

MEMORANDUM OF INTENT

This MEMORANDUM OF INTENT is between the CITY OF JONESBORO, ARKANSAS, party of the first part (hereinafter referred to as the "Municipality"), and ASSOCIATED PLASTICS, INC., a California corporation, party of the second part (hereinafter referred to as the "Company").

IN CONSIDERATION of the undertakings of the parties set forth herein and the benefits to be derived therefrom and of other good and valuable considerations, receipt of which is hereby acknowledged by the parties, the Municipality and the Company AGREE:

1. Preliminary Statement. (a) The Municipality is a duly organized and existing city of the first class under the laws of the State of Arkansas and is authorized by the laws of the State of Arkansas, including particularly Act No. 9 of the First Extraordinary Session of the Sixty-Second General Assembly of the State of Arkansas, approved January 21, 1960, as amended ("Act 9"), to issue revenue bonds for financing the costs of acquiring, constructing and equipping industrial facilities (as defined in and authorized by Act 9) and to lease, sell and/or make loans to finance the same for such rentals and payments and upon such terms and conditions as the Municipality deems advisable.

(b) It is proposed that certain industrial facilities be acquired and equipped as part of the purchase of the land, building and additional production equipment for the facility known as 'Flintrol' on Airport Road (the "Project"). However, the term "Project" as used herein shall include such industrial facilities as are finally acquired, constructed and equipped, whether such facilities are identical to or are different from the facilities presently expected to constitute the Project.

(c) The Company has determined that prior to commencement of acquisition or construction of the Project, it must obtain a commitment from the Municipality that it will issue revenue bonds under Act 9 as the Company and the Municipality, upon advice of counsel, shall deem appropriate and make the proceeds available for the permanent financing of any part or all of the costs and expenses incurred in acquiring, constructing and equipping the Project.

(d) In order to secure and develop industry which will furnish and will assure the continuation of substantial employment and payrolls (in furtherance of the public purpose of Act 9), the Municipality is willing to so commit and to proceed with the issuance of such bonds as and when requested by the Company, in principal amounts necessary to furnish such permanent financing subject to compliance with all conditions set forth in Act 9.

(e) The Municipality considers that the acquiring, constructing and equipping of the Project, and the making of loans to finance or the leasing or sale to the Company of all such facilities as are so financed, will secure and develop industry and thereby promote the general health and economic welfare of the inhabitants of the Municipality and adjacent areas.

2. Undertakings on the Part of the Municipality. Subject to the conditions stated herein, the Municipality agrees as follows:

(a) That when requested by the Company, it will authorize and take, or cause to be taken, the necessary steps to issue revenue bonds under Act 9, in the aggregate principal amount necessary to furnish the permanent financing of all or any part of the costs of accomplishing the Project. In this regard, it is estimated at this time that revenue bonds in the aggregate principal amount of \$1,000,000 will be issued. However, the Municipality's commitment is to issue revenue bonds under Act 9 in such amount as shall be requested by the Company for accomplishing all or any part of the Project, whether that amount is more or less all or any part of the Project, whether that amount is more or less than the above estimate. It is understood that as specified in Act 9 such bonds will not be general obligations of the Municipality, but will be special obligations, and in no event will they constitute an indebtedness of the Municipality within the meaning of any constitutional or statutory limitation. The Municipality will not be called upon to pay any costs or expenses incurred in connection with the authorization and issuance of bonds, and all such costs and expenses will be paid out of proceeds of the bonds or by the Company.

(b) That it will, at the proper time and subject in all respects to the recommendation and approval of the Company, adopt, or cause to be adopted, such proceedings and authorize the execution of such documents as may be necessary and advisable for the authorization, sale and issuance of the bonds, the acquiring, constructing and equipping of the Project, and for the leasing or sale thereof or the making of loans therefor to the Company, all in conformity with Act 9 and any other applicable federal and state laws and upon terms and conditions mutually satisfactory to the Municipality and the Company.

(c) That the aggregate basic rents or payments (i.e., the rents or payments to be used to pay the principal of, premium, if any, and interest on the bonds) payable under leases, sale agreements or other agreements between the Municipality and the Company, shall be sufficient to pay the principal of, premium, if any, and interest on the bonds when due. The leases, sale agreements or other agreements shall contain such provisions as are necessary or desirable, consistent with the authority conferred by Act 9.

(d) That it will take or cause to be taken such other action and adopt such further proceedings as may be required to implement the aforesaid undertakings or as it may deem appropriate in pursuance thereof.

3. Undertakings on the Part of the Company. Subject to the conditions stated herein, the Company agrees as follows:

(a) That the Company will cooperate with the Municipality in the sale and issuance of the bonds.

(b) That the Company will enter into such leases, sale agreements or other appropriate agreements with the Municipality under which the Company will obligate itself to pay to the Municipality rents or payments sufficient to pay the principal of, premium, if any, and interest on the bonds when due and containing such other provisions as are necessary or desirable consistent with the authority conferred by Act 9.

(c) The Company is informed and understands that all or part of the properties comprising the Project may be exempt from ad valorem taxes by virtue of their ownership by the Municipality, and in such case and as consideration to the Municipality to enter into this Memorandum of Intent, the Company will agree to make payments, for distribution to the ad valorem taxing authorities, in the same amounts as would be paid if such properties will be embodied in an appropriate agreement between the Municipality and the Company.

(d) That the Company will pay all costs of the Project, costs and expenditures incidental thereto, and financing costs (including all costs of authorizing and issuing the bonds) not paid from the proceeds of the bonds.

(e) That the Company will take such further action and adopt such further proceedings as may be required to implement the aforesaid undertakings or as it may deem appropriate in pursuance thereof.

4. General Provisions. This Memorandum of Intent shall continue in full force and effect until the Project and its financing by bonds is accomplished, and in this regard it is understood that there may be separate issues of bonds, and separate series within a particular issue, with different maturities, interest rates, redemption provisions and other details. It is also understood that the bonds to be issued pursuant to this Memorandum of Intent may be issued under the Constitution and laws of the State of Arkansas other than Act 9 as the Municipality shall deem appropriate or desirable. In the case of each issue, and of each series, the Municipality will take appropriate action under Act 9 or such other laws as the appropriate action under Act 9 or such other laws as the Municipality shall deem appropriate or desirable, by ordinance or resolution, to sell and authorize the bonds and to authorize and execute such agreements and documents as may be determined necessary or desirable by the Municipality and the Company.

IN WITNESS WHEREOF, the Municipality and the Company have entered

into this Memorandum of Intent by their officers thereunto duly authorized, as of the 16th day of March, 1987.

ATTEST:

(title)

(SEAL)

ASSOCIATED PLASTICS, INC.

By _____

(title)