

DRAFT OF August 14, 2013 - FOR DISCUSSION PURPOSES ONLY

**LEASE AGREEMENT AND
AGREEMENT TO ISSUE BONDS**

Dated as of September 1, 2013

by and between

Industrial Development Board
of the Parish of Caddo, Inc.

and

Industrial Realty Group, LLC

relating to the agreement to issue up to:

\$ _____
Revenue Bonds
(GM Redevelopment Project)
of the
Industrial Development Board
of the Parish of Caddo, Inc.

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**LEASE AGREEMENT
AND AGREEMENT TO ISSUE BONDS**

This **LEASE AGREEMENT AND AGREEMENT TO ISSUE BONDS** (the "Lease Agreement" or "Agreement"), dated for convenience as of September 1, 2013 and executed on the dates hereinafter indicated by and between the **INDUSTRIAL DEVELOPMENT BOARD OF THE PARISH OF CADDO, INC.** (the "Lessor"), a nonprofit public corporation and instrumentality of the Parish of Caddo, State of Louisiana and **INDUSTRIAL REALTY GROUP, LLC** (the "Lessee"), a limited liability company organized and existing under the laws of the State of _____ and qualified to do business in the State of Louisiana, as lessee,

WITNESSETH :

WHEREAS, the Lessor is authorized and empowered under Chapter 7 of Title 51 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 51:1151 *et seq.*) (the "Act"), and other constitutional and statutory authority supplemental thereto, to acquire properties in connection with the promotion of economic development and when desired and appropriate to issue its bonds and enter into agreements for the issuance of its bonds for the purpose of encouraging the location of manufacturing, industrial and commercial facilities and other enterprises within the Parish of Caddo (the "Parish"); and

WHEREAS, pursuant to the Act, the Lessor is authorized to acquire any land, easement, servitude, leasehold interest, or other interest or right in land, and any building or other facility or improvement thereon, and all movable and immovable properties deemed necessary in connection therewith, whether or not now in existence, which shall be suitable for use by the following or by any combination of two or more thereof: any industry for the manufacturing, processing, or assembling of any raw, agricultural, semi-manufactured, or manufactured products; any commercial enterprise in storing, warehousing, distributing, or selling any products of agriculture, fishing, forestry, mining, or industry; business or professional offices; hotels; and any international, national, regional, or state offices of business or industry, or any other facility that is determined by the Lessor to be instrumental to the removal of blight or the redevelopment of distressed areas, or to promote economic development through the creation of jobs, or to enhance the tax base through the construction, renovation, or rehabilitation of improvements. and to pledge the revenues and receipts therefrom or from any source thereof to secure its bonds, if any, issued; and

WHEREAS, under the Act, the Lessor and all properties at any time owned by the Lessor and the income therefrom and all bonds issued by it and the income therefrom shall be exempt from all taxation in the State of Louisiana, provided that the Lessor may require the lessee of any of its projects to pay administrative charges, rent and a sum *in lieu* of ad valorem taxes which sum shall not be in excess of the ad valorem taxes such lessee would have been obligated to pay to such authorities had it been the owner of such project during the period for which such payment is made; and

WHEREAS, such payments to be made in lieu of taxes together with any fees and charges of the Lessor, to the extent in the aggregate they do not exceed the amount of taxes that

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would be paid if the Lessee were the owner, shall constitute statutory impositions within the meaning of R.S. 47:2128; and

WHEREAS, the Lessor has authorized a “development project” within the meaning of the Act consisting of the acquisition of the land and buildings constituting the existing General Motors facilities (the “Plant”) located at 7600 General Motors Boulevard, Caddo Parish, Louisiana within the jurisdictional boundaries of the Lessor, as more fully described in Exhibit A hereto, and the efforts to place the Plant back into service and create other benefits related thereto have been determined by Lessor to serve a public purpose and are expected to result in economic benefits to the Parish; and

WHEREAS, the acquisition by the Lessor of the Project Site and the Plant, together with certain additional land, will be funded by the Parish pursuant to a Cooperative Endeavor Agreement by and between the Parish and the Lessor, dated as of September 1, 2013 (the “CEA”); and

WHEREAS, the equipment described in Exhibit A hereto (the “Plant Equipment”) has been transferred to the Lessor by Elio Motors, Inc, an Arizona corporation (the “Sublessee”), subject to certain liens and security interests, and such equipment is leased to the Lessee and subleased to the Sublessee, as described herein; and

WHEREAS, at the request of the Lessee and subject to the conditions set forth herein, the Lessor agrees that it will issue up to \$ _____ in bonds (the “Bonds”) to finance improvements to the Project, upon the request of the Lessee, provided that the terms and conditions of the Bonds are satisfactory to the Lessor and all required legal requirements and procedures are met, as described herein; and

WHEREAS, the Lessor has acquired the Project Site, certain additional land and the Plant from Racer Properties LLC, a Delaware limited liability company (“Racer”) and the Plant Equipment from the Sublessee and hereby leases the Plant and the Plant Equipment (the Plant, the Project Site and the Plant Equipment are herein collectively referred to as the “Project”); and

WHEREAS, pursuant to this Agreement, the Lessor leases the Project to the Lessee and the Lessee accepts the Project and agrees to perform the obligations of the Lessee hereunder; and

WHEREAS, the execution and delivery of this Agreement has been duly and validly authorized by the parties hereto; and

NOW, THEREFORE, in consideration of the premises and the good and valuable consideration of the parties hereto, the adequacy and sufficiency of which is hereby agreed, the Lessor and the Lessee hereby agree as follows:

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ARTICLE I
DEFINITIONS

SECTION 1.01. Definitions. The following terms shall have the meanings assigned to them in this Article I whenever they are used in this Agreement.

"*Act*" shall mean Chapter 7 of Title 51 of the Louisiana Revised Statutes of 1950, as amended, and all future acts supplemental thereto and amendatory thereof.

"*Administrative Rent*" shall have the meaning assigned thereto in Section 4.03(c) hereof.

"*Base Rent Credit*" means an amount determined on December 31 of each year equal to \$35,000 per \$1,000,000 of ~~payroll~~ Full Time Payroll of tenants and occupants of the Project applied to base rent payable pursuant to Section 4.03(b) in inverse order of such base rent payments.

"*Bonds*" shall have the meaning assigned to such term in the recitals hereto.

"*Closing Date*" shall mean the date of execution and delivery hereof.

"*Construction*" or "*construction*" (and other forms of the word "construct"), when used with respect to the Project, means the acquisition, construction, reconstruction, extension, equipping or improvement of the Project.

"*Full-Time Employee*" means a person who works at least 35 hours a week working at the Project, whether employed by the Lessee, the Sublessee or others, but does not, without the prior written consent of the Parish, include transferred jobs from another location within the Parish resulting from a business relocation from another site in the Parish to the Project.

"*Full-Time Payroll*" means wages, not including benefits, paid to Full-Time Employees.

"*Indenture*" means any Trust Indenture or similar agreement between the Lessor and the Trustee pursuant to which any series of Bonds are authorized to be issued, if any, and any indentures supplemental thereto. As of the date of this Agreement, there is no Indenture binding on Lessor and Lessee with respect to the Project.

"*Lease Term*" means the duration of the leasehold estate created in this Agreement as specified in Section 4.01 hereof.

"*Lessee*" means (i) Industrial Realty Group, LLC, a limited liability company organized and existing under the laws of the State of _____, and (ii) any surviving, resulting or transferee entity as provided in Section 8.01 hereof.

"*Lessor*" means the Industrial Development Board of the Parish of Caddo, Inc., and its successors and assigns.

"Mineral Rights" means the mineral rights pertaining to the Project Site, which all of which the Lessor retains ownership of and is not subject to this Agreement and is not part of the Project.

