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LEASE AGREEMENT

between

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

and

THE CITIZENSHIP TRUST

Dated as of July 1, 2012

Relating to

\$17,745,000

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

**Revenue Refunding Bonds
(The Alabama Veterans Living Legacy Project)
\$5,185,000 - Series 2012-A
\$3,350,000 - Series 2012-B
\$230,000 - Series 2012-C**

**Revenue Bonds
(The Alabama Veterans Living Legacy Project)
\$8,980,000 - Series 2012-D**

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between
THE AMERICAN VILLAGE PUBLIC
EDUCATIONAL BUILDING AUTHORITY
OF THE CITY OF MONTEVALLO
and
THE CITIZENSHIP TRUST

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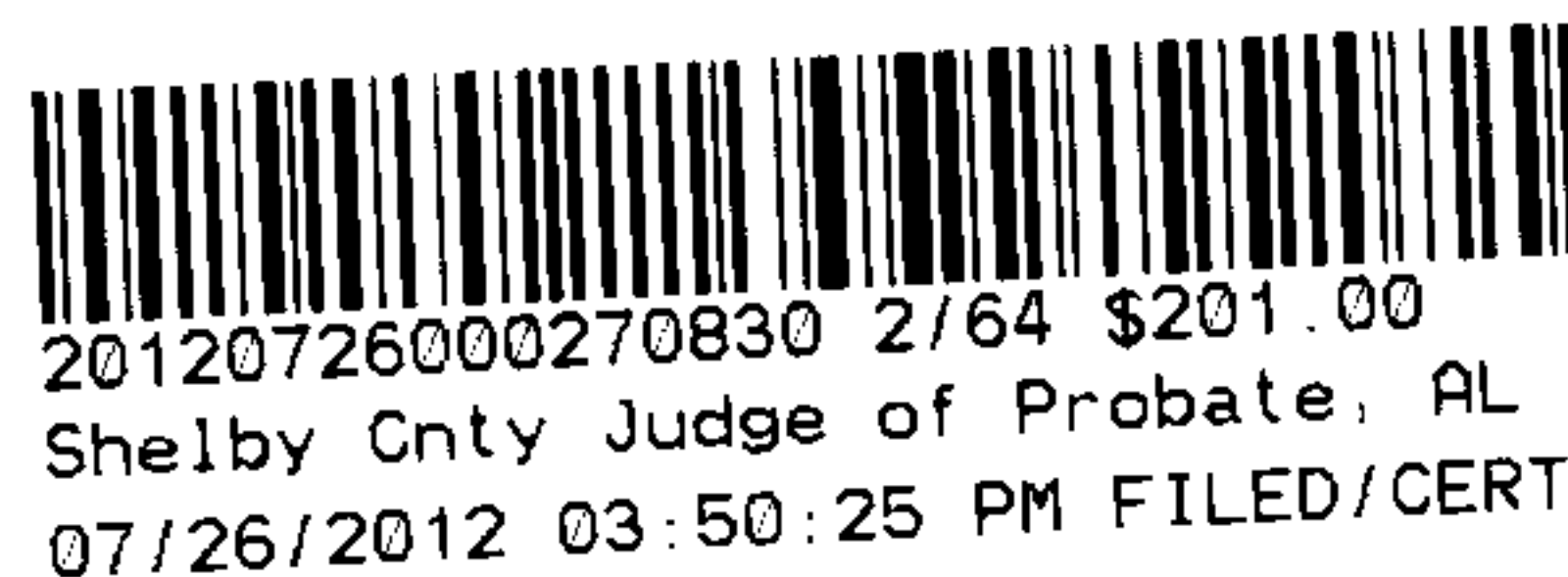
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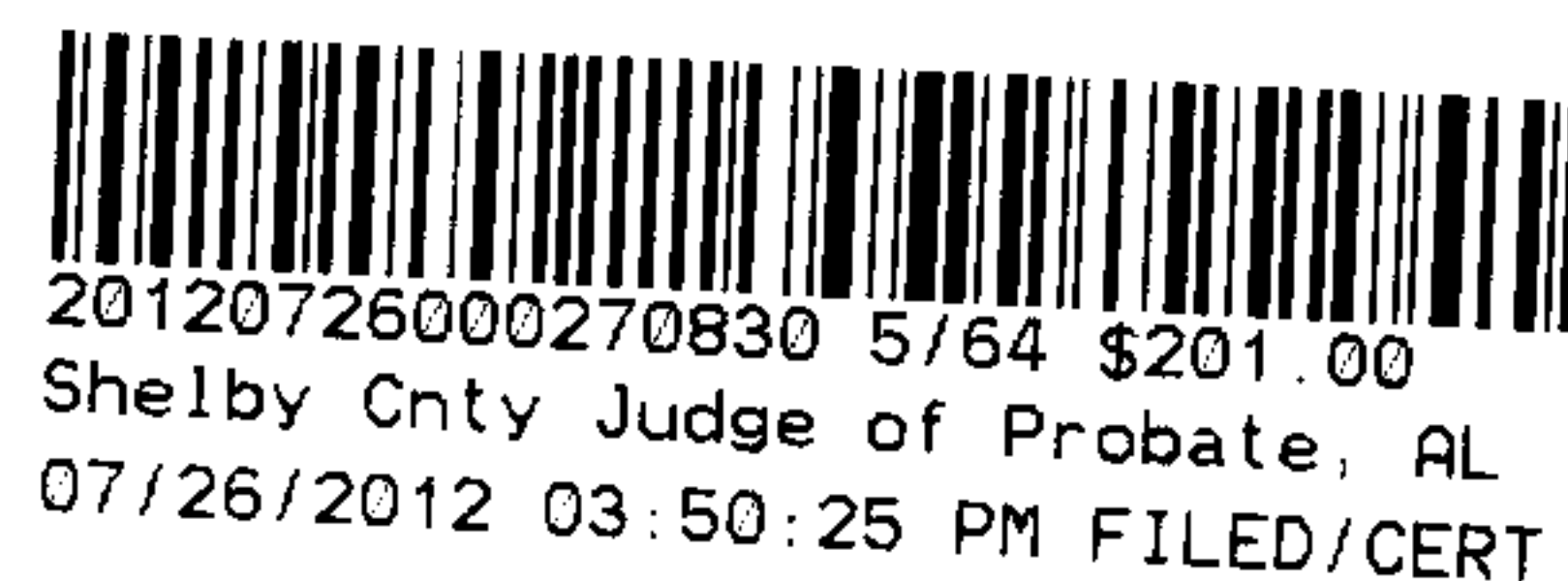
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LEASE AGREEMENT between **THE AMERICAN VILLAGE PUBLIC EDUCATIONAL BUILDING AUTHORITY OF THE CITY OF MONTEVALLO**, a public corporation under the laws of the State of Alabama, party of the first part (herein called the "Authority"), and **THE CITIZENSHIP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

R E C I T A L S:

Pursuant to this Lease Agreement the Authority has undertaken to acquire, construct, equip and furnish the Project hereinafter referred to for use as a citizenship education center in the City of Montevallo, Alabama, for operation by the Trust. In order to finance the costs of acquiring, constructing, equipping and furnishing the said Project on a long-term basis, the Authority has heretofore issued various series of its revenue bonds in order to finance portions of the said Project and, in order to refund certain of such series of revenue bonds and to finance additional portions of said Project, the Authority will, simultaneously with the execution and delivery of this Lease Agreement, issue the Series 2012 Bonds hereinafter described under a Mortgage and Trust Indenture dated as of July 1, 2012 (herein called the "Indenture"), between the Authority and Regions Bank, an Alabama banking corporation having a corporate trust office in Birmingham, Alabama (said bank, together with its successors in trust, being herein called the "Trustee"). In order to secure the payment of the principal of and the interest and premium (if any) on the said Series 2012 Bonds, the Authority will pledge the revenues from the Project and will pledge and assign thereunder the interest of the Authority in this Lease Agreement (other than certain expense payment and indemnification rights and certain rights which are herein expressly provided to be exercised by the Authority), including particularly the "Basic Rent" payable hereunder by the Trust for the use of said Project. As security for the payment and performance by the Trust of its rental obligations under this Lease Agreement, the Trust has pledged to the Authority the proceeds of certain fees, taxes and other revenues that are appropriated to the Trust by statute and by contract.

NOW, THEREFORE, THIS LEASE AGREEMENT

W I T N E S S E T H:

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

ARTICLE I

DEFINITIONS AND USE OF PHRASES

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

"Act" means the statutes codified as Code of Alabama of 1975, Title 16, Chapter 18, as the same shall be hereafter otherwise amended and supplemented and at the time in force and effect.

"Additional Bonds" means bonds of the Authority authorized in Article VIII of the Indenture to be issued thereunder and secured thereby on a parity of lien and pledge with the Series 2012 Bonds.

“Affected Series” or **“Bonds of an Affected Series”** means, when used with respect to one or more Bonds of any series of the Series 2012 Bonds, a series as to which an Event of Taxability shall have occurred.

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

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

“Authorized Authority Representative” means the person or persons at the time designated as such by written certificate furnished to the Trust and the Trustee, containing the specimen signature or signatures of such person or persons and signed on behalf of the Authority by its Chairman or Vice Chairman.

“Authorized Trust Representative” means the person or persons at the time designated as such by a written certificate furnished to the Authority and the Trustee, containing the specimen signature or signatures of such person or persons and signed on behalf of the Trust by the Chair or Vice Chair of the Trust.

“Basic Rent” means (i) the moneys payable by the Trust pursuant to the provisions of Section 5.2 hereof, (ii) any other moneys payable by the Trust pursuant to the Lease to provide for the payment of the principal of and the interest and premium (if any) on the Series 2012 Bonds (other than the aforesaid moneys payable pursuant to Section 5.2 hereof), and (iii) any other moneys payable by the Trust pursuant to the Lease that are therein referred to as Basic Rent.

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

“Bond Fund” means the Citizenship Trust Bond Principal and Interest Fund created in Section 10.1 of the Indenture and consisting of two accounts, namely, the Interest Account and the Principal Account.

“Bond Payment Date” means each June 1 and December 1, commencing with December 1, 2012, on which any principal or interest with respect to the Series 2012 Bonds shall mature and be due and payable or on which any principal amount of the Series 2012 Bonds shall be required by the Indenture to be redeemed prior to the stated maturity thereof.

“Bonds” means all bonds of the Authority issued under the Indenture (viz., the Series 2012 Bonds and all Additional Bonds).

“Bond Year” means the annual period beginning on each December 2 and ending on the next succeeding December 1.

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

“Book Value”, when used with reference to any tangible property (whether or not then constituting part of the Project), means the cost thereof less accumulated depreciation calculated in accordance with generally accepted accounting principles, as said cost and depreciation are determined by the Trust.

“Certified Resolution” means a resolution adopted by the Board of Trustees of the Trust and certified by the Secretary or an Assistant Secretary of the Trust to be true, correct and in full force and effect.

“Code” means the Internal Revenue Code of 1986, as amended and at the time in force and effect.

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

“Construction Fund” means the Citizenship Trust Construction Fund created in Section 9.2 of the Indenture.

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

“County” means Shelby County, Alabama, and includes its successors and assigns.


“Court Fee Net Revenues” means the revenues, net of any collection or other administrative expenses, allocated to the Trust from the additional court fees levied in criminal and traffic proceedings in the State of Alabama pursuant to Act No. 2009-768 of the Alabama Legislature (i.e., \$.50 per case beginning October 1, 2011).

“Debt Service Reserve Fund” means the Citizenship Trust Debt Service Reserve Fund created in Section 10.1 of the Indenture.

“Determination of Taxability” means a determination made in accordance with the provisions of Section 5.5 hereof, that the interest payable on any Affected Series of the Series 2012 Bonds is not Tax-Exempt to the owner thereof.

“Directors” means the Board of Directors of the Authority.

“Direct Pledged Revenues” means (i) the Court Fee Net Revenues, (ii) the Driver License Net Revenues, (iii) the License Plate Net Revenues, and (iv) the Lodging Tax Net Revenues.


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“Driver License Net Revenues” means the 50-cent fee on each driver license or non-license identification card issued by the Alabama Department of Public Safety, net of any collection or administrative expenses, that is levied pursuant to Act No. 2009-762 of the Alabama Legislature and is allocated to the Trust.

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

“Event of Taxability” means an event which causes the interest income on any of the Series 2012 Bonds to become includable in gross income for federal income tax purposes as a result of any of the conditions or circumstances set forth in Section 5.5 hereof.

“Exempt Person” means a state or local governmental unit or an organization described in Section 501(c)(3) of the Code.

“Existing Project Equipment” means the portions of the Project Equipment located on the Project Site at the time of delivery of the Lease.

“Existing Project Facilities” means the buildings and other improvements located on the Project Site at the time of delivery of the Lease.

“Fiscal Year” means the period beginning on each October 1 and ending on the then next succeeding September 30, or any other fiscal year of the Trust that shall be established by the laws of the State of Alabama.

“Funding Memorandum” means the Funding Memorandum attached as Exhibit C to the Indenture.

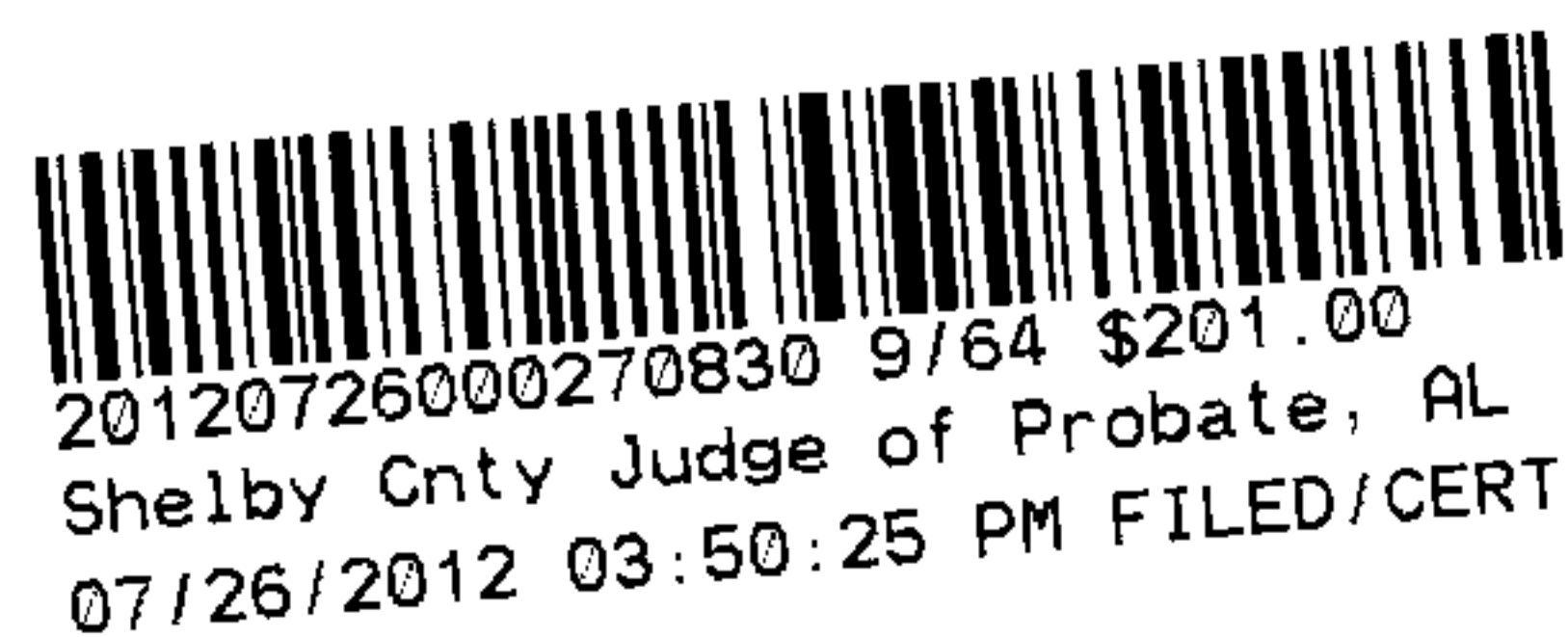
“Governing Body” means the Board of Trustees of the Trust, which is the governing body of the Trust.

“Governmental Unit” means a “governmental unit” within the meaning of Section 147(f) of the Code and the applicable regulations thereunder.

“Holder” means the person in whose name any Bond is registered on the registry books of the Trustee pertaining to the Bonds.

“Indenture” means the Mortgage and Trust Indenture between the Authority and Regions Bank, as Trustee, dated as of July 1, 2012, under which (i) the Series 2012 Bonds are authorized to be issued, and (ii) the Authority’s interest in this Lease Agreement and the revenues and receipts to be derived by the Authority from the Project are to be assigned, and the Project is to be mortgaged, as security for payment of the principal of and the interest and premium (if any) on the Series 2012 Bonds, as said Mortgage and Trust Indenture now exists and as it may hereafter be supplemented and amended.

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



“Independent Appraiser” means a person not regularly employed or retained by the Authority or the Trust and regularly engaged in the business of appraising real or personal property (as appropriate to the property being appraised or valued) and otherwise competent to determine the value of the property in question.

“Independent Architect” means an architect or architectural firm qualified to practice the profession of architecture under the laws of Alabama and not employed full time by the Authority or the Trust.

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

“Independent Engineer” means an engineer or engineering firm licensed to engage in the independent practice of engineering under the laws of the State of Alabama and not regularly employed or retained by the Authority or the Trust.

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

“Lease Term” means the term during which this Lease Agreement shall be in force, which shall begin on the date of delivery hereof and shall continue until 11:59 o’clock, P.M., on December 1, 2042.

“License Plate Net Revenues” means the revenues, net of any collection or administrative expenses, levied pursuant to Act No. 2008-554 of the Alabama Legislature and allocated to the Trust.

“Lodging Tax Net Revenues” means the revenues, net of any collection or administrative expenses, levied pursuant to Act No. 98-659 of the Alabama Legislature and allocated to the Trust.

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

“Municipality” means the City of Montevallo, Alabama, and includes its successors and assigns.

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



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“Net Insurance Proceeds” means the total insurance proceeds recovered by the Authority, the Trust and the Trustee on account of any damage to or destruction of the Project or any part thereof, less all expenses (including attorneys’ fees and any extraordinary expenses of the Trustee) incurred in the collection of such proceeds.

“New Project Equipment” means the portion of the Project Equipment to be acquired and installed in the Project Facilities or elsewhere on the Project Site as part of the Project Improvement Work.

“New Project Facilities” means the new buildings as well as all related improvements which are to be constructed on the Project Site, as the said buildings and related improvements may at any time exist.

