

**LEASE AGREEMENT**

**Dated May 1, 2018**

**Between**

**CULTURAL FACILITIES COOPERATIVE DISTRICT OF THE CITY OF COLUMBIANA**

**and**

**CITY OF COLUMBIANA, ALABAMA**

**Relating to the issuance of**

**\$8,450,000**

**Revenue Bonds (City of Columbiana Old Mill Square Project), Series 2018-A**

**by**

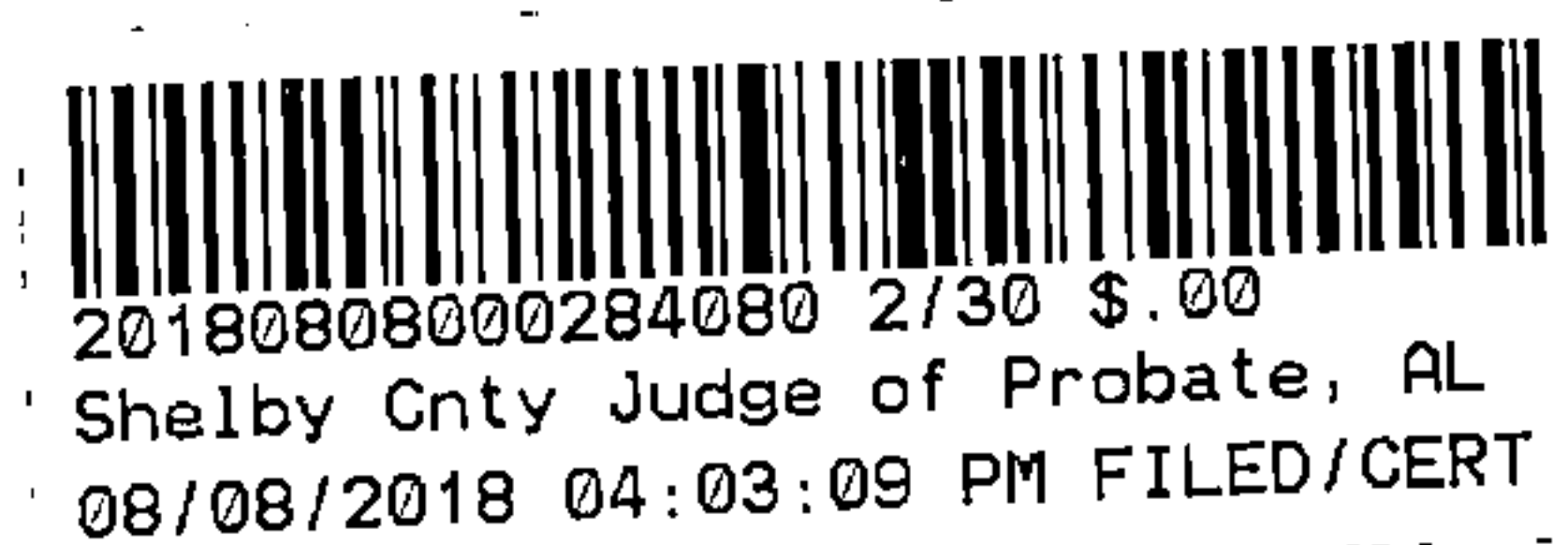
**Cultural Facilities Cooperative District of the City of Columbiana**

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**NOTICE TO JUDGE OF PROBATE: PURSUANT TO SECTION 11-99B-14 OF THE CODE OF ALABAMA (1975), THIS INSTRUMENT IS ENTITLED TO BE FILED OF RECORD IN THE PROBATE RECORDS EXEMPT FROM THE PAYMENT OF ANY TAX OR FEE.**

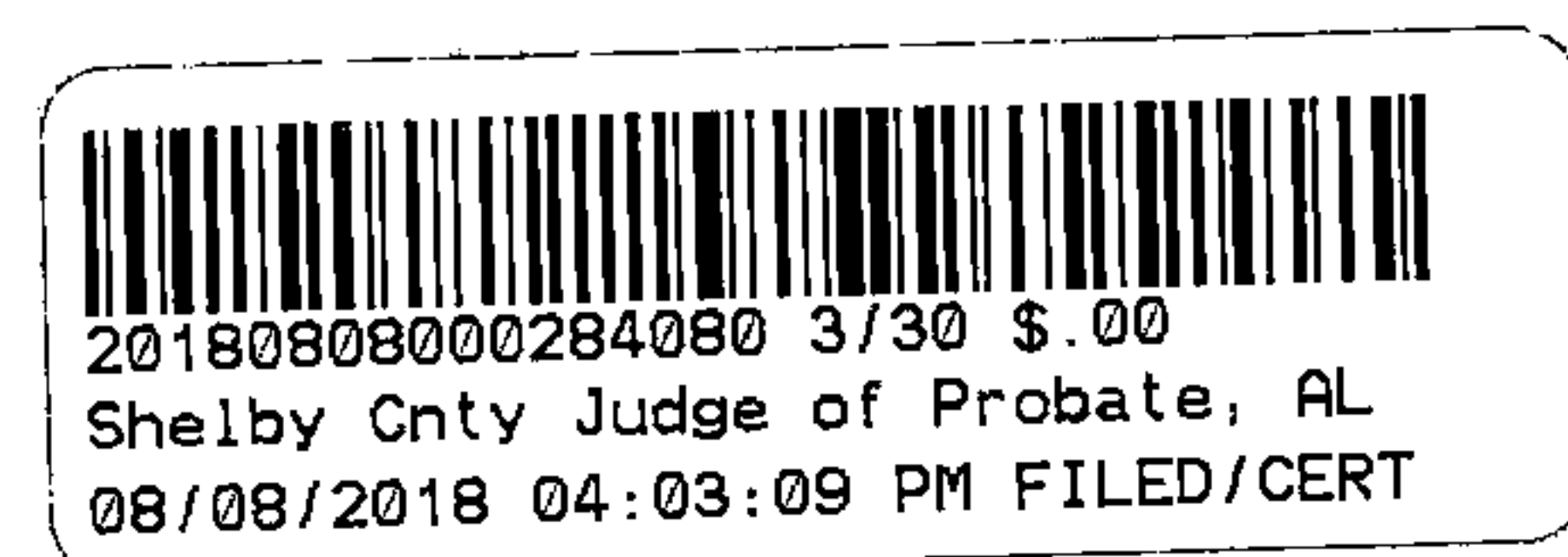
## TABLE OF CONTENTS

	Page
ARTICLE 1 Definitions and Other Provisions of General Application.....	1
SECTION 1.1 Definitions.....	1
SECTION 1.2 General Rules of Construction .....	1
SECTION 1.3 Effect of Headings and Table of Contents .....	2
SECTION 1.4 Date of Lease Agreement.....	2
SECTION 1.5 Separability Clause.....	2
SECTION 1.6 Governing Law.....	2
SECTION 1.7 Counterparts .....	2
SECTION 1.8 Entire Agreement .....	2
ARTICLE 2 Demising Clause.....	3
ARTICLE 3 Acquisition of the Bond-Financed Facilities .....	3
SECTION 3.1 Agreement to Acquire .....	3
SECTION 3.2 Withdrawals From Acquisition Fund .....	4
SECTION 3.3 No Warranty; the City to Complete Bond-Financed Facilities .....	5
SECTION 3.4 Remedies Against Contractors, etc. ....	5
SECTION 3.5 Completion of the Bond-Financed Facilities .....	5
ARTICLE 4 Lease Term and Lease Payments.....	5
SECTION 4.1 Lease Term; Option to Renew .....	5
SECTION 4.2 Basic Lease Payments .....	6
SECTION 4.3 Additional Lease Payments.....	7
SECTION 4.4 Overdue Payments .....	7
SECTION 4.5 Unconditional Obligation of the City.....	7
SECTION 4.6 Payments Under Lease Agreement to be General Obligation of the City.....	8
SECTION 4.7 Project User Fees.....	8
ARTICLE 5 Concerning the Series 2018-A Bonds, the Indenture and the Trustee.....	9
SECTION 5.1 Assignment of Lease Agreement and Lease Payments by Issuer .....	9
SECTION 5.2 Redemption of Series 2018-A Bonds.....	9
SECTION 5.3 Amendment of Bond Documents.....	9
SECTION 5.4 The Indenture Funds .....	9
SECTION 5.5 Effect of Full Payment of Indenture Indebtedness.....	10
ARTICLE 6 The Bond-Financed Facilities.....	10
SECTION 6.1 Possession and Use of Bond-Financed Facilities .....	10
SECTION 6.2 Maintenance and Other Operating Expenses .....	10
SECTION 6.3 Taxes, Assessments, Etc. ....	10
SECTION 6.4 Improvements, Alterations, Etc.....	11
SECTION 6.5 Utility Easements .....	11
SECTION 6.6 Transfer or Encumbrance Created by Issuer .....	11
SECTION 6.7 Assignment, etc. of Leasehold Interest .....	11
SECTION 6.8 Disposition and Substitution of Personal Property and Fixtures.....	12
SECTION 6.9 The City's Personal Property and Fixtures .....	12
SECTION 6.10 Insurance .....	12
SECTION 6.11 Damage and Destruction .....	13





SECTION 6.12	Condemnation .....	14
SECTION 6.13	Mortgage at Request of City .....	14
SECTION 6.14	Special Covenants, Acknowledgments and Agreements .....	14
ARTICLE 7	Representations and Covenants .....	15
SECTION 7.1	Representations of the City .....	15
SECTION 7.2	Representations of the District .....	15
SECTION 7.3	Inspection of Records .....	16
SECTION 7.4	Advances by Issuer or Trustee .....	16
SECTION 7.5	Indemnity of Issuer and Trustee .....	16
SECTION 7.6	Compliance with Tax Certificate and Agreement .....	17
SECTION 7.7	Compliance with Continuing Disclosure Agreement .....	17
SECTION 7.8	Special Covenant of the City .....	17
ARTICLE 8	Remedies .....	17
SECTION 8.1	Events of Default .....	17
SECTION 8.2	Remedies on Default .....	17
SECTION 8.3	No Remedy Exclusive .....	18
SECTION 8.4	Agreement to Pay Attorneys' Fees, Costs and Expenses .....	18
SECTION 8.5	No Additional Waiver Implied by One Waiver .....	19
SECTION 8.6	Remedies Subject to Applicable Law .....	19
SECTION 8.7	Remedies of the City upon Default by the Issuer .....	19
ARTICLE 9	Options .....	19
SECTION 9.1	Option to Terminate .....	19
SECTION 9.2	Option to Purchase Bond-Financed Facilities .....	19
SECTION 9.3	Disposition of Portions of Bond-Financed Facilities While Series 2018-A Bonds are Outstanding .....	20
SECTION 9.4	Conveyance on Exercise of Option to Purchase .....	20
ARTICLE 10	Miscellaneous .....	20
SECTION 10.1	Issuer's Liabilities Limited .....	20
SECTION 10.2	Corporate Existence of Issuer .....	21
SECTION 10.3	Notices .....	21
SECTION 10.4	Successors and Assigns .....	21
SECTION 10.5	Benefits of Lease Agreement .....	21
SECTION 10.6	Subordination .....	22
SECTION 10.7	Notice and Other Information to be given to BAM .....	22
EXHIBIT A – Description of Bond-Financed Facilities		
EXHIBIT B – Permitted Encumbrances		
EXHIBIT C – Requisition		



## LEASE AGREEMENT

**THIS LEASE AGREEMENT** dated May 1, 2018 is entered into by **CULTURAL FACILITIES COOPERATIVE DISTRICT OF THE CITY OF COLUMBIANA**, an Alabama public corporation (the “Issuer”), and the **CITY OF COLUMBIANA, ALABAMA**, a municipal corporation organized under the laws of the State of Alabama (the “City”).

### Recitals

This Lease Agreement is being entered into in connection with the issuance by the Issuer of its \$8,450,000 aggregate principal amount of Revenue Bonds (City of Columbiana Old Mill Square Project), Series 2018-A pursuant to a Trust Indenture dated May 1, 2018 (the “Indenture”) between the Issuer and Regions Bank, an Alabama banking corporation (the “Trustee”). The purpose of this Lease Agreement and of related financing documents is described in the recitals to the Indenture.

**NOW, THEREFORE**, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto covenant, agree and bind themselves as follows:

## ARTICLE 1

### Definitions and Other Provisions of General Application

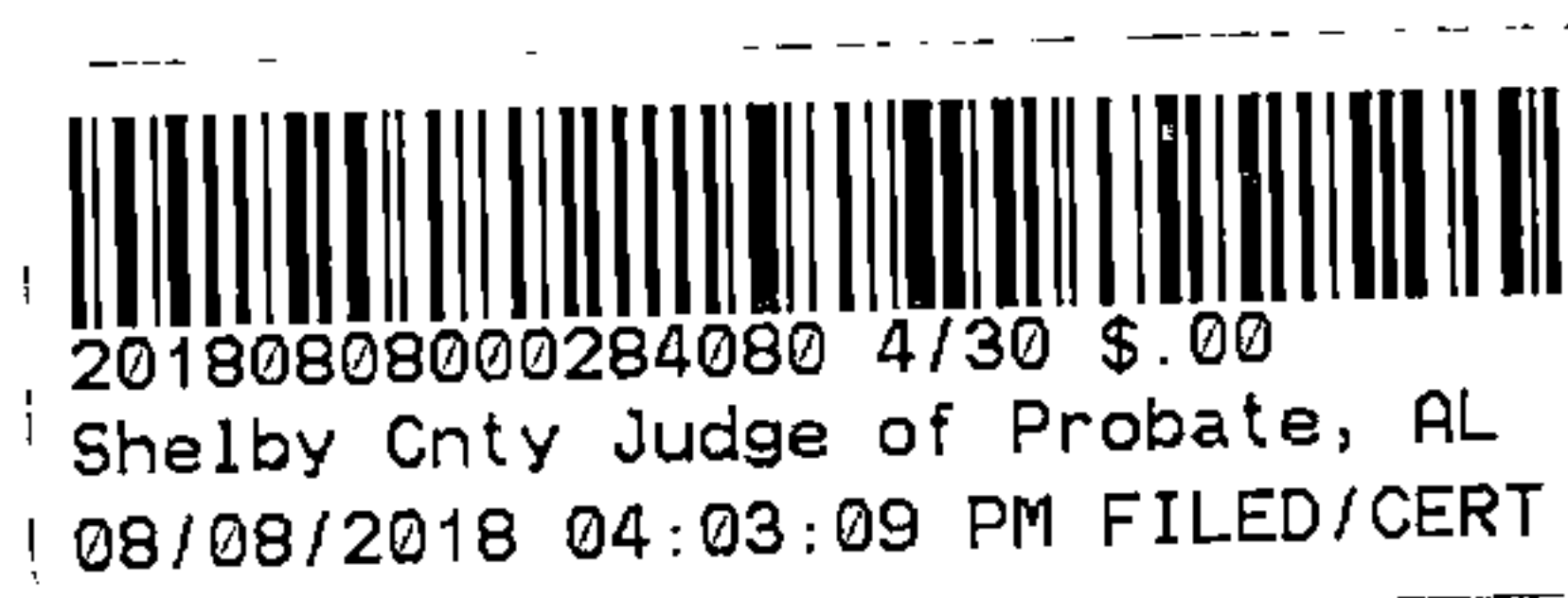
#### SECTION 1.1 Definitions

For all purposes of this Lease Agreement, except as otherwise expressly provided or unless the context otherwise requires, capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture.

#### SECTION 1.2 General Rules of Construction

For all purposes of this Lease Agreement, except as otherwise expressly provided or unless the context otherwise requires:

- (a) Defined terms in the singular shall include the plural as well as the singular, and vice versa.
- (b) The definitions in the recitals to this instrument are for convenience only and shall not affect the construction of this instrument.
- (c) All accounting terms not otherwise defined herein have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles. All references herein to “generally accepted accounting principles” refer to such principles as they exist at the date of application thereof.
- (d) All references in this instrument to designated “Articles”, “Sections” and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.





(e) The terms “herein”, “hereof” and “hereunder” and other words of similar import refer to this Lease Agreement as a whole and not to any particular Article, Section or other subdivision.

(f) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(g) The term “person” shall include any individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization and any government or any agency or political subdivision thereof.

(h) The term “including” means “including without limitation” and “including, but not limited to”.

### **SECTION 1.3 Effect of Headings and Table of Contents**

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

### **SECTION 1.4 Date of Lease Agreement**

The date of this Lease Agreement is intended as and for a date for the convenient identification of this Lease Agreement and is not intended to indicate that this Lease Agreement was executed and delivered on said date.

### **SECTION 1.5 Separability Clause**

If any provision in this Lease Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

### **SECTION 1.6 Governing Law**

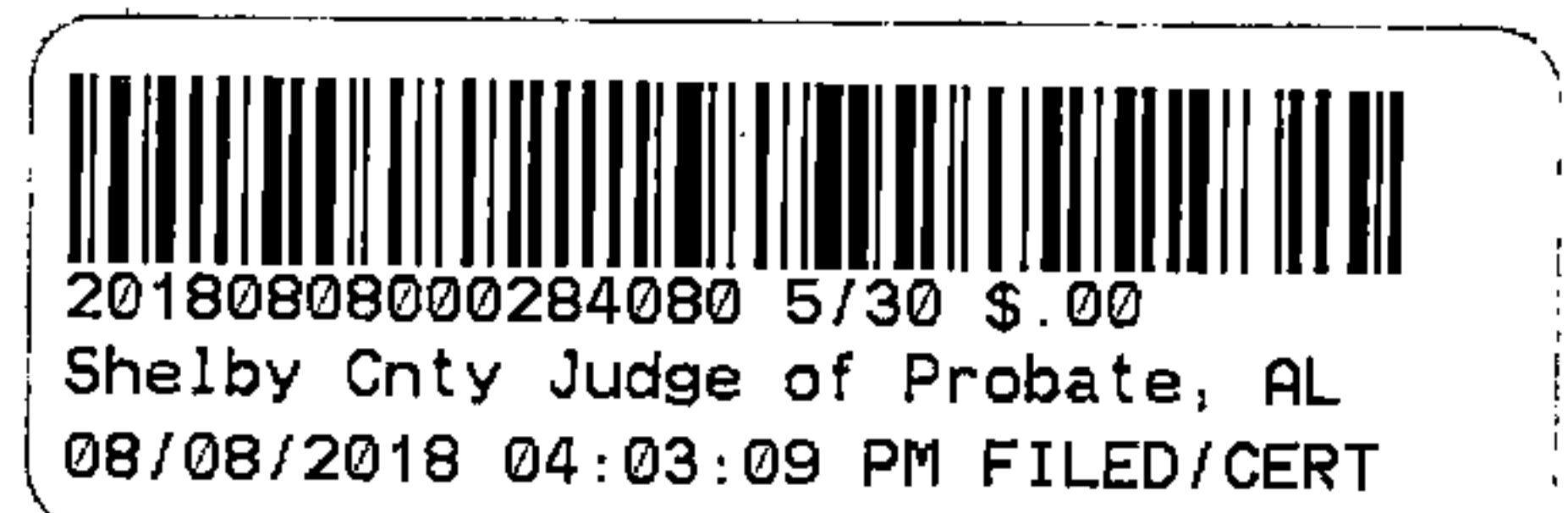
This Lease Agreement shall be construed in accordance with and governed by the laws of the State of Alabama without regard to conflict of law principles.

