

ORDINANCE NO. 211.14-9-2011

AN ORDINANCE OF THE CITY OF FRANKLIN, KENTUCKY, AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$54,000,000 PRINCIPAL AMOUNT OF CITY OF FRANKLIN, KENTUCKY, INDUSTRIAL BUILDING REVENUE BONDS, SERIES 2011 (TRACTOR SUPPLY COMPANY PROJECT) AND THE AUTHORIZATION OF THE IMMEDIATE SALE AND ISSUANCE OF THE SAID BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE AGREEMENT BETWEEN THE CITY OF FRANKLIN, KENTUCKY AND TRACTOR SUPPLY COMPANY; AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE AND MORTGAGE DEED OF TRUST SECURING SAID BONDS; CONFIRMING AND APPROVING THE SALE OF SAID BONDS TO THE PURCHASER THEREOF; APPROVING A BOND PURCHASE AGREEMENT IN RESPECT OF SAID BONDS; AND TAKING OTHER RELATED ACTIONS.

WHEREAS, Tractor Supply Company, a Delaware Corporation (the "Company"), proposes to acquire, construct, equip and install industrial building facilities in the City of Franklin, Kentucky (the "City"), for use by the Company as facilities for the processing, storage and distribution of agricultural and related commercial products, consisting of the site of the facilities, together with related buildings, machinery and equipment, such described facility to be situated in the City of Franklin, Kentucky (the "Project") and

WHEREAS, the City may assist the Company by causing the acquisition, construction, equipping and installation of the Project and by entering into a lease agreement with reference thereto pursuant to authority of Sections 103.200 through 103.285 of the Kentucky Revised Statutes (collectively the "Act"), all in furtherance of the purposes of the Act and for the public benefit of the City's residents and inhabitants, such lease agreement to be upon such terms and conditions as the Act may authorize and the City and the Company may deem advisable; and

WHEREAS, the acquisition, construction, equipping and installation of the Project will implement economic expansion and growth of business in the City and is expected to create certain employment opportunities, with the result that the acquisition, construction, equipping and installation of the Project will assist in preventing and relieving unemployment in the City and will encourage the retention and expansion of industry in accordance with the public policy of the Commonwealth of Kentucky, as stated in the Act; and

WHEREAS, (i) the Act also authorizes the City to issue industrial building revenue bonds for the purpose of defraying the costs of acquiring, constructing, equipping and installing the Project; (ii) before the acquisition, construction, equipping and installation of initial elements of the Project began, the City and the Company discussed the Project and the City's proposed issuance of industrial building revenue bonds and the City later formally ratified their discussions by adopting its Resolution No. K-2010 on September 27, 2010, which has remained and is currently in full force and effect and which is hereby ratified; (iii) the City has agreed with

Section 1. For the purposes set forth in the preamble, there is hereby authorized and directed the following:

(A) The incorporation by reference of the preambles of this Ordinance as integral parts of this Ordinance, to the same extent as if repeated herein verbatim, it being declared that the statements of fact set forth in such preambles are true and accurate in all respects.

(B) The authorization, execution, sale, delivery and issuance of up to \$54,000,000 principal amount of City of Franklin, Kentucky, Industrial Building Revenue Bonds, Series 2011 (Tractor Supply Company Project) (the "Bonds"), such Bonds to be issued, as requested by the Company and approved by the City, which shall be issued in the form and subject to the terms and specifications set forth in the Trust Indenture and in the Bond Purchase Agreement identified and approved herein. The maximum rate of interest to accrue on the Bonds shall be 4.0% per annum.

(C) Authorization of the use of the proceeds of the Bonds as provided in said Trust Indenture and in the Lease Agreement hereinafter identified and approved, for application to the costs of acquisition, construction, equipping and installation of the Project and (ii) to pay certain costs of issuance of the Bonds.

Section 2. The Mayor is hereby authorized, empowered and directed to execute, acknowledge and deliver on the City's behalf, with the attestation of the City Clerk, a certain Lease Agreement between the City and the Company (the "Lease Agreement"), which Lease Agreement is hereby approved, authorized and adopted in substantially the form submitted herewith and designated Exhibit A, with such changes therein as the officers executing the same may require or approve on the City's behalf, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. In order to provide for the authorization and security of the Bonds and to prescribe the terms and conditions upon which the Bonds are to be issued and outstanding, secured, executed, authenticated, accepted and held, the Mayor is hereby authorized, empowered and directed to execute and acknowledge on behalf of the City, with the attestation of the City Clerk, a certain Indenture and Mortgage Deed of Trust (the "Trust Indenture"), and said officials are hereby authorized, empowered and directed to cause the Trust Indenture to be accepted, executed and acknowledged by U.S. Bank National Association, Cincinnati, Ohio as Trustee (the "Trustee"), hereby so appointed. The Trust Indenture is hereby approved, authorized and adopted in substantially the form submitted herewith and designated Exhibit B, with such changes as the officers executing the same may require or approve on behalf of the City, such approval to be conclusively evidenced by the execution and delivery thereof. The Bonds will mature as to principal and bear interest as set forth in the Trust Indenture, reference to which is hereby made.

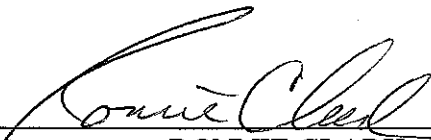
Section 4. With respect to the sale of the Bonds, and upon the Company's request and recommendation, the City further approves, and the Mayor is authorized and directed to execute and deliver on the City's behalf, a certain Bond Purchase Agreement among the City, the Company and the Purchaser of the Bonds, as designated therein, or assigns, as approved and

GIVEN FIRST READING APPROVAL at a duly convened meeting of the Commission of the City of Franklin, Kentucky, held on the 12th day of September, 2011.


GIVEN SECOND READING AND ADOPTED on motion made by Commissioner Henry Stone and second by Commissioner Larry Dixon at a duly convened meeting of the Commission of the City of Franklin, Kentucky, held on the 26th day of September, 2011, on the same occasion signed in open session by the Mayor as evidence of his approval, attested by the City Clerk, and ordered to be enrolled.

*Adopted by unanimous vote.*

(SEAL)

  
\_\_\_\_\_  
RONNIE CLARK  
Mayor

ATTEST:

  
\_\_\_\_\_  
KATHY STRADTNER  
City Clerk

**EXHIBIT B**

**Form of Trust Indenture**

**(See attachment)**

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CITY OF FRANKLIN, KENTUCKY

AND

TRACTOR SUPPLY COMPANY

(a Delaware Corporation)

LEASE AGREEMENT IN CONNECTION WITH

INDUSTRIAL BUILDING FACILITIES

Dated as of [\_\_\_\_], 2011

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NOTICE: The interests of the City of Franklin, Kentucky, in and to this Lease Agreement have been assigned to U.S. Bank National Association, Cincinnati, Ohio, as Trustee under the Indenture and Mortgage Deed of Trust dated as of [\_\_\_\_], 2011

EXHIBIT A - ORD 211.14-9-2011

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Exhibit A - Project Site description and Project description

LEASE AGREEMENT IN CONNECTION WITH  
INDUSTRIAL BUILDING FACILITIES

This LEASE AGREEMENT, dated as of [\_\_\_\_], 2011, by and between the CITY OF FRANKLIN, KENTUCKY, a *de jure* city of the fourth class, a political subdivision of the Commonwealth of Kentucky, and a public body corporate and politic (the "Issuer") and TRACTOR SUPPLY COMPANY, a Delaware corporation (the "Company");

W I T N E S S E T H:

WHEREAS, the Issuer is a public body corporate and politic duly created and existing as a *de jure* city of the fourth class and a political subdivision of the Commonwealth of Kentucky, and pursuant to the provisions of Sections 103.200 through 103.285 of the Kentucky Revised Statutes as in force on the date of execution of this Lease Agreement (the "Act"), has the power and authority to enter into the transactions contemplated by this Lease Agreement with the Company, and to carry out its obligations hereunder; and

WHEREAS, the Company proposes to acquire, construct, equip and install industrial building facilities within the geographic boundaries of the Issuer for conveyance to the Issuer and lease as a going concern by the Issuer to the Company, for operation and use by the Company as facilities for the processing, storage and distribution of agricultural and related products, consisting of the site of the facilities, together with related building, machinery and equipment, which together are necessary to enable use and operation of the Project (hereinafter defined); and

WHEREAS, it has been determined that the Issuer may assist the Company by causing the acquisition, construction, equipping and installation of the Project and owning the same and by entering into a lease agreement with reference thereto pursuant to the authority of the Act, all in furtherance of the purposes of the Act and for the public benefit of the residents and inhabitants of the Issuer and the State, such lease agreement or other financing agreement to be upon such terms and conditions as the Act may authorize and the Issuer and the Company may deem advisable; and

WHEREAS, the acquisition, construction, equipping and installation of the Project will implement economic expansion and growth of business within the geographic boundaries of the Issuer and is expected to create employment with the result that the acquisition, construction, equipping and installation of the Project by the Company will assist in preventing and relieving unemployment in the Issuer and encourage the retention and expansion of industry in accordance with the public policy of the State, as stated in the Act; and

WHEREAS, the Issuer is authorized, pursuant to the Act, to issue negotiable bonds, to apply the proceeds from the sale thereof to finance the acquisition of industrial development facilities, as defined in the Act and to lease such industrial development facilities to corporations in order to carry out the purposes of the Act; and

