

74370

LAW OFFICES  
WATTS, PEPICELLI, YOUNGS AND YOUNGS PC  
A PROFESSIONAL CORPORATION  
363 CHESTNUT STREET  
MEADVILLE, PENNSYLVANIA 16335

Area Code 814  
Telephone 336-3144

FAX No.  
814-337-3776

VINCENT J. PEPICELLI (1925-1973)  
JOHN V. PEPICELLI - OF COUNSEL

THEODORE H. WATTS  
ALAN L. PEPICELLI  
CHRISTOPHER J. YOUNGS  
LISA PEPICELLI YOUNGS

September 25, 1989

Joe Donovan, Esq.  
U.S. Environmental Protection Agency  
Region III  
PA CERCLA Remedial Enforcement Section  
841 Chestnut Building  
Philadelphia, PA 19107

Re: Saegertown Industrial Site  
Saegertown, Crawford County, Pennsylvania

Dear Mr. Donovan:

Pursuant to our telephone conversation of September 22, 1989, I have prepared the enclosed memorandum setting forth the position of the Crawford County Industrial Development Authority (CCIDA).

I have also enclosed herewith a copy of my letter of June 21, 1989 addressed to Ms. Christine Chulick, stating CCIDA's answers to the original inquiry questions received in May, 1989. It is my understanding that these answers together with my Memorandum of this date will provide you with the information needed to allow you to consider CCIDA for de minimis status under the SARA amendments, §122.

It is my client's hope that you will grant our request for de minimis status. Please contact me at your earliest convenience if you need further information. Thank you.

Very truly yours,

*Lisa Pepicelli Youngs*  
LISA PEPICELLI YOUNGS

LPY:srm  
Enclosure

xc: Marjorie B. Smith, Chairman  
William Douglass  
James Merry  
Kenneth N. Stewart  
John Fuller  
Francis Payne

AR201049

LAW OFFICES  
**WATTS, PEPICELLI, YOUNGS AND YOUNGS PC**

A PROFESSIONAL CORPORATION  
363 CHESTNUT STREET  
MEADVILLE, PENNSYLVANIA 16335

Area Code 814  
Telephone 336-3144

FAX No.  
814-337-3770

VINCENT J. PEPICELLI (1925-1973)  
JOHN V. PEPICELLI - OF COUNSEL

THEODORE H. WATTS  
ALAN L. PEPICELLI  
CHRISTOPHER J. YOUNGS  
LISA PEPICELLI YOUNGS

June 21, 1989

Ms. Christine E. Chulick (3HW12)  
U.S. Environmental Protection Agency  
Region III  
PA CERCLA Remedial Enforcement Section  
841 Chestnut Building  
Philadelphia, PA 19107

Re: Saegertown Industrial Site  
Saegertown, Crawford County, PA

Dear Ms. Chulick:

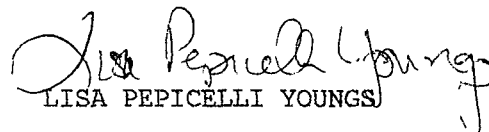
This is in response to your agency's letter of May 25, 1989 addressed to Crawford County Industrial Development Authority (CCIDA), for whom I am the solicitor.

It is my understanding that CCIDA's involvement, if any, as a Potentially Responsible Party (PRP), is connected to CCIDA's ownership of two parcels of land in Saegertown. The two parcels were acquired pursuant to industrial development tax-exempt financing; CCIDA leases these parcels, one to Saegertown Manufacturing Corporation and one to Haemer Tool and Die, Inc. At no time has CCIDA ever occupied or used these lands in any way, as this Authority is a conduit for financing only and conducts no physical operations of any kind. Documentation to support these statements is enclosed for your review.

Based upon the foregoing assertions and the enclosures, CCIDA takes the position that it should not be maintained as a PRP. CCIDA is willing to assist in any way possible to coordinate meetings of the listed PRP's, and we have taken steps to institute discussions toward this end. I will attend your scheduled meeting on July 7, 1989 at 9:00 A.M. at the Meadville office of the Pennsylvania Department of Environmental Resources.

Please review CCIDA's status as a PRP and consider my request and supporting documentation that this Authority be deleted from the list. I will look forward to your response. Thank you.

Very truly yours,

  
LISA PEPICELLI YOUNGS

LPY:srm

xc: Marjorie B. Smith, Chairman CCIDA

AR201050

RESPONSE OF CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

Re: Saegertown Industrial Site  
Crawford County, Pennsylvania  
U. S. Environmental Protection Agency (3HW12)  
Inquiry of May 25, 1989, CERCLA

The Crawford County Industrial Development Authority (CCIDA) submits the following responses to questions stated on page 5 of the above-captioned inquiry letter:

1. CCIDA is an industrial development authority created under and pursuant to Pennsylvania law as an instrumentality of the Commonwealth, and is a mere title holder. CCIDA has not at any time ever generated, stored, treated, transported, disposed of or otherwise handled any chemicals or hazardous wastes of any kind whatsoever at this or any other location.

2. Not applicable to CCIDA, for reasons set forth in paragraph 1 above.

3. Not applicable to CCIDA, for reasons set forth in paragraph 1 above.

4. Not applicable to CCIDA, for reasons set forth in paragraph 1 above.

5. CCIDA maintains project files on two properties at or near the Saegertown Industrial site occupied by the following Lessees, to-wit:

A. Saegertown Manufacturing Corporation

B. Haemer Tool and Die, Inc.

All documents pertain to title, leasehold and financing and have no reference whatsoever to any chemical substances or hazardous wastes.

6. Enclosed are copies of the following documents pertaining to ownership of the two properties owned by CCIDA:

A. Saegertown Manufacturing Corporation

1. Deed from Evelyn M. Jordan and Chalmer C. Jordan to Crawford County Industrial Development Authority, dated March 9, 1973, recorded in Crawford County Deed Book 473, Page 219, designated Exhibit "A-1".

2. Original Agreement of Lease between Crawford County Industrial Development Authority, Lessor, and Saegertown Manufacturing Corporation, Lessee, dated March 9, 1973, designated Exhibit "A-2".

3. Subsequent project, Agreement of Lease between Crawford County Industrial Development Authority, Lessor, and Saegertown Manufacturing Corporation, Lessee, dated May 14, 1984, designated as Exhibit "A-3".

4. Construction Loan Agreement between Crawford County Industrial Development Authority, Saegertown Manufacturing Corporation and Marine Bank, lender, dated May 14, 1984, designated Exhibit "A-4".

5. Project Mortgage between Crawford County Industrial Development Authority, Mortgagor, and Marine Bank, Mortgagee, dated May 14, 1984 and recorded in Crawford County Mortgage Book 421, Page 1101, designated as Exhibit "A-5".

6. Resolution of April 20, 1984 of Crawford County Industrial Development Authority and Certificate of Secretary, designated as Exhibit "A-6".

7. Assignment of Lease from Crawford County Industrial Development Authority to Marine Bank dated May 14, 1984, transferring all rights and obligations to Marine Bank, designated as Exhibit "A-7".

B. Haemer Tool and Die, Inc.

1. Deed from Haemer Tool and Die, Inc. to Crawford County Industrial Development Authority dated October 12, 1984 and recorded in Crawford County Deed Book 557, Page 973, designated as Exhibit "B-1".

2. Agreement of Lease from Crawford County Industrial Development Authority, Lessor, to Haemer Tool and Die, Inc., Lessee, dated December 13, 1984, designated as Exhibit "B-2".

3. Acquisition and Construction Loan Agreement dated October 11, 1984 between Crawford County Industrial Development Authority, Haemer Tool and Die, Inc. and Marine Bank, designated as Exhibit "B-3".

4. Industrial Development Mortgage between Crawford County Industrial Development Authority, Mortgagor, and Marine Bank, Mortgagee, dated December 13, 1984, recorded at Crawford County Mortgage Book 428, page 16, designated as Exhibit "B-4".

5. Resolution of Crawford County Industrial Development Authority dated September 21, 1984 and Certificate of Secretary, designated as Exhibit "B-5".

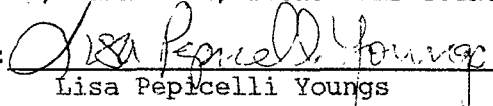
6. Assignment of Lease from Crawford County Industrial Development Authority to Marine Bank dated December 13, 1984, transferring all rights and obligations of Crawford County Industrial Development Authority to Marine Bank, designated as Exhibit "B-6".

7. Current location of documents pertaining to Crawford County Industrial Development Authority with respect to the two projects above-cited is the office of Watts, Pepicelli, Youngs and Youngs PC, Attorneys at Law, 363 Chestnut Street, Meadville, Pennsylvania. Other files containing project documentation are maintained by Marine Bank and by each project occupant; specific locations of these files are not known to Crawford County Industrial Development Authority.

Based upon the foregoing answers and attached documentation, it is the position of Crawford County Industrial Development Authority that the Authority is a mere conduit or vehicle for financing and retains no beneficial interest or incidents of ownership in the properties at issue in this matter. Crawford County Industrial Development Authority has no involvement in the operations of the occupants and no control over or knowledge of the substances used on the premises. Therefore, it is respectfully requested that Crawford County Industrial Development Authority be deleted from the list of Potentially Responsible Parties in this matter.

WATTS, PEPICELLI, YOUNGS AND YOUNGS PC

BY:

  
Lisa Pepicelli Youngs  
Solicitor for CCIDA

## NARRATIVE

### I. Background

The Crawford County Industrial Development Authority (CCIDA) is an instrumentality of the Commonwealth of Pennsylvania, created under the Industrial Development Law. The Board of CCIDA consists of six members who are appointed by the Crawford County Commissioners. The Authority was formed in 1969 and has helped more than 60 businesses to expand since its inception.

CCIDA was formed to facilitate the lending and borrowing of funds by industrial and commercial businesses. By processing the loan through CCIDA, a borrower is able to obtain a loan the interest on which is tax-exempt. The projects have been either through private bank-to-borrower structures, or through a public bond issue. The loans are subject to ever more stringent Internal Revenue Service acts and regulations. A mandatory part of each project prior to 1988 was that the Industrial Development Authority was compelled to take title to the assets, real estate and equipment, which collateralized the project. The Authority would hold title and lease the real estate and equipment to the industrial tenant, or in some cases would enter into an installment sale agreement. By either structure, the Authority would continue to hold legal record title to the assets until the loan was paid in full by the industry. At time of final payment, the Authority would then be required by the contract documents to reconvey the assets to the industry. During the term of the loan, the Authority has no control of the realty or the conduct of the tenant. In fact the Authority served no role as Landlord because at closing, the Authority's rights under the lease or installment sale are assigned to the Bank.

### II. Chronology

CCIDA is the record owner of two properties in Saegertown Borough which are apparently involved in the instant EPA action. These properties were acquired pursuant to industrial revenue bond loans as described above and are occupied by beneficial owners Saegertown Manufacturing Corporation (SMC) and Haemer Tool & Die, Inc. (Haemer). Following is a chronology of events from the inception of these two industrial revenue bond projects.

#### A. SMC

##### 1. March 9, 1973

- (a) CCIDA acquired record title to SMC property by Deed from Evelyn M. Jordan and Chalmer C. Jordan, said Deed being recorded in Crawford County Deed Book 473, Page 219, copy attached as Exhibit "A". (Mr. Jordan is an officer and owner of SMC.)
- (b) Simultaneously with execution of the above Deed, SMC executed an Agreement of Lease with CCIDA, under which all costs and expenses of the project loan would be paid by SMC. Further, all responsibility for use, maintenance, insurance and taxes are shifted to SMC. CCIDA receives no rent above and beyond the project

AR201054

loan costs and receives only a nominal administrative fee to cover accounting costs. Especially significant is Paragraph 16 of the Lease which requires CCIDA to reconvey the record title to SMC for \$1.00 at the time the loan is fully repaid. A copy of the Agreement of Lease is attached as Exhibit "B". A Memorandum of Lease was filed in Crawford County Agreement Book 73, Page 500 and is attached as Exhibit "C".

- (c) Also simultaneously with execution of the Deed and Lease, CCIDA executed a Mortgage and Note in favor of Pennbank, Lender, in the sum of \$1,050,000. The Mortgage was secured by the property described in Exhibit "A", and the proceeds of the loan were released to SMC for purposes of constructing a plant on the site and adding new equipment. Copies of the Mortgage and Note are attached as Exhibits "D" and "E" respectively.
- (d) On the same date CCIDA assigned to Pennbank all of its rights, title and interest in the Lease (Exhibit "B"), as additional security for the loan. A copy of said Assignment is attached as Exhibit "F".

2. March 26, 1973 - The Pennsylvania Secretary of Commerce issued a Certificate approving the industrial development project, stating that it would create new employment and accomplish the public purpose of the Industrial Development Authority Law of 1967. A copy of said Certificate is attached as Exhibit "G".

3. 1977

SMC enters into another industrial revenue bond project through CCIDA, documentation relates only to equipment loans and not the real estate and so is not included here.

4. 1980

SMC again borrows funds through CCIDA, secured only by equipment and so documentation is not included here.

5. 1984

(a) May 2, 1984, the Pennsylvania Secretary for Economic Development issued a Certificate approving the project as within the economic purposes of the Industrial Development Authority Law.

(b) May 14, 1984

(1) SMC and CCIDA enter into a new project with ownership of record title to continue in CCIDA pursuant to the 1973 Deed, Exhibit "A".

AR201055

(2) A new project Lease is executed, which is similar to the earlier Lease. All project costs are to be borne by SMC. All control over the use of the property shall remain in SMC, which shall pay maintenance, taxes and insurance costs. Under Article VII of the Project Lease, SMC has the right to terminate the Lease and to take title by any of the following events:

(i) Prepayment in full

(ii) Assumption of the obligation to repay balance of the loan

(iii) Payment of the loan at the end of its term.

A copy of the project Lease and Industrial Development Mortgage are attached as Exhibits "H" and "I" respectively.

(3) The Lease is assigned by CCIDA to Marine Bank, the Lender, leaving CCIDA with virtually no rights to the property.

B. Haemer Tool & Die, Inc.

1. October 11, 1984 - CCIDA, Haemer and Marine Bank enter into an Acquisition and Construction Loan Agreement, copy attached as Exhibit "J". This Agreement spells out the parties' respective obligations and clearly states that while title shall pass to CCIDA, it shall be severely limited by rights of Haemer to repurchase the title at conclusion of the loan term. Further, the Bank shall have rights as assignee under Assignment of Lease.
2. October 12, 1984 - Pursuant to the Acquisition and Construction Loan Agreement, Haemer Tool & Die, Inc. deeds the property to CCIDA, by Deed recorded in Crawford County Deed Book 557, Page 973, copy attached as Exhibit "K".
3. November 26, 1984 - The Deputy Secretary for Administration, Pennsylvania Department of Commerce approves the project for allocation.
4. December 13, 1984. The project closes and CCIDA enters into a Mortgage with Marine Bank and executes a Lease for the project property to Haemer. Copies of the Industrial Development Mortgage and Project Lease are attached as Exhibits "L" and "M" respectively. Under said Lease, Haemer has the right to the control of the property and has all

AR201056



obligations with respect to it. Further, Haemer has the right to receive reconveyance in any of the following events:

- (a) Payment of the debt to the Bank
- (b) Upon termination of the Lease at the end of the loan term.

Also on date of closing, CCIDA assigned all rights under the Lease to Marine Bank, effectively retaining no rights or controls over the real estate. A copy of said Assignment of Project Lease is attached as Exhibit "N".

### III. Discussion

#### A. Acquisition of Title

CCIDA is a mere record title holder in the Saegertown site and at no time had direct control of any activity on either the SMC or Haemer property. If in fact there was a release of hazardous substances in the vicinity, it was beyond the legal and actual control of CCIDA and was caused by third parties. To date, CCIDA is not aware of the location of said hazardous substances or the time or source of their release.

Based on several recent meetings with other PRP's, CCIDA believes that the possible hazardous disposal may have taken place during the later 1960's, prior to CCIDA's acquisition of either of the above-described properties. At the time of the acquisition of the SMC property in 1973, CCIDA had no reason to know of the existence of said substances. Indeed, CCIDA believes that the SMC property was not contaminated at time of acquisition; any subsequent disposal or release is believed to have occurred through acts beyond the control of CCIDA, and possibly by acts of external parties via vandalism. Prior to acquisition by CCIDA, the property was owned by individuals and not by industrial companies. CCIDA believed it had satisfied its duty to inquire by review of the title.

With respect to the property of Haemer, this had its source of title in numerous entities who are named PRP's and prior thereto in GATX, also a PRP. (Please note that Haemer Tool & Die, Inc. owns three parcels in this site, two in fee simple of record and one beneficially and equitably with record title in CCIDA.) The chain of title is set out in Exhibit "O" attached. The property had not been placed in industrial use for many years and CCIDA believed there to be no deposit or release of substances thereon. If indeed the source of pollution was GATX, it is a named PRP, still conducting business and a viable responsible party, as are a number of other intervening owners, up to and including Haemer itself.

AR201057

CCIDA's role in the holder of title is so minor and technical in that it is as a financing vehicle only and no possessory or rights of ownership are ever exercised by the Authority.

B. Governmental Entity

As an instrumentality of the Commonwealth of Pennsylvania and a Board appointed by the County governing body, the Authority is clearly a governmental entity. The acquisition of these properties was mandated by federal and state law as the only means for the Authority to carry out its legislated mission of economic development. This mandate is analogous to the acquisition of a property by eminent domain, in which a governmental entity finds it necessary to acquire private lands for public purposes. The power of eminent domain is a matter of some discretion to each governing body, and is only exercised when necessary. Similarly, CCIDA examined the economic and employment benefits to be furthered by the financing of these projects and determined that it was in the public interest to assist in this financing by acquiring the properties in each instance. Therefore, it is asserted that the exception under CERCLA of 1980 as amended by SARA in 1986, for governmental entities should be applied to CCIDA.

C. De Minimis Application

A de minimis settlement with CCIDA is both practicable and in the public interest. CCIDA's role is as mere title holder and not as an active manager of the property. What few rights CCIDA did not lease to the occupant were transferred to the Bank in each instance, leaving the Authority with virtually no incidents of ownership but only a paper deed. The Authority had no right to exert any control over the tenant's operations and had no means of ascertaining the danger of release.

CCIDA had no role at all in the use or disposal of any chemicals or hazardous substances. The properties involved are occupied by active and viable industries which may or may not have played a part in the release of such substances. Each industry is also a named PRP and will remain involved in the event that CCIDA is allowed a de minimis settlement.

While the Authority technically owns the properties, it had no reason to know of any hazardous substance having been deposited in or around them. Prior to acquisition by CCIDA, both properties were vacant and had been so for a number of years. The land had no visible characteristics as having been previously industrial and so no indication was given of pre-existing contamination.

CCIDA is a financing entity only and has no paid staff. Its operations are handled by a treasurer and secretary and have no technical or scientific expertise. The Authority relies heavily on the lender to determine the financial liability of each project. In each instance, CCIDA acquired title for the nominal

AR201058

consideration of \$1.00 and clearly price had no relation at all to actual value; no reduction in price for prior contamination could therefore be a factor in these instances. The Authority takes no profit from its involvement in development. The service and administrative fees received are re-invested in area economic development, such as promotional activities, solicitation of new industries and donations to other authorities and commissions with a similar intent. The CCIDA Board members serve on a purely volunteer basis without compensation or personal gain. Therefore, the Authority is far removed from the usual commercial or industrial real estate purchaser.

CCIDA's role in the development project is also as lender. The Authority executes the Mortgage and Note to the Bank, but in turn the Authority loans the money to the industrial occupant in full. In reality, the funds pass directly from lender to industry. The Lease is the security instrument by which the Authority seeks to assure itself that the industry will repay the money. CCIDA is much like a lender holding the Deed only while the loan is outstanding, with restrictions on ownership in favor of both the industry and the Bank, such that no other indicia of ownership remain.

The public interest would be well served to allow CCIDA to qualify for de minimis settlement. CCIDA is a minor party with no unencumbered physical assets, limited funds and an important public purpose to pursue. The remaining industrial parties have indicated their continuing involvement as financially viable entities such that the deletion of CCIDA as a PRP would not impair the proposed investigation or subsequent remedial action.

Based upon the foregoing, CCIDA respectfully requests consideration as a de minimis party and wishes to commence steps necessary to preparation of a consent order to this end.

AR201059

# This Deed,

Made the 9th day of March, in the year nineteen hundred and Seventy-three (1973).  
Between EVELYN M. JORDAN and CHALMER C. JORDAN, her husband,  
Grantors

A  
N  
D

CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a Municipal Corporation duly organized under the Laws of Pennsylvania with its principal office in the City of Meadville, Crawford County, Pennsylvania, Grantee.

Witnesseth, That in consideration of Two Hundred Seventy-two Thousand and No/100-----(\$272,000.00)-----Dollars, in hand paid, the receipt whereof is hereby acknowledged, the said grantors do hereby grant and convey, sell and confirm unto the said grantee, its heirs and assigns,

All of that certain piece or parcel of land situate in the Borough of Saegertown, County of Crawford and Commonwealth of Pennsylvania, bounded and described as follows, to-wit:

BEGINNING at an iron pipe marking the intersection of the East line of the Erie-Lackawanna Company with the North line of the Erie-Crawford Dairy Co-operative Association, and said point also being the Southwest corner of the parcel of land described herein; thence North 6° 21' East following the East line of the Erie-Lackawanna Railroad Company for a distance of 975.89 feet to a wood stake; thence South 84° 14' East following the South line of land of the Higby Estate for a distance of 670.52 feet to a wood stake; thence South 6° 42' West along other land of G.H. Dornhaffer and Margaret May Dornhaffer, his wife, for a distance of 987.69 feet to an iron pipe marking the Northeast corner of land of the Erie-Crawford Dairy Co-operative Association; thence North 83° 15' West following the North line of the aforementioned Co-operative Association for a distance of 665.00 feet to the point or place of beginning, and containing 15.054 acres of land.