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"Percentage Rent" means an amount equal to 15% of the rentals under each sublease paid to the Lessee for portions of the Project subleased, including without limitation, the Sublease, after the Lessee collects an amount of rent equal to the cost of tenant improvements required to be made by the Lessor related to each sublease, which is required to be paid to the Lessor on an annual basis on December 31 of each year.

"Person" means an individual, partnership, corporation (including a business trust), limited liability company, trust, unincorporated association, joint venture, governmental unit or other entity.

"Plant" means the existing General Motors facilities (the "Plant") located at 7600 General Motors Boulevard, Caddo Parish, Louisiana within the jurisdictional boundaries of the Lessor, as more fully described in Exhibit A hereto.

"Plant Equipment" means the equipment described in Exhibit A hereto as the "Plant Equipment" transferred to the Lessor by the Sublessee.

"Project" means collectively the Plant, the Project Site and the Plant Equipment described in Exhibit A hereto owned by the Lessor and leased to the Lessee hereunder, *specifically excluding Mineral Rights.*

"Project Site" means the property owned by the Lessor that is leased to the Lessee hereunder described on Exhibit A hereto, *specifically excluding Mineral Rights.*

"Special Counsel" means Adams and Reese LLP or an attorney, or firm of attorneys, acceptable to the Lessor and nationally recognized and experienced in legal work relating to the financing of facilities through the issuance of tax-exempt bonds.

"State" means the State of Louisiana.

"Sublease" means the sublease from the Lessee to the Sublessee described herein.

"Supplemental PILOT Rent"

"Trustee" shall mean the commercial banking institution selected to serve as trustee for the Bonds, if any, and its successor or successors as Trustee, if any,.

SECTION 1.02. Rules of Construction. Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

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(b) All references herein to particular articles or sections are references to articles or sections of this Agreement.

(c) The headings and the table of contents herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(d) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders and words of the neuter gender shall be deemed and construed to include correlative words of the masculine and feminine genders.

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ARTICLE II

REPRESENTATIONS, WARRANTIES AND AGREEMENTS

SECTION 2.01. Representations, Warranties and Agreements of the Lessor. The Lessor represents warrants and agrees as follows:

(a) The Lessor is a public corporation and instrumentality of the Parish of Caddo, Louisiana duly created and organized and existing under the laws of the State, including the Act, and has full legal right, power and authority (1) to adopt the resolution approving this Agreement and authorizing the Lessor's execution and delivery of this Agreement, (2) to issue and deliver the Bonds for the purpose for which they are to be issued, (3) to execute and deliver this Agreement, and (4) to consummate the transactions contemplated by, and perform its obligations hereunder.

(b) The Lessor has taken all necessary action required to make this Agreement the valid obligation of the Lessor which it purports to be; when executed and delivered by the parties thereto, this Agreement will constitute valid and binding agreement of the Lessor and will be enforceable against the Lessor in accordance with its terms, except to the extent that such enforceability may be limited by general principles of equity and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore and hereafter enacted.

(c) The execution, delivery and due performance by the Lessor of this Agreement will not conflict with or result in a violation or breach of, or constitute a default under its articles of incorporation or bylaws or any agreement or instrument to which the Lessor is a party or by which it is bound, or any constitutional or statutory provisions or order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Lessor, or result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever (except the leasehold estate created in this Agreement) upon any of the property or assets of the Lessor.

(d) There is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or, to the best of the knowledge of the Lessor, threatened against or affecting the Lessor, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by this Agreement, or which, in any way, would adversely affect the validity of this Agreement or any agreement or instrument to which the Lessor is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby.

(e) The Lessor has obtained or will obtain at the proper times all consents, approvals, authorizations and orders, of any governmental or regulatory authority that are required to be obtained by the Lessor as a condition precedent to the execution and delivery of this Agreement and any other documents to which the Lessor is a party and the performance by the Lessor of its obligations thereunder.

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SECTION 2.02. Representations, Warranties, and Agreements of the Lessee. The Lessee represents, warrants and agrees as follows:

(a) The Lessee is a limited liability company organized and existing under the laws of the State of _____ and qualified to do business in the State of Louisiana, has the power to execute and deliver this Agreement, to enter into the transactions contemplated hereby and to perform its obligations hereunder, and by proper action has duly authorized the execution and delivery of this Agreement and the performance of its obligations hereunder.

(b) This Agreement constitutes a valid and binding agreement of the Lessee enforceable against the Lessee in accordance with its terms, except to the extent that such enforceability may be limited by general principles of equity and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore and hereinafter enacted.

(c) To the knowledge of the Lessee, no litigation at law or in equity or proceeding before any governmental agency involving the Lessee is pending or, to the current, actual knowledge of the Lessee, threatened, in which any liability of the Lessee is not adequately covered by insurance or in which any judgment or order would have a material adverse effect upon the business or assets of the Lessee, the acquisition, installation or operation of the Project, or the validity of this Agreement.

(d) To the knowledge of the Lessee, the Lessee is not in default under or in violation of this Agreement, and the execution, delivery and compliance by the Lessee with the terms and conditions of this Agreement will not conflict with or constitute or result in a default under or violation of, (i) any of its organizational documents, (ii) any material agreement or other instrument to which the Lessee is a party or by which it is bound, or (iii) any constitutional or statutory provisions or order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Lessee or its property, and no event has occurred and is continuing which with the lapse of time or the giving of notice, or both, would constitute or result in such a default or violation.

(e) The Lessee has obtained or will use commercially reasonable efforts to obtain at the proper times all consents, approvals, authorizations and orders, of any governmental or regulatory authority that are required to be obtained by the Lessee as a condition precedent to the execution and delivery of this Agreement and any other documents to which the Lessee is a party and the performance by the Lessee of its obligations hereunder, and that are required for the undertakings of the Lessee hereunder.

(f) To the knowledge of the Lessee, neither this Agreement nor any information (financial or otherwise) furnished by or on behalf of the Lessee in connection with the negotiation of this Agreement contains any untrue statement of a material fact or omits a material fact necessary to make the statements contained herein or therein not misleading.

(g) On the Closing Date, the Lessee will Sublease to the Sublessee 42% of the existing buildings included in the Project and the Plant Equipment in a form and containing terms acceptable to the Lessor, Racer and the Sublessee and shall transfer \$7,500,000 to the

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Sublessee pursuant to the terms of the Sublease to be used for the purposes described in the Sublease. In order to raise up to \$5,000,000 of the \$7,500,000 to be transferred to the Sublessee, described herein the Lessee is hereby authorized to provide a leasehold mortgage to a lender securing not more than a \$5,000,000 loan.

(h) In addition to other provisions of the Sublease, the Sublease shall provide that the Sublessee shall make a payment directly to the Lessor on December 31 of each year, commencing on December 31, 2016 in an amount equal to what the the ad valorem property tax on the Plant Equipment would be if such Plant Equipment were owned by a person or entity whose property is subject to ad valorem property tax. Such payment shall be enforceable pursuant to the provisions of La. R.S. 51:1160.

SECTION 2.03. Anti Terrorism Laws. Neither the Lessee nor any of its affiliates is in violation of any Laws relating to terrorism or money laundering ("Anti Terrorism Laws"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "Executive Order"), and the USA PATRIOT Act (Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001), as amended. Neither the Lessee nor any of its Affiliates is any of the following:

(a) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(b) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(c) a Person with which any Person is prohibited from dealing or otherwise engaging in any transaction by any Anti Terrorism Law;

(d) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; or

(e) a Person that is named as a "specially designated national and blocked person" on the most current list published by the Office of Foreign Asset Control ("OFAC") or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list.

Neither the Lessee nor any of its affiliates (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (b) above, (ii) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti Terrorism Law.

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ARTICLE III

AGREEMENT TO ISSUE BONDS

SECTION 3.01. Agreement to Issue Bonds. At the request of the Lessee and subject to the conditions set forth herein, the Lessor shall issue the Bonds.

