

Chrystal Glisson

From: Jacob P. Fair <JFair@wlj.com>
Sent: Tuesday, May 21, 2019 2:00 PM
To: Harold Perrin
Cc: Fred M. Perkins III
Subject: APEX: jonesboro property - title commitment
Attachments: Complete Commitment.pdf; 2019-4-22_option_exercise_letter_and_exhs_pdf.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Good afternoon Mayor Perrin:

We spoke on the phone a few weeks ago about the attached letter and you told me that I could coordinate this matter with you. My firm represents Apex Tool Group, LLC, and it is exercising its option to purchase the property located at 4800 Kruger Drive in Jonesboro. We received a title commitment for the property, and it is attached. The title commitment requires the City to provide certain items that are listed in requirements 5 and 6 of schedule b, part I. Will the City be able to provide those documents? I will also prepare a termination of the lease agreement and a general warranty deed and circulate it for your review. Right now, the closing is scheduled for June 11, but we can adjust closing to accommodate your schedule if needed.

Please let me know if you have any questions. Thank you.



Jacob P. Fair

ATTORNEY
501.212.1342 | JFair@wlj.com

Wright, Lindsey & Jennings LLP
200 West Capitol Avenue, Suite 2300 | Little Rock, AR 72201
Main 501.371.0808 | Fax 501.376.9442 | wlj.com

To ensure compliance with requirements imposed by the IRS, we advise you that if any U.S. federal tax advice is contained in this communication (including any attachments) it is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein. This advice may not be forwarded (other than within the organization to which it has been sent) without our express written consent.

Confidentiality Notice

This message and the accompanying documents may contain information that is privileged, confidential, or exempt from disclosure under applicable law. If the reader of this e-mail is not the intended recipient, you are hereby notified that you are strictly prohibited from reading, disseminating, distributing, or copying this communication. If you have received this e-mail in error, please notify the sender immediately and destroy the original transmission. Thank you.



WRIGHT LINDSEY JENNINGS

200 West Capitol Avenue, Suite 2300 Little Rock, AR 72201-3699 Main 501.371.0808 Fax 501.376.9442 wj.com

Jacob P. Fair
ATTORNEY

Direct: 501.212.1342 | jfair@wj.com

April 22, 2019

Honorable Harold Perrin
Office of the Mayor, City of Jonesboro
300 S. Church St.
Jonesboro, AR 72401

VIA OVERNIGHT DELIVERY

Mercantile Bank, Trustee
Post Office Box 6018
Jonesboro, Arkansas 72401

**VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Re: *Exercise of Purchase Option under Lease Agreement between
City of Jonesboro and Delta, Inc.*

Dear Mayor Perrin:

Our firm represents Apex Tool Group, LLC ("Apex"), formerly known as Delta, Inc. of Arkansas ("Delta"). The City of Jonesboro (the "City") and Delta are parties to a lease agreement dated September 1, 1979 ("Lease") related to the commercial property located at 4800 Kruger Drive, Jonesboro, Arkansas (the "Property"). A copy of the Lease is enclosed as Exhibit 1 for your review. Article XX, Section 2002 of the Lease provides Delta with an option to purchase the Property (the "Option").

Apex is the successor-in-interest to Delta and as such is the current counterparty to the City under the Lease. The documents evidencing such are attached to this letter.

Apex hereby exercises the Option. In accordance with the requirement of Article XX, Section 2002(D) of the Lease, Apex hereby specifies the time and place of the closing of such purchase as 10:00 a.m. EDT on June 11, 2019 at our office at 200 W. Capitol Avenue, Suite 2300, Little Rock. We would be happy to schedule any other mutually agreeable closing time and place. Please contact me as soon as you can so we may coordinate the closing.

WRIGHT LINDSEY JENNINGS

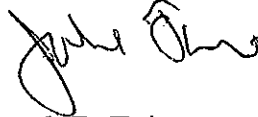
April 22, 2019

Page 2

I appreciate your time, and please let me know if you have any questions.

Sincerely,

WRIGHT, LINDSEY & JENNINGS LLP

A handwritten signature in black ink, appearing to read "Jacob P. Fair". The signature is written in a cursive style with a large initial "J" and a distinct "P" and "F".

Jacob P. Fair

JPF:dl

Enclosures

UPS CampusShip: View/Print Label

1. Ensure there are no other shipping or tracking labels attached to your package. Select the Print button on the print dialog box that appears. Note: If your browser does not support this function select Print from the File menu to print the label.
2. Fold the printed label at the solid line below. Place the label in a UPS Shipping Pouch. If you do not have a pouch, affix the folded label using clear plastic shipping tape over the entire label.
3. GETTING YOUR SHIPMENT TO UPS
Customers with a Daily Pickup
Your driver will pickup your shipment(s) as usual.

Customers without a Daily Pickup

Take your package to any location of The UPS Store®, UPS Access Point™ location, UPS Drop Box, UPS Customer Center, Staples® or Authorized Shipping Outlet near you. Items sent via UPS Return Services(SM) (including via Ground) are also accepted at Drop Boxes. To find the location nearest you, please visit the Resources area of CampusShip and select UPS Locations.


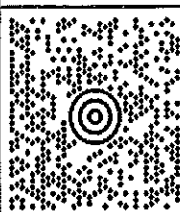


Schedule a same day or future day Pickup to have a UPS driver pickup all your CampusShip packages. Hand the package to any UPS driver in your area.

UPS Access Point™
FOLLETT 0510/PULASKI TECH
3000 W SCENIC DR
NORTH LITTLE ROCK, AR 72118

UPS Access Point™
THE MEDICINE SHOPPE
3838 JOHN F KENNEDY BLVD
NORTH LITTLE ROCK, AR 72116

UPS Access Point™
THE UPS STORE
1818 N TAYLOR ST
LITTLE ROCK, AR 72207

FOLD HERE

<p>NANCY PHILLIPS 501-371-0808 WRIGHT, LINDSEY & JENNINGS 200 WEST CAPITOL AVENUE LITTLE ROCK, AR 72201</p>	<p>0.0 LBS LTR 1 OF 1</p>
<p>SHIP TO: HONORABLE HAROLD PERRIN OFFICE OF THE MAYOR 300 S. CHURCH ST. CITY OF JONESBORO JONESBORO AR 72401-2911</p>	<p>AR 724 0-01</p> 
	<p>UPS NEXT DAY AIR TRACKING #: 1Z F59 784 01 9340 4465</p> <p>1</p> 
<p>BILLING: P/P</p>	 Client Matter #: JPF: 21.266-76008 CS 21.0.21. WWTW58 09.0A 01/2019

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
 Domestic Mail Only

For delivery information, visit our website at www.usps.com®

Certified Mail Fee 9214 7969 0099 9790 1627 4872 36

Extra Services & Fees (check box, add fee as appropriate)	
<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$ _____
<input type="checkbox"/> Return Receipt (electronic)	\$ _____
<input type="checkbox"/> Certified Mail Restricted Delivery	\$ \$2.80
<input type="checkbox"/> Adult Signature Required	\$ _____
<input type="checkbox"/> Adult Signature Restricted Delivery	\$ \$0.00

Postmark
Here

Postage	\$ _____
Total Postage and Fees	\$ _____

Sent To
 Street, Apt. No., or PO Box No.
 City, State, Zip+4

Mercantile Bank, Trustee
 P.O. Box 6018
 Jonesboro, AR 72401

PS Form 3800, April 2015 See Reverse for Instructions

Code: JPF: 21266-76008

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

CERTIFIED MAIL™



9214 7969 0099 9790 1627 4872 36

Mercantile Bank, Trustee
 P.O. Box 6018
 Jonesboro, AR 72401

Batch #: 9
 Article #: 92147969009997901627487236
 Date/Time:
 Code: JPF: 21266-76008

Internal File #:
 Internal Code:

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mercantile Bank, Trustee
 P.O. Box 6018
 Jonesboro, AR 72401



9290 9969 0099 9727 4872 43

2. Article Number (Transfer from service label)

9214 7969 0099 9790 1627 4872 36

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

- Agent
 Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? Yes
 If YES enter delivery address below: No

3. Service Type

- | | |
|--|---|
| <input type="checkbox"/> Adult Signature | <input type="checkbox"/> Priority Mail Express® |
| <input type="checkbox"/> Adult Signature Restricted Delivery | <input type="checkbox"/> Registered Mail™ |
| <input checked="" type="checkbox"/> Certified Mail® | <input type="checkbox"/> Registered Mail Restricted Delivery |
| <input type="checkbox"/> Certified-Mail Restricted Delivery | <input type="checkbox"/> Return Receipt for Merchandise |
| <input type="checkbox"/> Collect on Delivery | <input type="checkbox"/> Signature Confirmation™ |
| <input type="checkbox"/> Collect on Delivery Restricted Delivery | <input type="checkbox"/> Signature Confirmation Restricted Delivery |
| <input type="checkbox"/> Insured Mail | |
| <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500) | |

Domestic Return Receipt

UNITED STATES POSTAL SERVICE

Code: JPF: 21266-76008



First-Class Mail
 Postage & Fees Paid
 USPS
 Permit No. G-10

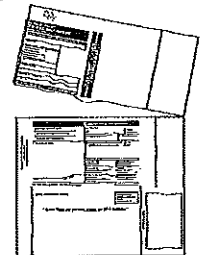
* Sender: Please print your name, address, and ZIP+4® in this box *

Jacob P. Fair
 Wright, Lindsey & Jennings LLP
 200 W. Capitol Ave., Suite 2300
 Little Rock, AR 72201

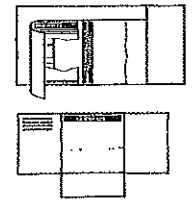


9290 9969 0099 9727 4872 43

1 SEPARATE AT PERFORATION



2 REMOVE LABEL AND RECEIPT FROM BACKING. PLACE LABEL AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS



OPTIONAL LABEL

3

LIFT HERE

Reorder Form LCD-811R rev. 05/15

Misc. Record 10
Page 23

This instrument prepared by

FRIDAY, ELDREDGE & CLARK
The First National Building, Twentieth Floor
Little Rock, Arkansas 72201

LEASE AND AGREEMENT
between
CITY OF JONESBORO, ARKANSAS
and
DELTA, INC. OF ARKANSAS

Dated as of September 1, 1979

Exhibit
1

LEASE AND AGREEMENT

TABLE OF CONTENTS

ARTICLE I
DEFINITIONS

Section 101	Definitions	3
Section 102	Use of Words	6

ARTICLE II
CONSTRUCTING AND EQUIPPING OF PROJECT

Section 201	Constructing and Equipping of Project	7
Section 202	Insurance to be Maintained on Project During Construction	8
Section 203	Itemization of Project Costs; Issuance of Additional Series; Bond Proceeds to be Deposited in Construction Fund; Authorized Disbursements From Construction Fund	8
Section 204	Lessee to Have Peaceful and Quiet Enjoyment	10
Section 205	Lessor Covenants to Enforce Contracts and Correct Defective Work with Expenses Incurred Constituting Part of Project Costs	10

ARTICLE III
~~DEMISING CLAUSES, DURATION OF LEASE TERM~~
AND RENTAL PROVISIONS

Section 301	Demise of Leased Premises	12
Section 302	Term of Lease and Agreement	13
Section 303	Basic Rent; Additional Rent; Absolute and Unconditional Obligation to Pay Basic Rent and Additional Rent	13
Section 304	Method of Payment of Basic Rent and Additional Rent	17

ARTICLE IV
TAXES AND ASSESSMENTS (IMPOSITIONS)

Section 401	Taxes and Assessments (Impositions)	18
Section 402	Leased Premises Exempt From Ad Valorem Taxes; Contest of Attempted Levy Authorized	18

ARTICLE V
INSURANCE

Section 501	Insurance Required	20
-------------	--------------------	----

ARTICLE VI
REPAIRS AND MAINTENANCE OF
PREMISES AND ALTERATIONS

Section 601	Lessee Obligated to Maintain Buildings and Improvements	23
Section 602	Lessee Has Right to Make Additions, Alterations and Changes	23

Section 603	Structural Improvements and Alterations Become Property of Lessor; Machinery, Equipment and Other Property Installed at Lessee's Expense Remain Its Property With Right of Removal	23
Section 604	Property on Leased Premises at Sole Risk of Lessee	24
Section 605	Lessee Obligated to Maintain Project Machinery and Equipment	24

ARTICLE VII
USE OF LEASED PREMISES -
COMPLIANCE WITH ORDERS, ETC.

Section 701	Permitted Use of Leased Premises and Compliance with Laws, Etc.	25
Section 702	Lessor's Covenant Not to Impose Burdensome Laws, Etc.	25

ARTICLE VIII
WORK PERFORMED BY LESSEE

Section 801	Obligations of Parties Concerning Work on Leased Premises and Obtaining Necessary Permits	26
-------------	---	----

ARTICLE IX
MECHANICS' LIENS

Section 901	Lessee to Keep Leased Premises Free of Construction Liens	27
-------------	---	----

ARTICLE X
INDEMNIFICATION OF LESSOR AND TRUSTEE

Section 1001	Indemnification of Lessor and Trustee	28
--------------	---------------------------------------	----

ARTICLE XI
LESSOR MAY PERFORM LESSEE'S OBLIGATIONS

Section 1101	Lessor May Perform Lessee's Obligations; Lessee to Reimburse Lessor for Costs and Expenses Incurred in Doing So	29
--------------	---	----

ARTICLE XII
PUBLIC UTILITIES AND CHARGES

Section 1201	Lessee to Pay Public Utility Charges	30
--------------	--------------------------------------	----

ARTICLE XIII
INSPECTION OF OR PERFORMANCE OF WORK ON LEASED PREMISES BY LESSOR AND TRUSTEE

Section 1301	Lessor and Trustee to Have Right of Inspection and Right to Perform Work Subject to Certain Restrictions	31
--------------	--	----

ARTICLE XIV
DAMAGE AND DESTRUCTION

Section 1401	Lessee to Restore in Event of Damage or Destruction; Application of Insurance Moneys	32
Section 1402	No Diminution in Lessor's Obligation to Pay Basic Rent and Perform Other Covenants	34
Section 1403	Lessee Not Obligated to Restore if Purchase Option Exercised or All Outstanding Bonds Paid	35

ARTICLE XV
CONDEMNATION

Section 1501	Rights of Parties in Event of Condemnation; Bonds Protected in Any Event	36
Section 1502	Lessee Obligated to Continue Basic and Additional Rental Payments Until Condemnation Award Available	38
Section 1503	Lessee's Right to Exercise Options Continues in Force Notwithstanding Condemnation Proceedings	38
Section 1504	Right of Lessee to Participate in Condemnation Proceedings	38

ARTICLE XVI
ASSIGNMENT

Section 1601	Assignment and Subletting Permitted But Lessee Not Relieved of Obligations; Assignment to Trustee Permitted	40
--------------	---	----