“Official Statements” means the two Official Statements of the Authority respecting the Series 2012 Bonds.

“Original Series 2012 Bond Proceeds” means the Series 2012 Principal Proceeds plus Series 2012 Investment Proceeds.

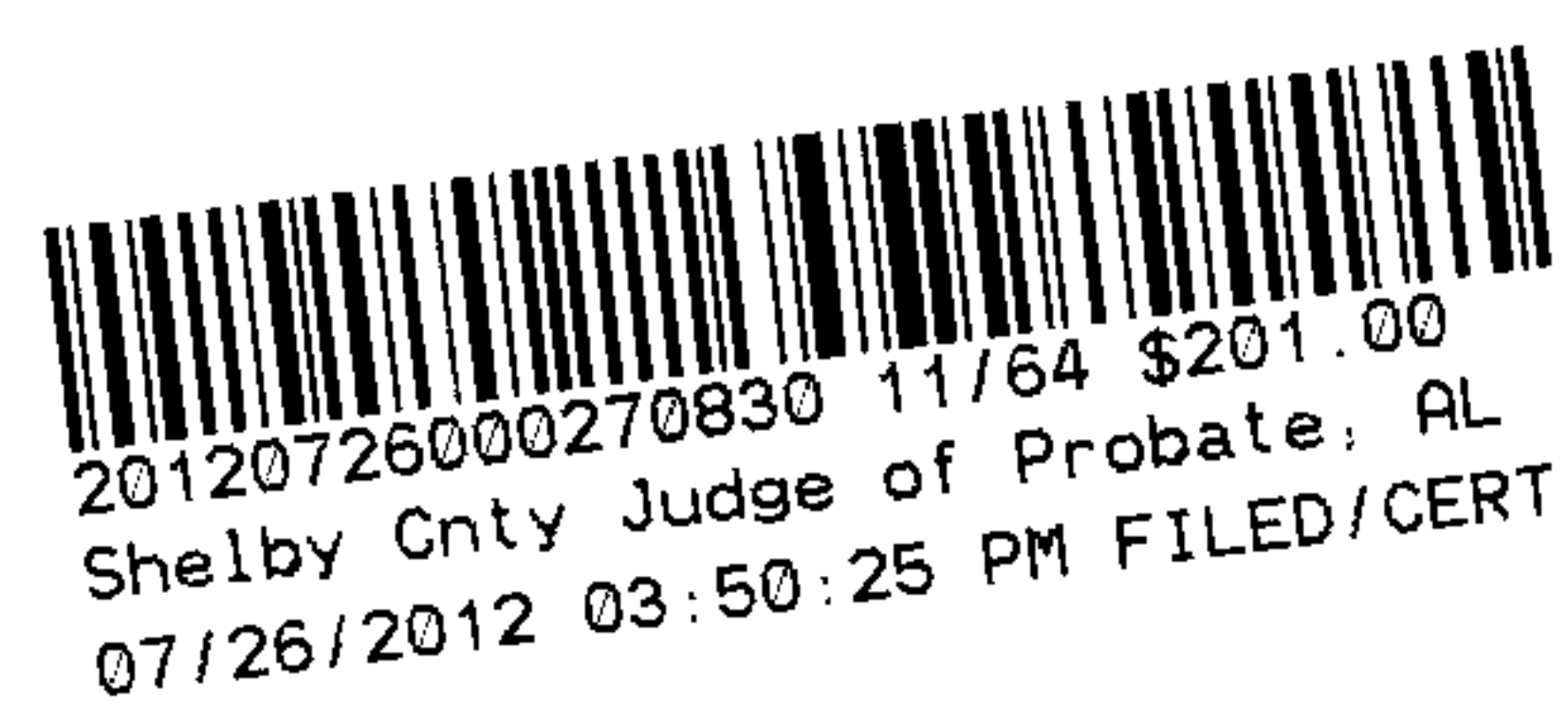
“Permitted Encumbrances” means, as of any particular time, any of the following: (i) the Lease and the Indenture; (ii) liens imposed by law, such as mechanics’, workmen’s, materialmen’s, carriers’ and other like liens arising in the ordinary course of business, securing obligations which are not overdue or which are being contested in good faith and by appropriate proceedings; (iii) liens for property taxes not delinquent or for taxes which are being contested in good faith and by appropriate proceedings; and (iv) utility, access, drainage and other easements and rights-of-way, mineral rights, covenants running with the land, zoning restrictions, environmental regulations and other restrictions and encumbrances affecting the use of real property, or minor irregularities in the title to real property, none of the foregoing of which, individually or in the aggregate, materially impair the title of the Authority to any part of the Project or the use of the Project for the purpose for which it was acquired or is held by the Authority.

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

“Prime Rate” means at any time the rate of interest which has been most recently announced by the Trustee as its prime or base lending rate, it being understood that said prime rate is not necessarily the lowest rate of interest charged by the Trustee.

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

“Project Equipment” means (i) all items (whether or not fixtures) of equipment, furniture, furnishings or other personal property the costs of which, in whole or in part, have been paid for by the Authority out of the proceeds of the Refunded Bonds or any of the Bonds or which were transferred to the Authority by the Trust contemporaneously with the issuance of the Series 2012 Bonds and (ii) all items (whether or not fixtures) of equipment, furniture, furnishings or other personal property that are acquired by the Authority in substitution for or replacement of items of equipment, furniture, furnishings or other personal property theretofore constituting part of the Project Equipment and that, under the provisions of the Lease and the Indenture, are to constitute part of the Project Equipment.



“Project Facilities” means the Existing Project Facilities and the New Project Facilities.

“Project Improvement Costs” means the following: (i) all costs and expenses incurred in connection with the planning, development and design of the construction of the New Project Facilities, including the costs of preliminary investigations, surveys, estimates and plans and specifications; (ii) all costs of acquiring, preparing and improving the Project Site; (iii) all costs and expenses of constructing the New Project Facilities, including the cost to the Trust of supervising construction, payments to contractors and materialmen and fees for professional or other specialized services; (iv) all costs and expenses of acquiring the New Project Equipment and of installing the same in or around the Project Facilities or elsewhere on the Project Site; (v) the costs of contract bonds and of insurance of all kinds which may be necessary or desirable in connection with the Project Improvement Work and which are not paid by any contractor or otherwise provided for; (vi) all expenses incurred in connection with the issuance and sale of the Series 2012 Bonds, including (without limitation) all legal, accounting, financial, underwriting, printing, recording and filing fees and expenses and the initial charge of the Trustee; (vii) interest on moneys borrowed by the Trust to pay any Project Improvement Costs; (viii) all other costs which the Authority has heretofore paid, under the terms of any contract or contracts, in connection with the Project Improvement Work; and (ix) the reimbursement to the Trust of all amounts paid directly by the Trust in respect of any of the aforesaid costs and expenses and of all amounts advanced by the Trust to the Authority for the payment of such costs and expenses.

“Project Improvements” means the New Project Facilities and the New Project Equipment.

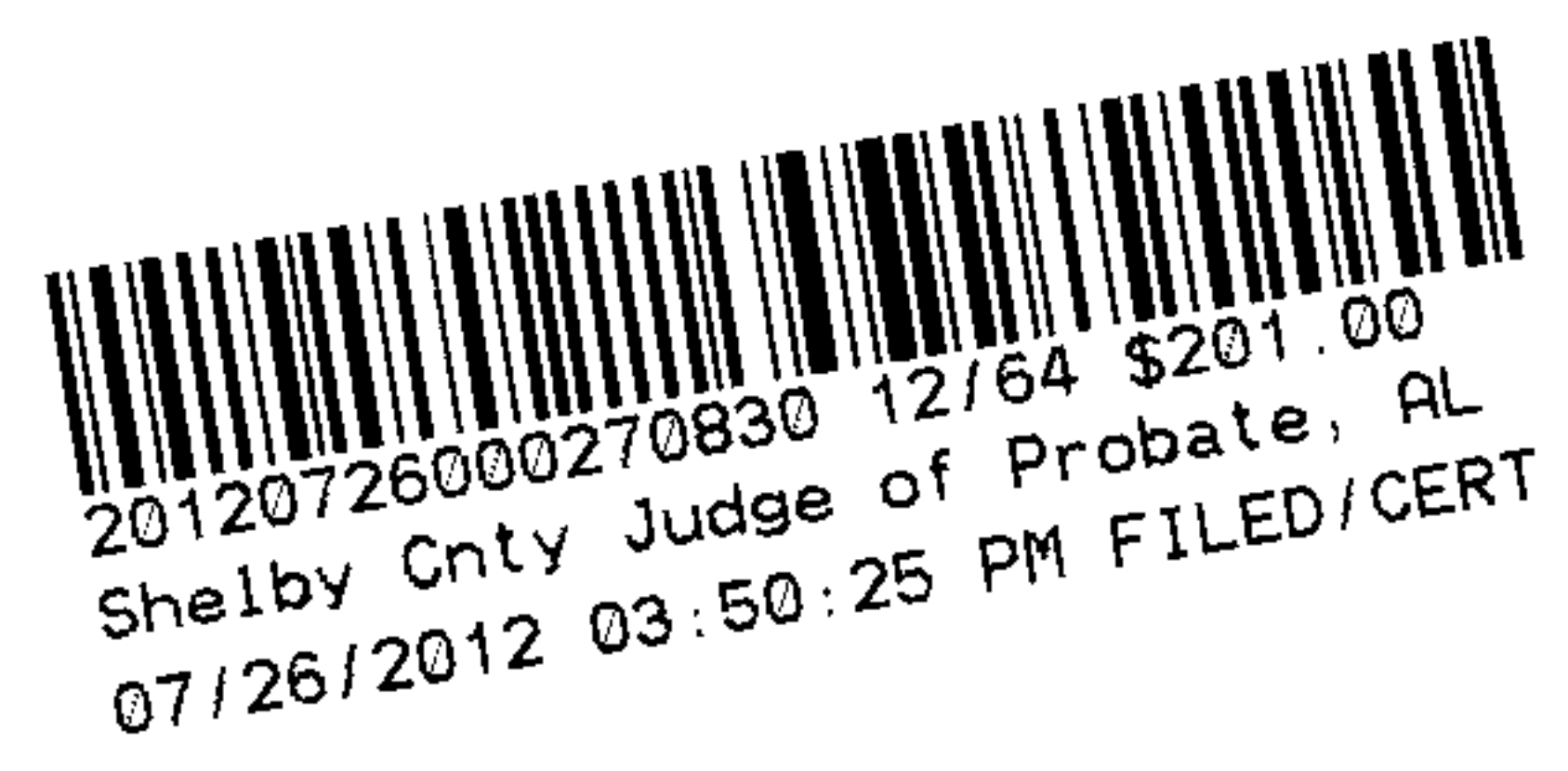
“Project Improvement Work” means (i) the acquisition of any additional portion of the Project Site, as well as the preparation and improvement of the Project Site thereof to the extent that the Trust deems necessary or desirable in connection with the construction of the New Project Facilities, (ii) the planning, design and construction of the New Project Facilities in accordance with the provisions hereof and (iii) the planning, design and acquisition of the New Project Equipment and the installation thereof in or around the New Project Facilities or elsewhere on the Project Site, all in accordance with the provisions hereof.

“Project Site” means (i) the parcels of land specifically described in Exhibit A attached hereto and made a part hereof (to the extent that such parcel is at the time subject to the demise hereof) and (ii) any other land that, at the time and under the terms hereof, constitutes a part of the Project Site.

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

“Qualifying Project Improvement Costs” means Project Improvement Costs that are expended solely for the exempt purposes of the Trust within the meaning of Section 145 of the Code and the applicable regulations thereunder.

“Redemption Fund” means the Citizenship Trust Bond Redemption Fund created in Section 10.1 of the Indenture.



“Refunded Bonds” means (i) the Authority’s Revenue Bonds (The American Village Citizenship Trust), Series 2003-A, originally issued in the principal amount of \$6,100,000 and now outstanding in the aggregate principal amount of \$5,185,000, and (ii) the Authority’s Subordinated Revenue Bonds (The American Village Citizenship Trust Project), Series 2006A, originally issued and currently outstanding in the aggregate principal amount of \$3,820,000.

“Refunded Obligations” means the Refunded Bonds and those certain loans to the Trust from Regions Bank that are currently outstanding and payable in the amount of principal and interest specified in the Funding Memorandum.

“Resolution” means a resolution duly adopted by the Directors.

“Revenue Fund” means the Citizenship Trust Revenue Fund created in Section 10.1 of the Indenture.

“Series 2012 Bonds” means the Series 2012-A Bonds, the Series 2012-B Bonds, the Series 2012-C Bonds, and the Series 2012-D Bonds.

“Series 2012 Investment Proceeds” means the net income derived from the investment and reinvestment of proceeds of the Series 2012 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 2012 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 2012 Issuance Expenses” means the expenses of issuing the Series 2012 Bonds within the meaning of Section 147(g) of the Code.


“Series 2012 Principal Proceeds” means the aggregate amount (excluding accrued interest, if any) received by the Authority from the sale of the Series 2012 Bonds, less the Series 2012 Issuance Expenses.

“Series 2012-A Bonds” means the Authority’s \$5,185,000 principal amount of Revenue Bonds (The Alabama Veterans Living Legacy Project), Series 2012-A, dated the date of their issuance.

“Series 2012-B Bonds” means the Authority’s \$3,350,000 principal amount of Revenue Bonds (The Alabama Veterans Living Legacy Project), Series 2012-B, dated the date of their issuance.

“Series 2012-C Bonds” means the Authority’s \$230,000 principal amount of Revenue Bonds (The Alabama Veterans Living Legacy Project), Series 2012-C, dated the date of their issuance.

“Series 2012-D Bonds” means the Authority’s \$8,980,000 principal amount of Revenue Bonds (The Alabama Veterans Living Legacy Project), Series 2012-D, dated the date of their issuance.


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“Taxability Redemption Date” means, when used with respect to any Affected Series of the Series 2012 Bonds, the date designated by the Trust and not later than ninety (90) days following the related Determination of Taxability, on which all then outstanding Bonds of the Affected Series are required to be redeemed, pursuant to the provisions of clause (iii) of Section 7.5 of the Indenture, as the result of a Determination of Taxability.

“Taxable” means not Tax-Exempt.

“Tax-Exempt” means, with respect to interest on any obligations of a state or local government, including the Series 2012 Bonds, that such interest is excludable from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax, foreign branch profit tax or any other type of taxation other than the regular tax imposed on gross income under the Code.

“Test-Period Beneficiary” means a “test period beneficiary” within the meaning of Section 145(b) of the Code and the applicable regulations thereunder.

“Title Insurance Policy” means the title insurance policy issued pursuant to that certain Commitment for Title Insurance issued by Mississippi Valley Title Insurance Company and Old Republic National Title Insurance Company, Commitment No. V276599, and dated July 16, 2012, which insures the mortgage interest of the Trustee in the real property forming part of the Project, as said policy now exists and as it may from time to time be supplement by endorsements thereto.

“Trust” means the party of the second part hereto and includes its successors and assigns and any public or nonprofit corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party.

“Trustee” means the Trustee at the time serving as such under the Indenture and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party.

“Underwriter” means Crews & Associates, Inc., the original purchaser of the Series 2012 Bonds from the Authority.

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

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



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ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

(a) Organization. The Authority is a public corporation duly organized and validly existing under the provisions of the Act, as now existing, by reason of its certificate of incorporation duly filed for record in the office of the Judge of Probate of Shelby County, Alabama. The certificate of incorporation of the Authority has not been amended or revoked, and the said certificate of incorporation is in full force and effect. 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 Lease Agreement or which might adversely affect the validity or enforceability of this Lease Agreement or any other agreement or instrument to which the Authority is or is to be a party relating to the transactions contemplated by this Lease Agreement.

(c) Sale and Other Transactions are Legal and Authorized. The sale and issuance of the Series 2012 Bonds, the execution and delivery of this Lease Agreement and the Indenture, and the compliance with all the provisions of each thereof and of the Series 2012 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 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. No consent, approval or authorization of, or filing, registration or qualification with, any governmental body on the part of the Authority is required in connection with the execution, delivery and performance of either this Lease Agreement or the Indenture or the offering, sale, issuance or delivery of any of the Series 2012 Bonds.

(e) Public Approval. The issuance of the Series 2012 Bonds has been approved by the Municipality (the Municipality being the Governmental Unit on behalf of which the Series 2012 Bonds are being issued and in whose geographic jurisdiction the Project will be located), said approval having been made by the applicable elected representative of said Governmental Unit (viz., the Mayor of the Municipality) after a public hearing following reasonable public notice, all in accordance with the provisions of Section 147(f) of the Code and the applicable regulations thereunder.

(f) No Default. No event has occurred and no condition exists which would constitute an "Event of Default" under the Indenture, as "Event of Default" is therein defined, or which would become such an "Event of Default" with the passage of time or with the giving of notice or both. The Authority is not in default under its certificate of incorporation, or any agreement or instrument to which it is a party or by which it is bound.

(g) The Series 2012 Bonds. The Series 2012 Bonds, when issued and paid for in accordance with this Lease Agreement and the Indenture and when duly authenticated by the Trustee, will constitute legal, valid and binding special obligations of the Authority payable solely from the sources provided in the Indenture.

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

(i) 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 Lease Agreement, the Project is located wholly within the now existing 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) Status of the Trust. The Trust is a nonprofit corporation organized and existing under the laws of the State of Alabama, and as such the Trust has full power and authority to enter into the Lease and to consummate the transactions contemplated thereby.


(b) Authorization and Validity of this Lease Agreement. When duly executed and delivered by the Authority, this Lease Agreement will constitute a legal, valid and binding obligation of the Trust, enforceable against the Trust in accordance with its terms.

