

FIRST SUPPLEMENTAL LEASE AGREEMENT

between

**THE AMERICAN VILLAGE PUBLIC
EDUCATIONAL BUILDING AUTHORITY
OF THE CITY OF MONTEVALLO**

and

THE CITIZENSHIP TRUST

Dated as of March 1, 1999

Inst # 1999-13845

04/01/1999-13845

01:45 PM CERTIFIED

SHELBY COUNTY JUDGE OF PROBATE

61.00

022 HWS

Relating to

\$765,000

**THE AMERICAN VILLAGE PUBLIC
EDUCATIONAL BUILDING AUTHORITY
OF THE CITY OF MONTEVALLO**

**Subordinated Revenue Bonds
(The American Village Citizenship Trust Project)
Series 1999**

THIS INSTRUMENT PREPARED BY:

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**1200 AmSouth/Harbert Plaza
Birmingham, Alabama 35203**

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FIRST SUPPLEMENTAL LEASE AGREEMENT between **THE AMERICAN VILLAGE PUBLIC EDUCATIONAL BUILDING AUTHORITY OF THE CITY OF MONTEVALLO**, a public corporation and instrumentality organized under the laws of the State of Alabama (herein called the "Authority"), and **THE CITIZENSHIP TRUST**, a nonprofit corporation organized and existing under the laws of the State of Alabama (herein called the "Trust"),

R E C I T A L S

The Authority and the Trust have heretofore entered into a Lease Agreement dated as of June 1, 1998 (said Lease Agreement, as heretofore supplemented and amended, being herein called the "Lease"), in and by which the Authority leased to the Trust the "Project" therein described. The costs of acquiring, constructing and installing the Project were permanently financed by the issuance by the Authority of \$3,860,000 in principal amount of its Revenue Bonds (The American Village Citizenship Trust Project), Series 1998 (herein called the "Series 1998 Bonds"), which were issued under and are secured by a Mortgage and Trust Indenture dated as of June 1, 1998, as heretofore supplemented and amended (herein called the "Indenture"), between the Authority and Regions Bank (said bank in its capacity as trustee under the Indenture, as well as any successor trustee thereunder, being herein called the "Trustee").

The Trust has advised the Authority that the proceeds of the Series 1998 Bonds will be insufficient to pay all Project Development Costs, and the Authority proposes to issue for such purpose, upon compliance with all conditions precedent specified in the Indenture, \$765,000 in principal amount of its Subordinated Revenue Bonds (The American Village Citizenship Trust Project), Series 1999, to be dated March 1, 1999 (herein called the "Series 1999 Bonds"). The proceeds of the Series 1999 Bonds will be applied by the Authority to the payment of Project Development Costs. The Series 1999 Bonds will be secured by a pledge and assignment of the Authority's interest in the Lease and this First Supplemental Lease Agreement and by a pledge and assignment of the revenues and receipts to be derived by the Authority from the leasing or sale of the Project hereinafter referred to and will be issued under and additionally secured by the Indenture and by a First Supplemental Indenture dated as of March 1, 1998, between the Authority and the Trustee (herein called the "First Supplemental Indenture"); provided, however, that the pledge and assignment of such revenues and receipts in favor of the Series 1999 Bonds will be subject and subordinate to the prior pledge thereof in favor of the Series 1998 Bonds. As security for the payment and performance by the Trust of its rental obligations under the Lease, the Trust has heretofore pledged to the Authority the proceeds of certain lodging taxes levied in Shelby County, Alabama, that are appropriated to the Trust by statute and by contract. As security for the payment and performance by the Trust of its additional rental obligations under this First Supplemental Lease Agreement, the Trust has additionally pledged to the Authority the proceeds of said lodging taxes; provided, however, that such pledge is subject and subordinate to the prior pledge in favor of the Series 1998 Bonds and any Additional Bonds issued under the Indenture.

NOW, THEREFORE, in consideration of the respective agreements on the part of the Authority and the Trust hereinafter contained, the Authority and the Trust do hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 New Definitions. Unless the context clearly indicates a different meaning, the following words and phrases, as used in this First Supplemental Lease, shall have the following respective meanings:

"First Supplemental Indenture" means the First Supplemental Indenture between the Authority and the Trustee dated as of March 1, 1999, under which (i) the Series 1999 Bonds are authorized to be issued and (ii) the Authority's interest in this First Supplemental Lease Agreement and the revenues and receipts to be derived by the Authority from any leasing or sale of the Project are to be assigned, as security for the payment of the principal of and the interest and premium (if any) on the Bonds, as said First Supplemental Indenture now exists and as it may hereafter be supplemented and amended.

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

"Series 1999 Bond Payment Date" means the first day of each March 1 and September 1, commencing September 1, 1999, on which any principal or interest with respect to the Series 1999 Bonds shall mature and be due and payable.