(a) The Lessor hereby agrees to issue Bonds from time to time in an aggregate amount not exceeding \$ _____ at the request of Lessee subject to the following terms and conditions:

- (i) Lessee must file a written request with the Lessor, identifying the purchaser or underwriter, setting forth the maximum amount, terms and collateral for payment of the Bonds;
- (ii) Documents and procedures prepared by or satisfactory to Special Counsel, including amendments and/or supplements to existing documents and/or additional documents recommended by Special Counsel shall be prepared and submitted to the Lessee;
- (iii) All required governmental approvals and other approvals for the issuance of the Bonds, including, without limitation, those of the State Bond Commission and Secretary of Economic Development, to the extent required, must be or have been obtained;
- (iv) The Lessor's resolution providing for the issuance of the Bonds shall be published and the preemptive period satisfied or a bond validation suit shall be pursued to completion validating the legality of the Bonds; and
- (v) All other reasonable requirements of the Lessor shall have been satisfied; and Special Counsel shall deliver a satisfactory legal opinion with respect to the Bonds.

(b) All Bonds shall be payable solely from payments made by Lessee or caused to be paid by Lessee and shall be limited obligations of the Lessor and not payable from any Lessor funds other than funds deposited under the Indenture and available for that purpose.

(c) The Lessor shall be indemnified and held harmless of any and all liability as the result of the issuance of the Bonds or ownership of the Project and Lessee shall pay all reasonable costs in connection therewith.

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ARTICLE IV

EFFECTIVE DATE OF THIS AGREEMENT;
RENTAL PAYMENTS

SECTION 4.01. Effective Date of this Agreement; Duration of Lease Term. This Agreement shall become effective upon its delivery, and the leasehold estate created in this Agreement shall commence on such date and subject to the provisions of this Agreement shall expire, unless terminated in the manner provided herein or extended with the mutual consent of the parties hereto, on August 31, 2038.

SECTION 4.02. Delivery and Acceptance of Possession. The Lessor hereby leases and further delivers to the Lessee sole and exclusive possession of the Project (subject to the right of the Lessor to enter thereon for inspection purposes and to the other provisions of Section 7.02 hereof) and the Lessee hereby accepts possession of the Project. The Lessor covenants and represents that so long as the Lessee has paid the rent and all other sums payable by it hereunder, and has duly observed all the covenants and agreements herein contained on its part to be performed, the Lessee shall have, hold and enjoy, during the Lease Term, peaceful, quiet and undisturbed possession of the Project subject to the terms and provisions hereof, and the Lessor shall from time to time take all necessary action to that end.

SECTION 4.03. Rents and Other Amounts Payable.

(a) Closing Cost Rental Payment. On or before the effective date of this Agreement, the Lessee shall deposit with Adams and Reese LLP the sum of \$_____, which shall be disbursed by Adams and Reese LLP to pay costs of the transaction associated with this Agreement as set forth in Exhibit B hereto.

(b) Base Rent. On the Closing Date and on the first day of each month thereafter, through and including August 1, 2016, the Lessee shall make a rent payment in the amount of \$25,000 per month. Thereafter, commencing September 1, 2016, and on the first day of each month through and including August 1, 203~~8~~, the Lessee shall make a rent payment in the amount of \$60,500 per month. On September 1, 2033 there shall be a final payment of \$_____ [Note: to be the remaining balance of the unamortized \$7,500,000]

(c) Annual Administrative Fee Rental Payment. In addition to other amounts due and payable hereunder, the Lessee shall on the Closing Date and on December 31 of each year thereafter, commencing December 31, 2014, pay rental in the amount of \$_____ ("Administrative Rent").

(d) Supplemental Rental Payments. The Lessee shall make the following additional rental payments:

- (i) Lessor Fees. The Lessee shall pay to the Lessor, upon demand, its reasonable out-of-pocket expenses, including attorneys' fees, incurred by the Lessor in relation to this Agreement, and proposed and/or actual issuance of bonds, and Lessor cost of preparation of financial statements, if any, called for in Section 7.06, if any.

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- (ii) Costs of Enforcement. In the event the Lessee defaults under any of the provisions of this Agreement and the Lessor employs attorneys or incurs other fees, charges and expenses for the collection of required payments or the enforcement of performance or observance of any obligation or agreement on the part of the Lessee contained in this Agreement, the Lessee on demand therefore shall pay to the Lessor the reasonable fees and out of pocket expenses of such attorneys and such other reasonable fees and out of pocket charges and expenses so incurred by the Lessor. The Lessee also shall pay, and shall indemnify the Lessor from and against, all costs, expenses and charges, including, without limitation, reasonable counsel fees and expenses, incurred for the collection of payments due or for the enforcement or performance or observance of any covenant or agreement of the Lessee under this Agreement.

So long as this Agreement remains in effect and the Project is owned by the Lessor, it is the intent of the Lessor and the Lessee that the Project shall be exempt from ad valorem property tax pursuant to La. R.S. 51:1160. It is hereby acknowledged and agreed that Rent provided in this Section 4.03 constitutes statutory impositions with the same ranking, priority and enforcement methods as are available for enforcement of non-payment of ad valorem property tax, as provided in La. R.S. 51:1160.

SECTION 4.04. Late Rental Payments. In the event the Lessee should fail to make any of the payments required in Section 4.03, the item or installment so in default shall continue as an obligation of the Lessee until the amount in default shall have been fully paid and the Lessee agrees to pay the same with interest thereon (to the extent permitted by law) until paid at the rate per annum equal to the maximum rate allowable for conventional interest under La. R.S. 9:3500(C), which as of the date of this Agreement is twelve percent (12%) per annum.

SECTION 4.05. Place of Rental Payments. The rent provided for in Section 4.03 hereof shall be paid directly to the Lessor.

SECTION 4.06. Obligations of Lessee Hereunder Unconditional. Except as otherwise provided herein, the obligations of the Lessee to make the payments required in Section 4.03 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional and shall not be subject to diminution by set-off, counterclaim, abatement or otherwise and until such time as the principal of and interest and any redemption premium on the Bonds, if any, shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture.

The Lessee (i) will not suspend or discontinue any payments provided for in Section 4.03 hereof, (ii) will perform and observe all of its other agreements contained in this Agreement and (iii) will not terminate the Lease except pursuant to the terms of Section 10.01.

Nothing contained in this Section shall be construed to release the Lessor from the performance of any of the agreements on its part herein contained; and in the event the Lessor should fail to perform any such agreement on its part, the Lessee may institute such action against the Lessor as the Lessee may deem necessary to compel performance or recover its

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damages for non-performance so long as such action shall not do violence to the agreements on the part of the Lessee contained in the first sentence of this Section; provided, however, that the Lessor shall not be liable for monetary damages. The Lessee may, however, with the approval of the Lessor, which approval will not be unreasonably withheld, at its own expense and in its own name or in the name of the Lessor, prosecute or defend any action or proceeding or take any other action which the Lessee deems reasonably necessary in order to secure or protect its right of possession, occupancy and use hereunder, and in such event the Lessor hereby agrees to cooperate fully with the Lessee and to take all action necessary to effect the substitution of the Lessee for the Lessor in any action or proceeding if the Lessee shall so request. The covenant to pay rental shall be and is hereby agreed to be independent of any other covenant in this Agreement.

SECTION 4.07 Prepayment of Rents and Purchase of the Project. It is the intent of the parties hereto that the Project will be transferred to the Lessee upon the earlier of August 1, 2038 or the date that additional payments and credits described herein result in the Lessor receiving a return of its investment of \$7,500,000 together with 8% interest to the date of transfer of the Project to the Lessee. In that connection, (i) base rents paid under Section 4.03(b) hereof, (ii) prepayments of base rent under Section 4.03(b), and (iii) amounts paid by the Sublessee pursuant to Section 2.02(h) hereof, shall be tabulated as paid and when such amounts, together with Base Rent Credits and Percentage Rent paid to the Lessor, result in a return of \$7,500,000 plus 8% interest to the Lessor, the Lessor shall transfer the Project to the Lessee. The Lessee agrees to accept such transfer at such time.