### **SECTION 1.7 Counterparts**

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

### **SECTION 1.8 Entire Agreement**

This Lease Agreement contains the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior oral or written agreements, including commitments or understandings with respect to such matters.



## ARTICLE 2

### Demising Clause

For and in consideration of the performance and observance by the City of the agreements and covenants of this Lease Agreement to be performed and observed by the City, the Issuer does hereby lease and demise to the City, and the City does hereby lease, take and hire from the Issuer the following property constituting the Bond-Financed Facilities subject to this Lease Agreement:

#### I.

##### Real Property

The real property and interests therein described in *Exhibit A* attached hereto, together with all easements, permits, licenses, rights-of-way, contracts, leases, tenements, hereditaments, appurtenances, rights, privileges and immunities pertaining or applicable to said real property and interests therein.

#### II.

##### Buildings and Structures

All buildings and structures now or hereafter located on such real property, including the buildings and structures to be constructed, altered or improved as part of the Bond-Financed Facilities financed by the Series 2018-A Bonds.

#### III.

##### Personal Property and Fixtures

The following personal property and fixtures: (i) all personal property and fixtures to be acquired and installed on such real property as part of the Bond-Financed Facilities financed by the Series 2018-A Bonds, including the personal property and fixtures described in *Exhibit A* to this Lease Agreement, (ii) all personal property and fixtures acquired by (or in the name of) the Issuer and installed on such real property as a substitute or replacement for personal property or fixtures transferred or otherwise disposed of pursuant to the terms of this Lease Agreement, and (iii) all personal property and fixtures acquired by (or in the name of) the Issuer and installed on such real property with the proceeds of any insurance or condemnation award pursuant to the terms of this Lease Agreement.

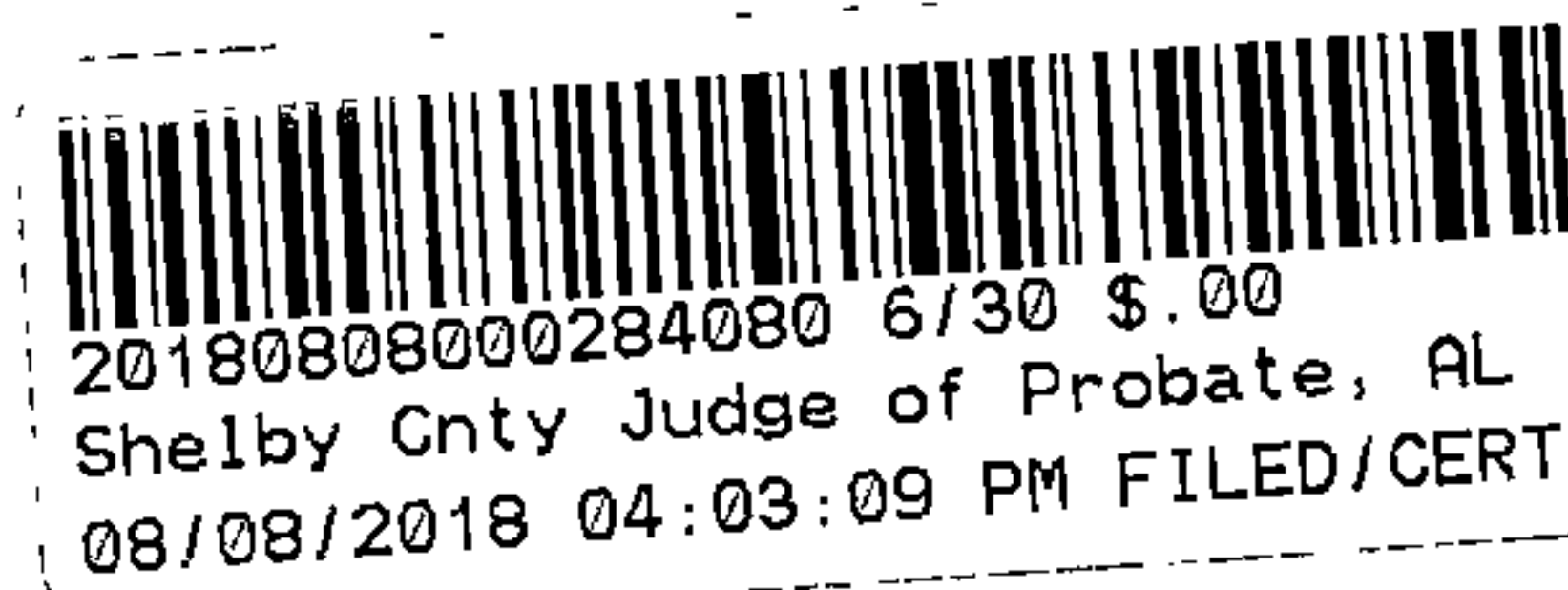
**SUBJECT, HOWEVER,** to Permitted Encumbrances, which are described in *Exhibit B* to this Lease Agreement.

## ARTICLE 3

### Acquisition of the Bond-Financed Facilities

#### SECTION 3.1 Agreement to Acquire

(a) The real property that constitutes part of the Bond-Financed Facilities has been acquired by the Issuer in accordance with the instructions of the City and is described in *Exhibit A* to this Lease Agreement.





(b) The Issuer shall use proceeds of the Series 2018-A Bonds to construct buildings and structures on such real property in accordance with the instructions of the City. The buildings and structures to be constructed as part of the Bond-Financed Facilities are described in *Exhibit A* to this Lease Agreement.

(c) The Issuer shall use the proceeds of the Series 2018-A Bonds to acquire and install personal property and fixtures on such real property in accordance with the instructions of the City. The personal property and fixtures to be acquired and installed as part of the Bond-Financed Facilities are described in *Exhibit A* to this Lease Agreement.

(d) The Issuer and the City have not yet produced a final legal description for the real property upon which the Bond-Financed Facilities shall be constructed. The City and the Issuer covenant and agree to produce a legal description for such real property as promptly as practicable after the issuance of the Series 2018-A Bonds and take all necessary steps, including the addition of real property to, and/or the release of real property from, the demise of this Lease Agreement, including the execution of a supplement or amendment hereto.

(e) The City shall be solely responsible for the planning and design of the Bond-Financed Facilities, the preparation of contracts and purchase orders for the Bond-Financed Facilities, and the supervision of the work on the Bond-Financed Facilities. The acquisition and construction of the Bond-Financed Facilities shall be in accordance with all applicable zoning, planning and building restrictions, and the City shall obtain all necessary governmental permits, licenses, certificates, authorizations and approvals necessary therefor and for the operation of the Bond-Financed Facilities.

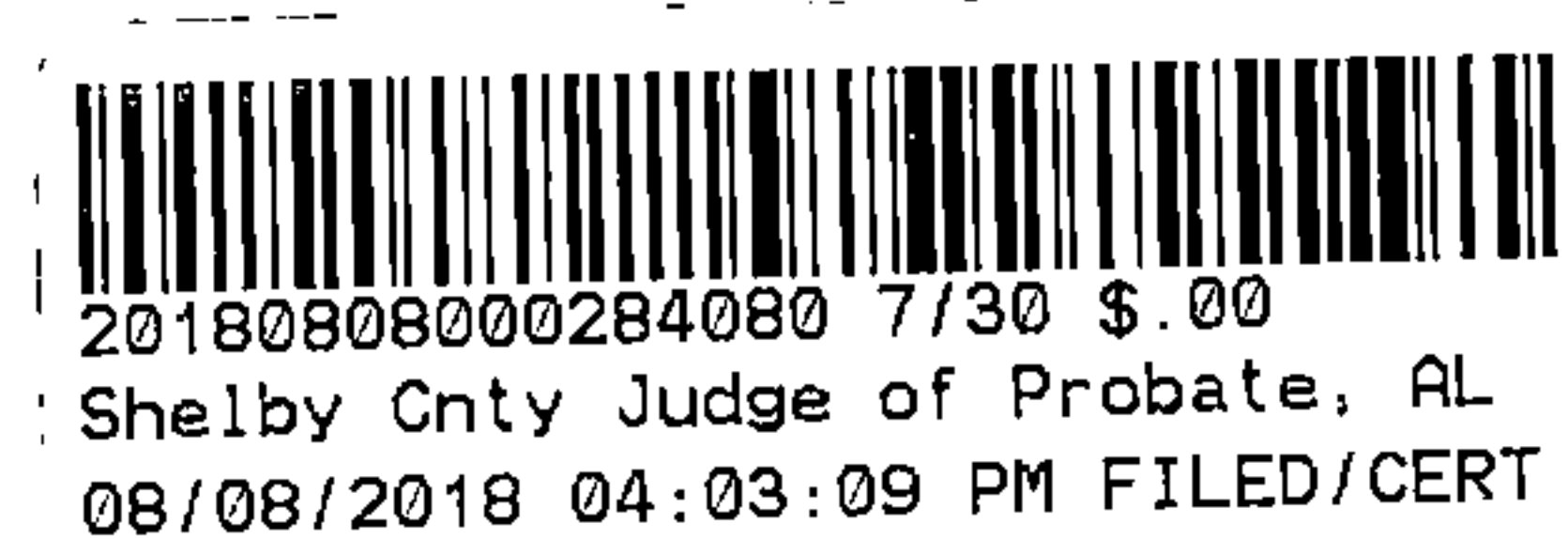
(f) The Issuer shall, at the request of the City, enter into, assume or accept the assignment of such contracts and purchase orders for the Bond-Financed Facilities as the City shall request in writing. The Issuer has appointed the City as its agent for acquisition and construction of the Bond-Financed Facilities and does hereby confirm such appointment. The City, as agent of the Issuer, may enter into, assume or accept the assignment of contracts and purchase orders for the Bond-Financed Facilities. The obligations of the Issuer under all such contracts and purchase orders (whether entered into directly by the Issuer or by the City as agent of the Issuer) shall be limited as provided in Section 10.1, and the Issuer's limited liability shall be plainly and conspicuously stated thereon. At the request of the City, the Issuer shall execute such instruments or other documents as shall be necessary or appropriate to confirm the City's status as agent of the Issuer with respect to the acquisition and construction of the Bond-Financed Facilities.

(g) The Issuer will cooperate with the City in good faith in the acquisition and construction of the Bond-Financed Facilities in order that the Bond-Financed Facilities may be completed and placed in service as soon as practicable.

(h) The City may cause changes or amendments to be made in the description of the Bond-Financed Facilities, provided (1) such changes or amendments will not change the nature of the Bond-Financed Facilities to the extent that they would not qualify for financing under the Enabling Law, and (2) the City delivers to the Trustee a Favorable Tax Opinion.

### **SECTION 3.2 Withdrawals From Acquisition Fund**

The City may cause withdrawals to be made from the Acquisition Fund for the payment of Acquisition Costs and Costs of Issuance (including reimbursement to the Issuer or the City for any such costs paid directly by the Issuer or the City, as the case may be), but only if (1) no Lease Default exists and no event has occurred and is continuing which, with notice or lapse of time or both, would constitute



a Lease Default and (2) the City delivers to the Trustee a duly completed requisition for each such withdrawal in the form attached hereto as *Exhibit C*, executed on behalf of the City by an Authorized City Representative.

### **SECTION 3.3 No Warranty; the City to Complete Bond-Financed Facilities**

(a) The City recognizes that since the plans, specifications and directions for acquiring and constructing the Bond-Financed Facilities have been, or will be, furnished by it, the Issuer makes no warranty, either express or implied, with respect to the Bond-Financed Facilities and does not offer any assurances that the Bond-Financed Facilities will be suitable for the City's purposes or needs or that the proceeds derived from the sale of the Series 2018-A Bonds will be sufficient to pay in full all Acquisition Costs and Costs of Issuance.

(b) If the proceeds derived from the sale of the Series 2018-A Bonds are insufficient to pay in full all Acquisition Costs and Costs of Issuance, the City shall complete the acquisition and construction of the Bond-Financed Facilities and pay any remaining Issuance Costs at its own expense.

### **SECTION 3.4 Remedies Against Contractors, etc.**

If any vendor, contractor or subcontractor shall default under any contract or purchase order in connection with the acquisition or construction of the Bond-Financed Facilities, the Issuer shall follow the written instructions of, and shall cooperate in good faith with, the City in the pursuit of any remedies that may be available under the circumstances. Upon the written request of the City, the Issuer shall assign to the City all rights of the Issuer under any such contract or purchase order and the City may, in its own name or in the name of the Issuer, pursue any such remedies.

### **SECTION 3.5 Completion of the Bond-Financed Facilities**

(a) The completion of the Bond-Financed Facilities shall be evidenced by a certificate signed by an Authorized City Representative stating that

(1) the acquisition and construction of the Bond-Financed Facilities has been completed in accordance with the plans and specifications therefor (including any changes or amendments to such changes pursuant to Section 3.1), and

(2) all amounts due for labor, materials, supplies and other costs incurred in connection with the acquisition and construction of the Bond-Financed Facilities have been paid.

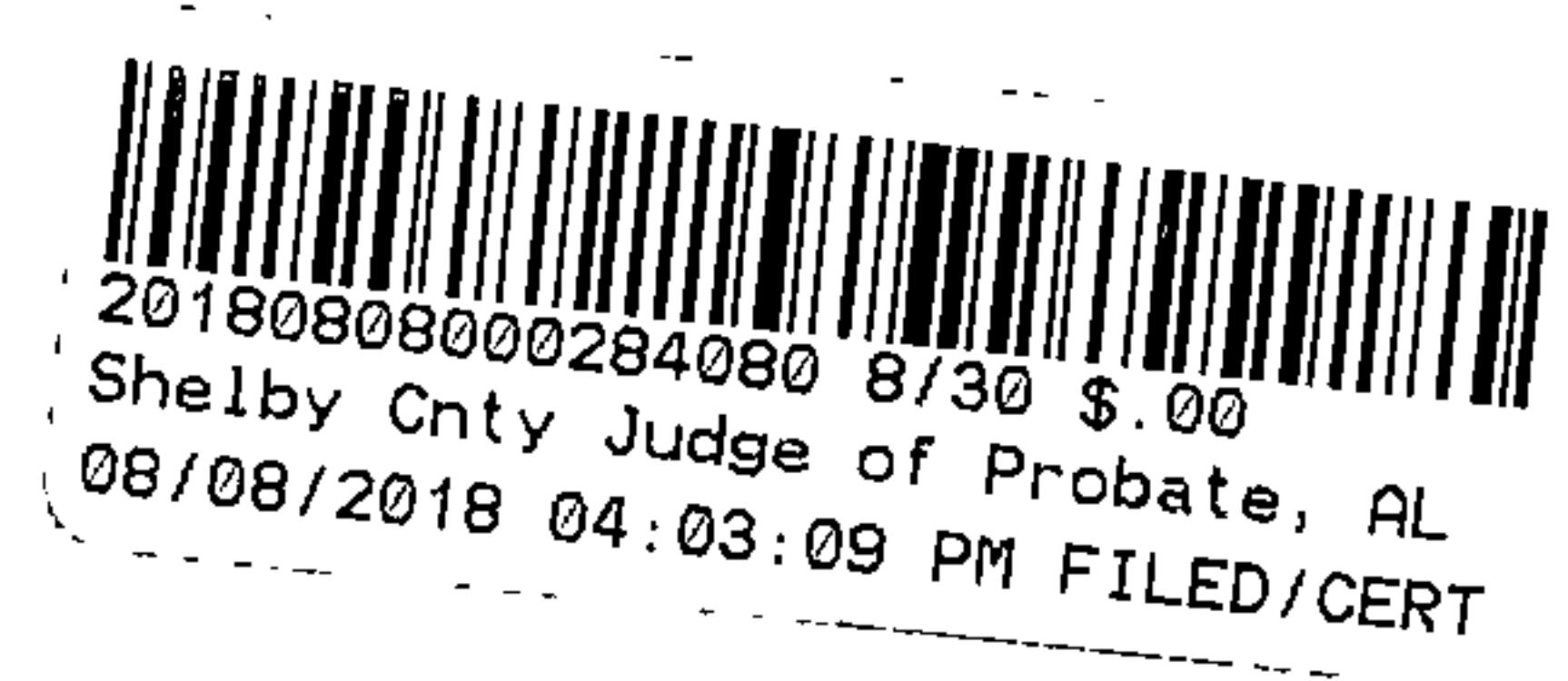
(b) After the delivery of the aforesaid certificate to the Trustee, any money then remaining in the Acquisition Fund shall be applied as provided in the Indenture.