Being the same land conveyed to Evelyn M. Jordan, one of the Grantors herein, by Deed of G.H. Dornhaffer and Margaret May Dornhaffer, his wife, dated November 20, 1964 and recorded in Crawford County Deed Book 414, Page 328.

TOGETHER with a right of way unto the Grantee, its successors and assigns, for ingress and egress to and from the above described premises; said right of way to be within a strip of land running in a Northerly direction from a public street known as Erie Street, lying adjacent to the East line of the aforementioned Co-operative Association and the East line of the above described premises and terminating at the South line of the aforementioned land of the Higby Estate; said right of way to have a uniform width of Fifty (50) feet.

The easternmost Ten (10) feet of the above described parcel of

Now before me, I, *Ralph W. Hummer*, Notary Public, do hereby certify that the foregoing is a true and correct copy of the original as filed in my office in compliance with Realty Transfer Tax Act.

FILE  
CRAWFORD  
73 APR 9 PM  
REGISTERED  
MEADVILLE, PA.

EXHIBIT "A"

AR201060

15.054 acres shall be subject to the covenant that in the event G.H. Dornhaffer and Margaret May Dornhaffer, his wife, their successors or assigns, should desire to dedicate the above described Fifty (50) foot strip of land to public use as a public street maintained by the Borough of Saegertown, the easternmost Ten (10) feet of the above described parcel of land shall be added to the aforementioned Fifty (50) foot strip of land for dedication to public use for the purpose of meeting the specifications of the Borough of Saegertown.

AR201061

AGREEMENT OF LEASE

AGREEMENT MADE this 9th day of March, 1973,  
between CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a Municipal  
Corporation, duly organized under the Laws of Pennsylvania, with  
its principal office in the City of Meadville, Crawford County,  
Pennsylvania, hereinafter referred to as "Lessor",

AND

SAEGERTOWN MANUFACTURING CORPORATION, hereinafter referred to as  
"Lessee".

WHEREAS, the Lessor is the owner of certain Real Estate  
situate in Saegertown, Crawford County, Pennsylvania, bounded and  
described as set forth in Exhibit "A" attached, and is the owner  
of or has agreed to acquire the equipment and machinery (hereinafter  
called "Personal Property") listed in Exhibit "B" attached, and

WHEREAS, pursuant to a Preliminary Agreement between the  
parties, the Lessor acquired said Real Estate and Personal Property  
for use of the Lessee, and

WHEREAS, Lessor has agreed to borrow the sum of \$ 1,050,000.00,  
and

WHEREAS, said Agreement provided that the Lessee would enter  
into a Lease with rental to be determined by the total sum borrowed  
by Lessor, plus interest to be amortized over a period of Fifteen  
(15) years, said sum to be borrowed on Note, Mortgage and Chattel  
Mortgage-Security Agreement from the PENNSYLVANIA BANK AND TRUST  
COMPANY, hereinafter called "Bank", and

WHEREAS, all conditions and terms of said Agreement have been  
met to the satisfaction of both parties hereto, and

WHEREAS, the Lessee desires to lease such Real Estate and  
Personal Property under the terms and conditions set forth herein.

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED AS FOLLOWS:

1. The Lessor does hereby lease and demise unto the Lessee

EXHIBIT "B"

AR201062

all of the real estate above set forth and described together with any and all improvements situate thereon and to lease to the Lessee all of said Personal Property above described.

2. This Lease shall be effective on the date of execution but the term of this Lease shall commence as of the date of commencement of permanent rental payments as below, and shall terminate Fifteen (15) years thereafter.

3. The Lessee agrees to pay to the Lessor as rental the following sums under the following schedule, to-wit:

- a. Interest only at the rate of Five and one-half (5-1/2) percent per annum payable monthly on funds as withdrawn against said Mortgage from the date of first withdrawal and until the Project Building addition is completed and all equipment to be acquired has been received or until November 30, 1973, whichever occurs last.
- b. From the date of date of completion of the Project as set forth in 3.(a) above, the Lessee agrees to pay to the Lessor monthly permanent rental payments of \$8,589.00 plus a monthly service and Administrative charge of \$109.37 per month as rental for said leased premises, on the first day of each month throughout the term of this Lease. Said sum has been agreed upon as sufficient to pay the monthly payments, including principal and interest on the entire obligation or obligations incurred by the Lessor in establishing the Industrial Development Project plus the said service charge. Said obligations consisting of a total of \$1,050,000.00 borrowed from the Bank on a Note secured by Mortgage and Chattel Mortgage-Security Agreement (hereinafter called the "Instruments") covering said Real Estate and Personal Property, with interest at Five & one-half percentum per annum; and payable in 15 years. It is agreed that this Lease is made subject to all the conditions and terms of said Instruments. Lessor agrees that the monthly rent payments, or any prepayment thereof shall be used only to pay the principal, interest and any costs or expense incurred in connection with or rising out of said Mortgage and Note, including said service-administrative charge. Lessee may prepay any, all or any portion of the rent due hereunder. If any prepayment is made, Lessee shall have the option to declare such prepayment as advance rental payment of the next ensuing monthly payments or to declare that such prepayment shall be credited to the last payments due and to reduce the term of this Lease.

4. The Lessee shall have the privilege of placing signs advertising the Lessee's name in or on the leased premises; provided however, and subject to the purchase option herein, that at the

expiration of the said Lease, the Lessee shall be obliged to remove all of such signs at its own expense.

5. Any and all repairs of any nature whatsoever, to the building or buildings on the demised premises and to the said Personal Property and whether or not the result of fire, tornado, windstorm, riot or Act of God or any cause whatsoever, shall be and are hereby agreed to be the sole obligation of the Lessee. Subject only to the purchase option herein, the Lessee does hereby agree to surrender the leased premises in good order and repair, reasonable wear and tear only excepted at the expiration of the term of this Lease or any renewal thereof. It is expressly understood and agreed that the Lessee, during the term hereof, shall pay and discharge each and every expense and charge required for the ownership, maintenance, protection and preservation of the building or buildings and Personal Property to the end that the Lease is a "net Lease" to the Lessor. In the event the Lessee does not make necessary repairs to said property within 30 days after written notice given by Lessor, then Lessor may make such repairs as it deems necessary and any and all expense of any nature so incurred shall be paid by the Lessee as rental due and collectable hereunder.

6. The Lessee shall procure and shall pay premiums on fire and extended coverage insurance upon the premises herein leased in the minimum sum of \$ 1,000,000.00 with such companies as shall be approved by the Lessor. Such Insurance Policies shall include a Middle Atlantic Department-Rent Form Rider covering One Year's annual rental payable by the Lessee, and each of said policies shall have attached thereto standard Loss Payable Clauses in favor of all Mortgagees or Obligees and the Lessee, as designated by the Lessor as their interests may appear. The Lessee also and further agrees to procure and maintain at all times during the term hereof, comprehensive liability insurance, designating the Lessor



as a Co-Insured thereunder with minimum limits of \$250,000.00 and \$500,000.00 for personal injuries, and minimum limits of \$500,000.00 for property damage protecting the Lessor, and to furnish Certificates of Insurance or other suitable evidence thereof to the Lessor. It is expressly understood and agreed that the Lessee shall pay all premiums for such insurance as rental due and collectable under all the terms hereof.

7. The Lessee shall furnish, pay and discharge at its own expense, all utilities in connection with the use of the leased premises. Said obligations for utilities shall be considered as rent due and collectable under the terms hereof.

8. The Lessee hereby expressly agrees to pay as rent due and collectable under the terms hereof, all real estate taxes, personal property taxes and municipal assessments or payments in lieu of taxes now or hereafter levied upon the said property or required by any law or regulation as well as any and all other charges assessed against said real estate and personal property by reason of the Lessee's occupancy and use thereof. In the event any question or dispute arises regarding the levy or collection of real estate or personal property taxes, the Lessee agrees to make payment in lieu of taxes in such amount and at such time as taxes would be due under the customary and usual Pennsylvania or Crawford County Taxing or Assessment policy and practice and at the same millage or charge as may be in effect in the political sub-division where the project is located.

9. Excepting as to the monthly permanent rental payments due hereunder, the Lessee may protest, question or contest any payment made hereunder without risk of default. Provided, however, that any payment or charge demanded hereunder shall be paid in full as requested by the Lessor and any protest or contest shall be by way of claim for refund or repayment. In event that Lessee makes a

protest as to any charge made or levied against the Lessor hereunder, the Lessor and Lessee agree to fully cooperate in the filing and prosecution of such protest and any and all cost and expense incurred in such protest, including Attorney's fees, shall be borne by the Lessee.

10. The Lessee shall occupy the premises herein leased for manufacturing purposes only and shall not conduct therein any business which shall constitute a nuisance or which shall be in violation of any law, ordinance, resolution or regulation.

11. The within Lease Agreement may not be assigned nor the leased premises or any portion thereof be sublet by the Lessee to any person or entity without the written consent of both the Lessor and Lessee. It is agreed that Lessor will assign this Agreement to the Bank referred to above as security for the payment of said Notes and Mortgages. It is agreed that consent of either party to a request to permit assignment shall not be unreasonably withheld.

12. In the event the Lessee files a voluntary Petition in Bankruptcy or is adjudicated a bankrupt, then and in such event, the Lessor has the option, on notice in writing by Registered Mail, addressed to the Lessee, to terminate this Lease absolutely.

13. Subject to Paragraphs 15 and 16 herein, upon the termination of this Lease, either by expiration or in the manner provided for in the within Lease Agreement, the Lessee agrees to forthwith surrender possession of the leased premises to the Lessor, and the Prothonotary or any Attorney of any Court of Record is hereby authorized to appear and confess judgment in an amicable Action of Ejectment against the Lessee and in favor of the Lessor for the leased premises and to direct the immediate issuing of a Writ of Possession with a clause of Fieri Facias for costs, waiving all irregularities without notice, and without asking leave of Court.

14. If default shall be made in the performance of any of

the terms, conditions, provisions, or covenants of this Lease, and Lessee fails to correct said default within Thirty (30) days after written notice to Lessee, the Lessor may, at its option, at any time thereafter, declare the entire rents reserved for the full term of this Lease then remaining unpaid, to be due and payable at once and may forthwith collect the same by distress or otherwise, and the Prothonotary or any Attorney of any Court of Record is hereby authorized to appear for and confess one or more judgment or judgments in favor of the Lessor and against the Lessee for the whole amount of said unpaid rental. In the event this power is exercised and any such confessed judgment is released or satisfied the said power may be again and repeatedly exercised upon the occasion of any and all defaults occurring at any time during the term or any extensions granted thereof.

15. The Lessee shall have the right, privilege and option at any time during the terms of this Lease, or during any renewal thereof, to purchase the premises leased herein, at a price which shall be the equivalent of the unpaid balance of the aforesaid indebtedness due the PENNSYLVANIA BANK AND TRUST COMPANY plus any accrued interest and the required Service Charge at the time the said option is exercised.

16. Upon the expiration of this Lease, the Lessor agrees, anything herein to the contrary notwithstanding, and provided the Lessee is not in default hereunder, that it will make, execute and deliver to the Lessee, for the further consideration of the sum of One and No/100 (\$1.00) Dollar a Special Warranty Deed and Bill of Sale in statutory form for recording, conveying to the Lessee title to the land, buildings and personal property herein described and any replacement or additions of such property that become a part of the property. Said conveyance shall be free and clear of all liens, charges, and encumbrances excepting only liens, charges

AR201067

and encumbrances created by or through any action of the Lessee.

17. The Lessor covenants that it is lawfully seized of the demised premises and has full right and power to enter into this Lease for the full term and upon all the conditions herein contained; that the Lessor will deliver full and complete possession of the demised premises upon the commencement date of the Lease; that the Lessor will deliver possession of the personal property to the Lessee when received by Lessor, and, upon exercise of the above option or Purchase Agreement, will Specially Warrant the title to the Real Estate; and that the Lessee upon paying the said rents and performing all covenants herein agreed upon, shall and may peaceably and quietly have, hold and enjoy the demised premises and personal property for the said term. PROVIDED that no Warranties, express or implied will be given as to said personal property and that title to the same shall be delivered in an as is and where is condition.

The Lessor further agrees that the Lessee shall have the right at any time to redeem for Lessor by payment of any Mortgage or other liens upon said Real Estate and Personal Property, in the event of default of payment by Lessor thereof, and be subrogated to the rights of the holder thereof; and in addition thereto, Lessee shall have the right to apply accrued and/or any unpaid rentals in satisfaction of such obligations, or, the Lessee, in the event of the foreclosure of any such lien, and the sale of the demised premises and improvements, shall have the right to buy said premises and improvements for its own account.

18. The Lessee shall have the right to make alterations to the demised premises and personal property at its sole cost and expense, provided, nevertheless, that any such alterations shall be of good workmanship and material equal to that of the original construction and shall not reduce the size, condition or strength

of the then existing improvements on the demised premises and personal property. PROVIDED, further, that no major alterations shall be made to or in the building or buildings without the written consent of the Lessor. In the event of any such alterations, approved by the Lessor, the Lessee shall not be required to remove such alterations or to restore the demised premises and personal property to their original condition at the termination of tenancy hereunder. Subject to Paragraphs 15 and 16 hereof, all alterations and additions to any property made by the Lessee during the term of this Lease shall become the property of the Lessor at the expiration of the Lease. Such consent by Lessor shall not be unreasonably withheld.

19. It is further mutually understood and agreed that in the event the leased property shall be partially damaged or destroyed by fire or by the elements, subject to approval by Lessor, the same shall be restored or repaired as speedily as possible by the Lessee, and, to the extent applicable, the Lessee may use the insurance proceeds covering the same subject to the approval of the PENNSYLVANIA BANK AND TRUST COMPANY as its interest may appear in any Insurance Policy.

20. It is expressly understood and agreed that if, at the time the option set forth herein is, or may be exercised by the Lessee, there is a Pennsylvania State or Local Realty or other Transfer Tax in effect, the Lessee, purchaser, agrees to pay the full amount of said Tax or Taxes as well as any Federal Real Estate or other Transfer Tax and any like or similar tax that may be in effect.

21. The Lessor shall have reasonable access to the demised premises during business hours for purposes of examining the same.

22. All rental payments and notices required or furnished hereunder shall be mailed addressed as follows until such addresses are changed by Thirty (30) days notice in writing:

LESSOR - 381 Chestnut Street, Meadville, Pennsylvania

LESSEE - Crawford Street, Saegertown, Pennsylvania

23. All rights arising out of this Agreement and any dispute or question on the terms of this Lease shall be determined under the Laws of Pennsylvania.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals as of the day and year first above written.

ATTEST:

CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

BY:

John Special  
ASA Secretary

BY:

R. W. Harte  
Vice Chairman

(SEAL)

ATTEST:

SAEGERTOWN MANUFACTURING CORPORATION

BY:

Robert A. Lybarger  
Robert A. Lybarger,  
Secretary

BY:

Chalmer C. Jordan  
Chalmer C. Jordan, President



INDUSTRIAL PROJECT

All of that certain piece or parcel of land situate in the Borough of Saegertown, County of Crawford and Commonwealth of Pennsylvania, bounded and described as follows, to-wit:

BEGINNING at an iron pipe marking the intersection of the East line of the Erie-Lackawanna Company with the North line of the Erie-Crawford Dairy Co-operative Association, and said point also being the Southwest corner of the parcel of land described herein; thence North 6° 21' East following the East line of the Erie-Lackawanna Railroad Company for a distance of 975.89 feet to a weed stake; thence South 34° 14' East following the South line of land of the Higby Estate for a distance of 670.52 feet to a weed stake; thence South 6° 42' West along other land of G.H. Dornhaffer and Margaret May Dornhaffer, his wife, for a distance of 987.69 feet to an iron pipe marking the Northeast corner of land of the Erie-Crawford Dairy Co-operative Association; thence North 83° 11' West following the North line of the aforementioned Co-operative Association for a distance of 665.00 feet to the point or place of beginning, and containing 15.054 acres of land.

Being the same land conveyed to Evelyn M. Jordan, one of the Grantees herein, by Deed of G.H. Dornhaffer and Margaret May Dornhaffer, his wife, dated November 20, 1964 and recorded in Crawford County Deed Book 414, Page 328.

TOGETHER with a right of way into the Grantee, his successors and assigns, for ingress and egress to and from the above described premises; said right of way to be within a strip of land running in a Northerly direction from a public street known as Life Street, lying adjacent to the East line of the aforementioned Co-operative Association and the East line of the above described premises and terminating at the South line of the aforementioned land of the Higby Estate; said right of way to have a uniform width of Fifty (50) feet.

The easternmost Ten (10) feet of the above described parcel of

land shall be subject to the covenant that in the event G.H. Dornhaffer and Margaret May Dornhaffer, his wife, their successors or assigns, should desire to dedicate the above described Fifty (50) foot strip of land to public use as a public street maintained by the Borough of Saegertown, the easternmost Ten (10) feet of the above described parcel of land shall be added to the aforementioned Fifty (50) foot strip of land for dedication to public use for the purpose of meeting the specifications of the Borough of Saegertown.



MEMORANDUM OF LEASE

KNOW ALL MEN BY THESE PRESENTS, that CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, hereinafter called "Lessor", of the City of Meadville, Crawford County, Pennsylvania, on the 9th day of March, 1973, leased to SAEGERTOWN MANUFACTURING CORPORATION with principal office at Saegertown, Pennsylvania, hereinafter called "Tenants", the land described in Exhibit A hereto for a term commencing on the date hereof and ending November 30, 1988.

Under the terms of said Lease the Tenant has a right of purchase of the demised premises.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties to this Memorandum of Lease have caused the same to be executed this 9th day of March, 1973.

ATTEST:

By: [Signature]  
Secretary

CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

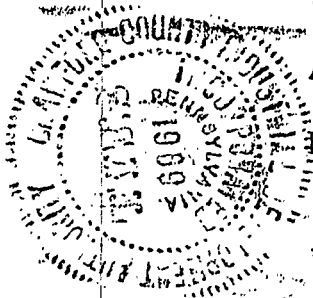
By: [Signature]  
Vice-Chairman

(SEAL)

By: [Signature]  
Secretary

SAEGERTOWN MANUFACTURING CORPORATION

By: [Signature]  
President



COMMONWEALTH OF PENNSYLVANIA :  
: SS  
COUNTY OF CRAWFORD :

I, the undersigned, a Notary Public in and for said County and State, hereby certify that Chalmer C. Jordan whose name as President of Saegertown Manufacturing Corporation, is signed to the foregoing Memorandum of Lease, and who is known to me and known to be such officer, acknowledged before me on this day that, being informed of the contents of said Memorandum of Lease, he, in his capacity as such officer and with full authority, executed the same voluntarily for and as the act of said Corporation on the day the same bears date

GIVEN under my hand and seal of office this 9/14 day of March, 1973.



Elizabeth A. Evans  
Notary Public  
My Commission Expires: March 16, 1974  
Meadville, Crawford County, Pa.

All of that certain piece or parcel of land situate in the Borough of Saegertown, County of Crawford and Commonwealth of Pennsylvania, bounded and described as follows, to-wit:

BEGINNING at an iron pipe marking the intersection of the East line of the Erie-Lackawanna Company with the North line of the Erie-Crawford Dairy Co-operative Association, and said point also being the Southwest corner of the parcel of land described herein; thence North 6° 21' East following the East line of the Erie-Lackawanna Railroad Company for a distance of 975.89 feet to a wood stake; thence South 84° 14' East following the South line of land of the Higby Estate for a distance of 670.52 feet to a wood stake; thence South 6° 42' West along other land of G.H. Dornhaffer and Margaret May Dornhaffer, his wife, for a distance of 987.69 feet to an iron pipe marking the Northeast corner of land of the Erie-Crawford Dairy Co-operative Association; thence North 83° 15' West following the North line of the aforementioned Co-operative Association for a distance of 665.00 feet to the point or place of beginning, and containing 15.054 acres of land.

Being the same land conveyed to Evelyn M. Jordan, one of the Grantors herein, by Deed of G.H. Dornhaffer and Margaret May Dornhaffer, his wife, dated November 20, 1964 and recorded in Crawford County Deed Book 414, Page 328.

TOGETHER with a right of way unto the Grantee, its successors and assigns, for ingress and egress to and from the above described premises; said right of way to be within a strip of land running in a Northerly direction from a public street known as Erie Street, lying adjacent to the East line of the aforementioned Co-operative Association and the East line of the above described premises and terminating at the South line of the aforementioned land of the Higby Estate; said right of way to have a uniform width of Fifty (50) feet.

The easternmost Ten (10) feet of the above described parcel of

land shall be subject to the covenant that in the event G.H. Dornhaffer and Margaret May Dornhaffer, his wife, their successors or assigns, should desire to dedicate the above described Fifty (50) foot strip of land to public use as a public street maintained by the Borough of Saegertown, the easternmost Ten (10) feet of the above described parcel of land shall be added to the aforementioned Fifty (50) foot strip of land for dedication to public use for the purpose of meeting the specifications of the Borough of Saegertown.

M O R T G A G E

THIS INDENTURE MADE this 9th day of March, 1973, between CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a Pennsylvania Municipal Authority (hereinafter called the "Mortgagor"), and THE PENNSYLVANIA BANK AND TRUST COMPANY (hereinafter called the "Mortgagee").

WHEREAS, the Mortgagor under Note bearing even date herewith is obligated to pay unto the Mortgagee within Ten (10) years from the date hereof; the just sum of One Million and Fifty Thousand and No/100-----(\$1,050,000.00)-----Dollars, lawful money of the United States of America, in the manner provided in said Note, and to perform all of the provisions of said Note and this Mortgage, as therein and herein set forth.

NOW, THEREFORE, this Indenture Witnesseth, that the Mortgagor in consideration of the principal indebtedness, and to secure the payment thereof and all other sums due or to become due under said Note and this Mortgage and the performance of all other provisions hereunder and of said Note on the part of the Mortgagor to be performed, intending to be legally bound by these presents, does hereby grant, bargain, sell, convey, release and assign unto the Mortgagee all those certain parcels of land fully described on Exhibit "A" attached hereto and made a part hereof, along with all of the improvements located thereon, now or in the future, and including the industrial plants, tools, equipment and machinery more fully described in Exhibit "B" attached hereto and made a part hereof.

