereon, or on the record of partial redemptions appertaining hereto, the payment of the portion of the principal hereof so redeemed, all as more particularly specified in the Indenture.

The principal of and the interest and premium (if any) on the Series 1990-B Bonds are payable solely from (i) the revenues and receipts to be derived by the Board from the leasing or sale of the Equipment and (ii) moneys received by the Secured Party pursuant to the Series 1990-B Guaranties. The payment of the principal of and the interest and premium (if any) on the Series 1990-B Bonds is secured, pro rata and without preference or priority of one Series 1990-B Bond over another, by a valid pledge of the revenues and receipts of the Board out of which the Series 1990-B Bonds are payable (including specifically the Basic Rent payable to the Board by the Company under the Lease), by the Indenture, which constitutes a lien on the Equipment (but not on any real property forming a part of the industrial

facilities at which the Equipment is installed), and by an assignment to the Secured Party of all right, title and interest of the Board in and to the Lease (except certain expense reimbursement and indemnification rights of the Board). Reference is hereby made to the Indenture, the Lease and the Series 1990-B Guaranties for complete information respecting the nature and extent of the security afforded by each of such instruments, the rights and duties of the Board, the Secured Party, the Company and the Guarantors with respect thereto and the rights of the holders of the Series 1990-B Bonds thereunder.

The Indenture provides, inter alia, (a) that upon the occurrence and continuation of certain events of default as therein provided, the Secured Party may declare the principal of and the interest accrued on this bond immediately due and payable, whereupon the same shall thereupon become immediately due and payable and the Secured Party shall be entitled to pursue the remedies provided in the Indenture, and (b) that the holder of this bond shall have no right to enforce the provisions of the Indenture except as provided therein and then only for the equal and ratable benefit of the holders of all the Series 1990-B Bonds. The Indenture also provides that (i) the Board and the Secured Party, with the written consent of the Company and the holders of a majority in aggregate principal amount of the Series 1990-B Bonds then outstanding, may at any time and from time to time amend the Indenture and (ii) the Board and the Company, with the written consent of the Secured Party and the holders of a majority in aggregate principal amount of the Series 1990-B Bonds then outstanding, may at any time and from time to time amend the Lease, subject in each case to compliance with other conditions and restrictions provided in the Indenture.

The Board is a public corporation organized under the provisions of Code of Alabama 1975, Title 11, Chapter 54, Article 4; and the Series 1990-B Bonds are authorized to be issued for the purposes for which bonds are authorized to be issued under the specified provisions of said code. The Series 1990-B Bonds and the covenants and representations contained in the Indenture do not and shall never constitute a general liability or charge against the general credit of the Board. Neither the State of Alabama nor the City of Pelham nor any other political subdivision of said state shall in any manner be liable for payment of the principal of or the interest or premium (if any) on the Series 1990-B Bonds or for the performance of the undertakings of the Board contained herein or in the Indenture.

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

The Series 1990-B Bonds are issuable only as fully registered bonds without coupons in the denomination of \$1.00 or any integral multiple thereof. Provision is made in the Indenture for the exchange of Series 1990-B Bonds for a like aggregate principal amount of other Series 1990-B Bonds in authorized denominations, all as may be requested by the holder surrendering the Series 1990-B Bond or Bonds to be so exchanged and upon the terms and conditions specified in the Indenture.

The transfer of this bond may be registered by the registered holder hereof in person, or by duly authorized attorney or legal representative, at the principal office of the Secured Party, but only upon surrender of this bond to the Secured Party for cancellation, and upon

any such transfer a new fully registered bond of like tenor hereof will be issued to the transferee in exchange therefor, all as more particularly provided in the Indenture. ANY ASSIGNEE OR TRANSFEREE OF THIS BOND TAKES IT SUBJECT TO ALL PAYMENTS OF PRINCIPAL AND INTEREST IN FACT MADE WITH RESPECT HERETO, WHETHER OR NOT SUCH PAYMENTS ARE REFLECTED BY ENDORSEMENT ON THIS BOND OR ANY PAYMENT RECORD APPERTAINING HERETO.

The Secured Party shall not be required to transfer or exchange this bond during the period of five (5) days next preceding any interest payment date with respect hereto or, if this bond (or any portion of the principal hereof) is duly called for redemption, during the period of five (5) days next preceding the date fixed for such redemption.

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

IN WITNESS WHEREOF, the Board has caused this bond to be executed in its name and behalf by the Chairman of its Board of Directors, has caused its corporate seal to be hereunto affixed, has caused this bond to be attested by its Secretary, and has caused this bond to be dated _____.

THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF PELHAM

By _____
Chairman of its Board of Directors

ATTEST:

Its Secretary

[SEAL]

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[Form of Record of Partial Redemption]

RECORD OF PARTIAL REDEMPTIONS

Upon each partial redemption of the principal of the within bond, such bond shall be surrendered to the within-mentioned Secured Party for the appropriate endorsement by it of such redemption on the record below, unless there shall be in effect a Home Office Payment Agreement with respect to the within bond, as provided in the within-mentioned Indenture. THE WITHIN BOND MAY BE SUBJECT TO A HOME OFFICE PAYMENT AGREEMENT, AND ANY PURCHASER OF SUCH BOND SHOULD VERIFY WITH THE MORTGAGEE THE OUTSTANDING PRINCIPAL BALANCE OF SUCH BOND PRIOR TO THE PURCHASE THEREOF.

Date of Redemption	Principal Amount Redeemed	Remaining Unpaid Balance	Signature

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[Form of Assignment]

For value received, _____ hereby sell(s), assign(s) and transfer(s) unto _____ the within bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, with full power of substitution in the premises, to transfer such bond on the books of the within-mentioned Secured Party.

DATED this ____ day of _____, 19__.

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

[Form of Signature Guaranty]

Signature Guaranteed:

(Bank, Trust Company or Firm)

By _____
Authorized Officer

Section 3.9 Series 1990-B Bonds to Bear Legend Concerning Lack of Registration under Securities Act. The Secured Party acknowledges and understands that the Series 1990-B Bonds have been sold to the original purchaser without being registered under the Securities Act of 1933, as amended, and that the Series 1990-B Bonds may not, therefore, be sold or otherwise transferred by any holder thereof without registration under said Securities Act, unless they are sold or otherwise transferred pursuant to an exemption from such registration. In accordance with such acknowledgment and understanding, the Secured Party (anything to the contrary herein contained notwithstanding) will not authenticate any Series 1990-B Bond issued hereunder, irrespective of whether such Series 1990-B Bond is to be initially issued hereunder or is to be issued in exchange for or upon the transfer of the Series 1990-B Bonds, unless on each such Series 1990-B Bond there is printed or typewritten in a conspicuous manner a legend in substantially the following form:

TRANSFER RESTRICTED

This Series 1990-B Bond has not been registered under the Securities Act of 1933, as amended, and has been acquired subject to the restrictions on its transferability contained in an investment letter executed by the original purchaser thereof. This Series 1990-B Bond may not be offered for sale, sold, pledged, transferred or otherwise disposed of except on the terms set forth in such investment letter, a copy of which is on file in the office of the Secured Party under the Indenture and Security Agreement pursuant to which this Series 1990-B Bond was issued.

The Secured Party may authenticate any Series 1990-B Bond issued hereunder without requiring such Series 1990-B Bond to bear the aforesaid legend if, prior to the issuance thereof,

(a) such Series 1990-B Bond is registered under the Securities Act of 1933, as amended, or

(b) the Secured Party is furnished with an opinion of Counsel (who shall be knowledgeable with respect to the laws applicable to the sale of securities generally) to the effect (i) that the particular sale, transfer or other transaction requiring the issuance of such Series 1990-B Bond constitutes an exempted transaction under the Securities Act of 1933, as amended, and that registration of such Series 1990-B Bond under said Securities Act is not therefore required with respect to such sale, transfer or other transaction, or (ii) that, as a result of a change in applicable law or regulations issued pursuant thereto or as the result of other circumstances, such Series 1990-B Bond may be offered for sale, sold, pledged, transferred or otherwise disposed of with the same freedom as if it had been registered under said Securities Act.

Section 3.10 Execution and Delivery of Series 1990-B Bonds; Conditions Precedent to Such Delivery. The single bond in the form of which the Series 1990-B Bonds are to be initially issued, as provided in Section 3.1 hereof, shall be executed, sealed and attested as provided in Section 4.1 hereof and thereupon delivered to the Secured Party.