## **ARTICLE 4**

### **Lease Term and Lease Payments**

#### **SECTION 4.1 Lease Term; Option to Renew**

(a) The initial term of this Lease Agreement shall begin on the date of the delivery of this Lease Agreement and shall continue until midnight of May 31, 2048





(b) Rent for the period during which this Lease Agreement shall be in effect shall be due and payable as provided in Sections 4.2 and 4.3 below.

#### **SECTION 4.2 Basic Lease Payments**

(a) The City shall make payments ("Basic Lease Payments") to the Trustee for deposit in the Debt Service Fund, for the account of the Issuer, at times and in amounts as follows:

(1) on or before the 20<sup>th</sup> day of each month, beginning in the first full month following the date of delivery of the Series 2018-A Bonds, 1/6 of the aggregate amount of interest on the Series 2018-A Bonds becoming due and payable on the next Interest Payment Date; provided that from the date of delivery of the Series 2018-A Bonds until the first Interest Payment Date, such deposits shall be sufficient on a monthly pro rata basis to pay the amount of interest becoming due and payable on such first Interest Payment Date (after crediting the amount of any accrued interest deposited in the Debt Service Fund pursuant to the Indenture);

(2) on or before the 20<sup>th</sup> day of each month, beginning in the first full month following the date of delivery of the Series 2018-A Bonds, 1/12 of the aggregate amount of principal on the Series 2018-A Bonds becoming due and payable on the next Bond Payment Date; provided that from the date of delivery of the Series 2018-A Bonds until the first Bond Payment Date with respect to the Series 2018-A Bonds, such deposits shall be sufficient on a monthly pro rata basis to pay the amount of principal becoming due and payable on such first Bond Payment Date; provided further that no payment under this subsection shall be required more than 13 months prior to a Bond Payment Date; and

(3) on or before the third (3<sup>rd</sup>) Business Day prior to each date fixed for the redemption of Series 2018-A Bonds (other than a scheduled mandatory redemption date, for which Basic Lease Payments are required pursuant to paragraphs (1) and (2) above), an amount equal to the redemption price of Series 2018-A Bonds to be redeemed on such date.

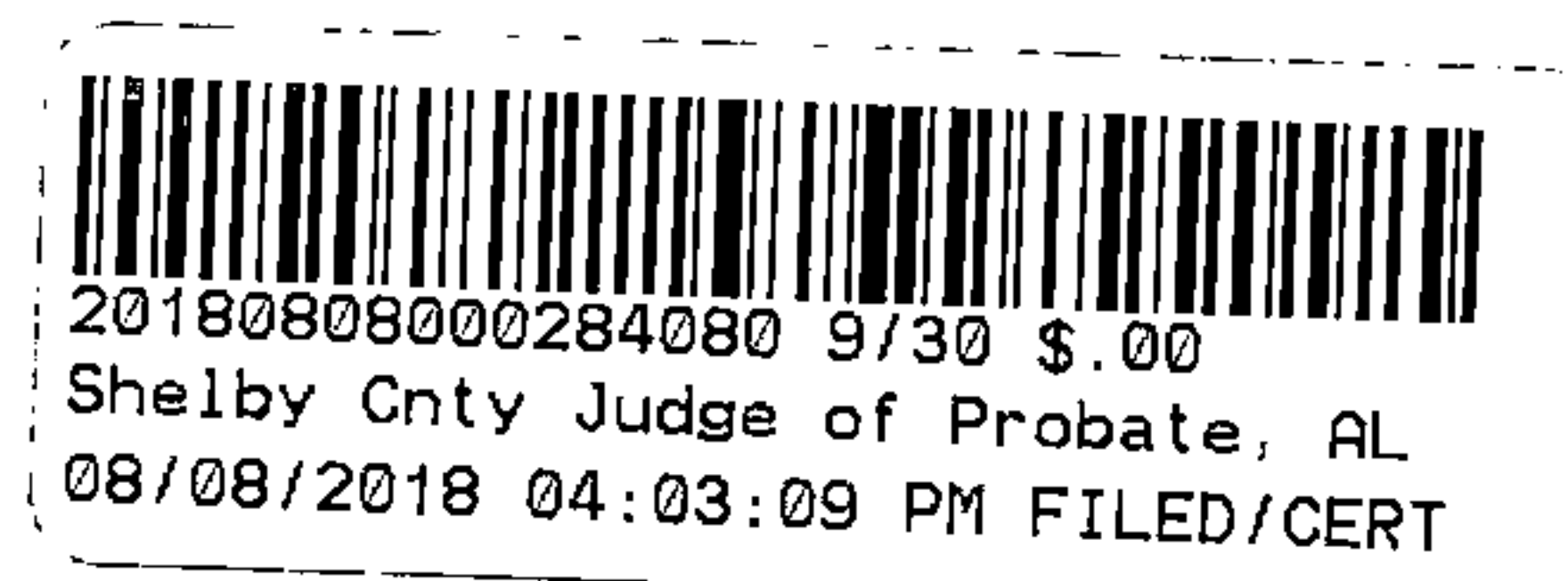
If, on any Bond Payment Date, the balance in the Debt Service Fund is insufficient to pay the Debt Service on the Series 2018-A Bonds due and payable on such date, the City shall forthwith pay any such deficiency into the Debt Service Fund out of the City's general revenues.

(b) The City shall receive a credit against the Basic Lease Payments as follows:

(1) The amount of accrued interest received from the sale of the Series 2018-A Bonds to the original purchaser or purchasers thereof and deposited in the Debt Service Fund shall be deducted from the amount of interest due on the first Interest Payment Date for purposes of calculating the required Basic Lease Payments prior to such Interest Payment Date.

(2) Investment income and profits deposited or retained in the Debt Service Fund shall be credited against monthly Basic Lease Payments due after receipt of such income and profits as directed by the City.

(3) Any other money held by the Trustee and available, under the terms of the Indenture and this Lease Agreement, for the payment of Debt Service on the Series 2018-A Bonds shall be credited against Basic Lease Payments as directed by the City. Such directions must be consistent with any mandatory provision of the Indenture and this Lease Agreement with respect to the required use of such money.



(c) All Basic Lease Payments shall be made in funds immediately available at the Office of the Trustee on the due date of such Payments.

(d) The City acknowledges that Basic Lease Payments required by this Section have been calculated to provide amounts which will be sufficient to pay Debt Service on the Series 2018-A Bonds as the same matures and comes due. If on any Series 2018-A Bond Payment Date the amount on deposit in the Debt Service Fund is not sufficient to pay Debt Service on the Series 2018-A Bonds due and payable on such Date, the City shall immediately deposit the amount of such deficiency in the Debt Service Fund.

#### **SECTION 4.3 Additional Lease Payments**

The City shall make additional payments ("Additional Lease Payments", and together with the Basic Lease Payments and all other payments by the City pursuant to this Lease Agreement, the "Lease Payments") as follows:

(a) Within 10 days after receipt by the City of an invoice therefor, the City shall pay to the Trustee (1) the acceptance fee of the Trustee, (2) the normal fees, charges and expenses of the Trustee, and (3) any amount to which the Trustee may be entitled under Section 12.7 of the Indenture.

(b) Within 10 days after receipt by the City of an invoice therefor, the City shall pay to Issuer the reasonable expenses of the Issuer incurred (1) at the request of the City, (2) in the performance of the Issuer's duties under any of the Bond Documents, (3) in connection with any litigation which may at any time be instituted involving the Bond-Financed Facilities or the Bond Documents, or (4) in the pursuit of any remedies under the Bond Documents.

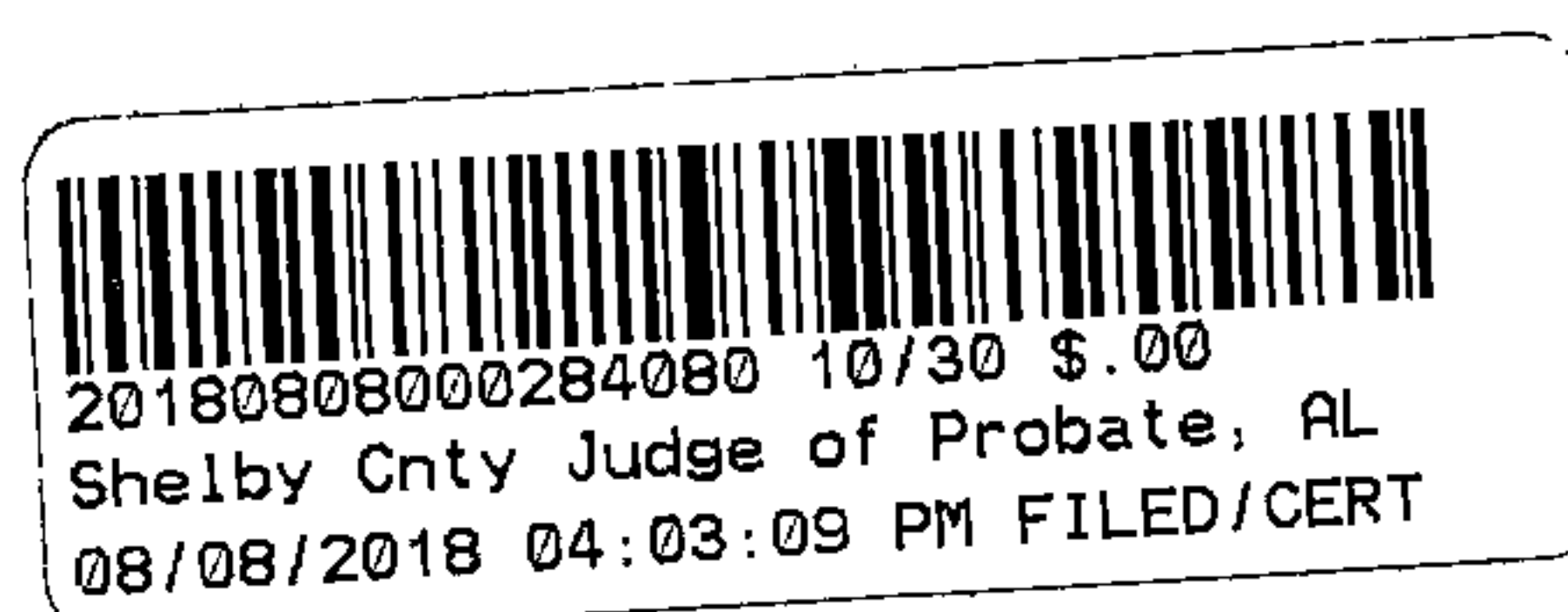
(c) Within 10 days after receipt by the City of an invoice therefor, the City shall pay to the Authority any amount for which the Issuer is required to pay or reimburse the Insurer under the Indenture as set forth in Section 16.10(a) and Section 16.10(b) of the Indenture.

#### **SECTION 4.4 Overdue Payments**

Any overdue Basic Lease Payment shall bear interest from the related Bond Payment Date until paid at the Post-Default Rate for overdue Debt Service payments. Any overdue Additional Lease Payment shall bear interest from the date due until paid at the Post-Default Rate for such Additional Lease Payments specified in the Indenture.

#### **SECTION 4.5 Unconditional Obligation of the City**

The City's obligation to make the payments required by this Lease Agreement 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 Issuer or any other Financing Participant. The City will not suspend or discontinue any such Lease Payment or fail to perform and observe any of its other agreements and covenants contained herein or terminate this Lease Agreement for any cause whatsoever, including, without limiting the generality of the foregoing, (a) failure to complete the Bond-Financed Facilities, (b) any acts or circumstances that may constitute an eviction or constructive eviction, (c) failure of consideration or commercial frustration of purpose, (d) the invalidity of any provision of this Lease Agreement, (e) any damage to or destruction of the Bond-Financed Facilities or any part thereof, (f) the taking by eminent domain of title to, or the use of, all or any part of the Bond-Financed Facilities, (g) any change in the laws or regulations of the United States of America, the State of Alabama or any other governmental authority, or (h) any failure of any of





the Financing Participants to perform and observe any agreement or covenant, whether express or implied, to be performed or observed by them under any of the Bond Documents.

#### **SECTION 4.6     Payments Under Lease Agreement to be General Obligation of the City**

The City's obligation to make the payments required by this Lease Agreement and to perform and observe the other agreements and covenants on its part herein contained shall be a general obligation of the City for the payment of which the full faith and credit of the City are hereby irrevocably pledged. The City hereby covenants and agrees to levy and collect taxes, to the maximum extent permitted by law, at such rate or rates as shall make available tax proceeds which, when added to the revenues of the City from other sources available for such purposes, will be sufficient to pay reasonable expenses of carrying on the necessary governmental functions of the City and to make the payments required by this Lease Agreement and to perform and observe the other agreements and covenants on its part herein contained.

#### **SECTION 4.7     Project User Fees**

(a)     The Issuer does hereby grant, bargain, sell, convey, assign and transfer to the City, without warranty or recourse, all right, title and interest of the Issuer in and to the Project User Fees.

(b)     The Issuer does hereby covenant and agree to cause all of the proceeds of the Project User Fees to be delivered and transferred to the City when and as received by the Issuer.

(c)     The Issuer makes no warranty or representation, and gives no assurance, that the Project User Fees shall be collected in any amount or that the amounts thereof collected shall be sufficient for any purpose or use of the City with respect thereto.

(d)     The Issuer shall not, without the prior written consent of the City, sell, transfer or convey the Project User Fees or any portion thereof or create or incur, or permit or suffer to be created or incurred, any mortgage, lien, or encumbrance upon the Project User Fees or any part thereof.

(e)     The Issuer hereby appoints and engages the City to collect the Project User Fees for and on behalf of the Issuer and agrees the City may charge a collection fee of \$10.00 each month per account for the costs incurred in the collection of the Project User Fees, which collection fee shall be payable solely from the Project User Fees.

(f)     The Issuer covenants and agrees the conveyance by the Issuer of the Project User Fees to the City, when and as received by the Issuer, as provided herein, shall constitute a contractual agreement of the Issuer for purposes of Section 11-99B-11(4) of the Code of Alabama 1975.

(g)     The Issuer and the City acknowledge and agree that the Project User Fees shall be available for use by the City to make the payments required by this Lease Agreement, but the Project User Fees are not pledged for such purpose and the City shall be under no legal obligation to apply the Project User Fees for such purpose.



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## **ARTICLE 5**

### **Concerning the Series 2018-A Bonds, the Indenture and the Trustee**

#### **SECTION 5.1     Assignment of Lease Agreement and Lease Payments by Issuer**

(a) Simultaneously with the delivery of this Lease Agreement, the Issuer shall, pursuant to the Indenture, assign and pledge to the Trustee all right, title and interest of the Issuer in and to the Lease Payments and the Lease Agreement. The City hereby consents to such assignment and pledge.

(b) Until all Indenture Indebtedness has been Fully Paid, the Trustee may exercise all rights and remedies herein accorded to the Issuer, and any references herein to the Issuer shall be deemed, with the necessary changes in detail, to include the Trustee; provided, however, that the Issuer shall retain the rights to indemnification and reimbursement of expenses granted to it by this Lease Agreement.

#### **SECTION 5.2     Redemption of Series 2018-A Bonds**

(a) The Issuer will cause the Trustee to redeem any or all of the Series 2018-A Bonds in accordance with the mandatory redemption provisions of the Series 2018-A Bonds without any direction from or consent by the City.

(b) If no Lease Default exists, (1) any right of optional redemption with respect to the Series 2018-A Bonds may be exercised only upon the written direction of the City and (2) the City may, on behalf of the Issuer, direct the Trustee to effect an optional redemption of Series 2018-A Bonds. The City shall deliver to the Issuer a copy of any such direction. The Issuer will cooperate with the City in good faith to effect any such optional redemption so directed.

#### **SECTION 5.3     Amendment of Bond Documents**

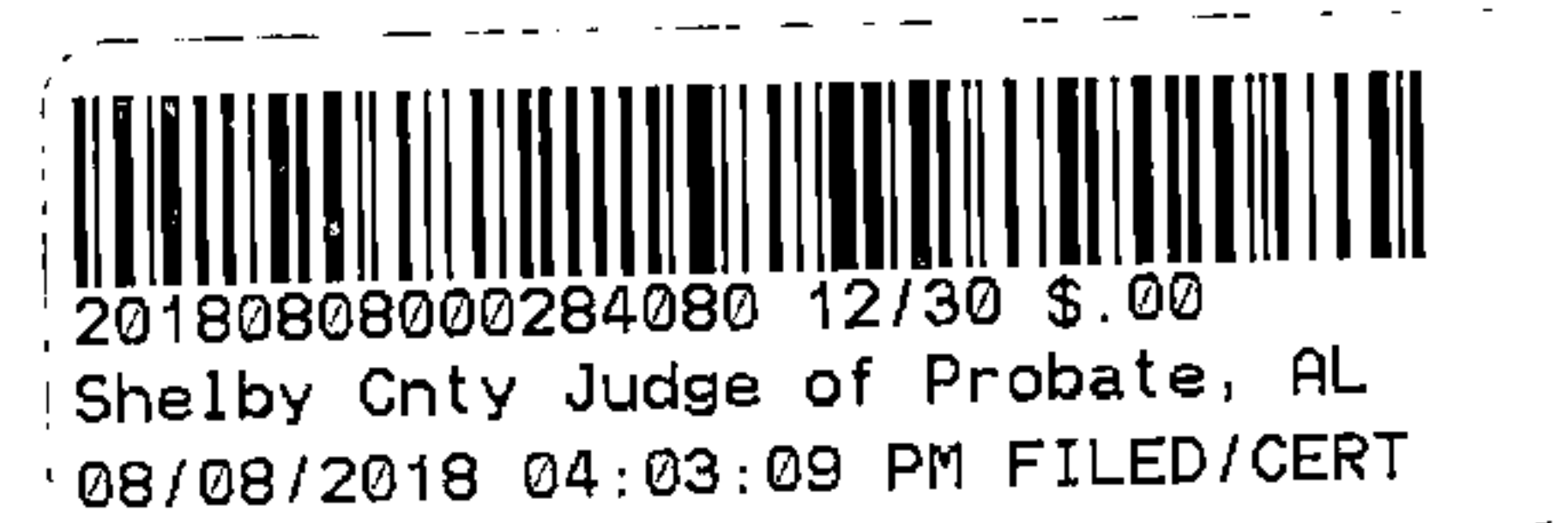
The Issuer will not cause or permit the amendment of the Bond Documents without the prior written consent of the City.