(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 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;


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(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;

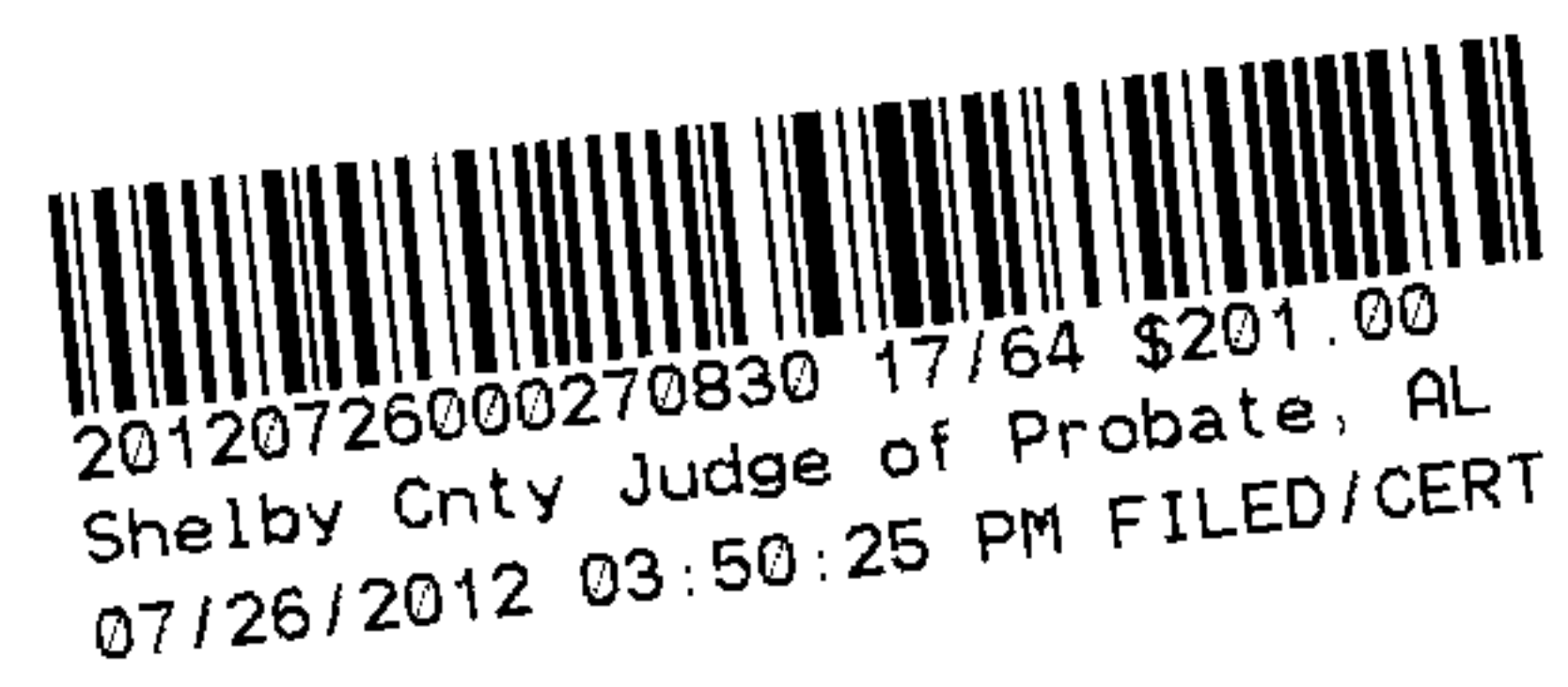
(v) The Trust has not received any indication or notice whatsoever to the effect that its exemption under Section 501(c)(3) of the Code has been revoked or modified, or that the Internal Revenue Service is considering revoking or modifying such exemption, and such exemption is still in full force and 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 2012 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 2012 Bonds, the average term of the Series 2012 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 2012 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 2012 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 2012 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 Johnston Barton Proctor & Rose LLP, in rendering its opinion with respect to the excludability from gross income of the interest on the Series 2012 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. The Trust is not a party to any instrument or agreement or subject to any judgment, order, rule or regulation which materially and adversely affects, or in the future may (so far as the Governing Body 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 Lease Agreement, nor the offering, sale and issuance of any of the Series 2012 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, any applicable law, rule, regulation, agreement, instrument, judgment or order by which the Trust is bound or to which the Trust or its properties is subject.

(f) Governmental Consents. The Trust is not required to obtain the consent or approval of any governmental body or agency in connection with the execution and delivery of this Lease Agreement or the offering, sale, issuance or delivery of any of the Series 2012 Bonds (other than those already obtained, taken or made and which continue in full force and effect).

(g) Litigation. There is no action, suit, or proceeding pending or overtly threatened against or affecting the Trust before any court or governmental body (nor, to the best knowledge and belief of the Governing Body, 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 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 2012 Bonds, would constitute an Event of Default or which would become 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 "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 trust 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, 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 materially and adversely affect the transactions contemplated by this 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 material indebtedness and is not in default under any instrument or agreement under and subject to which any material 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 constitutes or will constitute an event of default thereunder.


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

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

(k) Full Disclosure. Neither any information furnished by the Trust to the Underwriter in connection with the sale and issuance of the Series 2012 Bonds and the other transactions contemplated by this Lease Agreement, including the financial information respecting the Trust for use by the Underwriter in the Official Statement, nor the representations and warranties made by the Trust in this Lease Agreement or in any document in writing furnished by the Trust to the Underwriter in connection with the transactions contemplated hereby, contain any untrue statement of a material fact or omit a material fact necessary to make the statements contained therein or herein, in light of the circumstances in which they were made, not misleading at the times they were made. There is no fact known to the Trust or which in the exercise of reasonable diligence should have been known to the Trust which the Trust has not disclosed to the Underwriter in writing prior to the execution and delivery of this Lease Agreement which materially adversely affects or, so far as the Governing Body can now in the exercise of its reasonable business judgment foresee, will materially adversely affect the Project, the condition (financial or otherwise) of the Trust or the ability of the Trust to perform its obligations hereunder or under any agreement contemplated hereby.

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

(m) Relationship of Qualifying Project Improvement Costs to Principal Amount of Series 2012 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 Improvements that constitute Qualifying Project Improvement Costs are expected to amount, in the aggregate, to not less than ninety-five percent (95%) of the Series 2012 Principal Proceeds and the Series 2012 Investment Proceeds other than those proceeds allocable to refunding the Refunded Bonds.

(n) Series 2012 Bonds Not Federally Guaranteed. The payment of the principal or interest with respect to the Series 2012 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 2012 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 2012 Bonds be otherwise indirectly guaranteed, in whole or in part, by the United States of America or any agency or instrumentality thereof.



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ARTICLE III

DEMISING CLAUSES

Section 3.1 **Demising Clauses.** For and during the Lease Term, 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, the following described properties and related rights:

I

The parcels of land specifically described in Exhibit A attached hereto and made a part hereof;

II

The Project Facilities and all other buildings, structures and other improvements now or hereafter situated on the Project Site, all permits, easements, licenses, rights-of-way, contracts, leases, privileges, immunities and hereditaments pertaining or applicable to the Project Site and all fixtures now or hereafter owned by the Authority and installed on the Project Site or in any of such other buildings, structures and improvements now or hereafter located on the Project Site, it being the intention hereof that all property, rights and privileges hereafter acquired for use as a part of or in connection with or as an improvement to the Project Site shall be as fully covered hereby as if such property, rights and privileges were now owned by the Authority and were specifically described herein; and

III

All items (whether or not fixtures) of equipment, furniture, furnishings and other personal property that at any time, under the provisions of the Lease, constitute the Project Equipment, excluding, however, any equipment or other personal property that, under the provisions of the Lease, is, or is to become (prior to the termination of the Lease), the sole property of the Trust or third parties.

ARTICLE IV

CONCERNING THE PROJECT IMPROVEMENT WORK; ISSUANCE OF THE SERIES 2012 BONDS

Section 4.1 **Performance of the Project Improvement Work.** Subject to the provisions of the next succeeding paragraph of this Section 4.1, the Authority and the Trust will undertake and will complete the following work with respect to the Project:

(a) the improvement of the Project Site in such manner and to such extent as the Trust deems necessary and desirable in connection with the construction of the New Project Facilities;

(b) the construction, wholly within the boundaries of the Project Site, of the New Project Facilities, in accordance with plans and specifications prepared by Goodwyn, Mills & Cawood, Inc., Architects of Montgomery, Alabama; and



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(c) the acquisition and installation, in or about the Project Facilities or elsewhere on the Project Site, of such items of equipment, furniture, furnishings and other personal property necessary for or useful in the operation of the Project as shall be specified by the Trust.

The net proceeds of the Series 2012 Bonds along with additional funds will be applied for (i) the refunding, payment and retirement of the Refunded Obligations and (ii) payment of the Project Improvement Costs related to the Project Improvements.

The Authority and the Trust will use their best efforts to complete the Project Improvement Work, or to cause the same to be completed, as promptly as practicable, delays incident to strikes, riots, acts of God or the public enemy or other acts beyond the reasonable control of the Authority or the Trust only excepted; provided, however, that no liability on the part of the Authority nor any reduction in or postponement of any rentals payable by the Trust hereunder shall result from any delay in the completion of any of the Project Improvement Work or from the failure of such work to be completed in accordance with the plans, specifications and directions furnished by the Trust.

The Authority acknowledges that the Project Improvements are to be acquired, constructed and installed in accordance with requirements established by the Trust, and it is therefore agreed and understood that the Trust may at any time and from time to time after the delivery of this Lease Agreement, cause such changes to be made in the design of the New Project Facilities or the design of any other improvements to be constructed on the Project Site as it may deem necessary or desirable; provided, however, that (i) the New Project Facilities and such other improvements, as finally constructed in accordance with the requirements of the Trust, shall be of a size and quality substantially equivalent to that contemplated by the Trust at the time of the delivery of this Lease Agreement and (ii) the character of the New Project Facilities and such other improvements shall be such as is necessary for the Project to qualify as "ancillary improvements" within the meaning of the Act. Except as provided in the foregoing provisions of this paragraph, neither the Trust nor the Authority will cause or permit any changes to be made in the design of the New Project Facilities or in the design of any other improvements to be constructed on the Project Site.

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

The Authority hereby appoints the Trust as its true and lawful agent to act and do all things on behalf of the Authority required to carry out the Project Improvement Work to completion. The appointment of the Trust to act as agent for the Authority and the authority thereby conferred on the Trust shall irrevocably continue in effect until the Project Improvement Work has been completed in every respect; provided, however, that the Authority may, upon the occurrence of an Event of Default and notwithstanding the preceding provisions of this paragraph, terminate the agency relationship created hereby.


The Authority and the Trust shall each appoint by written instrument an agent or agents authorized to act for each respectively in any or all matters arising under the Lease or the Indenture which, by the specific terms of the Lease or the Indenture, require action by such agents. Each agent so appointed to act for the Authority shall be designated an Authorized Authority Representative, and each agent so appointed to act for the Trust shall be designated an Authorized Trust Representative. Either the Authority or the

Trust may from time to time, by written notice to the other party hereto and to the Trustee, revoke, amend or otherwise limit the authorization of any agent appointed by it to act on its behalf or designate another agent or agents to act on its behalf, provided that with reference to all the foregoing matters there shall be at all times at least one Authorized Authority Representative authorized to act on behalf of the Authority and at least one Authorized Trust Representative authorized to act on behalf of the Trust.

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

Section 4.2 Agreement to Issue Series 2012 Bonds. In order refund the Refunded Obligations and to finance the Project Improvement Costs on a long-term basis, the Authority will, simultaneously with the delivery hereof, issue and sell the Series 2012 Bonds and, as security therefor, execute and deliver the Indenture. All the terms and conditions of the Indenture (including, without limitation, those relating to the amounts and maturity date or dates of the principal of the Series 2012 Bonds, the interest rate or rates thereof and the provisions for redemption thereof prior to their respective maturities) are hereby approved by the Trust, and to the extent that any provision of the Indenture is relevant to the calculation of any rental or other amount payable by the Trust hereunder or to the determination of any other obligation of the Trust hereunder, the Trust hereby agrees that such provision of the Indenture shall be deemed a part hereof as fully and completely as if set out herein.

Section 4.3 Disbursement of Proceeds from the Sale of the Series 2012 Bonds. Subject to the conditions of Section 4.4 hereof, the Authority will pay, or cause to be paid, all Project Improvement Costs, but such costs shall be paid solely out of the principal proceeds from the sale of the Series 2012 Bonds, income earned from the investment of such proceeds and any other moneys which the Trust may deposit with the Trustee for payment of Project Improvement Costs. 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, in accordance with the provisions of Section 9.2 of the Indenture, all the Project Improvement Costs. The Trust, upon request, will furnish a copy of each such requisition to the Authority. Anything to the contrary herein contained notwithstanding, the Authority shall not be obligated to pay or cause to be paid, and the Trust will not submit or cause to be submitted to the Trustee any requisition for the payment of, any cost which, if paid, would result, as of the making of such payment, in the use for any purpose other than the payment of Qualifying Project Improvement Costs of more than five percent (5%) of the cumulative amount of net proceeds (within the meaning of Section 145 of the Code) of the Series 2012 Bonds (including both Series 2012 Principal Proceeds and Series 2012 Investment Proceeds) theretofore disbursed from the Construction Fund; provided, however, that if the Authority and the Trustee are furnished with an opinion of Bond Counsel stating that the requirement set forth in the preceding clause (b) may be disregarded to any extent without adversely affecting the excludability of the interest on the Series 2012 Bonds from gross income of the Holders thereof for purposes of federal income taxation under Section 145 of the Code, then the requirement of said clause (b) may be disregarded to the extent stated in said opinion.


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The Authority will, simultaneously with the issuance of the Series 2012 Bonds or as soon thereafter as may be practicable, cause the Trustee, upon submission of requisitions satisfying the requirements of the Indenture, to reimburse the Trust, out of the proceeds of the Series 2012 Bonds deposited in the Construction Fund, for (i) all costs and expenses that the Trust shall have heretofore paid or incurred in connection with the Project Improvement Work, and (ii) all advances and loans to the Authority heretofore made by the Trust in order to enable the Authority to pay Project Improvement Costs. The Trust hereby agrees that the failure by the Authority to reimburse the Trust, or to cause the Trust to be reimbursed, in full for all such costs and expenses and all such advances (whether such failure results from insufficient moneys being available in the Construction Fund for such purpose, a decision by the Trust not to request such reimbursement or any other cause) shall not result in any diminution or postponement of any rentals payable by the Trust hereunder, or in the acquisition of title to any part of the Project by the Trust, or in the imposition of a lien in favor of the Trust upon any part of the Project.

Section 4.4 No Warranty of Suitability by the Authority; Trust Required to Make Arrangements for Payment of Project Improvement Costs. The Trust recognizes that the Project Improvement Work has been planned and carried out under its control and in accordance with its requirements, and the Authority can, therefore, make no warranty, either express or implied, or offer any assurances that the Project Improvement Work and the Project will be suitable for the Trust's purposes or needs or that the proceeds derived from the sale of the Series 2012 Bonds will be sufficient to pay in full all the Project Improvement Costs. In the event such proceeds are insufficient to pay all the Project Improvement Costs, the Trust

(a) will cause such changes to be made in the scope of the Project Improvement Work (including changes in the design of the New Project Facilities, or in the design of any other improvements to be constructed on the Project Site, or in the composition of the New Project Equipment) as will result in the aggregate Project Improvement Costs not exceeding such proceeds and investment income, or

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

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

(d) will, to the extent legally and economically possible, cause the Authority to sell and issue Additional Bonds in accordance with the provisions of the Indenture, in whatever principal amount is necessary to provide for payment of all Project Improvement Costs, in which case the Authority will complete the Project Improvement Work, or

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

all to the end that all obligations incurred by the Authority in connection with the Project Improvement Work shall be paid in full and that the acquisition, construction and installation of the Project Improvements shall be completed to the extent required for (i) the use of the proceeds of the Series 2012 Bonds to comply with the conditions necessary for the interest on the Series 2012 Bonds to be excludable from gross income of the Holders thereof for purposes of federal income taxation pursuant to Section 145 of the Code and the applicable regulations thereunder and (ii) the Project to constitute "ancillary improvements" within the

meaning of the Act. The Trust shall not, by reason of (1) its direct payment of any excess Project Improvement Costs, (2) its payment of any moneys into the Construction Fund for the payment of any such costs or (3) any other arrangements made by it for the payment of such costs, be entitled to any reimbursement from the Authority (except out of the proceeds from the sale of any Additional Bonds that may hereafter be issued by the Authority for the purpose of funding the payment of any such excess costs) or to any diminution or postponement of any rentals payable by the Trust hereunder. Further, the fact that the Trust directly pays, or directly or indirectly furnishes money to the Authority for the payment of, any part of the Project Improvement Costs shall not result in the Trust's acquisition of title to any part of the Project or in the imposition of a lien in favor of the Trust upon any part of the Project, it being understood and agreed (A) that title to all the Project shall, as between the Authority and the Trust, be fully and solely vested in the Authority and (B) that any such lien in favor of the Trust that might so result is hereby expressly waived and released by the Trust.

Section 4.5 Authority to Pursue Rights Against Suppliers and Contractors, etc. In the event of default by any supplier, contractor or subcontractor under any contract with the Authority for the performance of the Project Improvement Work or any part thereof, the Authority will, but only upon written request made to it by the Trust, proceed, either separately or in conjunction with others, to exhaust all remedies the Authority may have against such supplier, contractor or subcontractor so in default and against each surety (if any) for the performance of such contract, but all actions taken by the Authority to exhaust such remedies shall be at the expense of the Trust. Further, in the event the Authority proceeds in an arbitration proceeding or by an action at law or in equity against any such supplier, contractor, subcontractor or surety pursuant to the provisions of this section or in the event any such supplier, contractor, subcontractor or surety brings any such proceeding or action against the Authority in connection with or relating to the Project Improvement Work, the Authority will follow all reasonable directions given to it by the Trust in connection with such proceeding or action, and the Trust shall have full and complete control thereof, but any Counsel selected by the Trust for the Authority shall be subject to the reasonable approval of the Authority. The net amount recovered by the Authority in any such proceeding or action shall be paid into the Construction Fund or, if such amount is recovered after the Completion Date, to the Trust, unless an Event of Default shall have occurred and be continuing, in which case such amount shall be paid into the Bond Fund.

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

Section 4.6 Certification of Completion Date. The Completion Date shall be evidenced to the Trustee and the Authority by a certificate signed on behalf of the Trust stating that

- (a) the acquisition, construction and installation of the Project Improvements and all other Project Improvement Work have been completed in accordance with the applicable plans, specifications and directions furnished by the Trust,

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

(c) the New Project Facilities are operational for the purpose for which they were designed, and

(d) all legally required or customarily used confirmations of compliance with applicable building codes have been issued by the appropriate county or municipal officials to the effect that the New Project Facilities are suitable for occupancy.

The certificate of the Trust establishing the Completion Date shall not be effective for any purpose of the Lease or the Indenture unless the executed copy thereof furnished to the Trustee and the Authority is accompanied by (i) fully executed counterparts of instruments by which the general contractor or construction manager, as applicable, waives, without reservation and to the fullest extent possible, the mechanics' lien covering the Project that arises in connection with the work performed under the general construction contract or construction management agreement, as applicable, and (ii) an endorsement to the Title Insurance Policy which establishes that the coverage thereof does not exclude or except unfilled mechanics' or materialmen's liens.