ARTICLE XVII
PRIORITY OF LEASE

Section 1701	Lease and Agreement Superior and Prior	41
--------------	--	----

ARTICLE XVIII
REMEDIES ARE CUMULATIVE -
NO IMPLIED WAIVER

Section 1801	Specific Relief; Remedies are Cumulative; No Implied Waiver	42
--------------	---	----

ARTICLE XIX
DEFAULT PROVISIONS

Section 1901	Events of Default	43
Section 1902	Remedies	43
Section 1903	Remedies Not Exclusive	44
Section 1904	Rental, Damages and Reletting Handled as Provided in Lease and Agreement and Indenture	44
Section 1905	Determination of Taxability	45
Section 1906	Lessor and Lessee Covenant Not to Take Any Action or Permit Any Action Which May Cause Interest on the Bonds to be Subject to Federal Income Taxation	46
Section 1907	Net Worth Maintenance	46

ARTICLE XX
LESSEE'S OPTIONS

Section 2001	Extension Options	48
Section 2002	Purchase Options	48

ARTICLE XXI
NOTICES

Section 2101	Notices	51
--------------	---------	----

ARTICLE XXII
RECORDING

Section 2201	Recording	52
--------------	-----------	----

ARTICLE XXIII
GENERAL

Section 2301	Arkansas Law Applicable	53
Section 2302	Severability	53
Section 2303	Captions for Reference Only	53
Section 2304	Trustee's Rights Cease When Bonds and Trustee's Fees Paid or Provided For	54
Section 2305	Enforcement Rights of Trustee	54
Section 2306	Provisions Binding on Successors and Assigns	54
Section 2307	Trustee's Consent Required for Modification	55
Section 2308	Lessee Furnish Lessor and Trustee Annual Reports	55
Section 2309	Redemption of Bonds	55
Section 2310	Consolidation, Merger or Sale Permitted In Certain Circumstances	55
Section 2311	Lessor to Grant Sewer, Utility, Road and Street Easements	56
Section 2312	Lessor and Lessee Covenant to Keep Instruments Recorded	57
Section 2313	Withdrawal of Lands From Prior Leases	57

ARTICLE XXIV
EXPANSION OF FACILITIES

Section 2401	Expansion of Facilities	58
Section 2402	Provisions Made in Trust Indenture for Release of Lands Involved in Expansion From Lien of Indenture; Consideration Paid for Lands Involved in Expansion	59
Section 2403	No Diminution of Lessee's Obligations to Pay Basic and Additional Rental	59
Section 2404	Lands That May be Included in Expansion	59
Section 2405	Rights Under Article XXIV Are In Addition to Other Rights and Options Under Lease and Agreement	60

ARTICLE XXV
REMOVAL AND DISPOSAL OF PROPERTY

Section 2501	Lessee's Rights and Obligations Concerning Removal and Disposal of Building Service Equipment	61
Section 2502	Lessee's Rights and Obligations Concerning Removal and Disposal of Project Machinery and Equipment	62
Section 2503	Lessee to Report Upon Request Dispositions or Removals Under Sections 2501 and 2502	64

LEASE AND AGREEMENT

This LEASE AND AGREEMENT made as of the first day of September, 1979, by and between the CITY OF JONESBORO, ARKANSAS ("Lessor" or "City") and DELTA, INC. OF ARKANSAS, a corporation organized under and existing by virtue of the laws of the State of Arkansas ("Lessee");

W I T N E S S E T H:

WHEREAS, Lessor is a duly organized and existing municipality, a city of the first class, under the laws of the State of Arkansas with full and lawful power and authority to enter into this Lease and Agreement, acting by and through its City Council, in the public interest and for a public purpose in securing and developing industry, providing employment and adding to the welfare and prosperity of the Lessor and its inhabitants, all pursuant to

the provisions of 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 No. 9"); and

WHEREAS, Lessee is authorized under its Articles of Incorporation and Bylaws and under the laws of the State of its incorporation to enter into this Lease and Agreement and to perform all covenants and obligations on its part to be performed under and pursuant to this Lease and Agreement; and

WHEREAS, Lessee is not prohibited under the terms of any outstanding trust indentures, deeds of trust, mortgages, loan agreements or other instruments or evidences of indebtedness of whatever nature from entering into this Lease and Agreement and discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Lease and Agreement (or if so, a proper waiver has been obtained) and affirmatively so represents to Lessor; and

WHEREAS, the industrial undertaking will consist of an expansion to an existing manufacturing facility consisting of lands, buildings, machinery, equipment, improvements and facilities (the "Project"); and

WHEREAS, Lessor and Lessee hereby recite knowledge that Lessor has undertaken to furnish permanent financing of Project costs and expenses of authorizing and issuing the Bonds by the issuance of Industrial Development Revenue Bonds under Act No. 9 (the "Bonds"); and

WHEREAS, the Bonds are being sold and issued in series, with there being initially sold and issued Series A Bonds in the principal amount of \$500,000 and Series B Bonds in the principal amount of \$500,000;

NOW, THEREFORE, for valuable consideration, receipt of which is hereby acknowledged by Lessor and Lessee, and in consideration of the mutual benefits and covenants herein contained, Lessor and Lessee AGREE as follows:

ARTICLE I

DEFINITIONS

Section 101. In addition to the words and terms elsewhere defined in this Lease Agreement, the following words and terms as used in this Lease Agreement shall have the following meanings unless the context clearly indicates a different meaning or intent:

"Act No. 9" - 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.

"Additional Bonds" - Bonds in addition to the Series A Bonds and Series B Bonds, which are issued under the provisions of Section 202 B. of the Indenture.

"Authorized Lessee Representative" - The person at the time designated to act in behalf of the Lessee by written certificate furnished to the Lessor and the Trustee containing the specimen signature of such person and signed on behalf of the Lessee by the president or any vice president of the Lessee. Such certificate may designate an alternate or alternates.

"Authorized Lessor Representative" - The person at the time designated to act in behalf of the Lessor by written certificate furnished to the Lessee and the Trustee containing the specimen signature of such person and signed on behalf of the Lessor by the Mayor. Such certificate may designate an alternate or alternates.

"Bond Fund" - The fund created by Section 501 of the Indenture into which moneys are to be deposited and out of which disbursements are to be made for paying the principal of, premium, if any, and interest on the Bonds in the manner and for the purposes specified in Article V of the Indenture.

"Bonds" - The City of Jonesboro, Arkansas Industrial Development Revenue Bonds - Delta Project, issued under and secured by the Indenture and to be delivered in series from time to time.

"Code" - The Internal Revenue Code of 1954, as amended.

"Construction Fund" - The fund created by Section 601 of the Indenture into which the portion of the proceeds of the sale of the Bonds specified in Section 601 is to be deposited and out of which disbursements are to be made for Project Costs in the manner and for the purposes specified in Article VI of the Indenture.

"DED" - The Department of Economic Development, governing body of the Arkansas Economic Development Commission (of the State of Arkansas), or any successor agency. Payment of principal and interest on the Series A Bonds is being guaranteed by DED. Whenever referred to herein, it is intended by Lessor and Lessee that DED shall have and be entitled to all rights set forth in connection with that reference as though and to the same extent as though it were a signatory party hereto and that it may be entitled to exercise those rights on its own behalf and in its own name.

"Excess Bond Fund Moneys" - Moneys in the Bond Fund at any time in excess of the amounts required for payment of interest, premium, if any, and principal that will be due prior to the next Basic Rent payment date (set forth in Section 303(a)(1)) and interest, premium, if any, and principal of Bonds that have become due but have not been presented for payment.

"Indenture" or "Trust Indenture" - The Trust Indenture between the City and the Trustee, of even date herewith, which is recorded in the office of the Circuit Clerk and Ex Officio Recorder of Craighead County, Arkansas and which sets forth the details pertaining to the Bonds, the provisions pertaining to the issuance of additional bonds, the nature and extent of the security and the rights, duties and obligations of the City, the Trustee and the holders and registered owners of the Bonds.

"Lease Agreement" - The within Lease and Agreement between the Lessor and the Lessee.

"lease term" or "term" - The initial term of the Lease Agreement set forth in Section 302 plus any extension or renewal terms pursuant to the provisions of Section 2001 hereof.

"Leased Premises" - The lands, buildings, improvements, machinery, equipment and facilities covered by this Lease Agreement and defined in Section 301 hereof.

"Lessee" or "Delta" - Delta, Inc. of Arkansas, an Arkansas corporation, and any assignee that assumes the obligations of the Lessee pursuant to the provisions of this Lease Agreement.

"Lessor" - The City of Jonesboro, Arkansas, a city of the first class and located in Craighead County, Arkansas.

"Permitted Encumbrances" - (i) This Lease Agreement and the Trust Indenture, (ii) utility, access and other easements and rights of way, restrictions, reversions and exceptions that the Lessee certifies will not interfere with or impair the operations being conducted in the Project, and (iii) such minor defects, irregularities, encumbrances, easements, rights of way, and clouds on title as normally exist with respect to properties similar in character to the Project, and as do not materially impair the property affected thereby for the purpose for which it was acquired or held by the City.

"Project" - The lands, buildings, improvements, machinery, equipment and facilities financed out of proceeds of the Bonds and leased under this Lease Agreement.

"Project Costs" - The costs of acquiring, constructing and equipping the Project described in Section 203 of this Lease Agreement.

"Project machinery and equipment" - The machinery and equipment owned by Lessor and leased to Lessee by this Lease Agreement and specifically defined in Section 301(d) of this Lease Agreement.

"rent" or "rents" - The Basic Rent (provided for in Section 303(a)(1) hereof) and the Additional Rent (provided for in Section 303(b) hereof), unless the context clearly indicates both are not intended.

"Series A Bonds" - The initial series of Bonds being issued under and secured by the Indenture in the principal amount of \$500,000.

"Series B Bonds" - The initial series of Bonds being issued under and secured by the Indenture in the principal amount of \$500,000.

"term" - The initial term specified in Section 302 hereof, plus all renewal terms under Section 2001 hereof.

"Treasury Regulations" - Regulations issued by the Department of the Treasury or the Internal Revenue Service and regulations which have been officially proposed by the Department of the Treasury or the Internal Revenue Service pending issuance of final regulations.

"Trustee" - The Trustee for the time being, whether original or successor, with the original Trustee being Mercantile Bank, Jonesboro, Arkansas.

"Underwriter" - The purchaser of the Series A Bonds and the Series B Bonds, Powell & Satterfield, Inc., Little Rock, Arkansas.

Section 102. Words of the masculine gender shall be deemed and construed to include the correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words shall include the plural, as well as the singular, number.

ARTICLE II
CONSTRUCTING AND EQUIPPING OF PROJECT

Section 201. The Lessee has undertaken and will complete the acquiring, constructing and equipping of the Project and has executed, or will execute necessary contracts and purchase orders therefor. The Lessee shall be reimbursed out of the Construction Fund for all expenditures made by it in connection with the acquiring, constructing and equipping of the Project. Title to the lands, improvements, machinery, equipment and facilities paid for out of the Construction Fund (either by direct payment or by virtue of reimbursement to the Lessee) shall be placed in the Lessor. Lessee may amend, modify, authorize or undertake any changes, alterations, extras or additions to or from any contracts and purchase orders.

Lessee, with the cooperation of Lessor when necessary, shall obtain all necessary approvals from any and all governmental agencies requisite to the constructing and equipping of the Project, and the Project shall be constructed and equipped in compliance with all State and local laws, ordinances and regulations applicable thereto. All requests, approvals and agreements required on the part of Lessor and on the part of Lessee shall be in writing, signed by the authorized representative of the party making such request, granting such approval, or entering into such agreement. The Lessor and Lessee shall, concurrently with the delivery of this Lease Agreement, notify each other of the representatives of each (the "Authorized Lessor Representative" and the "Authorized Lessee Representative"). It is agreed that each party may have more than one representative and may change the representative or representatives from time to time, with each such change to be in writing forwarded to the other party. The representative of each party so designated shall be authorized to enter into and execute any contracts

or agreements or to grant any approvals or to take any action for and on behalf of the party hereto represented by him and the other party to this agreement shall be entitled to rely upon the representative as having full authority to bind the party hereto represented by him.

Section 202. Lessee agrees that there shall be in full force and effect at all times during the acquiring, constructing and equipping of the Project the usual insurance coverage applicable to similar construction projects, including builder's risk insurance, which shall be made payable to the Lessor and the Lessee as their interests may appear with a standard mortgagee clause payable to the Trustee as its interest may appear.

Section 203. Costs incurred by Lessor and Lessee under Section 201 hereof and in other sections of this Article II shall be referred to as "Project Costs" and it is agreed that if Project Costs exceed the available proceeds received from the sale of the Bonds, the Lessee shall pay the entire amount of any such excess. Project Costs, as that term is used in this Lease Agreement, may include all costs and expenses of every nature incurred by Lessor, Lessee or others in acquiring, constructing and equipping the Project, all costs and expenses incidental thereto, and all costs and expenses incurred in connection with the issuance of the Bonds, including without limitation, the following:

- (1) All amounts paid for lands and paid under all construction, engineering, architectural or other contracts and all purchase orders;
- (2) All amounts paid for extras, changes or additions;
- (3) All payments incurred in acquiring and installing machinery, equipment and other personal property;

(4) All amounts necessary to reimburse Lessee for any payments made by Lessee out of its own funds for items of Project Costs;

(5) All costs and expenses, including attorneys fees, incurred by Lessor or Lessee in connection with the authorization and issuance of the Bonds;

(6) Any cost or expense, not otherwise provided for herein, incurred by Lessor, Lessee or others pertaining to the acquiring, constructing and equipping of the Project;

(7) Such other additional fees, costs, expenses and expenditures of whatever nature incidental or pertaining to the Project and the issuance of Bonds as may from time to time be agreed upon by Lessor and Lessee as constituting part of the Project Costs;

provided, however, it is covenanted and agreed by Lessor and Lessee that substantially all of the proceeds of the Bonds must be expended for land or property subject to the allowance for depreciation within the meaning of Section 103(b)(6) of the Code and Treasury Regulations thereunder.

Moneys in the Construction Fund may be expended to make payment or reimbursement for Project Costs incurred on or after April 16, 1979.

Lessor agrees that, subject to compliance with the conditions of the Indenture pertaining thereto, it will execute and deliver from time to time, pursuant to the written request of the Lessee, Additional Bonds, and the Lessee shall have and hereby assumes full responsibility for finding purchasers for the Additional Bonds. Additional Bonds shall be issued in accordance with the provisions of and pursuant to the conditions set forth in the Trust Indenture pertaining thereto.

Proceeds derived from the sale of the Bonds shall be deposited in the fund; handled, invested and disbursed in accordance with the provisions of the Indenture. It is agreed that the Indenture will be delivered and become effective simultaneously with this Lease Agreement and it is covenanted and agreed that so long as the Lessee is not in default under the Lease Agreement, the Indenture shall not be amended or supplemented without the approval of the Lessee of the amendment or supplement being made.