The Lessee agrees to keep records and file a report with the Lessor on December 31 of each year verifying the amount of the payments described above in this section and applicable Base Rent Credits. Lessee agrees to require each sublessee and user of the Project under any lease or other use arrangement to maintain salary records sufficient to make an accurate calculation of the Base Rent Credits and compute the required Percentage Rent. During the term of this Agreement, the Lessee shall file copies of all subleases and use arrangements related to the Project.

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ARTICLE V

MAINTENANCE, TAXES AND INSURANCE

SECTION 5.01. Operation, Maintenance and Modification by Lessee. The Lessee agrees that during the Lease Term it will, at its own expense, maintain, operate and keep the Project in a safe condition and prevent devaluation of the Project that could result from failure to adequately maintain the Project and avoid waste that could occur from lack of sufficient maintenance. The Lessee may at its own expense, make from time to time any additions, modifications or improvements to the Project it may deem desirable for its business purposes, provided that no changes shall be permitted which would result in a decrease in value of the Project without the prior written consent of the Lessor. No portion of the Project shall be demolished or salvaged without the written approval of the Lessor and written approval of the use of monies resulting from any salvage. Such additions, modifications and improvements shall become part of the Project. Provided however, personal property, machinery, equipment, furniture or fixtures installed by at the Project shall not be owned by the Lessor and will be subject to ad valorem property tax, except to the extent of any industrial tax exemption or other exemption granted under laws existing at the time. Any damage to the Project occasioned by removal of personal property, machinery, equipment, furniture or fixtures installed shall be repaired by the Lessee at its own expense.

Lessee will, with reasonable promptness, make all structural and non-structural, foreseen and unforeseen, and ordinary and extraordinary repairs of every kind and nature which may be required to be made upon or in connection with the Project or any part thereof for so long as this agreement is in effect and, thereafter, to the extent necessary to keep and maintain the Project in good repair and appearance. Lessor shall not be required to maintain, repair, or rebuild the Project or any part thereof in any way, or to make any alterations, replacements or renewals of any nature or description to the Project or any part thereof, whether ordinary or extraordinary, structural or non-structural, foreseen or unforeseen, and Lessee hereby expressly waives any right to make repairs at the expense of Lessor, which right may be provided for in any statute or law in effect on the Closing Date or of any other statute or law which may thereafter be enacted.

SECTION 5.02. Removal of Project. The Lessor is the owner of the Project Equipment subject to security interests of others. The Plant Equipment shall not be removed from the Project without the prior written consent of the Lessor, subject to the rights of holders of security interests in such Plant Equipment prior to acquisition by the Lessor. The Lessor shall not be under any obligation to renew, repair or replace any item of inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary equipment, fixtures or furnishings comprising a part of the Project that has become such despite reasonable maintenance. In any instance where the Lessee, with the reasonable concurrence of the Lessor ~~in its sound discretion~~ determines that any items of the Project have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Lessee may, with the prior written consent of the Lessor remove such items of the Project and (on behalf of the Lessor) sell, trade-in, exchange or otherwise dispose of them (as a whole or in part) provided that any amounts collected in connection therewith shall be used to prepay base rent under Section 4.03(b) hereof in inverse order of payments.

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The removal of any portion of the Project pursuant to the provisions of this Section shall not entitle the Lessee to any abatement or diminution of the rents payable under Section 4.03 hereof.

SECTION 5.03. Taxes and Other Governmental Charges and Utility Charges. Subject to Section 5.07 hereof, the Lessee agrees to pay, as the same, respectively, become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project or any structures or other property installed or brought by the Lessee therein or thereon, including, without limiting the generality of the foregoing, any taxes levied upon or with respect to the income or profits of the Lessor from the Project which, if not paid, would become a lien or a charge on the revenues and receipts from the leasing of the Project, all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Project; provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Lessee shall be obligated to pay only such installments as are required to be paid during the Lease Term.

The Lessee may, at its expense and in its own name and behalf or in the name and behalf of the Lessor, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless by non-payment of any such items the lien of this Agreement will be materially endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event such taxes, assessments or charges shall be paid promptly or secured by posting a bond, in form satisfactory to the Lessor, with the Lessor. The Lessor will cooperate fully with the Lessee in any such contest. In the event that the Lessee shall fail to pay any of the foregoing items required by this Section to be paid by the Lessee, the Lessor may (but shall be under no obligation to) pay the same and any amounts so advanced therefor by the Lessor shall become an additional obligation of the Lessee to the one making the advancement, which amounts, from the date thereof, together (to the extent permitted by law) with interest thereon until paid at a rate per annum equal to ten percent (10%), the Lessee agrees to pay.

SECTION 5.04. Insurance Required. (a) Throughout the Lease Term, the Project shall be considered an asset of the Lessee for the purpose of its insurance practices, and, as such, the Project and the Lessee's activities related thereto shall be insured by the Lessee against such risks and in such amounts as are consistent with the insurance practices of the Lessee, except as otherwise provided in paragraph (b).

(b) Lessee shall provide and maintain, at its sole cost and expense, comprehensive public liability insurance, naming both the Lessor and the Lessee as parties insured as their interests may appear, protecting against claims for bodily injury, death and/or Project damage arising out of the use, ownership, occupancy, possession, operation and condition of the Project, and further containing a broad form contractual liability endorsement covering Lessee's obligations to indemnify Lessor as provided hereunder. The policy shall provide coverage of at least \$_____ per occurrence and \$_____ in the aggregate.

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The Lessee may purchase such insurance from any insurance company or broker that is acceptable to the Lessor, provided that such approval may not be unreasonably withheld. Such policies of insurance must also contain a provision prohibiting cancellation, nonrenewal, or the alteration of such insurance without at least ten (10) days prior written notice to the Lessor of such intended cancellation or alteration. The Lessee agrees to provide the Lessor, on the Closing Date and annually thereafter on or before December 31 of each year, commencing December 31, 2014, with certificates of insurance with respect to all applicable policies of insurance then in effect. Lessee further agrees to promptly furnish Lessor, upon request, with copies of all renewal notices and with copies of receipts for paid premiums. Lessee shall provide Lessor, upon request, with certificates of insurance evidencing all renewal or replacement policies of insurance no later than fifteen (15) days before any such existing policy or policies should expire. If Lessee's insurance policies and renewals are held by another person, Lessee agrees to supply certificates of insurance evidencing same to Lessor within the time periods required above.

Each policy of insurance shall name the Lessor as an additional insured, as it's interests may appear.

[NOTE: Insurance provisions need to be negotiated taking into account Lessor's interests and Lessee's practices and language to be included in subleases should be agreed to]

SECTION 5.05. Claims and Insurance Proceeds. The proceeds of any insurance carried pursuant to the provisions of Section 5.04(a) hereof shall be applied at the discretion of the Lessor.

SECTION 5.06. Additional Provisions Respecting Insurance. On the Closing Date all such certificates of the insurers that such insurance is in force and effect shall be deposited with the Lessor; and prior to expiration of any such policy, the Lessee shall furnish the Lessor with evidence reasonably satisfactory to the latter that the policy has been renewed or replaced or is no longer required by this Agreement.

In lieu of separate policies, the Lessee may maintain blanket policies having the same coverage required herein in which event it shall deposit with the Lessor a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Project.

SECTION 5.07. Environmental Matters. The Lessee shall keep and maintain the Project in compliance with, and shall not knowingly cause or permit the Project to be in violation of, any federal, state, or local laws, ordinances or regulations relating to industrial hygiene or to the environmental conditions ("Hazardous Materials Laws") on, under, about, or affecting the Project. Except in full compliance with Hazardous Materials Laws, the Lessee shall not use, generate, manufacture, store, or dispose of on, under or about the Project or transport to or from the Project any flammable explosives, radioactive materials, hazardous wastes, toxic substances, or related materials, including without limitation any substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," or "toxic substances" under any applicable federal or state laws or regulations (collectively referred to herein as "Hazardous Materials").