TOGETHER with all and singular the buildings, Industrial Plant, Tools, Machinery, Equipment and improvements erected or to be erected or placed thereon, streets, alleys, passages, ways, waters, watercourses, rights, liberties, privileges, hereditaments and appurtenances whatsoever, thereunto belonging or in anywise appertaining, and the reversions and remainders and rents, issues

EXHIBIT "D"

AR201076

and profits thereof.

This Mortgage shall be a lien upon any and all machinery, equipment, tools, office equipment, fixtures and chattels of every kind and description which the Mortgagor may own, have an interest in and used or to be used in any way in connection with the operation of an Industrial Project leased to SAEGERTOWN MANUFACTURING CORPORATION. It is the express intention of the parties that this Mortgage shall cover the entire property of the Mortgagor, real and personal under the Pennsylvania Industrial Plant Mortgage Doctrine, as well as and including all of the items of personal property mentioned above for use in or about the said Project on the land described herein, including all such items of property acquired and placed on or in the said land now or at any time during the term hereof and any and all replacements thereof.

TO HAVE AND TO HOLD the aforesaid premises, property and hereditaments hereby granted or mentioned and intended so to be, with the appurtenances unto the Mortgagee, its successors and assigns, to and for the only proper use and behoof of the Mortgagee, its successors and assigns forever.

PROVIDED, HOWEVER, that if the Mortgagor shall and does pay to Mortgagee the aforesaid debt with interest thereon and any other sums properly payable under the terms of the Note and this Mortgage, on the date and in the manner provided in said Note and in this Mortgage, and keeps all the other covenants and promises herein contained, then and from thenceforth this Mortgage and the estate hereby created, granted, transferred and assigned shall be void.

AND THE MORTGAGOR HEREBY FURTHER COVENANTS AND AGREES AS FOLLOWS:

1. Mortgagor has good and valid title to the mortgaged premises described on Schedule "A"; the Mortgagor has the right, full power and lawful authority to grant, bargain, sell, convey,

assign, transfer, mortgage, pledge, set over and confirm the same to the Mortgagee in the manner and form herein done; the mortgaged estate is free and clear of all encumbrances and all liens; the Mortgagee, its successors and assigns will quietly enjoy and possess the same to the extent provided in this Indenture, and Mortgagor will warrant and defend the rights or title of the Mortgagee to all of the mortgaged property against all lawful claims not herein specifically excepted.

2. The proceeds of the mortgage loan secured hereby shall be used solely for the purpose of paying a part of the cost of an industrial development project (hereinafter called the "Project") to be completed for SAEGERTOWN MANUFACTURING CORPORATION pursuant to Preliminary Agreement, dated March 9, 1973, with Mortgagor (hereinafter called the "Agreement"), and under which Agreement Mortgagor covenants that no default has occurred.

3. Mortgagor will perform and will cause SAEGERTOWN MANUFACTURING CORPORATION to perform promptly all the terms, covenants and conditions required under said Agreement hereinabove mentioned, and Mortgagor will do or cause to be done all things necessary to preserve unimpaired its rights thereunder and will promptly notify the Mortgagee in writing of any default under said Agreement.

4. Mortgagor will do or cause to be done from time to time all things necessary to maintain and preserve its corporate existence, rights, franchises and privileges and will duly observe, conform, obey and comply with or will cause due observation, conformance, obedience and compliance with all requirements of any governmental authority relative to any part of the mortgaged premises.

5. Mortgagor will duly and promptly pay and discharge, as the same shall become due and payable and before they become delinquent, all taxes, rates, assessments and other governmental charges,

levied or assessed or imposed upon or against the mortgaged premises, or upon the rents, issues, income and profits therefrom so as to prevent the same from becoming or being an enforceable lien or claim against the property or the interest of the Mortgagor having a priority over the lien of this Mortgage or the obligation of Mortgagor to the Mortgagee under the Note. Mortgagor will furnish or will cause to be furnished to the Mortgagee not less than Fifteen (15) days prior to the date on which payment of the same would become delinquent, receipts or other evidence satisfactory to the Mortgagee of the payment of all such taxes, rates, assessments and other governmental charges.

6. The Mortgagor shall keep all buildings, personal property and improvements, now or hereafter erected or placed upon the mortgaged premises, insured for the benefit of the Mortgagee against loss by fire and other casualties and hazards usually covered by extended coverage insurance in an amount not less than the principal sum herein or the replacement value of the mortgaged premises (excluding foundations and other parts below the surface of the lowest floor) whichever is lower, as determined not more than once annually by an appraiser or rating bureau satisfactory to Mortgagee. All of such policies shall have endorsed thereon standard Mortgagee clause in favor of Mortgagee. Also, the aforesaid policies shall have attached thereto or the Mortgagor shall provide or cause to be provided by separate policy either Middle Department Rent Form No. 1, insuring the Mortgagor against loss of rental for a period of not less than one year and in an amount equal to the gross aggregate rental receivable during that period by the Mortgagor under the Agreement, or Business Interruption Insurance, insuring all fixed charges of Mortgagor's Lessor-Purchaser of the mortgaged premises, including the amount necessary to repay this Mortgage, for a period of not less than one year. Such policies of insurance shall be

delivered to and held by the first Mortgagee hereinabove named, until such first Mortgage is paid and satisfied and thereafter such policies shall be delivered to the Mortgagee hereunder. The Mortgagee may settle all claims under all such policies and may demand, receive and receipt for all moneys becoming payable thereunder. The proceeds under any policy shall be paid by the insurer to the Mortgagee, and the Mortgagee shall apply the amount so collected toward the alteration, reconstruction, repair or restoration of the damaged portion of the mortgaged premises or any portion thereof. The Mortgagor shall deliver to the Mortgagee evidence of payment of all premiums due on such insurance together with Certificates of such insurance. All of such policies shall contain provision for notice to the Mortgagee not less than Ten (10) days in advance of any cancellation of such policy.

7. The Mortgagor shall keep the mortgaged premises and improvements thereon in good condition and repair and shall not remove, demolish or materially alter the buildings or improvements on the mortgaged premises nor commit or suffer waste with respect thereto. The Mortgagor shall permit the Mortgagee's agents at any reasonable time, and from time to time, to enter upon the mortgaged premises and the buildings and improvements thereon erected for the purpose of inspecting and appraising the same. The Mortgagor shall not take or permit any action with respect to the mortgaged premises which will in any manner impair the security of this Mortgage, including but not limited to the creation of any additional debt against the mortgaged premises, and shall not, without the prior written approval of Mortgagee, convey the mortgaged premises excepting a conveyance made pursuant to the terms of the Agreement.

8. The Mortgagor will, and hereby does, assign to the Mortgagee as additional security, all its right, title and interest



in, to and under the Agreement together with all sums thereunder, and agrees that the Mortgagee may collect and apply the same to the payment of any sum required to be paid by the Mortgagor under said Note or this Mortgage, provided, however, that by reason of such assignment Mortgagor shall not be relieved of and Mortgagee does not assume any of Mortgagor's obligations under said Agreement.

9. If the Mortgagee retains the services of counsel in order to cure any default under this Mortgage or said Note, an Attorney's commission amounting to Five per cent (5%) of the principal indebtedness, shall be payable by the Mortgagor to the Mortgagee and shall be secured hereby. The Mortgagor shall also pay all costs in connection with the satisfaction of this Mortgage of record.

10. If the Mortgagor shall (i) fail to pay any sum required to be paid by the Mortgage under said Note or this Mortgage within Thirty (30) days after the same becomes due and payable, or (ii) if the Mortgagor after Thirty (30) days written notice, shall fail to perform any other provision hereof or of said Note on the part of the Mortgagor to be performed, or (iii) default in the due and punctual payment of the principal of or interest on the first Mortgage indebtedness within Thirty (30) days after the same shall become due and payable, then in any such event, at the option of the Mortgagee: (a) the whole unpaid balance of the principal indebtedness, together with all interests thereon and all other sums hereby secured, shall become due and payable immediately, without further notice to the Mortgagor, and shall be recoverable by the Mortgagee forthwith or at any time or times thereafter, without stay of execution or other process; (b) the Mortgagee may take possession of the mortgaged premises as provided in Paragraph 12 hereof; and (c) the Mortgagee may forthwith exercise all other rights and remedies provided in this Mortgage and in said Note, or which may be available to the Mortgagee by law, and all such rights and

remedies shall be cumulative and concurrent and may be pursued singly, successively or together, at the Mortgagee's sole discretion and may be exercised as often as occasion therefor shall occur.

11. If the Mortgagee shall take possession of the mortgaged premises as provided in Paragraph 12 hereof, the Mortgagee may:

- (a) hold, manage, operate and lease the same, to the Mortgagor or any other person or persons, on such terms and for such periods of time as the Mortgagee may deem proper, and the provisions of any lease made by the Mortgagee pursuant hereto shall be valid and binding upon the Mortgagor notwithstanding the fact that the Mortgagee's right of possession may terminate or its Mortgage may be satisfied of record prior to the expiration of the term of such lease;
- (b) make such alterations, additions, improvements, renovations, repairs and replacements thereto as the Mortgagee may deem proper;
- (c) remodel such improvements so as to make the same available in whole or in part for other industrial purposes; and
- (d) collect the rents, issues and profits arising from the mortgaged premises, past due and thereafter becoming due, and apply the same, in such order of priority as the Mortgagee may determine, to the payment of all charges and commissions incidental to the collection of rents and the management of the mortgaged premises and other sums or charges required to be paid by the Mortgagor hereunder. In addition to the payment of such charges and commissions, the Mortgagee shall be entitled to retain Five per cent (5%) of such rents, issues and profits in payment for the services of the Mortgagee in relation to the premises. All moneys advanced by Mortgagee for the purposes aforesaid and not repaid out of the rents collected shall immediately and without demand be repaid by the Mortgagor to the Mortgagee, together with interest thereon at the rate of Six per cent (6%) per annum, and shall be added to the principal indebtedness hereby secured. The taking of possession

and collection of rents by the Mortgagee as aforesaid shall not be construed to be an affirmation of any lease of the mortgaged premises or any part thereof, and the Mortgagee or any other purchaser at any foreclosure sale may, if otherwise entitled to do so, exercise the right to terminate any such lease as though such taking of possession and collection of rents had not occurred.

12. For the purpose of procuring possession of the mortgaged premises in the event of any default hereunder or under said Note, the Mortgagor hereby authorizes and empowers any Attorney of any Court of Record in the Commonwealth of Pennsylvania or elsewhere, as Attorney for the Mortgagor and all persons claiming under or through the Mortgagor to sign an Agreement for entering in any competent Court an amicable action in ejectment for possession of the mortgaged premises and to appear for and confess judgment against the Mortgagor, and against all persons claiming under or through the Mortgagor, for the recovery by the Mortgagee of possession of the same, without any stay of execution, for which this Mortgage or a copy thereof verified by Affidavit, shall be sufficient warrant; and thereupon a Writ of Possession may be issued forthwith, without any prior writ of proceeding whatsoever. The Mortgagor hereby releases the Mortgagee from all errors and defects whatsoever in entering such action and judgment and in causing such writ or writs to be issued and hereby agrees that no writ of error, appeal, petition to open or strike off judgment, or other objection shall be filed or made with respect thereto. If for any reason after such action has been commenced the same shall be discontinued or possession of the mortgaged premises shall remain in or be restored to the Mortgagor, the Mortgagee shall have the right for the same default or any subsequent default to bring one or more further amicable actions as above provided to recover possession of the mortgaged premises. The Mortgagee may bring such amicable

action in ejectment before or after the institution of foreclosure proceedings upon this Mortgage, or after judgment thereon or on said Note, or after a sale of the mortgaged premises by the Sheriff.

13. The granting of an extension or extensions of time by the Mortgagee with respect to the performance of any provision of this Mortgage or said Note on the part of the Mortgagor to be performed, or the taking of any additional security, or the waiver by the Mortgagee or failure by the Mortgagee to enforce any provision of this Mortgage or said Note or to declare a default with respect thereto, shall not operate as a waiver of any subsequent default or defaults or affect the right of the Mortgagee to exercise all rights or remedies stipulated herein and therein.

14. The Mortgagor waives and releases all laws, now in favor or hereafter enacted, relating to exemption, appraisement or stay of execution.

15. The Mortgagor covenants and agrees that the mortgaged premises shall be used for industrial or manufacturing purposes only until the debt secured under the terms of this Mortgage shall have been paid in full to Mortgagee, its successors and assigns.

16. All covenants, stipulations and agreements contained in this Mortgage by or on behalf of the Mortgagor shall be binding upon its successors in title or interest and its assigns, whether so expressed or not.

IN WITNESS WHEREOF, the Mortgagor has executed these presents the day and year first above written.

ATTEST:

CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

BY:

*John Spielf*  
Asst. Secretary

BY:

*P. W. H.*  
Vice Chairman

COMMONWEALTH OF PENNSYLVANIA:

:SS:

COUNTY OF CRAWFORD :

On this, the 9th day of March, 1973, before me, the under-  
signed officer, personally appeared R. W. HORTON,  
who acknowledged himself to be the <sup>Vice</sup> Chairman of Crawford County  
Industrial Development Authority, a Corporation, and he as such  
Chairman, being authorized so to do, executed the foregoing  
instrument for the purposes therein contained by signing the name  
of the Corporation by himself as Chairman.

IN WITNESS WHEREOF, I have hereunto set my hand and Official  
Seal.

*Elizabeth G. ...*  
Notary Public

My Commission Expires: March 15, 1978

I certify that the precise residence and complete Post Office  
address of the Mortgagee is: c/o Pennsylvania Bank and Trust  
Company, Meadville, Pennsylvania.

*John ...*  
Attorney for Mortgagee

AR201085

CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY - SAEGERTOWN MANUFACTURING CORPORATION

INDUSTRIAL PROJECT

All of that certain piece or parcel of land situate in the Borough of Saegertown, County of Crawford and Commonwealth of Pennsylvania, bounded and described as follows, to-wit:

BEGINNING at an iron pipe marking the intersection of the East line of the Erie-Lackawanna Company with the North line of the Erie-Crawford Dairy Co-operative Association, and said point also being the Southwest corner of the parcel of land described herein; thence North  $6^{\circ} 21'$  East following the East line of the Erie-Lackawanna Railroad Company for a distance of 975.89 feet to a wood stake; thence South  $34^{\circ} 14'$  East following the South line of land of the Higby Estate for a distance of 670.52 feet to a wood stake; thence South  $6^{\circ} 42'$  West along other land of G.H. Dornhaffer and Margaret May Dornhaffer, his wife, for a distance of 987.69 feet to an iron pipe marking the Northeast corner of land of the Erie-Crawford Dairy Co-operative Association; thence North  $82^{\circ} 15'$  West following the North line of the aforementioned Co-operative Association for a distance of 665.00 feet to the point or place of beginning, and containing 15.054 acres of land.

Being the same land conveyed to Evelyn M. Jordan, one of the Grantees herein, by Deed of G.H. Dornhaffer and Margaret May Dornhaffer, his wife, dated November 20, 1964 and recorded in Crawford County Deed Book 414, Page 328.

TOGETHER with a right of way unto the Grantee, its successors and assigns, for ingress and egress to and from the above described premises; said right of way to be within a strip of land running in a Northerly direction from a public street known as Erie Street, lying adjacent to the East line of the aforementioned Co-operative Association and the East line of the above described premises and terminating at the South line of the aforementioned land of the Higby Estate; said right of way to have a uniform width of Fifty (50) feet.

The easternmost Ten (10) feet of the above described parcel of land shall be subject to the covenant that in the event G.H. Dornhaffer and Margaret May Dornhaffer, his wife, their successors or assigns, should desire to dedicate the above described Fifty (50) foot strip of land to public use as a public street maintained by the Borough of Saegertown, the easternmost Ten (10) feet of the above described parcel of land shall be added to the aforementioned Fifty (50) foot strip of land for dedication to public use for the purpose of meeting the specifications of the Borough of Saegertown.

EXHIBIT "A"

AR201086

NOTE

Dated March 9, 1973

At Meadville, Pennsylvania

FOR VALUE RECEIVED, the undersigned CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a Municipal Authority organized and existing under the Laws of the Commonwealth of Pennsylvania, (hereinafter called the "Maker"), does hereby promise to pay, without defalcation to the order of THE PENNSYLVANIA BANK AND TRUST COMPANY, (hereinafter called "Lender"), at the office of the Pennsylvania Bank and Trust Company, One Million Fifty Thousand and No/100-----  
-----(\$1,050,000.00)-----

Dollars, lawful money of the United States of America, with interest at the rate of Five & One-half (  $5\frac{1}{2}$  ) per annum on the unpaid balance of principal on or before the November 30, 1988, in the following manner: Interest only payable monthly from the date of disbursement to November 31, 1973. The first interest payment shall be due one month after the date of disbursement and monthly thereafter. The permanent loan payments shall commence, with payments of principal and interest becoming due the first day of December, 1973 and monthly thereafter. The permanent loan payments shall be in the sum of \$ 8,589.00 each month from which payments the accrued interest at the rate of Five & One-half (  $5\frac{1}{2}$  ) per annum, computed monthly, will be deducted and the balance will be applied to principal. If not paid sooner, the entire principal and interest will be due and payable in Fifteen (15) years from the commencement of the permanent loan payments as defined above. Prepayment of the loan or any portion thereof may be made at any time.

Provided, further, that if the interest received on this Note is ever subject to Federal Income Tax, the interest rate shall be automatically increased to "prime interest rate" plus

EXHIBIT "E"

AR201087

One percent (1%), said increase to be effective on the first day of the month during which Federal Income Tax is levied on the interest due the Lender. Provided, that in the event of such change in interest rate, interest due shall not exceed Ten per cent (10%) nor shall be less than Seven per cent (7%). Thereafter, in this event, the interest rate shall be adjusted in accordance with the prime rate in effect on the first day of each month and said interest rate shall be and remain in effect for that month after each adjustment regardless of changes that may occur between said adjustment dates. In the event of such change in interest rate, the application of the monthly payment to principal and interest and the maturity date shall continue unchanged. Prime interest rate shall be the interest rate charged the best and highest rated borrowers of and by the Mellon National Bank, Pittsburgh, Pennsylvania.

Simultaneously with the execution of this Note, the Maker has executed and delivered to the Holder a Mortgage and Gattel Mortgage securing the same (hereinafter called the "Mortgages"), which Mortgages cover a certain tract of land and improvements thereon, located in Saegertown, Crawford County, Pennsylvania.

THE MAKER HEREBY COVENANTS AND AGREES AS FOLLOWS:

1. All of the terms, covenants, conditions and provisions of the Mortgages are incorporated herein by reference and are made a part hereof, and any breach or violation thereof shall constitute a breach or violation of this Note.

2. If the Maker shall fail to pay any sum required to be paid by the Maker under this Note or the Mortgages within Thirty (30) days after the same becomes due and payable, or if Maker shall fail to perform any other provision hereof or of the Mortgages on the part of the Maker to be performed, then in any such event, at



the option of the Holder, the whole unpaid balance of the principal indebtedness, together with all interest thereon and all other sums due hereunder or secured by the Mortgages or required to be paid the Mortgagee thereunder, shall become due and payable immediately without further notice to the Maker.

3. The Maker hereby authorizes and empowers any Attorney of any Court of Record in the Commonwealth of Pennsylvania, or elsewhere, to appear for and to enter and confess judgment against the Maker, at any time or times and as of any term, for the principal sum abovementioned, with or without declaration, with interest and costs of suit, without stay of execution, and with an Attorney's commission of Five per cent (5%) of the principal indebtedness. The Maker hereby releases the Holder from all errors and defects whatsoever in entering said judgment, and agrees that no writ of error, appeal, petition to open or strike off judgment or other objection shall be filed or made with respect thereto. The Maker agrees that any of its property may be levied upon to collect said judgment and may be sold upon a writ of execution, and hereby waives and releases all laws, now or hereafter in force, relating to exemption, appraisement or stay of execution. The Authority granted to confess judgment shall not be exhausted by any exercise thereof, but shall continue from time to time and at all times until the Maker has paid all sums required to be paid by the Maker under this Note and Mortgages and has performed all of the other provisions thereof on the part of the Maker to be performed.

4. All of the covenants herein contained shall accrue to the benefit of the successors and assigns of the Lender.

IN WITNESS WHEREOF, intending to be legally bound hereby, the Maker has caused these presents to be duly executed, the day

and year first above written.

ATTEST:

CRAWFORD COUNTY INDUSTRIAL DEVELOP-  
MENT AUTHORITY

BY:

*John Zmicek*  
Asst. Secretary

BY:

Chairman

A S S I G N M E N T

THIS AGREEMENT, made this 9th day of March, 1973, by CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a Pennsylvania Municipal Corporation, (hereinafter called "Assignor") to PENNSYLVANIA BANK AND TRUST COMPANY, Lender, (hereinafter called the "Assignee").

WITNESSETH:

WHEREAS, Assignor is the owner of certain tools, equipment and machinery and a certain tract of land situate in Saegertown known as Saegertown Manufacturing Corporation, Crawford County, Pennsylvania, and has requested from the Assignee a loan of \$ \$1,050,000.00 to be evidenced by Note and to be secured by a Real Estate Mortgage covering said tract of land and a Chattel Mortgage - Security Agreement covering said tools, equipment and machinery, and

WHEREAS, Assignor has entered into an Agreement of Lease dated March 9, 1973, (hereinafter called the "Lease") to lease said tract of land, improvements erected thereon and said tools, equipment and machinery to SAEGERTOWN MANUFACTURING CORPORATION., (hereinafter called the "Lessee");

NOW, THEREFORE, in order to induce the Assignee to make the above mentioned loan and as additional security for the payment of the principal and interest due thereon and for the performance and observance of the covenants contained in said Note and Mortgage, Assignor does hereby assign and transfer to the said Assignee all its right, title and interest in the Lease and any amendments or renewals thereof, to have and to hold the same as additional security for the payment of the principal and interest provided to be paid and for the performance and observance of all the covenants contained in said Note and Mortgage. The Assignor hereby covenants and agrees as follows:

1. That the terms of the Lease will not be altered, modified or changed nor will said Lease be surrendered or cancelled, nor

EXHIBIT "F"

AR201091

will the Lessee be released of its obligations to make payments, nor will any proceedings for the dispossession or eviction of any tenant under the Lease be instituted without the prior written consent of the Assignee.