Section 4.7 **Supplemental Agreement on Completion.** Upon completion of the acquisition and installation of the New Project Equipment, the Authority and the Trust will enter into a supplemental agreement identifying the items of New Project Equipment installed in or about the Project Facilities and confirming the demise thereof to the Trust hereunder.

ARTICLE V

DURATION OF LEASE TERM AND RENTAL PROVISIONS; PLEDGE OF DIRECT PLEDGED REVENUES

Section 5.1 **Duration of Lease Term.** The Lease Term shall begin on the date of the delivery of this Lease Agreement and, subject to the provisions hereof, shall continue until 11:59 o'clock, P.M., on December 1, 2042. The Authority will deliver to the Trust sole and exclusive possession of the Project (or such portion or portions thereof as are then in existence) on the commencement date of the Lease Term, subject to the inspection and other rights reserved in Section 8.4 hereof, and the Trust will accept possession thereof at such time; provided, however, that the Authority will be permitted such access to the Project as shall be necessary and convenient for it to accomplish the undertakings on its part contained in Section 4.1 hereof; and provided further, that the Authority will be permitted such possession of the Project as shall be necessary and convenient for it to make any repairs, restorations, additions or improvements required or permitted to be made by the Authority pursuant to the provisions of the Lease.

Section 5.2 **Basic Rent; Deposit of Direct Pledged Revenues.** For the use and occupancy of the Project during the Lease Term, 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 August 2012, and continuing until and including November 2042, pay to the Trustee as its principal corporate trust office, for the account of the Authority, installments of Basic Rent. As provided in Section 5.10 hereof, Direct Pledged Revenues are pledged herein to the payment of the Trust's "Lease Obligations" therein defined and are required to be

applied first to the timely payment of Basic Rent and thereafter to the payment of the Lease Obligations other than Basic Rent. In order to facilitate the timely payment of Basic Rent, the Trust will deposit daily with the Trustee, for deposit in the Revenue Fund created in the Indenture, Direct Pledged Revenues received by the Trust within one (1) business day after the receipt thereof; provided, however, that for so long as the Trustee shall not have notified the Trust in writing that a deficiency exists in any of the Indenture Funds, the Trust may, in its discretion, defer deposit of Direct Pledged Revenues received by it into the Revenue Fund until not later than the 25th calendar day of each calendar month and shall be required to deposit therein only so much as shall be required to pay the current installment of Basic Rent and may retain any remaining portion of Direct Pledged Revenues, but in the event that at any time the Trustee shall notify the Trust in writing that a deficiency exists in any of the Indenture Funds, then the Trust shall immediately deposit all Direct Pledged Revenues then on hand in the Revenue Fund and shall commence depositing all Direct Pledged Revenues thereafter received in the Revenue Fund within one business day after the receipt thereof by the Trust for so long as any such deficiency continues and for a period of six months following the initial determination by the Trustee that no such deficiency continues to exist. Each installment of Basic Rent shall be paid in immediately available funds and shall be in an amount equal to the sum of the following:

(a) an amount equal to one-sixth (1/6) of the interest that will become due with respect to the then outstanding Series 2012 Bonds on the next succeeding Bond Payment Date (with such payments beginning in August 2012 and ending in November 2012 being equal to one-fourth (1/4) of the interest that will become due on December 1, 2012);

(b) an amount equal to the sum of one-twelfth (1/12) the principal amount that will mature or will be subject to scheduled mandatory redemption with respect to the then outstanding Series 2012 Bonds on the then next succeeding December 1 (with such payments beginning in August 2012 and ending in November 2012 being equal to one-fourth (1/4) of the principal that will mature on December 1, 2012); and

(c) following any withdrawal from the Debt Service Reserve Fund, an amount obtained by dividing (i) the amount of such withdrawal by (ii) the number of months between the first day of the calendar month in which such withdrawal occurred in the last day of the eleventh (11th) calendar month next succeeding such withdrawal, all to the end that the amounts payable pursuant to this clause (iii) will cause any withdrawal from the Debt Service Reserve Fund to be fully restored within twelve (12) months after such withdrawal occurred.

Anything to the contrary contained in the Lease notwithstanding, there shall be credited against any installment of Basic Rent due hereunder any amount then held in the Bond Fund to the extent that such amount has not theretofore been credited on a previously due installment of 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 2012 Bonds, Series 2012 Bonds called for redemption but not yet redeemed and matured but unpaid interest on the Series 2012 Bonds, (ii) are held therein pursuant to instructions from the Trust for the future redemption or purchase of Series 2012 Bonds, or (iii) are held therein for the payment of unmatured Series 2012 Bonds not called for redemption if such Series 2012 Bonds are considered fully paid pursuant to the provisions of Section 16.1 of the Indenture by reason of the fact that such moneys are so held in the Bond Fund.


Nothing herein contained shall be construed as imposing on the Authority or on the Trustee any duty or responsibility of giving any notice to the Trust of the amount on deposit in the Bond Fund, or of the amount of any credits against Basic Rent available to the Trust, as of any date upon which Basic Rent shall

become due but the Authority will cause the Trustee to respond to any reasonable requests that the Trust may make for such information. 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, 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 obligation to pay such installment of Basic Rent when it is due and payable.

So long as any of the Bonds are outstanding, all Basic Rent payments shall be made directly to the Trustee for the account of the Authority. The Authority will, promptly following the designation of any successor or interim successor Trustee under the Indenture, give written notice to the Trust of the name and location of the principal corporate trust office of such successor or interim successor Trustee, or it will cause such notice to be promptly given. In the event the due date of any installment of Basic Rent payable hereunder is a Saturday, Sunday or legal holiday in the state in which the designated corporate office of the Trustee is located or a day on which the bank that is then acting as Trustee is legally authorized to close, such installment shall be due in immediately available funds no later than the close of business by the Trustee on the last business day next preceding such due date. Any installment of Basic Rent due hereunder that is not paid on or before the Bond Payment Date to which such installment is referable shall bear interest from such Bond Payment Date until paid at the rate of two percent (2%) in excess of the Prime Rate or at the highest non-usurious per annum rate of interest then permitted by applicable law, whichever of the foregoing rates of interest is the lesser.

Section 5.3 Additional Rent—Trustee’s Fees and Expenses. In addition to the Basic Rent and all other rental payments due from the Trust hereunder, the Trust will also pay, as additional rent, (i) the annual fee of the Trustee for the ordinary services of the Trustee rendered and its ordinary expenses incurred under the Indenture, (ii) the reasonable fees and charges of the Trustee as registrar, transfer agent and paying agent with respect to the Series 2012 Bonds, as well as the fees and charges of any other paying agent with respect to the Series 2012 Bonds who shall act as such agent in accordance with the provisions of the Indenture, (iii) the reasonable fees and expenses of the Trustee in connection with the issuance of any new Series 2012 Bond upon the partial redemption of any Series 2012 Bond (including, without limitation, the expenses of printing such new Series 2012 Bond), (iv) the reasonable fees and expenses of the Trustee in connection with any other registration, transfer or exchange of any of the Series 2012 Bonds if the Trustee is not permitted by Section 5.4 of the Indenture to charge the Holder of such Series 2012 Bonds for such fees and expenses, and (v) the reasonable fees, charges and expenses of the Trustee for necessary extraordinary services rendered by it and necessary extraordinary expenses incurred by it under the Indenture. All such fees, charges and expenses shall be paid directly to the Trustee, for its own account upon presentation of its statements therefor, but the Trust may, without creating a default hereunder, contest in good faith the necessity for any of the extraordinary services performed by the Trustee or the reasonableness of the fees, charges or expenses of the Trustee in connection therewith.

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


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Section 5.5 Concerning a Determination of Taxability. It is understood by the parties hereto, on the basis of representations, warranties and covenants contained in Sections 2.1, 2.2, 8.5 and 8.6 hereof,

(a) that the interest income on each series of the Series 2012 Bonds will be excludable from gross income of the Holders thereof for purposes of federal income taxation under the provisions of Section 103 of the Code; and

(b) that each series of the Series 2012 Bonds will not be “arbitrage bonds” within the meaning of Section 148 of the Code.

The Trust understands and agrees (i) that one of the principal inducements to the purchase of each series of the Series 2012 Bonds by the Underwriter is that under existing law the interest thereon will be excluded from gross income of the Holders thereof for federal income tax purposes, and (ii) that, as a result of a mistake in any one or more of the aforesaid representations, or as a result of the breach of any one or more of the aforesaid warranties or covenants, the interest on any series of the Series 2012 Bonds may, under the provisions of Section 103 and related provisions of the Code, be or become includable in gross income of the Holders thereof for federal income tax purposes. Therefore, upon the occurrence of a Determination of Taxability, the Trust shall be obligated to pay, in addition to all other Basic Rent and additional rentals due from the Trust hereunder, the special installments of Basic Rent provided for in Section 5.6 hereof.


An Event of Taxability shall result from the interest on the Bonds of an Affected Series being or becoming includable in gross income of the Holders thereof for federal income tax purposes as a result of any of the following conditions or circumstances:

(a) the Bonds of an Affected Series constitute “arbitrage bonds” within the meaning of Section 148 of the Code; or

(b) the taking of any action by the Authority or the Trust, or the failure of the Authority or the Trust to take any action, or any mistake in or untruthfulness of any representation of the Authority or the Trust contained in the Lease or in any certificate of the Authority or the Trust delivered pursuant to the Lease or the Indenture or in connection with the issuance of the Bonds of an Affected Series, if such action or omission, or such mistake in or untruthfulness of such representation, has the effect of causing the interest on the Bonds of an Affected Series to be or become subject to federal income taxation;

provided that no Event of Taxability shall be deemed to have occurred with respect to any Series 2012 Bond if the interest thereon becomes subject to (i) the minimum tax imposed on individuals pursuant to the provisions of Section 55 of the Internal Revenue Code, or (ii), in the case of United States branches of foreign corporations, the branch profits tax imposed by Section 884 of the Internal Revenue Code.

Irrespective of whether any or none of the Series 2012 Bonds are at the time outstanding, a Determination of Taxability shall be deemed to have occurred on the first to occur of the following:


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(a) the date on which the Trust determines that the interest income on the Bonds of an Affected Series is includable in gross income of the Holders thereof for federal income tax purposes by filing with the Trustee a statement to that effect, supported by any tax schedule, return or other document which discloses that an Event of Taxability has occurred;

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

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


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

In order to afford the Trust time in which to decide whether to contest any assessment or other action by the Internal Revenue Service in connection with a pending Determination of Taxability, no such determination shall be recognized as occurring for a period of sixty (60) days following the event which, in the absence of the right of the Trust to contest, would otherwise have immediately constituted such a determination. Definitive recognition of the occurrence of a pending Determination of Taxability shall not be deferred for more than such initial sixty-day period unless, prior to the expiration thereof, the Trust (i) notifies the Trustee in writing of its intention to contest the assessment or other action by the Internal Revenue Service giving rise to such determination and (ii) furnishes to the Trustee a written opinion of Independent Counsel having expertise in federal tax law (which counsel shall be selected by the Trust but

shall be acceptable to the Trustee) to the effect that there is a meritorious defense to the contention of the Internal Revenue Service that interest on the Bonds of an Affected Series is includable in gross income of the Holders thereof for federal income tax purposes. If the Trust notifies the Trustee in writing during such initial sixty-day period that it has decided not to contest any action of the Internal Revenue Service in connection with a pending Determination of Taxability, or if the Trust does not notify the Trustee in writing of its intention to contest any such action or to furnish the Trustee with the opinion of Independent Counsel referred to in the preceding sentence prior to the expiration of such period, then, in either case, the pending Determination of Taxability shall be deemed to have occurred on the date of the event which, in the absence of the right of the Trust to contest, would have immediately constituted such determination.

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

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


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

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

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

Section 5.6 Mandatory Prepayment of Basic Rent in the Event of a Determination of Taxability. In the event of a Determination of Taxability, the Trust will pay to the Trustee for the account of the Authority and as a special installment of Basic Rent, an amount which will be sufficient to redeem

and retire on the Taxability Redemption Date, at and for the applicable redemption price specified in clause (iii) of Section 7.5 of the Indenture, all the Bonds of the Affected Series that will be outstanding on the Taxability Redemption Date. The special installment of Basic Rent required to be paid by the Trust pursuant to this section shall be paid in immediately available funds on or before the close of business on the business day next preceding the Taxability Redemption Date; provided that if any of the moneys then held in the Construction Fund, the Bond Fund (exclusive of any moneys held therein for the payment of matured but unpaid Bonds, Bonds called for redemption but not yet redeemed and matured but unpaid interest), the Redemption Fund and the Debt Service Reserve Fund are not restricted to other purposes and can be applied to the redemption of Series 2012 Bonds, there shall be credited against such special installment of Basic Rent so much of such moneys as the Trust may specify in writing to the Authority and the Trustee.

If any Determination of Taxability occurs while the Lease is still in effect and all installments of Basic Rent referable to the Bonds of an Affected Series have not yet become due and payable, then in such case the payment of the special installment of Basic Rent required by this section shall constitute a prepayment of the Basic Rent referable to the Bonds of an Affected Series. The provisions of this section shall survive any termination of the Lease [including, without limitation, any termination pursuant to the provisions of any of Sections 7.2(a), 10.2(b), 11.1 and 11.2 hereof, or any termination resulting from the expiration of the Lease Term], and if any Determination of Taxability occurs after such termination, the Trust shall be obligated to pay such installment in addition to all Basic Rent paid prior to or at the termination of the Lease.

Section 5.7 Optional Prepayment of Basic Rent. The Trust may, at its option at any time and from time to time, prepay directly to the Trustee, for the account of the Authority, such amount of Basic Rent as shall be sufficient to enable the Authority to redeem and retire, in advance of maturity, any of the Bonds (except for Series 2012-C Bonds) in accordance with their terms and the terms of the Indenture. In the event of such prepayment, the Authority will cause the amount of Basic Rent so prepaid to be applied to redemption and retirement of Bonds, in accordance with the provisions of the Indenture, on the earliest practicable date after receipt of such prepaid Basic Rent on which, under their terms and the terms of the Indenture, such Bonds may be redeemed, and will (upon being notified by the Trust in writing of the Trust's intention in this respect and without the necessity of the moneys therefor being deposited with the Trustee) take all action necessary under the provisions of the Indenture to effect such redemption. Prepayments of Basic Rent referable to the Series 2012 Bonds shall be applied to the redemption of Series 2012 Bonds at the redemption prices and in accordance with the other terms and conditions set forth in Section 7.3 of the Indenture.

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


Section 5.9 Obligations of Trust Unconditional. The obligation of the Trust to pay the Basic Rent, to make all other payments provided for herein and to perform and observe the other agreements and covenants on its part herein contained shall be absolute and unconditional, irrespective of any rights of set-off, recoupment or counterclaim it might otherwise have against the Authority. The Trust will not suspend, discontinue, reduce or defer any such payment or fail to perform and observe any of its other

agreements and covenants contained herein or (except as expressly authorized herein) terminate the Lease for any cause, including, without limiting the generality of the foregoing, the failure of the Authority to complete the acquisition, construction and installation of the Project Improvements or any other part of the Project Improvement Work, any acts or circumstances that may deprive the Trust of the use and enjoyment of the Project, failure of consideration or commercial frustration of purpose, or any damage to or destruction of the Project or any part thereof, or the taking by eminent domain of title to or the right to temporary use of all or any part of the Project, or any change in the tax or other laws, rules and regulations of the United States of America, the State of Alabama or any political or taxing subdivision or any department or agency of either thereof, or any change in the cost or availability of labor or energy adversely affecting the profitable operation of the Project by the Trust, or any failure of the Authority to perform and observe any agreement or covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with the Lease.

The provisions of the first paragraph of this section shall remain in effect only so long as any of the Indenture Indebtedness remains outstanding and unpaid. Nothing contained in this section shall be construed to prevent the 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 hereunder, including, without limitation, such actions as may be necessary to insure that the Project Improvement Work will be completed in accordance with the directions and requirements of the Trust, and in such event the Authority will cooperate fully with the Trust in any such action or proceeding. Further, nothing contained in this section shall be construed to release the Authority from the performance of any of the agreements on its part herein contained or to preclude the Trust from instituting such action against the Authority as the Trust may deem necessary to compel such performance, it being understood and agreed, however, that no such action on the part of the Trust shall in any way affect the agreements on the part of the Trust contained in the first paragraph of this section or in any way relieve the Trust from performing any such agreements.

Section 5.10 Pledge of the Direct Pledged Revenues. As security for the payment and performance of the Trust's obligations under this 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 Lease Agreement (which are herein called the "Lease Obligations") so much as may be necessary therefor of the Direct Pledged Revenues, and, subject to the deposit provisions of Section 5.2 hereof, the Direct Pledged Revenues are to be applied first for the timely payment of Basic Rent and thereafter for the payment of other Lease Obligations.

The Trust hereby warrants and represents that it has no outstanding securities or contracts, other than the Lease Obligations or outstanding indebtedness that is being paid in full out of the proceeds of the Series 2012 Bonds, that are payable out of or secured by a special pledge of any part of the Direct Pledged Revenues; and that upon the delivery of this Lease Agreement, the aforesaid pledge of the Direct Pledged Revenues for the benefit of the Lease Obligations will be prior and superior to any pledge and agreement respecting the Direct Pledged Revenues 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.


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ARTICLE VI

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

Section 6.1 **Maintenance, Additions, Alterations, Improvements and Modifications.** The Trust will, at its own expense, keep the Project in reasonably safe condition and keep all buildings, equipment and other facilities at any time forming part of the Project in good repair and operating condition (reasonable wear and tear excepted), making from time to time all necessary and proper repairs thereto (including, without limitation, exterior and structural repairs); provided however, that the Trust shall have no obligation hereunder to repair or maintain the Project after full payment of the Indenture Indebtedness. The Authority and the Trust recognize that, as a result of reasonable wear and tear, technological obsolescence or other causes, various items of the Project Equipment may become inadequate, obsolete, worn-out or unsuitable in the use and operation of the Project by the Trust, but the Authority shall not be obligated to replace or renew any such items of the Project Equipment.

The Trust may, at its own cost and expense, make, or cause to be made, any additions, alterations, improvements or modifications to the Project that it may deem desirable, provided that such additions, alterations, improvements or modifications do not (i) change the character of the Project to such extent that it no longer constitutes "ancillary improvements" under the Act or (ii) significantly impair the value or utility of the Project, and provided further that, if such additions, alterations, improvements or modifications affect the structural integrity of any building or other structure forming a part of the Project, the Trust furnishes to the Authority, to the Trustee and to the Holder of each of the Bonds a certificate of an Independent Engineer stating that such additions, alterations, improvements or modifications will not significantly impair the value or utility of the Project.