No Series 1990-B Bonds in any form shall be initially delivered under the Indenture unless, prior to or simultaneously with the delivery of such Series 1990-B Bonds, there shall have been furnished to the Secured Party the following:

(a) original executed counterparts of the Lease, the Indenture and the Series 1990-B Guaranties;

(b) a certified copy of a resolution or resolutions authorizing (i) the execution and delivery of the Lease on the part of the Board, (ii), the execution and delivery of the Indenture on the part of the Board and (iii) the execution, delivery, issuance and sale of the Series 1990-B Bonds by the Board;

(c) a closing certificate of officers of the Municipality respecting the organization of the Board, the incumbency of its directors and the absence of litigation affecting the Board or the issuance of the Series 1990-B Bonds;

(d) a copy of the certificate of incorporation of the Company, together with all amendments thereto, certified as being true, correct and complete by the appropriate officials of the State of Alabama as of a date not more than forty-five (45) days prior to the issuance of the Series 1990-B Bonds;

(e) a certificate of the appropriate official of the State of Alabama that the Company is in good standing in that state as of a date not more than twenty-one (21) days prior to the issuance of the Series 1990-B Bonds;

(f) a certificate of the Secretary of the Company stating, among other things, (i) that there have been no amendments to the Company's certificate of incorporation not reflected in the copy thereof certified by officials of the State of Alabama and furnished to the Secured Party, (ii) that the copy of the bylaws of the Company attached to such certificate is a true, correct and

complete copy of such bylaws as then in effect, and (iii) that the copy of the resolutions of the Board of Directors of the Company attached to such certificate is a true, correct and complete copy of the resolutions authorizing the execution and delivery of the Lease on behalf of the Company;

(g) an executed counterpart of an investment letter or other form of agreement by First Commercial Bank representing that it is purchasing the Series 1990-B Bonds for investment;

(h) fully executed uniform commercial code financing statements relating to the Lease and the Indenture suitable for filing in appropriate offices in the State of Alabama;

(i) a written opinion of Counsel for the Company stating, among other things, (i) that the Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Alabama and (iii) that the Lease and the Series 1990-B Company Guaranty have been duly authorized, executed and delivered on behalf of the Company and constitute valid and binding agreements thereof;

(j) a written opinion of Bond Counsel stating in substance (i) that the Board is a duly organized and validly existing public corporation under the laws of the State of Alabama, (ii) that the Board has full corporate power and authority to issue and sell the Series 1990-B Bonds, to enter into and perform the Lease and the Indenture, and to carry out the transactions contemplated thereby, (iii) that the Lease and the Indenture have each been duly authorized, executed and delivered on behalf of the Board, (iv) that relying upon the opinion of Counsel for the Company referred to in the preceding subparagraph (k) as to the organization and corporate powers of the Company and the authorization, execution and delivery of the Lease on behalf of the Company, the Lease and the Indenture constitute legal, valid and binding agreements of the respective parties thereto, and (v) that the issuance and sale of the Series 1990-B Bonds in accordance with the provisions of the Lease and the Indenture have been duly authorized by the Board and that such Series 1990-B Bonds constitute legal, valid and binding special obligations of the Board payable from the sources provided in the Lease and the Indenture.

Except for the certificates described in the preceding subparagraphs (e) and (f), the certificates and opinions required by this section shall all be dated as of the date of the delivery of the Series 1990-B Bonds. The Lease, the Indenture, the Series 1990-B Guaranties, the certificates described above, the respective opinions of Counsel to the Board and the Company and the opinions of Bond Counsel respecting the Series 1990-B Bonds shall be in the respective forms therefor previously submitted to and approved by First Commercial Bank, the original purchaser of the Series 1990-B Bonds from the Board.

Section 3.11 Application of Proceeds from Sale of Series 1990-B Bonds. The entire proceeds derived by the Board from the sale of the Series 1990-B Bonds shall be paid immediately to the Secured Party and promptly thereafter deposited in the Acquisition Fund.

ARTICLE IV

EXECUTION AND AUTHENTICATION OF THE SERIES 1990-B BONDS

Section 4.1 Execution of Series 1990-B Bonds. The Series 1990-B Bonds shall be executed by the Chairman or Vice Chairman of the Directors, and the seal of the Board shall be affixed thereto and attested by the Secretary or any Assistant Secretary of the Board. Signatures on any Series 1990-B Bonds by persons who were officers of the Board at the time such signatures were written shall continue effective although such persons cease to be such officers prior to the issuance of the Series 1990-B Bonds under the Indenture.

Section 4.2 Replacement of Mutilated, Lost, Stolen or Destroyed Series 1990-B Bonds. In the event any Series 1990-B Bond is mutilated, lost, stolen or destroyed, the Board may execute and deliver, a new Series 1990-B Bond of like tenor as that mutilated, lost, stolen or destroyed; provided that (i) in the case of any such mutilated Series 1990-B Bond, such Series 1990-B Bond is first surrendered to the Board, and (ii) in the case of any such lost, stolen or destroyed Series 1990-B Bond, there is first furnished to the Board evidence of such loss, theft or destruction satisfactory to the Board and the Company, together with indemnity satisfactory to the Board and the Company; provided that if the Holder of such lost, stolen or destroyed Series 1990-B Bond is an insurance company or a bank, its own agreement of indemnity shall be satisfactory. The Board may charge the Holder with the expenses of issuing any such new Series 1990-B Bond. In lieu of issuing a new Series 1990-B Bond to replace any mutilated, lost, stolen or destroyed Series 1990-B Bond which shall have already matured, or which is about to mature, the Board may pay such Series 1990-B Bond at or after the maturity thereof if the owner of such Series 1990-B Bond satisfies the same terms and conditions as those provided in the preceding provisions of this section for the replacement of such Series 1990-B Bond.

ARTICLE V

REGISTRATION, TRANSFER AND EXCHANGE OF THE SERIES 1990-B BONDS

Section 5.1 Registration and Transfer of Series 1990-B Bonds. The Board shall keep at its office proper registry and transfer books in which it will note the registration and transfer of such Series 1990-B Bonds as are presented for those purposes, all in the manner and to the extent hereinafter specified.

All of the Series 1990-B Bonds shall be registered as to both principal and interest on the books kept by the Board, for the registration and registration of transfer of Series 1990-B Bonds. The transfer of any Series 1990-B Bond may be registered with the Board only upon surrender thereof at the office of the Board with written power to transfer signed by the Holder thereof in person or by duly authorized attorney, properly stamped if required, in form and with guaranty of signature satisfactory to the Board. Upon any such transfer the Board shall execute and deliver to the transferee a new Series 1990-B Bond registered in the name of such transferee and of like tenor as that presented for transfer.

Section 5.2 Persons Deemed Owners of Series 1990-B Bonds. The person in whose name a Series 1990-B Bond is registered on the books of the Board shall be the sole person to whom or on whose order payments on account of the principal thereof and of the interest and premium (if any) thereon may be made. The Board may deem and treat the person in whose name a Series 1990-B Bond is registered as the absolute owner thereof for all purposes; they shall not be affected by notice to the contrary; and all payments by either of them to the person in whose name a Series 1990-B Bond is registered shall to the extent thereof fully discharge and satisfy all liability for the same.

Section 5.3 Expenses of Transfer and Exchange. The Board may charge the Holder with its reasonable fees and expenses in connection with any transfer or exchange of any of the Series 1990-B Bonds; provided, however, that no charge shall be made for the issuance of a new Series 1990-B Bond issued, pursuant to the provisions of Section 6.2 hereof, as a result of a call for partial redemption of any Series 1990-B Bond. In every case involving any transfer or exchange of Series 1990-B Bonds requested by the Holder thereof, such Holder shall pay all taxes and other governmental charges required to be paid in connection with such transfer or exchange.

ARTICLE VI

GENERAL PROVISIONS RESPECTING REDEMPTION OF SERIES 1990-B BONDS

Section 6.1 Manner of Effecting Redemption of Series 1990-B Bonds. Any redemption of any Series 1990-B Bonds shall be effected in the following manner:

- (a) **Call.** Subject to the provisions of Section 3.7 hereof in the event that less than all the Series 1990-B Bonds then outstanding are to be called for redemption, the Directors shall adopt a resolution containing a call for redemption, on a specified date when they are by their terms subject to redemption, of Series 1990-B Bonds bearing stated numbers (and, in the case of the partial redemption of any Series 1990-B Bonds, the respective principal amounts thereof to be redeemed); provided, however, that it shall not be necessary for the Directors to adopt any such resolution (i) in the case of Series 1990-B Bonds that are to be redeemed pursuant to the provisions of Section 3.6

hereof, provided that the Company shall have requested such redemption by a written request furnished to the Board and the Secured Party and shall have specified in such request the principal amount of such Series 1990-B Bonds and the date on which the redemption thereof is to be effected or (ii) in the case of Series 1990-B Bonds that are to be redeemed pursuant to the provisions of either Section 3.4 or 3.6 hereof.

(b) Delivery of Notice. With respect to any Series 1990-B Bonds called for redemption, in whole or in part, the Secured Party (on behalf of the Board) shall cause to be forwarded by United States registered or certified mail to the respective Holders thereof, at the respective addresses of such Holders as such addresses appear on the registry books of the Secured Party pertaining to the registration of the Series 1990-B Bonds, a notice stating the following: that Series 1990-B Bonds bearing stated numbers (and, in the case of the partial redemption of any Series 1990-B Bonds, the respective principal amounts thereof to be redeemed) have been called for redemption and will become due and payable at the applicable redemption price or redemption prices on a specified redemption date, and that all interest thereon will cease after such redemption date if prior to such date, or not later than 10:00 o'clock, A.M., on such date, the total redemption price of the Series 1990-B Bonds (or portions thereof) so called for redemption, including the accrued interest thereon to such date, has been paid to the Secured Party or to the Holders of such Series 1990-B Bonds in accordance with any applicable Home Office Payment Agreements; provided, however, that such notice shall not be given to the Holders of Series 1990-B Bonds in connection with the mandatory redemption of any principal thereof pursuant to the provisions of Section 3.4 hereof. In order to be effective such notice must be received by the Holders of the Series 1990-B Bonds called for redemption not more than sixty (60) nor less than five (5) days prior to the date fixed for redemption, but Holders of any Series 1990-B Bonds may waive the requirements of this subsection with respect to the Series 1990-B Bonds held by them without affecting the validity of the call for redemption of any other Series 1990-B Bonds.