#### **SECTION 5.4     The Indenture Funds**

(a) If no Lease Default exists, the Issuer shall cause any money held as part of an Indenture Fund to be invested or reinvested by the Trustee in accordance with the terms of the Indenture and the instructions of the City.

(b) The City shall be solely responsible for (1) determining that any such investment of Indenture Funds under the Indenture complies with the arbitrage limitations imposed by Section 148 of the Internal Revenue Code, and (2) calculating the amount of, and making payment of, any rebate due to the United States under Section 148(f) of the Internal Revenue Code.

(c) As security for the performance by the City of the covenants hereunder, the City hereby assigns and pledges to the Issuer, and grants to the Issuer a security interest in, all right, title and interest of the City in and to all money and investments from time to time on deposit in, or forming a part of, the Indenture Funds, subject to the provisions of this Lease Agreement and the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein and in the Indenture. The City acknowledges that the rights of the Issuer created by this Section shall be assigned by the Issuer to the Trustee pursuant to the Indenture.





## **SECTION 5.5     Effect of Full Payment of Indenture Indebtedness**

(a)     After the Indenture Indebtedness is Fully Paid, all references in this Lease Agreement to the Series 2018-A Bonds, the Indenture and the Trustee shall be ineffective and neither the Trustee nor the Holders of the Series 2018-A Bonds shall thereafter have any rights hereunder, except those rights that shall have theretofore vested.

(b)     After all Indenture Indebtedness is Fully Paid, any money or investments remaining in the Indenture Funds shall be delivered to the City.

(c)     If all Indenture Indebtedness is Fully Paid prior to the expiration of the term of this Lease Agreement, the City shall be entitled to the use and occupancy of the Bond-Financed Facilities until the expiration of the term of this Lease Agreement without the payment of any further Basic Lease Payments, but otherwise subject to all the terms and conditions hereof, except that the City shall no longer be required to perform and observe the agreements and covenants of this Lease Agreement that are for the sole benefit of the Trustee or the Holders of the Series 2018-A Bonds.

## **ARTICLE 6**

### **The Bond-Financed Facilities**

#### **SECTION 6.1     Possession and Use of Bond-Financed Facilities**

(a)     So long as no Lease Default exists, the City shall be permitted to possess, use, manage, operate and enjoy the Bond-Financed Facilities without hindrance on the part of the Issuer, subject, however, to all the terms and conditions of this Lease Agreement. The City shall be permitted to use and occupy the Bond-Financed Facilities for any purpose authorized under the Enabling Law, and for no other object or purpose without the prior written consent of the Issuer.

(b)     So long as no Lease Default exists, the City shall be permitted to possess, use, manage, operate and enjoy the Bond-Financed Facilities without hindrance on the part of the Issuer, subject, however, to all the terms and conditions of this Lease Agreement.

(c)     The Issuer shall be permitted such possession of the Bond-Financed Facilities as shall be necessary and convenient for it to construct and install the Bond-Financed Facilities in accordance with the terms of this Lease Agreement.

#### **SECTION 6.2     Maintenance and Other Operating Expenses**

The City will, at its own expense, (a) maintain the Bond-Financed Facilities in good condition, repair and working order, (b) make all necessary repairs, renewals, replacements and improvements to the Bond-Financed Facilities, and (c) pay all gas, electric, water, sewer, insurance and other charges for the operation, use and upkeep of the Bond-Financed Facilities. This Lease Agreement shall constitute a "triple-net" lease.

#### **SECTION 6.3     Taxes, Assessments, Etc.**

The City will pay all taxes, assessments and other governmental charges lawfully levied or assessed or imposed upon the Bond-Financed Facilities or any part thereof or upon any income therefrom, and also all taxes, assessments and other governmental charges lawfully levied, assessed or imposed upon the lien or interest of the Trustee or of the Bondholders in the Trust Estate; provided, however, that the

City shall not be required to pay and discharge any such tax, assessment or governmental charge to the extent that the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings.

#### **SECTION 6.4 Improvements, Alterations, Etc.**

(a) The City may, at its own expense, make additions, improvements or alterations to the buildings and structures constituting a part of the Bond-Financed Facilities. At the written request of the City, the Issuer will enter into a contract for such additions, improvements, or alterations, subject, however, to the requirements of Section 10.1.

(b) All additions, alterations, improvements or modifications to the Bond-Financed Facilities made by or on behalf of the City shall: (1) be located wholly within the boundaries of the real property subject to the demise of this Lease Agreement, or (2) be located wholly within the boundaries of other adjacent land hereafter acquired by the Issuer that has been subjected (i) to the demise of this Lease Agreement, or (3) be located wholly within the boundaries of the real property subject to the demise of this Lease Agreement and such other adjacent land.

#### **SECTION 6.5 Utility Easements**

The Issuer will, upon request of the City, grant utility and other similar easements over, across or under the real property constituting part of the Bond-Financed Facilities.

#### **SECTION 6.6 Transfer or Encumbrance Created by Issuer**

Without the prior written consent of the City, the Issuer (a) will not sell, transfer or convey the Bond-Financed Facilities or any part thereof, except as provided in this Lease Agreement, and (b) will not create or permit any mortgage, lien, charge or encumbrance on the Bond-Financed Facilities or any part thereof other than Permitted Encumbrances.

#### **SECTION 6.7 Assignment, etc. of Leasehold Interest**

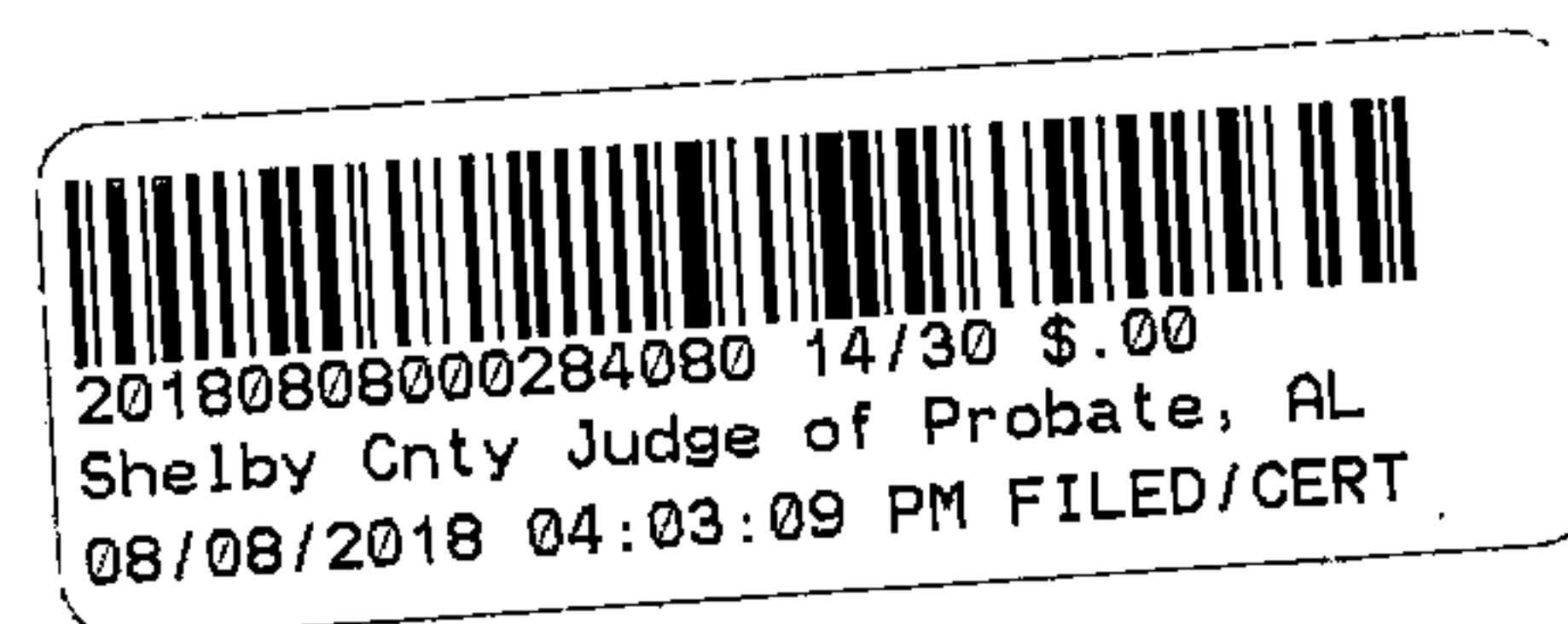
(a) The City may assign its rights under this Lease Agreement or mortgage its leasehold interest in the Bond-Financed Facilities, or sublease the Bond-Financed Facilities or any part thereof, subject to the following limitations:

(1) The City shall continue to be primarily liable for the performance and observance of the agreements and covenants to be performed and observed by it under this Lease Agreement, and no such assignment, mortgage or sublease shall in any way diminish or abate the obligations of the City hereunder.

(2) No such assignment, mortgage or sublease shall permit or result in the use of the Bond-Financed Facilities for any purpose that would not be permitted for facilities financed under the Enabling Law.

(3) The City shall have delivered to the Trustee a Favorable Tax Opinion on or prior to the date of such assignment.

(4) Within 30 days after the delivery of any such assignment, mortgage or sublease, the City shall deliver a copy thereof to the Issuer and to the Trustee.





(b) Notwithstanding anything in this Lease Agreement to the contrary, the City's sublease of a portion of the Bond-Financed Facilities to the Arts Council shall be permitted without the necessity of satisfying the requirements of Section 6.7(a) of this Lease Agreement and without any release from or consent by the Issuer or the Trustee.

#### **SECTION 6.8 Disposition and Substitution of Personal Property and Fixtures**

(a) If no Lease Default exists, the City shall have the right, from time to time, in the name and on behalf of the Issuer, without any release from or consent by the Issuer or the Trustee, to sell or otherwise dispose of any item of the personal property or fixtures constituting part of the Bond-Financed Facilities that may have become obsolete or unfit for use or no longer useful, necessary or profitable in the conduct of the business carried on by the City at the Bond-Financed Facilities. The Issuer shall not be required to replace such personal property and fixtures. The City may, if it so chooses, replace such personal property and fixtures at its own expense. At the request of the City, the Issuer will enter into contracts and purchase orders for the acquisition of replacement items, provided that (1) the City shall pay all costs of such acquisition with its own funds and (2) the Issuer's liability under any such contract or purchase order is limited as provided in Section 10.1. Any replacement items so acquired by the Issuer shall become a part of the personal property and fixtures subject to this Lease Agreement.

(b) The Issuer will cooperate with the City in good faith in the exercise of the rights and privileges granted by this Section and shall, from time to time, execute a written instrument to confirm any action taken by the City under this Section, upon receipt by the Issuer of (1) a certificate signed by an Authorized City Representative requesting the same and expressing any required opinions and (2) an Opinion of Counsel that such action was duly taken by the City in conformity with such provisions and that execution of such written instrument is appropriate to confirm such action under this Section.

#### **SECTION 6.9 The City's Personal Property and Fixtures**

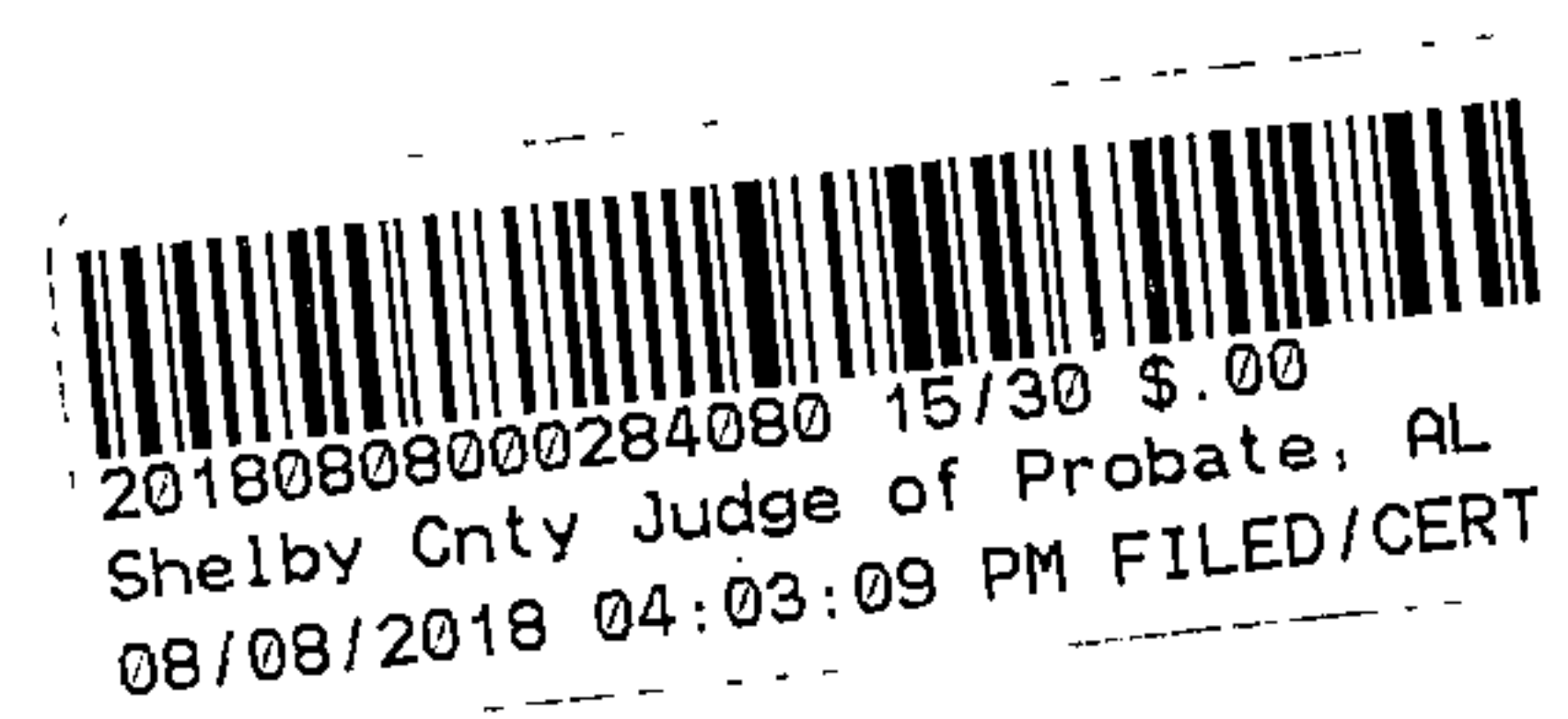
(a) The City may, at its own expense, install at the Bond-Financed Facilities any personal property or fixtures which, in the City's judgment, are necessary or desirable for the conduct of the business carried on by the City at the Bond-Financed Facilities. Any such personal property or fixtures which are installed at the City's expense and which do not constitute a part of the personal property and fixtures subject to this Lease Agreement shall be and remain the property of the City and may be removed by the City at any time while no Lease Default exists; provided, that any damage to the Bond-Financed Facilities occasioned by such removal shall be repaired by the City at its own expense.

(b) If any personal property or fixtures described in this Section are leased by the City or the City shall have granted a security interest in such property in connection with the acquisition thereof by the City, then the lessor of such property or the party holding a security interest therein, as the case may be, may remove such property from the Bond-Financed Facilities even though a Lease Default shall then exist or this Lease Agreement shall have been terminated following a Lease Default hereunder; provided, that the foregoing permission to remove shall be subject to the agreement by such lessor or secured party to repair at its own expense any damage to the Bond-Financed Facilities occasioned by such removal.

#### **SECTION 6.10 Insurance**

(a) The Issuer shall not be required to maintain any insurance with respect to the Bond-Financed Facilities.

(b) Prior to construction of any Bond-Financed Facilities, the City will obtain a standard builders' risk insurance policy in an amount customarily carried, and against loss or damage resulting





from such causes as are customarily insured against, for construction of facilities similar to the Bond-Financed Facilities.

(c) The City will at all times (whether or not all Indenture Indebtedness is Fully Paid) maintain insurance with respect to damage or destruction of the Bond-Financed Facilities and against liability for bodily injury to or death of persons and for damage to or loss of property occurring on or about the Bond-Financed Facilities or in any way related to the condition or operation of the Bond-Financed Facilities. The City shall maintain such insurance in amounts customarily carried, and against loss or damage from such causes as are customarily insured against, for facilities similar to the Bond-Financed Facilities; provided, however, that the amounts of such insurance shall never be less than the amount of Bonds that are Outstanding.