Section 204. Lessor covenants that the Lessee, upon paying the rentals and performing all covenants, obligations and agreements on the part of Lessee to be performed under this Lease Agreement, shall and may peaceably and quietly have, hold and enjoy the Leased Premises for the term of this Lease Agreement.

Section 205. A. Lessor covenants that it will take any action and institute any proceedings requested by Lessee or cooperate with Lessee in the case of such proceedings instituted by Lessee, to cause and require all contractors and material suppliers to complete their contracts and orders diligently in accordance with the terms of such contracts or orders, including, without limitation, the correcting of any defective work. All expenses incurred by Lessor and Lessee under this Section 205 may be considered part of the Project Costs as defined in Section 203. Lessor agrees that the Lessee may, from time to time, in its own name, or in the name of the Lessor, take such action as may be necessary or advisable, as determined by Lessee, to insure the completion of the Project in accordance with the terms of contracts and orders, and to insure the peaceable and quiet enjoyment of the Leased Premises for the term of the Lease Agreement.

B. If and when requested by Lessee, Lessor will assign and extend to Lessee any vendor's warranties received by Lessor in connection with Project machinery and equipment purchased for the Project, together with any warranties given by contractors, manufacturers or service organizations who perform construction work or install any machinery and equipment on the Leased Premises. If requested, Lessor will execute and deliver instruments of assignment to Lessee to accomplish the foregoing.

ARTICLE III

DEMISING CLAUSES, DURATION OF LEASE TERM AND
RENTAL PROVISIONS

Section 301. Lessor, for and in consideration of the rents, covenants and agreements herein reserved, mentioned and contained, on the part of Lessee to be paid, kept and performed, agrees to and does hereby lease to Lessee, and Lessee agrees to, and does hereby lease, take and hire from Lessor, subject to the terms, conditions and provisions of this Lease Agreement expressed, the following:

(a) The lands situated in Craighead County, Arkansas, described in Exhibit A attached hereto (the "lands");

(b) The buildings, structures and other improvements now or at any time hereafter erected and installed on the lands;

~~(c) All accretions, easements, rights of way and~~
appurtenances belonging or in any wise appertaining to the lands and/or the improvements described in (a) and (b) above; and

(d) All machinery, equipment and other personal property of every kind and nature whatever acquired by Lessor and paid for out of the Construction Fund and placed on or in the lands and/or the improvements described in (a) and (b) above, or elsewhere, including, without limitation, all replacements and substitutions which become the property of the Lessor pursuant to the provisions of this Lease Agreement. All such machinery, equipment and other personal property shall be identified in a ledger, one copy of which shall be filed with the Trustee and one copy maintained by Lessee on the Leased Premises and shall be marked by an appropriate tag or other device as being the property of the Lessor; provided, however, the failure to so tag or mark

shall not prevent any item of Project machinery and equipment from becoming part of the Project machinery and equipment if, pursuant to the provisions hereof, it should be part thereof. The machinery, equipment and other personal property leased hereby shall be referred to herein as "Project machinery and equipment."

The properties described in (a), (b), (c) and (d) above are herein collectively referred to as the "Leased Premises."

TO HAVE AND TO HOLD the Leased Premises unto the Lessee for the term of this Lease Agreement as hereafter set forth.

Section 302. The initial term of this Lease Agreement shall commence on September 1, 1979, and shall continue until December 1, 1994, and as long thereafter as any of the Bonds remain outstanding under the Indenture.

Section 303. (a) Basic Rent.

(1) Lessee covenants to pay to Lessor, in the manner hereinafter provided in Section 304, Basic Rent semiannually in the amounts necessary to pay interest, premium, if any, and principal of all outstanding Bonds as the same becomes due under the provisions of the Indenture. Basic Rent shall be payable on November 20, 1979, and each May 21 and November 20 thereafter until the principal of, premiums, if any, and interest on the Bonds shall have been fully paid, or the required provision made for the payment thereof in accordance with the provisions of the Indenture. Basic Rent payments shall be reduced by the amount of any Excess Bond Fund Moneys in the Bond Fund on each Basic Rent payment date; provided, however, such Excess Bond Fund Moneys shall not be credited against Basic Rent payments (i) if such Excess Bond Fund Moneys are designated by the Lessee pursuant to Section 2309

Hereof be used by the Trustee for the redemption of Bonds, or for the purchase of Bonds on the open market, or (ii) if such credit would result in a reduction of Basic Rent which would affect the tax exempt status of interest on the Bonds for federal income tax purposes. In the event a Basic Rent payment date falls on a non-banking day of the Trustee, the Basic Rent payment involved shall not be due and payable until the time of opening of business on the next succeeding day thereafter that is a banking day.

There is expressly reserved to the Lessee the right, and the Lessee is authorized, at any time it may choose, to prepay any part of the Basic Rent, and the Lessor agrees that the Trustee shall accept such prepayment of Basic Rent when the same is tendered by the Lessee. All Basic Rent so prepaid shall be deposited in the ~~Bond Fund, shall constitute Excess Bond Fund Moneys, and, at the~~ direction of the Lessee, either credited on the Basic Rent payments specified in this Section 303(a)(1) in the order of their due dates or used for the redemption or purchase of outstanding Bonds in accordance with the provisions of Section 2309 hereof.

It is hereby agreed that when Additional Bonds are issued and delivered, a Supplemental Lease Agreement will be executed and delivered by and between the Lessor and Lessee which shall specify that the Basic Rent is increased by the amount necessary to provide for the debt service requirements on the Additional Bonds and any other provisions necessary or desirable in connection with the issuance of the Additional Bonds.

(2) If, during any year while any of the Bonds shall be outstanding, the Basic Rent shall be insufficient to pay the principal of, premium, if any, and interest on the Bonds as the same become due, the amount of the insufficiency shall be paid by the Lessee as additional Basic Rent. If at any time the amount in the Bond Fund,

hereinabove referred to and hereafter described in Section 304, is sufficient to pay in full the principal of, premium, if any, interest on, and, if redemption is involved, redemption expenses in connection with, all of the outstanding Bonds, then no further Basic Rent shall be payable hereunder. If any moneys remain in the Bond Fund after payment or the making of provision for payment in accordance with the provisions of Article IX of the Indenture, of the principal of, premium, if any, interest on, and, if redemption is involved, redemption expenses in connection with, all outstanding bonds, such remaining moneys shall be refunded to Lessee as excess Basic Rent.

(b) Additional Rent. During the term hereof, Lessee shall pay as Additional Rent the Paying Agent's fees and expenses and charges payable to the Trustee, any expenses which are required to be incurred by Lessor pursuant to the provisions of the Lease Agreement or the Indenture the payment of which is not otherwise provided for by applicable provisions of the Lease Agreement or the Indenture, and all impositions (as defined in Section 401), expenses, liabilities, obligations and other payments of whatever nature which Lessee has agreed to pay or assume under the provisions of this Lease Agreement. If at any time any amounts paid by Lessee as Additional Rent hereunder are or become in excess of the amounts required for the purposes for which they were paid, such excess amounts shall be refunded to the Lessee.

(c) Until the principal of, premium, if any, and interest on the Bonds shall have been paid or provision for such payment shall have been made in accordance with the provisions of Article IX of the Indenture, Lessee's obligation to pay Basic Rent and Additional Rent shall be absolute and unconditional and the Basic Rent and the

Additional Rent shall be certainly payable on the dates or at the times specified, and without abatement or set-off, and regardless of any contingencies whatsoever, and notwithstanding any circumstances or occurrences that may now exist or that may hereafter arise or take place, including, but without limiting the generality of the foregoing:

(1) The unavailability of the Leased Premises, or any part thereof, for use by the Lessee at any time by reason of the failure to complete the Project by any particular time or at all or by reason of any other contingency, occurrence or circumstances whatsoever;

(2) Damage to or destruction of the Leased Premises, or any part thereof;

(3) Legal curtailment of Lessee's use of the Leased Premises, or any part thereof;

(4) Change in Lessor's legal organization or status;

(5) The taking of title to or the temporary use of the whole or any part of the Leased Premises by condemnation;

(6) Any assignment under the provisions of Article XVI including, without limitation, an assignment as part of a transaction involving merger, consolidation or sale of all or substantially all of Lessee's assets, as provided in Section 1601; subject, however, to the provisions of Section 1601 that performance by an assignee or sublessee shall be considered as performance pro tanto by Lessee;

(7) Any termination of this Lease Agreement for any reason whatsoever, including, without limitation, termination under Article XIX;

(8) Failure of consideration or commercial frustration of purposes;

(9) Any change in the tax or other laws of the United States of America or of the State of Arkansas; or

(10) Any default of the Lessor under this Lease Agreement, or any other fault or failure of the Lessor whatsoever.

Lessee covenants that it will not enter into any contract, indenture or agreement of any nature whatsoever which shall in any way limit, restrict or prevent Lessee from performing any of its obligations under this Lease Agreement.

Section 304. Payments of Basic Rent shall be made to Lessor by Lessee remitting the same directly to the Trustee, for the account of Lessor, and shall be deposited by the Trustee in the Bond Fund provided for in the Indenture, to be used by the Trustee as provided in the Indenture. Lessor agrees at Lessee's request to cause the Trustee to furnish to Lessee at reasonable intervals an accounting of the funds in the Bond Fund, including the amount of Bonds paid and outstanding. Additional Rent specified in Section 303(b) shall be paid by Lessee remitting the same directly to the Trustee, for the account of Lessor, in the case of the Paying Agent's fees

and the Trustee's expenses and charges, and either making direct payment in the case of impositions and other costs, expenses, liabilities and payments assumed and agreed to be paid by Lessee under this Lease Agreement, or reimbursing Lessor or Trustee, if, pursuant to the provisions of this Lease Agreement, Lessor or Trustee shall make payment thereof.

ARTICLE IV

TAXES AND ASSESSMENTS (IMPOSITIONS)

Section 401. Subject to the provisions of Section 402, Lessee shall pay all taxes and assessments, general and specific, if any, levied and assessed on the Leased Premises during the term, and all water and sewer charges, assessments, and other governmental charges and impositions whatsoever, foreseen and unforeseen, which if not paid when due, would impair the lien of the Indenture on the Leased Premises or the security of the Bonds, encumber Lessor's title, or impair the right of the Lessor and the Trustee to receive the rent hereunder or in any manner whatsoever diminish the amounts thereof, all of which are herein called "impositions;" provided, however, that any impositions relating to a fiscal period of the taxing authority, part of which extends beyond the term, shall be apportioned as of the expiration of the term. Lessor shall promptly forward to Lessee any notice, bill or other statement received by Lessor concerning any impositions. Lessee may pay any imposition in installments if so payable by law, whether or not interest accrues on the unpaid balance.

Section 402. The parties hereto recite knowledge of the decision of the Supreme Court of the State of Arkansas in Wayland v. Snapp, 232 Ark. 57, 334 S.W. 2d 633 (1960), concerning the exemption of properties owned by municipalities and used for securing and developing industry under and pursuant to the provisions of Act No. 9. The Lessor covenants that it will not part with title to the Leased Premises or any part thereof during the term or take any other affirmative action which may reasonably be construed as tending to cause or induce the levy or assessment of ad valorem taxes on the Leased Premises.

Lessor has represented to Lessee and the Lessor and the Lessee acknowledge that under their and other interpretations of present law, no part of the Leased Premises will be subject to ad valorem taxation by the State of Arkansas or by any political or taxing subdivision thereof, and these factors, among others, materially induced the Lessee to enter into this Lease Agreement. However, the Lessee will pay all impositions, if any, in connection with the Leased Premises, which may be lawfully levied or assessed upon the Leased Premises, when the same shall become due; provided, however, that Lessee may contest any such impositions and need not pay during the pendency of such contest except the Lessee shall in all events, pay to prevent the Leased Premises becoming subject to loss or forfeiture. The Lessor hereby agrees that it will cooperate with the Lessee in resisting any such impositions if and to whatever extent the Lessee may request.

ARTICLE V

INSURANCE

Section 501. A. Lessee shall, at Lessee's sole cost and expense, keep the Leased Premises insured:

(i) Against the perils of fire and the hazards ordinarily included under broad form extended coverage endorsements in amounts necessary to prevent the application of the co-insurance provisions of the applicable policies but not less than 80% of the full insurable value thereof within the terms of applicable policies.

(ii) If there are boiler or pressure vessels, from boiler or pressure vessel explosion in an amount customarily carried in the case of similar industrial operations.

The term "full insurable value" means such value as shall be determined from time to time at the request of Lessor, Lessee or Trustee (but not more frequently than once in every forty-eight (48) months) by one of the insurers selected by Lessee.

B. At all times during the term, Lessee shall, at no cost or expense to Lessor, maintain or cause to be maintained:

(i) General Public Liability insurance against claims for bodily injury or death occurring upon, in or about the Leased Premises, with such insurance to afford protection to the limits of not less than \$500,000 in respect of bodily injury or death to any one person and to the limit of not less than \$1,000,000 in respect of any one accident; and

(ii) Property damage insurance against claims for damage to property occurring upon, in or about the Leased Premises with such insurance to afford protection to the limit of not less than \$100,000 in respect of damages to the property of any one owner.

C. The insurance required by this Article V shall be maintained in full force and effect at all times during the term of this Lease Agreement, except:

(i) The insurance required by Section 501 A. (i) need not be placed in force and effect until the completion of the construction of the Project, provided, however, that in no event shall the insurance required by Section 501A.(i) be placed into force and effect later than the expiration of insurance carried pursuant to the provisions of Article II hereof, with the end in view of having full insurance coverage at all times;

(ii) The insurance required by Section 501 B. need not be placed into force and effect until Lessee occupies the Project, either upon completion or before completion in the event Lessee undertakes to perform work or store materials and supplies in the Project prior to completion as permitted by the provisions of Article II hereof.

D. Copies or certificates of the insurance provided for by this Article or elsewhere in this Lease Agreement shall be delivered by Lessee to the Lessor and the Trustee. And, in the case of expiring policies throughout the term, copies or certificates of any new or renewal policies shall be delivered by Lessee to Lessor and the Trustee. At the time of the delivery of this Lease Agreement, copies or certificates of all insurance meeting the requirements of this Lease Agreement shall be delivered to the Trustee.

E. Policies of insurance provided for in Section 501 A. of this Article V shall name the Lessor and the Lessee as insureds as their respective interests may appear, provided, however, that the Trustee shall also be named as a party insured pursuant to a standard mortgagee clause as its interests may appear.

F. All insurance required by this Section 501 shall be effected with insurance companies qualified to do business in the State of Arkansas selected by the Lessee and acceptable to the Trustee. Lessee shall cause appropriate provisions to be inserted in each insurance policy making each policy noncancellable without at least ten (10) days prior written notice to Lessor, Lessee and the Trustee. Also, it is agreed that no claim shall be made and no suit or action at law or in equity shall be brought by the Lessor or by anyone claiming by, through or under Lessor, against Lessee for

any damage to the Leased Premises covered by the insurance provided for by this Article V, however caused, but nothing in this Subsection F shall diminish Lessee's obligation to repair or rebuild as provided in Article XIV. The Lessee shall have the sole right and responsibility to adjust any loss with the insurer involved and to conduct any negotiations in connection therewith.