(c) Payment. Prior to the date fixed for redemption, or not later than 10:00 o'clock, A.M., on such date, the Board shall pay or cause to be paid to the Secured Party (or shall pay or cause to be paid directly to the Holders of Series 1990-B Bonds so called for redemption that are subject to Home Office Payment Agreements) the redemption price of the Series 1990-B Bonds (or portions thereof) so called for redemption (as such redemption price is specified herein) and shall furnish to the Secured Party the following: (i) a certified copy of the resolution of the Directors required by subsection (a) of this section (if, under the circumstances, the adoption of any such resolution is required); and (ii) when such redemption is made subject, by the terms of the Indenture, to any other restriction or requirement, evidence satisfactory to the Mortgagee showing compliance with such restriction or requirement.

Section 6.2 Presentation of Series 1990-B Bonds for Redemption; Series 1990-B Bonds Called for Redemption to Cease to Bear Interest. Upon compliance by the Board and the Secured Party with the requirements of Section 6.1 hereof [and, unless all the Series 1990-B Bonds then outstanding are to be redeemed (or unless a portion of such outstanding Series 1990-B Bonds are to be redeemed and the remainder are, simultaneously with or prior to such redemption, to be otherwise retired), if the Board is not on the redemption date in default in payment of the principal of or the interest or premium (if any) on any of the Series 1990-B Bonds], the Series 1990-B Bonds so called for redemption (or, in the case of any Series 1990-B Bonds called for partial redemption, the portions thereof called for redemption) shall become due and payable at the place or places at which the same shall be payable at the redemption price or prices and on the redemption date specified in such notice, anything herein or in the Series 1990-B Bonds to the contrary notwithstanding and the Holders thereof shall then and there surrender them for redemption; provided, however, that with respect to any Series 1990-B Bond called for partial redemption, (i) the Holder thereof shall surrender such Series 1990-B Bond to the Secured Party in exchange for one or more new Series 1990-B Bonds of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Series 1990-B Bond so surrendered or (ii) such Holder shall, in lieu of surrendering such Series 1990-B Bond in exchange for a new Series 1990-B Bond or Bonds, present the same to the Secured Party for endorsement thereon (or on any record of partial redemptions appertaining thereto and constituting a part thereof) of the payment of the portion of the principal thereof so redeemed. The preceding sentence to the contrary notwithstanding, the partial redemption of the Series 1990-B Bonds shall be subject to such Home Office Payment Agreements as may from time to time be in effect with respect thereto pursuant to the provisions of Section 3.3 hereof. All future interest on the Series 1990-B Bonds so called for redemption (or, in the case of any Series 1990-B Bonds called for redemption in part, the portions thereof called for redemption) shall, subject to the payments required by subsection (c) of Section 6.1 hereof having been made, cease to accrue after the date fixed for redemption. The Series 1990-B Bonds so called (or, in the case of any Series 1990-B Bonds called for redemption in part, the portions thereof called for redemption) shall, subject to such payments having been made, no longer be entitled to the benefit of the lien hereof. Out of any moneys paid to it for the redemption of Series 1990-B Bonds, the Secured Party shall pay on the redemption date the applicable redemption price or prices of the Series 1990-B Bonds so called for redemption (or, in the case of any Series 1990-B Bonds called for redemption in part, the portions thereof called for redemption).

ARTICLE VII

CONCERNING ACQUISITION AND INSTALLATION OF EQUIPMENT AND PAYMENT OF COSTS

Section 7.1 Agreement Respecting Completion of Acquisition and Installation of Equipment. The Board will undertake and complete the acquisition and installation of the Equipment, or will cause the same to be undertaken and completed, as and to the extent provided in Article IV of the Lease. The Board will complete the acquisition and installation of the Equipment, or cause the same to be completed, as soon as may be practicable, delays

incident to any condition or event beyond the reasonable control of the Board only excepted, including, without limitation, strikes, riots, acts of God and the public enemy. The Board will promptly pay or cause to be paid, as and when due, all costs of acquiring and installing the equipment and the costs and expenses of issuing and selling the Series 1990-B Bonds, but the Board's obligation to pay such costs shall be limited to moneys on deposit in the Acquisition Fund and such other funds for the payment of such costs as may be made available by the Company under the provisions of the Lease.

The Board will not suffer or permit any mechanics' or materialmen's liens that might be filed or otherwise claimed or established upon or against the Project or any part thereof, and which might be or become a lien superior to the lien hereof, to remain unsatisfied and undischarged for a period exceeding thirty (30) days after the filing or establishment thereof; provided, however, that the Board may in good faith contest or permit the contest of any such mechanics' or materialmen's liens so filed or established and, in the event that such liens are so contested, may, if it gives notice of such contest to the Secured Party or causes such notice to be so given, permit the mechanics' or materialmen's liens so contested to remain unsatisfied and undischarged during the period of such contest and any appeal therefrom, irrespective the revenues and receipts to be derived by the Board from the leasing or sale of the Equipment and (ii) moneys received by the Secured Party of whether such period extends beyond the thirty (30) day period after the filing or establishment of such liens, unless the Secured Party notifies the Board that, in the opinion of Independent Counsel, such action by the Board will materially endanger the lien of the Indenture to any part of the Equipment or will cause the Equipment or any part thereof to be subject to a material risk of loss or forfeiture, in which case such mechanics' or materialmen's liens shall (unless they are bonded or superseded in a manner satisfactory to the Secured Party) be satisfied prior to the expiration of said thirty (30) day period.

Section 7.2 Acquisition Fund. There is hereby created a special escrow fund, the name of which shall be the "Rainbow Technology Corporation Acquisition Fund", for the purpose of providing funds for payment of the costs of acquiring and installing the Equipment and the costs and expenses of issuing and selling the Series 1990-B Bonds. The Secured Party shall be and remain the depository, custodian and disbursing agent for the Acquisition Fund.

Subject to the provisions of Section 7.3 hereof and the succeeding provisions of this section, the moneys in the Acquisition Fund shall be disbursed by the Secured Party from time to time for the purpose of paying the costs of acquiring and installing the Equipment and the costs and expenses of issuing and selling the Series 1990-B Bonds, but only upon receipt of a requisition signed by an Authorized Company Representative and containing, with respect to each such payment, the following:

- (a) a statement of the amount requested to be paid, the name and address of the Person (which may be the Secured Party, the Company or an Affiliate of the Company) to whom such payment is due and the particular cost which is to be paid pursuant to such requisition, which statement shall be supported by such invoices or other documents accompanying such requisition as shall be satisfactory to the Secured Party;

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

(c) a certification that, except for such matters as have been specifically disclosed in any information submitted with such requisition, (i) there are no mechanics' or materialmen's liens, chattel mortgages, conditional sales or title retention agreements now in existence or pending which relate to the acquisition and installation of the Equipment, except inchoate liens for labor or material payment for which is either not yet due and payable or is to be made pursuant to such requisition, and (ii) there are no outstanding notices of any requirements of any governmental authorities in any way concerning the Equipment (including, without limitation, the acquisition and installation of any part thereof) which have not been satisfied;

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

(e) a certification that the payment requested in such requisition has not formed the basis for any previous requisition for the disbursement of moneys from the Acquisition Fund or any previous payment out of the proceeds derived by the Board from the sale of the Series 1990-B Bonds;

(f) in the case of any requisition for payment of any part of the purchase price, other acquisition cost or installation cost of any of the Equipment, a certification either (i) that such equipment is physically located at the Project Site and is in good condition, or (ii) that the amount so requested to be paid on account of such equipment, together with any amounts theretofore paid out of the Acquisition Fund on account thereof, represents no more than progress payments for such equipment which have been substantiated to the Company's satisfaction; and

(g) the written approval of the Secured Party.

The requirements of this paragraph shall apply to all disbursements from the Acquisition Fund, including those made to reimburse the Company for costs of acquiring and installing the Equipment and costs and expenses of issuing and selling the Series 1990-B Bonds theretofore paid by it.

The Secured Party will keep and maintain adequate records pertaining to the Acquisition Fund and all moneys received therein and disbursed therefrom, and when all moneys in the Acquisition Fund have been exhausted, whether on the Completion Date or thereafter in accordance with the provisions of Section 7.3 hereof, the Secured Party will file with the Board and the Company an accounting of all moneys received into and disbursed from the Acquisition Fund.

Section 7.3 Transfer of Moneys from Acquisition Fund After Completion Date. The completion of the acquisition and installation of the Equipment and the payment

of all related costs (except for amounts to be retained by the Secured Party at the Company's direction, as hereinafter provided, for any such costs not then due and payable or the liability for payment of which is being contested) shall be established to the Secured Party by a certificate signed by an Authorized Company Representative as provided in Section 4.6 of the Lease. On the Completion Date, or as promptly thereafter as practicable, the Secured Party shall set aside in the Acquisition Fund such amount as the Company, by written order signed in its behalf by an Authorized Company Representative and furnished to the Secured Party simultaneously with the aforesaid certificate establishing the Completion Date, may direct for the payment of any such costs not then due and payable or the liability for payment of which is then being contested by the Company, or by the Board at the direction of the Company. After setting aside the amount (if any) required by the preceding sentence so to be set aside, the Secured Party shall promptly apply the remaining balance of the Acquisition Fund in accordance with the succeeding provisions of this section and shall from time to time thereafter apply the moneys so set aside in the Acquisition Fund for the payment of such costs of acquiring and installing the Equipment and expenses of issuing and selling the Series 1990-B Bonds in accordance with the provisions of Section 7.2 hereof, but only to the extent of paying such costs that were incurred prior to the Completion Date; provided, however, that any moneys so set aside shall, at the direction of the Company, be applied by the Secured Party in accordance with the succeeding provisions of this section, irrespective of whether all such costs with respect to which such moneys were so set aside shall have been paid.