"Series 1999 Bonds" means those certain Subordinated Revenue Bonds (The American Village Citizenship Trust Project), Series 1999, authorized to be issued under the Indenture, as amended and supplemented by the First Supplemental Indenture, in the principal amount of \$765,000.

"Series 1999 Investment Proceeds" means the net income derived from the investment and reinvestment of proceeds of the Series 1999 Bonds (including income derived from the investment and reinvestment of previously derived income), it being understood that such net income shall consist of the aggregate interest received from investments plus any profit actually realized from the purchase of investments at a discount, less any accrued interest and any premium paid as a part of the purchase price of any investments. As used herein the term "Series 1999 Investment Proceeds" includes the net income derived from the investment of moneys transferred from the Construction Fund to the Bond Fund, as well as the net income derived from the investment of moneys held in the Construction Fund.

"Series 1999 Issuance Expenses" means the expenses of issuing the Series 1999 Bonds within the meaning of Section 147(g) of the Code.

"Series 1999 Original Purchaser" means Blount Parrish & Company, the original purchaser of the Series 1999 Bonds from the Authority.

"Series 1999 Principal Proceeds" means the aggregate amount (excluding accrued interest, if any) received by the Authority from the sale of the Series 1999 Bonds, less the Series 1999 Issuance Expenses.

Section 1.2 Definitions Contained in the Lease, the Indenture and the First Supplemental Indenture. The First Supplemental Indenture is being executed and delivered simultaneously with the delivery hereof, and the terms and conditions thereof are hereby made a part of this First Supplemental Lease Agreement as fully and completely as if set out in full herein. Unless the context clearly indicates a different meaning, any words, terms or phrases that are used in this First Supplemental Lease Agreement as defined terms without being herein defined shall have the meanings respectively given them in the Indenture, the Lease, and the First Supplemental Indenture if they are therein defined.

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

ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

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

(b) Litigation. There are no actions, suits or proceedings pending (nor to the knowledge of the Authority, are any actions, suits or proceedings threatened) against or affecting the Authority or any property of the Authority in any court, or before an arbitrator of any kind, or before or by any governmental body, which might materially and adversely affect the transactions contemplated by this First Supplemental Lease Agreement or which might adversely affect the validity or enforceability of this First Supplemental Lease Agreement or any other agreement or instrument to which the Authority is or is to be a party relating to the transactions contemplated by this First Supplemental Lease Agreement.

(c) Sale and Other Transactions are Legal and Authorized. The sale and issuance of the Series 1999 Bonds, the execution and delivery of this First Supplemental Lease Agreement and the First Supplemental Indenture, and the compliance with all the provisions of each thereof and of the Series 1999 Bonds by the Authority (i) are within the power and authority of the Authority, (ii) will not conflict with or result in a breach of any of the provisions of, or constitute a default under, or result in or require the creation of any lien or encumbrance (other than Permitted Encumbrances) upon any property of the Authority under, the Act, the Certificate of Incorporation or the Bylaws of the Authority, any agreement or other instrument to which the Authority is a party or by which it may be bound, or any license, judgment, decree, order, law, statute, ordinance or governmental regulation applicable to the Authority, and (iii) have been duly authorized by all necessary corporate action on the part of the Authority.

(d) Governmental Consents. Neither the nature of the Authority, nor any of its activities or properties, nor any relationship between the Authority and any other Person, nor any circumstance in connection with the offering, sale, issuance or delivery of any of the Series 1999 Bonds is such as to require a consent, approval or authorization of, or filing, registration or qualification with, any governmental body on the part of the Authority in connection with the execution, delivery and performance of either this First Supplemental Lease Agreement or the First Supplemental Indenture or the offering, sale, issuance or delivery of any of the Series 1999 Bonds, other than (i) the due filing and/or recording of this First Supplemental Lease Agreement and the First Supplemental Indenture and (ii) the due filing of requisite Uniform Commercial Code financing statements.

(e) No Default. No event has occurred and no condition exists which would constitute an "Event of Default" under the Indenture, as "Event of Default" is therein defined, or which would become such an "Event of Default" with the passage of time or with the giving of notice or both. The Authority is not in default under the Act, its Certificate of Incorporation, its Bylaws, or any agreement or instrument to which it is a party or by which it is bound, or any judgment, order, rule or regulation of any court or other governmental body applicable to it, to the extent in any such case that the default in question would adversely affect the existence of the Authority, its corporate power to carry out the transactions contemplated by this First Supplemental Lease Agreement or the validity of any of the Series 1999 Bonds or the security therefor.

(f) The Series 1999 Bonds. The Series 1999 Bonds, when issued and paid for in accordance with this First Supplemental Lease Agreement and the First Supplemental Indenture, and when duly authenticated by the Trustee, will constitute legal, valid and binding special obligations of the Authority payable solely from the sources provided in the Indenture.