ARTICLE VI

REPAIRS AND MAINTENANCE OF LEASED
PREMISES AND ALTERATIONS

Section 601. Lessee shall throughout the term, at no cost and expense to Lessor, maintain, or cause to be maintained, and at the expiration of the term hereof subject to the provisions of Article XX hereof, yield up or cause to be yielded up, in good and tenable repair, order and condition, reasonable wear and tear excepted, the improvements now or at any time erected on the lands included in the Leased Premises and promptly at no cost and expense to Lessor make or cause to be made, all necessary repairs, interior and exterior, structural and non-structural, foreseen as well as unforeseen to such improvements.

Section 602. Lessee shall have the right from time to time to make additions, alterations and changes in or to the improvements constituting part of the Leased Premises and shall have the right to construct new improvements. It is understood and agreed that in the event the Lessee makes any additions, alterations and changes in or to the improvements constituting part of the Leased Premises as authorized by this Section 602, the Lessee shall be under no obligation at the expiration of the term to restore the Leased Premises to their original condition prior to such additions, alterations or changes.

Section 603. All structural improvements and alterations made on the Leased Premises by or on behalf of Lessee shall immediately upon completion thereof be and become the property of the Lessor without payment therefor by Lessor but subject to this Lease Agreement.

All machinery and equipment, trade fixtures, movable partitions, furniture and furnishings and other property installed at the expense of Lessee shall remain the property of the Lessee with the right of removal, whether or not affixed and/or attached to the real estate, and the Lessee shall, so long as it is not in default hereunder, be entitled but shall not be obligated to remove the same, or any part thereof, during the term, or within a reasonable time thereafter, but Lessee shall at its own cost and expense repair any and all damages to the Leased Premises resulting from or caused by their removal therefrom.

Section 604. All property of any kind which may be on the Leased Premises (whether belonging to the Lessor, Lessee or to any third person) shall be at the sole risk of Lessee and those claiming by, through or under Lessee and Lessor shall not be liable to Lessee or to those claiming by, through or under Lessee or to said third persons for any injury, loss or damage to any person or property on the Leased Premises.

Section 605. Lessee shall throughout the term, at no cost and expense to Lessor, maintain or cause to be maintained, and, subject to the provisions of Article XX and XXV hereof, at the expiration of the term hereof yield up, or cause to be yielded up, in good repair, order and condition, reasonable wear and tear excepted, the Project machinery and equipment.

ARTICLE VII

USE OF LEASED PREMISES - COMPLIANCE WITH ORDERS, ETC.

Section 701. Subject to the following provisions of this Section 701, Lessor and Lessee agree that Lessee may use the Leased Premises for any lawful purpose. Lessee shall during the term promptly comply with all valid statutes, laws, ordinances, orders, judgments, decrees, regulations, directions and requirements of all federal, state, local and other governments or governmental authorities, now or hereafter applicable to the Leased Premises. Lessee shall, however, have the right to contest any of the foregoing, and if compliance therewith may legally be held in abeyance during such contest without incidence of any liens on the Leased Premises, Lessee may postpone compliance until final determination of such contest, provided such contest shall be prosecuted with due diligence; and even though a lien against the Leased Premises may be incurred by reason of such non-compliance, Lessee may nevertheless delay compliance therewith during contests thereof, provided Lessee, if required, furnishes Lessor reasonably satisfactory security against any loss by reason of such lien and effectively prevents foreclosure thereof. Lessee shall during the term comply with the mandatory requirements, rules and regulations of all insurers under the policies required to be carried under the provisions of this Lease Agreement.

Section 702. Lessor covenants that, to the full extent permitted by law, it will not attempt to impose upon the use or occupancy of the Leased Premises by the Lessee any laws, ordinances, rules or regulations more burdensome or restrictive than those in effect upon the date of execution of this Lease Agreement.

ARTICLE VIII

WORK PERFORMED BY LESSEE

Section 801. Lessee shall not do or permit others under its control to do any work on the Leased Premises related to any repair, rebuilding, alteration of or addition to the improvements constituting part of the Leased Premises unless Lessee shall have first procured and paid for all requisite municipal and other governmental permits and authorizations. Lessor shall join in the application for any such permit or authorization whenever required, but Lessee shall indemnify and hold Lessor harmless against and from all costs and expenses which may be thereby incurred by Lessor. All such work shall be done in a good and workmanlike manner and in compliance with all applicable building, zoning and other laws, ordinances, governmental regulations and requirements and in accordance with the reasonable requirements, rules and regulations of all insurers under the policies required to be carried by the provisions of this Lease Agreement.

ARTICLE IX

MECHANICS' LIENS

Section 901. If any lien shall be filed against the interest of Lessor, Lessee or the Trustee in the Leased Premises or asserted against any rents payable hereunder, by reason of work, labor, services or materials supplied or claimed to have been supplied on or to the Leased Premises at the request or with the permission of Lessee, or anyone claiming under Lessee, Lessee shall, within thirty (30) days after receipt of notice of the filing thereof or the assertion thereof against such rents, cause the same to be discharged of record, or effectively prevent the enforcement of foreclosure thereof against the Leased Premises or such rents, by contest, payment, deposit, bond, order of Court or otherwise. Nothing contained in this Lease Agreement shall be construed as constituting the express or implied consent to or permission of Lessor for the performance of any labor or services or the furnishing of any materials that would give rise to any such lien against Lessor's interest in the Leased Premises.

ARTICLE X

INDEMNIFICATION OF LESSOR AND TRUSTEE

Section 1001. Commencing with the completion of the Project or when the Lessee takes possession if prior to the completion, Lessee shall and agrees to indemnify and save Lessor and the Trustee harmless against and from all claims by or on behalf of any person, firm or corporation arising from the conduct or management of, or from any work or thing done on, the Leased Premises during the term, and against and from all claims arising during the term from (a) any condition of the Leased Premises, (b) any breach or default on the part of Lessee in the performance of any of its obligations under this Lease Agreement, (c) any act or negligence of Lessee or of any of its agents, contractors, servants, employees or licensees, or (d) any act or negligence of any assignee or sublessee of Lessee, or of any agents, contractors, servants, employees or licensees of any assignee or sublessee of Lessee. Lessee shall indemnify and save Lessor and the Trustee harmless from and against all costs and expenses incurred in or in connection with any such claim arising as aforesaid, or in connection with any action or proceeding brought thereon, and upon notice from Lessor, or the Trustee, Lessee shall defend them or either of them in any such action or proceeding.

ARTICLE XI

LESSOR MAY PERFORM LESSEE'S OBLIGATIONS

Section 1101. If Lessee shall fail to keep or perform any of its obligations as provided in this Lease Agreement in respect of (a) maintenance of insurance; (b) payment of impositions; (c) repairs and maintenance of the Leased Premises; (d) compliance with legal or insurance requirements; (e) keeping the Leased Premises lien free; or (f) making of any other payment or performance of any other obligations, then Lessor may (but shall not be obligated to do so), upon the continuance of such failure on Lessee's part for thirty (30) days after written notice to Lessee, and without waiving or releasing Lessee from any obligation, and as an additional but not exclusive remedy, make any such payment or perform any such obligation (not under circumstances where such payment or performance would defeat any rights, herein specifically given to Lessee, to withhold such performance or to contest such obligation to the extent herein provided), and all sums so paid by Lessor and all necessary incidental costs and expenses incurred by Lessor in making such payment or performing such obligation shall be deemed Additional Rent and shall be paid to Lessor on demand, or at Lessor's option may be added to any installment of Basic Rent thereafter falling due, and if not so paid by Lessee, Lessor shall have the same rights and remedies as in the case of default by Lessee in the payment of the Basic Rent.

ARTICLE XII

PUBLIC UTILITIES AND CHARGES

Section 1201. Lessee agrees to pay or cause to be paid all charges for water, gas, sewer, electricity, light, heat or power, telephone or other service used, rendered or supplied to or for the Lessee upon or in connection with the Leased Premises throughout the term of this Lease Agreement, and to indemnify Lessor and save it harmless against any liability or damage on such account.

ARTICLE XIII

INSPECTION OF LEASED PREMISES BY LESSOR AND TRUSTEE

Section 1301. Lessee shall permit Lessor and the Trustee or either of them, by their respective authorized representatives, to enter the Leased Premises at all reasonable times during usual business hours for the purpose of inspection, and for the performance of any work therein made necessary by reason of Lessee's default under any of the provisions of this Lease Agreement. Lessor may, during the progress of any such work, keep and store on the Leased Premises all necessary materials, supplies and equipment and shall not be liable for reasonable inconvenience, annoyance, disturbance, loss of business or other damage to Lessee suffered by reason of the performance of any such work or the storage of materials, supplies and equipment.

ARTICLE XIV

DAMAGE AND DESTRUCTION

Section 1401. A. Lessee covenants and agrees that in the event of damage to or destruction of the Leased Premises, or any part thereof, by fire or other casualty, the Lessee shall immediately notify the Lessor and the Trustee. If the damage is in the amount of \$100,000 or less, Lessee shall proceed to restore, repair, rebuild or replace the Leased Premises to the same extent, if any, required so that in the judgment of the Lessee, the Leased Premises are suitable for use for Lessee's purpose under this Lease Agreement subject to such alterations as Lessee may elect to make in conformity with the provisions of Article VI hereof. If the damage exceeds \$100,000, Lessee shall, at no cost and expense to Lessor or Trustee, proceed to restore, repair, rebuild or replace the Leased Premises as nearly as possible to the condition they were in immediately prior to such damage or destruction, subject to such alterations as Lessee may elect to make in conformity with the provisions of Article VI hereof. Any item of machinery and equipment acquired as a replacement hereunder, or any item acquired, in whole or in part, out of insurance proceeds under this Article XIV, whether or not a replacement of or substitute for any item of damaged or destroyed machinery and equipment, if the insurance proceeds with which such item of machinery and equipment was purchased, in whole or in part, were derived from insurance on property which was part of the Project machinery and equipment, shall be and become the property of Lessor and shall be part of

the Project machinery and equipment and subject to this Lease Agreement. Such restoration, repairs, replacements or rebuilding shall be commenced promptly and prosecuted with reasonable diligence.

B. All insurance money paid on account of such damage or destruction shall be paid to the Trustee and applied as hereinafter set forth to the payment of the cost of the aforesaid restoration, repairs, replacements or rebuilding, including expenditures made for temporary repairs or for the protection of property pending the completion of permanent restoration, repairs, replacements, or rebuilding or to prevent interference with the business operated thereon (sometimes referred to as the "restoration").

In the case of damage involving a loss of \$100,000 or less, the insurance proceeds shall be paid by the Trustee to the Lessee upon receipt by Lessor and the Trustee of a certificate signed by an officer of Lessee that the restoration has been made, or is in the process of being made in accordance with the provisions of Subsection A hereof pertaining to Lessee's obligation to restore. In the case of damage involving a loss of more than \$100,000, the insurance proceeds shall be paid by the Trustee to the Lessee upon receipt by Lessor and the Trustee of:

- A certificate signed by an officer of the Lessee:
 - (i) requesting payment of a specified amount of such insurance proceeds;
 - (ii) detailing the progress of the restoration and repair work;
 - (iii) stating that such specified amount does not exceed the estimated cost of the work and materials in connection with the restoration, including as part thereof the estimated fees of any architect or engineer, if any; and

(iv) stating that no part of such cost has previously been made the basis of any request for the withdrawal of insurance proceeds under this Article.

The Trustee shall have no responsibility as to the application by the Lessee of the insurance proceeds. If requested by the Lessee, all insurance proceeds delivered to the Trustee pursuant to the terms of this Lease Agreement shall be held by the Trustee in a separate account in trust for the Lessee.

If the insurance money shall be insufficient to pay all costs of the restoration, the Lessee shall pay the deficiency and shall nevertheless proceed to complete the restoration and pay the cost thereof. Any balance of the insurance proceeds remaining over and above the cost of the restoration shall be paid by the Trustee into the Bond Fund upon receipt by the Lessor and the Trustee of certificates as required by this Article to the effect that the restoration has been completed.

The total amount collected under any and all policies of insurance covering such damage or destruction shall be placed in a special fund and the same may be invested in any investments in which moneys in the Construction Fund may be invested under the Trust Indenture. Such investments shall be made by the Trustee as directed and designated by an authorized Lessee Representative.

Section 1402. Lessee's obligation to make payment of the Basic Rent and all other covenants on the part of Lessee to be performed shall not be affected by any such destruction or damage, and Lessee hereby waives the provisions of any statute or law now or hereafter in effect contrary to

such obligation of Lessee as herein set forth, or which releases Lessee therefrom.

Section 1403. Notwithstanding the provisions of the foregoing sections of this Article XIV, Lessee shall not be required to repair, restore, replace or rebuild the Leased Premises, or any part thereof, (a) if Lessee, pursuant to the provisions of Article XX, shall elect to purchase the Leased Premises and shall proceed to pay the specified purchase price or (b) if the full amount necessary under the provisions of the Trust Indenture to pay or redeem all outstanding Bonds shall have been paid and Lessee has not elected to purchase the Leased Premises. If Lessee shall so elect to purchase, the proceeds of all insurance may be used as part of the purchase price and upon the request of Lessee shall be so applied. If there be any excess insurance proceeds over and above the amount necessary to pay the purchase price, such excess shall be paid to and shall belong to the Lessee. If Lessee shall have paid the full amount necessary to pay or redeem all outstanding Bonds, any insurance proceeds shall be paid to and shall belong to Lessee.

ARTICLE XV

CONDEMNATION

Section 1501. A. If during the term of this Lease Agreement title to all or substantially all of the Leased Premises shall be taken or condemned by a competent authority for any public use or purpose, the net amount awarded as damages or paid as a result of such taking (being the gross award less attorneys' fees and other expenses and costs incurred in the condemnation proceedings, hereinafter referred to as the "net award") shall be used on the next redemption date to pay in accordance with the provisions of the Indenture, the entire principal, premium, if any, and interest on all Bonds outstanding under the Indenture. If the net award together with the amount then in the Bond Fund, shall be insufficient to pay in full, on the next redemption date, the amount necessary to pay all principal, premium, if any, interest, Trustee's and Paying Agent's fees, and all other costs of redemption, on all Bonds outstanding under the Indenture (all of which, for purposes of this Section, shall be called "total bond redemption expense"), Lessee agrees to pay, promptly upon payment of the net award, as Additional Rent hereunder, the amount by which the total bond redemption expense shall exceed the net award plus the amount then on deposit in the Bond Fund and available for payment and redemption of the Bonds outstanding under the Indenture. For purposes of this Article XV and of Article XX, "title to all or substantially all of the Leased Premises shall be taken or condemned" shall be deemed to mean a taking of all of the Leased Premises or a taking of such substantial portion of the Leased Premises that the Lessee, as determined by the Lessee in its sole discretion, cannot reasonably operate in the remainder in substantially the same manner as before. In the event the net award, together with any available amount in the Bond Fund, shall be in excess of the amount necessary to pay the total bond redemption expense, such excess shall belong to and be paid to the Lessee.