WHEREAS, the Project will promote the economic development of the State, relieve conditions of unemployment and otherwise contribute to the accomplishment of the purposes of the Act, and to promote and accomplish such purposes the Issuer has previously, on September

27, 2010, following good faith discussions and negotiations between the Company and responsible officers of the Issuer, adopted Resolution K-2010 preliminarily approving the Project and its financing and authorizing the Company to proceed with the Project, which has remained in full force and effect, and, by the enactment by the Issuer on [\_\_\_\_], 2011 of Ordinance No. [\_\_\_\_], the Issuer has approved the issuance by the Issuer of up to \$54,000,000 in principal amount of the Issuer's industrial building revenue bonds for the financing of the Project and at this time it is necessary and appropriate that the Bonds be issued by the Issuer to finance the costs of the acquisition, construction, installation and equipping of the Project and to pay certain costs with respect thereto upon the terms and conditions set forth herein;

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE PREMISES AND THE MUTUAL COVENANTS AND AGREEMENTS HEREINAFTER CONTAINED, THE PARTIES HERETO COVENANT AND AGREE, EACH WITH THE OTHER, AS FOLLOWS:

#### ARTICLE I. DEFINITIONS

All terms defined in the Indenture shall have the same meanings in this Lease Agreement. Additionally, the following terms shall have the following meanings when used herein and in the recitals hereto:

"Bond Counsel" means Stoll Keenon Ogden PLLC and any other firm of national recognition in the field of taxable and tax-exempt obligations and public finance.

"Bond Fund" means the fund created by Section 3.2 of the Indenture.

"Bond Ordinance" means that certain legislation identified as Ordinance No. [\_\_\_\_] adopted on [\_\_\_\_], 2011 by the City Commission of the Issuer authorizing the issuance of the Bonds up to the principal amount of \$54,000,000.

"Bond Purchase Agreement" means the Bond Purchase Agreement by that name dated as of [\_\_\_\_], 2011 by and among the Issuer, the Initial Bondholder and the Company in respect of the original sale and issuance of the Bonds.

"Bonds" means the "City of Franklin, Kentucky, Industrial Building Revenue Bonds, Series 2011 (Tractor Supply Company Project)," dated the date of issuance thereof, issued pursuant to the Indenture and authorized, up to \$54,000,000 principal amount, by the Bond Ordinance for the acquisition, construction, installation and equipping of the Project.

"Buildings" means, collectively, the buildings, structures and permanently affixed appurtenances at any time located on or functionally related and subordinate to and providing services to the Project and the Project Site and being a part of the Project, consisting of the facilities described in Exhibit A hereto which are to be financed with the proceeds from the Bonds and/or the proceeds of any payment by the Company pursuant to Section 4.4 hereof.

"Business Day" means a day which is not (a) a Saturday, Sunday or legal holiday on which banking institutions in (i) the State of New York or (ii) the Commonwealth of Kentucky

are authorized or required by law to close or (b) a day on which the (y) New York Stock Exchange or (z) the Federal Reserve Banking System is closed.

"Closing" means the date upon which all the documents required by the Bond Purchase Agreement, the Indenture and Bond Counsel for the authorization of the Bonds, up to the principal amount of \$54,000,000 are delivered and payment for and issuance of the Bonds occurs.

"Company Representative" means the person or persons at the time designated to act on behalf of the Company by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of Company by the President of the Company. Such certificate may designate an alternate or alternates. The Company Representative may be an employee of the Company.

"Completion Date" means the date of completion of the acquisition, construction, installation and equipping of the Project, as that date shall be certified as provided in Section 3.2 hereof.

"Construction Fund" means the fund created by Section 3.2 of the Indenture.

"Cost of Construction" with respect to the Project shall be deemed to include the following costs:

(i) obligations of the Company incurred for labor, property and materials (including reimbursements payable to the Company and payments on contracts in the name of the Company) in connection with the acquisition, construction, installation and equipping of the Project, interest during construction costs of land and expenses incident thereto;

(ii) the cost of contract bonds and of insurance of all kinds that may be required or necessary or desirable during the acquisition, construction, installation and equipping of the Project;

(iii) all costs of construction, expansion and improvements of functionally related and subordinate facilities necessary for the construction, operation and use of the Project;

(iv) all costs of architectural and engineering services, including the costs of test borings, surveys, estimates, plans and specifications, preliminary investigation therefor, and costs for supervising construction, as well as for the performance of all other duties required by or consequent upon the proper acquisition, construction, installation and equipping of the Project;

(v) all expenses incurred in connection with the issuance and sale of the Bonds, including without limitation, compensation and expenses of the Trustee, legal and accounting expenses and fees, Issuer's fees, title examination and insurance costs, financial advisory fees, underwriting and placement fees and compensation, printing, engraving and photocopying costs, recording and filing fees;

(vi) all other costs which the Company has paid or which it shall be required to pay under the terms of any contract or contracts, for the acquisition, construction, installation or equipping of the Project;

(vii) any sums required to reimburse the Issuer or the Company for advances made by either of them for any of the above items, for payments of interest on the Bonds, for sales taxes and other taxes and fees, and for any other costs incurred for work done by either of them or by their employees which are properly chargeable to the Project; and

(viii) to the extent authorized by the Act, all other items related to the acquisition, construction, installation and equipping of the Project.

"Force Majeure" means, without limitation, acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State or any of their departments, agencies, or officials, or any civil or military authority, including, without limitation, orders, rules or regulations of any such entities having jurisdiction over the rates and fees charged by the Company for its facilities and services; insurrections; riots; acts of terror, epidemics; landslides; lightning; earthquake; fire; hurricane; tornadoes; storms; floods; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission lines or pipes, water lines or pipes or water canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Company.

"Indenture" means the Indenture and Mortgage Deed of Trust, dated as of [\_\_\_\_], 2011 between the Issuer and the Trustee, together with any indentures supplemental thereto made in conformity therewith.

"Inducement Resolution" means Resolution K-2010 adopted by the City Commission of the Issuer on September 27, 2010, following discussions and negotiations between the Company and responsible officers of the Issuer in respect of the acquisition, construction and financing of the Project and the Project Site, together with the subsequent determinations and agreements of the Issuer and the Company in respect of the Project.

"Initial Bondholder" means the single, original purchaser and holder of the Bond pursuant to the Bond Purchase Agreement, in which the Initial Bondholder shall agree, among other things, to make advances of Bond proceeds according to the provisions of Sections 2.3 and 2.7 of the Indenture and Section 4.1 hereof.

"Issuer Representative" means the person or persons at the time designated to act on behalf of the Issuer by a written certificate furnished to the Company and the Trustee containing the specimen signature of such person and signed on behalf of the Issuer by its Mayor. Such certificate may designate an alternate or alternates. The Issuer Representative may be an employee or officer of the Issuer.

"Lease Payments" mean the various payments required to be made by the Company pursuant to Article V of this Lease Agreement.

"Net Proceeds" when used with respect to any insurance proceeds or any condemnation award, means the amount remaining after deducting all expenses (including attorneys' fees) incurred in the collection of such proceeds or award from the gross proceeds thereof.

"Opinion of Counsel" means a written opinion of legal counsel, who may be counsel to the Issuer, the Trustee or the Company.

"PILOT Payments" has the meaning set forth in Section 5.4 hereof.

"Plans and Specifications" means the plans and specifications for the Project on file with the Trustee and also maintained at the Project Site described in Exhibit A hereto, as the same may be amended from time to time.

"Project" means the Project Site, the Buildings, the Project Equipment initially consisting of those properties and facilities described in Exhibit A hereto.

"Project Equipment" means (i) those items of equipment, machinery, other tangible personal property or fixtures acquired with and financed by the proceeds of the Bonds or the proceeds of any payment by the Company pursuant to the provisions of Section 4.4 hereof and generally described in Exhibit A attached hereto, (ii) any item of equipment, machinery, other tangible personal property or fixtures acquired in substitution for, as a renewal or replacement of or as a modification, improvement or accession to any Project Equipment, including without limitation, necessary replacement parts for the Project Equipment to enable reasonably continuous operational capacity and (iii) any functionally related and/or subordinate facilities deemed necessary to the operation and use of the Project, including private and public utility facilities and similar facilities providing support and services to the Project; provided that "Project Equipment" shall not include machinery and equipment purchased by the Company with funds other than the proceeds of the Bonds, as to which the Company shall maintain separate adequate records for identification purposes.

"Project Site" means, without limitation, the real estate, located in the City of Franklin, Kentucky, and more particularly described in Exhibit A attached hereto.

"State" means the Commonwealth of Kentucky.

"Trustee" means the Trustee at the time serving as such under the Indenture.

## ARTICLE II. REPRESENTATIONS AND WARRANTIES

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

- (a) The Issuer is a public body corporate and politic duly created and existing as a *de jure* city of the fourth class and a political subdivision of the Commonwealth of Kentucky. Pursuant to the Act, the Issuer had the power to adopt the Inducement Resolution, has the power to issue the Bonds, to enter into

this Lease Agreement and the transactions contemplated hereby, and to carry out its obligations hereunder. The Issuer is not in default under or in violation of the Constitution or any of the laws of the State or any charter which authorizes its de jure existence or is relevant to the issuance of the Bonds or the consummation of the transactions contemplated hereby or in connection with such issuance, and has been duly authorized to issue the Bonds and to execute and deliver this Lease Agreement. The Issuer agrees that it will do or cause to be done in timely manner all things necessary to preserve and keep in full force and effect, and to carry out the terms of, this Lease Agreement and the terms of the Indenture.