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The Company may direct the payment to it of any moneys held in the Acquisition Fund (including any moneys set aside for the payment of costs of acquiring and installing or basing the Equipment and expenses of issuing and selling the Series 1990-B Bonds pursuant to the provisions of the first paragraph of this section) if at the time of such payment (i) the aggregate sum of such costs theretofore paid out of the Acquisition Fund exceeds (ii) the aggregate sum of the proceeds of the Series 1990-B Bonds plus the net amount realized from the investment and reinvestment of such proceeds theretofore deposited in the Acquisition Fund. If at any time the sum referred to in clause (ii) of the preceding sentence is greater than the sum referred to in clause (i) thereof, any moneys held in the Acquisition Fund shall not be paid to the Company but shall be applied in accordance with the succeeding provisions of this section.

If it shall be determined that any moneys held in the Acquisition Fund at any time after the Completion Date cannot be applied for any purpose in accordance with any of the preceding provisions of this section, then such moneys shall be held in escrow by the Secured Party and applied to the redemption of the Series 1990-B Bonds as promptly as practicable after such determination.

Section 7.4 Secured Party Protected in Acquisition Fund Payments. Additional Evidence May Be Required. The Secured Party shall be fully protected in making payments from the Acquisition Fund upon presentation to it of requisitions complying with the requirements of Section 7.2 hereof. The Secured Party may rely as to the completeness and accuracy of all statements and certifications contained in such requisitions, and the Secured Party shall incur no liability in acting or proceeding in good faith upon such requisitions and shall be under no duty to make any investigation or inquiry as to any statements or certifications contained in any of such requisitions, but may accept and rely

upon the same as conclusive evidence of the truth and accuracy of such statements and certifications. Notwithstanding the foregoing provisions of this section, the Secured Party shall, when requested in writing so to do by any Bondholder, require, as a condition precedent to any payment from the Acquisition Fund, such additional evidence as it may reasonably deem appropriate respecting the application of any moneys previously disbursed from the Acquisition Fund or as to the correctness of any estimate or bill presented to it for payment pursuant to the provisions of said Section 7.2.

ARTICLE VIII

PARTICULAR COVENANTS OF THE BOARD

Section 8.1 Covenant to Pay Series 1990-B Bonds. The Board will pay or will cause to be paid, out of the revenues and receipts derived from the leasing or sale of the Equipment and any other moneys pledged hereby, the principal of and the interest and premium (if any) on the Series 1990-B Bonds as specified therein and herein, and it will otherwise perform all obligations that, either expressly or by reasonable implication, are imposed on it in the Indenture, and it will not default hereunder.

Section 8.2 Priority of Pledge. The pledge herein made of the revenues and receipts derived from the leasing or sale of the Equipment shall be prior and superior to any pledge thereof hereafter made for the benefit of any other securities hereafter issued or any contract hereafter made by the Board. In the event the Board should hereafter issue any other securities payable, in whole or in part, out of the revenues or receipts to be derived from the leasing or sale of the Equipment or for which any part of said revenues or receipts may be pledged or any part of the Equipment may be mortgaged, or in the event the Board should hereafter make any contract payable, in whole or in part, out of said revenues and receipts or for which any part of said revenues and receipts may be pledged or any part of the Equipment may be mortgaged, the Board will, in the proceedings under which any such securities or contract are hereafter authorized, recognize the priority of the pledge of said revenues and receipts made herein for the benefit of the Series 1990-B Bonds. In addition, any such securities or contract shall contain a statement describing the Series 1990-B Bonds and the priority of the pledge made herein for the benefit of the Holders thereof. The Board recognizes that in the Lease it has agreed

(a) not to issue any securities, other than the Series 1990-B Bonds, that are payable out of or secured by a pledge of the revenues and receipts derived by the Board from the leasing or sale of the Equipment or any part thereof, and

(b) not to place any mortgage or other encumbrance (other than the Indenture) on the Equipment or any part thereof,

without, in either case, the prior written request or consent of the Company. The Board hereby further agrees that it will not issue any such securities or place any such mortgage or

other encumbrance on the Equipment or any part thereof without the prior written consent of the Secured Party and the Series 1990-B Original Purchaser.

Section 8.3 Concerning the Lease. The Board will perform and observe, or cause to be performed and observed, all agreements, covenants, terms and conditions required to be observed and performed by it in the Lease. Without relieving the Board from the consequences hereunder of any default in connection therewith, the Secured Party (on behalf of the Board) may perform and observe, or cause to be performed and observed, any such agreement, covenant, term or condition, all to the end that the Board's rights under the Lease may be unimpaired and free from default. Anything contained herein to the contrary notwithstanding, the lien of the Indenture shall be prior to the Lease.

The Board will promptly notify the Secured Party in writing of (i) the occurrence of any Lease Default, provided that the Board has knowledge of such default, and (ii) the giving or receipt by it of any notice of default under the Lease. The Board will also promptly notify the Secured Party in writing if, to the knowledge of the Board, the Company fails to perform or observe any of the agreements or covenants on its part contained in the Lease.

So long as the Lease shall remain in effect, the Board will cause the Basic Rent to be paid to the Secured Party as provided in the Lease, subject, however, to compliance with any Home Office Payment Agreements which require the Basic Rent referable to certain Series 1990-B Bonds to be paid directly to the Holders of such Series 1990-B Bonds. The Board will not cancel, terminate or modify, or consent to the cancellation, termination or modification of, the Lease (except as is specifically provided, authorized or contemplated herein) unless and until all of the Series 1990-B Bonds and any other indebtedness secured by the Indenture shall have been paid in full; provided, however, that with the written consent of the Secured Party, the Board may terminate the Lease under those provisions thereof authorizing such termination upon the occurrence of a Lease Default. In the event of a Lease Default, or in the event of a default on the part of the lessee under any subsequent lease entered into by the Board with respect to the Equipment or any part thereof, the Board will exhaust or cause to be exhausted, as promptly as may be practicable, all legal remedies that it may have against the Company or other defaulting lessee, as the case may be, to obtain compliance with the provisions of the Lease or of any subsequent lease, including payment of the rentals therein provided and performance and observance of all agreements and covenants on the part of the Company or other lessee therein contained.

Section 8.4 Warranty of Title. The Board warrants as follows: it has good title to the property described and subjected to the lien hereof in Section 2.1 hereof and such title is free and clear of every lien, encumbrance, trust or charge prior to the lien hereof, other than Permitted Encumbrances; it has power and authority to subject said property to the lien hereof and has duly done so; and it will forever warrant and defend the title to the Equipment unto the Secured Party, for the benefit of the Bondholders, against the claims of all persons whomsoever, except those claiming under Permitted Encumbrances.

Section 8.5 **Agreement of the Board to Maintain Corporate Existence and Not to Dispose of the Equipment.** Except to the extent specifically permitted otherwise by the provisions of the second paragraph of this section, the Board will maintain its corporate existence, will not dissolve or sell, transfer or otherwise dispose of the Equipment or any part thereof and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it. Further, the Board will use its best efforts to maintain, preserve and renew all the rights and powers provided to it by the Act and any other applicable laws of the State of Alabama or the United States of America.

If the laws of the State of Alabama at the time shall permit such action to be taken, nothing contained in this section shall prevent (a) the consolidation of the Board with, or the merger of the Board into, any public corporation having corporate authority to undertake and perform the obligations and agreements of the Board under the Lease and the Indenture or (b) the transfer by the Board of the Equipment as an entirety to the Municipality or to another public corporation having corporate authority to undertake and perform the obligations and agreements of the Board under the Lease and the Indenture; provided that upon any such consolidation, merger or transfer the following conditions shall be satisfied: (i) the due and punctual payment of the principal of and the interest and premium (if any) on the Series 1990-B Bonds according to their tenor and the due and punctual performance and observance of all the agreements and conditions contained in the Lease and the Indenture to be kept and performed by the Board shall be expressly assumed in writing by the corporation resulting from such consolidation or surviving such merger or the instrumentality to which the Equipment shall be transferred as an entirety; (ii) such consolidation, merger or transfer shall not cause or result in any mortgage or other lien being imposed on the Equipment or the revenues therefrom that will be prior to the lien of the Indenture covering the Equipment or prior to the pledge of the revenues from the Equipment made in the Indenture for the benefit of the Series 1990-B Bonds; and (iii) such consolidation, merger or transfer shall not cause or result in the Equipment or the revenues of the Board therefrom becoming subject to any taxation to which the same was not theretofore subject. Nothing contained herein, however, shall be construed to prevent the release of any property from the lien of the Indenture pursuant to the provisions of either Section 9.2 or 9.4 hereof.

Section 8.6 **Freedom of the Equipment from Prior Liens.** The Board will not knowingly permit the Equipment to be or remain subject to any liens and encumbrances prior to the lien hereof (other than Permitted Encumbrances), but it may defer payment pending the bona fide contest of any claim unless the Secured Party shall be of the opinion that by such action the lien of the Indenture as to the Equipment or any part thereof shall be materially endangered or the Equipment or any part thereof shall be subject to loss or forfeiture, in which event any such payment then due shall not be deferred. Nothing herein contained shall be construed to prevent the Board from hereafter purchasing, for use in connection with the Equipment or the Project Facilities, additional property on conditional or lease sale contract or subject to vendor's lien or purchase money mortgage, and all property so purchased (other than property that is, under the terms of the Lease or the Indenture, to constitute part of the Equipment) shall not be subject to the lien of the Indenture.