2. That Assignor will not accept any payment of rent in advance of its due date excepting as provided in said Lease, and Assignor hereby warrants that Lessee has not paid and that Assignor has not accepted any payment of rent in advance of its due date prior to the date hereof.

3. That Assignor is entitled to collect and retain the payment made under the Lease unless and until there is a default in the performance or observance of the terms and conditions of said Security Agreement, Notes and Mortgage, which default continues beyond the grace period provided in said Note and Mortgage. If upon default of the terms of said Security Agreement, Note or Mortgage or of this Assignment at any time after such default, the Assignee, its successors and assigns, at their option, without further consent thereto by Assignor, may enter in and upon said mortgaged premises and take possession thereof and collect the payments and profits thereof and do everything that Assignor or any subsequent owner might or could do.

4. That upon curing all defaults Assignor, its successors or assigns, shall again be entitled to collect and retain the payments under the Lease.

5. That upon payment of the aforesaid Mortgage debt to the Assignee, this Assignment shall be rendered null and void.

6. The Assignee shall not be responsible for the control, care or management of the premises nor for carrying out any of the terms and conditions of the Lease nor for any dangerous or defective condition of premises.

IN WITNESS WHEREOF, Assignor has executed this Assignment the

day and year first above written, intending to be legally bound hereby.

CRAWFORD COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY

ATTEST:

BY: John E. Spivey  
Secretary

BY: \_\_\_\_\_  
Chairman

(SEAL)

The foregoing Assignment is hereby acknowledged and express consent is given thereto this 9th day of March, 1973.

ATTEST:

SAEGERTOWN MANUFACTURING CORP-  
ORATION

BY: Robert A. Lylar  
Secretary

BY: Chalmer C. Jordan  
Chalmer C. Jordan

(CORPORATE SEAL)

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF COMMERCE  
HARRISBURG, PENNSYLVANIA

INDUSTRIAL DEVELOPMENT AUTHORITY LAW

Crawford County Industrial Development Authority  
Crawford County, Pennsylvania

\$1,050,000 Industrial Development Revenue Mortgage  
Saegertown Manufacturing Corporation Industrial Development Project

I, Walter G. Arader, Secretary of Commerce of the Commonwealth of Pennsylvania, having reviewed the Certification of the proceedings to be undertaken in respect of the issuance of mortgage and construction of the above project, including certain documents included in said Certification, and being of the opinion that: (i) the project does not violate Section 6 (d) of the Industrial Development Authority Law of 1967, (ii) the Lease or Installment Sales Agreement is in accordance with Section 6 (b) (9) of said Act, (iii) the proceedings are in conformity with said Act, and (iv) **Saegertown Manufacturing Corp.** Industrial Development Project will, by establishing a new industrial plant or improving an existing facility and business opportunity in the Commonwealth, create new employment, reduce unemployment and thus accomplish the public purpose of the Act, - I hereby find such proceedings are in conformity with said Act, and they are hereby approved, and I hereby certify said approval to the said Authority, all as of this 26th day of March 1973.

WGA:ral

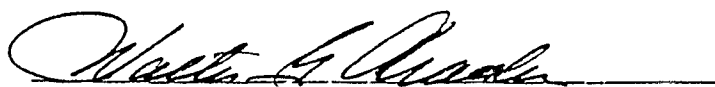
  
Walter G. Arader  
Secretary of the  
Department of Commerce

EXHIBIT "G"

AR201094

PROJECT LEASE

CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

LESSOR

TO

SAEGERTOWN MANUFACTURING CORPORATION

LESSEE

---

SAEGERTOWN MANUFACTURING CORPORATION PROJECT

Dated: May 14, 1984

EXHIBIT "H"

AR201095

PROJECT LEASE  
Table of Contents

|   | <u>Page</u> |
|---|-------------|
| <u>Article I</u>                                    |             |
| Definitions   | 2           |
| <u>Article II</u>                                   |             |
| <u>Lease, Effective Date, Lease Term and Rent</u>   |             |
| Section 2.1 Lease, Effective Date and Lease Term    | 3           |
| Section 2.2 Rent and Additional Rent                | 3           |
| <u>Article III</u>                                  |             |
| <u>Lessee's Obligations Unconditional</u>           |             |
| 3   |             |
| <u>Article IV</u>                                   |             |
| <u>Maintenance, Taxes and Insurance</u>             |             |
| Section 4.1 Maintenance and Modification by Lessee  | 4           |
| Section 4.2 Taxes, Governmental and Utility Charges | 6           |
| Section 4.3 Insurance Required                      | 7           |
| Section 4.4 Advances by Authority or Bank           | 9           |
| <u>Article V</u>                                    |             |
| <u>Damage, Destruction and Condemnation</u>         |             |
| Section 5.1 Damage and Destruction                  | 10          |
| Section 5.2 Condemnation                            | 11          |
| <u>Article VI</u>                                   |             |
| <u>Events of Default and Remedies</u>               |             |
| Section 6.1 Events of Default Defined               | 12          |
| Section 6.2 Remedies on Default                     | 14          |
| Section 6.3 No Remedy Exclusive                     | 15          |
| Section 6.4 Attorneys' Fees and Expenses            | 15          |

AR201096



Article VII  
Options in Favor of Lessee

|             |                     |    |
|-------------|---------------------|----|
| Section 7.1 | Option to Terminate | 16 |
| Section 7.2 | Option to Purchase  | 16 |
| Section 7.3 | Conveyance          | 16 |

Article VII  
Special Covenants and Conditions

|             |   |    |
|-------------|---|----|
| Section 8.1 | No Warranty of Condition or Suitability | 17 |
| Section 8.2 | Qualification in Pennsylvania           | 17 |
| Section 8.3 | Assignment                              | 17 |
| Section 8.4 | Sublease                                | 17 |
| Section 8.5 | Prepayment of Rent                      | 18 |

PROJECT LEASE

THIS PROJECT LEASE is made and entered into between CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a Pennsylvania body corporate and public incorporated under the Industrial and Commercial Development Authority Law (herein usually referred to as the "Authority"), of Crawford County, Pennsylvania, Lessor

and

SAEGERTOWN MANUFACTURING CORPORATION, a Pennsylvania corporation, of Saegertown, Crawford County, Pennsylvania, Lessee.

WITNESSETH:

In consideration of the respective representations and agreements hereinafter contained, the parties hereto agree as follows (provided, that in the performance of the agreements of Lessor, any obligation it may thereby incur for the payment of money shall not be a general debt on its part or on the part of the County of Crawford, but shall be payable solely out of the proceeds derived from this Lease and the insurance and condemnation awards as herein provided):

ARTICLE I

DEFINITIONS

The following words and phrases shall have the following meanings in this Lease unless the context shall clearly require otherwise:

"Authority" means the Crawford County Industrial Development Authority.

"Bank" means Marine Bank, payee of the Note and mortgagee in the Mortgage.

"Building" means those structures and buildings and all other facilities which are part of the Project.

"Lease Term" means the period of duration of this Lease.

"Lessee" means Saegertown Manufacturing Corporation.

"Mortgage" means any mortgage covering the Project, in which Authority is mortgagor and Bank is mortgagee.

"Net Proceeds" means the gross proceeds of any insurance or condemnation award after payment of all expenses, including attorneys' fees incurred in collection of said gross proceeds.

"Note" means the Industrial Development Note of even date herewith, of which the Authority is the maker and the Bank is the payee, in the principal face amount of Two Million Five Hundred Thousand (\$2,500,000.00) Dollars.

"Project" means the Saegertown Manufacturing Corporation Project of Authority consisting of 15.054 acres of land located at Crawford Street, Saegertown, Crawford County, Pennsylvania.

"Project Equipment" means the machinery and equipment identified and described in Schedule A attached hereto and made a part hereof which machinery and equipment constitute the sole subject matter of this Lease.

ARTICLE II

LEASE, EFFECTIVE DATE, LEASE TERM AND PFNT

Section 2.1 Lease, Effective Date and Lease Term.

Authority hereby demises and leases the Project Equipment to Lessee, effective the date hereof and subject to the provisions of this Lease (including particularly Articles VI and VII) continuing for a term ending on January , 2000 or until all principal of and interest on the Note are paid in full.

Section 2.2 Rent and Additional Rent. Lessee agrees to pay to Authority (or in whole or in part to any other person upon written order of Authority) during the Lease Term, the following rent and additional rent:

- (a) Not later than the date upon which a payment is due from Authority to Bank pursuant to the Note, the amount of the said payment.
- (b) Promptly when billed by the Authority, the amount of any expense of any nature including the Authority's administration fees and reasonable attorney's fees, incurred by the Authority in connection with the administration and performance of the responsibility of Authority or any other matter in connection with the Project and the financing thereof.
- (c) The amounts defined in Section 4.2 at the times and upon the dates set forth in said section.

ARTICLE III

LESSEE'S OBLIGATIONS UNCONDITIONAL

Section 3.1 While any amount remains due on the Note, the obligation of Lessee to pay the rental payments required by Section 2.2 and to perform and observe all other agreements on

its part contained in this Lease, shall be absolute and unconditional. Until such time as the principal and interest of the Note shall have been fully paid or provision for the payment thereof made to the satisfaction of the Bank, Lessee:

- (a) , will not suspend or discontinue any payments provided in Section 2.2 hereof,
- (b) will perform and observe all its other agreements contained in this Lease, and
- (c) will not question or dispute Lessor's title to the Project Equipment or the validity of this Lease or the leasehold hereby created, and will not terminate the lease term for any reason or cause, including, without limitation, failure of Authority to perform any of its express or implied agreements herein after delivery of possession, any failure of consideration, destruction of, or damage to, the Project Equipment, commercial frustration of purpose, failure of consideration or any change in the tax or other laws of the United States or the Commonwealth of Pennsylvania or any political subdivision of either. Nothing contained in this Section shall be construed to release Authority from the performance of any of its obligations herein contained and Lessee may institute such action against Authority as Lessee may deem necessary to compel performance or to recover damages, including any action or proceeding to protect Lessee's right of possession, occupancy or use of the leased premises, and Authority agrees to cooperate fully in such action and to take all action necessary to substitute Lessee for Authority as a party to such action if Lessee shall so request

#### ARTICLE IV

##### MAINTENANCE, TAXES AND INSURANCE

Section 4.1 Maintenance and Modification of Project  
by Lessee. Lessee agrees that during the Lease Term it will at

AR201101

its own expense (i) keep the Project and Project Equipment in as reasonably safe condition as its operations shall permit and (ii) keep the buildings and all other improvements forming a part of the Project and Project Equipment in good repair and in good operating condition, making from time to time all necessary repairs thereto and renewals and replacements thereof. Lessee may, also at its own expense, make from time to time any additions, modifications or improvements to the Project and Project Equipment that it may deem desirable for its business purposes that do not adversely affect the integrity of the same; provided that all such additions, modifications and improvements to the same shall be located wholly within the boundary lines of the Project. All such additions, modifications and improvements so made by Lessee shall become a part of the Project; provided, that any real or personal property, machinery, equipment, furniture or fixtures installed by Lessee as part of the Project without expense to Authority may be removed by Lessee at any time and from time to time while it is not in default under this Lease; and provided further, that any damage to the Project and Project Equipment occasioned by such removal shall be repaired by Lessee at its own expense. Lessee will not permit any mechanics' or other liens to be established or remain against the Project for labor or materials furnished in connection with any additions, modifications, improvements, repairs, renewals or replacements

so made by it; provided, that if Lessee shall first notify the Bank of its intention so to do, Lessee may in good faith contest any mechanics' or other liens filed or established against the Project and Project Equipment, and in such event may permit the items so contested to remain undischarged or unsatisfied during the period of such contest and any appeal therefrom unless Authority or Bank shall notify Lessee that, in the opinion of counsel for Bank, by non-payment of any such items the lien of the Mortgage as to any part of the project will be materially endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event Lessee shall promptly pay and cause to be satisfied and discharged all such unpaid items. Authority will cooperate fully with Lessee in any such contest.

Section 4.2 Taxes, Governmental and Utility Charges.

- (a) Lessee acknowledges that under existing law no part of the Project owned by Authority is subject to ad valorem taxation by Pennsylvania or any political or taxing subdivision thereof. However, Lessee will pay to Authority as Additional Rent pursuant to Section 2.2(c) of this lease, an amount equal to the ad valorem taxes which could have been levied by any political or taxing subdivision of Pennsylvania upon said property if it were taxable. This additional rent shall be paid not later than the due date of the taxes, and may be paid earlier subject to discount.
- (b) Lessee will pay when they become due, any taxes or governmental charges or assessments of any nature lawfully levied against the Project and against any property located upon the land

included in the Project or any activity conducted thereon, and also any taxes levied against Authority for any income, profits or activity in connection with the Project. Any and all such taxes and assessments may be paid directly to the political or taxing subdivision levying the tax or assessment, and a receipt therefor delivered to Authority shall discharge Lessee's obligation in connection therewith.

- (c) Lessee may, at its expense and in its own name or in the name of Authority, contest in good faith any such taxes, assessments or other charges, and may permit them to remain unpaid during such contest unless in opinion of counsel for Bank such non-payment will materially endanger the lien of the Mortgage, in which event the charges shall be promptly paid or additional security satisfactory to Bank shall be furnished by Lessee to Bank. In any such contest, Authority will cooperate fully with Lessee.
- (d) If Lessee shall fail to pay any of the foregoing items required by this Section to be paid by Lessee to any governmental or taxing body, Authority or Bank may (but shall not be obligated to) pay the same; and any amounts so advanced shall become an additional obligation of Lessee to the party making the advance, which amounts, with interest at the then current Prime Rate of Bank plus one (1%) percent, Lessee agrees to pay as additional rent.

Section 4.3 Insurance Required.

- (a) Throughout the Lease Term, the Lessee shall keep the Project and Project Equipment continuously insured against such risks as are customarily insured against by businesses of like size and type, paying as the same become due all premiums in respect thereto, including but not necessarily limited to:
  - (1) Insurance upon the repair or replacement basis if available, and otherwise to the full insurable value of the insured property as determined by a recognized insurer selected by Lessee, against loss or damage



by fire and lightning, with uniform standard extended coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at the time in use in Pennsylvania,

- (2) In time of war in which the United States of America is a belligerent, such insurance to the extent of the full insurable value of the insured property determined as set forth in subsection (1) above, insofar as the same is at the time available from the United States of America, against loss or damage by the risks and hazards of war,
  - (3) Business interruption insurance to the extent necessary to insure payment of the rents and other amounts payable under Section 2.2 of this Lease during the time required to restore the Project and Project Equipment in the event of any damage thereto or destruction thereof, limited however to said rents and other amounts due and payable during the twelve-month period next succeeding said damage or destruction, and
  - (4) Insurance to the extent of \$500,000 per accident against liability for bodily injury including death resulting therefrom, and to the extent of \$100,000 per accident against liability for damage to property including loss of use thereof, occurring on or in any way related to the Project or any part thereof.
- (b) All insurance required by Section 4.3(a) hereof shall be taken out and maintained in generally recognized responsible insurance companies selected by the Lessee, and may be written with deductible amounts comparable to those on similar policies carried by other companies engaged in businesses similar in size, character and other respects to those in which Lessee is engaged. All policies evidencing such insurance shall provide for payment of the losses to Authority, Lessee and Bank as their respective interests may appear, and the policies required by Sections 4.3(a)(1) and 4.3(a)(2) shall provide that all New Proceeds of insurance resulting from any

claim in excess of \$10,000 for loss or damage covered thereby be paid to the Bank for the benefit of said parties; provided however that all claims regardless of amount may be adjusted by the Lessee with the insurers, subject to approval of the Bank as to settlement of any claim in excess of \$10,000.

All such policies or a certificate or certificates of the insurers that such insurance is in force and effect, shall be deposited with the Bank; and prior to expiration of any such policy, the Lessee shall furnish the Bank with evidence satisfactory to the latter, that the policy has been renewed or replaced or is no longer required by this Lease.

- (c) The Net Proceeds of the insurance carried pursuant to Section 4.3(a) shall be applied as follows: (i) the Net Proceeds of the insurance required in Section 4.3(a)(1) and 4.3(a)(2) shall be applied as provided in Section 5.1 hereof, (ii) the Net Proceeds of the insurance required in Section 4.3(a)(3) shall be paid to Lessee, and (iii) the Net Proceeds of the insurance required in Section 4.3(a)(4) shall be applied for or toward the satisfaction of the liability involved.

Section 4.4 Advances by Authority or Bank. In event Lessee shall fail to pay any of the items required by any portion of this Article IV to be paid by Lessee, or shall fail to maintain and pay premiums for the full insurance required, or shall fail to keep the Project and Project Equipment in as reasonable safe condition as its operating conditions will permit, or shall fail to keep the buildings in good repair and good operating condition, Authority or Bank may (but shall not be under any obligation to) take out the required policies and pay the premiums thereon, or make the required repairs, renewals and replacements; and all amounts advanced therefor by

Authority or Bank shall become an additional obligation of Lessee to the one making the advance, which amounts, with interest at the then current Prime Rate of Bank plus one (1%) percent, Lessee agrees to pay.

## ARTICLE V

### DAMAGE, DESTRUCTION AND CONDEMNATION

#### Section 5.1 Damage and Destruction

- (a) If prior to full payment of the Note the Project and/or the Project Equipment are damaged by casualty to an extent not greater than \$10,000, the Lessee will promptly repair or rebuild the damaged property to substantially the same as before the casualty, and will apply for such purpose so much as may be necessary of the Net Proceeds of any insurance, as well as any additional moneys of Lessee necessary therefor.
- (b) If prior to full payment of the Note and unless Lessee shall have elected to exercise its option to purchase under Section 7.2 hereof, the project is destroyed or damaged by casualty to an extent greater than \$10,000, then all proceeds of insurance in excess of \$10,000 shall be paid to and held by Bank, whereupon Lessee will promptly proceed to repair or rebuild the property to substantially the same condition as prior to the casualty, and Bank will apply as much as necessary of the Net Proceeds of insurance to payment of the cost of such repair or rebuilding, either on completion thereof or as work progresses. If said Net Proceeds are not sufficient to pay in full said costs, Lessee will complete the work and pay any costs in excess of the Net Proceeds, without right of reimbursement from Authority and without abatement of rent. Any balance of Net Proceeds remaining after payment of all said costs shall be paid to Bank as advance payment of the next succeeding monthly installment on the Note.

Section 5.2 Condemnation. Unless Lessee shall exercise its option to purchase pursuant to Section 7.2 hereof, if title to or any interest in the Project or any part thereof shall be taken under exercise of the power of eminent domain, Lessee shall not be relieved of its obligation to make the rental payments specified in Section 2.2 hereof. Authority will cause the Net Proceeds received by it or Bank, from any award in such eminent domain proceedings, to be applied in any one or more of the following ways as directed in writing by Lessee:

- (a) Restoration of the Project to substantially the same condition as before the condemnation.
- (b) Acquisition by Authority of other improvements suitable for Lessee's operations at the Project.
- (c) Payment of or on account of the Note.

If Lessee shall not have elected to exercise its option to purchase pursuant to Section 7.2 hereof within ninety (90) days from entry of final order in the eminent domain proceedings, or shall not have given Authority written direction as to application of the proceeds, Authority may elect as to which of the above ways the condemnation award shall be applied.

Authority shall co-operate fully with Lessee in any condemnation proceeding, and will not settle or consent to the settlement of any prospective or pending condemnation proceedings without the written consent of Lessee.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

Section 6.1 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 Lessee to pay the rents required to be paid under Section 2.2 hereof upon the dates specified in said Section.
- (b) Failure by the Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsection (a) of this Section, for a period of thirty days after written notice, specifying such failure and requesting that it be remedied, given to Lessee by Authority or Bank, unless Authority or Bank shall agree in writing to an extension of such time prior to its expiration.
- (c) The dissolution or liquidation of Lessee or the filing by Lessee of a voluntary petition in bankruptcy, or failure by Lessee promptly 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 Lessee as a bankrupt, or assignment by Lessee for the benefit of its creditors, or the entry by Lessee into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to Lessee in any proceeding for its reorganization instituted under the provision of the general bankruptcy act, as amended, or under any similar act which may hereafter be enacted. The term "dissolution or liquidation of the Lessee", as used in the subsection, shall not be construed to include the cessation of the corporate existence of Lessee resulting either from a merger or consolidation

of Lessee into or with another solvent corporation or a dissolution or liquidation of Lessee following a transfer of all or substantially all of its assets as an entirety, provided its obligations are unconditionally assumed by a solvent person or corporation

The foregoing provisions of this Section are subject to the following limitations: If by reason of force majeure 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 Lessee contained in Article II and Section 4.2 and 4.3 hereof, the Lessee shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; act of public enemies; orders of any kind of the government of the United States or of Pennsylvania or any of their 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; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of Lessee. Lessee agrees, however, to remedy with all reasonable dispatch the cause or causes preventing Lessee from carrying out its agreements;

provided, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of Lessee, and 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 Lessee unfavorable to Lessee.

Section 6.2 Remedies on Default. Whenever any event of default referred to in Section 6.1 hereof shall have happened and be subsisting, Authority may take any one or more of the following remedial steps:

- (a) Authority may, at its option, declare all installments of rent payable under Sections 2.2(a), 2.2(b) and 2.2(c) hereof for the remainder of the Lease Term to be immediately due and payable, whereupon the same shall become immediately due and payable.
- (b) Authority may re-enter and take possession of the Project Equipment without terminating this agreement, and sublease the Project Equipment for the account of Lessee, holding Lessee liable for the difference in the rent and other amounts payable by such sublessee in such subleasing and the rents and other amounts payable by Lessee hereunder.
- (c) Authority may terminate the Lease Term, exclude Lessee from possession of the Project and use its best efforts to lease the Project to another for the account of Lessor, holding Lessee liable for all rent and other payments due up to the effective date of such leasing.
- (d) Authority 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 Lessee under this agreement.