(b) The Issuer has previously determined and does hereby determine that the Project constitutes and will constitute an activity permitted to be financed pursuant to Section 103.200 of the Act and that the financing of the Project is in the public interest and for a public purpose. Before the adoption of the Inducement Resolution on September 27, 2010, the Company and responsible officers of the Issuer held negotiations regarding the Project and its approval and permanent financing by the issuance of the bonds and regarding any interim financing of the Project and the Project Site by the Company before the issuance of the Bonds. The Issuer has acquired or will acquire title to the Project and will lease the same to the Company pursuant to the Act and this Lease Agreement.

(c) The Issuer has found and determined and hereby finds and determines that it has complied with all requirements of the Act as may be applicable with respect to the issuance of the Bonds and the execution of this Lease Agreement.

(d) The Issuer agrees to use and apply the net proceeds of the Bonds to provide for the acquisition, construction, installation and equipping of the Project and to lease the Project to the Company pursuant to this Lease Agreement to the end that the purposes of the Act may be accomplished. The Project is physically situated within the geographic boundaries of the City of Franklin, Kentucky, and the Issuer has, by the Inducement Resolution, approved the Project and the financing of the Project by the authorization and issuance of the Bonds.

(e) To accomplish the foregoing, the Issuer agrees to issue the Bonds up to the aggregate principal amount of \$54,000,000 upon the execution of this Lease Agreement, on such terms and conditions as are set forth herein and in the Indenture. The net proceeds from the issuance of the Bonds shall be applied, upon direction of the Company, for application to the payment of the Cost of Construction of the Project.

(f) No officer or official of the Issuer has any material interest whatsoever in the Company or in the transactions contemplated by this Lease Agreement.

(g) The Issuer agrees that no special legislation or regulations will be adopted or applied relating solely to the Project, but that all such laws and regulations applicable to said Project will be generally applicable to all facilities of a similar nature.

(h) Neither the execution and delivery of this Lease Agreement or the Indenture, the consummation of the transactions contemplated hereby or thereby, nor the fulfillment of or compliance with the terms and conditions of this Lease Agreement or the Indenture, conflicts with or result in a breach of any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Issuer is now a party or by which it is bound or constitutes a default under any of the foregoing or results in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer under the terms of any instrument or agreement.

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

(a) The Company is a corporation duly created, validly existing and in good standing under the laws of Delaware and is duly qualified to conduct business in the Commonwealth and is not in violation of any laws of the State relevant to the transactions contemplated hereby. The Company has full and complete legal power to execute and deliver this Lease Agreement, and has, by proper corporate action duly taken, authorized the execution and delivery of this Lease Agreement. The Company has obtained all permits, licenses, authorizations, consents, approvals, orders and certificates required by federal, state and local governments and governmental agencies in order to acquire, construct, install and equip the Project and will furnish same to the Trustee before the Closing. The Company will cause the Project to be conveyed to the Issuer and lease the same from the Issuer pursuant to the Act and this Lease Agreement.

(b) The Inducement Resolution of the Commission of the Issuer adopted on September 27, 2010, after prior discussions and negotiations between the Company and responsible officers of the Issuer, pursuant to which the Issuer agreed to issue bonds for the Project, has encouraged and induced the Company to initiate and to complete the Project, and such undertaking will promote the economic development of the State and the geographic area of the Issuer and will create new and additional job opportunities in the geographic area of the Issuer and the issuance of the Bonds pursuant hereto will enable the Company to commence and complete the financing of the Project.

(c) The Company agrees and consents that the Issuer shall enter into the Indenture with the Trustee in order, *inter alia*, to grant a security interest in the Project, all for the benefit of the holders of the Bonds.

(d) The Project is of the type authorized and permitted by the Act, constitutes an "industrial building facility" within the meaning of Section 103.200 of the Act and is and will be physically located within the boundaries of the Issuer.

(e) The Buildings and Project Equipment will be situated on or will provide necessary and related services to the Project Site.

(f) Neither the execution and delivery of this Lease Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Lease Agreement, will conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any law, governmental regulation of any of the terms, conditions or provisions of the Company's articles of incorporation or bylaws or of any judgment, consent decree, loan agreement, note, mortgage or other agreement, instrument or evidence of indebtedness to which the Company is now a party or by which it is bound, or result in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Company prohibited under the terms of any instrument or agreement to which the Company is now a party or by which it is bound.

(g) There is no action, suit or proceeding at law or in equity or by or before any governmental agency or authority or arbitral tribunal now pending or, to the knowledge of the Company, threatened against or affecting the Company or any properties or rights of the Company which if adversely determined would affect the validity or enforceability or prohibit the performance of this Lease Agreement or would impair the ability of the Company to carry on its business as now conducted or would materially and adversely affect the financial condition of any of them.

(h) The Company is not presently a party to any contract or agreement, or subject to any charter or other corporate restriction, that materially and adversely affects the business of the Company.

(i) Neither the representations of the Company contained in this Lease Agreement, nor any written statement furnished by or on behalf of the Company to the Issuer or the original purchasers of the Bonds in connection with the transactions contemplated hereby, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading. There is no fact that the Company has not disclosed to the Issuer and to the original purchasers of the Bonds in writing that would have a material adverse effect on the ownership or operation of the Project, or the properties, business, prospects, profits or condition (financial or otherwise) of the Company which would materially adversely affect the ability of the Company to perform its obligations under this Lease Agreement, or any documents or transactions contemplated hereby.

### ARTICLE III.

#### CONSTRUCTION, COMPLETION AND OWNERSHIP OF PROJECT

Section 3.1. Agreement to Acquire, Construct, Install and Equip the Project. The Company agrees that:

(a) It has previously, or will, upon the issuance of the Bonds, convey to the Issuer or cause to be conveyed to the Issuer all of its rights, titles and interest in

the Project, including operating licenses and permits and similar intangible property necessary to the operation of the Project and it has caused and will cause the Project to be acquired, constructed, installed and equipped as herein provided with due diligence to the completion thereof in accordance with the Plans and Specifications, all as provided herein.

(b) It will make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions with any other persons, firms or corporations and in general do all things which may be requisite or proper for acquiring, constructing, installing and equipping the Project. The Company shall have the right to make reasonable and necessary change orders in respect of any of the foregoing, provided that such change orders do not result in the alteration of the essential character of the Project as an "industrial building" under the Act. The Company is designated as the agent of the Issuer for all purposes of this covenant.

(c) It will ask, demand, sue for, levy and use its best efforts to recover and receive such sums of money, debts or other demands whatsoever in connection with the Project to which it may be entitled under any contract, order, receipt, guaranty, warranty, writing or instruction in connection with any of the foregoing, and it will enforce the provisions of any contract, agreement, obligation, bond or other security in connection with the Project. Any amounts received in connection with the foregoing, after deduction of expenses incurred in such recovery, before the Completion Date and full disposition of the Construction Fund in accordance with this Lease Agreement and the Indenture, shall be paid into the Construction Fund.

(d) It has, in reliance upon the Inducement Resolution, and will, acquire the Project Site and will cause the construction, installation and equipping of the Project.

Section 3.2. Establishment of Completion Date. The Completion Date of the portion of the Project financed by the proceeds of the Bonds shall be evidenced to the Issuer and the Trustee by a certificate signed by the Company Representative stating that, except for amounts retained by the Trustee at the direction of the Company for any amount of the Cost of Construction not then due and payable or the liability for payment of which is being contested or disputed by the Company, (i) acquisition, construction, installation and equipping of the Project or Project component has been completed in accordance with the Plans and Specifications and all labor, services, materials and supplies used in such activities have been paid for, (ii) all other facilities necessary in connection with the Project or Project component have been acquired, constructed, installed and equipped in accordance with the Plans and Specifications and all costs and expenses incurred in connection therewith have been paid to the extent same have become due and payable, and (iii) the Project or Project component is suitable and sufficient for its intended purposes. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. In such certificate, the Trustee shall be directed by the Company to retain in the Construction Fund a sum equal to the amounts necessary for payment of any portion of the Cost of Construction not then due and payable or the liability for payment

of which is being contested or disputed by the Company. After the aforementioned retention, the remaining amounts in the Construction Fund shall be transferred to the Bond Fund and applied by the Trustee, if directed in writing by the Company, to the redemption of the Bonds in the manner stipulated by the Company, at par on the earliest permissible redemption date as provided in the Indenture.

Section 3.3. Agreement as to Ownership of Project. The Issuer and the Company agree that upon the issuance of any Bonds, without need for further action by any party, title to and ownership of the Project, including the Project Site and all Project facilities and property thereafter acquired, upon identification thereof, shall vest in and be the sole property of the Issuer, subject to the rights of the Company under this Lease Agreement, including the options of the Company to purchase.

Section 3.4. Use of Project. The Issuer does hereby covenant and agree that it will not take any action during the term of this Lease Agreement, other than pursuant to Article IX hereof, to interfere with the rights of the Company to the Project, including the Project Site, or to prevent the Company from having unrestricted and free possession, custody, use and enjoyment of the Project, including the Project Site, pursuant to this Lease Agreement.