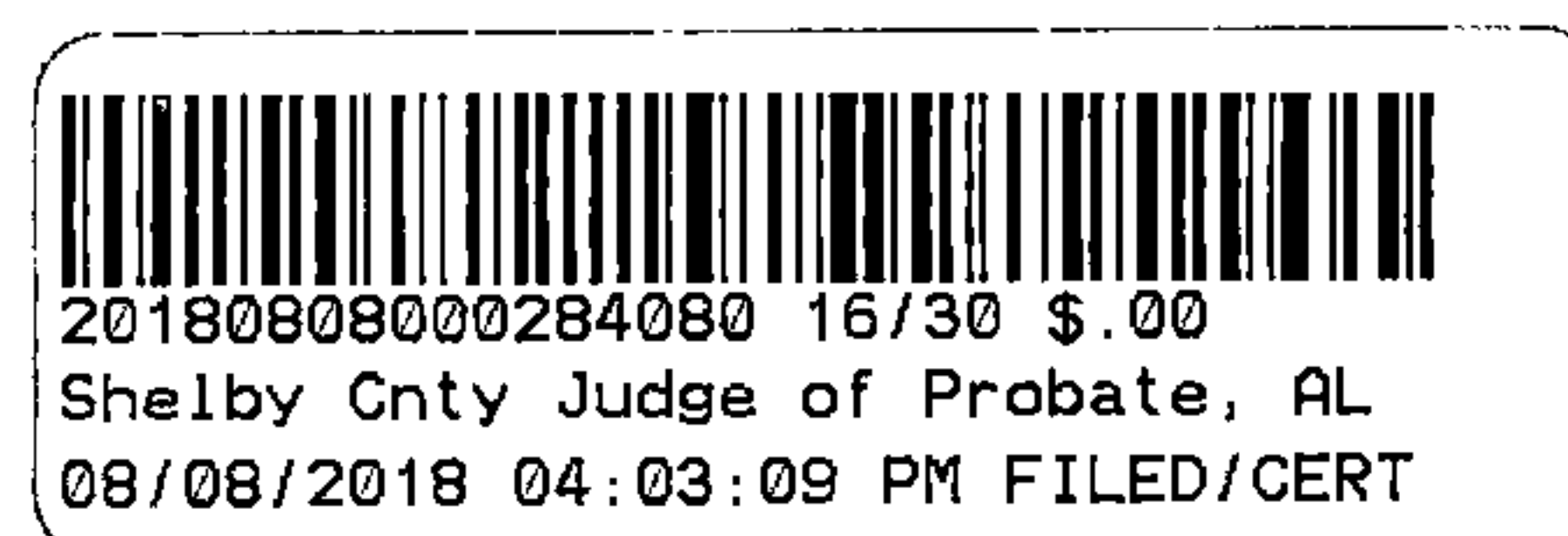
(d) All insurance required by this Section 6.10 shall be effected with responsible insurance carriers. All policies or other contracts evidencing such insurance or a certificate of the respective insurers attesting the fact that such insurance is in force and effect, shall be deposited with the Trustee. Prior to the expiration of such insurance, the City shall furnish to the Trustee evidence that such insurance has been renewed or replaced. Each policy or other contract for such insurance shall contain an agreement by the insurer that, notwithstanding any right of cancellation reserved to such insurer, such policy or contract shall continue in force for the benefit of the Trustee for at least 10 days after written notice to the Trustee of cancellation.

(e) All policies or other contracts for the insurance specified in subsections (b) and (c) above shall provide that the proceeds of such insurance shall be payable to the Trustee as its interest may appear (by means of a standard mortgage clause or other similar clause acceptable to the Trustee, without contribution).

(f) All proceeds of all policies or other contracts for the insurance specified in subsections (b) and (c) above shall be paid to the Trustee and shall be applied, as promptly as practicable, to repair, rebuild, restore or replace the property damaged or destroyed. Any money remaining after completion of such work shall be applied to the redemption of Series 2018-A Bonds on the earliest practicable date. Notwithstanding the foregoing, however, if, in the opinion of the City, the Bond-Financed Facilities shall have been damaged or destroyed to such extent that it cannot be restored within a period of 12 months to substantially the condition thereof immediately prior to such damage or destruction, or the City is thereby prevented from carrying on its normal operations at the Bond-Financed Facilities for a period of not less than 12 months, then the City shall have the option to cause the Issuer to direct the Trustee to apply the proceeds of such insurance to pay the redemption price of Series 2018-A Bonds to be redeemed in accordance with the provisions of the Indenture.

#### **SECTION 6.11 Damage and Destruction**

If the Bond-Financed Facilities are damaged or destroyed by fire or other casualty, the Issuer shall not be required to repair or replace the Bond-Financed Facilities damaged or destroyed; provided, however, the City may, if it so chooses, repair or replace such Bond-Financed Facilities at its own expense, or the City may, if it so chooses, repair or replace such Bond-Financed Facilities through the application of insurance proceeds as described in Section 6.10. At the request of the City, the Issuer will enter into contracts or purchase orders for the repair or replacement of the Bond-Financed Facilities, provided that (a) the City shall pay all costs of such repair or replacement with its own funds and (b) the Issuer's liability under any such contract or purchase order shall be limited as provided in Section 10.1. Any property acquired by the Issuer in connection with such repair or replacement shall become a part of the Bond-Financed Facilities subject to this Lease Agreement.





## **SECTION 6.12 Condemnation**

(a) If the Bond-Financed Facilities or any part thereof shall be taken by the exercise of the power of eminent domain, the proceeds of any award referable thereto shall be paid to the Trustee and shall be applied as provided in Section 11.3 of the Indenture.

(b) Subject to Section 6.12(a) above, if title to, or the use of, the Bond-Financed Facilities or any part thereof shall be taken by the exercise of the power of eminent domain, the entire proceeds of any related award shall be paid to the City. The Issuer shall not be required to replace the property so taken. The City may, if it so chooses, replace such property at its own expense. At the request of the City, the Issuer will enter into contracts or purchase orders for replacement of the Bond-Financed Facilities so taken, provided that (1) the City shall pay all costs of such replacement with its own funds and (2) the Issuer's liability under any such contract or purchase order shall be limited as provided in Section 10.1. Any property acquired by the Issuer in connection with such replacement shall become a part of the Bond-Financed Facilities subject to this Lease Agreement.

(c) The Issuer shall cooperate in good faith with the City in the conduct of any condemnation proceeding with respect to the Bond-Financed Facilities and will, to the extent it may lawfully do so, permit the City to appear in such proceeding in the name and on behalf of the Issuer. The Issuer will not settle, or consent to the settlement of, any condemnation proceeding without the prior written consent of the City.

## **SECTION 6.13 Mortgage at Request of City**

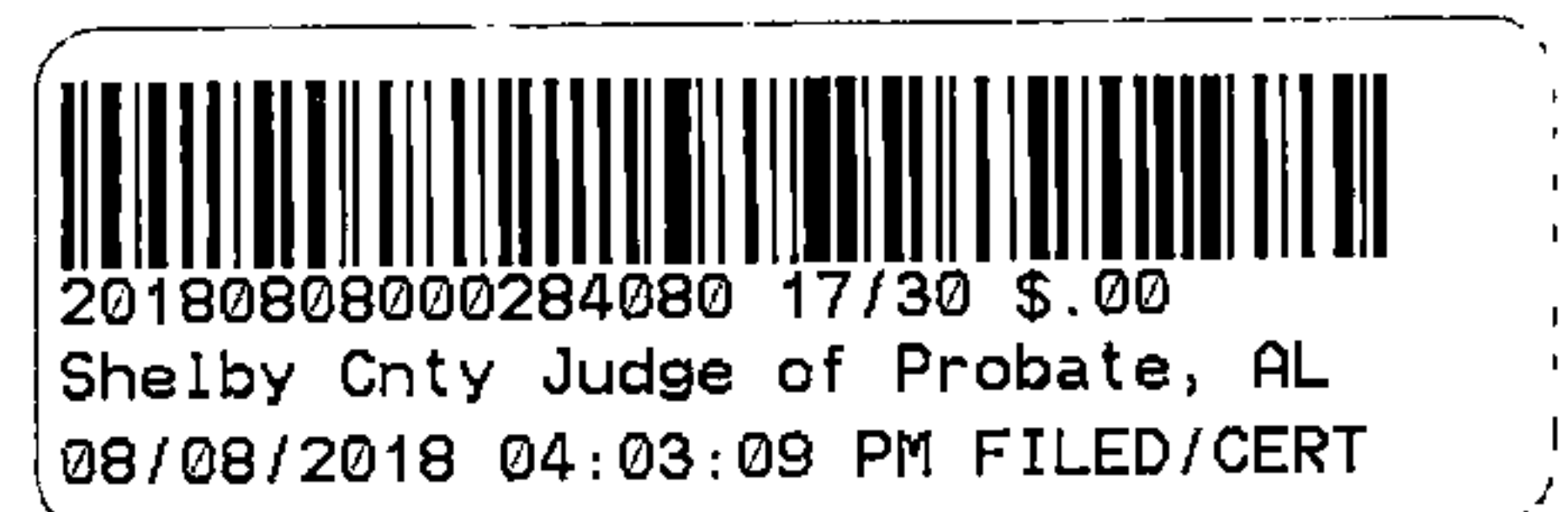
At the request of the City, the Issuer shall execute or join in any mortgage or security agreement, otherwise permitted by this Lease Agreement, with respect to the Bond-Financed Facilities or the City's leasehold interest in the Bond-Financed Facilities; provided, however, that (a) the Issuer's liability under any such mortgage or security agreement shall be limited as provided in Section 10.1 and (b) nothing contained in such mortgage or security agreement shall adversely affect the rights of the Trustee and the Bondholders with respect to the Lease Payments and this Lease Agreement.

## **SECTION 6.14 Special Covenants, Acknowledgments and Agreements**

(a) The City acknowledges and agrees that this Lease Agreement relates to the Bond-Financed Facilities, and, should the City fail to make Lease Payments under this Lease Agreement, the Issuer will have the right to exclude the City from the Bond-Financed Facilities.

(b) The Issuer and the City acknowledge that the Issuer's interest in the real property portion of the Bond-Financed Facilities exists pursuant to the Ground Lease, and that the demise of the real property portion of the Bond-Financed Facilities to the City pursuant to this Lease Agreement constitutes a sublease of such real property.

(c) During the term of the Lease Agreement, the Issuer covenants and agrees that it will, subject to the provisions of Section 10.1 of this Lease Agreement, duly and properly comply with the covenants and obligations imposed on it by the Ground Lease and will undertake no action that will, either with the passage of time or the giving of notice or otherwise, constitute an event of default thereunder.





## ARTICLE 7

### Representations and Covenants

#### SECTION 7.1 Representations of the City

The City makes the following representations and warranties as the basis for the undertakings on its part herein contained:

(a) Pursuant to Amendment No. 772 to the Constitution of Alabama of 1901, as amended, and Chapter 99B of Title 11 of the Code of Alabama 1975, it has the power and authority to consummate the transactions contemplated by the Bond Documents to which it is a party.

(b) By proper action of the City Council of the City of Columbiana it has duly authorized the execution and delivery of the Bond Documents to which it is a party and the consummation of the transactions contemplated therein.

(c) It has obtained all consents, approvals, authorizations and orders of governmental authorities that are required to be obtained by it as a condition to the execution and delivery of the Bond Documents to which it is a party.

(e) The execution and delivery by it of the Bond Documents to which it is a party and the consummation by it of the transactions contemplated therein will not (1) conflict with, be in violation of, or constitute (upon notice or lapse of time or both) a default under any agreement, instrument, order or judgment to which it is a party or is subject, or (2) result in or require the creation or imposition of any lien of any nature upon or with respect to any of its properties now owned or hereafter acquired, except as contemplated by the Bond Documents.

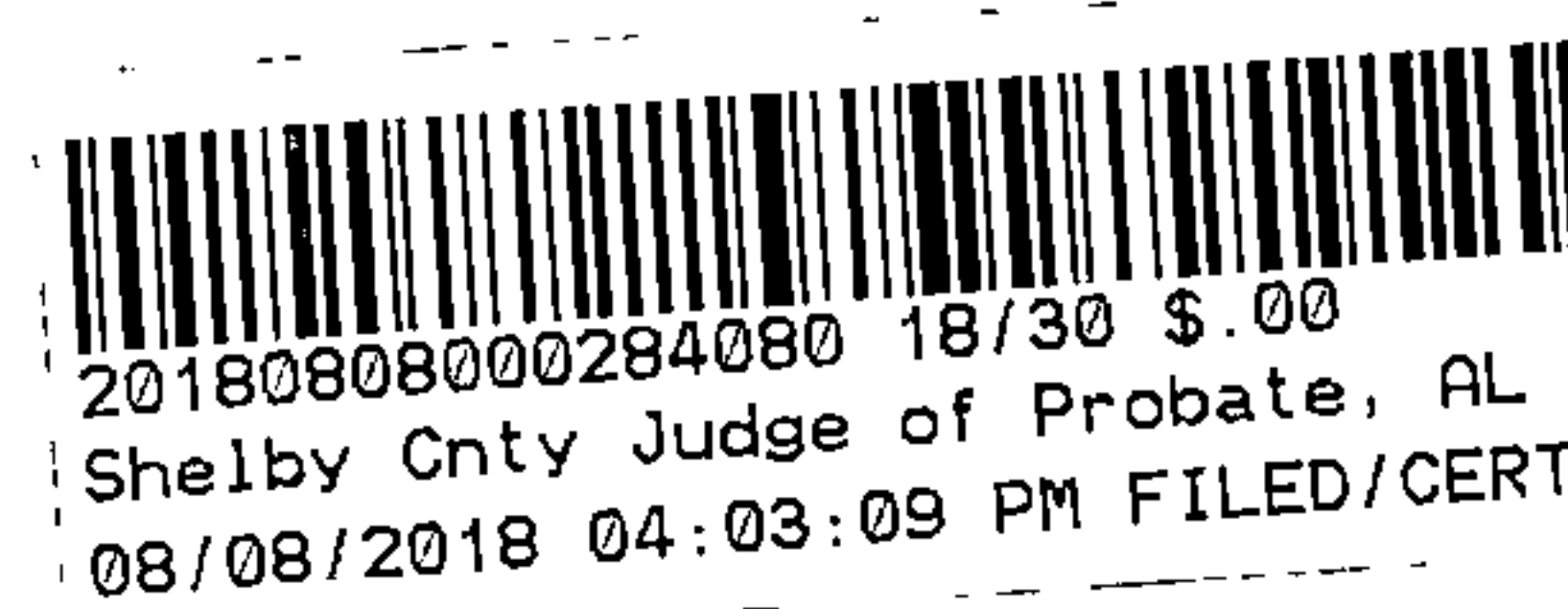
(f) The Bond Documents to which it is a party constitute legal, valid and binding obligations and are enforceable against it in accordance with the terms of such instruments, except as enforcement thereof may be limited by (1) bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights and (2) general principles of equity, including the exercise of judicial discretion in appropriate cases.

#### SECTION 7.2 Representations of the District

The Issuer makes the following representations and warranties as the basis for the undertakings on its part herein contained:

(a) The Issuer is duly incorporated under the provisions of the Enabling Law and has the power to enter into the transactions contemplated by the Bond Documents to which it is a party and to carry out its obligations thereunder. The Issuer is not in default under any of the provisions contained in its certificate of incorporation, its by-laws, or in the laws of the State of Alabama. By proper corporate action the Issuer has duly authorized the execution and delivery of the Series 2018-A Bonds, and the Bond Documents to which it is a party, intending to be legally bound thereby.

(b) The Bond-Financed Facilities constitute a "project" under Section 11-99B-1(16) of the Enabling Law, as the Bond-Financed Facilities consist of capital improvements, facilities, structures, buildings, property and appurtenances for use as provided on *Exhibit A* hereto, which





the City, as a member of the Issuer, is authorized by law, to own, acquire, construct, finance and operate and maintain.

(c) The Issuer has determined that the issuance of the Series 2018-A Bonds, the financing of the Bond-Financed Facilities and the leasing of the Bond-Financed Facilities to the City are in furtherance of the purposes of the Enabling Law.

(d) The Series 2018-A Bonds will be issued and delivered contemporaneously with the delivery of this Lease Agreement.

### **SECTION 7.3 Inspection of Records**

The City will at any and all times, upon the written request of the Issuer or the Trustee, permit the Issuer or the Trustee by their representatives to inspect the Bond-Financed Facilities and any books, records, reports and other papers of the City relating to the Bond-Financed Facilities.

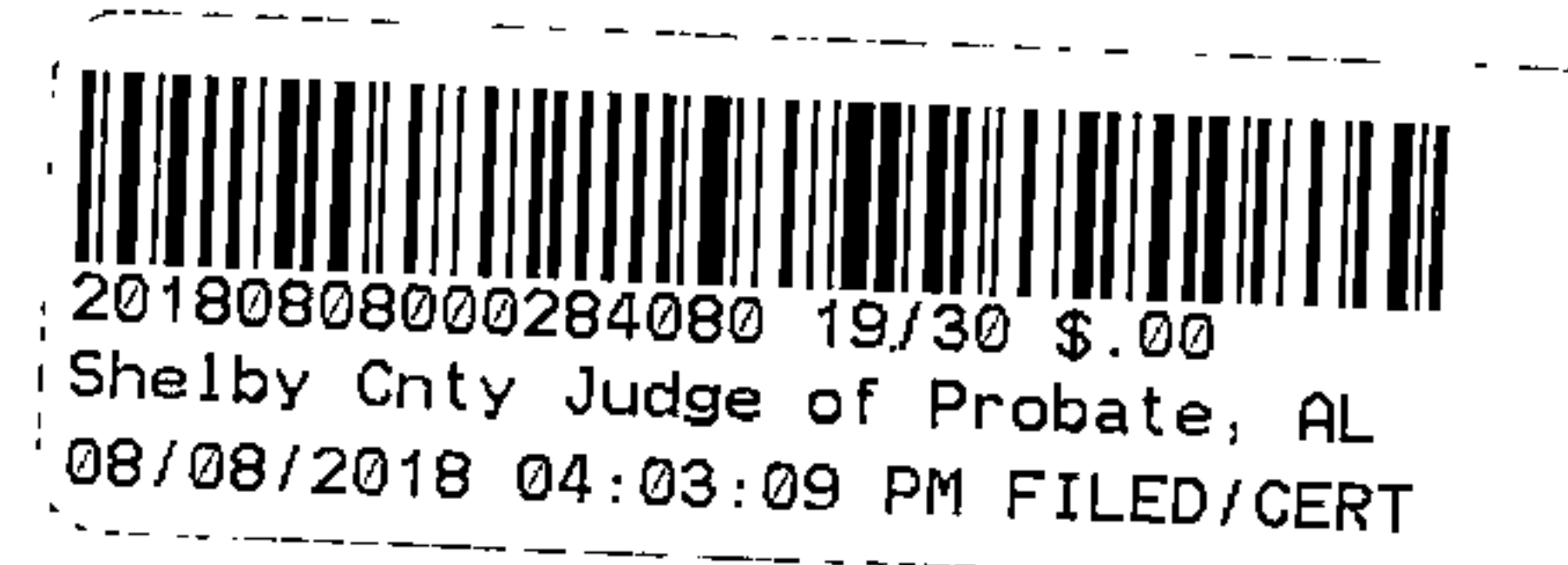
### **SECTION 7.4 Advances by Issuer or Trustee**

If the City shall fail to perform any of its covenants in this Lease Agreement, the Issuer or the Trustee may, at any time and from time to time, after written notice to the City if no Lease Default exists, make advances to effect performance of any such covenant on behalf of the City. Any money so advanced by the Issuer or the Trustee, together with interest at the Post-Default Rate, shall be repaid upon demand.