(g) Nature and Location of Project. The Project will constitute "ancillary improvements" within the meaning of the Act, as now existing. As of the delivery of this First Supplemental Lease Agreement, the entire Project Site is located wholly within the now existing geographic boundaries of the Municipality.

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

(a) Organization and Qualification of the Trust. The Trust is a corporation duly organized, validly existing and in good standing under the laws of the State of Alabama. The Trust has the corporate power and authority to own its properties and assets and to carry on its business as now being conducted, and it is duly qualified to do business and is in good standing in every jurisdiction wherein such qualification is necessary. The Trust has all requisite corporate power to enter into this First Supplemental Lease Agreement and to consummate the transactions contemplated hereby.

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

(c) Exemption from Federal Income Taxation. The Trust is an organization described in Section 501(c)(3) of the Code and is exempt from federal income taxation under Sections 501(a) and 501(c)(3) of the Code. In that connection, the Trust has applied to the Internal Revenue Service for recognition of its status as an organization described in Section 501(c)(3) of the Code and has received from the Internal Revenue Service a ruling dated August 1996 (herein called the "Determination"), stating that, from such date, it will be exempt from federal income tax under the said Section 501(c)(3). The Determination has not been modified, limited or revoked, and the Trust is in compliance with all the terms, conditions and limitations (if any) contained therein. All information and statements contained in the application submitted by the Trust to the Internal Revenue Service as the basis for the Determination were true and not misleading as of the date of said application, and the said information and statements have since continued to be, and are as of the delivery of this First Supplemental Lease Agreement, true in all material respects.

(d) Certain Federal Tax Matters.

(i) The Trust has not diverted a substantial part of its corpus or income for a purpose or purposes other than the purpose or purposes (a) for which it is organized or operated or (b) disclosed to the Internal Revenue Service in connection with the Determination;

(ii) The Trust has not operated during its five most recent Fiscal Years or the current Fiscal Year, as of the date hereof, in a manner that would result in it being classified as an "action" organization within the meaning of Section 1.501(c)(3)-(l)(c)(3) of the Regulations including, but not limited to, promoting or attempting to influence legislation by propaganda or otherwise as a substantial part of its activities;

(iii) With the exception of the payment of compensation (and the payment or reimbursement of expenses) which is not excessive and is for personal services which are reasonable and necessary to carrying out the purposes of the Trust, no individual who would be a "foundation manager" within the meaning of Section 4946(b) of the Code with respect to the Trust nor any Person controlled by any such individual or individuals or any of its Affiliates, nor any Person having a personal or private interest in the activities of the Trust has acquired or received, directly or indirectly, any income or assets, regardless of form, of the Trust during the current Fiscal Year and the five Fiscal Years preceding the current Fiscal Year, other than as reported to the Internal Revenue Service by the Trust:

(iv) The Trust is not a "private foundation" within the meaning of Section 509(a) of the Code;

(v) The Trust has not received any indication or notice whatsoever to the effect that its exemption under Section 501(c)(3) of the Code has been revoked or modified, or that the Internal Revenue Service is considering revoking or modifying such exemption, and such exemption is still in full force and effect;

(vi) The Trust has timely filed with the Internal Revenue Service all requests for determination, reports and returns required to be filed by it and such requests for determination, reports and returns have not omitted or misstated any material fact and has timely notified the Internal Revenue Service of any changes in its organization and operation since the date of the application for the Determination;

(vii) The Trust has not devoted more than an insubstantial part of its activities in furtherance of a purpose other than an exempt purpose within the meaning of Section 501(c)(3) of the Code;

(viii) The Trust has not taken any action, and does not know of any action that any other Person has taken, nor does it know of the existence of any condition which would cause the Trust to lose its exemption from taxation under Section 501(a) of the Code or cause interest on the Series 1998 Bonds or the Series 1999 Bonds to be includable in the income of the recipients thereof for federal income tax purposes;

(ix) Taking into account the "issue price" (as defined in Section 1273 of the Code) of the various maturities and scheduled mandatory redemptions of the Series 1998 Bonds, the average term of the Series 1998 Bonds, as hereinafter defined, does not exceed 120% of the average reasonably expected economic life of the Project financed with the proceeds of the Series 1998 Bonds and the Series 1999 Bonds, weighted in proportion to the respective cost of each item comprising the property the cost of which has been or will be financed, directly or indirectly, with the proceeds of the Series 1998 Bonds and the Series 1999 Bonds. For purposes of the preceding sentence, the reasonably expected economic life of property shall be determined as of the later of (A) the date of the issuance of the Series 1998 Bonds or (B) the date on which such property is placed in service (or expected to be placed in service). In addition, land shall not be taken into account in determining the reasonably expected economic life of the property being financed; and

(x) All of the documents, instruments and written information supplied by or on behalf of the Trust, which have been reasonably relied upon by Haskell Slaughter & Young, L.L.C., in rendering its opinion with respect to the exclusion from gross income of the interest on the Series 1999 Bonds for federal income tax purposes, are true and correct in all material respects, do not contain any untrue statement of a material fact and do not omit to state any material fact necessary to be stated therein to make the information provided therein, in light of the circumstances under which such information was provided, not misleading.