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The Lessee shall be solely responsible for, and shall indemnify and hold harmless the Lessor from and against, any loss, damage, costs, expense, or liability, directly or indirectly, arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal, or presence of Hazardous Material on, under or about the Project, including without limitation: (i) all foreseeable consequential damages; (ii) the cost of any required or necessary repair, clean-up or detoxification of the Project, and the preparation and implementation of any closure, remedial, or other required plans; and (iii) all reasonable costs and expenses incurred by the Lessor in connection with clauses (i) and (ii), including but not limited to reasonable attorney's fees. The Lessee shall, at its expense, take all necessary remedial action(s) in response to the presence of any Hazardous Material on, under or about the Project.

The said release and indemnification covenants of the Lessee shall (i) apply equally to the officers, employees and counsel of the Lessor and to its Board of Directors, and (ii) shall survive termination of this Agreement. In connection with the indemnification provided by this section, the Lessee waives:

(a) any defense based upon any legal disability or other defense of the Lessee, any other guarantor or other person, or by reason of the cessation or limitation of the liability of Lessee from any cause other than full payment of all sums payable under this Agreement;

(b) any defense based on any lack of authority of the officers, directors, partners, managers, members or agents acting or purporting to act on behalf of the Lessee or any principal of the Lessee, or any defect in the formation of the Lessee or any principal of the Lessee;

(c) any defense based upon the application of the proceeds of the Bonds by Borrower for purposes other than the purposes represented by the Lessee to the Lessor;

(d) any and all rights and defenses arising out of an election of remedies by Lessor, even though that election of remedies has destroyed the Lessee's rights of subrogation or reimbursement against the principal;

(e) any defense based upon Lessee's failure to disclose to the Lessor any information concerning Lessee's financial condition or any other circumstances bearing on Lessee's ability to perform its obligations under this Agreement;

(f) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in any other respects more burdensome than that of a principal;

(g) any defense based upon Trustee's election, in any proceeding instituted under the Federal Bankruptcy Code, of the application of Section 1111(b)(2) of the Federal Bankruptcy Code or any successor statute;

(h) any defense based upon any borrowing or any grant of a security interest under Section 364 of the Federal Bankruptcy Code;

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(i) any right of subrogation, any right to enforce any remedy which Lessor may have against Lessee and any right to participate in, or benefit from, any security for the Bonds now or hereafter held by or for the Lessor;

(j) presentment, demand, protest and notice of any kind; and

(k) the benefit of any statute of limitations affecting the liability of the Lessee hereunder or the enforcement hereof.

The Lessee agrees that payment or performance of any act which tolls any statute of limitations applicable to the Bonds shall similarly operate to toll the statute of limitations applicable to the Lessee's liability hereunder. In addition, the Lessee understands that the Lessee's duties, obligations and liabilities under this section are not limited in any way by any information which Trustee may have concerning the Project and the presence of any Hazardous Materials on the Project.

ARTICLE VI

DAMAGE, DESTRUCTION AND CONDEMNATION

SECTION 6.01. Damage and Destruction. The net proceeds of any casualty with respect to the Project shall be used to repair or replace damaged property or as otherwise determined by the Lessor.

SECTION 6.02. Condemnation. In the event that title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Lessee shall be obligated to continue to make the rental payments specified in Section 4.03 hereof, provided that the amounts set forth therein shall be reduced proportionally based on the percentage of the Project so taken. The net proceeds of any condemnation with respect to the Project shall be applied in the same manner as net proceeds of insurance in accordance with Section 5.05 of this Agreement.

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ARTICLE VII

SPECIAL COVENANTS; FINANCIAL STATEMENTS

SECTION 7.01. No Warranty of Condition or Suitability by the Lessor. The Lessor makes no warranty, either expressed or implied, as to the condition of the Project or that it will be suitable for the Lessee's purposes or needs or to the sublessee to rebuild.

SECTION 7.02. Inspection of the Project. The Lessee agrees that the Lessor or any of its duly authorized agents shall have the right at all reasonable times and upon reasonable advance notice to enter upon the Project and to examine and inspect the Project. The Lessee further agrees that the Lessor and its duly authorized agents shall have such rights of access to the Project as may be reasonably necessary to enforce the rights of the Lessor contained in this Agreement and for the proper maintenance of the Project in the event of failure by the Lessee to perform its obligations under Section 5.01 hereof.

SECTION 7.03. Lessee to Maintain its Existence; Conditions Under Which Exceptions Permitted. The Lessee agrees that, during the Lease Term, it will maintain its limited liability company existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation, limited liability company or partnership or permit one or more other corporations, limited liability companies or partnerships to consolidate with or merge into it; provided that the Lessee may, without violating the agreement contained in this Section, consolidate with or merge into another corporation, limited liability company or partnership or permit one or more other corporations, limited liability companies or partnerships to consolidate with or merge into it, or sell or otherwise transfer to another corporation, limited liability company or partnership all or substantially all of its assets as an entirety and thereafter dissolve, provided the surviving, resulting or transferee corporation, limited liability company or partnership, as the case may be, (i) is a corporation, limited liability company, partnership or other entity organized and fully existing under the laws of one of the States of the United States of America; (ii) has a net worth immediately after such action of not less of that of the Lessee immediately prior to such action and (iii) irrevocably and unconditionally assumes by means of an instrument in writing all of the obligations of the Lessee herein.

SECTION 7.04. Qualification in the State. The Lessee warrants that it is, and throughout the Lease Term it will continue to remain, in good standing under the laws of the State of Louisiana.

SECTION 7.05. Indemnification by Lessee. The Lessee shall indemnify and save harmless the Lessor and its past, present and future officers, directors, employees and agents and any person who "controls" the Lessor within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20(a) of the Securities Exchange Act of 1934, as amended (each, an "Indemnified Party"), from and against all liabilities, obligations, claims, damages, penalties, fines, losses, costs and expenses, including reasonable attorneys' fees ("Damages") in connection with the Project or the transactions contemplated by this Agreement, including the environmental indemnifications given in Section 5.07, and including without limitation:

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(a) all amounts paid in settlement of any litigation in connection with the Project, this Agreement or the transactions to be consummated in connection therewith, commenced or threatened against any Indemnified Party if such settlement is effected with the consent of the Lessee,

(b) all expenses reasonably incurred in the investigation of, preparation for or defense of any litigation, proceeding or investigation in connection with the Project, this Agreement or the transactions to be consummated in connection therewith, of any nature whatsoever, commenced or threatened against the Lessee, the Project or any Indemnified Party,

(c) any judgments, penalties, fines, damages, assessments, indemnities or contributions, and

(d) the reasonable fees of attorneys, auditors, and consultants; provided that the Damages arise out of:

- (i) failure by the Lessee or its agents to comply with the terms of the Lease Agreement and any agreements, covenants, obligations, or prohibitions set forth therein,
- (ii) any action, suit, claim or demand contesting or affecting the title of the Project,
- (iii) any breach of any representation or warranty by Lessee set forth in the Lease Agreement or any certificate delivered pursuant thereto,
- (iv) any action, suit, claim, proceeding or investigation of a judicial, legislative, administrative or regulatory nature arising from or in connection with the acquisition, installation, ownership, operation, occupation or use of the Project, including without limitation any action to recover damages for injury to person or property, or
- (v) any suit, action, administrative proceeding, enforcement action, or governmental or private action of any kind whatsoever commenced against the Lessee, the Project or any Indemnified Party which might adversely affect the validity or enforceability of the Lease Agreement or the performance by the Lessee or any Indemnified Party of any of their respective obligations thereunder.