All additions, alterations, improvement or modifications to the Project made, or caused to be made, by the Trust shall

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

Any such adjacent land so subjected to the demise hereof and to the lien of the Indenture shall henceforth be considered, for purposes of the Lease and the Indenture, as part of the Project Site. All such additions, alterations, improvements and modifications to the Project so made, or caused to be made, by the Trust shall become a part of the Project.

The Trust will not permit any mechanics' or other liens to stand against the Project for labor, materials, equipment or supplies furnished in connection with the acquisition, construction and equipment of the Project or in connection with any additions, alterations, improvements, modifications, repairs or renewals that may subsequently be made thereto. The Trust may, however, at its own expense and in good faith, contest any such mechanics' or other liens and in the event of any such contest may permit any such liens to remain unsatisfied and undischarged during the period of such contest and any appeal therefrom


unless by such action the lien of the Indenture to any part of the Project shall be endangered or any part of the Project shall be subject to loss of forfeiture, in either of which events such mechanics' or other liens shall (unless they are bonded or superseded in a manner satisfactory to the Trustee) be promptly satisfied.

At any time and from time to time, the Trust may, at its own cost and expense, install on the Project Site any equipment or other personal property which does not constitute part of the Project Equipment and which in the Trust's judgment is necessary or convenient for its use and operation of the Project, provided that the installation of such equipment or other personal property does not significantly impair the value or utility of the Project. Any such equipment or personal property owned (or leased pursuant to any lease contract other than the Lease) by the Trust may be removed by the Trust at any time and from time to time without responsibility or accountability to the Authority or the Trustee, but the Trust shall promptly repair at its own expense any damage to the Project caused by the removal of any such equipment or other personal property.

Section 6.2 Removal of Project Equipment. So long as an Event of Default shall not have occurred and be continuing, the Trust may remove any item of the Project Equipment upon compliance with the conditions set forth in either subparagraph (a) or (b) below:

(a) Such item of the Project Equipment may be removed from the Project Site and used by the Trust in its other operations or sold or otherwise disposed of in any way that the Trust may see fit, free of the demise of the Lease and of the lien of the Indenture and without the Trust having any responsibility or accountability to the Authority or the Trustee therefor, provided that the Trust substitutes and installs on the Project Site (whether before, on or after the date of such removal but in no event later than two months after the date of such removal) other equipment or other personal property not then constituting part of the Project Equipment and not necessarily of the same character but of at least equal value to the Trust as, and costing not less than the amount realized from the disposition of the item of Project Equipment so removed, it being understood (i) that no part of the Book Value of such substituted equipment or other personal property shall have been credited on a payment theretofore due to be made into the Bond Fund pursuant to the provisions of subparagraph (b) of this paragraph and (ii) that all such substituted equipment or other personal property shall be free of all liens and encumbrances (other than Permitted Encumbrances), shall be the sole property of the Authority, shall be and become a part of the Project Equipment subject to the demise of the Lease and to the lien of the Indenture and shall be held by the Trust on the same terms and conditions as the items originally constituting the Project Equipment.

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


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The amount of any payment that, under the provisions of subparagraph (b) above, is due to be made into the Bond Fund by the Trust may be reduced by a credit equal to the then Book Value of any equipment or other personal property then installed on the Project Site that does not then constitute part of the Project Equipment and is owned by the Trust free from all liens and encumbrances (other than Permitted Encumbrances), but if any such payment into the Bond Fund is reduced by a credit against the Book Value of any such equipment or other personal property, the same shall immediately become the sole property of the Authority and part of the Project Equipment subject to the demise of the Lease and to the lien of the Indenture and shall be held by the Trust on the same terms and conditions as the items originally constituting the Project Equipment.

If, at the time of the removal of any Project Equipment from the Project Site, there is then installed on the Project Site other equipment or personal property owned by the Trust not then constituting part of the Project, and if such other equipment or personal property has utility (though not necessarily the same value or function) in the operation of the Project equal to or greater than that of the Project Equipment to be removed and is free of all liens and encumbrances (other than Permitted Encumbrances), and if no part of the Book Value of such other equipment or personal property has been credited on a payment theretofore due to be made into the Bond Fund pursuant to subparagraph (b) of this section, the Trust may, by failing to make the substitution or the cash payment alternatively prescribed by subparagraphs (a) and (b) of this section, elect to have such provisions not apply to such removal, but with the result, however, that from and after such removal such other equipment or personal property shall be and become the sole property of the Authority and part of the Project Equipment subject to the demise of the Lease and to the lien of the Indenture and shall be held by the Trust on the same terms and conditions as the items originally constituting the Project Equipment.

The Trust will not remove any items of the Project Equipment pursuant to either subparagraph (a) or (b) of this section if the operating utility of the Project will be significantly impaired by such removal or if such removal changes the character of the Project to such an extent that it no longer constitutes "ancillary improvements" under the Act. In any case where the Trust is herein required to purchase, install and substitute on the Project Site any item of equipment or other personal property it may, in lieu of purchasing and installing said equipment or other personal property itself, advance to the Authority the funds necessary therefor, whereupon the Authority will purchase and install such equipment or other personal property on the Project Site.

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

(1) If the Trust elects to remove any item of the Project Equipment pursuant to subparagraph (b) of this Section 6.2, it will pay to the Trustee such amounts as are required thereby to be paid into the Bond Fund promptly after the sale or other disposition of the item requiring such payment; provided, however, that no such payment need be made (i) until such date as the aggregate of such payments due but not theretofore made is \$100,000 or more, or (ii) until the then next succeeding December 1 [which payment shall include only payments due in respect of transactions covered by said subparagraph (b) occurring prior to the previous December 1], whichever of the dates described in clauses (i) and (ii) occurs first.


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


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

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

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

The preceding provisions of this section shall apply only so long as any of the Indenture Indebtedness remains unpaid. After full payment of the Indenture Indebtedness and the cancellation, satisfaction and discharge of the lien of the Indenture in accordance with the provisions thereof, the Trust may, if in its sole discretion it determines that any or all items of the Project Equipment have become unsuitable or unnecessary for its use and operation of the Project, remove such items of the Project Equipment from the Project Site and (on behalf of the Authority) sell or otherwise dispose of such items, without any responsibility or accountability to the Authority therefor and without being required to install in the Project Facilities or elsewhere on the Project Site equipment or other personal property in substitution therefor, and may retain any money or other consideration received by it upon any disposition of such items of Project Equipment.

Nothing contained herein shall prohibit the Trust, at any time during which no Event of Default shall have occurred and be continuing, from removing from the Project Site any equipment or other personal property that is owned by it or leased by it from third parties and that does not constitute part of the Project Equipment; provided however, that if any such equipment or other personal property owned by the Trust or leased by it from third parties is removed from the Project Site prior to full payment of the Indenture Indebtedness, the Trust will promptly repair at its own expense any damage to the Project caused by such removal.


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Section 6.3 Taxes, Other Governmental Charges and Utility Charges. The Authority and the Trust acknowledge (i) that, under present law, the revenues, income and profits (if any) of the Authority from the Project are exempt from both federal and state taxation, (ii) that, as provided in Section 12.3 hereof, the exemption of the revenues of the Authority from the leasing or sale of the Project from taxation by the State of Alabama and its political subdivisions constitute part of the contract between the Authority and the Trust contained in this Lease Agreement, and (iii) that these factors, among others, induced the Trust to enter into this Lease Agreement. Nevertheless, the Trust will pay

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


(b) all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Project; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Trust shall be obligated to pay only such installments as are required to be paid during any period while the Lease shall be in effect.

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

The Trust may, at its own expense and in its own name and behalf or in the name and behalf of the Authority, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless by such action the lien of the Indenture as to any part of the Project shall be materially endangered, or the Project or any part thereof shall become subject to loss or forfeiture, or the revenues of the Authority from the Project shall become subject to a lien or charge thereon prior to or on a parity with the pledge and assignment thereof made in the Indenture, in any of which cases such taxes, assessments or charges shall (unless they are bonded or are superseded in a manner satisfactory to the Trustee) be paid prior to their becoming delinquent. The Authority will cooperate fully with the Trust in any such contest.

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

Section 6.4 Insurance Required. The Trust will take out and thereafter continuously maintain in effect or cause to be taken out and thereafter continuously maintained in effect, insurance with respect to the Project against such risks as are customarily insured against with respect to public buildings, paying as the same become due all premiums with respect thereto, including, but not necessarily limited to, the following:



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(a) until such time as the construction of the New Project Facilities shall have been completed and the Completion Date shall have been established in accordance with the provisions of Section 4.6 hereof, builder's risk insurance with respect to the New Project Facilities and the New Project Equipment installed therein to such extent as is necessary to provide for full payment of the costs of repairing, restoring or replacing the property damaged or destroyed or, if insurance to such extent is not available, to the extent of the full insurable value of the New Project Facilities and such New Project Equipment;

(b) insurance against loss or damage to the Project Facilities, to all other improvements located on the Project Site and to the Project Equipment by fire, lightning, flood, vandalism and malicious mischief, with uniform standard extended coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at the time in use in the State of Alabama, to such extent as is necessary to provide for either the redemption and retirement of all the Bonds that shall be outstanding from time to time or for full payment of the costs of repairing, restoring or replacing, the property damaged or destroyed, whichever shall be the greater amount or, if insurance to such extent is not available, to the extent of the full insurable value (as determined by a recognized insurer) of the Project Facilities, such improvements and the Project Equipment; provided, however, that the Trust shall not be required to put into effect the insurance required by this clause (b) with respect to any property so long as the same shall be covered by the builder's risk insurance required by clause (a) of this paragraph; and

(c) comprehensive general liability insurance against liability for personal or bodily injury to or death of persons and for damage to or loss of property occurring on or about the Project Site or in any way related to the use, occupancy or operation of the Project, in the minimum amount of \$1,000,000 for all death and bodily injury claims and property damage claims resulting from any one accident.

All policies evidencing the insurance required by the terms of the preceding paragraph shall be taken out and maintained in generally recognized responsible insurance companies, qualified under the laws of the State of Alabama to assume the respective risks undertaken, shall contain an agreement on the part of the insurer issuing such policy that the same shall not be cancelled, terminated or permitted to lapse by such insurer unless thirty (30) days' prior written notice of such cancellation, termination or lapse in coverage shall have been given to the Trustee, and may be written with co-insurance provisions and deductible amounts comparable to those applicable to similar policies carried with respect to public facilities similar to the Project. All such insurance policies, other than those evidencing the insurance required by clause (c) of the preceding paragraph and such other policies or portions thereof as may evidence insurance against liability for injury to persons or property of others, shall name as insureds the Authority, the Trustee and the Trust (as their respective interests shall appear) and shall contain standard mortgage clauses providing for all recoveries thereunder to be paid to the Trustee; provided that all recoveries may be adjusted by the Trust, subject, in the case of the recovery in respect of a loss greater than \$100,000, to the approval of the Trustee. The insurance required by clause (c) of the preceding paragraph shall cover the liability, in the several respects indicated, both of the Authority and of the Trust. The Authority shall deliver to the Trustee at the closing of the issuance of the Series 2012 Bonds, and not later than March 31 of each year thereafter that this Lease remains in effect, a written certification from an Authorized Authority Representative that the Authority is then in compliance with the terms of this Section 6.4. Anything herein to the contrary notwithstanding, any insurance required by the provisions hereof may be evidenced by a blanket policy covering risks in addition to those hereby required to be covered, but if and only if appropriate allocation certificates and loss payable endorsements are furnished to the Authority and certified by an Authorized Trust Representative by delivery of a written certificate to the Trustee.


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Section 6.5 Performance by Authority or Trustee of Certain Obligations of the Trust; Reimbursement of Expenses. In the event the Trust fails to take out or maintain the full insurance coverage required by the Lease, fails to pay the taxes and other charges herein required to be paid at or prior to the time they are so required to be paid, or fails to keep the Project in as reasonably safe condition as its operations permit and in good repair and operating condition, the Authority or the Trustee, after first notifying the Trust of any such failure on its part and after the subsequent failure by the Trust to perform the obligation with respect to which it is delinquent, may (but shall not be obligated to) perform any such obligation on behalf of the Trust. Any expense incurred by the Authority or the Trustee in performing any of such obligations of the Trust shall become an additional obligation of the Trust to the Authority or to the Trustee, as the case may be, and shall be repaid by the Trust together with interest thereon, from the date such amount was paid by the Authority or the Trustee, as the case may be, until the date of its repayment by the Trust, at a per annum rate equal to two percent (2%) in excess of the Prime Rate until such amount is repaid or at the maximum applicable non-usurious per annum rate of interest then permitted by the laws of the State of Alabama, whichever of the foregoing rates of interest is the lesser. Any remedy herein vested in the Authority or the Trustee for the collection of rental payments shall also be available to the Authority or the Trustee for the collection of all amounts so paid by the Authority or the Trustee in performing any of such obligations of the Trust.

ARTICLE VII

PROVISIONS RESPECTING DAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.1 Damage and Destruction Provisions. If the Project is destroyed, in whole or in part, or is damaged, by fire or other casualty, the Trust will promptly so notify the Authority and the Trustee in writing. If, in such event, the Trust is not entitled to exercise its option (granted in Section 11.2 hereof) to purchase the Project, or if, in such event, being entitled to, it does not exercise such option, the Net Insurance Proceeds recovered by the Authority, the Trust and the Trustee on account of such damage or destruction shall be paid to and held by the Trustee, whereupon

(a) the Authority will proceed, as promptly as practicable under the circumstances and under such terms, conditions and contracts as shall be approved by the Trust, to repair, replace, rebuild or restore the property damaged or destroyed to substantially the same condition as prior to the event causing such damage or destruction, with such changes, alterations or modifications as shall be specified by the Trust and as will not change the character of the Project as part of "ancillary improvements" under the provisions of the Act (provided that the Trust shall not cause any such changes, alterations or modifications to be made which would cause the costs of repairing, replacing, rebuilding or restoring the property damaged or destroyed to exceed the Net Insurance Proceeds referable thereto, unless the Trust pays, or provides funds to the Authority for the payment of, the amount by which such costs exceed such insurance proceeds), and

(b) the Trustee will apply the Net Insurance Proceeds to payment of the costs of such repair, replacement, rebuilding or restoration.

Any balance of the Net Insurance Proceeds remaining after payment of all the costs of such repair, replacement, rebuilding or restoration shall be paid into the Redemption Fund.

The Authority's obligation to pay the costs of repairing, replacing, rebuilding or restoring any property destroyed or damaged shall be limited solely to the Net Insurance Proceeds referable thereto, plus any funds that may have been contributed to it for such purpose. If, after being furnished with the necessary funds (whether from insurance proceeds or other sources), the Authority fails or refuses after reasonable

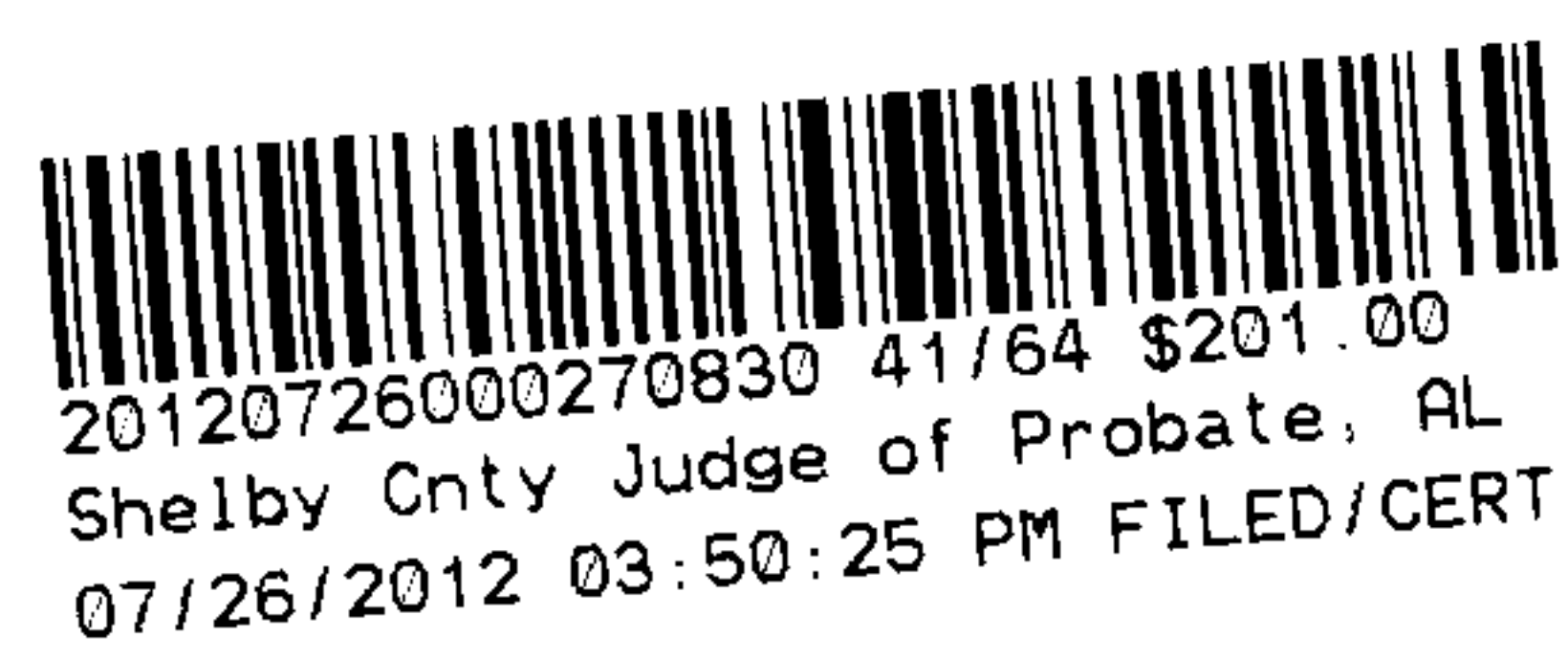
request so to take any action required to repair, replace, rebuild or restore the property damaged or destroyed, the Trust may, for and in the name and behalf of the Authority, take such action as is required to accomplish such repair, replacement, rebuilding or restoration, in which case it shall be entitled to reimbursement for the costs thereof from the funds referred to above, to the extent such funds are sufficient therefor.