(e) Burdensome and Conflicting Agreements and Charter Provisions. The Trust is not a party to any instrument or agreement or subject to any charter or corporate restriction or to any judgment, order, rule or regulation of any court or governmental body which materially and adversely affects, or in the future may (so far as the Trust can now foresee) materially and adversely affect the business, prospects, operations, properties, assets or condition (financial or otherwise) of the Trust. Neither the execution and delivery of this First Supplemental Lease Agreement, nor the offering, sale and issuance of any of the Series 1999 Bonds, nor the consummation of the transactions herein contemplated, nor the fulfillment of or compliance with the terms and provisions hereof conflicts with, or results in a breach of, or constitutes a default under, or results in or requires the creation of any lien in respect of any properties or assets of the Trust pursuant to, or requires any authorization, consent, approval, exemption or other action by, or any notice to, any Person (other than those already obtained, taken or made and which continue in full force and effect) pursuant to the terms, conditions or provisions of any

applicable law, rule, regulation, corporate charter, bylaw, agreement, instrument, judgment or order by which the Trust is bound or to which the Trust or any of its properties is subject.

(f) Governmental Consents. Neither the nature of the Trust, its business or property of the Trust, nor any relationship between the Trust and any other Person nor any circumstance in connection with the offering, sale, issuance or delivery of any of the Series 1999 Bonds is such as to require on the part of the Trust any consent, approval, permit, exemption, action, order or authorization of, or filing, registration or qualification with, or with respect to, any court, regulatory agency or other governmental body in connection with the execution and delivery of this First Supplemental Lease Agreement or the offering, sale, issuance or delivery of any of the Series 1999 Bonds (other than those already obtained, taken or made and which continue in full force and effect).

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

(h) No Defaults. No event has occurred and no condition exists which, upon the issuance of any of the Series 1999 Bonds, would constitute an Event of Default or which would become such an Event of Default with the passage of time or with the giving of notice or both. To the best of the knowledge of the Trust, no event has occurred and no condition exists which would constitute an "Event of Default" under the Indenture (as supplemented by the First Supplemental Indenture), as "Event of Default" is therein defined, or which would become such an "Event of Default" with the passage of time or with the giving of notice or both. The Trust is not in default in any respect under any charter instrument or bylaw or, to the best of the knowledge of the Trust, any agreement or other instrument to which it is a party or by which it is bound, on any judgment, order, rule or regulation of any court or other governmental body applicable to it, to the extent in any such case that the default in question would materially and adversely affect the transactions contemplated by this First Supplemental Lease Agreement or would impair the ability of the Trust to comply with its obligations hereunder. The Trust is not in default under the payment of the principal of or the interest on any of its indebtedness and is not in default under any instrument or agreement under and subject to which any indebtedness of the Trust has been incurred, and no event has occurred or is continuing under the provisions of any such instrument or agreement which constitute or will constitute an event of default thereunder.

(i) ERISA. The purchase of the Series 1999 Bonds by the Series 1999 Original Purchaser and the issuance and delivery of the Series 1999 Bonds as contemplated hereby will not involve any prohibited transaction within the meaning of Section 4975 of the Code or Section

406 of ERISA or a violation of Section 407 of ERISA. The Trust has not incurred any material accumulated funding deficiency within the meaning of ERISA, nor has the Trust incurred any material liability to the Pension Benefit Guaranty Corporation established under ERISA (or any successor thereto under ERISA), nor does the Trust foresee that it will incur any such material accumulated funding deficiency or material liability in the future, in connection with any employee benefit plan established or maintained by the Trust. Based upon ERISA and the regulations and published interpretations thereunder as presently in effect, the Trust is presently in compliance in all material respects with the applicable provisions of ERISA, and no "reportable event" [as such term is defined in Section 4043(b) of Title IV of ERISA] has occurred with respect to any employee benefit plan which is maintained for employees of the Trust and which is subject to the provisions of Title IV of ERISA.

(j) Licenses, Permits, Etc. All licenses, permits or other approvals required in connection with the Project Development Work have been duly obtained and are in full force and effect except for any such licenses, permits or other approvals (i) which are not yet required and which will be duly obtained not later than the time required or (ii) the failure to obtain which will not materially and adversely affect the Project Development Work.