Section 8.7 **Inspections by the Secured Party.** Subject to the provisions of Section 8.2 of the Lease, the Board will permit the Secured Party and its duly authorized agents to inspect, at any reasonable time, any and every part of the Equipment and will permit the Secured Party to inspect, at any reasonable time, the books and records of the Board pertaining to the Equipment. The Board will assist in furnishing facilities for any such inspection.

Section 8.8 **Recordation. Further Assurances.** The Board will cause the Indenture, and all instruments amending or supplementing the Indenture hereafter executed, to be filed for record in such public office or offices in which said documents are required by law to be filed in order to constitute constructive notice thereof and to preserve and protect fully the rights and security afforded thereby to the Secured Party and the Bondholders. In addition, the Board

(a) will, upon reasonable request, execute and deliver such further instruments and do such further acts as may be necessary or proper to carry out more effectually the purposes of the Indenture, and in particular (without in any way limiting the generality of the foregoing) to make subject to the lien of the Indenture any property hereafter acquired as a part of the Equipment and to transfer to any successor Secured Party or Secured Parties the assets, powers, instruments and funds held in trust hereunder and to confirm the lien of the Indenture with respect to the Series 1990-B Bonds, and

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

No failure to request such further instruments or further acts shall be deemed a waiver of any right to the execution and delivery of such instruments or the doing of such acts, nor shall such failure be deemed to affect the interpretation of any provisions of the Indenture.

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

ARTICLE IX

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

Section 9.1 **Retention of Possession of the Equipment by the Board.** Unless an Event of Default shall have occurred and be continuing, or except as otherwise provided herein, the Board may retain actual possession of the Equipment and may manage and lease the same, and may collect, use and enjoy the rents, revenues, income and profits thereof to such extent as does not violate any of the Board's covenants herein contained or contained in the Lease.

Section 9.2 **Release of the Equipment.** Reference is hereby made to Section 6.2 of the Lease, which permits the Company, upon compliance with the conditions therein contained, to remove from the Project items of the Equipment and to sell or otherwise dispose of such items free and clear of the demise of the Lease and of the lien of the Indenture. Any item of the Equipment released from the demise of the Lease in accordance with the provisions thereof shall also be released from the lien of the Indenture, and the Secured Party shall, at the expense of the Company, execute and deliver such instruments as the Company may request in order to confirm such release. Any moneys paid to the Secured Party pursuant to Section 6.2 of the Lease in connection with any release from the demise of the Lease of any item of the Equipment shall be applied for the redemption of Series 1990-B Bonds pursuant to Section 3.5 hereof on the earliest practicable date.

Section 9.3 **Disposition of Insurance Proceeds.** Reference is hereby made to Section 7.1 of the Lease, wherein it is provided that if the Equipment is destroyed, in whole or in part, or is damaged, by fire or other casualty, then all "Net Insurance Proceeds" (as defined in the Lease) recovered by the Board, the Company and the Secured Party shall be paid to and held by the Company and shall thereafter be applied by the Company in the manner and for the purposes specified in Section 7.1 of the Lease. The Secured Party hereby consents to the payment of such proceeds to the Company and to the application thereof by the Company as provided in said Section 7.1.

Section 9.4 **Disposition of Condemnation Award; Release Upon Payment of Award.** Reference is hereby made to Section 7.2 of the Lease, wherein it is provided that if title to all or any part of the Equipment shall be taken through the exercise of the power of eminent domain, then the entire condemnation award referable thereto shall be paid to and held by the Company and shall thereafter be applied by the Company in the manner and for the purposes specified in said Section 7.2. The Secured Party hereby consents to the payment of such award to the Company and to the application thereof by the Company as provided in said Section 7.2. Upon payment of such award to the Company, the Secured Party shall, at the expense of the Company, execute and deliver to the Board or to the corporation

or governmental agency successfully exercising such power of eminent domain any and all instruments that may be necessary (i) to release from the demise of the Lease all property forming part of the Equipment that shall be so taken and (ii) to release from the lien of the Indenture all such property.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES OF SECURED PARTY AND BONDHOLDERS

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

(a) failure by the Board to pay the principal of and the interest and premium (if any) on any Series 1990-B Bond as and when the same become due as therein and herein provided (whether such shall become due at maturity, upon redemption, by acceleration or otherwise);

(b) a Lease Default;

(c) an "Event of Default" under the Series 1990-B Company Guaranty or the Series 1990-B Shareholders Guaranty, as such term is respectively therein defined and used;

(d) any material warranty, representation or other statement by or on behalf of the Board contained in the Lease or in the Indenture, or in any document furnished by the Board in connection with the issuance and sale of the Series 1990-B Bonds, being false or misleading in any material respect at the time made;

(e) failure by the Board to perform and observe any agreement, covenant, or condition required by the Indenture to be performed or observed by it [other than (i) its agreement to pay the principal of and the interest and premium (if any) on the Series 1990-B Bonds and (ii) any other agreement, covenant or condition with respect to which its failure to perform or observe is the result of a Lease Default] after thirty (30) days' written notice to it of such failure given by the Secured Party or by the Holders of not less than twenty-five percent (25%) in principal amount of the Series 1990-B Bonds then outstanding, unless during such period or any extension thereof the Board has commenced and is diligently pursuing appropriate corrective action;

(f) appointment by a court having jurisdiction of a receiver for the Equipment or for a substantial part thereof, or approval by a court of competent jurisdiction of any petition for rearrangement or readjustment of the

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obligations of the Board under any provisions of the bankruptcy laws of the United States; or

(g) prior to the Sale Date, an event of default with respect to the Series 1990-A Bond or the financing documents related thereto shall have occurred and be continuing.

Section 10.2 Remedies on Default. Upon the occurrence and continuation of any Event of Default, the Secured Party shall have the following rights and remedies, subject to the provisions of Section 10.8 hereof:

(a) Acceleration. The Secured Party may, by written notice to the Board, declare the principal of and the interest accrued on the Series 1990-B Bonds forthwith due and payable, and thereupon they shall so be, anything herein or therein to the contrary notwithstanding; provided that the Secured Party may not have or exercise the right or remedy granted by this subsection (a) unless the Event of Default that has occurred is one of those specified in subsection (a), (b) or (c) of Section 10.1 hereof [it being understood, however, that upon any sale of the Equipment pursuant to subsection (c) of this Section 10.2 or pursuant to judicial authority, the principal of and the interest accrued on all of the Series 1990-B Bonds not yet matured or declared due shall forthwith become due pursuant to Section 10.5(a) hereof, regardless of the nature of the Event of Default resulting in such sale of the Equipment].

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

(c) Sale of the Equipment. The Secured Party shall have the power to sell, at public auction, as a whole or by individual item, at such time and on such terms as it deems best, to the highest bidder, all or any part of the Equipment and the entire interest and equity of redemption of the Board therein, subject, however, to succeeding provisions of this section and to the provisions of Sections 10.4 and 10.5 hereof.

(d) Other Remedies. The Secured Party shall have the power to proceed with any other right or remedy independent of or in aid of the fore-

going powers, as it may deem best, including the right to foreclose the Indenture by bill in equity or by proceedings at law, the right to secure specific performance by the Board or the Company of any agreement on their part contained in the Lease or the Indenture, and the right to the appointment, as a matter of right and without regard to the sufficiency of the security afforded by the Equipment, of a receiver for all or any part of the Equipment and the earnings, rents and income therefrom. The rights here specified are to be cumulative to all other available rights, remedies or powers and shall not exclude any such.

If, upon the occurrence of an Event of Default, the Board makes good the default which is the reason for such Event of Default and every other default hereunder (except any principal and interest declared payable that would, absent such declaration, not then be payable), with interest on all overdue payments of principal and interest, and makes reimbursement of all the reasonable expenses of the Secured Party, then the Secured Party may in its discretion, and shall upon the written request of the Holders of a majority in principal amount of the Series 1990-B Bonds then outstanding, waive such default and its consequences, but no such waiver shall affect any subsequent default or right relative thereto. Further, upon the occurrence of any Event of Default, except a default in the payment of the principal of or the interest or premium (if any) on any of the Series 1990-B Bonds, the Secured Party may in its discretion, and shall upon the written request of the Holders of a majority in principal amount of the Series 1990-B Bonds then outstanding, waive such default and its consequences without the Board having theretofore made good such default, but no such waiver shall affect any subsequent default or right relative thereto. In case any proceeding taken by the Secured Party on account of any Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Secured Party, then and in every case the Board and the Secured Party shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Secured Party shall continue as though no such proceeding had been taken.

Section 10.3 Limited Obligation of the Secured Party to Take Remedial Actions. Upon the occurrence of an Event of Default, the Secured Party need not exercise any of its rights or powers specified in Section 10.2 hereof or take any action under said Section 10.2, unless requested in writing so to do by the Holders of twenty-five percent (25%) in aggregate principal amount of the Series 1990-B Bonds then outstanding. Without any such request, the Secured Party may exercise any such rights or powers or take any such action if it believes the exercise of such rights or powers or the taking of such action is advisable to protect the interests of the Bondholders; and the Secured Party shall exercise any such rights or powers or take any such action when so requested, provided that the furnishing of indemnity, satisfactory to the Secured Party, against its prospective liabilities and expenses by the Bondholders requesting any action by the Secured Party under Section 10.2 hereof shall be a condition precedent to the duty of the Secured Party to take or continue any such action which, in the opinion of the Secured Party, would subject it to any such liabilities or expenses. The Holders of a majority in aggregate principal amount of the Series 1990-B Bonds then outstanding shall have the right to direct the time, method and place of enforcing any remedy available to the Secured Party, provided that (i) such direction shall not be in conflict with any rule of law or the Indenture, (ii) the Secured Party shall not

determine that the action so directed would be unjustly prejudicial to the Bondholders not taking part in such direction, and (iii) the Secured Party may take any other action deemed proper by the Secured Party which is not inconsistent with such direction.