Any amounts collected pursuant to action taken under this Section shall be paid to Bank and applied to payment of the Note and any amount remaining after full payment thereof shall be paid to Lessee.

. Section 6.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to Authority 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 Authority 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 6.4 Attorney's Fees and Expenses. In the event Lessee should default under any of the provisions of this agreement and Authority and Bank should employ attorneys or incur other expenses for the collection of rent or the enforcement of performance or observance of any obligation or agreement on the part of Lessee herein contained, Lessee agrees that it will on demand therefor pay to Authority and Bank the



reasonable fee of such attorneys and such other expenses so incurred by authority and Bank.

ARTICLE VII

OPTIONS IN FAVOR OF LESSEE

Section 7.1 Option to Terminate Lessee shall have the option to terminate the Lease Term upon payment to the Bank of the unpaid balance of the Note according to its terms and paying to Authority or other person entitled to the same, any and all other amounts due or to become due pursuant to this lease; and upon payment of all such amounts the Lease Term shall terminate forthwith.

In addition Lessee shall have the right to terminate the Lease and take title to the property set forth in Schedule A herein upon its assumption of the balance of the debt, the approval of Lessor and a complete release of the Authority by all parties.

Section 7.2 Option to Purchase. At expiration of the Lease Term or upon prior termination thereof pursuant to Section 7.1, Lessee shall have the option to purchase the Project Equipment for Ten Dollars (\$10.00) plus closing costs and transfer taxes, if any, said option to be exercised by written notice to Authority

Section 7.3 Conveyance. Upon valid exercise by Lessee of its option to purchase, Authority shall convey title

to the Project Equipment to Lessee by Special Warranty Deed subject only to such permitted encumbrances and liens as may have been created by Lessee.

ARTICLE VIII

SPECIAL COVENANTS AND CONDITIONS

Section 8.1 No Warranty of Condition or Suitability.

Authority makes no warranty, either express or implied, as to the condition of the Project Equipment or that it will be suitable for Lessee's purposes or needs. Lessee releases Authority from, agrees that Authority shall not be liable for and agrees to hold Authority harmless against, any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project Equipment or the use thereof; provided, that the indemnity in this sentence shall be effective only to the extent of any loss that may be sustained by Authority in excess of the Net Proceeds received from any insurance carried with respect to the loss sustained.

Section 8.2 Qualification in Pennsylvania. Lessee warrants that he is and during the Lease Term will continue to be qualified to do business in Pennsylvania.

Section 8.3 Assignment. Lessee acknowledges that this Lease is granted by Authority for the purpose of promoting employment in Crawford County, and that this Lease shall not be

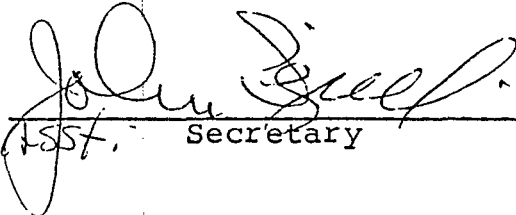
subject to assignment by Lessee except with the advance written consent of Authority and Bank.

Section 8.4 Sublease. The Lessee shall not sublease the Project, in whole or in part, without the advance written consent of Authority and Bank.

Section 8.5 Prepayment of Rent. Lessee is authorized and permitted at any time and from time to time, to prepay all or any part of rents payable under Section 2.2 in such amounts and at such times as prepayments on the Note are permitted by the terms thereof; and Lessor agrees to receive such prepayments and to pay the amount thereof as prepayments upon the Note insofar as permitted by the terms thereof.

IN WITNESS WHEREOF, Authority and Lessee have caused this agreement to be executed on this 14th day of May, 1984.

(SEAL)  
ATTEST:

  
Asst. Secretary

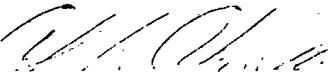
CRAWFORD COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY

By:   
Chairman

(SEAL)  
ATTEST:

  
Secretary

SAEGERTOWN MANUFACTURING  
CORPORATION

By:  (Seal)  
President

2503F/klk

EXHIBIT A

LIST OF MACHINERY AND EQUIPMENT

1. Four (4) Wasino Model LG-81 CNC Bar/Chuck lathes
2. National 1250 Cold Former
3. Ajax #6 Wire Drawer
4. Rockford Power-Driven Uncoiler Model 2024-01
5. Clark Forklift Truck - 12,000 Pound Capacity
6. CNC Lathe
7. Miscellaneous Equipment and Vehicles

Saegertown Manufacturing Corporation covenants to cause the foregoing items to be delivered to its facility located at Crawford Street, Saegertown, Pennsylvania; and, thereupon, all title to all such property shall immediately pass to Crawford County Industrial Development Authority without further act or deed.

AR201116

EXHIBIT "A-4"

CONSTRUCTION LOAN AGREEMENT

THIS CONSTRUCTION LOAN AGREEMENT is made and entered into as of this 14th day of May, 1984, by and among CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a public instrumentality organized under the Industrial and Commercial Development Authority Law of the Commonwealth of Pennsylvania, 73 P.S. Sections 371-386, of Crawford County, Pennsylvania, hereinafter called "Authority", SAEGERTOWN MANUFACTURING CORPORATION, a Pennsylvania corporation with its principal office in Saegertown, Pennsylvania, hereinafter called "Company", and MARINE BANK, a banking corporation, of Erie County, Pennsylvania, hereinafter called "Bank."

WHEREAS, Company is the owner or equitable owner of a certain parcel containing approximately fifteen (15) acres of land located on Crawford Street, Saegertown, Crawford County, Pennsylvania, a legal description of which is attached hereto as Exhibit "A", said land being hereinafter called the "Project Premises"; and

WHEREAS, Company desires to agree with Authority and Bank concerning the construction, sale, leaseback, and financing of a industrial enterprise, being a building addition containing approximately 18,000 square feet of floor space, on the Project Premises, a cold forming machine and related equipment therefor and additional equipment for

AR201117

said enterprise as more fully set forth in Exhibit "B" attached hereto (the "Project Property") together with the Project Premises and all related easements, being hereinafter collectively called the "Project."

NOW THEREFORE, in consideration of the mutual covenants set forth herein and intending to be legally bound hereby, the parties hereto agree as follows:

1. Since the Authority is already the owner of the Project Premises Company agrees to cause the equipment above enumerated to be sold and transferred to Authority, free and clear of all liens and encumbrances. Further, Company will construct the building addition included in the Project on the Project Premises in accordance with plans and specifications furnished to Bank on or before January 31, 1985 or such other date as shall be agreed upon by the parties hereto.

2. Authority agrees to purchase the Project Property, free and clear of all encumbrances, as it is acquired, installed and constructed, for the cost of the Project but not to exceed the sum of Two Million Five Hundred Thousand (\$2,500,000.00) Dollars. The parties recognize and agree that at closing, pursuant to a Custodial Agreement/Disbursement Authorization Bank shall deposit into a Custodial Account the entirety of the Project Proceeds. Said

proceeds during the construction of the building addition and the acquisition of the equipment shall be invested as determined by Company and Bank and the earnings therefrom shall become the property of Company. As the building addition is constructed and the equipment acquired, Bank pursuant to a Requisition approved by the Authority and the Company shall pay from said account said costs of construction and acquisition at reasonable intervals as said costs are incurred. The parties agree that said account shall include the Authority as an owner thereof and that no withdrawal shall be made from said account without the consent of the Authority.

3. (a) Bank agrees to lend to Authority, as the Project is acquired by Authority, the cost of the Project but not to exceed the sum of Two Million Five Hundred Thousand (\$2,500,000.00) Dollars. Said loan shall be evidenced by Authority's note (the "Industrial Development Note") and shall be secured by a mortgage on the Project Premises including the industrial buildings and the addition and related easements included in the Project, a perfected security interest in the machinery and equipment included in the Project, a perfected security interest in the lease and rents described in Paragraph 4 hereof, and an assignment by Authority to Bank of said lease and rents, and a perfected security interest in all other machinery and equipment located on the Project Premises.

(b) The Industrial Development Note shall bear interest and shall include such other terms and collateral as are required in Bank's letter of commitment dated March 23, 1984, as amended by letter of April 13, 1984, which are incorporated herein by reference.

4. (a) Company agrees to lease the machinery and equipment included in the Project, as lessee, from Authority, as lessor, for a lease term coterminous with the term of the Industrial Development Note and at a monthly rental equal to the payments required by the Industrial Development Note. Said rent shall be net of all costs of maintenance, upkeep, repair, replacement, insurance, and utilities; and the lessee shall pay to the lessor as additional rent on December 15 of each year during the lease term, any and all administrative, legal and other expense incurred by the lessor in connection with the loan, mortgage, lease or any other matter in connection with the financing contemplated in this Agreement.

It is agreed between the Authority and Company that the Authority's administration charges shall be the sum of One Thousand (\$1,000.00) Dollars at the closing of the transaction and Company shall pay, as additional monthly rental, a sum equal to 1/16 of 1% per annum of the Project proceeds as the Authority's administrative expenses in this transaction.



It is intended that the lease shall be a "care-free" or absolute net lease, with the lessee bearing all costs and expense above enumerated; that the obligation of the lessee in all respects shall be absolute and unconditional; and that the lease and net rentals therefrom will be assigned by the lessor to Bank as additional security for the Industrial Development Note.

Said lease shall contain an option to lessee (or anyone else designated by lessee) to purchase the machinery and the equipment included in the Project for Ten (\$10.00) Dollars at the conclusion of the lease term. In addition lessee shall have the right to terminate the lease and take title to the equipment upon the assumption of the debt, the approval of bank and the complete release of the Authority by all parties.

(b) Company also agrees to pay to the governmental units authorized and empowered to levy ad valorem taxes upon the Project, the Project Premises, and the building to be constructed thereon, such amounts (including any discount or penalties) as would be equal to said taxes if the Project were not exempt from such taxation. Company shall have the right to contest at its expense, and in the name of the Authority if necessary, the amount of the assessment upon which such taxes are levied.

5. Company acknowledges that the issuance by Authority of the Industrial Development Note shall be undertaken pursuant to an election filed or to be filed by Authority with the Internal Revenue Service pursuant to Section 103(b)(6)(D) of the Internal Revenue Code of 1954, as amended.

Company represents and warrants as follows:

- (a) All information supplied to or to be supplied to Authority in connection with said election shall be true and correct.
- (b) Company covenants and agrees to file and cause to be filed all supplemental statements which shall be necessary to maintain said election in full force and effect.
- (c) The Project is not being undertaken for the purpose of directly or indirectly refinancing any obligation of Company nor providing working capital for Company.
- (d) Industry and/or any principal user of the Project (including any "related persons") will furnish to the Company all necessary information regarding any prior issues of industrial development bonds involving such parties or persons to enable the Authority to file accurate informational returns to the Internal Revenue Service and do further agree not to enter into any future industrial development bond financing the amount of which, including the then balance of the amount owed under this transaction, would exceed the then applicable maximum limitation for industrial development issues; and
- (e) The average maturity date of the Industrial Development Note shall not exceed 120% of the average reasonably expected economic life of the machinery and equipment included in the Project as required by Section 103(b)(14) of the Internal Revenue Code of 1954, as amended.

The foregoing representations and warranties shall survive the execution of this Agreement and the closing contemplated hereunder; and the parties hereto, their employees, counsel and agents shall be entitled to rely upon the same.

6. At the time of closing, which shall be held simultaneously with execution of this Agreement, unless otherwise agreed by the parties, the following documents, among others, will be executed and delivered:

- (a) Transfer of title to the machinery and equipment included in the Project.
- (b) The Industrial Development Note from Authority to Bank.
- (c) Mortgage from Authority to Bank.
- (d) Lease between Authority and Company and Assignment of Lease and rents to Bank, and Financing Statements in recordable form.
- (e) A perfected security interest in the machinery and equipment forming part of the project from the Authority to Bank and Financing Statements in recordable form therefore.
- (f) A perfected security interest and all other machinery and equipment owned by Company on the Project Premises.

All of the aforesaid documents, including others required by counsel for the parties concerned, will be drawn in conformity with the terms of this Agreement, in accordance with

the terms of the Industrial and Commercial Development Authority Law of the Commonwealth of Pennsylvania, in conformity with the banking laws and corporation law of the Commonwealth of Pennsylvania; and further, all documents shall be approved by counsel for the signatories thereto.

7. Industry agrees that until such time as the Industrial Development Note has been paid in full, it will furnish to Bank an annual financial report of Industry prepared by an independent certified public accountant in such format as Bank shall reasonably require. Said report shall include a balance sheet, income statement, reconciliation of net worth, sources and uses of funds and footnote disclosures; and the annual report shall be submitted not later than ninety (90) days following the end of each fiscal year of Industry.

8. This Agreement shall be subject to the terms and conditions of a resolution adopted by Authority on April 20, 1984, which is incorporated herein by reference; and in case of conflict between said resolution and this Agreement, the resolution shall be controlling.

9. All representations, warranties and covenants made hereunder shall survive the execution of this Agreement and the closing contemplated hereunder.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties hereto have hereunder set their hands and seals.

(SEAL)  
ATTEST:

John F. Ziel  
Asst. Secretary

CRAWFORD COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY

By: Allen B. Edwards  
Chairman

ATTEST:

Nancy Lewis  
Secretary

SAEGERTOWN MANUFACTURING  
CORPORATION

By: Carl [Signature]  
President

(SEAL)  
WITNESS:

Michael J. Keltner  
Secretary WITNESS

MARINE BANK

By: [Signature] C.J. Myers  
Vice-President

2498F/klt

CONSTRUCTION LOAN AGREEMENT

EXHIBIT "A"

DESCRIPTION OF PROJECT PREMISES, CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, SAEGERTOWN MANUFACTURING CORPORATION PROJECT

All of that certain piece or parcel of land situate in the Borough of Saegertown, County of Crawford and Commonwealth of Pennsylvania, bounded and described as follows, to-wit:

BEGINNING at an iron pipe marking the intersection of the East line of the Erie-Lackawanna Company with the North line of the Erie-Crawford Dairy Co-operative Association, and said point also being the Southwest corner of the parcel of land described herein; thence North  $6^{\circ} 21'$  East following the East line of the Erie-Lackawanna Railroad Company for a distance of 975.89 feet to a wood stake; thence South  $84^{\circ} 14'$  East following the South line of land of the Higby Estate for a distance of 670.52 feet to a wood stake; thence South  $6^{\circ} 42'$  West along other land of G.H. Dornhaffer and Margaret May Dornhaffer, his wife, for a distance of 987.69 feet to an iron pipe marking the Northeast corner of land of the Erie-Crawford Dairy Co-operative Association; thence North  $83^{\circ} 15'$  West following the North line of the aforementioned Co-operative Association for a distance of 665.00 feet to the point or place of beginning, and containing 15.054 acres of land.

TOGETHER with a right of way unto the Grantee, its successors and assigns, for ingress and egress to and from the above described premises; said right of way to be within a strip of land running in a Northerly direction from a public street known as Erie Street, lying adjacent to the East line of the aforementioned Co-operative Association and the East line of the above described premises and terminating at the South line of the aforementioned land of the Higby Estate; said right of way to have a uniform width of Fifty (50) feet.

BEING the same premises conveyed to Crawford County Industrial Development Authority by deed dated March 9, 1973 and recorded in Crawford County Deed Book 473 at page 219.

Under and subject to a certain mortgage granted by Crawford County Industrial Development Authority to the Pennsylvania Bank and Trust Company dated March 9, 1973 and recorded in Crawford County Mortgage Book 339 at page 699.

AR201126

EXHIBIT B

LIST OF MACHINERY AND EQUIPMENT

1. Four (4) Wasino Model LG-81 CNC Bar/Chuck lathes
2. National 1250 Cold Former
3. Ajax #6 Wire Drawer
4. Rockford Power-Driven Uncoiler Model 2024-01
5. Clark Forklift Truck - 12,000 Pound Capacity
6. CNC Lathe
7. Miscellaneous Equipment and Vehicles

Saegertown Manufacturing Corporation covenants to cause the foregoing items to be delivered to its facility located at Crawford Street, Saegertown, Pennsylvania; and, thereupon, all title to all such property shall immediately pass to Crawford County Industrial Development Authority without further act or deed.

AR201127

BOOK 421 PAGE 1101

CRAWFORD COUNTY  
84 MAY 14 P 3: 51

INDUSTRIAL DEVELOPMENT MORTGAGE

THIS INDUSTRIAL DEVELOPMENT MORTGAGE dated the 14th day of May, 1984, by and between CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a Pennsylvania body corporate and politic, incorporated under the Pennsylvania Industrial and Commercial Development Authority Law ("Mortgagor") of Crawford County, Pennsylvania, Party of the First Part, and MARINE BANK, a banking corporation, of Erie County, Pennsylvania ("Mortgagee"), Party of the Second Part.

WITNESSETH:

WHEREAS, Mortgagor, by its Industrial Development Note (the "Note") of even date, stands bound unto Mortgagee, its successors and assigns in the sum of Two Million Five Hundred Thousand (\$2,500,000.00) Dollars with interest payable as set forth said Note, the terms of which are incorporated herein by reference; and

WHEREAS, by resolution dated April 20, 1984, Mortgagor is authorized to give said Note and the within Mortgage to Mortgagee.

NOW, THEREFORE, in consideration of the said Two Million Five Hundred Thousand (\$2,500,000.00) Dollars and as security for the payment of same and interest as provided in the Note, together with all other sums payable hereunder or under the



BOOK 42 / PAGE 1102

terms of the Note, and intending to be legally bound, Mortgagor does hereby:

Grant and convey unto Mortgagee, its successors and assigns, all of its right, title and interest in that certain tract or parcel of land more particularly described in Exhibit "A" attached hereto and made a part hereof, together with all buildings and improvements now or hereinafter erected thereon and all of the appurtenances thereunto belonging and all of the reversions, rents, issues and profits thereof (collectively the "Mortgaged Property") and together with and including all of the Mortgagor's property of every nature whatsoever now or hereafter situate upon the Mortgaged Property and used or intended for use or useful in connection therewith.

This mortgage is specifically made under and subject to the prior lien and encumbrances on the premises described in Exhibit "A" created by the following mortgage previously granted by mortgagor:

- (a) Mortgage dated March 9, 1973 in the amount of \$1,050,000.00 granted to Pennsylvania Bank and Trust Company, which mortgage is recorded at Crawford County Mortgage Book 339, Page 699.

TO HAVE AND TO HOLD the same unto Mortgagee, its successors and assigns, forever.

PROVIDED, HOWEVER, that if Mortgagor shall pay the aforesaid debt or principal sum and all other sums payable by Mortgagor to Mortgagee hereunder and under the terms of the Note, together with interest thereon, and shall keep and perform each of the other covenants, conditions and agreements

AR201129

BOOK 421 PAGE 1103

hereinafter set forth, then this Mortgage and the estate hereby granted and conveyed shall become void.

THIS MORTGAGE is executed and delivered subject to the following covenants, conditions and agreements:

1. The Note shall evidence and this Mortgage shall cover and be security for any future loans or advances that may be made by Mortgagee to Mortgagor at any time or times hereafter and intended by Mortgagor and Mortgagee to be so evidenced and secured, and such loans and advances shall be added to the principal debt.

2. From time to time until said debt and interest are fully paid, Mortgagor shall (a) pay and discharge, when and as the same shall become due and payable, all taxes, assessments, sewer and water rents and payments in lieu thereof and all other charges and claims assessed or levied from time to time by any lawful authority upon any part of the Mortgaged Property and which shall or might have priority in lien or payment to the debt secured hereby, (b) pay all ground rents reserved from the land and pay and discharge all mechanics' liens which may be filed against the Mortgaged Property or any part thereof which shall or might have priority in lien or payment to the debt secured hereby, (c) pay and discharge any documentary stamp or other tax, including interest and penalties thereon, if any, now or hereafter becoming payable on the Note, (d) provide, renew and keep alive by paying the necessary premiums

BOOK 42 PAGE 1104

and charges thereon such policies of hazard and liability insurance as Mortgagee may from time to time require upon the Mortgaged Property, with loss payable clauses in favor of Mortgagor and Mortgagee, as their respective interests may appear, and (e) promptly submit to Mortgagee evidence of the due and punctual payment of all the foregoing charges.

3. Mortgagor shall maintain the Mortgaged Property in good and substantial condition, repair and appearance. Mortgagee shall have the right to enter upon the land at any reasonable hour for the purpose of inspecting the order, condition and repair of the Mortgaged Property.

4. Mortgagor covenants and agrees not to create, nor permit to accrue, upon all or any part of the Mortgaged Property, any future debt, future lien or future charge which would be prior to, or on a parity with, the lien of this Mortgage.

5. In case of default for fifteen (15) days in the payment of any installment of principal or interest pursuant to the terms of the Note, or for thirty (30) days after notice to the Mortgagor of any default in the performance by Mortgagor of any of the other obligations of the Note and this Mortgage or any other instrument or document given to evidence, secure or support the indebtedness evidenced by the Note, the entire unpaid balance of said principal sum and all other sums paid by Mortgagee pursuant to the terms of the Note or this Mortgage, together with unpaid interest thereon, shall, at the option of

AR201131

the Mortgagee, become immediately due and payable, and foreclosure proceedings may be brought forthwith on this Mortgage and prosecuted to judgment, execution and sale for the collection of the same, together with costs of suit and reasonable attorney's fees for collection.

6. For the purposes hereof, Mortgagor covenants to execute, acknowledge and deliver from time to time such instruments and documents as may be necessary or desirable to confirm unto Mortgagee, its successors and assigns, the real property now owned or hereafter acquired by Mortgagor and intended to be covered by the lien hereby created.

7. Notwithstanding the other provisions hereof, this Mortgage, the Note and the other instruments and documents delivered by Mortgagor in connection herewith shall not constitute a general obligation of Mortgagor nor pledge the general credit or taxing power of the County of Crawford, the Commonwealth of Pennsylvania or any political subdivision therein.