The foregoing notwithstanding, Damages shall specifically exclude matters arising from the willful misconduct, bad faith or fraud of any Indemnified Party.

If any action, suit or proceeding is brought against any Indemnified Party for Damages for which the Lessee is required to provide indemnification under this section, the Lessee, upon request, shall at its own expense resist and defend such action, suit or proceeding, or cause the same to be resisted and defended by counsel designated by the Lessee and approved by the Indemnified Party, which approval shall not be unreasonably withheld. The Lessee shall not be liable for any settlement of any such action, suit or proceeding made without its consent, but if settled with the consent of the Lessee or if there be a final judgment for the plaintiff in any such action, the Lessee shall indemnify and hold harmless the Indemnified Parties from and against

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any Damages by reason of such settlement or judgment. The obligations of the Lessee under this Section 7.05 shall survive the Lease Term.

SECTION 7.06. Financial Statements and Reports; Tax Returns. Lessee will furnish, or cause to be furnished, to Lessor:

(a) Annual Financial Statements of Lessee. As soon as available, and within one hundred twenty (120) days after the end of each calendar year, a copy of the annual financial statements of Lessee, that shall include a balance sheet as of the end of such year and related statements of income and expenses, statement of changes in financial position, a statement of changes in capital accounts and a statement of allocation of distribution of profits and losses, all in reasonable detail, prepared in accordance with GAAP (or tax accounting reconciled to GAAP) and audited by a reputable accounting firm acceptable to the Lessor. Such statements shall be accompanied by the annual federal income tax return of Lessee, including all schedules, for the preceding taxable year as filed with the Internal Revenue Service unless an extension has been obtained for filing taxes and then within thirty (30) days after final filing.

(b) Lessee's Quarterly Financial Statements. Upon request of the Lessor, beginning with the first quarter after the effective date of this Agreement, as soon as available, and within forty-five (45) days after the end of each quarter, a copy of the quarterly financial statement of Lessee that shall include the balance sheet of Lessee as at the end of such quarter and related statements of income and expenses, statement of changes in financial position, a statement of changes in capital accounts and a statement of allocation of distribution of profits and losses of Lessee, all in reasonable detail, prepared in accordance with GAAP (or tax accounting reconciled to GAAP).

(c) Other Financial Information. Promptly upon the request of the Lessor, such other information regarding the business and affairs and financial condition of Lessee as the Lessor may reasonably request.

All balance sheets and other financial reports referred to above will be in such detail as the Lessor may reasonably request and as will permit the Lessor to determine any amounts payable pursuant to Section 4.03, and will conform to generally accepted accounting principles applied on a consistent basis, except only for such changes in accounting principles or practice with which the independent certified public accountants concur.

In the event that the Lessee at any time fails to provide the foregoing statements and/or information or fails to provide same on a timely basis as set forth above, the Lessor may employ accountants, auditors, attorneys or other professionals to prepare same and the Lessee shall pay the reasonable fees and out-of-pocket expenses of such professionals and such other reasonable fees and out-of-pocket charges and expenses so incurred by the Lessor.

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ARTICLE VIII

ASSIGNMENT; SUBLEASING; SELLING;
MORTGAGING; REDEMPTION;

SECTION 8.01. Assignment and Subleasing. This Agreement may not be assigned without the prior written consent of the Lessor, Provided, however, any assignment, if any, approved by the Lessor shall be subject to each of the following conditions:

(a) No assignment (other than pursuant to Section 7.03 hereof) or subleasing shall relieve the Lessee from primary liability for any of its obligations hereunder, and in the event of any such assignment or subleasing the Lessee shall continue to remain primarily liable for payment of the rents specified in Section 4.03 hereof and for performance and observance of the other agreements on its part herein provided to be performed and observed by it.

(b) The assignee shall assume the obligations of the Lessee hereunder to the extent of the interest assigned or subleased.

(c) The Lessee shall, within thirty days after the delivery thereof, furnish or cause to be furnished to the Lessor a true and complete copy of each such assignment and any sublease, as the case may be.

SECTION 8.02. Transfer of Lessor's Interest in Project. Subject to the provisions of Article IX and Article X hereof, the Lessor agrees that it will not sell, assign, convey, encumber or otherwise dispose of any part of the Project or any interest therein during the Lease Term, except to the Parish of Caddo, Louisiana or its designee. If the laws of the State at the time shall permit such sale, assignment, transfer or conveyance to be taken, nothing contained in this Section shall prevent the consolidation of the Lessor with, or merger of the Lessor into, or transfer of title to the Project as an entirety to, any public corporation whose property and income are not subject to taxation and which has corporate authority to carry on the business of owning and leasing the Project; provided, that upon any such consolidation, merger or transfer, the Project shall remain exempt from ad valorem taxes and due and punctual payment of all amounts due and payable hereunder and the due and punctual performance and observance of all the contracts and conditions of this Agreement to be kept and performed by the Lessor, shall be expressly assumed in writing by the corporation resulting from such consolidation or surviving such merger or to which the Project shall be transferred as an entirety.

SECTION 8.03. Prepayment of Rental Payments. To the extent payments can be calculated in advance, there is expressly reserved to the Lessee the right, and the Lessee may choose at any time and in its sole discretion, to prepay all or any part of the Rental Payments payable under Section 4.03 hereof, provided that the Lessee shall be entitled to a rebate of such advance rental payments for any period after this Agreement is validly terminated in accordance with the terms hereof..

SECTION 8.04. Installation of Lessee's Own Machinery and Facilities; Lessor's Lien Thereon. The Lessee may, from time to time in its sole discretion and at its own expense, install additional machinery and equipment at the Project Site. All machinery and equipment so

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installed by the Lessee that is not part of the Project shall remain the property of the Lessee or the Sublessee and may be modified or removed by the Lessee at any time. Nothing contained in the preceding provisions of this Section 8.04 shall prevent the Lessee from purchasing such machinery and equipment on conditional sale contract or lease sale contract or subject to vendor's lien or purchase money mortgage, as security for the unpaid portion of the purchase price thereof, and each such conditional sale contract, lease sale contract, vendor's line or purchase money mortgage made by the Lessee with respect to machinery and equipment purchased by it under the provisions of this Section 8.04 shall be prior and superior to any Lessor's lien. The Lessee agrees to pay, unless in good faith contested by it, as due the purchase price of and all costs and expenses with respect to the acquisition and installation of any machinery and equipment installed by it pursuant to this Section.

SECTION 8.05. Leasehold Mortgages. Lessee shall have the right to grant leasehold mortgages and/or collateral assignments of this Agreement (collectively, "Leasehold Mortgage") in favor of leasehold lenders of Lessee ("Leasehold Lender"), and in such event, the following provisions shall apply:

(a) Any Leasehold Lender under any note or loan secured by a Leasehold Mortgage or collateral assignment of lease on Lessee's interest (or any successor's interest to Lessee's interest), who succeeds to such interest by foreclosure, deed-in-lieu of foreclosure, or otherwise, may take title to and shall have all of the rights of Lessee under this Agreement, including the right to exercise any renewal option(s) or purchase option(s) set forth in this Agreement, and to assign this Agreement as permitted herein.

(b) Lessor shall deliver to the Leasehold Lender (at the address specified herein, or at such other address as shall be designated in writing to Lessor) a copy of any default notice given by Lessor to Lessee under the Lease. No default notice from Lessor to Lessee shall be deemed effective as against Leasehold Lender unless received by Leasehold Lender.

(c) If Lessee defaults on any monetary obligations under this Agreement, Lessor will accept a cure thereof by the Leasehold Lender within thirty (30) days after Leasehold Lender's receipt of written notice of such default. For non-monetary defaults, Lessor will not terminate this Agreement for so long as the Leasehold Lender is diligently pursuing a cure of the default, and if curing such non-monetary default requires possession of the Project, then Lessor agrees to give the Leasehold Lender a reasonable time to obtain possession of the Project and to cure such default.