### **SECTION 7.5 Indemnity of Issuer and Trustee**

(a) To the extent permitted by law, the City agrees to indemnify the Issuer, the Trustee, and their respective members, directors, officers, employees, attorneys, and agents for, and hold each of them harmless against, any loss, liability or expense (including reasonable attorneys' fees, costs and expenses) incurred without bad faith or willful misconduct on their part, arising out of or in connection with the issuance of the Series 2018-A Bonds, the acceptance of their duties and responsibilities under the Bond Documents, or their performance or observance of any agreement or covenant on their part to be observed or performed under the Bond Documents, including without limitation (1) the acquisition or construction of, or other work on, the Bond-Financed Facilities, (2) any injury to, or the death of, any person or any damage to property at the Bond-Financed Facilities, or in any manner growing out of, or connected with, the use, nonuse, condition or occupation of the Bond-Financed Facilities or any part thereof, (3) any damage, loss or destruction of the Bond-Financed Facilities, (4) violation or breach by the City of any contract, agreement or restriction affecting the Bond-Financed Facilities or the use thereof or of any law, ordinance or regulation affecting the Bond-Financed Facilities or any part thereof or the ownership, occupancy or use thereof, (5) the offer and sale of the Series 2018-A Bonds or a subsequent sale or distribution of any of the Series 2018-A Bonds, (6) the exercise, or failure to exercise, any right, privilege or power of the Issuer or the Trustee under the Bond Documents and (7) the administration of the trust established by the Indenture.

(b) The covenant of indemnity by the City contained in this Section shall survive the termination of this Lease Agreement or the sooner resignation or removal of the Trustee and shall inure to the benefit of the Trustee's successors and assigns.



## **SECTION 7.6 Compliance with Tax Certificate and Agreement**

The Issuer and the City will comply with the covenants and agreements on their part contained in the Tax Certificate and Agreement. The City will cause the Arts Council to comply with the covenants and agreements on its part contained in the Tax Certificate and Agreement.

## **SECTION 7.7 Compliance with Continuing Disclosure Agreement**

The City will comply with the covenants and agreements on its part contained in the Continuing Disclosure Agreement.

## **SECTION 7.8 Special Covenant of the City**

So long as this Lease Agreement is in effect, the City will not make any use of the Bond-Financed Facilities prohibited by the terms of the Enabling Law.

# **ARTICLE 8**

## **Remedies**

### **SECTION 8.1 Events of Default**

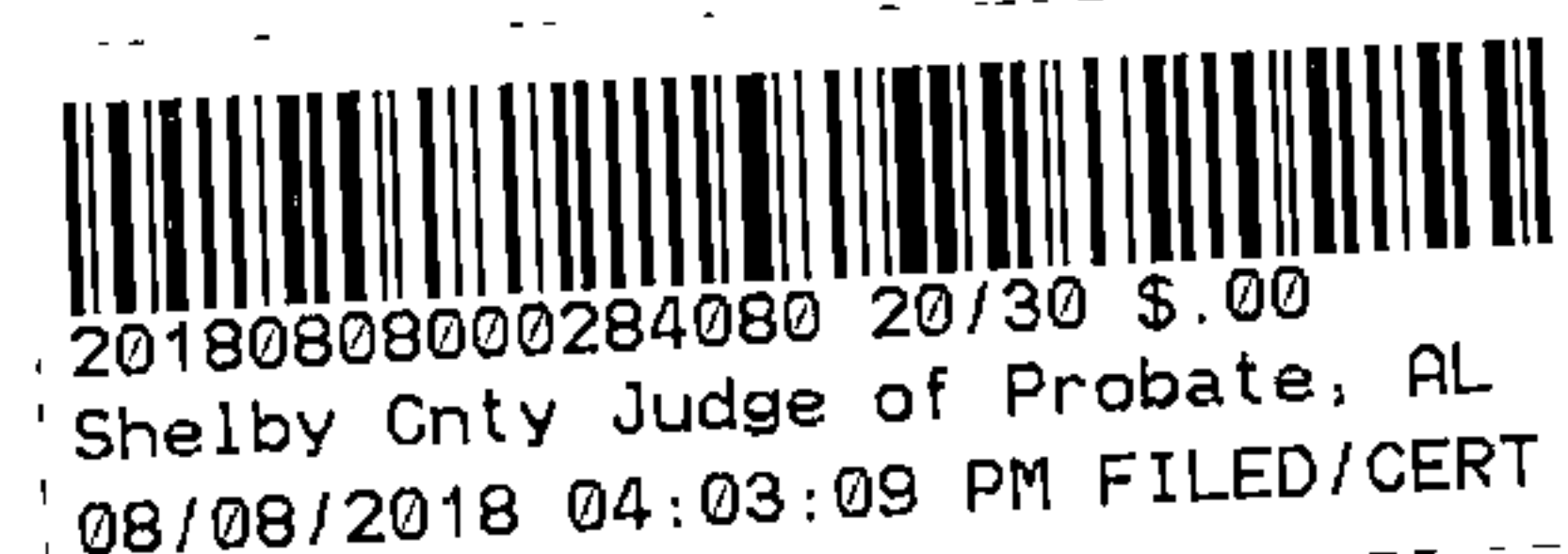
Any one or more of the following shall constitute an event of default (a "Lease Default") under this Lease Agreement (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (a) default in the payment of any Basic Lease Payment when such Basic Lease Payment becomes due and payable; or
- (b) an Act of Bankruptcy by the City; or
- (c) default in the performance, or breach, of any covenant or warranty of the City in this Lease Agreement (other than a covenant or warranty, a default in the performance or breach of which is elsewhere in this Section specifically dealt with), and the continuance of such default or breach for a period of 30 days after there has been given, by registered or certified mail, to the City by the Issuer or by the Trustee a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "notice of default" hereunder; or
- (d) the occurrence of an event of default, as therein defined, under the Indenture and the expiration of the applicable grace period, if any, specified therein.

The Continuing Disclosure Agreement contains the exclusive remedies for breach by the City of the covenants on its part contained in such agreement, and no such breach shall constitute a Lease Default or an event of default under any other Bond Document.

### **SECTION 8.2 Remedies on Default**

If a Lease Default occurs and is continuing, the Issuer may exercise any of the following remedies:





(a) declare all installments of Basic Lease Payments for the remainder of the term of this Lease Agreement to be immediately due and payable in an amount not to exceed the principal amount of all Outstanding Series 2018-A Bonds, plus the redemption premium (if any) payable with respect thereto, plus the interest accrued thereon to the date of such declaration;

(b) reenter the Bond-Financed Facilities, without terminating this Lease Agreement, and, upon 10 days' prior written notice to the City, relet the Bond-Financed Facilities or any part thereof for the account of the City, for such term (including a term extending beyond the term of this Lease Agreement) and at such rentals and upon such other terms and conditions, including the right to make alterations to the Bond-Financed Facilities or any part thereof, as the Issuer may deem advisable, and such reentry and reletting of the Bond-Financed Facilities shall not be construed as an election to terminate this Lease Agreement nor relieve the City of its obligations to make payments required by this Lease Agreement and to perform and observe any of its other agreements and covenants under this Lease Agreement, all of which shall survive such reentry and reletting, and the City shall continue to make all payments required by this Lease Agreement until the end of the term of this Lease Agreement, less the net proceeds, if any, of any reletting of the Bond-Financed Facilities after deducting all of the Issuer's expenses in connection with such reletting, including all repossession costs, brokers' commissions, attorneys' fees, alteration costs and expenses of preparation for reletting;

(c) terminate this Lease Agreement, exclude the City from possession of the Bond-Financed Facilities and, if the Issuer elects so to do, lease the same for the account of the Issuer, holding the City liable for all payments due under this Lease Agreement up to the date of such termination; and

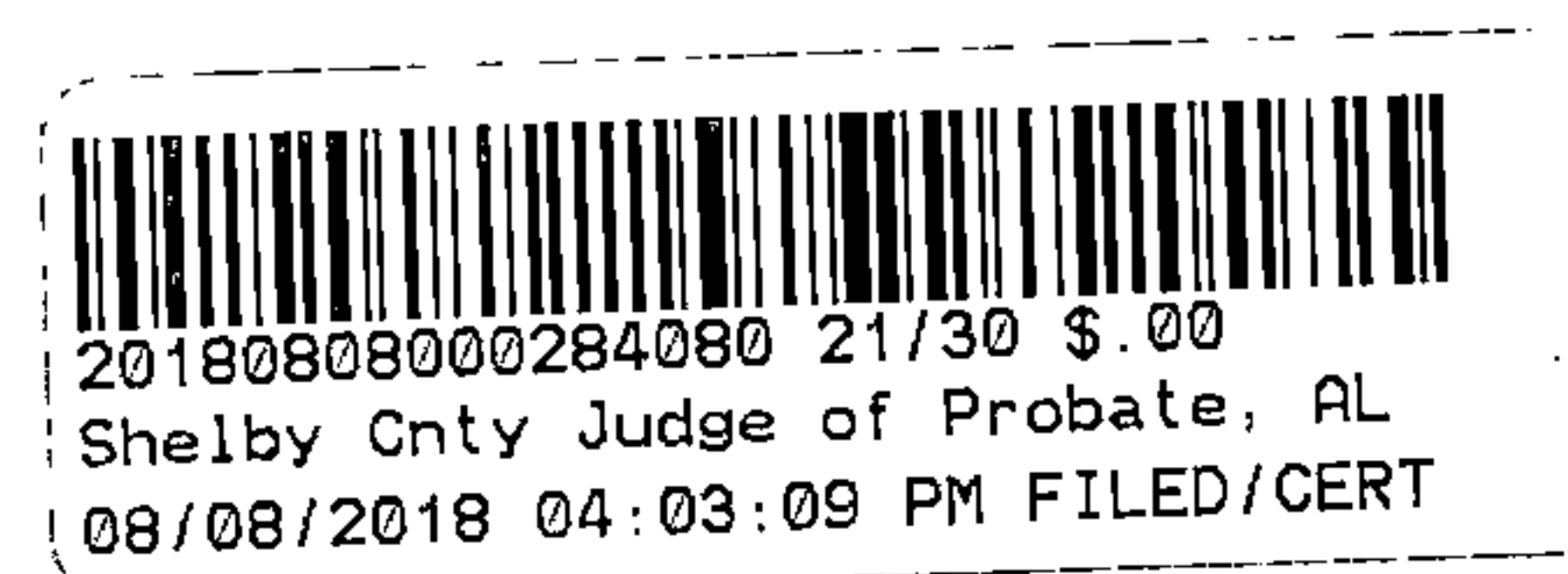
(d) take whatever legal proceedings may appear necessary or desirable to collect the payments under this Lease Agreement then due, whether by declaration or otherwise, or to enforce any obligation or covenant or agreement of the City under this Lease Agreement or by law.

### **SECTION 8.3 No Remedy Exclusive**

No remedy herein conferred upon or reserved to the Issuer 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 this Lease Agreement 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 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.

### **SECTION 8.4 Agreement to Pay Attorneys' Fees, Costs and Expenses**

If the City should default under any of the provisions of this Lease Agreement and the Issuer or the Trustee should employ attorneys or incur other costs or expenses for the collection of payments due under this Lease Agreement or the enforcement of performance or observance of any agreement or covenant on the part of the City herein contained, the City will on demand therefor pay to the Issuer or the Trustee (as the case may be) the reasonable fees, costs and expenses of such attorneys and such other costs and expenses so incurred.



## **SECTION 8.5 No Additional Waiver Implied by One Waiver**

In the event any agreement contained in this Lease Agreement 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.

## **SECTION 8.6 Remedies Subject to Applicable Law**

All rights, remedies and powers provided by this Article may be exercised only to the extent the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Lease Agreement invalid or unenforceable.

## **SECTION 8.7 Remedies of the City upon Default by the Issuer**

Notwithstanding anything in this Lease to the contrary, except as otherwise provided in Section 4.1, so long as any Series 2018-A Bond is Outstanding, the City shall not have the right to terminate this Lease Agreement upon default by the Issuer hereunder.

# **ARTICLE 9**

## **Options**

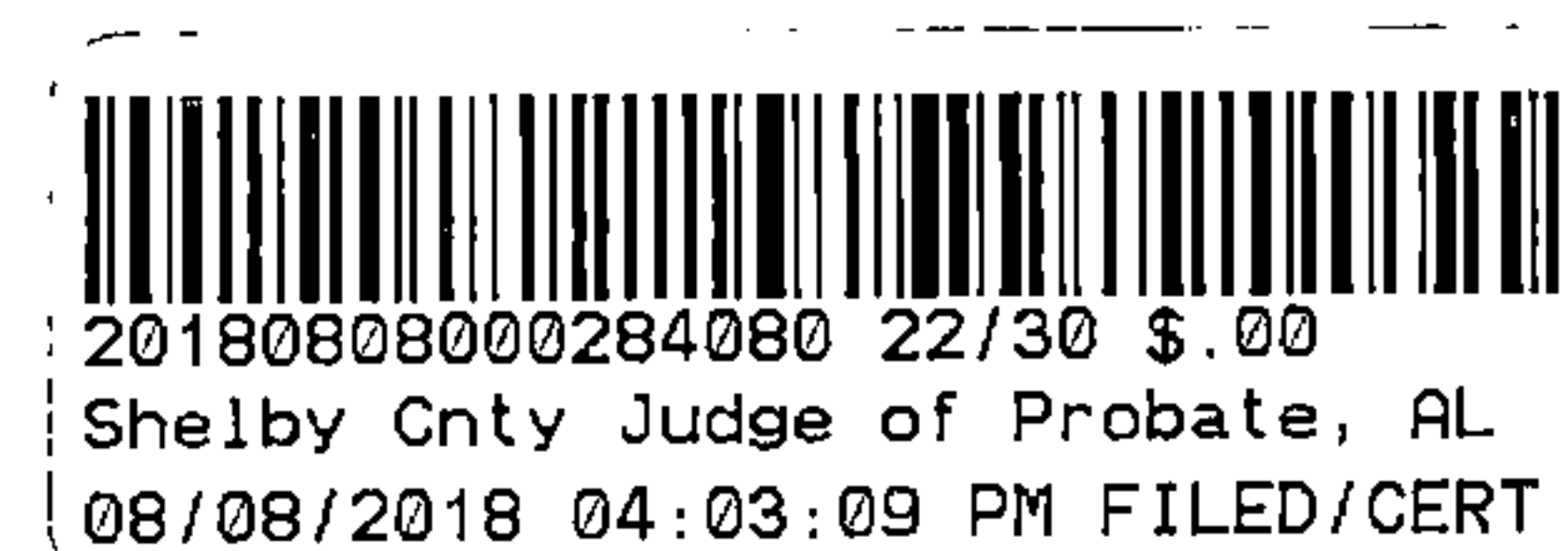
### **SECTION 9.1 Option to Terminate**

If no Lease Default exists, the City shall have the option to cancel or terminate this Lease Agreement at any time after the Indenture Indebtedness has been Fully Paid, by giving the Issuer notice in writing of such termination. Such termination shall become effective 10 days after such notice is given.

### **SECTION 9.2 Option to Purchase Bond-Financed Facilities**

(a) If no Lease Default exists, the City shall have the option to purchase the Bond-Financed Facilities for a purchase price of \$1.00 after the Indenture Indebtedness has been Fully Paid. Such option may be exercised by the City prior to the termination of this Lease Agreement upon written notice to the Issuer. Such option shall be deemed automatically exercised on the date of termination of this Lease Agreement unless the City notifies the Issuer in writing that it does not intend to exercise such option. The closing for such purchase shall take place on (a) a Business Day designated by the City that is not less than 7 days nor more than 21 days from the date of such notice, or the date of termination of this Lease Agreement, as the case may be, or (b) such other date as shall be mutually acceptable to the Issuer and the City.

(b) Upon the exercise by the City of its option to purchase contained in Section 9.2(a) of this Lease Agreement, the Issuer will transfer and convey all of the Bond-Financed Facilities at the direction of the City, including agreeing to the termination of the Ground Lease, and will further execute and deliver at the direction of the City all other documents, writings, and instruments as shall be necessary or appropriate to vest all right, title and interest in and to the Bond-Financed Facilities at the direction of the City.





### **SECTION 9.3    Disposition of Portions of Bond-Financed Facilities While Series 2018-A Bonds are Outstanding**

(a)     If no Lease Default exists, the City shall have the right, from time to time, in the name and on behalf of the Issuer, without any release from or consent by the Issuer or the Trustee, to sell or otherwise dispose of any portion of the Bond-Financed Facilities, whether or not any Series 2018-A Bonds are Outstanding.

(b)     No disposition effected pursuant to this Section shall result in any reduction or abatement of Basic Lease Payments; provided, however, that if any such disposition will effectively result in the disposition of all remaining portions of the Bond-Financed Facilities, then (i) prior to or simultaneously with such disposition provisions must be made for the payment of all Outstanding Series 2018-A Bonds in accordance with the terms of Article 14 of the Indenture, and (ii) the City shall take all action necessary for the termination of this Lease Agreement as of the date of such disposition.

(c)     The Issuer will cooperate with the City in good faith in the exercise of the rights and privileges granted by this Section and shall, from time to time, execute a written instrument to confirm any action taken by the City under this Section, upon receipt by the Issuer of (i) a certificate or certificates signed by an Authorized City Representative requesting the same and expressing any required opinions and stating that such action was duly taken in conformity with this Section and (ii) an Opinion of Counsel that such action was duly taken by the City in conformity with such provisions and that execution of such written instrument is appropriate to confirm such action under this Section.