#### ARTICLE IV.

#### ISSUANCE OF THE BONDS; APPLICATION OF PROCEEDS

Section 4.1. Agreement to Issue the Bonds; Application of Proceeds of Bonds. In order to provide funds to cause the Project to be acquired, constructed, installed and equipped, the Issuer hereby authorizes and will issue, sell and deliver the Bonds, up to the aggregate principal amount of \$54,000,000, to the purchasers thereof and deposit the proceeds with the Trustee with directions to credit to the account of the Bonds, in the Construction Fund, the proceeds of the Bonds, up to the aggregate principal amount of \$54,000,000 for application as provided in the Indenture. The Initial Bondholder, as purchaser of the Bonds under the Purchase Contract, shall make advances of Bond proceeds, in amounts of at least \$1,000,000 and no more frequently than four times in any twelve month period, to the Trustee (for the account of the Issuer) for deposit in the Construction Fund. The procedure for the Company's requesting an advance of Bond proceeds from the Initial Bondholder, and for the Initial Bondholder making such advances, shall be as follows:

(a) The Initial Bondholder shall make each such advance by paying the amount thereof in immediately available funds to the Trustee; provided that the Initial Bondholder's obligation to make each such advance shall be subject to the fulfillment (or waiver in writing by the Initial Bondholder) of the following conditions precedent:

(i) At least one (1) Business Day before making an advance, the Initial Bondholder shall have received a written requisition from the Company Representative (a copy of which shall have been sent to the Trustee by the Company) requesting that the Initial Bondholder make such advance in the amount and on the date specified therein, describing the Costs of Construction for which such advance is requested, and stating

that, to the knowledge of the Company Representative signing such requisition, the statements set forth in clauses (ii) and (iii) below are true and correct on and as of such date;

(ii) All appropriate governmental and regulatory and other consents, approvals, licenses, authorizations, exemptions and environmental and construction permits for the construction, improvement and operation of the Project that are required to be obtained as of the date of such advance shall have been obtained (and the Company shall have no reason to believe that all others required to be obtained in the future will not be obtained in a timely fashion) and shall be in full force and effect; and

(iii) No event of default under this Lease Agreement shall have occurred and be continuing on and as of the date of such advance.

(b) The Initial Bondholder shall make each advance on the date and in the amount specified in the requisition delivered pursuant to this Section 4.1. No advance of Bond proceeds shall be made after December 31, 2012.

Section 4.2. Disbursements from the Construction Fund. The Issuer has, in the Indenture, authorized and directed the Trustee to make payments from the Construction Fund to pay the Cost of Construction or to reimburse the Company for any amount of the Cost of Construction paid by it. Payments for Costs of Construction shall be made promptly or within three (3) three Business Days of the Trustee's receipt from time to time of a requisition signed by the Company Representative stating with respect to each payment to be made: (i) the requisition number; (ii) the name and address of (or wire instructions for) the person, firm or corporation to whom payment (including reimbursement in the case of the Company) is due; (iii) the amount to be paid and the general purpose of such payment; and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Construction Fund, is unpaid or unreimbursed, and has not been the basis of any previous disbursement from the Construction Fund. The Company agrees (i) to cause such requisitions to be directed to the Trustee as may be necessary to effect payments out of the Construction Fund in accordance with this Section 4.2 and (ii), in the case of reimbursement to the Company for payment of any Costs of Construction, to furnish to the Trustee, upon written request, the name of the person, firm or corporation to whom such Costs of Construction was paid.

Section 4.3. Furnishing Documents to the Trustee. The Company agrees to cause such requisitions to be directed to the Trustee as may be necessary to effect payments out of the Construction Fund in accordance with Section 4.2 hereof.

Section 4.4. The Company Required to Pay in Event the Moneys in the Construction Fund Are Insufficient. In the event the moneys in the Construction Fund available for payment of the Cost of Construction should be insufficient to pay the Cost of Construction in full, the Company agrees to complete the financed Project or Project component and to pay that portion of the Cost of Construction in excess of the moneys available therefor in the Construction Fund. The Issuer does not make any warranty, either express or implied, that the moneys paid into the Construction Fund and available for payment of the Cost of Construction will be sufficient to

pay all of the Cost of Construction. The Company agrees that if, after exhaustion of the moneys in the Construction Fund, the Company should directly pay any portion of the Cost of Construction pursuant to the provisions of this Section 4.4, it will not be entitled to any diminution or abatement of the Lease Payments payable under Section 5.1 hereof.

Section 4.5. Investment of Moneys in Funds. It is understood and agreed that in the Indenture, provisions will be made for the investment of the net proceeds of the Bonds pending disbursement (after payment of costs incurred in the issuance of the Bonds) in one or more of the investments described as "Investment Obligations" in the Indenture. The Company shall designate in writing directly to the Trustee which of the aforementioned types of investments shall be selected from time to time and shall have and retain sole power of such designation.

All such investments shall be held by or under control of the Trustee. The Trustee shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in the Construction Fund is insufficient to pay a requisition when presented or whenever the cash balance in the Bond Fund is insufficient to pay the principal of and interest on the Bonds when due. A separate, detailed accounting of each of the funds and investment thereof shall at all times be carried out and preserved.

Section 4.6. Construction Fund Pledged as Further Security. Pending complete disbursement of all moneys in the Construction Fund pursuant to the provisions of this Lease Agreement, all of such moneys or investments of such moneys are pledged to the Trustee and the holders of the Bonds, for the further security of the Bonds.

## ARTICLE V.

### LEASE OF PROJECT TO THE COMPANY; PROVISIONS FOR PAYMENT

#### Section 5.1. Lease of the Project; Lease Payments and Other Amounts Payable.

(a) The Issuer hereby leases the Project to the Company and the Company hereby leases the Project from the Issuer upon the terms and conditions of this Lease Agreement. The term of this Lease Agreement shall commence on the date of issuance of the Bonds, and shall expire on the date when all Bonds are paid in full as provided in the Indenture.

(b) The Issuer covenants with the Company that so long as the Company observes and performs the terms and conditions of this Lease Agreement, the Company shall have, during the lease term sole and exclusive possession of the Project, and the Company shall be entitled to quiet enjoyment of the Project, except that the Issuer does not covenant any greater title or enjoyment than the Company has previously conveyed or shall cause to be conveyed to the Issuer.

(c) The Company covenants and agrees that upon the sale and delivery by the Issuer of the Bonds, the Company will make Lease Payments during the term of this Lease Agreement directly to the Trustee for the account of the Issuer, as and for the repayment of the principal of the Bonds together with interest thereon, sufficient to pay when due (whether at maturity, by acceleration or otherwise) the

principal of and interest on the Bonds (at the rates per annum stipulated in the Indenture), as follows:

(i) The Company shall pay as Lease Payments until the principal of and interest on the Bonds shall have been paid or provision for the payment thereof shall have been made in accordance with the Indenture:

(A) into the Bond Fund in immediately available funds on or before [ ] of each year during the term of this Lease Agreement, commencing [ ], the amount which when taken together with other moneys available for payment of interest on the Bonds will equal the amount of interest which will become due on the Bonds on such Interest Payment Date of [ ]; and

(B) into the Bond Fund in immediately available funds on or before [ ], the amount required to pay up to the \$54,000,000 of principal which will become due on all outstanding Bonds on [ ], plus accrued interest from the prior [ ] to [ ] less any other amounts available and used for such payment.

On or before the Business Day next preceding any redemption date for which a notice of redemption has been given pursuant to Article V of the Indenture, the Company shall pay as Lease Payments for deposit into the Bond Fund an amount of money which, together with other moneys available therefor in the Bond Fund, is sufficient to pay the principal of the Bonds called for optional redemption and for deposit into the Bond Fund an amount of money which, together with other moneys available therefor in the Bond Fund, is sufficient to pay the interest accrued to the redemption date on the Bonds called for optional redemption.

If by the Business Day of any principal or interest payment date on the Bonds or the date any other amounts are payable on the Bonds the amount held by the Trustee in the Bond Fund is insufficient to make the required payments of principal of and interest on the Bonds, the Company shall forthwith pay such deficiency as repayment of the Bonds for deposit in the Bond Fund.

At the option of the Company, to be exercised by delivery of a written certificate to the Trustee and the Issuer not less than 45 days next preceding any principal payment date or redemption date, the Company may (i) deliver to the Trustee for cancellation Bonds maturing on the appropriate date, in any aggregate principal amount desired by the Company or (ii) specify a principal amount of Bonds maturing on the appropriate date, which before said date have been redeemed and cancelled by the Trustee and not theretofore applied as a credit against any

redemption obligation for such Bonds. Each such Bond so delivered or previously redeemed shall be credited by the Trustee at 100% of the principal amount thereof against the obligation of the Issuer on such maturity or redemption date for such Bonds and any excess over such amount shall be credited against future principal payments or redemption obligations for such Bonds in chronological order. In the event the Company shall avail itself of the provisions of clause (i) of the first sentence of this paragraph, the certificate required by the first sentence of this paragraph shall be accompanied by the Bonds to be cancelled.

(ii) The Company agrees to pay to the Trustee and any other such fiduciary, the reasonable and necessary fees and expenses of such fiduciary, as and when the same become due, upon submission of a statement therefor; provided, that the Company may, without creating a default hereunder, contest in good faith any such fees or expenses.

In the event the Company should fail to make any of the payments required by this Section 5.1, the item or installment in default shall continue as an obligation of the Company until the amount in default shall have been fully paid, and the Company agrees to pay the same.

The Company also agrees that it shall make the Lease Payments provided in this Lease Agreement regardless of whether or not the Project is used or useful, existing or non-existing or whether any applicable laws, regulations or standards prevent or prohibit the use of the Project.