In no event shall the Authority undertake the work of any repair, replacement, rebuilding or restoration unless and until (i) it has been notified in writing by the Trust that the Trust irrevocably relinquishes any right it may have under Section 11.2 hereof, on account of such damage or destruction, to purchase the Project, or (ii) the time within which the Trust must exercise such option has expired without the Trust having exercised such option. If, however, as a result of such damage or destruction, the Trust is entitled to exercise such option and duly does so in accordance with the applicable provisions of said Section 11.2, then the Authority shall not be required to repair, replace, rebuild or restore the property damaged or destroyed, in which event so much (which may be all) of any Net Insurance Proceeds referable to such damage or destruction as shall be necessary to provide for full retirement of the Bonds (as specified in Section 11.2 hereof) shall be paid or credited by the Trustee into the Bond Fund and the excess thereafter remaining (if any) shall be paid to the Trust after all the outstanding Bonds have been retired.

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

(a) Taking of All or Substantially All the Project. If title to all or substantially all the Project is taken by such eminent domain proceeding, this Lease Agreement shall terminate as of the forty-fifth (45th) day after the receipt by the Trustee of the final installment of the entire condemnation award in respect of such taking. If the Net Condemnation Award plus all amounts in the Bond Fund, the Redemption Fund and the Construction Fund (if any) are sufficient to pay and retire all the then outstanding Bonds, the Trustee shall apply all such amounts to the redemption and retirement of all the then outstanding Bonds in accordance with the applicable provisions of the Indenture. If, however, the total of such amounts is not sufficient to pay and retire all the then outstanding Bonds, the Trustee will apply such amounts in accordance with Section 13.3 of the Indenture.

The Trust shall not, on account of being deprived of the use and occupancy of the Project as the result of the taking by eminent domain of all or substantially all thereof, be entitled to any rebate of any Basic Rent that it may have, prior to such taking, paid to the Trustee for the account of the Authority. If, however, the sum of the Net Condemnation Award and the amounts in the Bond Fund, the Redemption Fund and the Construction Fund (if any) exceeds the sum needed to retire all the then outstanding Bonds [including, without limitation thereto, principal, premium (if any), interest to maturity or earliest practicable redemption date (as the case may be), expenses of redemption and Trustee's fees, charges and disbursements] in accordance with the applicable provisions of the Indenture, then such excess shall be paid to the Trust after all the then outstanding Bonds have been retired.



(b) Taking of Less Than Substantially All the Project. If title to less than substantially all the Project is taken by such eminent domain proceeding, this Lease Agreement (including, without limitation thereto, the obligation of the Trust to pay the Basic Rent and all other amounts payable hereunder) shall continue in full force and effect but with the following consequences:

(1) If no part of the Project Facilities is taken or damaged and if in the Trust's opinion the use of the Project Facilities is not impaired by such taking, the Net Condemnation Award referable thereto shall be paid into the Redemption Fund.

(2) If any part of the Project Facilities is taken or damaged or if in the Trust's opinion the use of the Project Facilities is impaired by such taking, the Authority will proceed, as promptly as practicable under the circumstances and upon such terms and conditions as shall be approved in writing by the Trust, to repair, replace, rebuild or restore the portion or portions of the Project Facilities taken or damaged or to rearrange the Project Facilities and any other facilities then forming a part of the Project so as to make them suitable for the use of the Trust (provided that the Trust shall not prescribe terms and conditions for such repair, replacement, rebuilding, restoration or rearrangement which would cause the costs thereof to exceed the Net Condemnation Award referable to such taking, unless the Trust pays, or provides for the payment of, the amount by which such costs exceed such condemnation award), and the Trustee will apply the Net Condemnation Award referable to such taking to payment of the costs of such repair, replacement, rebuilding, restoration or rearrangement. If the Net Condemnation Award is in excess of the costs of such repair, replacement, rebuilding, restoration or rearrangement, the excess shall be paid into the Redemption Fund. The Authority's obligation to pay the costs of such repair, replacement, rebuilding, restoration or rearrangement shall be limited solely to the Net Condemnation Award, plus any funds that may have been contributed to it for such purpose. If, after being furnished with the necessary funds (whether from condemnation awards or from other sources), the Authority fails or refuses after reasonable request so to repair, replace, rebuild or restore the portion or portions of the Project Facilities taken or damaged or to rearrange the Project Facilities and any other facilities then forming a part of the Project so as to make them suitable for the use of the Trust, as the case may be, the Trust may, for and in the name and behalf of the Authority, perform the work of such repair, replacement, rebuilding, restoration or rearrangement, in which case it shall be entitled to reimbursement for the costs thereof from the funds referred to above, to the extent that such funds are sufficient therefor.

The provisions of the preceding subparagraph (2) to the contrary notwithstanding, in no event shall the Authority undertake the work of any repair, replacement, rebuilding, restoration or rearrangement thereunder unless and until (A) it has been notified in writing by the Trust that the Trust irrevocably relinquishes the option it may have under Section 11.2 hereof, on account of such taking, to purchase the Project, or (B) the time within which the Trust must exercise such option has expired without the Trust having exercised such option. If, however, as a result of such taking, the Trust is entitled to exercise such option and duly does so in accordance with the applicable provisions of said Section 11.2, then the Authority shall not be required to repair, replace, rebuild or restore the portion or portions of the Project Facilities taken or damaged or to rearrange the Project Facilities or any other facilities then forming a part of the Project nor shall any of the other provisions of said subparagraph (2) apply in such case, and so much (which may be all) of the Net Condemnation Award referable to such taking as shall be necessary to provide for full payment and retirement of the Bonds (as specified in Section 11.2 hereof) shall be paid or credited by the Trustee into the Bond Fund and the excess thereafter remaining (if any) shall be paid to the Trust after all the outstanding Bonds have been retired.

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

Section 7.3 Condemnation of Right to Use of the Project for Limited Period. If the use, for a limited period, of all or part of the Project is taken under the exercise of the power of eminent domain, the Lease (including, without limitation, the provisions hereof relating to the payment of Basic Rent) shall continue in full force and effect, but with the consequences specified in the succeeding provisions of this section. If the period of such taking expires on or before the expiration of the Lease Term, the Trust shall be entitled to receive the entire condemnation award made therefor, whether by way of damages, rent or otherwise, and shall upon being restored to possession restore the Project to substantially the same condition as prior to such taking, with such changes, alterations and modifications as will not significantly impair the operating utility of the Project, or change the character thereof to such extent that it will not constitute "ancillary improvements" within the meaning of the Act. If such taking occurs during the Lease Term but the period of such taking expires after the expiration of the Lease Term, the Trust shall be entitled to receive that portion of the award allocable to the period from the date of such taking to the end of the Lease Term, and the Authority shall be entitled to the remainder thereof.

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

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

Section 7.6 Cooperation of the Authority with Respect to Restoration of the Project in the Event of Casualty or Condemnation. If, as a result of the taking of title to less than substantially all the Project or the taking of the temporary use of all or any part of the Project through the exercise of the power of eminent domain, or if, as a result of any event causing destruction or damage to the Project or any part thereof, the Trust determines, in accordance with any applicable provision of this Article VII, to acquire (by purchase, construction or otherwise) any additional property to replace any part of the Project so taken, or to have the Project repaired, replaced, restored, modified, relocated or rearranged in order to correct or ameliorate any condition caused by such taking, damage or destruction, as the case may be, then the Authority will execute and deliver, or cause to be executed and delivered, all contracts, orders, requisitions, instructions and other written instruments and do, or cause to be done, all other acts that may be necessary or proper in carrying out all such undertakings with respect to the Project. In no event,

however, will the Authority hereafter enter into any contract with respect to any part of such undertakings unless there is endorsed thereon a legend indicating that the Trust has approved both the form and substance of such contract and such legend is signed by or on behalf of the Trust. Any obligation for the payment of money incurred or assumed by the Authority in connection with such undertakings shall be payable solely out of any Net Condemnation Award or Net Insurance Proceeds held by the Trustee or from any other moneys made available to the Authority by the Trust under the provisions of the Lease.

ARTICLE VIII

PARTICULAR COVENANTS OF THE TRUST

Section 8.1 **Special Covenants of the Trust.** While any of the Bonds shall remain outstanding, the Trust will not acquire, construct, lease or use any building or facilities, or any ancillary improvements thereto, other than the Project for use as a citizenship education center. Notwithstanding the foregoing, if at any time prior to the time when all the Bonds have been fully paid, the Governing Body or any court or agency having jurisdiction over the Trust shall determine that the need for citizenship education facilities in the State exceeds the maximum capacity of the Project plus the maximum capacity of all other citizenship education facilities then owned, leased, rented or used by the Trust, then the Trust may, without violating the covenants contained in this Section 8.1, acquire, construct, lease or use new or additional citizenship education facilities but only to the limited extent necessary to perform the functions which cannot then be performed at the Project.

Section 8.2 **General Covenants.** The Trust will not do or permit anything to be done in or about or with respect to the Project that will affect, impair or contravene any policies of insurance that may be carried on the Project against loss or damage by fire, casualty or otherwise. The Trust will, in its use of the Project and the public ways abutting the Project Site, comply in all material respects with all valid and applicable laws, ordinances, rules, regulations and orders of all governmental authorities or agencies; provided, however, that the Trust may in good faith contest the validity of any such laws, ordinances, rules, regulations and orders or the application thereof to the Project and in the event of any such contest defer compliance therewith during the period of such contest and the pendency of any appeal in connection therewith, unless by such action the rights or interests of the Authority or the Trustee with respect to the Project or any part thereof shall be materially endangered or impaired.

Section 8.3 **Release and Indemnification Covenants.** The Trust releases the Authority (and each director, officer and employee thereof) and the Trustee (and each director, officer and employee thereof) from, and will indemnify and hold the Authority (and each director, officer and employee thereof) and the Trustee (and each director, officer and employee thereof) harmless against, any and all claims and liabilities of any character or nature whatsoever, regardless of by whom asserted or imposed, and losses of every conceivable kind, character and nature whatsoever claimed by or on behalf of any person, firm, limited partnership or governmental authority, arising out of, resulting from, or in any way connected with the Project, including, without limiting the generality of the foregoing, (i) any actions relating to the acquisition, construction, equipping and installation of the Project or any part thereof and (ii) the leasing of the Project to the Trust and the condition, use, possession or management of the Project during the Lease Term; provided, however, that the Trust shall not be obligated to indemnify any director, officer or employee of the Authority against any claim, liability or loss in any way connected with the Project unless such claim, liability or loss arises out of or results from official action taken in the name and behalf of the Authority by such director, officer or employee.

The Trust acknowledges that it has sought and received the assistance and cooperation of the Authority in connection with the offering and sale of the Series 2012 Bonds. The Trust will indemnify, hold harmless and defend the Trustee, the Authority and the Underwriter (and each director, officer and employee thereof) against

(a) any claim or liability whatsoever arising out of or based upon any untrue or misleading statement or alleged untrue or misleading statement of any material fact contained in any of the information furnished, or caused to be furnished, by the Trust to any prospective purchaser of the Series 2012 Bonds, or the omission or alleged omission to state in any such information any material fact necessary to make the statements contained therein not misleading in the light of the circumstances under which such statements were made, and

(b) any claim or liability arising out of any action taken by the Authority at the request of the Trust (or any other person authorized to act on behalf of the Trust (or any other person authorized to act on behalf of the Trust) in connection with the offering and sale of the Series 2012 Bonds.

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

In the event that any action or proceeding is brought against any indemnifiable party (whether the Authority, the Trustee or the Underwriter or any of such parties' directors, officers or employees in respect of which indemnity may be sought against the Trust under the provisions of this section, such indemnifiable party shall, as a condition of the Trust's liability under the provisions of this section, be obligated to notify promptly the Trust in writing of the commencement of such action or proceeding and shall thereafter forward to the Trust a copy of every summons, complaint, pleading, motion or other process received with respect to such action or proceeding. The Trust may (and if so requested by such indemnifiable party, shall) at any time assume the defense of such indemnifiable party in connection with any such action or proceeding, and in such case the Trust shall pay all expenses of such defense and shall have full and complete control of the conduct on the part of such party of any such action or proceeding, including, without limitation, the right to settle or compromise any claim giving rise to such action or proceeding upon such terms and conditions as the Trust, in its sole discretion, shall determine and the right to select Counsel for such party; provided, however, that any such Counsel selected by the Trust shall be subject to the approval of the indemnified party. Any other provision of this section to the contrary notwithstanding, the Trust shall not be obligated to indemnify any such indemnifiable party for any liability resulting from the settlement of any action or proceeding, or for any legal or other expenses incurred in connection with the investigation or defense of any action or proceeding, if such settlement was made without the Trust's consent, irrespective of whether the Trust had, prior to such settlement, exercised its right to assume the defense of such indemnifiable party in connection with such action or proceeding.

Nothing contained in this section shall be construed to indemnify the Authority, the Trustee or the Underwriter or any of such parties' directors, officers or employees, or the Trustee, against, or to release any of such parties from liability for, any claim, liability or loss that may result from willful misconduct or gross negligence on the part of such parties, it being understood and agreed, however, that an allegation of willful misconduct or gross negligence on the part of any indemnifiable party shall not relieve the Trust of its obligation to pay or reimburse the legal expenses and other related expenses reasonably incurred by such indemnifiable party in defending against such allegation unless a court of competent jurisdiction determines, on the basis of such allegation, that such indemnifiable party is liable.

Anything to the contrary herein contained notwithstanding, the covenants of the Trust contained in this section shall, with respect to any claim, liability or loss for which the Trust is obligated to provide indemnity, remain in full force and effect after the termination of the Lease until (i) any cause of action brought in respect of such claim, liability or loss shall be barred by the applicable statute of limitation or (ii) the payment in full or the satisfaction of such claim, liability or loss, including all reasonable expenses incurred by the indemnifiable party or parties in defending against such claim, liability or loss; provided, however, that in the event any action or proceeding arguably barred by the applicable statute of limitation is brought against any indemnifiable party hereunder, the Trust shall be obligated to defend such indemnifiable party with respect to such action or proceeding, all to the end that the bar of the statute of limitation may be asserted by the Trust against the party bringing such action or proceeding but may not be asserted by the Trust against the indemnifiable party in order to avoid performing any of its obligations under this section.

Section 8.4 Inspection of Project. The Trust will permit the Authority, the Trustee and their duly authorized agents at all reasonable times to examine and inspect the Project or any part thereof. So long as any of the Indenture Indebtedness shall be outstanding and unpaid, the Trust will also permit the Trustee and its duly authorized agents to take such action as may be necessary and convenient to cause the Project to be kept in reasonably good repair and operating condition, all as and to the extent provided in Sections 6.1 and 6.5 hereof.

Section 8.5 No-Arbitrage and Anti-Hedge Bond Covenants. Neither the Authority nor the Trust will take any action, or omit to take any action, with respect to the investment of any of the proceeds from the sale of the Series 2012 Bonds, or any revenues from the Project accumulated by the Authority, if, as a result of such action by the Authority or the Trust, or the omission of the Authority or the Trust to take such action, as the case may be, such proceeds or revenues would be invested in a manner causing any of the Series 2012 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable regulations thereunder or "hedge bonds" within the meaning of Section 149(b) of the Code and the applicable regulations thereunder. Without limiting the generality of the foregoing, the Trust and the Authority hereby covenant to take all actions required to satisfy, with respect to the Series 2012 Bonds, the arbitrage rebate requirement imposed by Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations promulgated thereunder.

Section 8.6 Tax Covenants. The Trust agrees that it will not knowingly take any affirmative action or omit to take any action, which action or omission will adversely affect the excludability from gross income of the interest on any of the Series 2012 Bonds for federal income tax purposes, and in the event of such action or omission, it will, promptly upon having such brought to its attention, take such reasonable actions based upon advice of Counsel and, in all cases, at the sole expense of the Trust as may rescind or otherwise negate such action or omission. With the intent not to limit the generality of the foregoing, the Trust covenants and agrees that prior to final payment of the Series 2012 Bonds (unless it has delivered to the Authority and the Trustee an opinion of Bond Counsel to the effect that the taking or failure to take, as the case may be, of any of the following actions will not adversely affect the excludability from gross income of the interest on the Series 2012 Bonds for federal income tax purposes) as follows:

(a) The Trust will conduct its operations in a manner that will result in its continued qualification as an organization described in Section 501(c)(3) of the Code as described in Section 2.2 hereof, and timely file or cause to be filed all materials, returns, reports and other documents which are required to be filed with the Internal Revenue Service;

(b) The Trust will not divert any substantial part of its corpus or income for a purpose or purposes other than those for which it is organized and operated as described in Section 2.2 hereof;

(c) All of the property provided with the Net Proceeds of the Series 2012 Bonds will, at all times prior to final payment of the Series 2012 Bonds, be owned for federal income tax purposes by the Trust or by another Exempt Person;

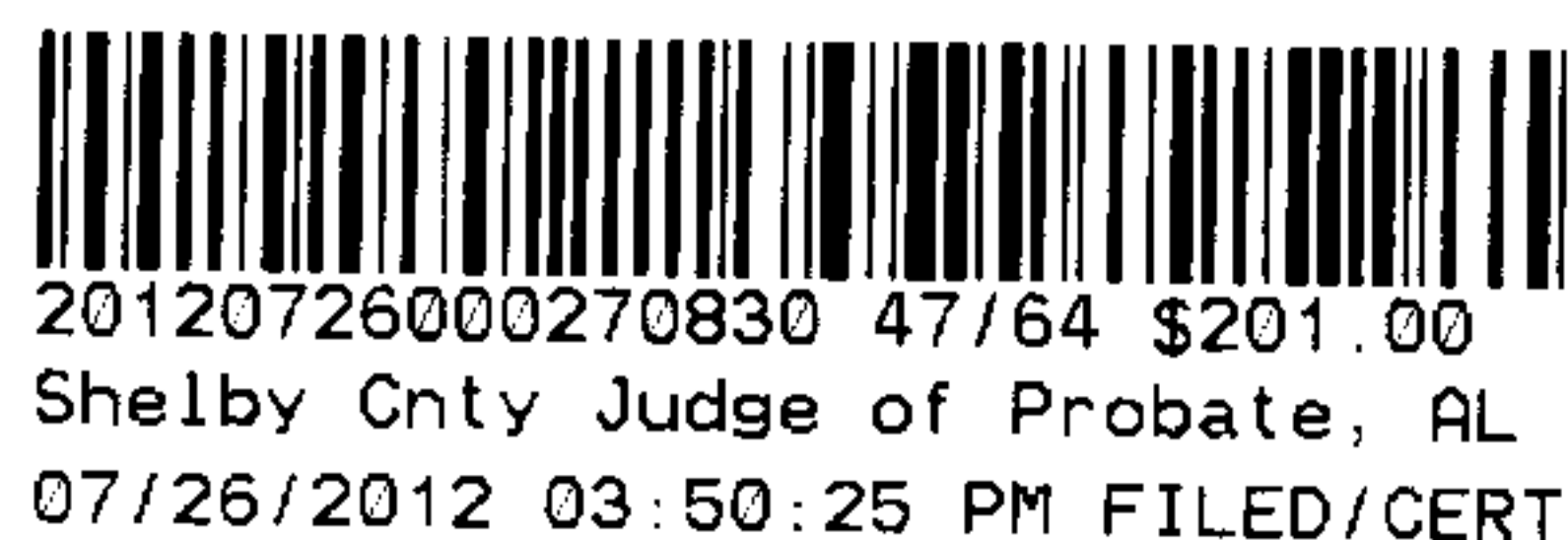
(d) The Original Series 2012 Bond Proceeds of the Series 2012 Bonds will be expended for the purposes set forth in this Lease Agreement and in the Indenture and no portion thereof in excess of two percent (2%) of the proceeds of the Series 2012 Bonds will be expended to pay the Series 2012 Issuance Expenses of the Series 2012 Bonds;