Section 10.4 Notice of Sale of the Equipment. Notice of any sale by the Secured Party of any part of the Equipment pursuant hereto shall state the time and place of such sale [which time shall be between the legal hours of sale and which place shall be before the main entrance of the Courthouse of Shelby County, Alabama], shall describe briefly the property to be sold, and shall be sufficiently given if published once a week for three successive weeks preceding the date of sale in a newspaper having general circulation in Shelby County, Alabama.

Section 10.5 Conditions Applicable to Sale of the Equipment. The following conditions shall apply to any sale of the Equipment or any part thereof by the Secured Party pursuant to any power granted by the Indenture or pursuant to judicial authority:

(a) The principal of and the interest accrued on all the Series 1990-B Bonds not yet matured or declared due shall forthwith become due, anything therein or herein to the contrary notwithstanding.

(b) The whole of the Equipment shall be sold as an entirety, unless the Secured Party shall deem such sale as an entirety to be illegal or impracticable or inadvisable by reason of some statute or other cause.

(c) The Equipment or any part thereof may be sold without having the Equipment or such part thereof at the place of sale; and the Board, for itself, its successors and assigns and for all persons hereafter claiming through or under it, hereby expressly waives and releases all right to have such property marshalled at the place of sale upon any foreclosure sale thereof.

(d) The Secured Party may adjourn, or cause to be adjourned, from time to time, any sale (or any adjournment thereof), whether made under the power of sale herein granted or under or by virtue of judicial proceedings, by announcement at the time and place appointed for such sale or for such adjourned sale or sales; and, except as otherwise provided by law, such sale may be made, without further notice or publication, at the time and place to which the same shall be so adjourned.

(e) If no cash bid for the property to be sold is received in an amount sufficient to pay all amounts then owing to the Secured Party and the Bondholders, the Secured Party may, after first readvertising such sale in the manner provided in Section 10.4 hereof to the extent required by applicable law, sell such property or any part thereof for an amount less than sufficient to pay all amounts then owing to the Secured Party and the Bondholders or for a consideration consisting of part cash and part purchase money mortgage, or both; provided (i) that such sale and the terms and amounts of any purchase

money mortgage are approved in writing by the Holders of a majority in principal amount of the then outstanding Series 1990-B Bonds, and (ii) that in the opinion of the Secured Party the price obtained at such sale represents the fair market value of the property sold, as demonstrated by more than one qualified bid therefor or by appraisal by an independent appraiser acceptable to the Secured Party.

(f) Any Bondholder or Bondholders or the Secured Party, or any of them, may bid for and purchase the property, or any portion thereof, to be sold at such sale.

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

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

(i) The purchaser upon paying the purchase money to the Mortgagee and receiving its receipt therefor need not inquire into the authorization, necessity, expediency or regularity of the sale and need not see to or in any way be responsible for the application by the Secured Party of any part of the purchase money.

Anything contained herein to the contrary notwithstanding, the Secured Party shall have, without limitation, all of the rights and remedies provided by the Alabama Uniform Commercial Code to enforce its security interest in the Equipment granted hereby, including the right to proceed against all or any of the Equipment under the remedial provisions of the Alabama Uniform Commercial Code if an Event of Default shall have occurred and be continuing in accordance with its rights and remedies hereunder. If the Secured Party should elect to enforce its security interest in the Equipment separately, the Board agrees to make the Equipment available to the Secured Party at a place or places reasonably acceptable to the Secured Party.

Section 10.6 Application of Moneys Received from Enforcement of Rights Under the Indenture. Upon the occurrence and continuation of an Event of Default, any moneys derived by the Secured Party from the Equipment or from the enforcement of the Board's rights under the Lease or from the exercise of any other right or remedy granted to

the Secured Party under the Indenture, together with all other funds then held by it hereunder, shall be applied for the following purposes and in the following order:

First: payment of all proper costs, expenses and liabilities incurred and disbursements made by the Secured Party for which it is entitled hereunder to obtain reimbursement (including, without limitation, reasonable attorneys fees and costs of collection and/or foreclosure), as well as all liens and charges on the Equipment prior to the rights of the Secured Party which in the opinion of the Secured Party it is advisable to pay;

Second: payments of the principal of and interest on the Series 1990-B Bonds then due and unpaid, ratably, without preference or priority of any kind, according to the amounts of such principal and interest then due;

Third: payment to the Board of any claims it may have against the Company under the Lease; and

Fourth: payment of the remainder, if any, to the Company or to such other Persons as may be lawfully entitled thereto.

Whenever moneys are to be applied pursuant to the provisions of this section, such moneys shall be applied at such time or times, and from time to time, as the Secured Party shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Secured Party shall apply such funds, it shall fix the date (which shall be a Bond Payment Date unless it shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal and interest to be paid on such dates shall cease to accrue. The Secured Party shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date and shall not be required to make payment to the Holder of any unpaid Series 1990-B Bond until such Series 1990-B Bond shall be presented to the Secured Party for appropriate endorsement or for cancellation if fully paid; provided, however, that the payment of any Series 1990-B Bonds shall be subject to the provisions of any Home Office Payment Agreement in effect with respect to such Series 1990-B Bonds.

Section 10.7 Remedies Vested in the Secured Party. All remedies hereunder are vested exclusively in the Secured Party for the equal and pro rata benefit of all the Holders of the Series 1990-B Bonds, unless the Secured Party refuses or neglects to act within a reasonable time after written request so to act addressed to the Secured Party by the Holders of twenty-five percent (25%) in aggregate principal amount of the outstanding Series 1990-B Bonds, accompanied by indemnity satisfactory to the Secured Party, in which event any Bondholder may thereupon so act in the name and behalf of the Secured Party or may so act in his own name in lieu of action by or in the name and behalf of the Secured Party. Except as above provided, no Bondholder shall have the right to enforce any remedy hereunder, and then only for the equal and pro rata benefit of all the Bondholders.

Notwithstanding any other provision hereof, the right of the Holder of any Series 1990-B Bond, which is absolute and unconditional, to payment of the principal of and the interest and premium (if any) on such Series 1990-B Bond on or after the due date thereof, but solely from the sources of payment therein and herein expressed, or to institute suit for the enforcement of such payment on or after such due date, or the obligation of the Board, which is also absolute and unconditional, to pay, but solely from said sources of payment, the principal of and the interest and premium (if any) on the Series 1990-B Bonds to the respective Holders thereof at the time and place in said Series 1990-B Bonds expressed, shall not be impaired or affected without the consent of such Holder.

Section 10.8 Rights of the Company Upon Occurrence of an Event of Default. If an Event of Default should occur solely by reason of some action or failure to act on the part of the Board, and if at the time there shall have not occurred and be continuing a Lease Default, the Secured Party shall notify the Company in writing of the occurrence of such Event of Default and the Company shall have the right to cure such Event of Default hereunder within fifteen (15) days after such written notice, provided that the Company shall pay all expenses of curing such Event of Default. The Company is hereby authorized, to the extent permitted by law, to take such actions as may be necessary for and on behalf of the Board to cure such Event of Default, and the Secured Party shall accept performance of such actions by the Company as performance by the Board in such event. The exercise of the remedies set forth in Section 10.2 hereof are subject to the right of the Company to cure such Event of Default as provided in this section.

Section 10.9 Remedies Cumulative. No remedy herein conferred upon or reserved to the Secured Party or to the Bondholders 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 hereunder or now or hereafter existing at law or in equity or by statute.

Section 10.10 Delay or Omission Not a Waiver. No delay or omission of the Secured Party or of any Bondholder to exercise any right, power or remedy accruing upon any Event of Default shall impair any such right, power or remedy or be construed as a waiver of any such default or an acquiescence therein; and every right, power or remedy given by the Indenture to the Secured Party or to the Bondholders may be exercised from time to time and as often as deemed expedient.

Section 10.11 Cooperation with the Secured Party. In the event the Secured Party institutes any suit or proceeding against the Company or the Guarantor, the Board will cooperate to the extent and in the manner reasonably requested by the Secured Party, but the Board shall not be obligated to incur any expenses for its own account in fulfilling such duty of cooperation.

ARTICLE XI

THE SECURED PARTY

Section 11.1 Authorization and Action; Limited Obligation of the Secured Party to Pay Series 1990-B Bonds. Each Bondholder hereby appoints and authorizes the Secured Party to take such action as agent on its behalf and to exercise such powers under the Indenture as are delegated to the Secured Party by the terms hereof, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by the Indenture, the Secured Party shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Holders of a majority in principal amount of the Series 1990-B Bonds then outstanding, and such instructions shall be binding upon all Bondholders; provided, however, that the Secured Party shall not be required to take any action which exposes the Secured Party to personal liability or which is contrary to the Indenture or applicable law. Anything contained herein or in the Lease to the contrary notwithstanding, the Secured Party shall not be obligated (i) to pay the principal of or the interest or premium (if any) on the Series 1990-B Bonds from any source of payment other than moneys made available to it for such purpose under the Lease, the Indenture or the Series 1990-B Guaranties or (ii) to invest or pay interest on any Basic Rent or other moneys belonging to, or impressed with a lien for the benefit of, the Board, the Company or any of the Bondholders that may come into the possession of the Secured Party and be held by it for any period in accordance with the provisions of the Lease or the Indenture.