8. Recourse hereon and on the Note and on the other instruments and documents delivered by Mortgagor in connection herewith may be had only against the security hereby afforded and other collateral given as security for the Note and undertakings set forth herein and in said instruments and documents, and Mortgagor is not personally liable for any amounts due thereunder that remain unpaid after the exhaustion of such collateral.

BOOK 421 PAGE 1106

9. The provisions of this Mortgage shall be binding upon and shall inure to the benefit of Mortgagor and Mortgagee and their respective successors and assigns.

WITNESS the due execution hereof.

ATTEST:

CRAWFORD COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY

*John J. [Signature]* By *Allen W. [Signature]*  
Asst. Secretary Chairman

2501F/k1t

BOOK 42/ PAGE 1107

COMMONWEALTH OF PENNSYLVANIA

SS:

COUNTY OF CRAWFORD

On this, the 14th day of May , 1984, before me, the undersigned officer, a Notary Public, personally appeared *Allen B. Edwards*, who acknowledged himself to be the Chairman of the CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a corporation, and that he as such Chairman, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the Corporation by himself as Chairman.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

*Sharon R. Wilson*  
Notary Public

SHARRON R. WILSON  
Notary Public  
Madison, Crawford County, Pennsylvania  
Commission Expires July 11, 1987

I certify that the address of the Mortgagee is:

*901 State Street  
Erie Pa 16501  
John M. Durkin*

AR201134

BOOK 424 PAGE 1108

INDUSTRIAL DEVELOPMENT MORTGAGE

EXHIBIT "A"

DESCRIPTION OF PROJECT PREMISES, CRAWFORD COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY, SAEGERTOWN MANUFACTURING CORPORATION PROJECT

All of that certain piece or parcel of land situate in the Borough of Saegertown, County of Crawford and Commonwealth of Pennsylvania, bounded and described as follows, to-wit:

BEGINNING at an iron pipe marking the intersection of the East line of the Erie-Lackawanna Company with the North line of the Erie-Crawford Dairy Co-operative Association, and said point also being the Southwest corner of the parcel of land described herein; thence North  $6^{\circ} 21'$  East following the East line of the Erie-Lackawanna Railroad Company for a distance of 975.89 feet to a wood stake; thence South  $84^{\circ} 14'$  East following the South line of land of the Higby Estate for a distance of 670.52 feet to a wood stake; thence South  $6^{\circ} 42'$  West along other land of G.H. Dornhaffer and Margaret May Dornhaffer, his wife, for a distance of 987.69 feet to an iron pipe marking the Northeast corner of land of the Erie-Crawford Dairy Co-operative Association; thence North  $83^{\circ} 15'$  West following the North line of the aforementioned Co-operative Association for a distance of 665.00 feet to the point or place of beginning, and containing 15.054 acres of land.

TOGETHER with a right of way unto the Grantee, its successors and assigns, for ingress and egress to and from the above described premises; said right of way to be within a strip of land running in a Northerly direction from a public street known as Erie Street, lying adjacent to the East line of the aforementioned Co-operative Association and the East line of the above described premises and terminating at the South line of the aforementioned land of the Higby Estate; said right of way to have a uniform width of Fifty (50) feet.

BEING the same premises conveyed to Crawford County Industrial Development Authority by deed dated March 9, 1973 and recorded in Crawford County Deed Book 473 at page 219.

Under and subject to a certain mortgage granted by Crawford County Industrial Development Authority to the Pennsylvania Bank and Trust Company dated March 9, 1973 and recorded in Crawford County Mortgage Book 339 at page 699.

AR201135

ACQUISITION AND  
CONSTRUCTION LOAN AGREEMENT

THIS ACQUISITION AND CONSTRUCTION LOAN AGREEMENT is made and entered into as of this 11th day of October, 1984, by and among CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a public instrumentality organized under the Industrial and Commercial Development Authority Law of the Commonwealth of Pennsylvania, 73 P.S. Sections 371-386, of Crawford County, Pennsylvania, hereinafter called "Authority", HAEMER TOOL & DIE, INC., of Crawford County, Pennsylvania, (hereinafter called "Industry", and MARINE BANK, a banking corporation, of Erie County, Pennsylvania, hereinafter called "Bank."

WHEREAS, Industry is the owner or equitable owner of a certain parcel containing approximately one and one-half (1.5) acres of land located at R.D. #1, Saegertown, Crawford County, Pennsylvania, a legal description of which is attached hereto as Exhibit "A", said land being hereinafter called the "Project Premises"; and

WHEREAS, Industry desires to agree with Authority and Bank concerning the acquisition, construction, sale, leaseback, and financing all of the following:

1. The acquisition of the Project Premises; and
2. Construction of additional industrial facilities.

EXHIBIT "J"



NOW THEREFORE, in consideration of the mutual covenants set forth herein and intending to be legally bound hereby, the parties hereto agree as follows:

1. Industry agrees to cause the Project Premises to be sold and transferred to Authority, free and clear of all liens and encumbrances. Further, Industry will construct the industrial building included in the Project on the Project Premises in accordance with plans and specifications furnished to Bank on or before June 13, 1985 or such other date as shall be agreed upon by the parties hereto. All costs of acquisition and construction of the Project shall be paid by Industry except to the extent of the purchase price described in Paragraph 3 hereof.

2. Industry agrees to pay the Authority's service and administration charges during the term of the Lease as follows:

(a) Industry agrees to pay the sum of \$1,000 at the closing of this transaction; and

(b) Industry agrees to pay monthly, during the term of the Lease, a sum equal to 1/16 of the amount owing each month from the Authority to Bank pursuant to the terms of the Note between said parties.

3. Authority agrees to purchase the Project, free and clear of all encumbrances, as it is acquired and constructed, for the cost of the Project but not to exceed the sum of Two

Hundred Thousand (\$200,000.00) Dollars. Authority will pay to Industry the cost of acquisition and construction of the Project at reasonable intervals as said cost is incurred. All such payments shall be made by Authority out of the proceeds of the Industrial Development Note described in Paragraph 4 hereof.

4. (a) Bank agrees to lend to Authority, as the Project is acquired by Authority, the cost of the Project but not to exceed the sum of Two Hundred Thousand (\$200,000.00) Dollars. Said loan shall be evidenced by Authority's note (the "Industrial Development Note") and shall be secured by a first mortgage on the Project Premises and the industrial building and related easements included in the Project, and a perfected security interest in the lease and rent described in Paragraph 5 hereof, and an assignment by Authority to Bank of said lease and rents.

(b) The Industrial Development Note shall bear interest and shall include such other terms and collateral as are required in Bank's letter of commitment dated September 10, 1984, as amended, which is incorporated herein by reference.

(c) The proceeds of the Industrial Development Note shall be disbursed by Bank pursuant to a Disbursement Authorization to be executed by the parties simultaneously herewith.

5. (a) Industry agrees to lease the Project, as lessee, from Authority, as lessor, for a lease term coterminous with

the term of the Industrial Development Note and at a monthly rental equal to the payments required by the Industrial Development Note. Said rent shall be net of all costs of maintenance, upkeep, repair, replacement, insurance, and utilities; and the lessee shall pay to the lessor as additional rent on December 15 of each year during the lease term, any and all administrative, legal and other expense incurred by the lessor in connection with the loan, mortgage, lease or any other matter in connection with the financing contemplated in this Agreement.

It is intended that the lease shall be a "care-free" or absolute net lease, with the lessee bearing all costs and expense above enumerated; that the obligation of the lessee in all respects shall be absolute and unconditional; and that the lease and net rentals therefrom will be assigned by the lessor to Bank as additional security for the Industrial Development Note.

The lease shall contain an option to the lessee to purchase the Project for Ten (\$10.00) Dollars at the conclusion of the lease term.

(b) Industry also agrees to pay to the governmental units authorized and empowered to levy ad valorem taxes upon the Project, the Project Premises, and the building to be constructed thereon, such amounts (including any discount or

penalties as would be equal to said taxes if the Project were not exempt from such taxation. Industry shall have the right to contest at his expense, and in the name of the Authority if necessary, the amount of the assessment upon which such taxes are levied.

6. Industry acknowledges that the issuance by Authority of the Industrial Development Note shall be undertaken pursuant to an election filed or to be filed by Authority with the Internal Revenue Service pursuant to Section 103(b)(6)(D) of the Internal Revenue Code of 1954, as amended. Industry represents and warrants that all information supplied to or to be supplied to Authority in connection with said election shall be true and correct. Industry represents and warrants to Authority and Bank as follows:

(a) All of the information provided to Authority and Bank in connection with the Project is true and correct;

(b) The Project is not being undertaken for the purpose of directly or indirectly refinancing any obligation of Industry or providing working capital for Industry;

(c) Neither Industry nor any principal user of the Project (including and "related persons") have undertaken any prior issues of industrial development bonds, the outstanding balances of which would exceed \$1 million when added to the face amount of the Industrial Development Note; and

(d) The average maturity date of the Industrial Development Note shall not exceed 120% of the average reasonably expected economic life of the facilities included in the Project as required by Section 103(b)(14) of the Internal Revenue Code of 1954, as amended.

7. Industry agrees that, until such time as the Industrial Development Note has been paid in full, it will furnish to Bank an annual financial report of Industry prepared by an independent certified public accountant in such format as Bank shall reasonably require. Said report shall include a balance sheet, income statement, reconciliation of net worth; and the annual report shall be submitted not later than ninety (90) days following the end of each calendar year.

8. Industry agrees that, until such time as the Industrial Development Note is paid in full, Bank shall be used as the main depository for Industry's accounts.

9. At the time of closing, which shall be held simultaneously with execution of this Agreement, unless otherwise agreed by the parties, the following documents, among others, will be executed and delivered:

- (a) Deed to Authority for the Project Premises;
- (b) Industrial Development Note from Authority to Bank;
- (c) Mortgage from Authority to Bank;

(d) Lease between Authority and Industry and Assignment of Lease and rents to Bank, and Financing Statements in recordable form; and

(e) Disbursement Authorization between Authority and Bank.

All of the aforesaid documents, including others required by counsel for the parties concerned, will be drawn in conformity with the terms of this Agreement, in accordance with the terms of the Industrial and Commercial Development Authority Law of the Commonwealth of Pennsylvania, in conformity with the banking laws and corporation law of the Commonwealth of Pennsylvania; and further, all documents shall be approved by counsel for the signatories thereto.

10. This Agreement shall be subject to the terms and conditions of a resolution adopted by Authority on September 21, 1984, which is incorporated herein by reference; and in case of conflict between said resolution and this Agreement, the resolution shall be controlling.

11. All representations, warranties and covenants made hereunder shall survive the execution of this Agreement and the closing contemplated hereunder; and the parties hereto, their employees, counsel and agents shall be entitled to rely on the representations and warranties of the other parties.

IN WITNESS WHEREOF, and intending to be legally bound

hereby, the parties hereto have hereunder set their hands and seals.

(SEAL)  
ATTEST:

John Gill  
Asst. Secretary

ATTEST:

[Signature]  
Assistant Secretary

CRAWFORD COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY

By: [Signature]  
Chairman

HAEMER TOOL & DIE, INC.

By: [Signature]  
President

MARINE BANK

By: [Signature]

5470F/klt

SCHEDULE A

PREMISES CONVEYED FROM HAEMER TOOL & DIE, INC.  
TO CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

BEGINNING at an iron pin on the northerly line of Pennsylvania Route 198, said point being the southwesterly corner of land now or formerly of Clair J. Ferry, and also the southeasterly corner of the parcel herein conveyed; thence north  $83^{\circ} 54' 40''$  west along the northerly line of Pennsylvania Route 198 a distance of 250.00 feet to a point; thence north  $5^{\circ} 32' 00''$  East along remaining land of David J. Froess, et al, a distance of 260.00 feet to a point; thence south  $83^{\circ} 54' 40''$  east along remaining land of David J. Froess, et al, a distance of 250 feet to a point on the westerly line of land now or formerly of Clair J. Ferry; thence south  $5^{\circ} 32' 00''$  west along the westerly line of land now or formerly of Clair J. Ferry a distance of 260 feet to an iron pin, on the northerly line of Pennsylvania Route 198, the point or place of beginning, containing 1.4921 acres more or less.

AR201144



#437A ✓

(8)

CRAWFORD COUNTY

# This Deed,

84 OCT 15 P 4: 46

Made the 12th day of October  
in the year nineteen hundred and Eighty-four (1984)

Between HAEMER TOOL & DIE, INC., a Pennsylvania Corporation having its principal place of business at R. D. #1, Saegertown, Crawford County, Pennsylvania,  
GRANTOR

A  
N  
D

CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a Pennsylvania Industrial Non-Profit Corporation duly registered to do business in Pennsylvania, with its principal office being at 628 Arch Street, Meadville, Pennsylvania, GRANTEE

Witnesseth, That in consideration of -----

---One and No/100 (\$1.00)-----Dollar ,

in hand paid, the receipt whereof is hereby acknowledged, the said grantor do es hereby grant and convey, sell and confirm unto the said grantee, its successors and assigns,

All that certain piece or parcel of land situate in the Borough of Saegertown, Crawford County, Pennsylvania, bounded and described as follows, to-wit:

BEGINNING at an iron pin on the northerly line of Pennsylvania Route 198, said point being the southwesterly corner of land now or formerly of Clair J. Ferry, and also the southeasterly corner of the parcel herein conveyed; thence north 83° 54' 40" west along the northerly line of Pennsylvania Route 198 a distance of 250.00 feet to a point; thence north 5° 32' 00" East along remaining land of David J. Froess, et al, a distance of 260.00 feet to a point; thence south 83° 54' 40" east along remaining land of David J. Froess, et al, a distance of 250 feet to a point on the westerly line of land now or formerly of Clair J. Ferry; thence south 5° 32' 00" west along the westerly line of land now or formerly of Clair J. Ferry a distance of 260 feet to an iron pin, on the northerly line of Pennsylvania Route 198, the point or place of beginning, containing 1.4921 acres more or less.

BEING the same land conveyed to Haemer Tool & Die, Inc. by Deed of David J. Froess, et al, dated September 5, 1984 and recorded in Crawford County Deed Book 557, Page 185 on September 12, 1984.

EXHIBIT "K"

AR201145



43 23  
4

84 DEC 13 AM: 45

INDUSTRIAL DEVELOPMENT MORTGAGE

THIS INDUSTRIAL DEVELOPMENT MORTGAGE dated the \_\_\_\_\_ day of December, 1984, by and between CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a Pennsylvania body corporate and politic, incorporated under the Pennsylvania Industrial and Commercial Development Authority Law ("Mortgagor") of Crawford County, Pennsylvania, Party of the First Part, and MARINE BANK, a banking corporation, of Erie County, Pennsylvania ("Mortgagee"), Party of the Second Part.

WITNESSETH:

WHEREAS, Mortgagor, by its Industrial Development Note (the "Note") of even date, stands bound unto Mortgagee, it successors and assigns in the sum of Two Hundred Thousand (\$200,000.00) Dollars with interest payable as set forth said Note, the terms of which are incorporated herein by reference; and

WHEREAS, by resolution dated September 21, 1984, Mortgagor is authorized to give said Note and the within Mortgage to Mortgagee.

NOW, THEREFORE, in consideration of the said Two Hundred Thousand (\$200,000.00) Dollars and as security for the payment of same and interest as provided in the Note, together with all

other sums payable hereunder or under the terms of the Note,  
and intending to be legally bound, Mortgagor does hereby:

Grant and convey unto Mortgagee, its successors and assigns, all of its right, title and interest in that certain tract or parcel of land more particularly described in Exhibit "A" attached hereto and made a part hereof, together with all buildings and improvements now or hereinafter erected thereon and all of the appurtenances thereunto belonging and all of the reversions, rents, issues and profits thereof (collectively the "Mortgaged Property") and together with and including all of the Mortgagor's property of every nature whatsoever now or hereafter situate upon the Mortgaged Property and used or intended for use or useful in connection therewith.

TO HAVE AND TO HOLD the same unto Mortgagee, its successors and assigns, forever.

PROVIDED, HOWEVER, that if Mortgagor shall pay the aforesaid debt or principal sum and all other sums payable by Mortgagor to Mortgagee hereunder and under the terms of the Note, together with interest thereon, and shall keep and perform each of the other covenants, conditions and agreements hereinafter set forth, then this Mortgage and the estate hereby granted and conveyed shall become void.

THIS MORTGAGE is executed and delivered subject to the following covenants, conditions and agreements:

1. The Note shall evidence and this Mortgage shall cover and be security for any future loans or advances that may be made by Mortgagee to Mortgagor at any time or times hereafter and intended by Mortgagor and Mortgagee to be so evidenced and secured, and such loans and advances shall be added to the principal debt.

2. From time to time until said debt and interest are fully paid, Mortgagor shall (a) pay and discharge, when and as the same shall become due and payable, all taxes, assessments, sewer and water rents and payments in lieu thereof and all other charges and claims assessed or levied from time to time by any lawful authority upon any part of the Mortgaged Property and which shall or might have priority in lien or payment to the debt secured hereby, (b) pay all ground rents reserved from the land and pay and discharge all mechanics' liens which may be filed against the Mortgaged Property or any part thereof which shall or might have priority in lien or payment to the debt secured hereby, (c) pay and discharge any documentary stamp or other tax, including interest and penalties thereon, if any, now or hereafter becoming payable on the Note, (d) provide, renew and keep alive by paying the necessary premiums and charges thereon such policies of hazard and liability insurance as Mortgagee may from time to time require upon the Mortgaged Property, with loss payable clauses in favor of Mortgagor and Mortgagee, as their respective interests may appear, and (d) promptly submit to Mortgagee evidence of the due and punctual payment of all the foregoing charges.

3. Mortgagor shall maintain the Mortgaged Property in good and substantial condition, repair and appearance. Mortgagee shall have the right to enter upon the land at any reasonable hour for the purpose of inspecting the order, condition and repair of the Mortgaged Property.

4. Mortgagor covenants and agrees not to create, nor permit to accrue, upon all or any part of the Mortgaged Property, any debt, lien or charge which would be prior to, or on a parity with, the lien of this Mortgage.

5. In case of default for fifteen (15) days in the payment of any installment of principal or interest pursuant to the terms of the Note, or for thirty (30) days after notice to the Mortgagor of any default in the performance by Mortgagor of any of the other obligations of the Note and this Mortgage or any other instrument or document given to evidence, secure or support the indebtedness evidenced by the Note, the entire unpaid balance of said principal sum and all other sums paid by Mortgagee pursuant to the terms of the Note or this Mortgage, together with unpaid interest thereon, shall, at the option of the Mortgagee, become immediately due and payable, and foreclosure proceedings may be brought forthwith on this Mortgage and prosecuted to judgment, execution and sale for the collection of the same, together with costs of suit and reasonable attorney's fees for collection.

6. For the purposes hereof, Mortgagor covenants to execute, acknowledge and deliver from time to time such instruments and documents as may be necessary or desirable to confirm unto Mortgagee, its successors and assigns, the real property now owned or hereafter acquired by Mortgagor and intended to be covered by the lien hereby created.

7. Notwithstanding the other provisions hereof, this Mortgage, the Note and the other instruments and documents delivered by Mortgagor in connection herewith shall not constitute a general obligation of Mortgagor nor pledge the general credit or taxing power of the County of Crawford, the Commonwealth of Pennsylvania or any political subdivision therein.

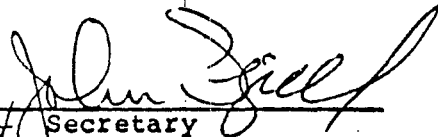
8. Recourse hereon and on the Note and on the other instruments and documents delivered by Mortgagor in connection herewith may be had only against the security hereby afforded and other collateral given as security for the Note and undertakings set forth herein and in said instruments and documents, and Mortgagor is not personally liable for any amounts due thereunder that remain unpaid after the exhaustion of such collateral.

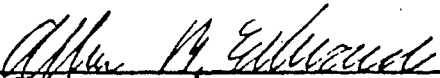
9. The provisions of this Mortgage shall be binding upon and shall inure to the benefit of Mortgagor and Mortgagee and their respective successors and assigns.

WITNESS the due execution hereof.

ATTEST:

CRAWFORD COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY

  
Asst. Secretary  
5484F/klt

By:   
Chairman

BOOK 428 PAGE 021

COMMONWEALTH OF PENNSYLVANIA )  
  ) SS:  
COUNTY OF CRAWFORD )

On this, the 13th day of December, 1984, before me, the undersigned officer, a Notary Public, personally appeared Alex B. Edwards, who acknowledged himself to be the Chairman of the CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a corporation, and that he as such Chairman, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the Corporation by himself as Chairman.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Sharon R. Wilson  
Notary Public  
Meadville, Crawford County, Pennsylvania  
My Commission Expires July 11, 1987

I certify that the address of the Mortgage is:  
Park Avenue, Meadville, PA 16335

John J. [Signature]

5484F/klt



SCHEDULE A

PREMISES CONVEYED FROM HAEMER TOOL & DIE, INC.  
TO CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

BEGINNING at an iron pin on the northerly line of Pennsylvania Route 198, said point being the southwesterly corner of land now or formerly of Clair J. Ferry, and also the southeasterly corner of the parcel herein conveyed; thence north  $83^{\circ} 54' 40''$  west along the northerly line of Pennsylvania Route 198 a distance of 250.00 feet to a point; thence north  $5^{\circ} 32' 00''$  East along remaining land of David J. Froess, et al, a distance of 260.00 feet to a point; thence south  $83^{\circ} 54' 40''$  east along remaining land of David J. Froess, et al, a distance of 250 feet to a point on the westerly line of land now or formerly of Clair J. Ferry; thence south  $5^{\circ} 32' 00''$  west along the westerly line of land now or formerly of Clair J. Ferry a distance of 260 feet to an iron pin, on the northerly line of Pennsylvania Route 198, the point or place of beginning, containing 1.4921 acres more or less.

AR201153

13

PROJECT LEASE

CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

LESSOR

TO

HAEMER TOOL & DIE, INC.