(d) This Agreement may not be amended in any respect which would be reasonably likely to have a material adverse effect on Leasehold Lender's interest therein, and this Agreement will not be surrendered, terminated or cancelled, without the prior written consent of Leasehold Lender.

(e) If this Agreement is terminated for any reason, or otherwise rejected in bankruptcy, Lessor will enter into a new lease with Leasehold Lender (or its designee) on the same terms as this Agreement, if the Leasehold Lender pays all past due amounts under this Agreement within thirty (30) calendar days of notice of such termination.

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(f) Any Leasehold Mortgage shall be subordinate to the right, title and interest of the Lessor in and to any collateral comprising a portion of the Project.

(g) Lessor hereby consents to present or future Leasehold Mortgages encumbering the leasehold title of Lessee and all movable property of Lessee located on the Project. The Lessor further acknowledges and agrees that Leasehold Lender's encumbrance of such property shall not constitute a default under this Agreement, and Leasehold Lender has the right of access to the Project and can remove the personal property from the Project, as provided in the Leasehold Mortgage.

SECTION 8.06 Covenant of Use of the Project. Lessee acknowledges and agrees that a strong motivation and consideration of the Lessor to enter into this Agreement is the desire to have the Lessee market the Project and fill it with tenants, to the extent reasonably possible, with a high level of quality jobs. In that regard, the Lessee agrees to diligently market the Project to maximize the economic benefits to the Lessor. It is not the desire of the Lessor that the Lessee obtain title to the Project and sell it quickly for a profit. Lessee covenants that should it become the owner of the Project within the first 60 months of this Agreement, that, for the remainder of such 60 months, it will retain ownership and diligently market the property as described herein. In the event of any such acquisition and a sale of the Project within such 60 months of this Agreement, the Lessee shall pay the Lessor an amount equal to 100% of the purchase price or value of consideration received in excess of \$7,500,000. Notwithstanding anything to the contrary contained in this Agreement, this section shall survive the termination of this Agreement, and be enforceable by the Lessor against the Lessee.

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ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

SECTION 9.01. Events of Default Defined. The following shall be "events of default" under this Agreement and the terms "event of default" or "default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(a) Failure by the Lessee to pay or cause to be paid the rent required to be paid under Section 4.03 hereof at the times specified therein, and Lessee further fails to make such payments within ten (10) days of receipt of written notice from Lessor requesting such payments.

(b) Failure by the Lessee to observe and perform any covenant, condition or agreement in this Agreement on its part to be observed or performed, other than as referred to in subsection (a) of this Section, for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, is given to the Lessee by the Lessor or the Trustee, if any; provided that if any such failure shall be such that it cannot be corrected within such sixty (60) day period, it shall not constitute an event of default if corrective action is instituted by the Lessee within the applicable period and diligently pursued until the default is corrected.

(c) The dissolution or liquidation of the Lessee or the filing of the Lessee of a voluntary petition in bankruptcy, or failure by the Lessee promptly to institute judicial proceedings to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Project, or the commission by the Lessee of any act of bankruptcy, or adjudication of the Lessee as a bankrupt, or assignment by the Lessee for the benefit of its creditors, or the entry by the Lessee into an agreement of composition with its creditors, or the approval by the court of competent jurisdiction of a petition applicable to the Lessee in any proceeding for its reorganization instituted under the provisions of the United States Bankruptcy Code, as amended, or under any similar act which may hereafter be enacted. The term "dissolution or liquidation of the Lessee," as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Lessee resulting either from a merger or consolidation of the Lessee into or with another corporation or a dissolution or liquidation of the Lessee following a transfer of all or substantially all of its assets as an entirety, under the conditions permitting such actions contained in Section 7.03 hereof.

The foregoing provisions of this Section are subject to the following limitations: If by reason of force majeure the Lessee is unable in whole or in part to carry out its agreements on its part herein contained, other than the obligations on the part of the Lessee contained in Article V and Sections 4.03, 5.03, 5.04, 7.03 and 7.05 hereof, the Lessee shall not be deemed in default during the continuance of such liability. The term "force majeure" as used herein shall mean the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States, the State, Orleans Parish or the Parish of Jefferson or any of their respective departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Lessee. The Lessee agrees, however, to use commercially

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reasonable efforts to remedy with all reasonable dispatch the cause or causes preventing the Lessee from carrying out its agreements; provided, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Lessee, and the Lessee shall not be required to make settlement of strikes, lockouts, and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Lessee unfavorable to the Lessee.

SECTION 9.02. Remedies on Default. Whenever any event of default referred to in Section 9.01 hereof shall have happened and be subsisting, the Lessor or the Trustee, if any, where so provided, may take any one or more of the following remedial steps:

(a) The Lessor may attempt to collect amounts due under this Agreement or to enforce the performance and observance of any other obligation or covenants of the Lessee under this Agreement by mandamus or the appointment of a receiver in equity with power to charge and collect amounts due hereunder and to apply such amounts in the manner required by this Agreement.

(b) The Lessor may take whatever action at law or in equity may appear necessary or desirable to collect the rent then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Lessee under this Agreement.

SECTION 9.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Lessor 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 Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Lessor to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

SECTION 9.04. Agreement to Pay Attorney's Fees and Expenses.

(a) The Lessee agrees to reimburse the Lessor for reasonable expenses incurred including the employment of attorneys in fulfilling the obligations of the Lessor pursuant hereto.

(b) In the event the Lessee shall default under any of the provisions of this Agreement and the Lessor shall employ attorneys or incur other expenses for the collection of the rents or the enforcement of performance or observance of any obligation or agreement on the part of the Lessee herein contained, the Lessee agrees that it will on demand therefor pay to the Lessor the reasonable fee of such attorneys and such other expenses so incurred by the Lessor.

(c) This Section shall not require the Lessor to undertake any legal proceeding with respect to this Agreement; provided, however, the Lessor does agree that the Lessee may institute legal proceedings in the name of the Lessor to protect its rights under this Agreement.

SECTION 9.05. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived

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by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

SECTION 9.06. No Termination Without Purchase Option. Notwithstanding any of the foregoing to the contrary, in no event shall Lessor terminate this Agreement without first providing Lessee with written notice of its intent to terminate this Agreement, and then providing Lessee sixty (60) days thereafter in which to exercise its purchase option described in Article X hereof (and pay all amounts due in connection therewith).

SECTION 9.07. Waiver of Jury Trial. The Lessor and the Lessee hereby expressly waive any right to trial by jury of any claim, demand, action or cause of action (a) arising under this Agreement, including, without limitation, any present or future modification hereof or (b) in any way connected with or related or incidental to the dealings of the parties hereto or any of them with respect to this Agreement (as now or hereafter modified) or any other instrument, document or agreement executed or delivered in connection herewith, or the transactions related hereto or thereto, in each case whether now existing or hereafter arising, and whether sounding in contract or tort or otherwise; and each party hereby agrees and consents that any party to this Agreement may file an original counterpart or a copy of this Agreement with any court as written evidence of the consent of the parties hereto and trustee to the waiver of their right to trial by jury.

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ARTICLE X

OPTIONS IN FAVOR OF LESSEE

SECTION 10.01. Purchase. The Lessee shall purchase the Project as described herein. Additionally the Lessee is hereby granted the option to purchase the Project from the Lessor upon payment in full of amounts necessary for the Lessor, taking into account the payments and credits described in Section 4.03 hereof that are applied to the purchase price, to recoup \$7,500,000 plus interest at the rate of 8% per annum to the date of the purchase,

To exercise such option, the Lessee shall give written notice to the Lessor and shall specify therein the date of closing such purchase, which date shall be not less than forty-five (45) nor more than ninety (90) days from the date such notice is mailed.