(k) Project's Compliance with Statutes and Regulations. To the best of the knowledge and judgment of the Trust, the operation of the Project for the purpose for which it was and acquired will not conflict with any zoning, planning or similar regulations applicable thereto and will comply in all material respects with all applicable statutes, regulations, orders and restrictions.

(l) Nature and Location of Project. The Project will constitute "ancillary improvements" within the meaning of the Act, as now existing. As of the delivery of this First Supplemental Lease Agreement, the entire Project Site is located wholly within the now existing geographic boundaries of the Municipality.

(m) No Previously Issued Public Securities. Except for the Series 1998 Bonds and the Series 1999 Bonds, no Public Securities have been issued since April 30, 1968, and are now outstanding, the proceeds of which have been or are to be used primarily with respect to Local Facilities.

(n) Relationship of Qualifying Project Development Costs to Principal Amount of Series 1999 Bonds. Based upon reasonable estimates as of the date of the delivery of this Lease Agreement, those costs of acquiring, constructing and installing the Project that constitute Qualifying Project Development Costs are expected to amount, in the aggregate, to not less than ninety-five percent (95%) of the Series 1999 Principal Proceeds and the Series 1999 Investment Proceeds.

(o) Series 1999 Bonds Not Federally Guaranteed. The payment of the principal or interest with respect to the Series 1999 Bonds will not be guaranteed, in whole or in part, by the United States of America or any agency or instrumentality thereof; nor will the Series 1999

Bonds be issued as part of an issue a significant portion of the proceeds of which are to be (i) used in making loans the payment of the principal or interest with respect to which is to be guaranteed, in whole or in part, by the United States of America or any agency or instrumentality thereof, or (ii) invested, directly or indirectly, in federally insured deposits or accounts [except as provided by Section 149(b)(3) of the Code]; nor will the payment of the principal or interest with respect to the Series 1999 Bonds be otherwise indirectly guaranteed, in whole or in part, by the United States of America or any agency or instrumentality thereof.

Section 2.3 Reference to the Bonds, the Lease and the Indenture in the Lease. The Trust and the Authority acknowledge and agree that, from and after the issuance by the Authority of the Series 1999 Bonds, any reference in the Lease to the "Bonds" shall, unless the context clearly and unequivocally indicates otherwise, be construed to refer to the Series 1998 Bonds and the Series 1999 Bonds; provided, however, that all references to the "Bonds" contained in Section 5.2 of the Lease shall be deemed to refer only to the Series 1998 Bonds.

The Trust and the Authority further acknowledge and agree that, from and after the delivery of this First Supplemental Lease Agreement and the issuance by the Authority of the Series 1999 Bonds,

(a) any reference in the Lease to "the Indenture" shall, unless the context clearly and unequivocally indicates otherwise, be construed to refer to the Indenture as supplemented by the First Supplemental Indenture, and

(b) any reference in the Lease to "the Lease" or "this Lease Agreement" or the use of any word or phrase intended to refer to the Lease, as for example, but without limitation thereof, the words "hereof", "herein" or "hereunder", shall, unless the context clearly and unequivocally indicates otherwise, be construed to refer to the Lease as supplemented by this First Supplemental Lease Agreement.

The other provisions of the Lease, to the extent they are not inconsistent with the provisions hereof, shall also apply to this First Supplemental Lease Agreement.

ARTICLE III

DEMISING CLAUSES

Section 3.1 Demising Clauses. For and during the Lease Term, in addition to the properties and related rights demised and leased by the Authority to the Trust pursuant to the provisions of Section 3.1 of the Lease, the Authority hereby demises and leases to the Trust, subject to Permitted Encumbrances, and the Trust hereby rents from the Authority, subject to

Permitted Encumbrances, all items (whether or not fixtures) of machinery, equipment and other personal property that at any time, under the provisions of the First Supplemental Lease, constitute part of the Project Equipment.

ARTICLE IV

AGREEMENTS RESPECTING THE SERIES 1999 BONDS

Section 4.1 Agreement to Issue the Series 1999 Bonds. In order to provide funds for the payment of the expenses to be incurred by the Authority in connection with the issuance and sale of the Series 1999 Bonds and a portion of the costs of carrying out the Project Development Work, the Authority will, simultaneously with the delivery hereof, issue and sell the Series 1999 Bonds. The Series 1999 Bonds will be issued under the Indenture and the First Supplemental Indenture, and all the terms and conditions of the Indenture and the First Supplemental Indenture (including, without limitation, those relating to the amounts and maturity dates of the principal of the Series 1999 Bonds, the interest rate or rates thereof and the provisions for redemption thereof prior to their respective maturities) are hereby made a part hereof as fully and completely as if set out herein, and the Trust shall be deemed to be a third-party beneficiary thereof and shall (except as otherwise specifically provided in the Indenture or the First Supplemental Indenture) be entitled to enforce performance and observance of the agreements and covenants on the part of the Authority and the Trustee contained in the Indenture and the First Supplemental Indenture as fully and completely as if it were a party to both of said instruments.