Section 5.2. Payments Allocated. The amount of each Lease Payment attributable to each tangible asset constituting a portion of the Project shall be deemed to be an aliquot portion of said Lease Payment, calculated as the depreciated book value of such asset as reflected on the books of the Company at the end of its most recent fiscal year divided by the total depreciated book value of all tangible Project assets. For the first year in which the Project is placed in service, said aliquot portion of each Lease Payment shall be determined using the opening book entries for the Project's tangible assets.

Section 5.3. Payments Assigned. It is understood and agreed that the rights of the Issuer under this Lease Agreement (other than the rights of the Issuer under Sections 8.1, 8.2, 9.4 and 12.11 and Article X hereof and the right to receive notices and other than the rights of the Issuer to perform certain discretionary acts as specifically provided in this Lease Agreement) and all Lease Payments made by the Company pursuant to this Lease Agreement are hereby assigned by the Issuer to the Trustee. The Company assents to such assignment and hereby agrees that, as to the Trustee, its obligations to make such Lease Payments shall be absolute and unconditional and shall not be subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach by the Issuer of any obligation to the Company, whether hereunder or otherwise, or out of any indebtedness or liability at any time owing to the Company by the Issuer. The Issuer hereby directs the Company, and the Company hereby agrees, to pay to the Trustee all Lease Payments payable by the Company pursuant to Section 5.1 hereof.

Section 5.4. Taxes and Other Governmental Charges. It is understood, acknowledged and agreed by the parties that pursuant to KRS 103.285 and/or Section 170 of the Kentucky

Constitution, the Project Site and the Project are exempt from *ad valorem* taxation by the Issuer and other political subdivisions in Kentucky to the same extent as other public property used for public purposes as long as same is owned by the Issuer. Notwithstanding the foregoing, the Company covenants and agrees to pay during the term of this Lease Agreement, as the same respectively become due, in addition to the Lease Payments, all taxes, payments in lieu of taxes, assessments and other governmental charges of any kind whatsoever that may at any time be lawfully assessed, levied or charged against or with respect to the Project other than the *ad valorem* taxes exempted pursuant to KRS 103.285 and/or Section 170 of the Kentucky Constitution or any payments made or to be made pursuant to this Lease Agreement; provided, that with respect to such taxes, assessments and other governmental charges which are levied against the Issuer, the Company shall be obligated to pay only upon notification by the Issuer, and provided further, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Company shall be obligated to pay only such installments as may have become due.

The Company may, at its expense and in its own name, in good faith contest any such asserted taxes, assessments and other governmental charges and, in the event of any such contest, may permit the taxes, assessments or other governmental charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee shall notify the Company that, in the opinion of its counsel, by nonpayment of any such items the security provided pursuant to the provisions of the Indenture will be materially endangered, in which event such taxes, charges for payments in lieu of taxes, assessments or charges shall be paid forthwith or such other arrangements to protect the interests of the Bondholders as are acceptable to the Trustee shall be made. The Issuer will cooperate fully with the Company in any such contest and will provide the Company with the necessary authority or powers of attorney to enable the Company the opportunity to participate in or pursue appropriate administrative review or judicial determination as to the applicability of any such taxes, assessments or charges. In the event the Company shall fail to pay any of the foregoing items required by this Section 5.4 to be paid by the Company, the Issuer or the Trustee may (but shall be under no obligation to) pay the same and any amounts so advanced therefor by the Issuer or the Trustee shall become an additional obligation of the Company to the one making the advancement, which amounts, together with interest thereon, the Company agrees to pay. The Company may, at its expense and in its own name and behalf, apply for any tax exemption or exemption from payments in lieu of taxes allowed by the State, or any political or taxing subdivision thereof under any existing or future provision of law which grants or may grant any such tax exemption or exemptions from payments in lieu of taxes.

Notwithstanding the exemption provided by KRS 103.285 and/or Section 170 of the Kentucky Constitution, the Company hereby covenants to pay to the Simpson County Board of Education, during the term of this Lease Agreement, payments in lieu of taxes ("PILOT Payments") in the amount of \$[ ] per annum payable on [ ] in each year (beginning in the first year after the year in which any of the Bonds are first issued), so long as any of the Bonds remaining outstanding; provided, that such annual payments in lieu of taxes shall be automatically reduced in each year by any amount of taxes which may hereafter be legally levied upon the Project by the Simpson County Board of Education.

Section 5.5. Obligations of the Company Unconditional. The obligations of the Company to make the Lease Payments pursuant to this Lease Agreement and to perform and observe the other agreements and covenants on its part contained herein shall be absolute and unconditional. Until such time as the principal of and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Company (i) shall not suspend or discontinue any Lease Payments pursuant to this Lease Agreement, (ii) shall perform and observe all its other agreements contained in this Lease Agreement, and (iii) except as provided in Article X hereof, shall not terminate this Lease Agreement for any cause including, without limiting the generality of the foregoing, failure to complete the Project, failure of title to the Project or any part thereof, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision thereof or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Lease Agreement. Nothing contained in this Section 5.5 shall be construed to release the Issuer from the performance of any of the agreements on its part herein contained; and in the event the Issuer should fail to perform any such agreement on its part, the Company may institute such action against the Issuer as the Company may deem necessary to compel performance so long as such action shall be in accordance with the agreements on the part of the Company contained in the preceding sentence. The Company may, however, at its own expense and in its own name or in the name of the Issuer, prosecute or defend any action or proceeding or take any other action involving third persons which the Company deems reasonably necessary in order to insure completion of the acquisition, construction, installation and equipping of the Project or to secure or protect the Issuer's and its right of ownership, possession, occupancy and use of the Project, and in such event the Issuer hereby agrees to cooperate fully with the Company.

Section 5.6. Other Issuer Expenses. Anything to the contrary herein notwithstanding, the Company shall pay any reasonable expenses not specifically mentioned herein which are reasonably incurred by the Issuer, after notice to the Company, in connection with the Project, this Lease Agreement, the Indenture or the Bonds. The provisions of this Section 5.6 shall survive the termination of this Lease Agreement.

## ARTICLE VI.

### MAINTENANCE, STATUS OF PROPERTY; DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS; INSURANCE

Section 6.1. Maintenance. So long as any Bonds are outstanding, as the term "outstanding" is defined in the Indenture, the Company will maintain, preserve and keep the Project, or cause the Project to be maintained, preserved and kept, in good repair, working order and condition and will from time to time make or cause to be made all proper repairs, replacements and renewals necessary to continue to constitute the Project as an industrial building project under Chapter 103 of the Kentucky Revised Statutes; provided, however, that the Company will have no obligation to maintain, preserve, keep, repair, replace or renew any element or portion of the Project (i) the maintenance, preservation, keeping, repairing, replacement or renewal of which becomes uneconomical to the Company because of damage or destruction by a cause not within the control of the Company, or condemnation of all or

substantially all of the Project or obsolescence (including economic obsolescence) or change in government standards and regulations, or the termination by the Company of the Project, and (ii) with respect to which the Company has furnished to the Issuer and the Trustee a certificate executed by the Company Representative certifying that the maintenance, preservation, keeping, repair, replacement or renewal of such element or unit of the Project or the Project itself is being discontinued for one of the foregoing reasons, which shall be stated therein. Title to all replacements, renewals and property incident to repair and replacement parts to or for the Project installed or supplied by the Company pursuant to this Section 6.1 shall vest in the Issuer upon such installation or application.

If, before full payment of all Bonds outstanding (or provision for payment thereof having been made in accordance with the provisions of the Indenture), the Project or any portion thereof is destroyed or damaged in whole or in part by fire or other casualty, or title to, or the temporary use of, the Project or any portion thereof shall have been taken by the exercise of the power of eminent domain, and Issuer or the Company receive Net Proceeds from insurance or any condemnation award in connection therewith, Company (unless it shall have exercised its option to prepay the Lease Payments pursuant to the provisions of Article X hereof) shall cause such Net Proceeds to be used to repair, reconstruct, restore or improve the Project.

Section 6.2. Alterations and Additions; Release of Portions of the Project Site. The Company shall have the privilege of completing the Project, by issuance of additional issues of bonds and for the making alterations, additions and improvements upon, in and to the Project as it in its discretion may from time to time determine to be desirable for its use and purposes and as do not adversely affect the use, operating unity or value of the Project or the structural integrity of any building or other structure forming a part thereof. Any or all of said alterations, additions or improvements shall be located on or serve the Project Site and comply with all applicable federal, state and local laws and regulations thereunder. All such alterations, additions and improvements, except structures which are independent of the Project and not connected thereto by party walls and with respect to which release of a portion of the Project Site has been made shall become part of the Project and shall secure the Bonds. If the additions and improvements proposed to be constructed by the Company are not physically connected to any component of the Project, and no event of default is then existing, the Company shall have the right to obtain release of portions of the Project Site for such construction, free and clear of any lien or security interest in favor of the Bonds, by paying to the Trustee \$1,000 per acre so released. Upon any such release, a principal amount of Bonds equal (within \$100,000) to the amount of such payment shall be redeemed at the earliest practicable date and any moneys received by the Trustee in payment for such portions of the Project Site shall be deposited into the Bond Fund and applied to the payment of principal of and interest on the Bonds so redeemed. Thereafter, such portions of the Project Site and any additions constructed thereon by the Company shall not secure the Bonds.

Section 6.3. Removal of Company's Property from the Project. It is recognized and acknowledged that the Company may install in and about the Project at its own expense machinery, equipment and other general property to which it may choose to retain title. All such machinery, equipment and property shall remain the sole property of the Company and shall not be conveyed to the Issuer.