In the event of the exercise of the option granted in this Section and the parties' compliance with the provisions of this Section 10.01, the Lease Term shall be terminated.

Lessor and Lessee acknowledge and agree that Leasehold Lender may exercise Lessee's purchase option on Lessee's behalf, provided that all the requirements of this Article X are met.

SECTION 10.02. Conveyance of the Project to the Lessee. The Lessor shall, upon the payment of all sums due to the Lessor under this Agreement, at the expiration or sooner termination of the Lease Term, convey the Project to the Lessee. The Lessee agrees to accept the transfer of the Project in such event. At the expense of the Lessee, the Lessor shall execute all documentation necessary to effectuate such conveyance without warranty of any nature whatsoever.

SECTION 10.03. Conveyance at Closing. At the closing of any purchase pursuant to Section 10.02, the Lessor will, upon receipt of the purchase price, deliver to the Lessee documents conveying to the Lessee title to the Project, as such property then exists, without warranty, subject to the following: (i) those liens and encumbrances (if any) to which title to said property was subject when conveyed to the Lessor; (ii) those liens and encumbrances created by the Lessee or to the creation or suffering of which the Lessee consented; and (iii) those liens and encumbrances resulting from the failure of the Lessee to perform or observe any of the agreements on its part contained in this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ARTICLE XI

MISCELLANEOUS

SECTION 11.01. Surrender of Project. Except as otherwise expressly provided in this Agreement, including, particularly, Article X hereof, at the expiration or sooner termination of the Lease Term, the Lessee agrees to surrender possession of the Project peaceably and promptly to the Lessor in as good condition as at the commencement of the Lease Term, loss by fire or other casualty covered by insurance, condemnation and ordinary wear, tear and obsolescence only excepted.

SECTION 11.02. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given on the third business day following the day on which the same have been mailed by registered mail, postage prepaid, addressed as follows:

If to the Lessor: Industrial Development Board of the Parish of Caddo, Inc.

Shreveport, Louisiana _____
Attention: President

With a Copy to: Caddo Parish Commission

Shreveport, Louisiana
Attention: Parish Attorney

With a Copy to Adams and Reese LLP
701 Poydras, Suite 4500
New Orleans, Louisiana 70139
Attention: O. Ray Cornelius

If to the Lessee: Industrial Realty Group, LLC

Attention: _____

The Lessor or the Lessee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 11.03. Law Governing Construction of Agreement. This Agreement is prepared and entered into with the intention that the laws of the State of Louisiana shall govern its construction.

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SECTION 11.04. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Lessor, the Lessee and their respective successors and assigns, subject, however, to the limitations contained in Sections 7.03, 8.01 and 8.02 hereof.

SECTION 11.05. Severability. In the event any provision of this 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 11.06. Agreement Represent Complete Agreement. This Agreement represents the entire contract between the parties hereto. This Agreement may not be modified or amended without the written consent of the Lessor and the Lessee.

SECTION 11.07. Net Lease. This Agreement shall be deemed and construed to be a "net lease," and the Lessee shall pay absolutely net during the Lease Term the rent and all other payments required hereunder, free of any deductions, without abatement, diminution or set-off other than those herein expressly provided.

SECTION 11.08. Execution of Counterparts. This 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 11.09. Merger of Fee Title with Interest under Lease Agreement. To the maximum extent allowed by applicable law, no merger of the fee title under any leasehold mortgage and the leasehold interests under this Agreement shall result in the termination of this Agreement or such leasehold mortgage.

SECTION 11.10. Memorandum of Lease. Lessor and Lessee will, at the request of the other, promptly execute a memorandum of lease, which memorandum either party may record in the real property records applicable to the Project.

[SIGNATURES ON FOLLOWING PAGE]

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THUS DONE AND PASSED, in my office in _____, Louisiana, on the ____ day of _____, 2013, in the presence of the undersigned, both competent witnesses, who herewith sign their names with the said appearers and me, Notary, after due reading of the whole.

INDUSTRIAL DEVELOPMENT BOARD OF
THE PARISH OF CADDO, INC.

ATTEST:

By: _____
Title:

By: _____
Title:

WITNESSES:

Print Name:

Print Name:

Notary Public
Print Name: _____
La. Bar or Notary ID Number: _____

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

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THUS DONE AND PASSED, in my office in _____, _____, on the ____ day of _____, 2013, in the presence of the undersigned, both competent witnesses, who herewith sign their names with the said appearers and me, Notary, after due reading of the whole.

INDUSTRIAL REALTY GROUP, LLC

By: _____
Name:
Title:

WITNESSES:

Print Name:

Print Name:

Notary Public
Print Name: _____
La. Bar or Notary ID Number: _____

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EXHIBIT A
To Lease and Agreement to Issue Bonds

PROJECT DESCRIPTION - PLANT

PLANT EQUIPMENT DESCRIPTION

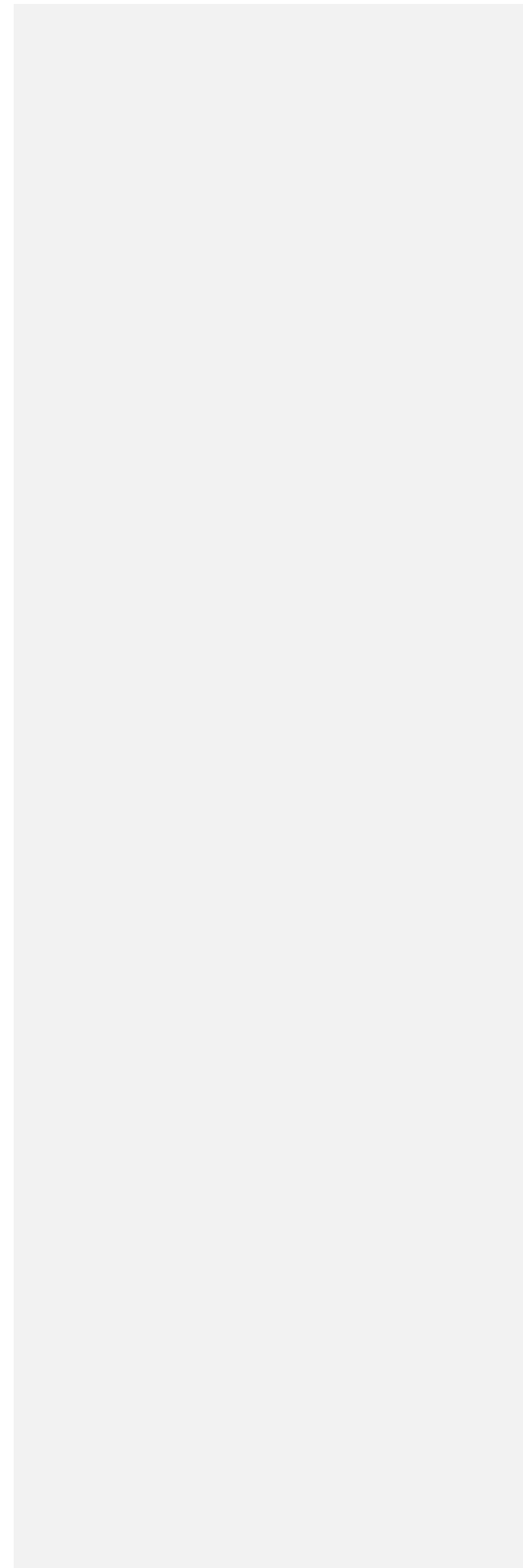
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EXHIBIT A

To Lease and Agreement to Issue Bonds

LEGAL DESCRIPTION OF PROJECT SITE

(See following page)



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EXHIBIT B
To Lease and Agreement to Issue Bonds

TRANSACTION COSTS

Industrial Development Board of the Parish of Caddo, Inc.

Closing Fee\$ _____

Adams and Reese LLP

Legal Fees\$ _____

Out-of-Pocket Expenses.....\$ _____

Miscellaneous