(e) The Trust will not use or invest the Original Series 2012 Bond Proceeds of the Series 2012 Bonds or any amounts held under the Indenture in a manner that will result in the Series 2012 Bonds becoming "private activity bonds" other than "qualified 501(c)(3) bonds" within the meaning of Section 103 of the Code or "arbitrage bonds" within the meaning of Section 148 of the Code or that is inconsistent with the provisions of Sections 149(d)(3) or 149(d)(4) of the Code;

(f) The Trust will not use or permit to be used, directly or indirectly, in any trade or business carried on by any Person who is not an Exempt Person more than 5% of the Original Series 2012 Bond Proceeds of the Series 2012 Bonds. For purposes of the preceding sentence, (i) use of such Original Series 2012 Bond Proceeds or Net Proceeds by an organization described in Section 501(c)(3) of the Code with respect to an unrelated trade or business, determined according to Section 513(a) of the Code, does not constitute a use by an Exempt Person; (ii) use of any property financed with the Original Series 2012 Bond Proceeds of the Series 2012 Bonds constitutes use of such proceeds to the extent of the cost of such property financed with such proceeds plus an allocable amount of any contribution to a debt service reserve fund; (iii) any use of the Original Series 2012 Bond Proceeds of the Series 2012 Bonds in any manner contrary to the guidelines set forth in Revenue Procedures 82-14, 1982-1 C.B. 459, and 82-15, 1982-1 C.B. 460, including any revisions or amendments thereto, shall constitute the use of such proceeds in the trade or business of one who is not an Exempt Person; and (iv) any use of the Original Series 2012 Bond Proceeds of the Series 2012 Bonds to pay the Series 2012 Issuance Expenses of the Series 2012 Bonds shall constitute the use of such proceeds in the trade or business of one who is not an Exempt Person;

(g) The Trust will not use or permit the use of any portion of the Original Series 2012 Bond Proceeds of the Series 2012 Bonds, directly or indirectly, to make or finance loans to persons who are not Exempt Persons. For purposes of the preceding sentence, (i) a loan to an organization described in Section 501(c)(3) of the Code for use with respect to an unrelated trade or business, determined according to Section 513(a) of the Code, does not constitute a loan to an Exempt Person and (ii) any transaction which constructively transfers ownership of property financed with Original Series 2012 Bond Proceeds of the Series 2012 Bonds for federal income tax purposes constitutes a loan of such Original Series 2012 Bond Proceeds;

(h) The Trust will not cause any of the Series 2012 Bonds to be treated as "federally guaranteed" obligations for purposes of Section 149(b) of the Code;



(i) None of the Original Series 2012 Bond Proceeds of the Series 2012 Bonds will be used to provide any airplane, sky-box or other private luxury box, facility primarily used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises;

(j) The Trust will comply with the information reporting requirements of section 149(e)(2) of the Code, requiring certain information regarding any of the Series 2012 Bonds to be filed with the Internal Revenue Service within prescribed time limits;

(k) The Trust will restrict the yield on the investment of the Original Series 2012 Bond Proceeds of the Series 2012 Bonds and moneys pledged to the repayment of such issue, other than amounts not subject to yield restriction due to deposit in a bona fide debt service fund to the extent required by the Code or the Regulations;

(l) The Trust will timely notify the Internal Revenue Service of any changes in its organizational documents or method of operations to the extent that the Internal Revenue Service does not already have knowledge of any such changes; and

(m) The Trust will not use or invest the Original Series 2012 Bond Proceeds of the Series 2012 Bonds in any way that will result in any of the Series 2012 Bonds becoming "arbitrage bonds" within the meaning of Section 148 of the Code.

To the extent published rulings of the Internal Revenue Service, Regulations or amendments to the Code alter or modify the actions or forbearances of the Trust which are set forth in this Section 8.6 or are necessary to preserve the excludability from gross income of interest on the Series 2012 Bonds for federal income tax purposes, the Trust hereby covenants and agrees to comply with such alterations or modifications.

Section 8.7 Further Assurances. The Trust will, at its own cost and expense, take all actions that may at the time and from time to time be necessary to perfect, preserve, protect and secure the interests of the Authority and the Trustee, or either, in and to the Project and the revenues therefrom pledged and assigned in the Indenture, including, without limitation, the filing of all financing and continuation statements that may at the time be required under the Alabama Uniform Commercial Code. The Trust further agrees, without in any way limiting the generality of the foregoing, to take any and all such actions that in the reasonable judgment of the Authority or the Trustee are necessary for the perfection, preservation, protection and securing of such interests.

Section 8.8 Prohibition of Sectarian Use of the Project. The Trust will not use or permit the use of the Project to promote any sectarian purpose or to advance or inhibit any religious activity, nor will the Trust use or permit the use of the Project in a manner so pervaded by religious activities that the use of the Project as an educational facility cannot be separated from the sectarian interests of any church or religious organization with which the Trust or the Trustees, officers or directors thereof may, at any time, be affiliated.

Section 8.9 Management of Project; Compensation and Benefits. The Citizenship Trust shall manage the Project for the Authority, and the Executive Director of the Citizenship Trust and such other employees as the Citizenship Trust shall so designate shall be employees of the Authority for purposes of such management and shall be paid such compensation and afforded such benefits as the Citizenship Trust shall determine; provided, however, that the Citizenship Trust shall promptly reimburse

the Authority, and shall release the Authority and indemnify the Authority and hold the Authority harmless for and against all costs, including compensation and benefits payable to such persons, incurred by the Authority in connection with the employment of such persons by the Authority. The Citizenship Trust shall be the agent of the Authority for purposes of administrative matters for such employees, including payroll, benefits and the like.


Section 8.10 **Maintenance of Direct Pledged Revenues.** If any of the Direct Pledged Revenues shall terminate for any reason, the Trust shall promptly undertake to replace such revenues through additional sources, including promotion of the enactment of legislation providing for such replacement revenues.

ARTICLE IX

CERTAIN PROVISIONS RELATING TO MORTGAGING THE PROJECT AND TO THE BONDS

Section 9.1 **Mortgaging of the Project by Authority.** It is understood and agreed that the Authority will mortgage the Project to the Trustee as security for the payment of the Series 2012 Bonds, subject to the Lease (which Lease and the estate of the Trust hereunder shall be prior and superior to the lien of the Indenture), and will assign its interest (other than its right to require the Trust to pay certain expenses as provided in Sections 5.4 and 10.4 hereof, the indemnification rights contained in Section 8.3 hereof and certain other rights which are herein expressly provided to be exercised by the Authority) in the Lease and pledge any moneys receivable hereunder to the Trustee as security for payment of the principal of and the interest and premium (if any) on the Series 2012 Bonds. It is further understood and agreed that in the Indenture the Authority will obligate itself to follow the instructions of the Trustee or the Holders of the Series 2012 Bonds or a certain percentage of the latter in the election or pursuit of any remedies herein vested in it. Upon the assignment and pledge to the Trustee of the Authority's interest in the Lease, the Trustee shall have all rights and remedies herein accorded the Authority (other than the aforesaid rights reserved to the Authority), and any reference herein to the Authority shall be deemed, with the necessary changes in detail, to include the Trustee; and the Trustee and the Holders of the Series 2012 Bonds shall be deemed to be third party beneficiaries of the covenants and agreements on the part of the Trust contained in the Lease and shall, to the extent provided in the Indenture, be entitled to enforce performance and observance of the agreements and covenants on the part of the Trust contained in the Lease to the same extent as if they were parties hereto. Subsequent to the issuance of the Series 2012 Bonds and prior to the payment of the Indenture Indebtedness in full, the Authority and the Trust shall have no power to modify, alter, amend or (except as specifically authorized herein) terminate the Lease without the prior written consent of the Trustee and then only as provided in the Indenture. The Authority will not, so long as no Event of Default shall have occurred and be continuing, amend the Indenture or any indenture supplemental thereto without the prior written consent of the Trust.

Without the prior written request or consent of the Trust, the Authority will not, so long as no Event of Default shall have occurred and be continuing, hereafter issue any bonds or other securities (including refunding securities), other than the Series 2012 Bonds, that are payable out of or secured by a pledge of the revenues and receipts derived by the Authority from the leasing or sale of the Project, nor, without such consent, will the Authority, so long as no Event of Default shall have occurred and be continuing, hereafter place any mortgage or other encumbrance (other than the Indenture and supplemental indentures contemplated thereby) on the Project or any part thereof.


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Section 9.2 References to Bond Ineffective After Indenture Indebtedness Paid. Whenever the entire Indenture Indebtedness shall have been paid and the Indenture shall have been cancelled, satisfied and discharged in accordance with the provisions of Section 16.1 thereof, then and in that case, all references in the Lease to the Bonds and the Trustee shall be ineffective and neither the Trustee nor the Holders of any of the Bonds shall thereafter have any rights hereunder, saving and excepting any that shall have theretofore vested. For purposes of the Lease, any of the Bonds shall be deemed fully paid if there exists, with respect thereto, the applicable conditions specified in Section 16.1 of the Indenture. If, prior to the end of the Lease Term, the Indenture Indebtedness is fully paid, then the Trust shall be entitled to use the Project for the remainder of the Lease Term without the payment of any further Basic Rent, but otherwise on all the same terms and conditions hereof.

Section 9.3 Concerning Issuance of Additional Bonds. The Authority and the Trust recognize that the Authority is authorized to issue under the Indenture, upon compliance with the conditions precedent specified therein, one or more series of Additional Bonds for any one or more of the purposes specified in the Indenture. If no Event of Default shall have occurred and be continuing, the Authority will, on the written request of the Trust and upon compliance with the applicable conditions contained in Article VIII of the Indenture, take such actions as are necessary to authorize the issuance and sale of Additional Bonds in such principal amount and for such purpose or purposes as are specified in such request and will use its best efforts to effect the sale thereof. To the extent consistent with all applicable provisions of the Indenture and the Lease, all terms and conditions of such Additional Bonds (including, without limitation, those relating to the maturity dates of the principal of such Additional Bonds, the interest rate or rates thereof and the provisions for redemption thereof prior to their respective maturities) and the purchase price to be paid therefor shall be subject to the approval of the Trust.

Section 9.4 Disposition of Trust Fund Moneys After Full Payment of Indenture Indebtedness. The Authority hereby assigns to the Trust all surplus moneys (if any) that may remain in the Bond Fund, the Construction Fund, the Redemption Fund and the Debt Service Reserve Fund or that may otherwise be held by the Trustee after the Indenture Indebtedness has been fully paid, such assignment to be subject to the condition that the Lease shall not have been terminated prior to full payment of the Indenture Indebtedness as a result of the occurrence of an Event of Default. The Authority will provide in the Indenture for such surplus moneys to be paid to the Trust in accordance with such assignment. It is understood and agreed that surplus moneys remaining in the Bond Fund or otherwise held by the Trustee shall not include (i) any amounts so held for payment of matured but unpaid Bonds, Bonds called for redemption but not yet redeemed and matured but unpaid interest and (ii) any amounts held therein which are referable to unmatured Bonds if such Bonds are considered fully paid pursuant to the provisions of Section 16.1 of the Indenture by reason of the fact that such amounts are so held by the Trustee. The provisions of this section shall survive the expiration or prior termination of the Lease.

Section 9.5 Additional Indebtedness. The Authority hereby agrees that it will not issue any bonds (other than the Series 2012 Bonds) or incur any other indebtedness without the prior written consent of the Trust.



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ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

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

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

(b) failure by the Trust to pay any amount due the Trustee for its reasonable fees, charges and disbursements within thirty (30) days after written demand for such payment by the Trustee, which demand shall not be made earlier than the date on which such amount is due and payable;

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

(d) any warranty, representation or other statement by or on behalf of the Trust contained in the Lease, or in any other document furnished by the Trust in connection with the issuance or sale of any of the Series 2012 Bonds, being false or misleading in any material respect at the time made; or

(e) the entry of a decree or order by a court of competent jurisdiction relief in respect of the Trust or adjudging the Trust to be a bankrupt or insolvent or approving as properly filed a petition seeking the arrangement, adjustment or composition of its obligations under the United States Bankruptcy Code, as now constituted or as amended, or any other applicable federal or state bankruptcy or other similar law, which decree or order shall have continued undischarged or unstayed for a period of sixty (60) days; or the entry of a decree or order of a court of competent jurisdiction for the appointment of a receiver, liquidator, trustee, custodian or assignee in bankruptcy or insolvency for the Trust or for all or a major part of its property, or for the winding up or liquidation of its affairs, which decree or order shall have remained in force undischarged or unstayed for a period of sixty (60) days.

The term “force majeure” as used herein means acts of God or the public enemy, strikes, lockouts, work slowdowns or stoppages or other labor disputes, insurrections, riots or other civil disturbances, orders of the government of the United States of America or of any state of the United States of America or of any of the departments, agencies, political subdivisions or officials of the United States of America or of any state thereof, or orders of any other civil or military authority, or partial or entire failure of public utilities, or any other condition or event beyond the reasonable control of the Trust. The Trust will, to the extent that it may lawfully do so, use its best efforts to remedy, alleviate or circumvent any cause or causes preventing it from performing its agreements and covenants hereunder.

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

- (a) take possession of the Project, exclude the Trust from possession thereof and rent the same for the account of the Trust, holding the Trust liable for the balance of all rent and other amounts due under the Lease;
- (b) terminate the Lease, take possession of the Project, exclude the Trust from possession thereof and lease the same for the account of the Authority and the Trustee, holding the Trust liable for all rent due and other amounts due under the Lease until the date such other lease is made for the account of the Authority and the Trustee;
- (c) have access to, and inspect, examine and make copies of, the books, records and accounts of the Trust; and
- (d) take whatever legal proceedings may appear necessary or desirable to collect the rent then due, whether by declaration or otherwise, or to enforce any obligation, covenant or agreement of the Trust under the Lease.

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

Section 10.4 Agreement to Pay Attorneys' Fees. In the event that, as a result of an Event of Default or a threatened Event of Default by the Trust, the Authority or the Trustee should in good faith employ attorneys at law or incur other expenses in or about the collection of rent or the enforcement of any other obligation, covenant, agreement, term or condition of the Lease, the Trust will, whether or not the Authority or the Trustee is successful in such efforts and whether or not final judgment for either is rendered by a court of competent jurisdiction, pay to the Authority or to the Trustee or both, as the case may be, reasonable attorneys' fees and other reasonable expenses so incurred by the Authority and the Trustee in good faith.

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

ARTICLE XI

OPTIONS

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

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

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

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

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

(a) the Project is damaged or destroyed, by fire or other cause, to such extent that, in the opinion of the Trust, expressed in a resolution of the Governing Body, and of an Independent Architect, expressed in a written certificate, each to be filed with the Authority and the Trustee, (i) it cannot reasonably be restored to the condition thereof immediately preceding such damage or destruction within a period of twelve (12) consecutive months, or (ii) the Trust will thereby be prevented, or is likely to be prevented, from using the Project for its purposes for a period of not less than twelve (12) consecutive months, or (iii) the cost of restoration thereof would exceed the sum of the Net Insurance Proceeds referable to such damage or destruction, or

(b) under the exercise of the power of eminent domain by any governmental authority or person, firm or corporation acting under governmental authority, the temporary use of all or part of the Project or title to less than all or less than substantially all the Project is taken to such extent that, in the opinion of the Trust, expressed in a resolution of the Governing Body, and of an Independent Architect, expressed in a written certificate, each to be filed with the Authority and the Trustee, the Trust will thereby be prevented, or is likely to be prevented, from using the Project for its purposes for a period of not less than twelve (12) consecutive months, or

(c) as a result of any changes in the Constitution of the State of Alabama or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal), entered after the contest thereof by the Trust in good faith, this Lease Agreement becomes void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed herein or unreasonable burdens or excessive liabilities are imposed on the Authority or the Trust.

To exercise such option, the Trust

(1) shall, within one hundred eighty (180) days following the event authorizing the exercise of such option, give to the Authority and the Trustee written notice, signed by an Authorized Trust Representative, which shall contain a description of such event and shall state the reason why it authorizes the exercise of such option,

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

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

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

(5) shall on the date of purchase pay to the Trustee in immediately available funds (for the account of the Authority), as and for the purchase price of the Project, an amount which, when added to the total of the amounts then held in the Construction Fund, the Bond Fund (exclusive of any amount held therein for payment of matured but unpaid Bonds, Bonds called for redemption but not yet redeemed and matured but unpaid interest) and the Redemption Fund, plus the amount of any Net Condemnation Award then held by the Trustee and referable to any condemnation authorizing the exercise of such option, will be sufficient to pay, redeem and retire all the outstanding Bonds on the business day next succeeding the date of purchase, including, without limitation, principal, premium (if any), all interest to mature until and on such payment or redemption date, expenses of redemption and all other Indenture Indebtedness; provided, however, that if on the date of purchase the entire Indenture Indebtedness has been paid in full, the Trust shall not be required to pay any such amount in order to entitle it to exercise such option, in which event (any provision herein to the contrary notwithstanding) any Net Condemnation Award referable to any condemnation authorizing the exercise of such option shall be paid to the Trust simultaneously with or promptly after the exercise of such option.