Section 4.2 Disbursement of Moneys from the Construction Fund. All terms used in this section not herein defined shall have the meanings respectively given those terms in the First Supplemental Indenture. Subject to the conditions of Section 4.4 of the Lease, the Authority will pay, or cause to be paid, Project Development Costs to the extent that proceeds of the Series 1998 Bonds shall be insufficient for such purpose, but such costs shall be paid solely out of the principal proceeds from the sale of the Series 1999 Bonds, income earned from the investment of such proceeds and any other moneys which the Trust may cause to be deposited in the Construction Fund. The Trust, as agent for the Authority, will cause such requisitions to be prepared and submitted to the Trustee as shall be necessary to enable the Trustee to pay, out of moneys in the Construction Fund in accordance with the provisions of Section 4.1 of the First Supplemental Indenture and Section 9.2 of the Indenture, Project Development Costs to the extent that proceeds of the Series 1998 Bonds shall be insufficient for such purpose. The Trust, upon request, will furnish a copy of each such requisition to the Authority.

ARTICLE V

LEASE TERM AND ADDITIONAL RENTALS

Section 5.1 Confirmation of Lease Term of the Lease. The "Lease Term" of the Lease is hereby ratified and confirmed.

Section 5.2 Rental Provisions. In consideration of the issuance of the Series 1999 Bonds by the Authority, the agreement of the Authority to complete the Project Development Work, the Trust will, not later than the close of business of the Trustee on the twenty-fifth (25th) calendar day of each calendar month, beginning with April 1999, and continuing until and including February 2002, pay to the Trustee at its principal corporate trust office, for the account of the Authority, base rentals (herein called "Supplemental Basic Rent"), over and above and in addition to the Basic Rent provided for in the Lease (therein and herein called "Basic Rent"), in an amount which will equal the sum of the following:

(i) beginning in April 1999, and continuing until and including August 1999, an amount equal to one-fifth ($1/5$) of the interest that will become due with respect to the then outstanding Series 1999 Bonds on September 1, 1999;

(ii) beginning in September 1999, and continuing until and including February 2002, an amount equal to one-sixth ($1/6$) of the interest that will become due with respect to the then outstanding Series 1999 Bonds on the next Series 1999 Bond Payment Date; and

(iii) beginning in March 2001, and continuing until and including February 2002, an amount equal to the sum of one-twelfth ($1/12$) of the principal of the Series 1999 Bonds that will mature on March 1, 2002.

There shall be credited against any installment of Supplemental Basic Rent due hereunder (including components of principal and interest) any amount then held in the Bond Fund created in Section 10.1 of the Indenture, which is in excess of the sum of interest maturing with respect to the then outstanding Series 1999 Bonds on the then next succeeding Series 1999 Bond Payment Date with respect thereto to the extent that such amount has not theretofore been credited on a previously due installment of Supplemental Basic Rent; provided, however, that moneys in the Bond Fund shall not be credited against any such installment if such moneys (i) are held therein for payment of matured but unpaid Series 1999 Bonds called for redemption but not yet redeemed and matured but unpaid interest on Series 1999 Bonds, (ii) are held therein pursuant to instructions from the Trust for the future redemption or purchase of Series 1999 Bonds, (iii) are held therein subject to the restrictions contained in the last paragraph of Section 10.1 of the Indenture, as amended, and cannot be applied as a credit against any such installment without violating such restrictions, or (iv) are held therein for payment of unmatured Series 1999

Bonds not called for redemption if such Series 1999 Bonds are considered fully paid pursuant to the provisions of Section 17.1 of the Indenture by reason of the fact that such moneys are so held in the Bond Fund.

The provisions of the immediately preceding paragraph respecting the application of moneys on deposit in the Bond Fund as a credit on installments of Supplemental Basic Rent are intended solely for the purpose of establishing a method for the calculation of the amount of Supplemental Basic Rent from time to time owed by the Trust, and nothing contained herein shall be construed as establishing, or supporting the establishment of, a prior claim or preference in favor of the Series 1999 Bonds with respect to the application of moneys at any time on deposit in the Bond Fund, which moneys shall, irrespective of whether they were derived from Basic Rent, Supplemental Basic Rent or other sources, at all times be held for and applied first to the payment in full of the principal of and interest (and premium, if any) on the Series 1998 Bonds and second to the payment of the principal of and the interest and premium (if any) on the Series 1999 Bonds.