Section 11.2 Limited Responsibility of the Secured Party. Neither the Secured Party nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with the Indenture, except for its or their own negligence or willful misconduct. Without limiting the generality of the foregoing, the Secured Party (i) may consult with Counsel, independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such Counsel, accountants or experts, (ii) makes no warranty or representation to any Bondholder and shall not be responsible to any Bondholder for any statements, warranties or representations made in or in connection with the Indenture, (iii) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of the Indenture or of the Lease or to inspect the Equipment or the books and records of the Board, the Company or the Shareholders, (iv) shall not be responsible to any Bondholder for the due execution, legality, validity, enforceability, genuineness or sufficiency of the Indenture or the Lease or any other instrument or document furnished in connection with the issuance of the Series 1990-B Bonds, and (v) shall incur no liability under or in respect of the Indenture by acting upon any notice, consent, certificate or other instrument or writing believed by it to be genuine and signed or sent by the proper party or parties.

Section 11.3 Rights of the Secured Party as Bondholder. With respect to any Series 1990-B Bonds at any time acquired by it, the Secured Party shall have the same rights

and powers under the Indenture as any other Bondholder and may exercise the same as though it were not the Secured Party; and the term Bondholder shall, unless otherwise expressly indicated, include the Secured Party in its individual capacity as a Bondholder. The Secured Party and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with, the Board or the Company or any Affiliate of either thereof and any person or entity who may do business with or own securities of the Board or the Company or any Affiliate of either thereof, all as if the Secured Party were not the Secured Party hereunder and without any duty to account therefor to the Bondholders.

Section 11.4 Indemnification. Each Bondholder by accepting a Series 1990-B Bond agrees to indemnify the Secured Party (to the extent not reimbursed by the Board or the Company), ratably according to the respective principal amounts of the Series 1990-B Bonds then held by each of them, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Secured Party in any way relating to or arising out of the Indenture or any action taken or omitted by the Secured Party under the Indenture, provided that no Bondholder shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Secured Party's negligence or willful misconduct nor any loss suffered by the Secured Party by reason of the failure of the Board to pay the principal of or the interest or premium (if any) on any of the Series 1990-B Bonds of which the Secured Party is the Holder. Without limitation of the foregoing, each Bondholder agrees to reimburse the Secured Party in connection with the preparation, execution, administration or enforcement of, or legal advice in respect of rights or responsibilities under, the Indenture, to the extent that the Secured Party is not reimbursed for such expenses by the Board or the Company.

Section 11.5 Payment of the Secured Party's Charges; Lien Therefor. The Board will discharge, pay or satisfactorily provide to the Secured Party, or cause to be discharged, paid or provided, (i) the reasonable expenses and compensation of the Secured Party as registrar, transfer agent and paying agent with respect to the Series 1990-B Bonds, but no such expenses and compensation shall be allowed for any period during which the Secured Party shall be the Holder of all of the outstanding Series 1990-B Bonds, (ii) the reasonable expenses of the Secured Party in connection with the issuance of a new Series 1990-B Bond upon the partial redemption of any Series 1990-B Bond and (iii) the reasonable expenses and compensation of the Secured Party for necessary extraordinary services rendered by it under the Indenture. As security for the payment of such amounts, the Secured Party shall have a first lien on the Equipment and the rentals and other receipts therefrom pledged hereunder and all funds held or collected by the Secured Party as such, with right of payment therefrom prior to the rights of the Bondholders.

ARTICLE XII

AMENDMENT OF THE INDENTURE AND THE LEASE

Section 12.1 Amendment of the Indenture. The Board and the Secured Party may, at any time and from time to time, with the written consent of the Holders of a majority in aggregate principal amount of the Series 1990-B Bonds then outstanding, amend or supplement the Indenture to such extent as shall be deemed necessary or desirable by the Board and the Secured Party; provided that, without the written consent of the Holder of each Series 1990-B Bond affected, no reduction in the principal amount of, the rate of interest on, or the premium payable upon the redemption of, any Series 1990-B Bond shall be made; and provided further that, without the written consent of the Holders of all the Series 1990-B Bonds then outstanding, none of the following shall be permitted:

- (a) an extension of the maturity of any installment of principal of or interest on any Series 1990-B Bond;
- (b) a reduction in principal amount or a postponement in the redemption date of any Series 1990-B Bonds required to be redeemed prior to the stated maturities thereof pursuant to any mandatory redemption provisions applicable to such Series 1990-B Bonds;
- (c) the creation of a lien or charge on the Equipment or any other property conveyed or encumbered under the Indenture or the revenues pledged thereunder ranking prior to or on a parity with the lien and charge thereon contained in the Indenture;
- (d) the establishment of preferences or priorities as between the Series 1990-B Bonds; or
- (e) a reduction in the aggregate principal amount of the Series 1990-B Bonds the Holders of which are required to consent to any amendment or supplement to the Indenture.

The Board and the Secured Party recognize that, under the terms of Section 9.1 of the Lease, they may not, so long as no Lease Default shall have occurred and be continuing, amend or supplement the Indenture without the prior written consent of the Company. Subject to such consent (if required by the terms of said Section 9.1), the Secured Party is authorized to join with the Board in the execution of any amendment or supplement to the Indenture authorized under the provisions of this article and to make the further agreements and stipulations which may be contained therein, but the Secured Party shall not be obligated to enter into any such amendment or supplement which affects its rights, duties or immunities under the Indenture. Upon the execution of any amendment or supplement to the Indenture under and pursuant to the provisions of this Article XII, the Indenture shall be deemed to be amended and supplemented in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Board, the Company, the Secured

Party and the Bondholders shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such amendments and supplements.

Section 12.2 Amendment of the Lease. The Board and the Company may, at any time and from time to time, with the written consent of the Secured Party and the written consent of the Holders of a majority in aggregate principal amount of the Series 1990-B Bonds then outstanding, amend or supplement the Lease to such extent as shall be deemed necessary or desirable by the Board and the Company; provided that, without the written consent of the Holders of all the Series 1990-B Bonds then outstanding, no amendment or supplement to the Lease shall permit (i) any abatement of, or reduction in the amount of, Basic Rent prior to payment in full of the principal of and the interest and premium (if any) on the Series 1990-B Bonds [other than a reduction resulting from and directly proportional to a reduction in the amounts required for payment of the principal of and the interest and premium (if any) on the Series 1990-B Bonds], (ii) any change in the due dates of the Basic Rent prior to such full payment of the Series 1990-B Bonds, or (iii) any other change that, in the judgment of the Secured Party, might adversely affect the interests of the Bondholders.

Section 12.3 Notices with Respect to Amendment of the Indenture or the Lease. If at any time the Board shall request the Secured Party to enter into any amendment or supplement to the Indenture, or to consent to any amendment or supplement to the Lease, the Secured Party shall cause notice of the proposed amendment or supplement to the Indenture or the proposed amendment or supplement to the Lease, as the case may be, to be forwarded by United States registered or certified mail, postage prepaid, to every Bondholder then shown on the registry books of the Secured Party. Such notice shall briefly set forth the nature of the proposed amendment or supplement to the Indenture or the proposed amendment or supplement to the Lease, as the case may be.

If, within sixty (60) days (or such longer period as shall be prescribed by the Secured Party) following the date on which notice shall be mailed to the Bondholders as provided in the first paragraph of this section, the Holders of a majority in principal amount of the Series 1990-B Bonds outstanding at the time of the execution of any proposed amendment or supplement to the Indenture or at the time of the execution of any proposed amendment or supplement to the Lease, as the case may be, shall have given written consent to the execution thereof as herein provided, and if such proposed amendment or supplement to the Indenture or the Lease, as the case may be, does not require the written consent of the Holders of all the Series 1990-B Bonds then outstanding, no Holder of any Series 1990-B Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Secured Party or the Board from executing the same or from taking any action pursuant to the provisions thereof.

It shall not be necessary for any written consent of any Bondholder under this Article XII to approve the particular form of any proposed amendment or supplement to the Indenture or the Lease, but it shall be sufficient if such consent shall approve the substance thereof.

Section 12.4 **Discretion of the Secured Party.** In the case of any proposed amendment or supplement to the Indenture or the Lease authorized by this Article XII, the Secured Party shall be entitled to exercise its discretion in determining whether or not such amendment or supplement, or any term or provision thereof, complies with the applicable provisions of the Indenture, and the Secured Party shall not be under any responsibility or liability to the Board or to any Bondholder or to anyone whomsoever for any act or thing which it may in good faith do or decline to do under the provisions of this article.

ARTICLE XIII

MISCELLANEOUS

Section 13.1 **Satisfaction of the Indenture.** Whenever all of the principal of and interest and premium (if any) on the Series 1990-B Bonds shall have been fully paid and the Board shall have performed and observed all the covenants and promises expressed in the Series 1990-B Bonds and in the Indenture to be performed and observed by it or on its part, the Secured Party shall, at the expense of the Board, cancel, satisfy and discharge the lien of the Indenture and shall execute and deliver to the Board such instruments and bills of sale as shall be requisite to satisfy of record the lien hereof and to reconvey and transfer the Equipment to the Board.

Section 13.2 **Payment to the Company of Surplus Moneys.** At such time as all of the Series 1990-B Bonds and all other indebtedness secured by the Indenture shall have been fully paid in accordance with the provisions of Section 13.1 hereof, the Secured Party shall, if the Lease has not theretofore been terminated as a result of a Lease Default, pay or cause to be paid to the Company any surplus moneys held by the Secured Party (whether held in the Acquisition Fund or otherwise) in accordance with the provisions of the Indenture, but not including any amounts held by the Secured Party for the payment of the principal of and the interest and premium (if any) on the Series 1990-B Bonds.