### **SECTION 9.4    Conveyance on Exercise of Option to Purchase**

Upon the exercise of any option to purchase granted herein, the Issuer will deliver to the City documents conveying to the City the property with respect to which such option was exercised, as such property then exists, subject to the following: (a) all easements or other rights, if any, required to be reserved by the Issuer under the terms and provisions of the option being exercised by the City; (b) those liens and encumbrances, if any, to which title to said property was subject when conveyed to the Issuer; (c) those liens and encumbrances created by the City or to the creation or suffering of which the City consented; and (d) those liens and encumbrances resulting from the failure of the City to perform or observe any of the agreements or covenants on its part contained in this Lease Agreement.

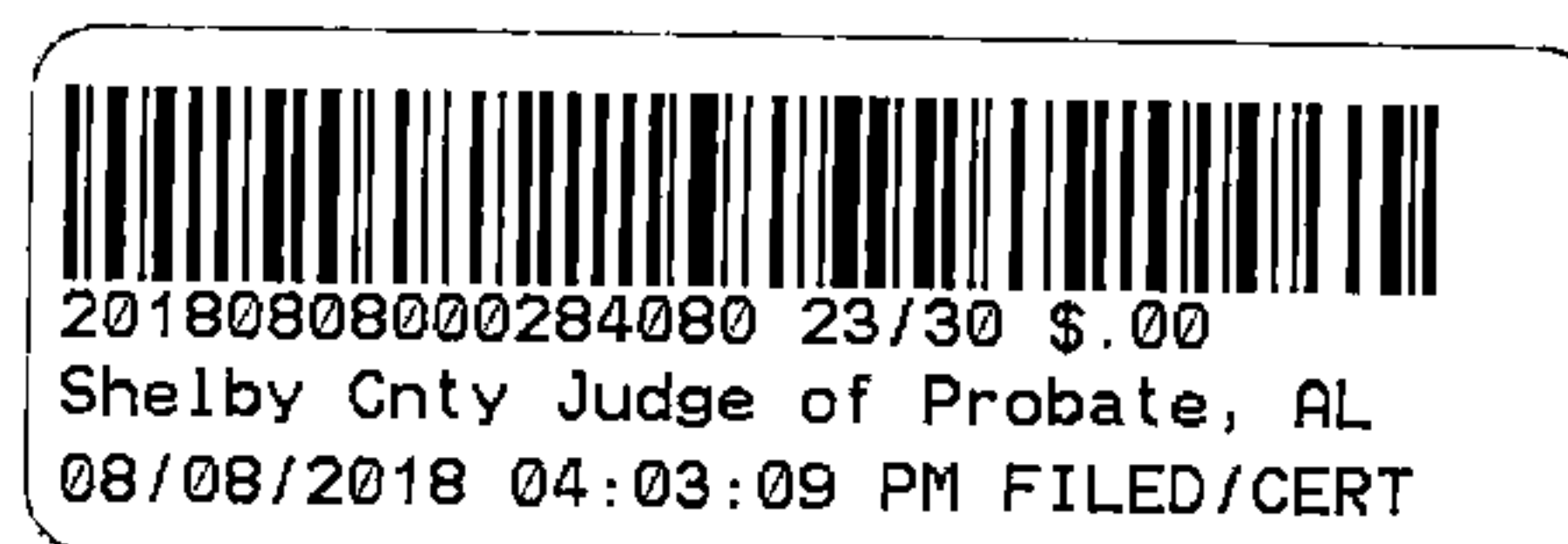
## **ARTICLE 10**

### **Miscellaneous**

#### **SECTION 10.1    Issuer's Liabilities Limited**

(a)     The covenants and agreements contained in this Lease Agreement and in any contract, purchase order or other agreement entered into pursuant to this Lease Agreement shall never constitute or give rise to a personal or pecuniary liability or charge against the general credit of the Issuer, and in the event of a breach of any such covenant or agreement, no personal or pecuniary liability or charge payable directly or indirectly from the general assets or revenues of the Issuer shall arise therefrom. Nothing contained in this Section, however, shall relieve the Issuer from the observance and performance of the covenants and agreements on its part contained herein.

(b)     No recourse under or upon any covenant or agreement of this Lease Agreement or of any contract or other agreement entered into pursuant to this Lease Agreement shall be had against any past, present or future incorporator, officer or member of the governing body of the Issuer, or of any successor



corporation, either directly or through the Issuer, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Lease Agreement is solely a corporate obligation, and that no personal liability whatever shall attach to, or is or shall be incurred by, any incorporator, officer or member of the governing body of the Issuer or any successor corporation, or any of them, under or by reason of the covenants or agreements contained in this Lease Agreement.

(c) The liability of the Issuer for the payment of any money due under any contract or purchase order entered into by it, or for any other costs incurred in connection with the acquisition, construction or improvement of, or other work on, the Bond-Financed Facilities shall be limited solely to (1) the available proceeds of the Issuer's revenue warrants, if and when issued for the Bond-Financed Facilities, (2) any money made available to the Issuer for such purpose by the City, and (3) any revenues or other receipts derived by the Issuer from the Bond-Financed Facilities, subject to prior encumbrances. The limited liability of the Issuer shall be plainly and conspicuously stated on each such contract or purchase order.

#### **SECTION 10.2 Corporate Existence of Issuer**

The Issuer shall not consolidate with or merge into any other corporation or transfer its property substantially as an entirety, except as provided in Section 10.6 of the Indenture.

#### **SECTION 10.3 Notices**

(a) Any request, demand, authorization, direction, notice, consent, or other document provided or permitted by this Lease Agreement to be made upon, given or furnished to, or filed with, the Issuer, the City, or the Trustee must (except as otherwise expressly provided in this Lease Agreement) be in writing and be delivered by one of the following methods: (1) by personal delivery at the hand delivery address specified pursuant to Section 17.1 of the Indenture, (2) by first-class, registered or certified mail, postage prepaid, addressed as specified pursuant to Section 17.1 of the Indenture, or (3) if facsimile transmission facilities for such party are identified in Section 17.1 of the Indenture or pursuant to a separate notice from such party, sent by facsimile transmission to the number specified in Section 17.1 of the Indenture or in such notice. Any of such parties may change the address for receiving any such notice or other document by giving notice of the change to the other parties named in this Section.

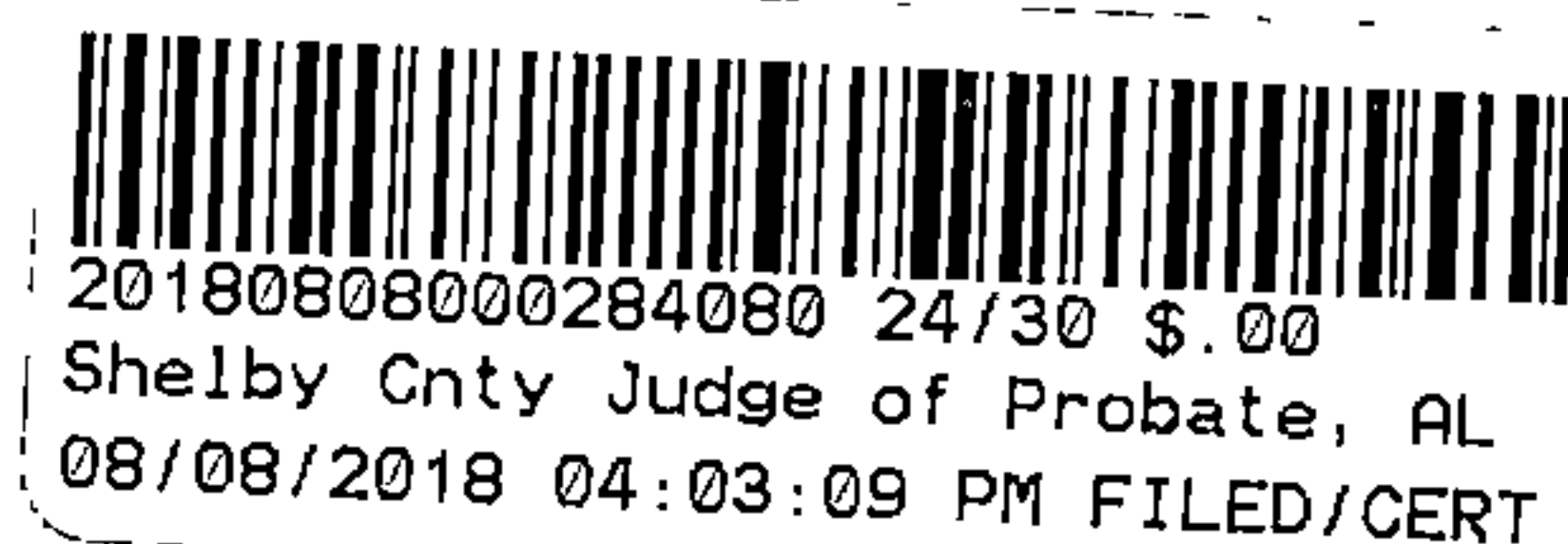
(b) Any such notice or other document shall be deemed delivered when actually received by the party to whom directed (or, if such party is not an individual, to an officer, partner or other legal representative of the party) at the address or number specified pursuant to this Section, or, if sent by mail, 3 days after such notice or document is deposited in the United States mail, addressed as provided above.

#### **SECTION 10.4 Successors and Assigns**

All covenants and agreements in this Lease Agreement by the Issuer or the City shall bind their respective successors and assigns, whether so expressed or not.

#### **SECTION 10.5 Benefits of Lease Agreement**

Nothing in this Lease Agreement, express or implied, shall give to any person, other than the parties hereto and their successors hereunder, the Trustee and its successors and assigns and the Holders of the Series 2018-A Bonds, any benefit or any legal or equitable right, remedy or claim under this Lease Agreement.



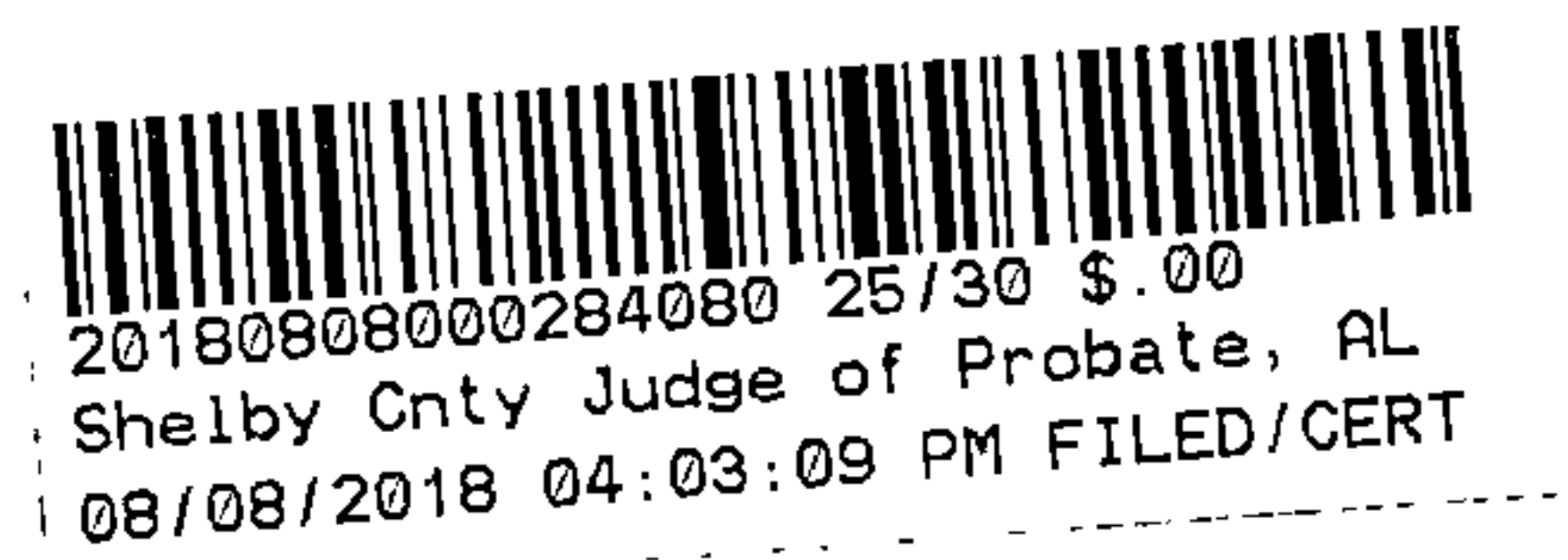


#### **SECTION 10.6 Subordination**

The City's rights under this Lease Agreement shall remain subordinate to the Indenture and any other bona fide mortgage or deed to secure debt which is now, or may hereafter be placed upon the Bond-Financed Facilities; provided that the City's tenancy shall not be disturbed nor shall the covenants and conditions of this Lease Agreement be invalidated or changed.

#### **SECTION 10.7 Notice and Other Information to be given to BAM**

The City will provide BAM with all notices and other information it is obligated to provide (i) under its Continuing Disclosure Agreement and (ii) to the holders of the Series 2018-A Bonds or the Trustee.



IN WITNESS WHEREOF, the Issuer and the City have caused this instrument to be duly executed and their respective corporate seals to be hereunto affixed and attested.

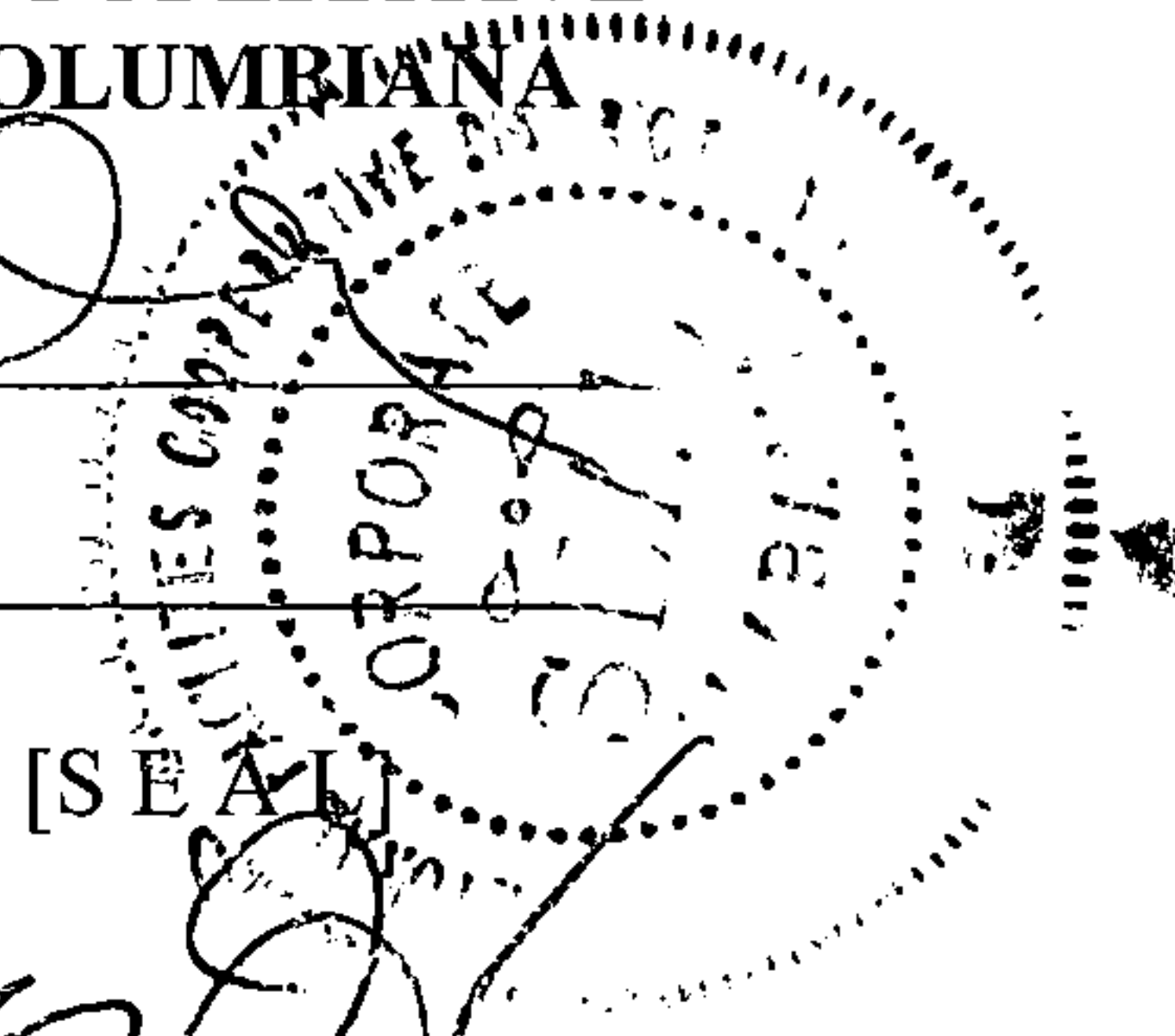
**CULTURAL FACILITIES COOPERATIVE  
DISTRICT OF THE CITY OF COLUMBIANA**

By: \_\_\_\_\_

Its: \_\_\_\_\_

Attest: \_\_\_\_\_

Its: \_\_\_\_\_



[SEAL]