Nothing herein contained shall be construed as imposing on the Authority or on the Trustee any duty or responsibility to give any notice to the Trust of the amount on deposit in the Bond Fund as of any rent payment date. Neither the Authority nor the Trustee shall be obligated to give any prior notice to the Trust of the due date or amount of any installment of Basic Rent or of any installment of Supplemental Basic Rent, and failure to receive any such prior notice, even if customarily given by the Authority or the Trustee, shall not relieve the Trust of its obligations to pay such installment of Basic Rent or Supplemental Basic Rent when it is due and payable.

So long as any of the Series 1999 Bonds are outstanding, all Supplemental Basic Rent payments due hereunder shall be made directly to the Trustee for the account of the Authority. In the event the due date of any installment of Supplemental Basic Rent payable hereunder is a Sunday or legal holiday, such installment shall be due in immediately available funds no later than the close of business by the Trustee on the last business day next preceding such due date. Any Supplemental Basic Rent payment due hereunder that is not paid on the due date thereof shall bear interest from such due date until paid at the per annum rate or rates applicable to the Series 1999 Bonds from time to time in effect. The Trust will also pay, as additional rentals, the reasonable fees and charges of the Trustee under the Indenture, as supplemented by the First Supplemental Indenture, relating to the Series 1999 Bonds (other than its initial authentication fee with respect to the Series 1999 Bonds), such additional fees and charges to be paid directly to the Trustee for its own account as and when such fees and charges become due and payable.

Section 5.3 Obligations of Trust Unconditional. The obligation of the Trust to pay the Supplemental Basic Rent specified herein, to make all other payments provided for herein and to perform and observe the other agreements and covenants on its part herein contained shall be absolute and unconditional, irrespective of any rights of set-off, recoupment or counterclaim it might otherwise have against the Authority. The Trust will not suspend or discontinue any

such payment or fail to perform and observe any of its other agreements and covenants contained in the Lease or herein or (except as expressly authorized in the Lease) terminate the Lease or this First Supplemental Lease Agreement for any cause, including, without limiting the generality of the foregoing, any acts or circumstances that may constitute an eviction or constructive eviction, failure of consideration or commercial frustration of purpose, or any damage to or destruction of the Project or any part thereof, or the taking by eminent domain of title to or the right to temporary use of all or any part of the Project, or any change in the tax or other laws of the United States of America, the State of Alabama or any political subdivision of either thereof, or any failure of the Authority to perform and observe any agreement or covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with the Lease or this First Supplemental Lease Agreement.

The provisions of the preceding paragraph of this Section 5.3 shall continue in effect only so long as any part of the principal of or the interest on any of the Series 1999 Bonds remains unpaid; provided, however, that such provisions shall, insofar as the agreements on the part of the Trust contained in Section 6.1 hereof are concerned, continue in full force and effect notwithstanding payment of said principal and interest. Nothing herein contained shall, however, be construed to prevent the Trust, at its own cost and expense and in its own name or in the name of the Authority, from prosecuting or defending any action or proceeding or taking any other action involving third persons which the Trust deems reasonably necessary in order to secure or protect its rights of use and occupancy and other rights under the Lease and hereunder, and the Authority will cooperate fully with the Trust in any such action or proceeding. Further, nothing herein contained shall be construed as excusing the non-performance or the non-observance by the Authority of any of the agreements or covenants on its part herein contained, it being understood by the Trust, however, that its rights and remedies on account of such non-performance or non-observance are substantially and materially limited by the first paragraph of this Section 5.3.

Section 5.4 Subordinate Pledge of the Pledged Lodging Tax Proceeds. As security for the payment and performance of the Trust's obligations under this First Supplemental Lease Agreement and as part of the contract whereunder the Authority has leased the Project to the Trust, the Trust hereby irrevocably pledges as security for the payment of the Trust's obligations under this First Supplemental Lease Agreement (which are herein called the "First Supplemental Lease Obligations") so much as may be necessary therefor of the Pledged Lodging Tax Proceeds; provided, however, that the pledge made herein shall be subject and subordinate to the pledge of the Pledged Lodging Tax Proceeds made in Section 5.8 of the Lease.

The Trust hereby warrants and represents that it has no outstanding securities or contracts, other than the Lease Obligations referred to in Section 5.8 of the Lease and the First Supplemental Lease Obligations, that are payable out of or secured by a special pledge of any part of the Pledged Lodging Tax Proceeds; and that upon the delivery of this First Supplemental Lease Agreement, the aforesaid pledge of the Pledged Lodging Tax Proceeds for the benefit of the First Supplemental Lease Obligations will be prior and superior to any pledge and agreement

respecting the Pledged Lodging Tax Proceeds that may be hereafter made for the benefit of or with respect to any securities which may be hereafter issued by the Trust (other than the Additional Bonds) or any contract which may be hereafter made by the Trust.