B. If less than substantially all of the Leased Premises shall be taken or condemned by a competent authority for any public use or purpose, neither the term nor any of the obligations of either party under this Lease Agreement shall be affected or reduced in any way, and

(i) Lessee shall proceed to repair, rebuild and replace the remaining part of the Leased Premises as nearly as possible to the condition existing prior to such taking, to the extent that the same may be feasible, subject to the right on the part of the Lessee to make alterations which, in the reasonable judgment of Lessee, will improve the efficiency of the Leased Premises for the purposes of their intended use under this Lease Agreement; and

(ii) The net award shall be paid to the Trustee and by it to the Lessee, and the Lessor hereby assigns the same to the Trustee for the use of the Lessee in repairing, rebuilding and replacing as provided in (i) above. The net award shall be transferred to the Lessee in the same manner as is provided in Section 1401 with respect to insurance proceeds, provided that the words "insurance proceeds" there referred to shall for purposes of this subparagraph (ii) refer to "net award." If the net award is in excess of the amount necessary to repair, rebuild and replace as specified in (i) above, such excess shall be deposited in the Bond Fund or if there are no Bonds outstanding under the Indenture the excess shall belong to and shall be paid to the Lessee. If the net award is less than the amount necessary for the Lessee to repair, rebuild and replace as set forth in (i) above, the Lessee shall nevertheless complete the repair, rebuilding and replacement work and pay the cost thereof.

C. In the event of a taking under either A or B above, the Lessee shall have the right to participate in and to prove in the condemnation proceedings and to receive any award (by way of negotiation, settlement or judgment) which may be made for damages sustained by Lessee by reason of the condemnation; provided, however, nothing in this subsection C shall be construed to diminish or impair in any way Lessee's obligation under subsection A of this Section 1501 to pay as Additional Rent, the amount of any insufficiency of the net award and the funds in the Bond Fund to pay the total bond redemption expense as therein defined.

D. If the temporary use of the whole or any part of the Leased Premises shall be taken by right of eminent domain, this Lease Agreement shall not be thereby terminated and the parties shall continue to be obligated under all of its terms and provisions and Lessee shall be entitled to receive the entire amount of the award made for such taking, whether by way of damages, rent or otherwise.

Section 1502. In the event of a taking of all or substantially all of the Leased Premises as provided in Section 1501 A, the Lessee agrees to continue to make payment of the Basic Rent and the Additional Rent until the condemnation award shall be actually received by the Lessor.

Section 1503. Notwithstanding the fact that all or any part of the Leased Premises shall be taken by right of eminent domain, Lessee shall have the right to exercise any option granted to it by the provisions of Article XX hereof and the foregoing provisions of this Article XV shall be construed in the light of the effect of any option so exercised by Lessee. In the event of the exercise of an option under Article XX and payment of the required purchase price, whether before or after such taking, the net award shall belong to Lessee.

Section 1504. Lessee shall have the sole right, proceeding in the name of the Lessor, to handle defense of any condemnation proceeding pertaining to or affecting the Leased Premises or to handle the prosecution of any proceeding in connection with a condemnation, pertaining to or affecting the Leased Premises, and shall have the sole right, proceeding in the name of the Lessor, to negotiate any settlement or compensation for a taking pertaining to or affecting the Leased Premises and the Lessor agrees that it will cooperate with the Lessee in such manner as the Lessee requests with the end

In view of obtaining the maximum possible amount justifiable as damages for the taking. The Lessee shall have the right, proceeding in its own name, to prove in the condemnation proceedings and to receive any award (by way of negotiation, settlement or judgment) which may be made for damages sustained by Lessee by reason of the condemnation.

ARTICLE XVI

ASSIGNMENT

Section 1601. A. Lessee may assign this Lease Agreement or sublet the Leased Premises or part thereof provided that no such assignment or subletting and no dealings or transactions between the Lessor or the Trustee and any sublessee or assignee shall relieve the Lessee of any of its obligations under this Lease Agreement and Lessee shall remain as fully bound as though no assignment or subletting had been made, and performance by any assignee or sublessee shall be considered as performance pro tanto by Lessee; provided, however, that Lessee may assign this Lease Agreement, and be thereby relieved of further obligation hereunder, in connection with a transaction involving merger, consolidation or sale as permitted under Section 2310 provided the requirements thereof are met.

B. It is understood and agreed that this Lease Agreement (and the Leased Premises and rents hereunder) will be assigned to the Trustee as security for the payment of the principal of, premium, if any, and interest on the Bonds, but otherwise the Lessor shall not assign, encumber, sell or dispose of all or any part of its rights, title and interest in and to the Leased Premises and this Lease Agreement, except to the Lessee in accordance with the provisions of the Lease Agreement and to the Trustee, but subject to the provisions of Article XVII hereof, without the prior written consent of the Lessee.

ARTICLE XVII
PRIORITY OF LEASE

Section 1701. This Lease Agreement (and any amendment or supplement hereto executed in accordance with and pursuant to the provisions of this Lease Agreement) and the estate of Lessee hereunder are and shall continue to be superior and prior to the Indenture (and all supplements thereto).

ARTICLE XVIII

REMEDIES ARE CUMULATIVE - NO IMPLIED WAIVER

Section 1801. Lessor, Lessee and the Trustee shall each be entitled to specific performance, and injunctive or other appropriate equitable relief for any breach or threatened breach of any of the provisions of this Lease Agreement, notwithstanding the availability of an adequate remedy at law, and each party hereby waives the right to raise such defense in any proceeding in equity. The specific remedies provided for in this Lease Agreement are cumulative and are not exclusive of any other remedy. The failure of either party to insist in any one or more cases upon strict performance shall not be construed as a waiver or relinquishment for the future. No acceptance of rents with knowledge of any default shall be deemed a waiver of such default.

ARTICLE XIX
DEFAULT PROVISIONS

Section 1901. The following shall be "events of default" under this Lease Agreement and the terms "event of default" or "default" shall mean, whenever they are used in this Lease Agreement, any one or more of the following events:

- (a) Failure by the Lessee to pay the rents or any part thereof when due.
- (b) Failure by the Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsection (a) of this Section, (i) for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, given to the Lessee by the Lessor or the Trustee unless the Lessor and the Trustee shall agree in writing to an extension of such time prior to its expiration or (ii) for such longer period as may be reasonably necessary to remedy such default provided that the Lessee is proceeding with reasonable diligence to remedy the same.

(c) The dissolution or liquidation of the Lessee or the filing by the Lessee of a voluntary petition in bankruptcy, or failure by the Lessee promptly to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Leased Premises, or the commission by the Lessee of any act of bankruptcy, or adjudication of the Lessee as a bankrupt, or assignment by the Lessee for the benefit of its creditors, or the entry by the Lessee into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Lessee in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under similar act which may hereafter be enacted. The term "dissolution or liquidation of the Lessee," as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Lessee resulting either from a merger or consolidation of the Lessee into or with another corporation or a dissolution or liquidation of the Lessee following a transfer of all or substantially all of its assets as an entirety, under the conditions permitting such actions contained in this Lease Agreement.

Section 1902. Whenever any event of default shall happen and then be continuing, the Lessor or the Trustee may take any of the following remedial steps:

(a) The Lessor, with the prior written consent of the Trustee, or the Trustee may, at its option, declare all installments of rent payable for the remainder of the term to be immediately due and payable, whereupon the same shall become immediately due and payable.

(b) The Lessor, with the prior written consent of the Trustee, or the Trustee may re-enter and take possession of the Leased Premises without terminating this Lease Agreement, and sublease the Leased Premises for the account of the Lessee, holding the Lessee liable for the difference in the rent and other amounts payable by the Lessee hereunder.

(c) The Lessor, with the prior written consent of the Trustee, or the Trustee may terminate the term, exclude the Lessee from possession of the Leased Premises and use its best efforts to lease the Leased Premises to another for the account of the Lessee, holding the Lessee liable for all rent and other payments due up to the effective date of any such leasing.

(d) The Lessor or the Trustee shall have access to and inspect, examine and make copies of the books and records relating to the Leased Premises.

(e) ~~The Lessor, with the prior consent of the Trustee, or the Trustee may take whatever action at law or in equity may appear necessary or desirable to collect the rent and any other amounts payable by Lessee hereunder, then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Lessee under this Lease Agreement.~~

Any amounts collected pursuant to action taken under this Section shall be applied in accordance with the provisions of the Indenture.

Section 1903. No remedy herein conferred upon or reserved to the Lessor 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 as often as may be deemed expedient.

Section 1904. The foregoing provisions of this Article relating to the receipt of moneys by Lessor as the result of an acceleration, upon a reletting or otherwise are each to be construed

as providing that all such payments by Lessee or others shall be handled as provided in this Lease Agreement and in the Indenture.

Section 1905. Should there occur a "Determination of Taxability" (the "Determination"), as hereafter defined, the Lessee shall immediately pay to the Trustee as advance payments pursuant to the Indenture the sum of the following:

(A) For redemption of the Bonds in accordance with the provisions of the Indenture the following:

(1) 106% of the principal amount of the then outstanding Bonds, plus accrued interest to the redemption date; plus:

(2) An additional amount equal to 1-1/2% of the principal amount of all Bonds then outstanding for each six month period, or any part thereof, from time of the occurrence of the Event of Taxability as hereinafter defined, to the date of redemption, but in no event shall such additional amount exceed 10% of all Bonds then outstanding; plus

(B) 6% of the principal amount of Bonds, not then outstanding but which were outstanding at the time of the Event, with such amount to be held and disbursed by the Trustee as provided in the Indenture.

A "Determination of Taxability" shall mean any determination, decision or decree made in regard to Section 103 of the Code, by the Commissioner or any District Director of Internal Revenue, or, if there is an appeal from any such determination by a Commissioner or District Director, when a final administrative or judicial determination has been made, or by a final decision of any court of competent jurisdiction, that the interest payable on the Bonds is includable in the gross income of the holders of the Bonds (other than a holder who is a substantial user or related person as such are defined in the Code) by virtue of the occurrence of an Event of Taxability as defined below. An Event of Taxability (the "Event"), shall mean the occurrence of the circumstances described in Section 103 (b) (6) (D) of the Code, which circumstances the Determination shall have found to have occurred, with the result that the interest payable on the Bonds becomes includable in the gross income of the holders of the Bonds (other than a holder who is a substantial user or related person as such are defined in the Code).

Upon the redemption date as above, and providing there is on deposit in the Bond Fund the total amount as required, such amount shall constitute total compensation due the City and the holders of Bonds as a result of an occurrence of a Determination and of an Event, if any and in satisfaction of the Lessee's payment obligations under Section 303 of this Lease Agreement.

The Lessee agrees that it will prepare and file, with copies delivered to the Trustee, any statements required to be filed by it in order to maintain the tax exempt status of the interest on the bonds, including, without limiting the foregoing, the supplemental statements required to be filed by Treasury Regulations.

Section 1906. The Lessor and the Lessee covenant that neither of them shall take any action or suffer or permit any action to be taken or condition to exist which causes or may cause the interest payable on the Bonds to be subject to federal income taxation. Without limiting the generality of the foregoing, the Lessor and the Lessee covenant that the proceeds of the sale of the Bonds will not be used directly or indirectly in such manner as to cause the Bonds to be treated as "arbitrage bonds" within the meaning of Section 103(c) of the Code.

Section 1907. If at any time while any of the Series A Bonds are outstanding, the net worth of the Lessee as determined in accordance with generally accepted principles of accounting should fall below the level shown in the Lessee's November 30, 1978, financial statements (\$1,640,163), DED shall notify the Lessee in writing of the deficiency. The Lessee shall have thirty (30) days from the date of such notice to present to DED evidence satisfactory to DED that the deficiency has been corrected or that other arrangements, satisfactory to DED (including, for example the pledging of additional security) have been concluded or are proceeding, to the satisfaction of DED, to a conclusion. If such evidence is not presented to DED within the prescribed thirty (30) days, DED may declare all rents due under this Lease Agreement to be immediately

due and payable to the extent of the total amount necessary to pay in full, on the next interest payment date for the Bonds (Series A and Series B), all principal, interest, reasonable Trustee's fees, redemption premiums, if any, and other costs of redemption for the Bonds.

Any amounts payable hereunder shall be paid by Lessee to the Trustee, within fifteen (15) days after written notice by DED or the Trustee, for deposit in the Bond Fund.

ARTICLE XX

LESSEE'S OPTIONS

Section 2001. Lessee shall have and is hereby granted the option to extend this Lease Agreement for thirty (30) renewal terms of one (1) year each for an annual rent of One Hundred Dollars (\$100.00) per year, payable in advance on the first business day of each year of the extension term, plus the Additional Rent heretofore provided in Article III hereof and otherwise upon the terms, conditions and provisions of this Lease Agreement. The options provided for herein shall be deemed automatically exercised by Lessee (without requirement of any notice of exercise) unless thirty (30) days prior to the end of the initial term or any extension term Lessee shall give Lessor written notice by certified or registered mail that Lessee does not elect to have the lease term extended beyond the then current initial or extension term.

Section 2002. A. The Lessee shall have the right and option to purchase the Leased Premises at any time if:

(i) The Leased Premises shall sustain major damage or destruction; or

(ii) Title to all or substantially all of the Leased Premises shall be condemned as provided in Article XV hereof; or

(iii) As a result of changes in the Constitution of the United States or of the State of Arkansas, or of legislative action, or by the final decree, judgment or order of any court or administrative body entered after Lessee's contest thereof in good faith, or change in Lessor's legal organization or status, this Lease Agreement becomes void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in this Lease Agreement, or unreasonable burdens or excessive liabilities are imposed upon either party to it; or

(iv) There is legal curtailment of Lessee's use and occupancy of all or substantially all of the Leased Premises for any reason other than condemnation referred to in subsection (ii).

The term "major damage or destruction" as used in subsection (1) is defined to mean any damage or injury to or destruction of the Leased Premises or any part thereof (whether or not resulting from an insured peril) such that the Leased Premises cannot reasonably be restored to its condition immediately preceding such damage, injury or destruction within a period of seventy-five (75) working days, or which would prevent Lessee from carrying on its manufacturing operations therein for a period of seventy-five (75) working days or the restoration cost of which would exceed the total amount of insurance carried on the Leased Premises in accordance with the provisions of Article V hereof, or such that it would not be economically feasible for the Lessee to repair the Leased Premises, as determined by the Lessee in its discretion.

B. At any time during the initial term or any extension term and for a period of ninety (90) days thereafter, if the purchase options under the provisions of Paragraph A of this Section 2002 have not been exercised, Lessee shall have the further unconditional right and option to purchase the Leased Premises.