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

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


Section 11.3 Option to Purchase. If the Trust pays all rent and other amounts due hereunder, it shall have the right and option, hereby granted by the Authority, to purchase the Project from the Authority at any time during the Lease Term after the payment in full of the Indenture Indebtedness, at and for a purchase price equal to the sum of \$1.00. To exercise any such purchase option, the Trust shall notify the Authority in writing not less than fifteen (15) days prior to the date on which it proposes to effect such purchase and, on the date of such purchase, shall pay the aforesaid purchase price to the Authority in cash or bankable funds, whereupon the Authority will, by terminating by bill of sale or other instrument complying with the provisions of Section 11.5 hereof, transfer and convey the Project (in its then condition, whatever that may be) to the Trust. If at the end of the Lease Term no Event of Default shall have occurred and be continuing, the Trust shall be deemed to have exercised such purchase option unless it notifies the Authority in writing to the contrary at least fifteen (15) days before the end of the Lease Term, and, in the event of such automatic exercise by the Trust of its option to purchase the Project, the date of purchase shall be the last day of the Lease Term or such other date within one hundred eighty (180) days thereafter as shall be designated by the Trust. Nothing herein contained shall be construed to give the Trust any right to any rebate to or refund of any rent paid by it hereunder prior to the exercise by it of the purchase option hereinabove granted, even though such rent may have been wholly or partially prepaid.

Section 11.4 Option to Purchase Unimproved Parts of Project Site. Unless an Event of Default shall have occurred and be continuing, the Trust may, at any time and from time to time, purchase any unimproved part of the Project Site, and the Trustee, as assignee of the Lease, shall release the same from the demise of the Lease upon deposit by the Trust with the Authority and the Trustee of the following:

(a) a Certified Resolution of the Trust containing an adequate legal description of that part of the Project Site requested to be released (including the acreage thereof), requesting such release and stating that no Event of Default has occurred which is continuing;

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

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


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(d) an amount, in cash or bankable funds, equal to (i) if any of the Indenture Indebtedness is then outstanding and unpaid, the fair market value specified in the Independent Appraiser's certificate provided for in clause (c) of this section or (ii) if the Indenture Indebtedness has been fully paid, \$10.00 per acre (pro rated for fractional parts of an acre) of the part of the Project Site with respect to which such option is to be exercised.

The option granted by this section shall not be exercisable at any time prior to full payment of the Indenture Indebtedness if an Event of Default shall have occurred and be continuing. Upon compliance by the Trust with the foregoing conditions the Trustee shall, at the expense of the Trust, execute and deliver to the Trust any and all instruments that may be necessary to release from the demise of the Lease that part of the Project Site with respect to which said conditions shall have been complied with, and the Authority will execute and deliver to the Trust a statutory warranty deed complying with the provisions of Section 11.5 hereof and conveying to the Trust the part of the Project Site with respect to which such option was exercised. All moneys coming into the hands of the Trustee under the provisions of this section shall be paid by the Trustee into the Redemption Fund.

Section 11.5 Options—In General. Each of the options herein granted to the Trust may be exercised by it even though an Event of Default shall have occurred and be continuing, it being understood and agreed, however, that all other applicable conditions specified herein to the exercise of such option (including payment of any amounts of money herein required to be paid by the Trust) must be met.

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

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


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ARTICLE XII

MISCELLANEOUS


Section 12.1 **Covenant of Quiet Enjoyment; Surrender.** So long as the Trust performs and observes all the covenants and agreements on its part herein contained, it shall peaceably and quietly have, hold and enjoy the Project during the Lease Term, subject to all the terms and provisions hereof. At the end of the Lease Term, or upon any prior termination of the Lease, the Trust will surrender to the Authority possession of all property then subject to the demise of the Lease (unless it is simultaneously purchasing the Project from the Authority), in its then condition, whatever that may be.

Section 12.2 **Retention of Title to Project by Authority; Granting of Easements.** Without the prior written consent of the Trust, the Authority will not itself, so long as no Event of Default shall have occurred and be continuing, (i) sell, convey or otherwise dispose of all or any part of the Project (except as provided in Section 11.6 of the Indenture), (ii) mortgage or otherwise encumber the Project or any part thereof (except as provided in Section 9.1 hereof), or (iii) dissolve or do anything that will result in the termination of its corporate existence (except as provided in Section 11.6 of the Indenture). The Authority will, however, grant such utility, access and other similar easements, permits and rights-of-way over, across or under the Project Site as shall be requested in writing by the Trust, provided that in connection with the grant of each such easement, permit or right-of-way the Trust furnishes to the Authority and the Trustee a certificate signed by an Authorized Trust Representative stating that such easement, permit or right-of-way is, or will be, useful or necessary in the operation of the Project and will not materially interfere with or impair the use of the Project for the purpose for which it was acquired or is held by the Authority. The Trust will pay all reasonable expenses incurred by the Authority in connection with the granting of all such easements, permits and rights-of-way.

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

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

Section 12.5 **Notices.** All notices, demands, requests and other communications hereunder shall be deemed sufficient and properly given if in writing and delivered in person to the following addresses or received by certified or registered mail, postage prepaid with return receipt requested, at such addresses:


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(a) If to the Authority:

The American Village Public
Educational Building Authority
of the City of Montevallo
c/o City Hall
545 Main Street
Montevallo, Alabama 35115
Attention: Chairman

(b) If to the Trust:

The Citizenship Trust
Post Office Box 6
Montevallo, Alabama 35115
Attention: Executive Director


(c) If to the Trustee:

Regions Bank
1901 Sixth Avenue North, 28th Floor
Birmingham, Alabama 35203
Attention: Corporate Trust Department

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

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

Section 12.6 Certain Prior and Contemporaneous Agreements Cancelled. The Lease shall completely and fully supersede all other prior or contemporaneous agreements, both written and oral, between the Authority and the Trust relating to the Project Improvement Work and the leasing of the Project. If any provision of any such prior or contemporaneous agreement is in conflict with any provision of the Lease, such provision shall be deemed amended or modified to the extent necessary to avoid such conflict, all to the end that the Authority and the Trust shall look to the Lease for ultimate definition and determination of their respective rights, liabilities and responsibilities respecting the Project Improvement Work and the Project.


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Section 12.7 **Limited Liability of Authority.** The Authority is entering into this Lease Agreement pursuant to the authority conferred upon it by the Act. No provision hereof shall be construed to impose a charge against the general credit of the Authority or any personal or pecuniary liability upon the Authority except with respect to the proper application of the proceeds to be derived from the sale of the Bonds, moneys made available by the Trust to the Authority pursuant to the provisions hereof, and the revenues and receipts to be derived from the Project, including insurance proceeds and condemnation awards. Further, none of the directors, officers, employees or agents of the Authority shall have any personal or pecuniary liability whatever hereunder or any liability for the breach by the Authority of any of the agreements on its part herein contained. Nothing contained in this section, however, shall relieve the Authority from the observance and performance of the several covenants and agreements on its part herein contained or relieve any director, officer, employee or agent of the Authority from performing all duties of their respective offices that may be necessary to enable the Authority to perform the covenants and agreements on its part herein contained.

Section 12.8 **Limited Liability of Trustees, Directors, Officers, Employees or Agents of Trust.** None of the trustees, directors, officers, employees or agents of the Trust shall have any personal or pecuniary liability whatever hereunder or any liability for the breach by the Trust of any of the agreements on its part herein contained. Nothing contained in this section, however, shall relieve any trustee, director, officer or employee of the Trust from performing all duties of their respective offices that may be necessary to enable the Trust to perform the covenants and agreements on its part herein contained.

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

Section 12.10 **Severability.** In the event any provision of the Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

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

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



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IN WITNESS WHEREOF, the Authority and the Trust have caused this Lease Agreement to be executed in their respective names, have caused their respective seals to be hereunder affixed, and have caused this Lease Agreement to be attested, all by their duly authorized officers, in six (6) counterparts, each of which shall be deemed an original, and the parties hereto have caused this Lease Agreement to be dated as of July 1, 2012, although actually delivered by the parties hereto on July 26, 2012.

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

By: 

Its Chairman

ATTEST:


Its Secretary


[SEAL]

THE CITIZENSHIP TRUST

By: 

Its Executive Director

[SEAL]


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STATE OF ALABAMA)
 :
SHELBY COUNTY)

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that Richard Anderson, whose name as Chairman of THE AMERICAN VILLAGE PUBLIC EDUCATIONAL BUILDING AUTHORITY OF THE TRUST OF MONTEVALLO, a public corporation and instrumentality under the laws of the State of Alabama, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said public corporation.

GIVEN under my hand and seal, this 25th day of July, 2012.

[NOTARIAL SEAL]

Nancy G. Lard
Notary Public

My Commission Expires: 9/17/13

STATE OF ALABAMA)
 :
SHELBY COUNTY)

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that Thomas G. Walker, Jr., whose name as Executive Director 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 said 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 seal, this 25th day of July, 2012.

[NOTARIAL SEAL]

Nancy G. Lard
Notary Public

My Commission Expires: 9/17/13



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EXHIBIT A


to
LEASE AGREEMENT
between
THE AMERICAN VILLAGE PUBLIC
EDUCATIONAL BUILDING AUTHORITY
OF THE CITY OF MONTEVALLO
and
THE CITIZENSHIP TRUST
Dated as of July 1, 2012

PARCEL I:

Beginning at the NE corner of Section 10, Township 22 South, Range 3 West; thence North 89 degrees 45 minutes 37 seconds West along the North line of said section a distance of 299.38 feet to a point; thence South 13 degrees 01 minute 00 seconds West a distance of 2700.64 feet to a point that is 15.00 feet North of the centerline of Quinn Lane; thence South 66 degrees 04 minutes 55 seconds East parallel with said Quinn Lane a distance of 640.82 feet to a point, said point being on the westerly right of way line of Highway 119 (Montevallo-Ashville Road); thence North 32 degrees 40 minutes 07 seconds East along said right of way line a distance of 383.02 feet to a point; thence North 57 degrees 19 minutes 53 seconds West a distance of 20.00 feet to a point; thence North 32 degrees 40 minutes 07 seconds East a distance of 408.30 feet to a point of curve to the right through a central angle of 08 degrees 06 minutes 07 seconds an arc distance of 239.99 feet a chord bearing of North 36 degrees 43 minutes 11 seconds East a distance of 239.79 feet to a point; thence South 49 degrees 13 minutes 46 seconds East a distance of 20.00 feet to a point; thence around a curve to the right through a central angle of 30 degrees 06 minutes 18 seconds an arc distance of 886.14 feet a chord bearing of North 55 degrees 54 minutes 23 seconds East a distance of 875.87 feet to a point; thence North 18 degrees 57 minutes 28 seconds West a distance of 20.00 feet to a point; thence North 71 degrees 02 minutes 32 seconds East a distance of 312.15 feet to a point of a curve to the left through a central angle of 01 degree 45 minutes 37 seconds an arc distance of 48.45 feet a chord bearing of North 70 degrees 09 minutes 44 seconds East a distance of 48.45 feet to a point; thence North 21 degrees 08 minutes 18 seconds West leaving said right of way a distance of 811.46 feet to a point; thence North 66 degrees 05 minutes 09 seconds East a distance of 153.39 feet to a point; thence North 28 degrees 47 minutes 32 seconds West a distance of 299.21 feet to a point; thence North 10 degrees 35 minutes 26 seconds East a distance of 315.07 feet to a point on the North line of Section 11, Township 22 South, Range 3 West; thence North 89 degrees 04 minutes 10 seconds West along said North line a distance of 1058.21 feet to the point of beginning; being situated in Shelby County, Alabama.

PARCEL II:

Begin at the point where the northerly boundary of Section 11, Township 22 South, Range 3 West, intersects the West boundary of the Montevallo-Siluria Public Road, run South along the West boundary of said public road 150 feet; thence run West and perpendicular to said public road 300 feet; thence North and parallel to said public road 150 feet, more or less, to the North boundary line of said Section 11; thence East along the North boundary line of said Section 11 to the point of beginning; being situated in Shelby County, Alabama.


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PARCEL III:

Commence at the NW corner of Section 11, Township 22 South, Range 3 West; thence South 89 degrees 04 minutes 10 seconds East along the North line of said Section 11, a distance of 1058.21 feet to the point of beginning; thence South 10 degrees 35 minutes 26 seconds West a distance of 315.07 feet to a point; thence South 28 degrees 47 minutes 32 seconds East a distance of 299.21 feet to a point; thence South 66 degrees 05 minutes 09 seconds West a distance of 153.39 feet to a point; thence South 21 degrees 08 minutes 18 seconds East a distance of 811.46 feet to a point, said point being on the westerly right of way line of Highway 119 (Montevallo-Ashville Road), said point also on a curve to the left through a central angle of 13 degrees 59 minutes 20 seconds an arc distance of 385.05 feet a chord bearing of North 62 degrees 07 minutes 16 seconds East a distance of 384.10 feet to a point; thence North 34 degrees 42 minutes 25 seconds West a distance of 15.00 feet to a point; thence around a curve to the left through a central angle of 20 degrees 59 minutes 57 seconds an arc distance of 572.51 feet a chord bearing of North 44 degrees 47 minutes 37 seconds East a distance of 569.32 feet to a point; thence South 55 degrees 42 minutes 22 seconds East a distance of 35.00 feet to a point; thence around a curve to the left through a central angle of 25 degrees 14 minutes 59 seconds an arc distance of 703.82 feet a chord bearing North 21 degrees 40 minutes 09 seconds East a distance of 698.14 feet to a point; thence North 89 degrees 04 minutes 48 seconds West leaving said westerly right of way a distance of 300.00 feet to a point; thence North 06 degrees 21 minutes 06 seconds East a distance of 150.00 feet to a point; thence North 89 degrees 04 minutes 10 seconds West, a distance of 976.83 feet to the point of beginning; being situated in Shelby County, Alabama.

All being situated in Shelby County, Alabama.

LESS AND EXCEPT that parcel conveyed to The Citizenship Trust, a nonprofit corporation dated February 23, 2001 and recorded in Inst. No. 2001-06806 in the Probate Office of Shelby County, Alabama, described as follows:


Commence at the northwest corner of the NW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 11, Township 22 South, Range 3 west; thence run easterly along the North line of said Section 2,335.05 feet to a point on the westerly right of way line of Alabama Highway #119, said point being on a curve to the right, said curve to the right having a radius of 1,597.10 feet and being subtended by a central angle of 30 degrees 37 minutes 51 seconds; thence turn an angle to the right of 108 degrees 12 minutes 53 seconds to chord of said curve to the right and run southeasterly along the arc of said curve 853.82 feet to the end of said curve; thence turn an angle to the right of 105 degrees 18 minutes 55 seconds from chord and run northwesterly 35.00 feet to the beginning of a curve to the right, said curve to the right having a radius of 1,562.10 feet and being subtended by a central angle of 20 degrees 59 minutes 57 seconds; thence turn an angle to the left of 79 degrees 30 minutes 01 seconds to chord of said curve to the right and run southwesterly along the arc of said curve 572.51 feet to the end of said curve; thence turn an angle to the left of 79 degrees 30 minutes 03 seconds from chord and run southeasterly 15.00 feet to the beginning of a curve to the right, said curve to the right having a radius of 1,577.10 feet and being subtended by a central angle of 15 degrees 44 minutes 57 seconds; thence turn an angle to the right of 97 degrees 52 minutes 30 seconds to chord of said curve to the right and run southwesterly along the arc of said curve 433.50 feet to the end of said curve; thence at tangent to said curve run southwesterly 312.15 feet; thence turn an angle to the left of 90 degrees 00 minutes 00 seconds and run southwesterly 20.00 feet to the beginning of a curve to the left, said curve to the left having a radius of 1,677.21 feet and being subtended by a central angle of 7 degrees 02 minutes 39 seconds; thence turn an angle to the right of 86 degree 28 minutes 41 seconds to chord of said curve to the left and run southwesterly along the arc of said curve 206.20 feet; thence turn an angle to the right of 84 degrees 17 minutes 07 seconds from chord and run Northwesterly 335.17 feet; thence turn an angle to the right of 86 degrees 35 minutes 36 seconds and run northeasterly 260.50 feet; thence turn an angle to the left of 89 degrees 58 minutes 04 seconds and run northwesterly 279.71 feet; thence turn an angle to the right of 90 degrees 00 minutes 00 seconds and run northeasterly 37.61 feet to the point of beginning; thence continue along the last described course 201.00 feet; thence turn an angle to the right of 90 degrees 00 minutes 00 seconds and run

southeasterly 65.00 feet; thence turn an angle to the left of 90 degrees 00 minutes 00 seconds and run northeasterly 42.00 feet; thence turn an angle to the right of 90 degrees 00 minutes 00 seconds and run southeasterly 135.85 feet to the beginning of a curve to the right, said curve to the right having a radius of 309.99 feet and being subtended by a central angle of 25 degrees 06 minutes 56 seconds; thence turn an angle to the right of 83 degrees 00 minutes 11 seconds to chord of said curve to the right and run southwesterly along the arc of said curve 135.88 feet to the end of said curve to the right and the beginning of another curve to the left, said curve to the left having a radius of 168.43 feet and being subtended by a central angle of 48 degrees 36 minutes 53 seconds; thence turn an angle to the right of 45 degrees 02 minutes 32 seconds from chord to chord of said curve to the left and run northwesterly along the arc of said curve 142.91 feet to the end of said curve; thence turn an angle to the right of 51 degrees 57 minutes 17 seconds from chord and run northwesterly 131.81 feet to the point of beginning; being situated in Shelby County, Alabama.

PARCEL IV:

A parcel of land lying in the East ½ of Section 10, Township 22 South, Range 3 West, Shelby County, Alabama, being more particularly described as follows:

Commencing at a found 2-inch pipe at the Northeast corner of Section 10, Township 22 South, Range 3 West, Shelby County, Alabama, and run North 88 degrees 05 minutes 49 seconds West along the North line of said Section for a distance of 299.59 feet to the point of beginning; thence continue North 88 degrees 05 minutes 49 seconds West along said North section line for a distance of 1706.76 feet; thence leaving said North section line run South 08 degrees 17 minutes 34 seconds East for a distance of 1928.90 feet; thence run South 06 degrees 53 minutes 49 seconds West for a distance of 561.21 feet to a point in the centerline of Killough Mill Road; thence run South 76 degrees 13 minutes 16 seconds East along said centerline for a distance of 284.79 feet; thence run South 76 degrees 02 minutes 05 seconds East along said centerline for a distance of 222.22 feet; thence run South 75 degrees 01 minutes 15 seconds East along said centerline for a distance of 199.60 feet; thence run South 70 degrees 48 minutes 51 seconds East along said centerline for a distance of 68.55 feet; thence turn South 66 degrees 31 minutes 30 seconds East along said centerline for a distance of 51.73 feet; thence leaving said centerline run North 14 degrees 53 minutes 00 seconds East a distance of 2716.52 feet back to the point of beginning.


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Shelby Cnty Judge of Probate, AL
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