ARTICLE VI

MISCELLANEOUS

Section 6.1 Confirmation of Options. All the options granted to the Trust in Article XI of the Lease are hereby confirmed as if granted on the date hereof. Without in any way limiting the generality of the foregoing, the issuance of the Series 1999 Bonds shall not be considered to cause or result in any change in (1) the option price payable by the Trust in the event of its exercise of the option to purchase the Project granted in Section 11.3 of the Lease or (2) any other conditions applicable to the exercise of said option by the Trust.

Section 6.2 Prior Approval of the Trust Required for Optional Redemption of Bonds. Without the prior written approval of the Trust, the Authority will not take any action for the redemption of the Series 1999 Bonds pursuant to the provisions of Section 7.3 of the Indenture or for the redemption of any of the Series 1999 Bonds pursuant to the provisions of Section 3.3 of the First Supplemental Indenture.

Section 6.3 Confirmation of the Lease. As modified and supplemented by this First Supplemental Lease Agreement, the Lease is in all things and respects hereby ratified and confirmed.

Section 6.4 Reference to Basic Rent in Article X of the Lease. The Trust and the Authority acknowledge and agree that from and after the issuance of the Series 1999 Bonds, any reference to "Basic Rent" in Article X of the Lease, shall, unless the context and the circumstances clearly and unequivocally indicate otherwise, be construed to include the "Supplemental Basic Rent" herein required by the Trust to be paid to the Authority, but only to the end that the failure by the Trust to pay the Supplemental Basic Rent provided for herein shall constitute an "Event of Default" under the Lease shall be governed by the provisions of Article X of the Lease.

Section 6.5 Certain Prior and Contemporaneous Agreements Cancelled. The Lease, as amended by this First Supplemental Lease Agreement, shall completely and fully supersede all other prior or contemporaneous agreements, both written and oral, between the Authority and the Trust relating to the Project Development Work and the leasing of the Project.

The Trust and the Authority acknowledge that they have no outstanding agreement, commitment or understanding, either express or implied, for the grant to the Trust of any option to purchase the Project or any part thereof other than those contained in the Lease and this First Supplemental Lease Agreement.

Section 6.6 Binding Effect. This First Supplemental Lease Agreement shall inure to the benefit of and shall be binding upon the Authority, the Trust and their respective successors and assigns.

Section 6.7 Severability. In the event any provision of the Lease or this First Supplemental Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of the Lease or this First Supplemental Lease Agreement. Without in any way limiting the generality of the foregoing, the Trust specifically acknowledges and agrees that the several purchase options granted it in the Lease as further supplemented and confirmed by this First Supplemental Lease Agreement are fully severable from and independent of the other provisions therein and herein contained and that neither the invalidity or unenforceability of any of such purchase options shall invalidate or render unenforceable any other provisions of the Lease or this First Supplemental Lease Agreement nor excuse the Trust from fully performing and observing any of the agreements and covenants on its part therein or herein contained.

Section 6.8 Article and Section Captions. The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

IN WITNESS WHEREOF, the Authority and the Trust have caused this First Supplemental Lease Agreement to be executed in their respective corporate names, have caused their respective corporate seals to be hereunto affixed, have caused this First Supplemental Lease Agreement to be attested, all by their duly authorized officers, all in six (6) counterparts, each of which shall be deemed an original, and have caused this First Supplemental Lease Agreement to be dated as of March 1, 1999, although actually delivered by the parties hereto on March __, 1999.

THE AMERICAN VILLAGE PUBLIC
EDUCATIONAL BUILDING AUTHORITY
OF THE CITY OF MONTEVALLO

By 
Chairman of its Board of Directors

ATTEST:



Its Secretary

[SEAL]

THE CITIZENSHIP TRUST

By 
Its President

ATTEST:


Its Secretary

[SEAL]

STATE OF ALABAMA)
 :
SHELBY COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that BILL E. FANCHER, whose name as Chairman of the Board of Directors of THE AMERICAN VILLAGE PUBLIC EDUCATIONAL BUILDING AUTHORITY OF THE CITY OF MONTEVALLO, 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 for and as the act of said public corporation.

GIVEN under my hand and official seal of office, this 22 day of March, 1999.

[NOTARIAL SEAL]

E. Austin Ray

Notary Public

My Commission Expires: 9-8-2001

STATE OF ALABAMA)

Montgomery COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that TOM BUTLER, whose name as President of THE CITIZENSHIP TRUST, a nonprofit corporation organized and existing under the laws of the State of Alabama, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the within instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said nonprofit corporation.

GIVEN under my hand and official seal of office, this 24th day of March, 1999.

[NOTARIAL SEAL]

Linda B. Christy

Notary Public

My Commission Expires: 11/14/1999