C. The purchase price payable if the Lessee exercises Lessee's option to purchase the Leased Premises under the provisions of Paragraphs A or B of this Section, shall be the full amount necessary under the provisions of the Trust Indenture to pay or redeem (on the first date thereafter on which all outstanding Bonds may be paid and redeemed after giving the necessary notice) all Bonds outstanding under the Indenture (including, without limitation, principal, interest, redemption premium, if any, expenses of redemption and the Trustee's and Paying Agent's fees), but after deduction of any amount then in the Bond Fund and available for such payment and redemption. In any case, if no Bonds shall be outstanding under the Indenture at the time of purchase, the purchase price of the Leased Premises shall be One Hundred Dollars (\$100.00).

3. Any of the foregoing options may be exercised by giving written notice to Lessor, with a copy to the Trustee, of the exercise thereof specifying the time and place of closing. At the closing, Lessor shall, upon payment of the purchase price hereinabove specified, deliver to Lessee a general warranty deed, bills of sale and other appropriate conveyance instruments transferring good and merchantable title to the Leased Premises free and clear of all liens and encumbrances except those to which title was subject when leased hereunder, Permitted Encumbrances under this Lease Agreement, or resulting from any failure of Lessee to perform any of its obligations under this Lease Agreement; provided, however, that if such option is exercised under the provisions of subparagraph A (ii) of this Section, such title may be subject to the rights, titles and interests of any party having taken or who is attempting to take title to or use of all or substantially all or part of the Leased Premises by eminent domain.

ARTICLE XXI

NOTICES

Section 2101. All notices, demands and requests which may or are required to be given by either party to the other or to the Trustee shall be in writing, and each shall be deemed to have been properly given when served personally on an executive officer of the party to whom such notice is to be given, or when sent postage prepaid by certified mail by deposit thereof in a duly constituted United States Post Office or branch thereof located in one of the present states of the United States of America in a sealed envelope addressed as follows:

If intended for Lessee:

Delta, Inc. of Arkansas
 4800 Krueger Drive
 Jonesboro, Arkansas 72401

If intended for Lessor:

City of Jonesboro, Arkansas
 Office of the Mayor
 Jonesboro, Arkansas 72401

If intended for Trustee:

Mercantile Bank
 Post Office Box 6018
 Jonesboro, Arkansas 72401

Any party or the Trustee may change the address and the name of addressee to which subsequent notices are to be sent by notice to the other parties given as aforesaid.

80.

ARTICLE XXII

RECORDING

Section 2201. This Lease Agreement and every assignment and modification thereof shall be recorded in the office of the Circuit Clerk and Ex-Officio Recorder of Craighead County, Arkansas.

ARTICLE XXIII

GENERAL

Section 2301. This Lease Agreement shall be construed and enforced in accordance with the laws of the State of Arkansas. Wherever in this Lease Agreement it is provided that either party shall or will make any payment or perform or refrain from performing any act or obligation, each such provision shall, even though not so expressed, be construed as an express covenant to make such payment or to perform, or not to perform, as the case may be, such act or obligation. All factual representations set forth in the whereas clauses of this Lease Agreement shall be construed as express representations and covenants on the part of the party to which each such recital is applicable to the same extent as though set forth as an express representation and covenant by that party.

Section 2302. If any provision of this Lease Agreement or the application thereof to any person or circumstance shall, to any extent, be determined to be invalid or unenforceable, the remainder of this Lease Agreement and the application of its provisions to persons or circumstances other than those as to which it has been determined to be invalid or unenforceable, shall not be affected thereby, and each provision of this Lease Agreement shall be valid and shall be enforced to the fullest extent permitted by law.

Section 2303. The Article captions in this Lease Agreement are for convenience and reference only and in no way define, limit or describe the scope or intent of this

Lease Agreement or any part thereof, or in any wise affect this Lease Agreement and shall not be considered in any construction thereof.

Section 2304. It is agreed that after the Bonds are fully paid and discharged, or adequate provision is made for their payment and discharge, and all proper and reasonable fees and expenses of the Trustee and Paying Agent are paid or adequate provision made for their payment, the Trustee shall cease to have any right, title and interest in, to or under this Lease Agreement. Thereafter, all rights of approval or other rights herein specified with reference to the Trustee shall inure to the benefit of and be applicable to Lessor.

Section 2305. It is agreed that in the event of any non-payment of rent by Lessee or the failure or refusal by Lessee to observe, keep or perform any other covenant, condition, promise or agreement set forth in this Lease Agreement to be observed, kept or performed by the Lessee, the Trustee shall be entitled, in the name of the Lessor, or in its own name (in accordance with the provisions of the Trust Indenture), to enforce each and every right or remedy herein accorded in this Lease Agreement to Lessor in the event of the non-performance or non-observance by Lessee of any such promise, covenant or agreement.

Section 2306. The provisions of this Lease Agreement shall bind and inure to the benefit of the parties hereto and their respective successors, assigns and sub-lessees (it being understood that assignments and subleasing are governed by the provisions of Article XVI hereof).

Section 2307. It is agreed that the Lessor and the Lessee shall not alter, modify or amend any of the terms of this Lease Agreement without the prior written approval of the Trustee, which consent will not be unreasonably withheld.

Section 2308. Lessee shall furnish to DED, the Underwriter and to the Trustee within 120 days after the end of the preceding fiscal year, a balance sheet of Lessee as at the end of such fiscal year and the related statements of income and surplus for such fiscal year, all in reasonable detail and accompanied by a report or certificate of an independent certified public accountant, who may be the accountant regularly employed by the Lessee. In addition, Lessee shall furnish to the Trustee and to DED, within sixty (60) days after the end of each quarter (three-month period), an unaudited balance sheet of Lessee and related statements of income and surplus for such quarter all of which shall be in reasonable detail and which may be prepared by Lessee.

Section 2309. The Lessee, if it is not in default in the payment of Basic Rent under Section 303(a)(1) hereof, may direct the Lessor and the Trustee to redeem out of Excess Bond Fund Moneys Bonds prior to maturity pursuant to Article III of the Indenture, or to purchase Bonds on the open market at any time for cancellation, for a purchase price not exceeding the principal amount of the Bonds being purchased plus accrued interest to the purchase date, and the Lessor shall forthwith take all steps that may be necessary under the applicable provisions of the Indenture (a) to effect redemption of such then outstanding Bonds on such redemption date, as specified by the Lessee, to the extent of available Excess Bond Fund Moneys if the Bonds requested to be redeemed are then subject to redemption under the provisions of the Indenture, or (b) to effect the purchase of Bonds on the open market.

Section 2310. The Lessee will maintain its corporate existence and will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more other corporations

84

to consolidate with or merge into it; provided, however, the Lessee may, without violating such agreement, consolidate with or merge into another domestic corporation (that is a corporation organized and existing under the laws of one of the states of the United States of America), or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another domestic corporation all or substantially all of its assets as an entirety and thereafter dissolve on the condition that such surviving, resulting or transferee corporation shall expressly assume in writing all of the obligations of the Lessee contained in this Lease Agreement and that the net tangible assets of the other corporation after the consolidation, merger or sale be at least equal to the net tangible assets of Lessee immediately prior to such consolidation, merger or sale and qualifies to do business in the State of Arkansas. In the event of such consolidation, merger or sale, as permitted by this Section, and the assumption by the surviving, resulting or transferee corporation of the obligations hereof, the Lessee shall be relieved of all further obligations hereunder. As used herein, "net tangible assets" means all assets of the corporation (except there shall not be included goodwill) less all liabilities.

Section 2311. The Lessor agrees that, when requested by the Lessee, it will take the necessary steps to grant sewer, utility, road and street easements over, along, across and under the Leased Premises, and to take such action as may be necessary to secure an appropriate release of the lien of the Trust Indenture (as authorized by Section 802 of the Trust Indenture). The Lessor and Lessee, in proceeding pursuant to this section, may rely upon and act in accordance with a certificate of a duly qualified engineer, who may be an engineer employed by the Lessee.

Section 2312. Lessor and Lessee covenant that each of them will cause this Lease Agreement and the Trust Indenture, and all instruments supplemental to any of them, to be kept recorded and filed in such manner and in such places (if any) as may be required by law in order fully to preserve and protect the security of the Bondholders and the rights of the Trustee under the Trust Indenture.

Section 2313. (a) By the execution of this Lease Agreement it is recited and agreed by Lessor and Lessee that the conditions and requirements of Article XXIII of the Lease and Agreements between Lessor and Lessee dated as of June 1, 1976 (the "1976 Lease"), entered into in connection with the issuance of Lessor's Industrial Development Revenue Bonds, dated June 1, 1976 (the "1976 Bonds"), are satisfied as to the lands as described in Exhibit A hereto. Therefore, the lands described herein and

included in the Leased Premises hereunder are hereby withdrawn from the 1976 Leases and the provisions and estate thereof.

(b) The Mayor and the City Clerk are hereby authorized and directed to obtain from the Trustee for the 1976 Bonds the release of the lands included in the Leased Premises hereunder from the trust indenture securing the 1976 Bonds and the lien thereof.

(c) The acquisition of certain of the lands included in the Leased Premises was financed by the City's Industrial Development Revenue Bonds - Delta Project, dated September 1, 1977 (the "1977 Bonds") and are subject to the Lease and Agreement between Lessor and Lessee dated as of September 1, 1977 (the "1977 Lease") and the Trust Indenture between Lessor and Bank of Northeast Arkansas, Jonesboro, Arkansas dated as of September 1, 1977 (the "1977 Indenture"). Pursuant to Section 2309 of the 1977 Lease and Section 803 of the 1977 Indenture, the lands so subject are hereby withdrawn from the 1977 Lease and the provisions and the estate thereof, and the Mayor and City Clerk are authorized and directed to obtain from the Trustee for the 1977 Bonds the release of such lands from the 1977 Indenture and the lien thereof.

ARTICLE XXIV

EXPANSION OF FACILITIES

Section 2401. The progress of Lessee's business may justify an expansion of the Project or the construction of additional industrial facilities (herein referred to as "additional facilities") beyond those that can be financed out of the proceeds of the Bonds to such an extent that Lessee may not desire to proceed under the provisions of Section 602 to construct such facilities. Therefore, it is agreed, subject to all of the provisions of this Article XXIV, as follows:

(a) If Lessee desires to construct additional facilities, it shall notify Lessor and Lessor agrees to proceed under the provisions of the Act (or any similar then existing legislation authorizing Lessor to issue bonds for the purpose of securing and developing industry) to issue additional bonds, otherwise than under the Indenture, subject to the requirements of the Act or any such then existing law, to finance such additional facilities. In that event, the Lessor and the Lessee agree to execute a separate Lease Agreement covering the financing of such additional facilities and the leasing thereof to Lessee upon the same terms and conditions as set forth in this Lease Agreement, subject to any changes or additions that may then be agreed upon by Lessor and Lessee, but there must be included provision for basic rent in the amount necessary to provide for the payment of the principal of, premiums, if any, and interest on any such additional bonds, and the land involved in such expansion program shall automatically be withdrawn from this Lease Agreement upon becoming subject to a separate Lease Agreement between Lessor and Lessee.

(b) If for any reason the additional facilities cannot be financed under the Act, or any then existing similar law, as provided in subparagraph (a) above, or if for any reason Lessee does not desire to so proceed, Lessee shall have the right, upon notice to Lessor, to require Lessor to the extent permitted by Section 2404 to convey the land to be involved in such expansion program to Lessee by general warranty deed free and clear of all encumbrances except Permitted Encumbrances.

Section 2402. Lessor shall make appropriate provisions in the Trust Indenture for a release of the land to be involved in any expansion program (under either Section 2401(a) or Section 2401(b)) from the lien of the Trust Indenture. The consideration to be paid by Lessee to Lessor upon conveyance of the lands pursuant to the provisions of Section 2401(b) shall be \$1.00 per acre, and the mutual benefits to be derived by the parties from such expansion program.

Section 2403. The fact that the land involved in such expansion program shall cease to be subject to this Lease Agreement by virtue of becoming subject to a separate Lease Agreement or being acquired by Lessee shall not relieve, and shall not result in the relieving of Lessee of its obligations to pay Basic Rent and Additional Rent or any of the other covenants and obligations on the part of Lessee to be performed under this Lease Agreement, or result in any diminution thereof.

Section 2404. Lessee's expansion program and the land subject to said separate Lease Agreement or said acquisition by Lessee pursuant to the provisions of Section 2401

may include only such portion of the land leased by this Lease Agreement as shall not at such time be improved with a building or buildings or other structure or structures or be necessary for adequate ingress and egress to and from such buildings and structures plus such additional land adjacent to such buildings and structures, as may be reasonably necessary for the proper and efficient use of such buildings and structures.

Section 2405. The rights conferred upon Lessee by this Article XXIV shall be in addition to and not in limitation of any of the options granted to Lessee by the provisions of Article XX hereof, and the provisions of this Article XXIV are in addition to and not a limitation upon Lessee's rights under Section 602 hereof.

ARTICLE XXV:

REMOVAL AND DISPOSAL OF PROPERTY

Section 2501. The Lessee may, provided Lessee is not in default in the payment of basic rent or additional rent as required by the provisions of this Lease Agreement and has not received notice of any other default on its part hereunder, remove, free of any right or claim of Lessor or the Trustee, any building service equipment (hereinafter defined), subject however, in all cases to the following:

(a) Building service equipment may be so removed upon the substitution thereof, then or theretofore, by Lessee of other building service equipment of a utility or value at least equal to that, at the time of removal, of the building service equipment removed;

(b) Worn out or obsolete building service equipment may be so removed and building service equipment added by Lessee after the full completion of a building (and not by way of repair, replacement or the like) may be removed, provided the original efficiency, utility and value of the building is not impaired;

(c) Lessee shall pay all the costs and expenses of any such removal and shall immediately repair at its expense all damages caused thereby.

The term "building service equipment" is intended to refer to such things as are affixed to or incorporated in a building for its operation, such as boilers, pumps, tanks, electrical panel switchboards, sprinklers, lighting equipment and wiring, heating, plumbing and ventilating equipment, elevators, escalators, refrigerating, air conditioning and air cooling equipment, and items similar in general to any of the foregoing.