LESSEE

---

Dated: December 13, 1984

EXHIBIT "M"

AR201154

PROJECT LEASE

Table of Contents

Page

Article I

Definitions

Article II

Lease, Effective Date, Lease Term and Rent

Section 2.1 Lease, Effective Date and Lease Term  
Section 2.2 Rent and Additional Rent

Article III

Lessee's Obligations Unconditional

Article IV

Maintenance, Taxes and Insurance

Section 4.1 Maintenance and Modification by Lessee  
Section 4.2 Taxes, Governmental and Utility Charges  
Section 4.3 Insurance Required  
Section 4.4 Advances by Authority or Bank

Article V

Damage, Destruction and Condemnation

Section 5.1 Damage and Destruction  
Section 5.2 Condemnation

Article VI

Events of Default and Remedies

Section 6.1 Events of Default Defined  
Section 6.2 Remedies on Default  
Section 6.3 No Remedy Exclusive  
Section 6.4 Attorneys' Fees and Expenses

AR201155

Article VII  
Options in Favor of Lessee

Section 7.1 Option to Terminate  
Section 7.2 Option to Purchase  
Section 7.3 Conveyance

Article VII  
Special Covenants and Conditions

Section 8.1 No Warranty of Condition or Suitability  
Section 8.2 Qualification in Pennsylvania  
Section 8.3 Assignment  
Section 8.4 Sublease  
Section 8.5 Prepayment of Rent

PROJECT LEASE

THIS PROJECT LEASE is made and entered into between CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a Pennsylvania\*body corporate and public incorporated under the Industrial and Commercial Development Authority Law (herein usually referred to as the "Authority"), of Crawford County, Pennsylvania, Lessor

and

HAEMER TOOL & DIE, INC., a corporation, of Crawford County, Pennsylvania, Lessee.

WITNESSETH:

In consideration of the respective representations and agreements hereinafter contained, the parties hereto agree as follows (provided, that in the performance of the agreements of Lessor, any obligation it may thereby incur for the payment of money shall not be a general debt on its part or on the part of the County of Crawford, but shall be payable solely out of the proceeds derived from this Lease and the insurance and condemnation awards as herein provided):

ARTICLE I

DEFINITIONS

The following words and phrases shall have the following meanings in this Lease unless the context shall clearly require otherwise:

"Authority" means the Crawford County Industrial Development Authority.

"Bank" means Marine Bank, payee of the Note and mortgagee in the Mortgage.

"Building" means those structures and buildings and all other facilities which are part of the Project.

"Lease Term" means the period of duration of this Lease.

"Lessee" means Haemer Tool & Die, Inc.

"Mortgage" means any mortgage covering the Project, in which Authority is mortgagor and Bank is mortgagee.

"Net Proceeds" means the gross proceeds of any insurance or condemnation award after payment of all expenses, including attorneys' fees incurred in collection of said gross proceeds.

"Note" means the Industrial Development Note of even date herewith, of which the Authority is the maker and the Bank is the payee, in the principal face amount of Two Hundred Thousand (\$200,000.00) Dollars.

"Project" means Haemer Project Number 1 of Authority, consisting of approximately one and one-half (1.5) acres of land located in the Borough of Saegertown, Crawford County, Pennsylvania, as more particularly described in a deed to Authority intended to be recorded in the Office of the Recorder of Deeds of Crawford County on the date hereof, with all buildings and improvements located or to be located thereon and all easements and other rights related thereto.

ARTICLE II

LEASE, EFFECTIVE DATE, LEASE TERM AND RENT

Section 2.1 Lease, Effective Date and Lease Term.

Authority hereby demises and leases the Project to Lessee, effective the date hereof and subject to the provisions of this Lease (including particularly Articles VI and VII) continuing for a term ending on June 13, 2000 or until all principal of and interest on the Note are paid in full.

Section 2.2 Rent and Additional Rent. Lessee agrees

to pay to Authority (or in whole or in part to any other person upon written order of Authority) during the Lease Term, the following rent and additional rent:

- (a) Not later than the date upon which a payment is due from Authority to Bank pursuant to the Note, the amount of the said payment.
- (b) Promptly when billed by the Authority, the amount of any expense of any nature including reasonable attorney's fees, reasonably incurred by the Authority in connection with the administration and performance of the responsibility of Authority or any other matter in connection with the Project and the financing thereof.
- (c) The amounts defined in Section 4.2 at the times and upon the dates set forth in said section.
- (d) Lessee shall pay Authority's Service and Administration Charges as follows:
  - 1. The sum of One Thousand (\$1,000) Dollars payable to the Authority at closing, and
  - 2. A sum paid monthly equal to one-sixteenth (1/16) of the amount owing each month on the Note between the Authority and Marine Bank dated December 13, 1984 in the original amount of Two Hundred Thousand (\$200,000) Dollars.

The Lessee hereby empowers any attorney of any court of record within the United States of America, or elsewhere, to appear for the Lessee and, with or without complaint filed, confess judgment, or a series of judgments, against the Lessee and in favor of the Lessor, its successors and assigns, as of any term, for the unpaid rent then owed hereunder, together with the costs of suit and a reasonable attorney's fee for collection, on which judgment or judgments one or more executions may issue forthwith.

### ARTICLE III

#### LESSEE'S OBLIGATIONS UNCONDITIONAL

Section 3.1 While any amount remains due on the Note, the obligation of Lessee to pay the rental payments required by Section 2.2 and to perform and observe all other agreements on its part contained in this Lease, shall be absolute and unconditional. Until such time as the principal and interest of the Note shall have been fully paid or provision for the payment thereof made to the satisfaction of the Bank, Lessee:

- (a) will not suspend or discontinue any payments provided in Section 2.2 hereof,
- (b) will perform and observe all its other agreements contained in this Lease, and
- (c) will not question or dispute Lessor's title to the Project or the validity of this Lease or the leasehold hereby created, and will not terminate the lease term for any reason or cause,



including, without limitation, failure of Authority to perform any of its express or implied agreements herein after delivery of possession, any failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, failure of consideration or any change in the tax or other laws of the United States or the Commonwealth of Pennsylvania or any political subdivision of either. Nothing contained in this Section shall be construed to release Authority from the performance of any of its obligations herein contained and Lessee may institute such action against Authority as Lessee may deem necessary to compel performance or to recover damages, including any action or proceeding to protect Lessee's right of possession, occupancy or use of the leased premises, and Authority agrees to cooperate fully in such action and to take all action necessary to substitute Lessee for Authority as a party to such action if Lessee shall so request.

#### ARTICLE IV

##### MAINTENANCE, TAXES AND INSURANCE

###### Section 4.1 Maintenance and Modification of Project

by Lessee. Lessee agrees that during the Lease Term it will at its own expense (i) keep the Project in as reasonably safe condition as its operations shall permit and (ii) keep the buildings and all other improvements forming a part of the Project in good repair and in good operating condition, making from time to time all necessary repairs thereto and renewals and replacements thereof. Lessee may, also at its own expense, make from time to time any additions, modifications or improvements to the Project that it may deem desirable for its business purposes that do not adversely affect the structural

integrity of the buildings; provided that all such additions, modifications and improvements to the Building shall be located wholly within the boundary lines of the Project. All such additions, modifications and improvements so made by Lessee shall become a part of the Project; provided, that any real or personal property, machinery, equipment, furniture or fixtures installed by Lessee as part of the Project without expense to Authority may be removed by Lessee at any time and from time to time while it is not in default under this Lease; and provided further, than any damage to the Project occasioned by such removal shall be repaired by Lessee at its own expense. Lessee will not permit any mechanics' or other liens to be established or remain against the Project for labor or materials furnished in connection with any additions, modifications, improvements, repairs, renewals or replacements so made by it; provided, that if Lessee shall first notify the Bank of its intention so to do, Lessee may in good faith contest any mechanics' or other liens filed or established against the Project, and in such event may permit the items so contested to remain undischarged or unsatisfied during the period of such contest and any appeal therefrom unless Authority or Bank shall notify Lessee that, in the opinion of counsel for Bank, by non-payment of any such items the lien of the Mortgage as to any part of the project will be materially endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event

Lessee shall promptly pay and cause to be satisfied and discharged all such unpaid items. Authority will cooperate fully with Lessee in any such contest.

Section 4.2 Taxes, Governmental and Utility Charges.

- (a) Lessee acknowledges that under existing law no part of the Project owned by Authority is subject to ad valorem taxation by Pennsylvania or any political or taxing subdivision thereof. However, Lessee will pay to Authority as Additional Rent pursuant to Section 2.2(c) of this lease, an amount equal to the ad valorem taxes which could have been levied by any political or taxing subdivision of Pennsylvania upon said property if it were taxable. This additional rent shall be paid not later than the due date of the taxes, and may be paid earlier subject to discount.
- (b) Lessee will pay when they become due, any taxes or governmental charges or assessments of any nature lawfully levied against the Project and against any property located upon the land included in the Project or any activity conducted thereon, and also any taxes levied against Authority for any income, profits or activity in connection with the Project. Any and all such taxes and assessments may be paid directly to the political or taxing subdivision levying the tax or assessment, and a receipt therefor delivered to Authority shall discharge Lessee's obligation in connection therewith.
- (c) Lessee may, at its expense and in its own name or in the name of Authority, contest in good faith any such taxes, assessments or other charges, and may permit them to remain unpaid during such contest unless in opinion of counsel for Bank such non-payment will materially endanger the lien of the Mortgage, in which event the charges shall be promptly paid or additional security satisfactory to Bank shall be furnished by Lessee to Bank. In any such contest, Authority will cooperate fully with Lessee.

- (d) If Lessee shall fail to pay any of the foregoing items required by this Section to be paid by Lessee to any governmental or taxing body, Authority or Bank may (but shall not be obligated to) pay the same; and any amounts so advanced shall become an additional obligation of Lessee to the party making the advance, which amounts, with interest at the then current Prime Rate of Bank plus one (1%) percent, Lessee agrees to pay as additional rent.

Section 4.3 Insurance Required.

- (a) Throughout the Lease Term, the Lessee shall keep the Project continuously insured against such risks as are customarily insured against by businesses of like size and type, paying as the same become due all premiums in respect thereto, including but not necessarily limited to:
- (1) Insurance upon the repair or replacement basis if available, and otherwise to the full insurable value of the insured property as determined by a recognized insurer selected by Lessee, against loss or damage by fire and lightning, with uniform standard extended coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at the time in use in Pennsylvania,
  - (2) In time of war in which the United States of America is a belligerent, such insurance to the extent of the full insurable value of the insured property determined as set forth in subsection (1) above, insofar as the same is at the time available from the United States of America, against loss or damage by the risks and hazards of war,
  - (3) Business interruption insurance to the extent necessary to insure payment of the rents and other amounts payable under Section 2.2 of this Lease during the time required to restore the Project in the event of any damage thereto or destruction thereof, limited however to said rents and other amounts due and payable during the twelve-month period next succeeding said damage or destruction, and

(4) Insurance to the extent of \$500,000 per accident against liability for bodily injury including death resulting therefrom, and to the extent of \$100,000 per accident against liability for damage to property including loss of use thereof, occurring on or in any way related to the Project or any part thereof.

(b) All insurance required by Section 4.3(a) hereof shall be taken out and maintained in generally recognized responsible insurance companies selected by the Lessee, and may be written with deductible amounts comparable to those on similar policies carried by other companies engaged in businesses similar in size, character and other respects to those in which Lessee is engaged. All policies evidencing such insurance shall provide for payment of the losses to Authority, Lessee and Bank as their respective interests may appear, and the policies required by Sections 4.3(a)(1) and 4.3(a)(2) shall provide that all Net Proceeds of insurance resulting from any claim in excess of \$10,000 for loss or damage covered thereby be paid to the Bank for the benefit of said parties; provided however that all claims regardless of amount may be adjusted by the Lessee with the insurers, subject to approval of the Bank as to settlement of any claim in excess of \$10,000.

All such policies or a certificate or certificates of the insurers that such insurance is in force and effect, shall be deposited with the Bank; and prior to expiration of any such policy, the Lessee shall furnish the Bank with evidence satisfactory to the latter, that the policy has been renewed or replaced or is no longer required by this Lease.

(c) The Net Proceeds of the insurance carried pursuant to Section 4.3(a) shall be applied as follows: (i) the Net Proceeds of the insurance required in Section 4.3(a)(1) and 4.3(a)(2) shall be applied as provided in Section 5.1 hereof, (ii) the Net Proceeds of the insurance required in Section 4.3(a)(3) shall be paid to Lessee, and (iii) the Net Proceeds of the insurance required in Section 4.3(a)(4) shall be applied for or toward the satisfaction of the liability involved.

Section 4.4 Advances by Authority or Bank. In event Lessee shall fail to pay any of the items required by any portion of this Article IV to be paid by Lessee, or shall fail to maintain and pay premiums for the full insurance required, or shall fail to keep the Project in as reasonable safe condition as its operating conditions will permit, or shall fail to keep the buildings in good repair and good operating condition, Authority or Bank may (but shall not be under any obligation to) take out the required policies and pay the premiums thereon, or make the required repairs, renewals and replacements; and all amounts advanced therefor by Authority or Bank shall become an additional obligation of Lessee to the one making the advance, which amounts, with interest at the then current Prime Rate of Bank plus one (1%) percent, Lessee agrees to pay.

## ARTICLE V

### DAMAGE, DESTRUCTION AND CONDEMNATION

#### Section 5.1 Damage and Destruction

- (a) If prior to full payment of the Note the Project is damaged by casualty to an extent not greater than \$10,000, the Lessee will promptly repair or rebuild the damaged property to substantially the same as before the casualty, and will apply for such purpose so much as may be necessary of the Net Proceeds of any insurance, as well as any additional moneys of Lessee necessary therefor.

- (b) If prior to full payment of the Note and unless Lessee shall have elected to exercise its option to purchase under Section 7.2 hereof, the project is destroyed or damaged by casualty to an extent greater than \$10,000, then all proceeds of insurance in excess of \$10,000 shall be paid to and held by Bank, whereupon Lessee will promptly proceed to repair or rebuild the property to substantially the same condition as prior to the casualty, and Bank will apply as much as necessary of the Net Proceeds of insurance to payment of the cost of such repair or rebuilding, either on completion thereof or as work progresses. If said Net Proceeds are not sufficient to pay in full said costs, Lessee will complete the work and pay any costs in excess of the Net Proceeds, without right of reimbursement from Authority and without abatement of rent. Any balance of Net Proceeds remaining after payment of all said costs shall be paid to Bank as advance payment of the next succeeding monthly installment on the Note.

Section 5.2 Condemnation. Unless Lessee shall exercise its option to purchase pursuant to Section 7.2 hereof, if title to or any interest in the Project or any part thereof shall be taken under exercise of the power of eminent domain, Lessee shall not be relieved of its obligation to make the rental payments specified in Section 2.2 hereof. Authority will cause the New Proceeds received by it or Bank, from any award in such eminent domain proceedings, to be applied in any one or more of the following ways as directed in writing by Lessee:

- (a) Restoration of the Project to substantially the same condition as before the condemnation.
- (b) Acquisition by Authority of other improvements suitable for Lessee's operations at the Project.
- (c) Payment of or on account of the Note.

If Lessee shall not have elected to exercise its option to purchase pursuant to Section 7.2 hereof within ninety (90) days from entry of final order in the Eminent Domain proceedings, or shall not have given Authority written direction as to application of the proceeds, Authority may elect as to which of the above ways the condemnation award shall be applied.

Authority shall co-operate fully with Lessee in any condemnation proceeding, and will not settle or consent to the settlement of any prospective or pending condemnation proceedings without the written consent of Lessee.

#### ARTICLE VI

##### EVENTS OF DEFAULT AND REMEDIES

Section 6.1 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 Lessee to pay the rents required to be paid under Section 2.2 hereof upon the dates specified in said Section.
- (b) Failure by the Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsection (a) of this Section, for a period of thirty days after written notice, specifying such failure and requesting that it be remedied, given to Lessee by Authority or Bank,



unless Authority or Bank shall agree in writing to an extension of such time prior to its expiration.

- (c) The dissolution or liquidation of Lessee or the filing by Lessee of a voluntary petition in bankruptcy, or failure by Lessee promptly 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 Lessee as a bankrupt, or assignment by Lessee for the benefit of its creditors, or the entry by Lessee into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to Lessee in any proceeding for its reorganization instituted under the provision of the general bankruptcy act, as amended, or under any similar act which may hereafter be enacted. The term "dissolution or liquidation of the Lessee", as used in the subsection, shall not be construed to include the cessation of the corporate existence of Lessee resulting either from a merger or consolidation of Lessee into or with another solvent corporation or a dissolution or liquidation of Lessee following a transfer of all or substantially all of its assets as an entirety, provided its obligations are unconditionally assumed by a solvent person or corporation.

The foregoing provisions of this Section are subject to the following limitations: If by reason of force majeure 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 Lessee contained in Article II and Section 4.2 and 4.3 hereof, the Lessee shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; act of public enemies; orders of any

AR201169

kind of the government of the United States or of Pennsylvania or any of their 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; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of Lessee. Lessee agrees, however, to remedy with all reasonable dispatch the cause or causes preventing Lessee from carrying out its agreements; provided, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of Lessee, and 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 Lessee unfavorable to Lessee.

Section 6.2 Remedies on Default. Whenever any event of default referred to in Section 6.1 hereof shall have happened and be subsisting, Authority may take any one or more of the following remedial steps:

- (a) Authority may, at its option, declare all installments of rent payable under Sections 2.2(a), 2.2(b) and 2.2(c) hereof for the remainder of the Lease Term to be immediately due and payable, whereupon the same shall become immediately due and payable.

- (b) Authority may re-enter and take possession of the Project without terminating this agreement, and sublease the Project for the account of Lessee, holding Lessee liable for the difference in the rent and other amounts payable by such subleasee in such subleasing and the rents and other amounts payable by Lessee hereunder.
- (c) Authority may terminate the Lease Term, exclude Lessee from possession of the Project and use its best efforts to lease the Project to another for the account of Lessor, holding Lessee liable for all rent and other payments due up to the effective date of such leasing.
- (d) Authority 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 Lessee under this agreement.

Any amounts collected pursuant to action taken under this Section shall be paid to Bank and applied to payment of the Note and any amount remaining after full payment thereof shall be paid to Lessee.

Section 6.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to Authority 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 Authority to exercise

AR201171

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 6.4 Attorney's Fees and Expenses. In the event Lessee should default under any of the provisions of this agreement and Authority and Bank should employ attorneys or incur other expenses for the collection of rent or the enforcement of performance or observance of any obligation or agreement on the part of Lessee herein contained, Lessee agrees that it will on demand therefor pay to Authority and Bank the reasonable fee of such attorneys and such other expenses so incurred by authority and Bank.

## ARTICLE VII

### OPTIONS IN FAVOR OF LESSEE

Section 7.1 Option to Terminate Lessee shall have the option to terminate the Lease Term upon payment to the Bank of the unpaid balance of the Note according to its terms and paying to Authority or other person entitled to the same, any and all other amounts due or to become due pursuant to this lease; and upon payment of all such amounts the Lease Term shall terminate forthwith.

Section 7.2 Option to Purchase. At expiration of the Lease Term or upon prior termination thereof pursuant to Section 7.1, Lessee shall have the option to purchase the Project for Ten Dollars (\$10.00) plus closing costs and

AR201172

transfer taxes, if any, said option to be exercised by written notice to Authority

Section 7.3 Conveyance. Upon valid exercise by Lessee of its option to purchase, Authority shall convey title to the Project to Lessee by Special Warranty Deed subject only to such permitted encumbrances and liens as may have been created by Lessee.

#### ARTICLE VIII

##### SPECIAL COVENANTS AND CONDITIONS

Section 8.1 No Warranty of Condition or Suitability.

Authority makes no warranty, either express or implied, as to the condition of the Project or that it will be suitable for Lessee's purposes or needs. Lessee releases Authority from, agrees that Authority shall not be liable for and agrees to hold Authority harmless against, any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project or the use thereof; provided, that the indemnity in this sentence shall be effective only to the extent of any loss that may be sustained by Authority in excess of the Net Proceeds received from any insurance carried with respect to the loss sustained.

Section 8.2 Qualification in Pennsylvania. Lessee warrants that it is and during the Lease Term will continue to be qualified to do business in Pennsylvania.

Section 8.3 Assignment. Lessee acknowledges that

AR201173

this Lease is granted by Authority for the purpose of promoting employment in Crawford County, and that this Lease shall not be subject to assignment by Lessee except with the advance written consent of Authority and Bank.

Section 8.4 Sublease. The Lessee shall not sublease the Project, in whole or in part, without the advance written consent of Authority and Bank.

Section 8.5 Prepayment of Rent. Lessee is authorized and permitted at any time and from time to time, to prepay all or any part of rents payable under Section 2.2 in such amounts and at such times as prepayments on the Note are permitted by the terms thereof; and Lessor agrees to receive such prepayments and to pay the amount thereof as prepayments upon the Note insofar as permitted by the terms thereof.

IN WITNESS WHEREOF, Authority and Lessee have caused this agreement to be executed on this 13th day of December, 1984.

(SEAL)  
ATTEST:

John Gill  
Asst. Secretary

CRAWFORD COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY

By: Allen P. Edwards  
Chairman

(SEAL)  
ATTEST:

[Signature]  
Assistant Sec.

HAEMER TOOL & DIE, INC.

By: David C. Hamer (Seal)  
President

5480F/klt

SCHEDULE A

PREMISES CONVEYED FROM HAEMER TOOL & DIE, INC.  
TO CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

BEGINNING at an iron pin on the northerly line of Pennsylvania Route 198, said point being the southwesterly corner of land now or formerly of Clair J. Ferry, and also the southeasterly corner of the parcel herein conveyed; thence north  $83^{\circ} 54' 40''$  west along the northerly line of Pennsylvania Route 198 a distance of 250.00 feet to a point; thence north  $5^{\circ} 32' 00''$  East along remaining land of David J. Froess, et al, a distance of 260.00 feet to a point; thence south  $83^{\circ} 54' 40''$  east along remaining land of David J. Froess, et al, a distance of 250 feet to a point on the westerly line of land now or formerly of Clair J. Ferry; thence south  $5^{\circ} 32' 00''$  west along the westerly line of land now or formerly of Clair J. Ferry a distance of 260 feet to an iron pin, on the northerly line of Pennsylvania Route 198, the point or place of beginning, containing 1.4921 acres more or less.