Section 13.3 **Disclaimer of General Liability.** It is hereby expressly recognized and made a condition of the Indenture that

(a) the liability of the Board for the payment of the principal of and the interest and premium (if any) on the Series 1990-B Bonds and the performance and observance of all agreements, covenants and representations of the Board contained in the Indenture or the Series 1990-B Bonds shall be limited to the proper application of the revenues and receipts derived from the leasing or sale of the Equipment,

(b) any agreements, covenants or representations herein contained or contained in the Series 1990-B Bonds do not and shall never constitute or give rise to any pecuniary liability or charge against the general credit of the Board, and

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

Neither the State of Alabama nor the Municipality or any other political subdivision of said state shall in any manner be liable for the payment of the principal of or the interest or premium (if any) on the Series 1990-B Bonds or for the performance or observance of any of the agreements, covenants or representations of the Board contained in the Indenture or in the Series 1990-B Bonds. Further, none of the directors, officers, employees or agents (other than the Company as agent of the Board in connection with the acquisition and installation of the Equipment) of the Board shall have any personal liability whatever hereunder or any liability for the breach by the Board of any of the agreements on its part herein contained. Nothing contained in this section, however, shall relieve the Board from the observance and performance of the several covenants and agreements on its part herein contained or relieve the directors, officers or employees of the Board from performing all duties of their respective offices that may be necessary to enable the Board to perform the covenants and agreements on its part herein contained.

It is acknowledged (i) that the Directors serve without compensation, (ii) that the Board has and will probably continue to have little specific knowledge about the operation of the Equipment and the affairs of the Company, (iii) that the Board will not undertake, unless requested as hereinafter provided, to determine whether the Company, the Secured Party, or any other party is complying with the terms of the Lease, the Indenture or any other document or instrument relating to the Equipment, and (iv) that certain of the statements and agreements made by the Board in the Indenture, the Lease and other documents or instruments delivered by the Board in connection with the issuance of the Series 1990-B Bonds have been made in reliance upon information provided and statements and representations made to the Board by the Company and other parties.

The Board shall not be required to take any action or to exercise any of its powers under the Indenture or the Lease unless it shall have received a written notice or request to do so from the Secured Party or other appropriate party stating the desirability or necessity for such action or such exercise of its powers (although it may take any such action or exercise any of such powers without any such request). The Board shall take such action or exercise such powers within a reasonable period of time after such written notice or request, provided that there shall first be furnished indemnity to the Board, satisfactory to it, covering its prospective liabilities and expenses (including all anticipated out-of-pocket expenses of the Board and the fees and disbursements of its Counsel), as well as reasonable compensation for necessary services of the directors, officers, employees and agents of the Board. Nothing contained in this section shall affect or restrict any right, power or duty of the Secured Party to take any action or exercise any right, power or discretion under the Indenture or the Lease in accordance with the respective terms thereof.

Section 13.4 Payments Due on Saturdays, Sundays and Holidays. In any case where the payment date of any principal of or interest or premium (if any) on the Series 1990-B Bonds, or the redemption date of any of the Series 1990-B Bonds, shall be, at the locale of payment, a Saturday, Sunday or legal holiday or a day on which banking institutions

are authorized or obligated by law to close, then payment of such principal, interest and premium need not be made on such date, but may be made on the next succeeding business day not a Saturday, Sunday or a legal holiday or a day upon which banking institutions are authorized or obligated by law to close, with the same force and effect as if made on such payment date or redemption date, and no interest shall accrue for the period after such payment date or redemption date, as the case may be.

Section 13.5 Limitation of Rights. Nothing herein or in the Series 1990-B Bonds shall confer any right on anyone other than the Board, the Secured Party, the Company, the Shareholders and the Bondholders; provided, however, that anything herein or in the Lease to the contrary notwithstanding, neither the Company nor the Shareholders shall have any rights hereunder at any time during which a Lease Default shall have occurred and be continuing.

Section 13.6 Indenture Governed by Alabama Law. The Indenture shall in all respects be governed by and construed in accordance with the laws of the State of Alabama.

Section 13.7 Notices. All notices, demands, requests and other communications hereunder shall be deemed sufficient and properly given if in writing and delivered, or sent by registered mail, postage prepaid, to the following addresses:

(a) If to the Board:

The Industrial Development Board of
the City of Pelham
City Hall
Pelham, Alabama 35124
Attention: Chairman of the Board of Directors

(b) If to the Company:

Rainbow Technology Corporation
Post Office Box 26455
Birmingham, Alabama 35226
Attention: President

(c) If to the Shareholders:

c/o Rainbow Technology Corporation
Post Office Box 26455
Birmingham, Alabama 35226
Attention: President

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(d) If to the Secured Party:

First Commercial Bank
Post Office Box 11746
Birmingham, Alabama 35202-11746
Attention: President

Notices or other communications to Bondholders shall be mailed or otherwise delivered to their respective addresses as shown on the registry books of the Secured Party pertaining to the Series 1990-B Bonds.

Any of the above-mentioned parties may, by like notice, designate any further or different addresses to which subsequent notices shall be sent. The Secured Party and the Board will send a copy of each notice that either thereof gives to the other pursuant to the provisions hereof to the Company and the Shareholders so long as no Lease Default shall have occurred and be continuing; provided, however, that the failure of either the Board or the Secured Party to send a copy of any such notice to the Company or the Shareholders shall not invalidate such notice or render it ineffective unless notice to such party is otherwise expressly required herein. Any notice hereunder signed on behalf of the notifying party by a duly authorized attorney at law shall be valid and effective to the same extent as if signed on behalf of such party by a duly authorized officer or employee.

Section 13.8 Severability. In the event that any provision hereof shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.9 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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IN WITNESS WHEREOF, the Board and the Secured Party have caused this Indenture and Security Agreement to be executed in their respective corporate names, have caused their corporate seals to be hereunto affixed and have caused this Indenture and

Security Agreement to be attested by their duly authorized officers, all in seven (7) counterparts, each of which shall be deemed an original, and the Board and the Secured Party have caused this Indenture and Security Agreement to be dated as of September 1, 1990, although delivered by both said parties hereto on September 28th, 1990.

THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF PELHAM

By *David Reed*
Chairman of its Board of Directors

ATTEST:

Laura Weiss
Its Secretary

[SEAL]

FIRST COMMERCIAL BANK

By *RO BWall*
Its *Asst. Vice Pres*

ATTEST:

Nelson S. Bean
Its *Vice Pres*

[SEAL]

STATE OF ALABAMA)
 :
SHELBY COUNTY)

I, the undersigned, a Notary Public in and for said county in said state, hereby certify that DANIEL M. SPITLER, JR., whose name as Chairman of the Board of Directors of THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF PELHAM, a public corporation under the laws of the State of Alabama, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the within instrument, he, as such officer and with full authority executed the same voluntarily on the day the same bears date for and as the act of said public corporation.

GIVEN under my hand and official seal of office, this 27th day of September, 1990.

[NOTARIAL SEAL]


Notary Public

My Commission Expires: 1-21-92

STATE OF ALABAMA)
 :
Jefferson COUNTY)

I, the undersigned, a Notary Public in and for said county in said state, hereby certify that Paul B. Wallace, whose name as Assistant Vice President of FIRST COMMERCIAL BANK, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the within instrument, he, as such officer and with full authority executed the same voluntarily on the day the same bears date for and as the act of said bank.

GIVEN under my hand and official seal of office, this 28th day of September, 1990.

[NOTARIAL SEAL]


Notary Public

My Commission Expires: 4-7-92

EXHIBIT A
to
INDENTURE AND SECURITY AGREEMENT
between
THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF PELHAM
and
FIRST COMMERCIAL BANK
dated as of September 1, 1990

The Equipment referred to in the Indenture and Security Agreement of which this Exhibit A forms a part consists initially of the following items:

Those items (whether or not fixtures) of machinery, equipment, furniture, furnishings or other personal property which now are or shall hereafter be located in or about the land described as follows:

Part of Block 2 of Cahaba Valley Park North as recorded in Map Book 13, Page 140, in the Probate Office of Shelby County, Alabama, more particularly described as follows:

Commence at centerline PT Station 43+18.73 of Cahaba Valley Parkway; thence run east along the centerline of Cahaba Valley Parkway for 73.40 feet; thence run 90°-00' left and run north for 30.00 feet to the point of beginning; thence continue north along the same course for 300.0 feet to a point on the north boundary of Block 2 of Cahaba Valley Park North; thence 90°-00' right and run east along said boundary line for 171.87 feet to a point on the south line of a 50 feet wide Alabama Power Company right of way; thence 10°-48'-30" left and run northeasterly along said right of way line for 123.29 feet to an angle point; thence run 0°-49'-32" left and run northeasterly along said right of way for 109.28 feet; thence run 101°-38'-02" right and run south for 345.16 feet to a point on the north right of way line of Cahaba Valley Parkway; thence 90°-00' right and run west along said right of way line for 400.0 feet to the point of beginning. Said parcel contains 125,056.284 square feet, more or less.

1. Deed Tax	-----	\$	-----
2. Int. Tax	-----	\$	-----
3. Int. Tax Fee	-----	\$	745.00
4. Int. Tax Fee	-----	\$	3.00
5. Int. Tax Fee	-----	\$	-----
6. Certified Fee	-----	\$	1.00
Total	-----	\$	749.00

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

90 OCT -3 AM 8:26

William C. Hutchinson, Jr.
JUDGE OF PROBATE