Section 2502. The Lessor and the Lessee recognize that after the Project machinery and equipment is installed portions thereof may become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary in the operation of the Leased Premises. The Lessor shall not be under any obligation to renew, repair or replace any such inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary items of Project machinery and equipment. In any instance where the Lessee in its sound discretion determines that any items of Project machinery and equipment have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary in the operation of the Leased Premises,

(a) The Lessee may remove such items of Project machinery and equipment from the Leased Premises, and (on behalf of the Lessor) sell, trade-in, exchange or otherwise dispose of them without any responsibility or accountability to the Lessor or the Trustee therefor, provided that the Lessee substitute (either by direct payment of the cost thereof or by advance to the Lessor of the funds necessary therefor, as hereinafter provided) and install anywhere in the Leased Premises other machinery or equipment having equal or greater utility (but not necessarily the same function) in the operation of the Leased Premises and provided further that such removal and substitution shall not impair the operating unity of the Leased Premises, and all such substituted machinery or equipment shall be the sole property of the Lessor, shall be and become a part of the Project machinery and equipment subject to this Lease Agreement and shall be held by the Lessee on the same terms and

conditions as items originally comprising Project machinery and equipment; or

(b) The Lessee may remove such items of Project machinery and equipment from the Leased Premises and sell, trade-in or exchange them on behalf of the Lessor, either to itself or to another, or scrap them (in whole or in part), without being required to substitute and install in the Leased Premises other items of machinery or equipment in lieu thereof, provided (i) that in the case of the sale of any such machinery or equipment to anyone other than itself or in case of the scrapping thereof, the Lessee pays into the Bond Fund the

proceeds from such sale or the scrap value thereof, as the case may be, (ii) that in the case of the trade in of such machinery or equipment for other machinery or equipment, the Lessee pays into the Bond Fund, the amount of the credit received by it on such trade in, and (iii) that in the case of the sale of any such machinery or equipment to the Lessee, the Lessee pays into the Bond Fund an amount equal to the original cost thereof less depreciation at rates calculated in accordance with generally accepted accounting principles.

In any case where the Lessee purchases, installs and substitutes in the Project any item of machinery or equipment, the Lessee may, in lieu of purchasing and installing said items of machinery and equipment itself, advance to the Lessor the funds necessary therefor, whereupon the Lessor will purchase and install such machinery or equipment in the Project.

The Lessee will promptly report such removals, substitutions, sales and other dispositions of items of Project machinery and equipment to the Trustee, will pay to the Trustee such amounts as are required by the provisions of the preceding subsection (b) to be paid into the Bond Fund promptly after the sale, trade-in or scrapping requiring such payment, and will execute and deliver to the Lessor and the Trustee such documents as may from time to time be requested to confirm the title of the Lessor (subject to this Lease Agreement) to any items of machinery and equipment that under the provisions of this section are to become a part of Project machinery and equipment. The Lessee will pay any costs (including counsel fees) incurred in subjecting to the lien of the Indenture any items of machinery or equipment that under the provisions of this section are to become a part of Project machinery and equipment. The Lessee will not remove or permit the removal of any of Project machinery and equipment from the leased premises except in accordance with the provisions of this section.

Section 2503. If requested by Lessor, Lessee shall furnish to Lessor, within sixty (60) days after the end of each calendar year, Lessee's certificate setting forth a summary description of all removals made pursuant to Sections 2501 and 2502.

IN WITNESS WHEREOF, the parties hereto have caused this Lease Agreement to be signed in several counterparts, each of which may be considered an original without the presentation of the others, by their duly authorized officials and officers as of the day and year first hereinabove written.

ATTEST:

Shirley Powell
City Clerk

CITY OF JONESBORO, ARKANSAS
LESSOR

Neil J. Stallings
Mayor

ATTEST:

J. R. Johnson
Vice President Finance
(title)

DELTA, INC. OF ARKANSAS
LESSEE

By *Craig [Signature]*
President
(title)

(SEAL)

ACKNOWLEDGMENT

STATE OF ARKANSAS)
 COUNTY OF CRAIGHEAD)

On this 12th day of September, 1979, before me, a Notary Public duly commissioned, qualified and acting, within and for the County and State aforesaid, appeared in person the within named Neil J. Stallings and Shirley Powell, Mayor and City Clerk, respectively, of the City of Jonesboro, Arkansas, a municipality of the State of Arkansas, to me personally known, who stated that they were duly authorized in their respective capacities to execute the foregoing instrument for and in the name of the City, and further stated and acknowledged that they had signed, executed and delivered the foregoing instrument for the consideration, uses and purposes therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this 12th day of September, 1979.

Ms. Shirley Watkins
 Notary Public

My commission expires:

1-10-82

(SEAL)

ACKNOWLEDGMENT

STATE OF ARKANSAS)
COUNTY OF CRAIGHEAD)

On this 12th day of September, 1979, before me, a Notary Public duly commissioned, qualified and acting within and for the County and State aforesaid, appeared in person the within named Craig Davis and J. R. Johnson President and Vice President Finance respectively, of Delta, Inc. of Arkansas, an Arkansas corporation, to me personally known, who stated that they were duly authorized in their respective capacities to execute the foregoing instrument for and in the name and behalf of the corporation, and further stated and acknowledged that they had so signed, executed and delivered the foregoing instrument for the considerations, uses and purposes therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this 12th day of September, 1979.

Marlene Eleanor Jones
Notary Public

My commission expires:

7-1-83

(SEAL)

EXHIBIT A

TO THE LEASE AGREEMENT BY AND BETWEEN THE CITY OF JONESBORO, ARKANSAS AND DELTA, INC. OF ARKANSAS.

The following described real estate situated in Craighead County, Arkansas, to wit:

TRACT I

A part of the Southwest Quarter of the Northwest Quarter of Section 26, Township 14 North, Range 4 East, being more particularly described as follows: Begin at the Southeast Corner of the Southwest Quarter of the Northwest Quarter of Section 26, Township 14 North, Range 4 East; thence South 88° 44' West along the South line of aforesaid Southwest Quarter of the Northwest Quarter 76.0 feet to the point of beginning proper; thence continue South 88° 44' West along the South line of aforesaid Southwest Quarter of the Northwest Quarter 578.9 feet; thence North 0° 17' West 660.0 feet; thence North 88° 44' East 578.9 feet; thence South 0° 17' East 660.0 feet to the point of beginning containing 8.77 acres.

TRACT II

A part of the Southwest Quarter of the Northwest Quarter of Section 26, Township 14 North, Range 4 East, being more particularly described as follows: Begin at the Southeast Corner of the Southwest Quarter of the Northwest Quarter of Section 26, Township 14 North, Range 4 East; thence South 88° 44' West along the South line of aforesaid Southwest Quarter of the Northwest Quarter 76.0 feet; thence continue South 88° 44' West along the South line of aforesaid Southwest Quarter of the Northwest Quarter 578.9 feet, which is the point of beginning; thence continuing South 88° 44' West along the South line of the said Southwest Quarter of the Northwest Quarter 66.0 feet; thence North 0° 17' West 660.0 feet; thence North 88° 44' East 66.0 feet; thence South 0° 17' East 660.0 feet; to the point of beginning, containing 1 acre, more or less.

ALPHABETIC OF RECORD

~~PL. 10 PAGE 23~~

26 Sept 79
11:53 A.

Lucille Parker

A true copy of the original as filed for record this 26 day of Sept, 1979 at 11:53 A.M.
Clerk Chambers, Clerk By *Quill Hudson* D.C.

Quill Hudson

CERTIFIED COPY

Form 88-11-1M-11-41-18201-C-MoB.

ARTICLES OF INCORPORATION

OF
DELTA, INC.

WE, THE UNDERSIGNED, in order to form a corporation for the purposes hereinafter stated, under and pursuant to the provisions of Chapter One of an Act of the General Assembly of the State of Arkansas entitled "An Act to Provide for the Formation of Corporations, the Regulation and Control of Corporations, and for Other Purposes" (approved April 1, 1931), DO HEREBY CERTIFY as follows:

FIRST:

The name of this corporation is

DELTA, INC.

(The corporate name must end with the abbreviation "Inc.", or must include the word "Corporation" or "Incorporated", or may include the word "Company" or the abbreviation "Co." if that word or abbreviation is not immediately preceded by the word "and" or the abbreviation "&".)

SECOND:

The nature of the business of the corporation and the objects or purposes proposed to be transacted, promoted or carried on by it, are as follows, to-wit:

- To buy, sell, manufacture, fabricate and deal in all kinds, forms and combination of steel, iron, aluminum, sheet metal, or other metals, as well as wood, or the products or combination thereof, including elevated cotton seed storage facilities, gin trash disposal systems, cotton gin tower driers and other items for use in the operation of cotton gins; to sell and market cotton gin replacement parts and supplies; and to offer repair services to cotton gins and other businesses.
 - To build, lease, own, buy, sell, and encumber both real and personal property;
 - To manufacture goods of any kind;
 - To own, sell, lease, encumber, or otherwise dispose of goods manufactured or purchased by it;
 - To engage in the manufacturing and selling, both at wholesale and retail, of goods of any kind;
 - To contract for the delivery of goods owned or for the construction of buildings, machinery or equipment for its own use or for others;
- In addition to the specific powers above enumerated, this corporation shall have and may exercise all powers enumerated in Sections 64-108 and 64-109, Arkansas Statutes Annotated, and such additional powers as business corporations now or may hereafter possess or be authorized to possess under authority of the laws of the State of Arkansas.

CERTIFIED COPY

Exhibit
2

THIRD:

The period of existence of this corporation shall be perpetual.

(The period of existence shall be perpetual unless limited to a number of years. If limited, state the number of years, and if perpetual so state.)

FOURTH:

The principal office or place of business of this corporation shall be located in the County of Craighead, in the city (or town) of Jonesboro, State of Arkansas, and the address of the principal office or place of business shall be _____ Street.

FIFTH:

The name of the resident agent of this corporation is A. M. Heringer, Jr., whose address is _____ Street, City (or town) of Jonesboro, County of Craighead, State of Arkansas.

SIXTH:

The total amount of the authorized capital stock of this corporation is 1,000 shares, having a ^{par} value of ~~2,000.00~~

(If the corporation is to be authorized to issue more than one class of stock, the statements required by paragraph 2 of Section 1 of Act 265 of 1931 shall be stated.)

SEVENTH:

The amount of capital with which this corporation will begin business is \$300.00 (not less than Three Hundred (\$300.00) Dollars).

EIGHTH:

The names and post office address of each of the incorporators and the number of shares of the capital stock subscribed by each of them is as follows:

NAMES	POST OFFICE ADDRESS	NO. OF SHARES
A. M. Heringer, Jr.	Jonesboro, Arkansas	250
John C. Heringer	Jonesboro, Arkansas	250
Carl C. Heringer	Jonesboro, Arkansas	250

NINTH:

The incorporators may inset here any provisions which they may choose for the regulation of the business and for the conduct of the affairs of the corporation and any provisions creating, dividing, limiting and regulating the powers of the corporation, the directors and stockholders, including the provisions governing the issuance of stock certificates to replace lost or destroyed stock certificates, such provisions not to be contrary to the laws of this State.

IN WITNESS WHEREOF, We have hereunto set our hands on this.....7th.....day of

November....., A. D. 19462.

A. M. Heringer
John C. Heringer
Carl C. Heringer

CERTIFIED COPY

STATE OF ARKANSAS }
COUNTY OF CRAIGHEAD } ss.

BE IT REMEMBERED that on this 7th day of November
A. D. 1946⁶², personally came before me, the undersigned, a Notary Public within and for the
State and County aforesaid, A. M. Heringer, Jr., John C. Heringer and
Carl C. Heringer
parties to the foregoing Articles of Incorporation, known to me personally to be such, and sever-
ally acknowledged the same to be the act and deed of the signers respectively, and that the
facts therein stated are truly set forth.

GIVEN under my hand and seal of office the day and year aforesaid.

Ann J. Lucey
Notary Public

Comm. Expires: Aug. 13, 1966

(These Articles must first be filed with the Secretary of State and a certified copy thereof then filed with the County
Clerk.)

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office at Little Rock, Arkansas, this 7th day of November, 1946⁶².

11, 7

Delta, Inc.

ARTICLES OF
INCORPORATION

of

CERTIFIED

Filed in the office of the Secretary of State
of the State of Arkansas on this

day of **NOVEMBER**
A. D. 1946⁶² NOV 8 1962

NANCY J. HALL
SECRETARY OF STATE

BY: *Nancy J. Hall*
Secretary of State
Deputy

COPY

AMENDMENT TO ARTICLES OF INCORPORATION
OF
DELTA, INC.

We, the undersigned, in order to change the name of the corporation, and pursuant to the unanimous action of the Stockholders, hereby certify:

(a) The present name of the corporation is DELTA, INC.

(b) Upon recommendation of the Board of Directors, the Stockholders unanimously adopted the following Amendment:

"BE IT RESOLVED by the Stockholders of DELTA, INC. that the corporate name be changed from DELTA, INC. to DELTA, INC. OF ARKANSAS."

(c) The date of the adoption of the Amendment was Dec 3, 1968.

(d) The number of shares voting for the Amendment was 920 and the number voting against was none.

IN WITNESS WHEREOF, we have hereunto set our hands this Dec 3, 1968.

James J. Taylor
President
Carl E. Herings
Secretary

CERTIFIED

ACKNOWLEDGMENT

STATE OF ARKANSAS
COUNTY OF CRAIGHEAD

BE IT REMEMBERED, that on this Dec 3, 1968,
personally appeared before me, the undersigned, a Notary Public
within and for the State and County aforesaid, J. J. Payne
and Paul C. Thruener, parties to the foregoing
Amendment to Articles of Incorporation, President and Secretary
of the corporation, known to me personally to be such, and
severally acknowledged the same to be the act and deed of the
signers respectively, and that the facts therein stated are truly
set forth.

GIVEN under my hand and seal of office the day and year
aforesaid.

Chris Houston
Notary Public

My Commission Expires:

10/28/69

D-5, 1977

Wells, Geo. S. Williams

RECEIVED
DEC 11 1988
KELLY BRANT
SECRETARY OF STATE

CERTIFIED COPY

Full
914

ARTICLES OF MERGER

OF

ADVANCED PLASTICS, INC.,

AND

SOUTHERN CASE, INC.

INTO

15534

DELTA INC. OF ARKANSAS

Dec 31 1993
SECRETARY OF STATE

To the Secretary of State
State of Arkansas

Pursuant to the provisions of the Arkansas Business Corporation Act governing the merger of one or more foreign corporations and one or more domestic corporations, the surviving corporation hereinafter named hereby adopts the following articles of merger.

1. The names of the merging corporations are ADVANCED PLASTICS, INC. ("API") and DELTA INC. OF ARKANSAS ("Delta") which are business corporations organized under the laws of the State of Arkansas and SOUTHERN CASE, INC., ("Southern") which is a business corporation organized under the laws of the State of North Carolina.

2. Annexed hereto and made a part hereof is the Plan and Agreement of Merger for merging API and Southern with and into Delta as approved by resolution of the directors of each of said merging corporations.

3. The Plan and Agreement of Merger was approved by the holder of all the outstanding shares of API, Delta and Southern.

4. 200 shares of API Common Stock were outstanding at the time of the approval of the Plan and Agreement of Merger.

5. 1,000 shares of Delta Common Stock were outstanding at the time of the approval of the Plan and Agreement of Merger.

6. 42,000 shares of Southern Class A Common Stock were outstanding at the time of the approval of the Plan and Agreement of Merger.

CERTIFIED COPY

CERTIFIED COPY

7. The Certificate of Incorporation of the Corporation shall be amended as follows:

FIRST: The name of this Corporation is Delta Consolidated Industries, Inc.