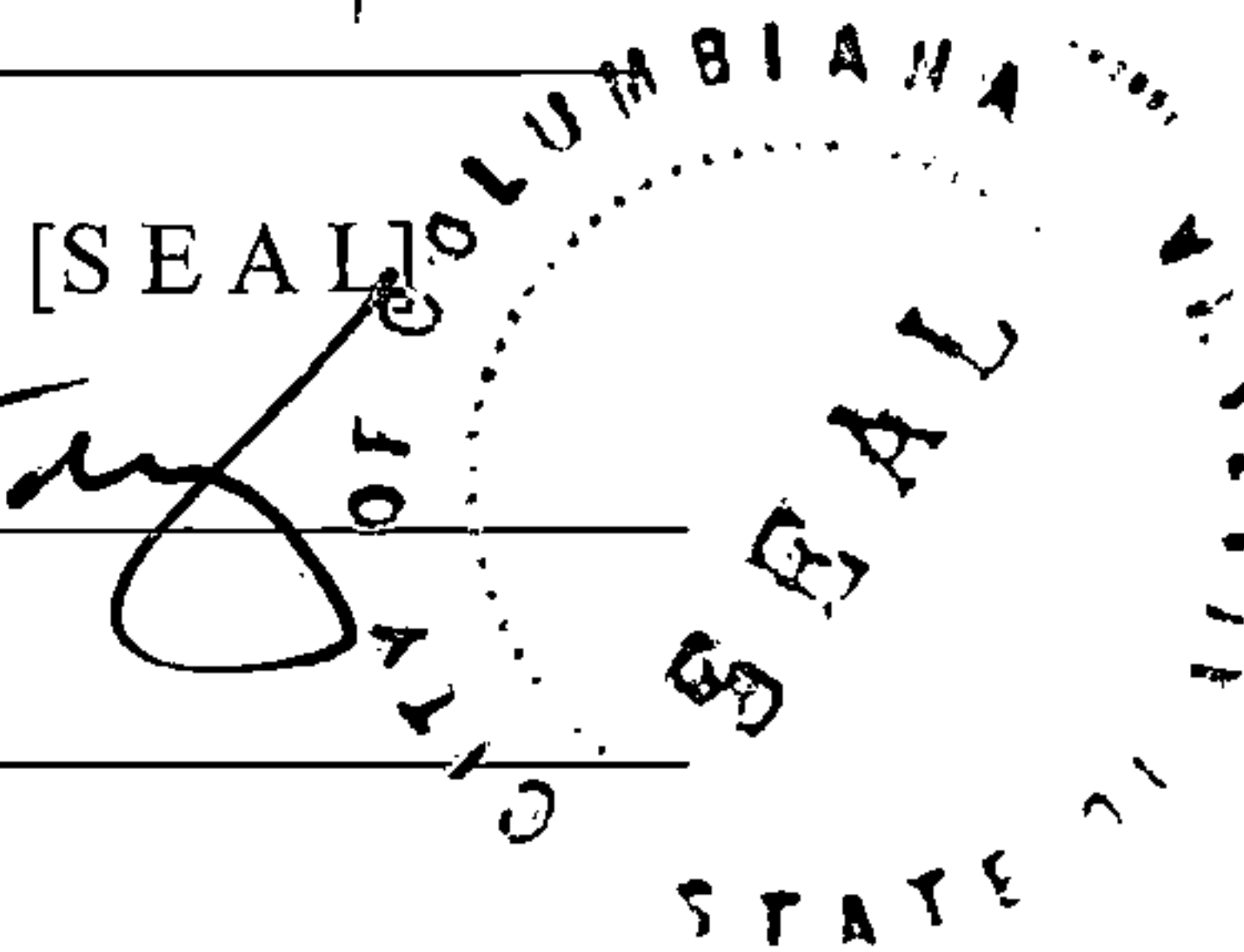
**CITY OF COLUMBIANA, ALABAMA**

By: \_\_\_\_\_

Its: \_\_\_\_\_

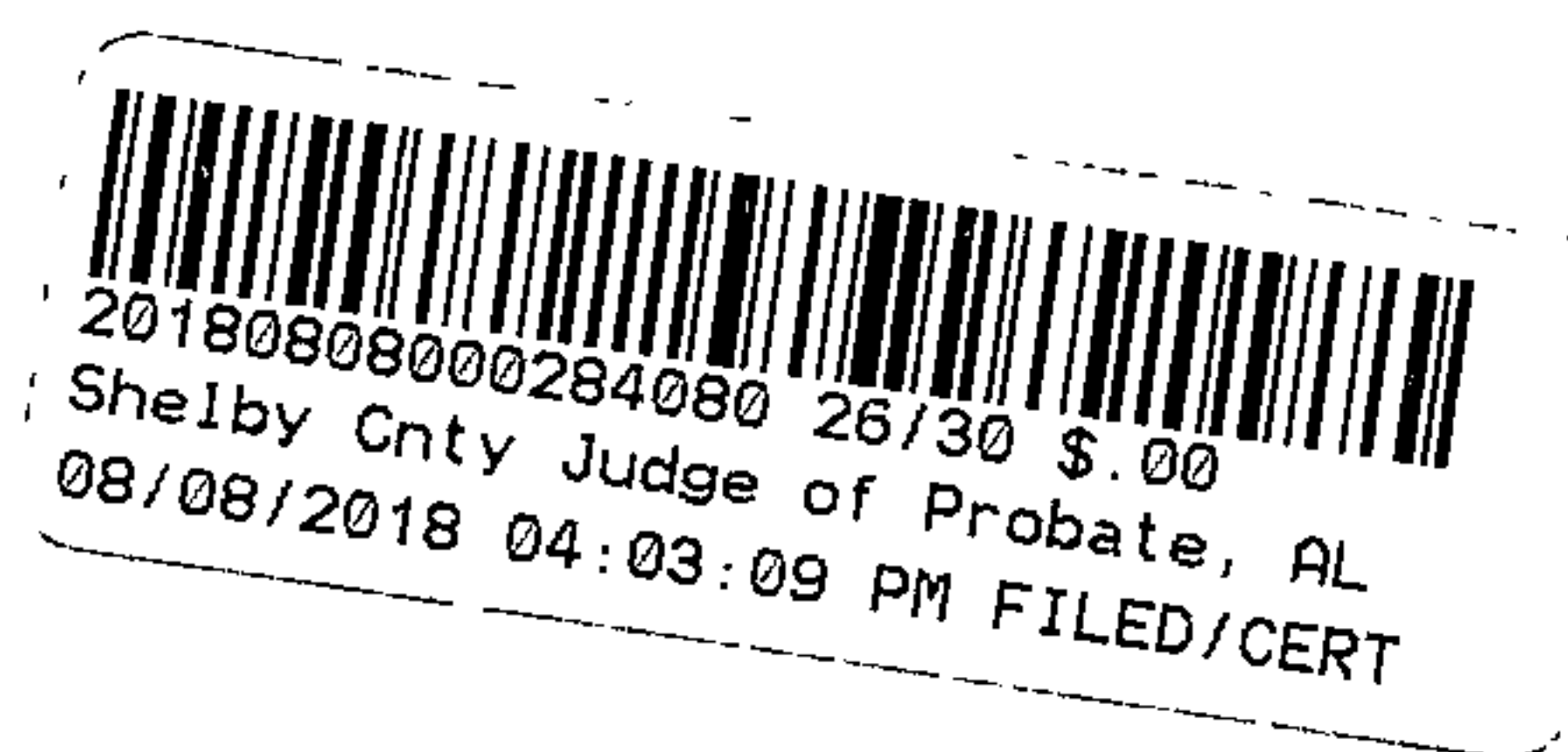
Attest: \_\_\_\_\_

Its: \_\_\_\_\_



[SEAL]

This instrument was prepared by:  
C. Bradley Cherry  
Maynard, Cooper & Gale, P.C.  
1901 Sixth Avenue North  
Suite 2400 Regions/Harbert Plaza  
Birmingham, Alabama 35203-2618





STATE OF ALABAMA

Shelby COUNTY

I, Brad Cherry, a Notary Public in and for said City in said State, hereby certify that Stancil Handley, whose name as Chairman of the Board of Directors of Cultural Facilities Cooperative/Issuer of the City of Columbiana, an Alabama public corporation, 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 said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said public corporation.

Given under my hand and official seal this the 29<sup>th</sup> day of May, 2018.

Brad Cherry  
Notary Public

[NOTARIAL SEAL]

My commission expires:

**My Commission Expires: 2/22/2022**

STATE OF ALABAMA

Shelby COUNTY

I, Brad Cherry, a Notary Public in and for said City in said State, hereby certify that Stancil Handley, whose name as Mayor of City of Columbiana, Alabama, an Alabama municipal corporation, 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 said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said municipal corporation.

Given under my hand and official seal this the 29<sup>th</sup> day of May, 2018.

Brad Cherry  
Notary Public

[NOTARIAL SEAL]

My commission expires:

**My Commission Expires: 2/22/2022**



20180808000284080 27/30 \$.00  
Shelby Cnty Judge of Probate, AL  
08/08/2018 04:03:09 PM FILED/CERT

## EXHIBIT A

### Description of Bond-Financed Facilities

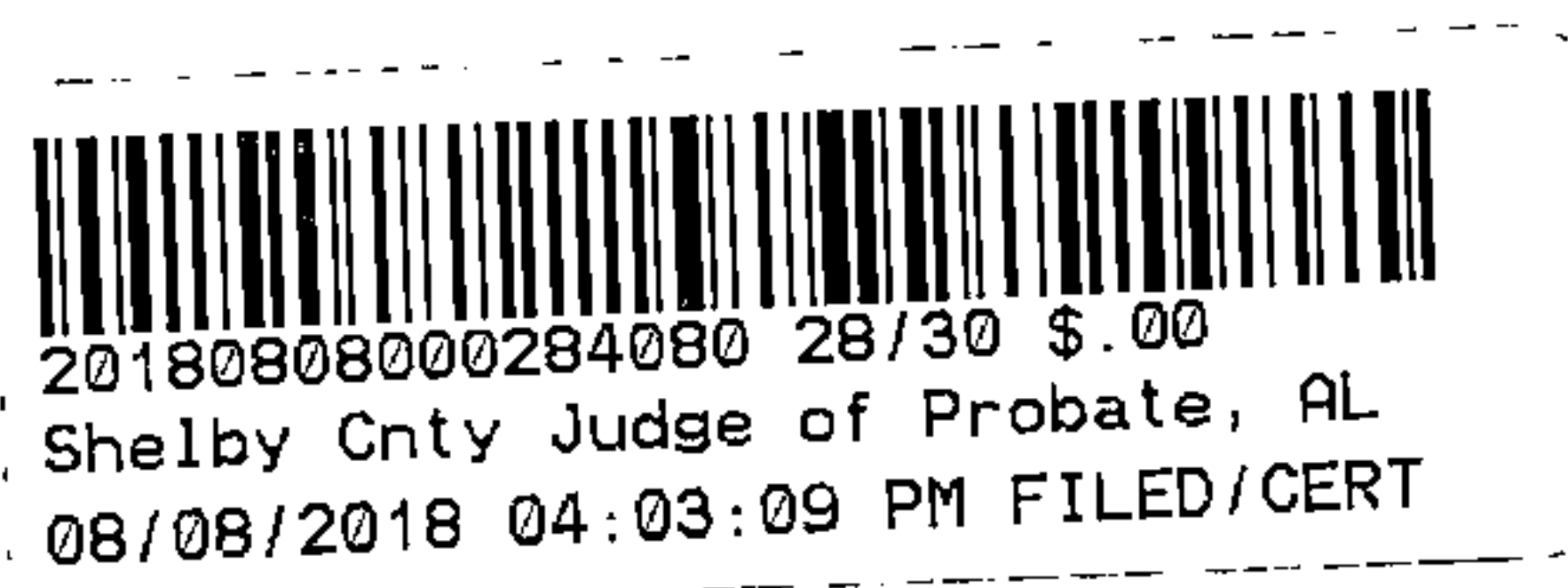
The Bond-Financed Facilities will consist of a multipurpose cultural and entertainment event and community center and park at Old Mill Square, which is located in the City of Columbiana, Alabama between Walton Street and Mill Street. The Bond-Financed Facilities may include an approximately 30,000 square foot building, containing an approximately 500 seat exhibition hall, an approximately 250 seat black box theatre, art gallery space, teaching space, and an outdoor amphitheater and park space. The Bond-Financed Facilities include the following property:

1. **Real Property.** The following real property located in the City of Columbiana, Alabama:

Commence at the Northeast corner of the SE  $\frac{1}{4}$  of the NE  $\frac{1}{4}$ , Section 26, Township 21 South, Range 1 West, and run South along the East line of said  $\frac{1}{4}$ - $\frac{1}{4}$  section a distance of 264.00 feet; thence turn an angle of 61 degrees 30 minutes to the right and run a distance of 269.00 feet; thence turn an angle of 25 degrees 00 minutes to the right and run a distance of 525.71 feet; thence turn an angle of 86 degrees 13 minutes 59 seconds to the left and run a distance of 21.35 feet to the point of beginning; thence continue in the same direction a distance of 152.98 feet; thence turn an angle of 1 degree 53 minutes 16 seconds to the left and run a distance of 519.60 feet; thence turn an angle of 88 degrees 41 minutes to the right and run a distance of 50.00 feet; thence turn an angle of 88 degrees 41 minutes to the left and run a distance of 87.00 feet; thence turn an angle of 88 degrees 41 minutes to the right and run a distance of 143.78 feet to the Northeast right of way of the L & N Railroad; thence turn an angle of 69 degrees 23 minutes 25 seconds to the right and run along said right of way a distance of 648.13 feet; thence turn an angle of 108 degrees 16 minutes 43 seconds to the right and run a distance of 242.40 feet; thence turn an angle of 81 degrees 43 minutes 30 seconds to the left and run a distance of 186.36 feet; thence turn an angle of 109 degrees 59 minutes 00 seconds to the right and run a distance of 84.78 feet; thence turn an angle of 23 degrees 30 minutes to the left and run a distance of 106.18 feet to the point of beginning. Situated in the SE  $\frac{1}{4}$  of the NE  $\frac{1}{4}$ , Section 26, Township 21 South, Range 1 West, Shelby County, Alabama. According to survey of Frank W. Wheeler, Ala. Reg. L.S. No. 3385, dated July 24, 1981.

2. **Buildings and Structures.** All buildings and structures to be constructed, altered or improved on the above-described real property with proceeds of the Series 2018-A Bonds.

3. **Personal Property and Fixtures.** All personal property and fixtures to be acquired and installed on the above-described real property with proceeds of the Series 2018-A Bonds.

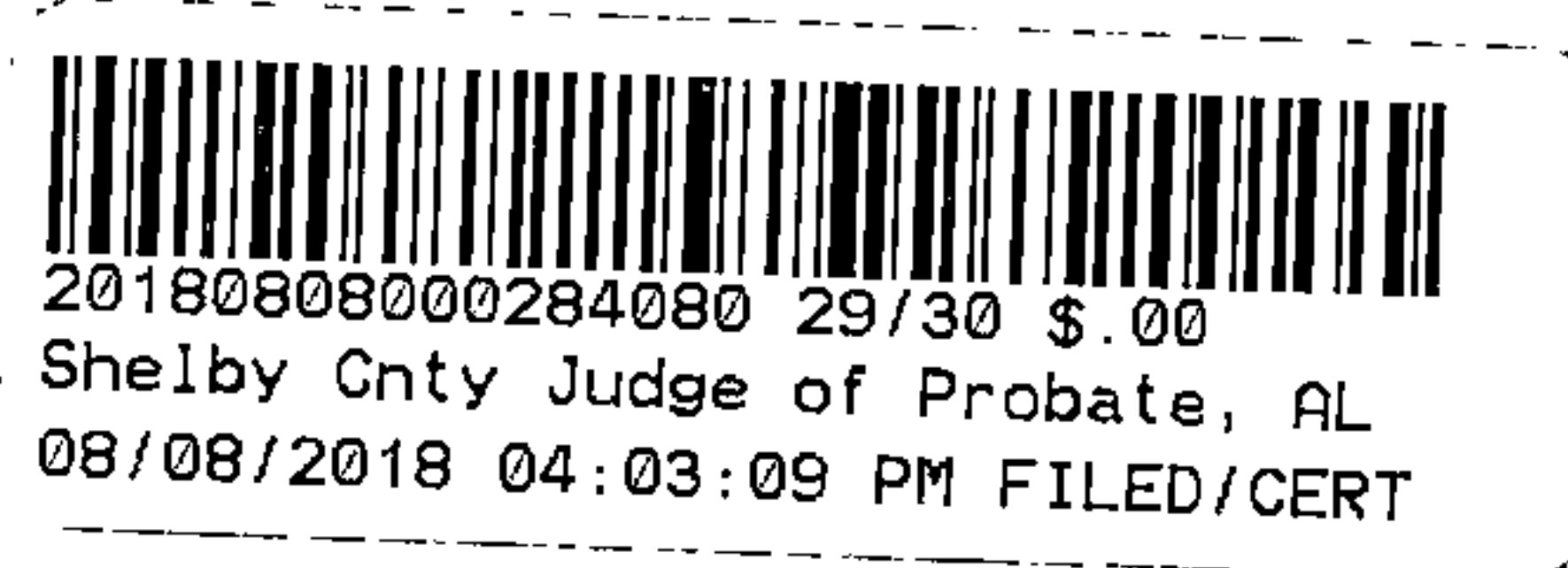




## EXHIBIT B

### Permitted Encumbrances

- (a) the Indenture;
- (b) this Lease Agreement; and
- (c) the Permitted Encumbrances.



**EXHIBIT C**

**Requisition**

To: Regions Bank, as trustee under  
the Indenture referred to below

No. \_\_\_\_\_

Re: \$8,450,000 Revenue Bonds (City of Columbiana Old Mill Square Project), Series 2018-A, issued  
by Cultural Facilities Cooperative Issuer of the City of Columbiana pursuant to a Trust Indenture  
dated May 1, 2018 (the "Indenture")

Capitalized terms not otherwise defined herein shall have the meanings assigned in the Indenture.

**Request for Payment by the City**

The City hereby requests payment from the Acquisition Fund

\$ \_\_\_\_\_

to

Name of payee: \_\_\_\_\_

Address of payee: \_\_\_\_\_

Such payment will be made for the following purpose(s):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Describe purpose in reasonable detail.)

The City hereby certifies that: (a) such payment is for Acquisition Costs or Costs of Issuance, (b)  
no Indenture Default exists, and (c) such payment will not cause or result in the violation of any covenant  
contained in the Tax Certificate and Agreement.

Dated: \_\_\_\_\_.

**CITY OF COLUMBIANA**

By \_\_\_\_\_  
Authorized City Representative