Nothing contained in this Lease Agreement shall prohibit or prevent the Company from leasing machinery, equipment or other property or from purchasing such property for use in or about the Project under a conditional sales contract, lease sale contract or subject to vendor's lien or security interest as security for the unpaid portion of the purchase price thereof, provided no such lien or security interest shall otherwise attach to the Project. The Issuer and the Trustee, if requested by the Company, shall consent to the installation of any such machinery, equipment or other property and waive and relinquish to the seller or lessor thereof, as the case may be, all right of levy for rent and all claims and demands of every kind against any such property installed or to be installed under any such lease or contract, and such consent shall not be unreasonably withheld and shall be given in a timely manner.

Section 6.4. Insurance. The Company agrees to insure the Project at all times in accordance with its customary practices.

## ARTICLE VII. SPECIAL COVENANTS

Section 7.1. No Warranty of Condition or Suitability by the Issuer. The Issuer makes no warranty, either express or implied, as to the Project or that it will be suitable for the Company's purposes or needs.

Section 7.2. The Company to Maintain Legal Existence; Conditions Under Which Exceptions Permitted. Except with the written consent of the Issuer and the Trustee, and except for any merger, consolidation or other legal combination with any affiliate or subsidiary, the Company agrees and covenants that during the term of this Lease Agreement it will maintain its individual legal existence and will continue to be a corporation qualified and admitted to do business in the State, and that it will neither dispose of all or substantially all of its assets nor consolidate with nor merge into another person, firm or corporation. Nothing herein contained shall be deemed or construed to be in derogation of the assignment rights of the Company set forth in Section 8.1 hereof nor the Company's rights to sell and transfer its leasehold estate and other interests in the Project in whole or in part, which assignment of lease interests, sale or transfer, in whole or in part, may be made on a basis which is free and clear of the lien and pledge of the Indenture, but subject to all of the terms of this Lease Agreement, including but not limited to, the payment of all rentals and other payments required by this Lease, unless the lease interest so assigned is cancelled and discharged by the redemption and cancellation of Bonds corresponding on a pro rata basis to the undivided interest assigned and transferred. Any such sale and transfer shall require compliance with the same conditions and requirements as are applicable to assignments in whole or in part, of this Lease Agreement, pursuant to Section 8.1 hereof.

Section 7.3. Further Assurances and Corrective Instruments. The Issuer and the Company agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the intention of or facilitating the performance of this Lease Agreement.

Section 7.4. Issuer Representative. Whenever under the provisions of this Lease Agreement the approval of the Issuer is required or the Issuer is required to take some action at the request of the Company, such approval shall be made or such action shall be taken by the Issuer Representative, if so permitted by the Act, and the Company or the Trustee shall be authorized to act on any such approval or action, and the Issuer shall have no redress against the Company or the Trustee as a result of any such action taken; provided, however, that no amendment or supplement to this Lease Agreement or to the Indenture stated to require the approval of the Issuer shall be made without the approval of the Issuer.

Section 7.5. Company Representative. Whenever under the provisions of this Lease Agreement the approval of the Company is required or the Company is required to take some action at the request of the Issuer, such approval shall be made or such action shall be taken by the Company Representative and the Issuer or the Trustee shall be authorized to act on any such approval or action and the Company shall have no redress against the Issuer or the Trustee as a result of any such action taken.

Section 7.6. Relationship of the Company, Trustee and Bondholders. It is understood and agreed that the relationship of the Company and the bondholders is that of borrower and lender and that the Trustee, as trustee for the bondholders, is not acting as an agent for the Company and shall not be responsible for the acquisition, construction, installation and equipping of the Project or have any liability arising from acquisition, construction, installation and equipping of the Project. The Company agrees to hold the Trustee and the bondholders harmless from any and all claims asserted against the Issuer, the Trustee and the bondholders based on gross negligence or willful misconduct of the Company in connection with acquisition, construction, installation and equipping of the Project, including the payment of all costs and reasonable attorneys fees incurred by the Trustee and the bondholders in defending any actions arising thereunder.

## ARTICLE VIII.

### ASSIGNMENT; INDEMNIFICATION; REDEMPTION

Section 8.1. Assignment by the Company. This Lease Agreement may be assigned, in whole or in part, by undivided interest, by the Company without prior consent of the Issuer or the Trustee, subject to each of the following conditions:

- (a) The assignee shall assume in writing all duties, obligations and rights of the Company hereunder to the full extent of the interest assigned.
- (b) The Company shall, within 10 days after the delivery thereof, furnish or cause to be furnished to the Issuer and the Trustee a true and complete copy of each such assumption of obligations and assignment.
- (c) Any such assignment shall not be in violation of, then applicable federal or state laws.

Section 8.2. Indemnification of the Issuer.

(a) The Company will pay, protect, indemnify and save the Issuer, including all present and future officers and employees of the Issuer (each of the Issuer or any such officer or employee, an "Indemnified Party") harmless from and against any and all fines, penalties, liabilities, losses, damages, costs and expenses (including reasonable attorneys' fees and expenses of the Issuer), causes of action, suits, claims, demands and judgments of whatsoever kind and nature (including, but not by way of limitation, those arising or resulting from any injury to or death of any person or damage to property), arising out of the following: (i) the design and construction by the Company of the Project; (ii) the use, operation or occupancy by the Company or any sublessee, transferee or assignee of the Project or this Lease Agreement; (iii) violation by the Company of any agreement, warranty, covenant or condition of this Lease Agreement; (iv) violation by the Company of any other contract, agreement or restriction relating to the Project; (v) violation by the Company of any applicable laws affecting the Project; (vi) the issuance of the Bonds, including the sale thereof; and (vii) the taking of any action on the part of any Indemnified Party authorized or required to be taken by the Issuer under the Indenture, provided that the Company shall not be required to indemnify any Indemnified Party for such party's own negligence or willful misconduct.

(b) Subject to the provisions of Section 12.2 hereof regarding notices, the Issuer shall promptly notify the Company in writing of any claim or action brought against the Issuer, in respect of which indemnity may be sought against the Company, setting forth the particulars of such claim or action, and the Company will assume the defense thereof, including the employment of counsel reasonably acceptable to the Indemnified Party, and the payment of all expenses. The Issuer may employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall not be payable by the Company unless such employment has been specifically authorized by the Company or such fees and expenses are incurred in an action in which the Indemnified Party has available to it defenses separate or adverse to the Company. The Company shall not be liable for any settlements of any action effected without its consent, which consent shall not be unreasonably withheld.

Section 8.3. Assignment of Interest in Agreement by the Issuer. Any assignment by the Issuer to the Trustee pursuant to the Indenture or this Lease Agreement of any moneys receivable under this Lease Agreement shall be subject to this Lease Agreement.

Section 8.4. Redemption of Bonds. Upon the agreement of the Company to deposit moneys in the Bond Fund in an amount sufficient to redeem Bonds subject to redemption or to otherwise undertake any necessary actions for defeasance of the Bonds, the Issuer, at the request of the Company, shall forthwith take all steps (other than the payment of the money required for such redemption or defeasance) necessary under the applicable redemption or defeasance provisions of the Indenture to effect redemption or defeasance of all or part of the Bonds outstanding, as may be specified by the Company, on the earliest redemption date on which such redemption or defeasance may be made under such applicable provisions.

ARTICLE IX.  
EVENTS OF DEFAULT AND REMEDIES

Section 9.1. Events of Default Defined. The following shall be "events of default" under this Lease Agreement and the terms "events of default" shall mean, whenever they are used in this Lease Agreement, any one or more of the following events:

(a) Failure by the Company to pay the Lease Payments required to be paid under Section 5.1(c)(i) hereof when the same become due and payable and continuation of such failure for a period of 14 days after the Company receives written notice of such failure.

(b) Failure by the Company 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 9.1, for a period of 90 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Company by the Issuer or the Trustee; provided, that with respect to any such failure covered by this subsection (b), no event of default shall be deemed to have occurred so long as a course of action to remedy such failure shall have been commenced within such 90-day period and shall thereafter be diligently prosecuted to completion and the failure shall be remedied thereby.

(c) The dissolution or liquidation of the Company or failure by the Company promptly to lift any execution, garnishment, or attachment of such consequence as will impair its ability to carry on its operations or to make any payments under this Lease Agreement.

(d) The entry of a decree or order for relief by a court having jurisdiction in the premises in respect of the Company in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Company or for any substantial part of its property, or ordering the winding-up or liquidation of any of its affairs and the continuance of any such decree or order unstayed and in effect for a period of 120 consecutive days.

(e) The commencement by the Company of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by it to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Company or for any substantial part of its property, or the making of any assignment for the benefit of creditors, or the failure to generally pay debts as such debts become due, or the taking of corporate action by the Company in furtherance of any of the foregoing.

The foregoing provisions of subsection (b) of this Section 9.1 are subject to the following limitations: If by reason of force majeure the Company is unable in whole or in part to carry out

its agreements herein contained, other than the obligations on the part of the Company contained in Article V and in Sections 8.2, 9.4 and 12.11 hereof, the Company shall not be deemed in default during the continuance of such inability. The Company agrees, however, if possible, to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements; provided, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Company and the Company shall not be required to make settlement of strikes, lockouts or other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Company unfavorable to the Company.