AR201175

14

ASSIGNMENT OF PROJECT LEASE

FOR VALUE RECEIVED, and intending to be legally bound, the Undersigned does hereby sell, assign, transfer and set over unto MARINE BANK, its successors and assigns, all right, title and interest of the Undersigned, in, to and under the certain Project Lease dated the date hereof between the Undersigned, as Lessor, and HAEMER TOOL & DIE, INC., as Lessee, together with all monies, rents and revenues due and to become due to the Undersigned thereunder, and all right and remedies of the Undersigned thereunder, and hereby creates in favor of said assignee, a security interest in said Lease, monies, rents and revenues.

WITNESS the due execution hereof this 13th day of December, 1984.

(SEAL)  
ATTEST:

CRAWFORD COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY

*John F. Juel*  
Asst. Secretary

BY *Alta B. Edwards*  
Chairman

5482F/klt



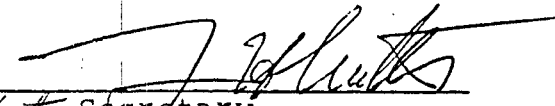
RECEIPT OF NOTICE OF ASSIGNMENT

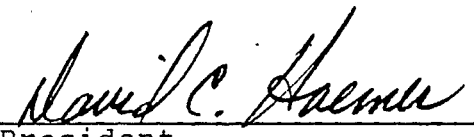
The Undersigned hereby acknowledges to have received notice of the foregoing Assignment of Project Lease, and intending to be legally bound hereby, agrees to (1) pay to the above-named assignee all sums due and to become due from the Undersigned thereunder, and (2) perform for the benefit of said assignee, all of the duties and undertakings of the Undersigned under said Project Lease.

WITNESS the due execution hereof this 13th day of December, 1984.

(SEAL)  
ATTEST:

HAEMER TOOL & DIE, INC.

  
Assistant Secretary

By:   
President

5482F/klt

AR201177



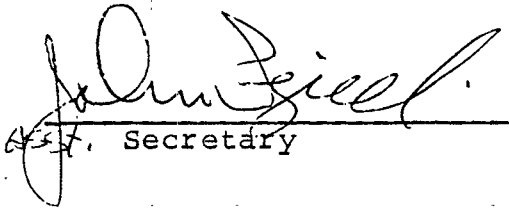
ASSIGNMENT OF PROJECT LEASE

FOR VALUE RECEIVED, and intending to be legally bound, the Undersigned does hereby sell, assign, transfer and set over unto MARINE BANK, its successors and assigns, all right, title and interest of the Undersigned, in, to and under the certain Project Lease dated the date hereof between the Undersigned, as Lessor, and SAEGERTOWN MANUFACTURING CORPORATION, as Lessee, together with all monies, rents and revenues due and to become due to the Undersigned thereunder, and all right and remedies of the Undersigned thereunder, and hereby creates in favor of said assignee, a security interest in said Lease, monies, rents and revenues.

WITNESS the due execution hereof this 14th day of May, 1984.

(SEAL)  
ATTEST:

CRAWFORD COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY

  
Secretary

By:   
Chairman


RECEIPT OF NOTICE OF ASSIGNMENT

The Undersigned hereby acknowledges to have received notice of the foregoing Assignment of Project Lease, and intending to be legally bound hereby, agrees to (1) pay to the above-named assignee all sums due and to become due from the Undersigned thereunder, and (2) perform for the benefit of said assignee, all of the duties and undertakings of the Undersigned under said Project Lease.

WITNESS the due execution hereof this 14th day of May, 1984.

ATTEST:

SAEGERTOWN MANUFACTURING  
CORPORATION

  
Secretary

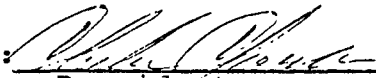
By:   
President



TABLE 1

CHAIN OF TITLE FOR PARCEL NO. 4503-5  
(CRAWFORD COUNTY LAND RECORDS)

| Book Number | Page No. | Document No.  | Type of Record   | Date of Transaction | Grantor                                       | Grantee                                     | Remarks  |
|-------------|----------|---------------|--|---------------------|---|---|--|
| 3           | 28-29    | 240001-240002 | Deed   | 11/25/49            | Nola M. Bell<br>Fanning                       | General American Transportation Corporation | 31.79 acres  |
| 3           | 29       | 240002-240003 | Deed   | 11/25/49            | Harold R. Pettit<br>Dacie L. Pettit<br>(Wife) | General American Transportation Corporation | 25.53 acres  |
| 3           | 599-601  | 240004-240006 | Deed   | 01/08/71            | General American Transportation Corporation   | Meadville Area Industrial Commission        | Property was sold for \$50,000.  |
| 3           | 1009     | 240007        | Notice of Condemnation                                   | 08/19/74            | Meadville Area Industrial Commission          | Borough of Saegertown                       | Notice of Condemnation given by the Borough of Saegertown to Meadville Area Industrial Commission which was settled on June 2, 1975.   |
| ---         | ---      | 240008-240010 | Stipulation (Settlement of above Notice of Condemnation) | 06/02/75            | Meadville Area Industrial Commission          | Borough of Saegertown                       | This was part of the land (25.53 acres) earlier sold to Meadville Area Industrial Commission by General American Transportation Corporation. This land was acquired by the Borough from Meadville Area Industrial Commission for \$35,000. |

EXHIBIT "O"

AR201181

TABLE 2

CHAIN OF TITLE FOR PARCEL NO. 4503-5-1  
(CRAWFORD COUNTY LAND RECORDS)

| Book Number | Page No. | Document No.  | Type of Record | Date of Transaction | Grantor                                  | Grantee  | Remarks  |
|-------------|----------|---------------|----------------|---------------------|--|--|--|
| 13          | 608-620  | 240011-240013 | Deed           | 01/08/71            | Meadville Area Industrial Commission     | Flowline Corporation                                   | This was part of the land (31.79 acres) that was earlier sold to Meadville Area Industrial Commission by General American Transportation Corporation (Refer Table 1 for details). This land was sold for \$35,000. |
| 11          | 845-846  | 240014-240015 | Deed           | 08/05/76            | Flowline Corporation                     | Clair J. Ferry<br>James Rodgers<br>d/b/a F&R Bus Lines | Property was sold for \$35,000.  |
| 10          | 601-603  | 240016-240018 | Deed           | 05/07/80            | James A. Rodgers<br>Betty Rodgers (Wife) | Clair J. Ferry   | Property was sold for \$35,000.  |

AR201182

TABLE 3

CHAIN OF TITLE FOR PARCEL NO. 4503-5-1A  
(CRAWFORD COUNTY LAND RECORDS)

| Book Number | Page No.  | Document No.  | Type of Record       | Date of Transaction | Grantor   | Grantee                              | Remarks   |
|-------------|-----------|---------------|----------------------|---------------------|---|--------------------------------------|---|
| 5           | 659-662   | 240019-240022 | Article of Agreement | 05/10/77            | Clair J. Ferry &<br>Dorothy Ferry (wife);<br>James Rodgers &<br>Betty Rodgers (wife);<br>Clair J. Ferry &<br>James Rodgers d/b/a<br>F & R Bus Lines | Proudly Foods, Inc.                  | This was part of the same property conveyed to the Grantors by Flowline Corporation on Aug. 5, 1976 (Refer Table 2, Deed Book 501, p. 845, Doc. No. 240014-240015). This was an Agreement of Sales between the Grantor and the Grantee. |
| 5           | 1045-1046 | 240023-240024 | Deed                 | 01/30/78            | -do-  | -do-                                 | Property was sold to the Grantee for \$30,000.  |
| 1           | 966-997B  | 240025-240028 | Deed                 | 01/30/78            | Proudly Foods, Inc.   | R. Joseph Pitetti                    | Above property was sold to the Grantee for \$25,000.  |
| 3           | 429-430A  | 240029-240031 | Deed                 | 12/14/79            | R. Joseph Pitetti   | R. Joseph Pitetti<br>David J. Froess | An agreement between the Grantor & the Grantee by which they became tenants in common, each having an undivided one-half interest, but not as joint tenants with right of survivorship.   |
| 7           | 185-186   | 249932-240033 | Deed                 | 09/05/84            | David J. Froess &<br>Judith S. Froess (wife),<br>R. Joseph Pitetti &<br>Marlan F. Pitetti (wife)  | Haemer Tool & Die,<br>Inc.           | Part of the same land conveyed to the Grantors by R. Joseph Pitetti (Deed Book 528, p. 429, Doc. No. 240029-240031 on Dec. 14, 1979. Property was sold for \$15,000.  |

AR201183

TABLE 3 (Continued)

| Book Number | Page No. | Document No.  | Type of Record | Date of Transaction | Grantor   | Grantee                    | Remarks  |
|-------------|----------|---------------|----------------|---------------------|---|----------------------------|--|
| 9           | 353-354  | 240034-240035 | Deed           | 01/07/85            | David J. Froess &<br>Judith S. Froess (wife,<br>R. Joseph Pitetti &<br>Marlan F. Pitetti (wife) | Haemer Tool & Die,<br>Inc. | Part of the same land conveyed to the Grantors by R. Joseph Pitetti (Deed Book 528, P. 429, Doc. No. 240029-240031) on Dec. 14, 1979. Property was sold for \$5,000. The current Parcel No. for this part of the land is 4503-5-1A2. |

AR201184



TABLE 4

CHAIN OF TITLE FOR PARCEL NO. 4503-5-1A1  
(CRAWFORD COUNTY LAND RECORDS)

| Deed Book Number | Page No. | Document No.  | Type of Record | Date of Transaction | Grantor  | Grantee                    | Remarks   |
|------------------|----------|---------------|----------------|---------------------|--|----------------------------|---|
| 57               | 185-186  | 240032-240033 | Deed           | 09/05/84            | David J. Froess &<br>Judith S. Froess (wife),<br>R. Joseph Pitetti &<br>Marlan F. Pitetti (wife) | Haemer Tool & Die,<br>Inc. | This was part of the same land conveyed to the Grantors by R. Joseph Pitetti (Deed Book 528, p. 429, Doc. No. 240021-240023) on Dec. 14, 1979. Property was sold for \$15,000. For earlier chain of title, refer Table 3 (Doc. No. 240019-240031) and Table 2 (Doc. No. 240022-240018). |
| 57               | 973-974  | 240036-240037 | Deed           | 10/12/84            |  | Haemer Tool & Die, Inc.    | Crawford County Industrial Development Authority  |

AR201185

EXHIBIT "A-6"

CERTIFICATE

The undersigned, JAMES R. MERRY, does hereby certify as follows:

(1) That he is the duly elected, qualified and acting Secretary of CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, of Meadville, Pennsylvania, in Agreement of Lease between SAEGERTOWN MANUFACTURING CORPORATION and CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY dated May 14, 1984, and as such, the Minute Books and Records of said Corporation are in his possession and custody;

(2) That the following persons are the duly elected, qualified and acting officers of the Authority and hold the Offices set forth beside their respective names, and the signature appearing opposite each name is the genuine signature of such officer:

| <u>Name</u>         | <u>Office</u>   | <u>Signature</u>           |
|---------------------|-----------------|----------------------------|
| ALLEN B. EDWARDS    | Chairman        | <u>Allen B. Edwards</u>    |
| WILLIAM J. DOUGLASS | Vice-Chairman   | <u>William J. Douglass</u> |
| JAMES R. MERRY      | Secretary       | <u>James R. Merry</u>      |
| KENNETH N. STEWART  | Treasurer       | <u>Kenneth N. Stewart</u>  |
| JOHN V. PEPICELLI   | Asst. Secretary | <u>John V. Pepicelli</u>   |

(3) That the Resolution of the Authority dated April 20, 1984, heretofore furnished in connection with said Lease and Project is a true and correct copy in full force and effect as of the date thereof adopted in accordance with the Charter and By-Laws of the Authority.

IN WITNESS WHEREOF, I hereunto set my hand and affix the Seal of the CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY this 20th day of April, 1984.

\_\_\_\_\_  
Secretary

(SEAL)

CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
PROJECT RESOLUTION  
SAEGERTOWN MANUFACTURING CORPORATION  
INDUSTRIAL PROJECT #4  
Adopted on April 20, 1984

RESOLVED, that the Authority hereby adopts and approves an industrial development project to be known as Saegertown Manufacturing Corporation Industrial Project No. 4, to consist of alterations to a building and installation of certain equipment at Crawford Street, Saegertown, Crawford County, and all buildings, improvements, additions, extensions, replacements, appurtenances, rights in land, water rights, franchises, machinery, equipment furnishings, landscaping, utilities, approaches and roadways necessary or desirable in connection therewith or incidental thereto, and the machinery and equipment set forth in Exhibit "A" attached hereto installed thereon or therein.

RESOLVED, that the Authority shall enter into a financing agreement with Saegertown Manufacturing Corporation, prior to the beginning of construction of the project, which agreement shall be in form satisfactory to counsel for the Authority and shall provide in substance that:

1. Saegertown Manufacturing Corporation shall make improvements to property at Crawford Street, Saegertown, Crawford County, PA in accordance with plans and specifications agreed upon between the parties and the requirements of all public bodies, all at an estimated cost of \$2,500,000.

2. Upon completion of the instant project, Saegertown Manufacturing Corporation shall transfer all of said equipment to the Authority and Authority shall pay or cause to be paid therefor from the net proceeds of the issuance of bonds or other obligations secured by pledge of the project and of its revenues, rentals and receipts with the liability of Authority limited to said security, the property covered thereby and the net proceeds of this project bond.

Provided that as a result of such financing the total obligations of the Authority in connection with this Project #4, shall not exceed \$2,500,000 plus any interest earned on said project funds until completion of the project.

3. Contemporaneously with final closing of the project, Saegertown Manufacturing Corporation, as lessee and industrial occupant, and the Authority, as lessor, shall enter into a lease agreement by which the Authority shall lease the project to Saegertown Manufacturing Corporation for a term of years which shall expire upon the date of the last payment of principal and interest upon the aforesaid bonds or other obligations of the Authority, and for rent payable to the Authority at the same times and in the same amounts as the payments of principal and interest required by the said bonds or other obligations of the

AR201187

Authority, plus a Service and Administrative Charge of \$1,000.00 at closing and 1/16 of 1% of the total loan per annum and payable monthly as rent due and collectable, with an option to the lessee to purchase the project for \$1.00 at the end of the lease term.

4. Saegertown Manufacturing Corporation shall pay, as part of the cost of the project the reasonable costs and expenses including legal expense, of the Authority in connection therewith, and

RESOLVED, that the industrial occupant, either as part of the aforesaid lease or by other sufficient agreement of assurance, shall agree and become bound:

1. to pay the proper taxing bodies, an amount equal to the ad valorem taxes and any special assessments for public improvements levied by said taxing bodies upon the Project.

2. that any bonds issued to finance the Project which are purchased by the industrial occupant, shall be turned in for cancellation, and that the rentals to be paid by said occupant shall be appropriately reduced, and

RESOLVED, Whereas, the Authority had received a Commitment Letter from Marine Bank of Erie, dated March 23, 1984 and an amended letter dated April 13, 1984, setting forth the terms of the financing, that the Authority hereby approves the terms and conditions of the financing as contained in said Commitment Letter; and

RESOLVED, that the proper officers of the Authority are hereby authorized and directed to do and perform all acts and to execute, deliver, file and record all documents on behalf of the Authority which are required for the approval of the Project by the Secretary of Commerce of Pennsylvania and for completion of the Project.

AR201188

RESOLUTION OF CRAWFORD COUNTY  
INDUSTRIAL DEVELOPMENT AUTHORITY BOARD  
OF DIRECTORS - AUTHORITY TO PROCURE LOANS

"BE IT RESOLVED, that the Chairman or Vice Chairman and Secretary, Assistant Secretary or Treasurer of this Corporation or their successors in office be and they are hereby authorized for, on behalf of, and in the name of this Corporation to:

a. Negotiate and procure a loan from MARINE BANK  
\_\_\_\_\_, hereinafter called "BANK" in  
an amount not exceeding \$ 2,500,000.00 for the following Project:

SAEGERTOWN MANUFACTURING CORPORATION  
INDUSTRIAL DEVELOPMENT PROJECT No. 4

b. Give security for any liabilities of this Corporation to said Bank by pledge or assignment or a lien upon any Real and Personal Property, tangible or intangible, of this Corporation, and

c. Execute in such form as may be required by Bank all Mortgages, Bonds, Notes, other evidences of such loans and all instruments of pledge, assignment or lien required.

Resolved further that the authorized debt of the Corporation be increased by the sum of \$ 2,500,000.00, which represents the abovementioned Project.

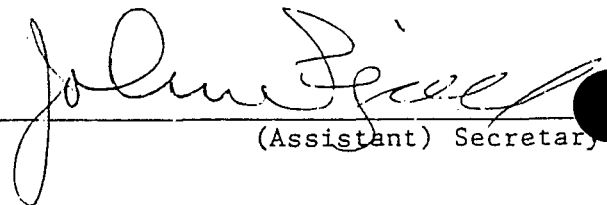
Resolved further, that such officers are hereby authorized and directed to execute and deliver to Bank, such other documents required by Bank to secure and procure said loans.

AR201189

CERTIFICATION OF RESOLUTIONS

I HEREBY CERTIFY that I am the duly elected and qualified (Assistant) Secretary of CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY and the keeper of the records and corporate seal of said Corporation; that the attached is a true and correct copy of Resolutions duly adopted at a meeting of the Board of Directors thereof held in accordance with its By-Laws on the 20th day of April, 1984, and that the same are now in full force; that said meeting was duly called and that a quorum was present and voted unanimously on the attached Resolutions.

IN WITNESS WHEREOF, I have hereunto affixed my name as Secretary and have caused the Corporate Seal of said Corporation to be affixed hereto this 14th day of May, 1984.

  
\_\_\_\_\_  
(Assistant) Secretary

AR201190

RESOLUTION OF CRAWFORD COUNTY  
INDUSTRIAL DEVELOPMENT AUTHORITY BOARD  
OF DIRECTORS - AUTHORITY TO PROCURE LOANS

"BE IT RESOLVED, that the Chairman or Vice Chairman and Secretary, Assistant Secretary or Treasurer of this Corporation or their successors in office be and they are hereby authorized for, on behalf of, and in the name of this Corporation to:

a. Negotiate and procure a loan from \_\_\_\_\_  
MARINE BANK, hereinafter called "BANK" in  
an amount not exceeding \$ 200,000.00 for the following Project:

HAEMER TOOL AND DIE, INC.  
INDUSTRIAL DEVELOPMENT PROJECT

b. Give security for any liabilities of this Corporation to said Bank by pledge or assignment or a lien upon any Real and Personal Property, tangible or intangible, of this Corporation, and

c. Execute in such form as may be required by Bank all Mortgages, Bonds, Notes, other evidences of such loans and all instruments of pledge, assignment or lien required.

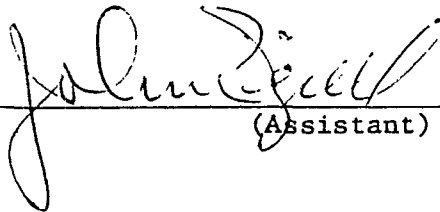
Resolved further that the authorized debt of the Corporation be increased by the sum of \$ 200,000.00, which represents the abovementioned Project.

Resolved further, that such officers are hereby authorized and directed to execute and deliver to Bank, such other documents required by Bank to secure and procure said loans.

CERTIFICATION OF RESOLUTIONS

I HEREBY CERTIFY that I am the duly elected and qualified (Assistant) Secretary of CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY and the keeper of the records and corporate seal of said Corporation; that the attached is a true and correct copy of Resolutions duly adopted at a meeting of the Board of Directors thereof held in accordance with its By-Laws on the 21st day of September, 1984, and that the same are now in full force; that said meeting was duly called and that a quorum was present and voted unanimously on the attached Resolutions.

IN WITNESS WHEREOF, I have hereunto affixed my name as Secretary and have caused the Corporate Seal of said Corporation to be affixed hereto this 13th day of December, 1984.

  
\_\_\_\_\_  
(Assistant) Secretary

AR201192



①

CERTIFICATE

The undersigned, JAMES R. MERRY, does hereby certify as follows:

(1) That he is the duly elected, qualified and acting Secretary of CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, of Meadville, Pennsylvania, in Agreement of Lease between HAEMER TOOL AND DIE, INC.

and CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY dated December 13, 1984, and as such, the Minute Books and Records of said Corporation are in his possession and custody;

(2) That the following persons are the duly elected, qualified and acting officers of the Authority and hold the Offices set forth beside their respective names, and the signature appearing opposite each name is the genuine signature of such officer:

| <u>Name</u>         | <u>Office</u>   | <u>Signature</u>           |
|---------------------|-----------------|----------------------------|
| ALLEN B. EDWARDS    | Chairman        | <u>Allen B. Edwards</u>    |
| WILLIAM J. DOUGLASS | Vice-Chairman   | <u>William J. Douglass</u> |
| JAMES R. MERRY      | Secretary       | <u>James R. Merry</u>      |
| KENNETH N. STEWART  | Treasurer       | <u>Kenneth N. Stewart</u>  |
| JOHN V. PEPICELLI   | Asst. Secretary | <u>John V. Pepicelli</u>   |

(3) That the Resolution of the Authority dated September 21, 1984, heretofore furnished in connection with said Lease and Project is a true and correct copy in full force and effect as of the date thereof adopted in accordance with the Charter and By-Laws of the Authority.

IN WITNESS WHEREOF, I hereunto set my hand and affix the Seal of the CRAWFORD COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY this 13th day of December, 1984.

James R. Merry  
Secretary

(SEAL)

AR201193