8. The name of the Surviving Corporation shall become Delta Consolidated Industries, Inc.

9. The laws of the jurisdiction of organization of Southern permit the merger of a business corporation of another jurisdiction with and into a business corporation of the jurisdictions of organization of API, Delta and Southern; and the merger of API and Southern with and into Delta is in compliance with the laws of the jurisdiction of organization of Southern.

10. The merger shall become effective in the State of Arkansas upon the earlier of (i) the filing of these Articles of Merger by the Secretary of State of the State of Arkansas or (ii) the close of business on December 31, 1993.

Executed as of December 21, 1993

DELTA INC. OF ARKANSAS

By: Markus Isenrich
Markus Isenrich, President

VERIFIED: James P. Conroy
James P. Conroy, Secretary

ADVANCED PLASTICS, INC.

By: Markus Isenrich
Markus Isenrich, President

VERIFIED: James P. Conroy
James P. Conroy, Secretary

SOUTHERN CASE, INC.

By: Markus Isenrich
Markus Isenrich, President

VERIFIED: James P. Conroy
James P. Conroy, Secretary

CERTIFIED COPY

CERTIFIED COPY

PLAN AND AGREEMENT OF MERGER

PLAN AND AGREEMENT approved on December 21, 1993 by Advanced Plastics, Inc., an Arkansas corporation ("API"), Delta Inc. of Arkansas, an Arkansas corporation ("Delta") and Southern Case, Inc., a North Carolina corporation ("Southern").

1. Constituent and Surviving Corporations. API, Delta and Southern shall be the constituent corporations to the merger. This Agreement shall become effective immediately upon the earlier of (i) compliance with the laws of the States of Arkansas and North Carolina and filing of Articles of Merger with the States of Arkansas and North Carolina or (ii) the close of business on December 31, 1993; the time of such effectiveness is hereinafter called the "Effective Time." At the Effective Time, API and Southern shall be merged into Delta and Delta shall be the surviving corporation ("Surviving Corporation"). The identities and separate existences of API and Southern shall cease at the Effective Time and all rights, privileges, powers, franchises, properties and assets of such corporations shall be vested in Surviving Corporation.

2. Authorized Capital. The authorized capital stock of Surviving Corporation following the Effective Date shall be 1,000 shares of Common Stock, with no par value, unless and until the same shall be changed in accordance with the laws of the State of Arkansas.

3. Certificate of Incorporation; By-Laws. The Certificate of Incorporation and By-Laws of Delta as they exist at the Effective Time shall be the Certificate of Incorporation and

CERTIFIED COPY

CERTIFIED COPY

By-Laws of Surviving Corporation unless and until the same shall be amended or repealed in accordance with the provisions thereof, except that the Certificate of Incorporation of Delta shall be amended as of the Effective Time to change the name of Surviving Corporation to Delta Consolidated Industries, Inc.

4. Directors and Officers. The directors and officers in office of the Surviving Corporation upon the Effective Time shall continue to be the directors and officers of the Surviving Corporation, all of whom shall hold their position as directors or officers until election and qualification of their respective successors or until their tenure is otherwise terminated in accordance with the By-Laws of the Corporation.

5. Conversion of Outstanding Stock. At the Effective Time, each of the issued and outstanding shares of common stock of API and Southern and all rights in respect thereof shall be cancelled and each share of Common Stock of Delta shall remain an outstanding, fully paid and nonassessable share of Common Stock, with no par value, of Surviving Corporation.

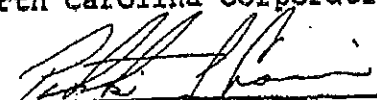
6. Miscellaneous. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings among the parties with respect to this matter. This Agreement may not be amended except by an instrument in writing duly executed on behalf of the parties. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument. This Agreement shall be governed by the law of the

CERTIFIED COPY

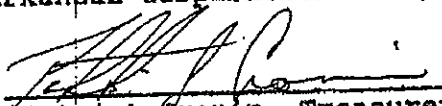
State of Arkansas. This Agreement shall inure to the benefit of, and be binding upon, the assigns and successors of the parties.

IN WITNESS WHEREOF, the parties have duly executed this Plan and Agreement as of the date first written above.

SOUTHERN CASE, INC.,
a North Carolina corporation

By: 
Patrick Cronin, Treasurer

ADVANCED PLASTICS, INC.,
an Arkansas corporation

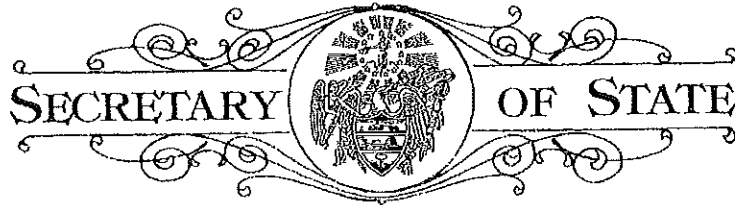
By: 
Patrick Cronin, Treasurer

DELTA INC. OF ARKANSAS,
an Arkansas corporation

By: Markus Isenrich, President

CERTIFIED COPY

STATE OF ARKANSAS



Charlie Daniels
SECRETARY OF STATE

To All to Whom These Presents Shall Come, Greetings:

I, Charlie Daniels, Secretary of State of Arkansas, do hereby certify that the following and hereto attached instrument of writing is a true and perfect copy of

Articles of Conversion

of

DELTA CONSOLIDATED INDUSTRIES, INC.

with and into

DELTA CONSOLIDATED INDUSTRIES, LLC

filed in this office July 1, 2010.

In Testimony Whereof, I have hereunto set my hand and affixed my official Seal. Done at my office in the City of Little Rock, this 1st day of July 2010.



Charlie Daniels

Secretary of State



Arkansas Secretary of State

Charlie Daniels

State Capitol • Little Rock, Arkansas 72201-1094
501-682-3409 • www.sos.arkansas.gov

Business & Commercial Services, 250 Victory Building, 1401 W. Capitol, Little Rock

ARTICLES OF CONVERSION

ACT 408 OF 2009
(PLEASE TYPE OR PRINT CLEARLY IN INK)

The undersigned hereby state:

DELTA CONSOLIDATED INDUSTRIES, INC.

Name of the entity converting from

CORPORATION

ARKANSAS

Type of entity converting from

Jurisdiction

Is converting to: DELTA CONSOLIDATED INDUSTRIES, LLC

Name of entity

LIMITED LIABILITY COMPANY

ARKANSAS

Type of entity converting to

Jurisdiction

- The conversion has been approved as required by Arkansas law; and
- That the conversion has been approved as required by the governing statute of the converted organization; and
- That the converted organization has filed a statement appointing an agent for service of process under § 4-20-112 if the converted organization is a nonfiling or nonqualified foreign entity; and
- That a copy of the plan of conversion is attached or a copy of the plan of conversion is on file at the office located at: c/o Delta Consolidated Industries, LLC, 2099 Pennsylvania Ave., N.W., 12th Floor, Washington, DC 20006;
- And that the effective date of conversion is July 1, 2010.

I understand that knowingly signing a false document with the intent to file with the Arkansas Secretary of State is a Class C misdemeanor and is punishable by a fine up to \$100.00 and/or imprisonment up to 30 days.

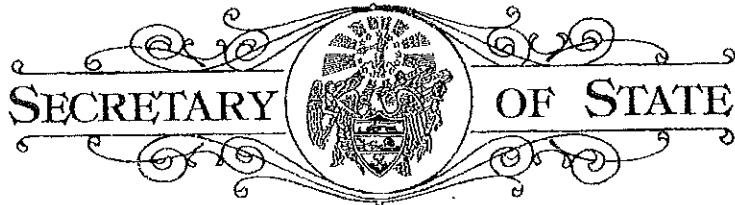
Executed this 28 day of June, 2010
Day Month Year

James F. O'Reilly
Signature of Authorizing Officer

James F. O'Reilly, Vice President and Secretary
Authorizing Officer and Title of Officer (Type or Print)

These Articles of Conversion must be filed in conjunction with an initial filing appropriate for the specific converted entity type

STATE OF ARKANSAS



Charlie Daniels
SECRETARY OF STATE

To All to Whom These Presents Shall Come, Greetings:

I, Charlie Daniels, Secretary of State of Arkansas, do hereby certify that the following and hereto attached instrument of writing is a true and perfect copy of

Articles of Organization

of

DELTA CONSOLIDATED INDUSTRIES, LLC

filed in this office

July 1, 2010

In Testimony Whereof, I have hereunto set my hand and affixed my official Seal. Done at my office in the City of Little Rock, this 1st day of July 2010.



Charlie Daniels

Secretary of State



Arkansas Secretary of State

Charlie Daniels
State Capitol • Little Rock, AR 72201
501-682-3409
Business & Commercial Services, 250 Victory Building.

DELTA CONSOLIDATED INDUSTRIES, ARTICLES OF ORGANIZATION

FILED: 07/01/10, #Pages: 1

Arkansas Secretary of State
Business Services Division

Articles of Organization for Limited Liability Company

(PLEASE TYPE OR PRINT CLEARLY IN INK)

The undersigned authorized manager or member or person forming this Limited Liability Company under the Small Business Entity Tax Pass Through Act, Act 1003 of 1993, adopts the following Articles of Organization of such Limited Liability Company:

- The Name of the Limited Liability Company is: DELTA CONSOLIDATED INDUSTRIES, LLC

(Must contain the words "Limited Liability Company," "Limited Company," or the abbreviation "L.L.C.," "L.C.," "LLC," or "LC." The word "Limited" may be abbreviated as "Ltd.," and the "Company" may be abbreviated as "Co." Companies which perform Professional Service **MUST** additionally contain the words "Professional Limited Liability Company," "Professional Limited Company," or the abbreviations "P.L.L.C.," "P.L.C.," "PLLC," or "PLC" and may not contain the name of the person who is not a member except that of a deceased member. The word "Limited" may be abbreviated as "Ltd." and the word "Company" may be abbreviated as "Co.")

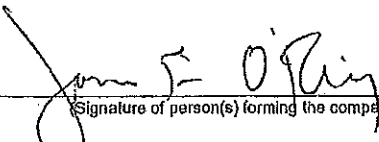
- Address of principal place of business of the Limited Liability Company (Which may be, but not need be, the place of business) shall be: 2728 CAPITAL BLVD., RALEIGH, NC 27604

- The name and address of the registered agent of this company shall be: THE CORPORATION COMPANY
(Name)
124 WEST CAPITOL AVENUE SUITE 1900 LITTLE ROCK, AR 72201
(Physical Street Address) (City, State & Zip)

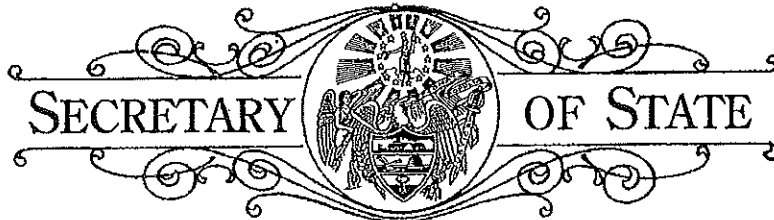
- If the management of this company is vested in a manager or managers, a statement to that effect must be included in the space provided or by attachment: _____
The management of the company is vested in managers. _____

I understand that knowingly signing a false document with the intent to file with the Arkansas Secretary of State is a Class C misdemeanor and is punishable by a fine up to \$100.00 and/or imprisonment up to 30 days.

Executed this 28 day of June, 2010.

 _____ (Signature of person(s) forming the company)	<u>James F. O'Reilly</u> _____ (Typed or printed name)
_____ (Signature of person(s) forming the company)	_____ (Typed or printed name)
_____ (Signature of person(s) forming the company)	_____ (Typed or printed name)

STATE OF ARKANSAS



Mark Martin

ARKANSAS SECRETARY OF STATE

To All to Whom These Presents Shall Come, Greetings:

I, Mark Martin, Arkansas Secretary of State of Arkansas, do hereby certify that the following and hereto attached instrument of writing is a true and perfect copy of

Articles of Merger

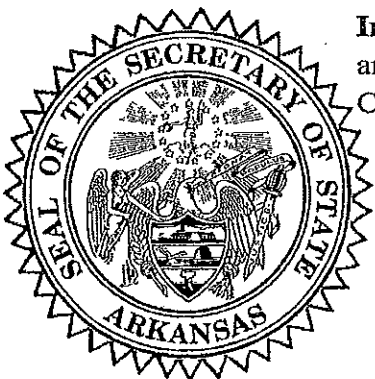
of

DELTA CONSOLIDATED INDUSTRIES, LLC

with and into

APEX TOOL GROUP, LLC

filed in this office July 27, 2012.



In Testimony Whereof, I have hereunto set my hand and affixed my official Seal. Done at my office in the City of Little Rock, this 27th day of July, 2012.

Mark Martin

Arkansas Secretary of State



EXECUTION VERSION

ARTICLES OF MERGER

of

DELTA CONSOLIDATED INDUSTRIES, LLC
(an Arkansas limited liability company)

with and into

APEX TOOL GROUP, LLC
(a Delaware limited liability company)

July 27, 2012

The undersigned limited liability company, organized and existing under and by virtue of the Arkansas Small Business Entity Tax Pass Through Act (the "ASBETPTA"), in accordance with the provisions of Section 1208 of the ASBETPTA, DOES HEREBY CERTIFY THAT:

1. The name of the surviving limited liability company is Apex Tool Group, LLC, a Delaware limited liability company (the "Surviving Company"), and the name of the limited liability company being merged into the Surviving Company is Delta Consolidated Industries, LLC, an Arkansas limited liability company (the "Non-Surviving Company").

2. The Agreement and Plan of Merger, dated as of July 27, 2012 (the "Merger Agreement"), by and between the Surviving Company and the Non-Surviving Company, whereby the Non-Surviving Company is merging with and into the Surviving Company (the "Merger"), has been approved and executed by each of the Non-Surviving Company and the Surviving Company.

3. The Merger has been approved as required by each constituent organization's governing statute.

4. Following the Merger, the name of the Surviving Company shall continue to be Apex Tool Group, LLC.

5. The Merger shall become effective at 11:59 pm, Eastern time, on July 27, 2012.

6. The Merger Agreement is on file at the address of the following place of business of the Surviving Company:

Apex Tool Group, LLC
1000 Lufkin Rd.
Apex, NC 27539

7. A copy of the Merger Agreement will be furnished by the Surviving Company, on request and without cost, to any shareholder, member, partner, or other owner of any constituent entity.

8. The Surviving Company hereby appoints CT Corporation to act as the Surviving Company's registered agent for service of process under Section 4-20-112 of the Arkansas Model Registered Agents Act. The address of such registered agent is 124 West Capitol Avenue, Suite 1900, Little Rock, AR 72201.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned have executed this certificate as of the date first written above.

APEX TOOL GROUP, LLC,
as the Surviving Company

By: Steven L. Breitzka
Name: Steven L. Breitzka
Title: Chief Executive Officer

DELTA CONSOLIDATED INDUSTRIES, LLC,
as the Non-Surviving Company

By: Steven L. Breitzka
Name: Steven L. Breitzka
Title: President