Section 9.2. Remedies on Default by the Company. Whenever any event of default referred to in Section 9.1 hereof shall have occurred and is continuing and if acceleration or mandatory tender of the Bonds shall have occurred pursuant to the provisions of Section 8.2 of the Indenture, the Trustee may take any one or more of the following remedial steps:

- (a) The Trustee (acting as assignee of the Issuer) as and to the extent provided in the Indenture, may declare the Lease Payments payable hereunder for the remainder of the term of this Lease Agreement to be immediately due and payable, whereupon the same shall become due and payable.
- (b) The Trustee may take any action permitted under the Indenture with respect to an Event of Default thereunder and may exercise any of its rights granted it.
- (c) The Trustee, as and to the extent provided in the Indenture, may foreclose on and sell all or any portion of the Project and the Project Site and may exercise all the rights and remedies of a secured party under the Kentucky Uniform Commercial Code.
- (d) The Trustee, as and to the extent provided in the Indenture, or the Issuer (in the event of a failure of the Trustee to act under this subsection), may take whatever action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce the performance or observance of any obligations, agreements or covenants of the Company under this Lease Agreement.

Whenever any event of default referred to in Section 9.1 hereof and relating to the Company's failure to satisfy any of its obligations, agreements or covenants under Article V and Sections 5.5, 8.2, 9.4 and 12.11 hereof shall have occurred and be continuing, the Issuer (in the event of a failure by the Trustee to act under this Section 9.2) may take whatever action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce the performance or observance of any of those obligations, agreements or covenants.

Notwithstanding the foregoing, before the exercise by the Issuer or the Trustee of any remedy that would prevent the application of this paragraph, the Company may, at any time, pay all accrued payments hereunder (exclusive of any such payments accrued solely by virtue of

declaration pursuant to subsection (a) of the first paragraph of this Section 9.2) and fully cure all defaults, and in such event, the Company shall be fully reinstated to its position hereunder as if such event of default had never occurred.

In the event that the Company fails to make any payment required hereby, the payment so in default shall continue as an obligation of the Company until the amount in default shall have been fully paid.

Any proceeds received by the Issuer or the Trustee from the exercise of any of the above remedies, after reimbursement of any costs incurred by the Issuer or the Trustee in connection therewith, shall be applied by the Trustee in accordance with the provisions of the Indenture.

Section 9.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease Agreement now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer to exercise any remedy reserved to it in this Article IX, it shall not be necessary to give any notice, other than notice required herein or by applicable law. Such rights and remedies given the Issuer hereunder shall also extend to the Trustee and the holders of the Bonds, subject to the Indenture.

Section 9.4. Agreement to Pay Attorneys' Fees and Expenses. In the event the Company should default under any of the provisions of this Lease Agreement, and the Issuer or the Trustee should employ attorneys or incur other expenses for the collection of Lease Payments or the enforcement of performance or observance of any obligation or agreement on the part of the Company herein contained, the Company agrees that it will on demand therefor pay to the Issuer or the Trustee, as the case may be, the reasonable fees of such attorneys and other reasonable expenses incurred by the Issuer or the Trustee.

Section 9.5. Waiver. In the event any agreement contained in this Lease Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach waived and shall not be deemed to waive any other breach hereunder. In view of the assignment of the Issuer's rights in and under this Lease Agreement to the Trustee under the Indenture, the Issuer shall have no power to waive any event of default hereunder without the consent of the Trustee. Notwithstanding the foregoing, a waiver of an Event of Default under the Indenture or a rescission of a declaration of acceleration of the Bonds and a rescission and annulment of its consequences shall constitute a waiver of the corresponding event of default under this Lease Agreement and a rescission and annulment of its consequences; provided, that no such waiver or rescission shall extend to or affect any subsequent or other default hereunder or impair any right consequent thereon.

Section 9.6. Sale Accelerates Bond Obligations. In the event of any foreclosure and sale of the Project pursuant to Section 9.2 hereof, the principal of the Bonds, if not previously

due, immediately thereupon shall become due and payable, anything in the Bonds or in this Lease Agreement to the contrary notwithstanding.

Section 9.7. Waiver of Appraisalment, Valuation, Stay, Execution and Redemption Laws. The Company agrees, to the extent permitted by law, that in the case of the occurrence of an event of default, neither the Company nor anyone claiming through or under it shall or will set up, claim or seek to take advantage of any appraisalment, valuation, stay, extension or redemption laws now or hereafter in force in order to prevent or hinder the enforcement or foreclosure of the lien of this Lease Agreement, or the absolute sale of the Project, or the final and absolute putting into possession thereof, immediately after such sale, of the purchasers thereat; and the Company, for itself and all who may at any time claim through or under it, hereby waives, to the full extent that it may lawfully do so, the benefit of all such laws, and any and all right to have the estates comprising the security intended to be hereby created marshaled upon any foreclosure of the lien hereof and agrees that the Issuer or any court having jurisdiction to foreclose such lien may sell the Project as an entirety.

Section 9.8. Company's Remedies on Default by Issuer. Failure by the Issuer to perform any of its obligations under this Lease Agreement shall constitute an event of default for which Company shall have, in addition to all other available remedies at law or in equity, the right to suspend or not make the PILOT Payments referred to in Section 5.4 hereof.

## ARTICLE X. PREPAYMENT OF LEASE PAYMENTS AND REDEMPTION OF BONDS

Section 10.1. General Option to Prepay the Lease Payments. The Company shall have and is hereby granted the option, exercisable at any time, to prepay all or any portion of the Lease Payments in minimum increments of \$100,000 by depositing with the Trustee an amount of money or securities to the extent permitted by Section 7.1 of the Indenture the principal and interest on which when due, will be equal to (giving effect to the credit, if any, provided by Section 10.2 hereof) an amount sufficient to pay the principal of and accrued interest on any portion of the Bonds then outstanding under the Indenture. The exercise of the option granted by this Section 10.1 shall not be cause for redemption of Bonds unless such redemption is permitted at that time under the provisions of the Indenture and the Company specifies the date for such redemption. In the event the Company prepays all of the Lease Payments pursuant to this Section 10.1 (and such prepayment results in the discharge and satisfaction of the Indenture as provided in Section 7.1 of the Indenture) and pays all reasonable and necessary fees and expenses of the Trustee accrued and to accrue through final payment of the Bonds called for redemption as a result of such prepayment and all of its liabilities accrued and to accrue hereunder to the Issuer through final payment of the Bonds called for redemption as a result of such prepayment, this Lease Agreement shall terminate.

Section 10.2. Prepayment Credits. In the event of prepayment by the Company of the Lease Payments in whole, the amounts then contained in the Bond Fund and Construction Fund shall be credited against the Company's prepayment obligation.

Section 10.3. Notice of Prepayment. In order to exercise the option granted by this Article X, the Company shall give written notice to the Issuer and the Trustee which shall specify therein the date of making the prepayment, which date shall be not less than 5 days nor more than 30 days from the date the notice is mailed. In the case of any prepayment pursuant to this Article X, the Company and the Issuer may make arrangements with the Trustee for giving the required notice of redemption of any Bonds to be redeemed.

Section 10.4. Use of Prepayment Moneys. By virtue of the assignment of the rights of the Issuer under this Lease Agreement to the Trustee, the Company agrees to and shall pay any amount required to be paid by it under this Article X directly to the Trustee (other than amounts to be paid to the Issuer for its own account). The Trustee shall use the moneys so paid to it by the Company to pay the principal of and interest on the Bonds on regularly scheduled payment dates or, upon direction of the Company to redeem Bonds on the date set for redemption thereof pursuant to Section 10.3 hereof.

Section 10.5. Optional Prepayment. Notwithstanding anything to the contrary in this Lease Agreement, the Company shall have the right at any time to prepay the Lease Payments in full.

To exercise such option, the Company shall make provision satisfactory to the Trustee for payment of the outstanding Bonds in accordance with the provisions of the Indenture at the price of 100% of the principal amount thereof plus accrued interest to redemption, and shall, within 5 days following the event authorizing the exercise of such option, give written notice to the Trustee if any of the Bonds shall then be unpaid or provision for payment shall not have been made in accordance with the provisions of the Indenture, and shall specify therein the date of prepayment of the Lease Payments, which date shall be not less than 5 nor more than 30 days from the date on which notice is mailed, and shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption. The prepayment amount payable by the Company in the event of its exercise of the option granted in this Section 10.5 shall be the sum of the following:

- (a) An amount (to be deposited into the Bond Fund) of money which, when added to the amounts then on deposit in the Bond Fund and the Construction Fund, will be sufficient to retire and redeem all the then outstanding Bonds on the applicable redemption date or at maturity as provided by the Indenture, including, without limitation, principal, at 100% of the principal amount thereof, all interest to accrue to said redemption or maturity dates, and redemption expense, plus
- (b) An amount of money equal to the Trustee's, Paying Agent's and other fiduciary's fees and expenses under the Indenture, accrued and to accrue until such final payment and redemption of the Bonds.

Section 10.6. Relative Position of this Article and Indenture. The rights and options granted to the Company in this Article X, except the option granted to the Company to prepay less than all of the Lease Payments, shall be and remain prior and superior to the Indenture and may be exercised whether or not the Company is in default hereunder; provided that such default will not result in nonfulfillment of any condition to the exercise of any right or option. No

amendment of the Indenture shall become effective unless and until the Company shall have consented thereto as provided by the Indenture.

ARTICLE XI.  
CONVEYANCE OF PROJECT TO COMPANY

Section 11.1. Conveyance upon Expiration of Term of Agreement. When the Trustee certifies to the Issuer that all of the Bonds, including principal and interest, the purchase price specified in Section 11.3 hereof, and all other obligations incurred and to be incurred by the Issuer in connection with the Project and under the Indenture and this Lease Agreement have been paid in full or that sufficient funds for such payment in full (which computation may take into effect earnings on funds held in escrow for such purpose) are held in trust by the Trustee, the Issuer shall promptly, or direct the Trustee promptly to, transfer, convey, release, alien, assign and set over to the Company all of the Trustee's and the Issuer's title and interest in and to the Project by a good and sufficient deed and such other legal instruments as may be required therefor.

Section 11.2. General Option to Purchase Before Expiration of Agreement. The Company shall have and may exercise on any date upon which the Bonds may be redeemed in whole or in part, pursuant to this Lease and the Indenture before the expiration of the term of this Lease Agreement so long as no event of default has occurred and is continuing, the option to purchase the Project in whole or in part, under the provisions of this Section 11.2 upon paying or causing to be paid to the Trustee the purchase price therefor in an amount as provided in Section 11.3 hereof. The Company may exercise such option by giving written notice thereof to the Issuer and the Trustee pursuant to Article X hereof and by making payments as provided in Article X hereof.

Section 11.3. Purchase Price. The purchase price payable by or on behalf of the Company pursuant to Section 11.2 hereof shall be the sum of One Dollar (\$1.00) plus such additional amount, if any, which, with all other funds available therefor, will be sufficient to provide for payment in whole or in part for the Bonds, based upon the remaining Bonds then outstanding, and in conformity with the Indenture and all other obligations incurred and to be incurred by the Issuer in connection with the Project and under the Indenture and this Lease Agreement. If the purchase is of an undivided interest in the Project, this Lease Agreement and the Indenture shall remain outstanding and the purchase price will be applied to immediate redemption and cancellation of a ratable amount of outstanding Bonds based upon the ratio which the purchase price bears to the principal amount of the outstanding Bonds. Such purchase shall ratably reduce or diminish the amount of the subsequent, annual PILOT Payment to the County referred to in Section 5.4 hereof, based upon the same ratio. Such payment in whole or in part for the Bonds shall include the principal of some or all the Bonds as applicable, and all interest accrued and to accrue on such Bonds to their redemption date or their maturity date, whichever is earlier, and any expenses in connection with such payment in full. In lieu of cash, the Company may cause to be delivered to the Trustee a sufficient amount of direct obligations of the United States of America to provide for payment of some or all of the Bonds and defeasance of the Indenture or otherwise in accordance with the terms and provisions of Section 7.1 of the Indenture.

Section 11.4. Date of Settlement. The purchase price of the Project or an undivided interest therein under Section 11.2 hereof shall be paid on a date of settlement and at a place to be mutually agreed upon by the Trustee, the Issuer and the Company. The purchase price shall be paid to the Trustee on behalf of the Issuer in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts or in direct obligations of the United States of America as provided in Section 11.3 hereof, and the Issuer shall contemporaneously convey to the Company all or a portion, as applicable, of the Issuer's right, title and interest in and to the Project by a good and sufficient deed and such other legal instruments as shall be required therefor. The Company shall bear all costs and expenses in connection with the preparation of the documents of conveyance and the delivery thereof and all fees, assessments, taxes and charges payable in connection with the conveyance of title to the Project. Upon conveyance of title and payment therefor as aforesaid, this Lease Agreement shall cease and terminate as to such interests and all related obligations of the Company hereunder, except obligations pertaining to indemnification, shall be terminated and extinguished.

In no event, however, shall full title to the Project be conveyed to the Company until the Trustee certifies to the Issuer that all of the Bonds, including principal and interest, and all other obligations incurred by the Issuer under the Indenture and this Lease Agreement have been paid in full or that sufficient funds or direct United States Government Obligations, as provided in Section 11.3 hereof, are held in trust by the Trustee for full payment of the Bonds when redeemable and defeasance of the Indenture as provided in the Indenture.

Section 11.5. Relative Position of Options and Indenture. The options respectively granted to the Company in this Article XI shall be and remain prior and superior to the Indenture and may be exercised whether or not the Company is in default hereunder, provided that such default will not result in nonfulfillment of any condition to the exercise of any such option.

## ARTICLE XII. MISCELLANEOUS

Section 12.1. Term of Agreement. This Lease Agreement shall remain in full force and effect from the date hereof until such time as the applicable provisions of Article XI hereof have been complied with, provided, however, that this Lease Agreement may be cancelled and terminated before said date if the Company shall prepay all of the Lease Payments pursuant to Article X hereof.

Section 12.2. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, or sent by telegram, addressed as follows:

If to the Issuer, at:

City of Franklin, Kentucky  
117 Cedar Street  
Franklin, Kentucky 42134  
Attention: Mayor

If to the Company, at: Tractor Supply Company  
200 Powell Place  
Brentwood, Tennessee 37027  
Attention: General Counsel

If to Trustee, at: U.S. Bank National Association  
425 Walnut Street, 6th Floor  
M/L CN-OH-W6CT  
Cincinnati, Ohio 45202  
Attention: Vice President and  
Office Manager

A duplicate copy of each notice, certificate or other communication given hereunder by either the Issuer or the Company to the other shall also be given to the Trustee. The Issuer, the Company and the Trustee may by notice given hereunder designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 12.3. Binding Effect. This Lease Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Company and their respective successors and assigns, subject, however, to the limitations contained in Sections 7.2, 8.1 and 8.3 hereof.

Section 12.4. Severability. In the event any provision of this Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 12.5. Amounts Remaining in the Bond Fund and the Construction Fund. It is agreed by the parties hereto that any amounts remaining in any fund created by the Indenture, upon expiration or sooner termination of the term of this Lease Agreement, as provided in this Lease Agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and the reasonable and necessary fees and expenses of Trustee and any fiduciaries in accordance with the Indenture, shall belong to and be paid to the Company by the Trustee.

Section 12.6. Amendments, Changes and Modifications. After the issuance of the Bonds and before their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), this Lease Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of Trustee, given in accordance with the Indenture.

Section 12.7. Execution in Counterparts. This Lease Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.8. Applicable Law. This Lease Agreement shall be governed by and construed in accordance with the laws of the State.

Section 12.9. Captions. The captions or headings in this Lease Agreement are for convenience only and in no way define, limit, or describe the scope or intent of any provisions or sections of this Lease Agreement.

Section 12.10. No Pecuniary Liability of the Issuer. No provisions, covenant or agreement contained in this Lease Agreement or breach thereof shall constitute or give rise to a pecuniary liability of the Issuer or a charge upon its general credit or taxing powers. In making such covenants, agreements or provisions, the Issuer has not obligated itself, except with respect to the Project and the application of the revenues of this Lease Agreement, as hereinabove provided.

The Company covenants to defend the Issuer in any litigation with reference to the Project, and to reimburse the Issuer for any costs, expenses and fees, including attorneys fees, incurred by the Issuer in its own defense or representation, and to reimburse the Issuer for any costs or damages of whatever nature resulting from any future litigation with reference to the Project.

Section 12.11. Payments Due on Holidays. If the date for making any payment or the last date for performance of any act or the exercise of any right, as provided in this Lease Agreement, is not a Business Day, such payment may be made on act performed on night exercised on the next succeeding Business Day with the same force and effect as if done on the normal date provided in this Lease Agreement.

IN WITNESS WHEREOF, the Issuer and the Company have caused this Lease Agreement to be executed in their respective corporate names and their respective corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first written.

CITY OF FRANKLIN, KENTUCKY

(SEAL)

By \_\_\_\_\_  
RONNIE CLARK  
Mayor

ATTEST:

\_\_\_\_\_  
KATHY STRADTNER  
City Clerk



STATE OF \_\_\_\_\_ )  
 )SS  
COUNTY OF \_\_\_\_\_ )

I, the undersigned Notary Public in and for the State and County aforesaid, do hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_, 2011, the foregoing instrument was produced to me in said County by \_\_\_\_\_ and \_\_\_\_\_, personally known by me to be the \_\_\_\_\_ and \_\_\_\_\_, respectively, of Tractor Supply Company, a Delaware corporation, formed under the laws of the State of Delaware; and said officers acknowledged said instrument to be the free act and deed of said corporation and to be their free act and deed as the officers thereof.

WITNESS my hand and seal this \_\_\_\_\_ day of \_\_\_\_\_, 2011. My commission expires \_\_\_\_\_.

(SEAL)

\_\_\_\_\_  
Notary Public  
State at Large, Kentucky

THIS INSTRUMENT PREPARED BY:

\_\_\_\_\_  
Mark S. Franklin, Esq.  
STOLL KEENON OGDEN PLLC  
2000 PNC Plaza  
500 W. Jefferson Street  
Louisville, Kentucky 40202  
Telephone: (502) 333-6000  
Facsimile: (502) 562-0960  
mark.franklin@skofirm.com

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CITY OF FRANKLIN, KENTUCKY  
AND  
U.S. BANK NATIONAL ASSOCIATION,  
As Trustee

INDENTURE AND MORTGAGE DEED OF TRUST

Dated as of [\_\_\_\_], 2011

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Indenture And Mortgage Deed of Trust Securing  
City of Franklin, Kentucky, Industrial Building Revenue Bonds,  
Series 2011 (Tractor Supply Company Project)

(Ord 211.14-9-2011 Exhibit B)