

TERMINATION OF SEWAGE TREATMENT PLANT LEASE,  
SUBLEASE, OPERATION AND MAINTENANCE AGREEMENT

THIS AGREEMENT made as of March 23, 2004, by and between the CITY OF WHITEHALL, a Michigan municipal corporation (hereinafter called "City"), GENESCO, INC., with principal offices in Nashville, Tennessee (hereinafter called "Genesco") and the COUNTY OF MUSKEGON (hereinafter called "County").

WHEREAS, the parties entered into an Agreement dated October 3, 1973, entitled SEWAGE TREATMENT PLANT LEASE, SUBLEASE, OPERATION AND MAINTENANCE AGREEMENT (hereinafter called "Agreements") for the purpose of providing facilities for the transport of waste and sewage generated at Genesco through the Muskegon County Wastewater Management System pursuant to a Service Agreement, Addendum to Service Agreement and Access Rights Agreement, dated October 3, 1973, and

WHEREAS, a facility located in the City for pretreatment of the Genesco waste was determined to be necessary, which facility was located on a triangular parcel of land containing approximately 20 acres as described in the Agreements attached hereto as EXHIBIT A, and

WHEREAS, Exhibit A sets forth a primary lease of the described land occupied and maintained by County and subleased to Genesco, all pursuant to the terms and conditions contained in EXHIBIT A, and

WHEREAS, Genesco has ceased operations in the City and no longer has cause for transporting and treatment of its waste at the location of the pretreatment facilities, and

WHEREAS, County is no longer required to provide waste pretreatment services at the leased premises pursuant to the Agreement.

IT IS AGREED between the parties as follows:

1. That the Sewage Treatment Plant Lease, Sublease, Operation and Maintenance Agreement, dated October 3, 1973, herein attached and identified as Exhibit A, is hereby terminated.

2. That upon execution hereof the parties are no longer subject to any further accruing commitments under Exhibit A, and Genesco and County, respectively, disclaim any further rights of occupancy, possession or use of the premises as Lessee or Sublessee.

3. That all accrued obligations and commitments heretofore created under Exhibit A shall be duly and promptly satisfied.

4. Upon execution hereof, the City land described in EXHIBIT A will no longer be burdened by the provisions thereof, and County and Genesco shall not be subject to the further accrual of monthly rental.

IN WITNESS WHEREOF, the parties execute this document by and through the signatures of those authorized representatives.

CITY OF WHITEHALL:

By: *Ernest M. Hated*  
Its: MAYOR

GENESCO, INC.

By: *R. G. Swain*  
Its: Vice President, Secretary and Gen'l Counsel

COUNTY OF MUSKEGON

By: *Paul T. Gaade*  
Its:

SEWAGE TREATMENT PLANT  
LEASE, SUBLEASE, OPERATION AND MAINTENANCE  
AGREEMENT

THIS AGREEMENT, made *October 3*, 19*73*, between  
THE CITY OF WHITEHALL, a municipal corporation (hereinafter  
referred to as "City"), GENESCO INC., having its principal  
place of business in Nashville, Tennessee, and THE COUNTY  
OF MUSKEGON (hereinafter referred to as "County").

WHEREAS, Genesco Inc., owns and operates Whitehall  
Leather Company (hereinafter referred to as "WHL"), a leather  
tannery situated in the City of Whitehall, County of Muskegon,  
State of Michigan, on the following described premises:

Lot 20 of Block 29 of the Village of Mears (now City  
of Whitehall); also that part of Government Lot Three  
(3) lying West of the centerline of Lake Street or  
Lake Shore Road, so-called, and South of the South  
line of said Lot 20 of Block 29, together with all  
riparian rights, docks and wharf installations,  
Section 28, Town 12 North, Range 17 West;

That part of Government Lot 4 lying West of the  
centerline of Lake Street or Lake Shore Road, so-  
called, with all riparian rights, docks and wharf  
installations, Section 28, Town 12 North, Range 17  
West;

That part of Government Lot 1, except the South 200  
feet thereof, lying West of the centerline of Lake  
Street or Lake Shore Road, so-called, with all  
riparian rights, docks and wharf installations,  
Section 33, Town 12 North, Range 17 West.

WHEREAS, the City owns a sewage treatment plant (hereinafter referred to as "STP") situated in the City of Whitehall, County of Muskegon, State of Michigan, on the following described premises:

A triangular parcel of land containing 20 acres more or less, situated in the Northwest quarter of the Northwest quarter of Section 27, Town 12 North, Range 17 West, described as follows: Beginning at the Northwest corner of Section 27, thence Southerly along the West line of Section 27, 1320 feet more or less to the Northerly East and West 1/8 line, thence Easterly along said 1/8 line 1320 feet more or less to the Westerly North and South 1/8 line, thence Northwesterly 1866.76 feet more or less to the point of beginning.

WHEREAS, the County and various designated municipalities have entered into an Access Rights Agreement (hereinafter referred to as "Access Rights Agreement") dated December 4, 1970, which provides for the financing of the costs of construction of the Muskegon County Wastewater Management System (hereinafter referred to as the "System") and for a method of apportioning these costs among the parties to the Access Rights Agreement.

WHEREAS, WHL desires to deliver its industrial wastewater to the System; and

WHEREAS, preliminary studies prepared by the engineers for the County indicate that the System can accommodate WHL industrial

wastewater only if such wastewater is first treated by chemical and other means so as to meet the acceptability standards set forth in Exhibit D to the Access Rights Agreement; and

WHEREAS, preliminary engineering studies also indicate that pretreatment is feasible, that it can best be accomplished at the STP, thereby necessitating the purchase and installation of certain machinery and equipment to accomplish this purpose; and

✓ WHEREAS, the City desires to lease the STP to the County, and the County desires to sublease the STP to Genesco, Inc., and the County is willing to operate and maintain the STP, and

WHEREAS, the parties, in separate agreements, have provided for the purchase, installation and cost allocation of the machinery and equipment required to transmit WHL industrial wastewater to the STP and to treat such wastewater prior to its introduction into the System, for the allocation of operating and maintenance costs of the System, and for the right of access to the System by WHL;

IT IS AGREED:

1. Lease. Subject to the right of termination hereafter set forth, City hereby leases the STP to the County for a term

of ten (10) years, commencing on the date WHL is discharging any of its industrial wastewater into the STP.

2. Sublease. Subject to the right of termination hereafter set forth, the County hereby subleases the STP to WHL upon the same terms and conditions, including the payment of rental, contained herein with regard to the lease of the STP by the City to the County.

3. Rental. The annual rental, which the County hereby covenants and agrees to pay, shall be \$5,000.00, payable no less than annually as the parties may hereafter agree, commencing on the date described in paragraph 1, and each succeeding installment falling due on the corresponding date of each succeeding month.

4. Renewal. At the end of the initial term of this lease, the County shall have an option to renew the lease for an additional ten (10) years, on like terms and conditions as those applicable during the original term, and WHL shall have the same option to renew its sublease of the STP on like terms and conditions. The County shall exercise its option to renew if WHL notifies the City and the County of its intention to renew their sublease with the County, said notice to be made in writing at least sixty (60) days prior to the end of the

term of this lease. The County and WHL shall have similar options, exercisable in the same manner, following each renewal term thereafter.

5. Termination. In the event WHL ceases operations at its Whitehall facility, this lease and sublease, and any and all obligations of the County or WHL herein, shall terminate upon sixty (60) days written notice to the City and to the County, unless WHL elects to assign this lease and sublease to a purchaser of its Whitehall facility. In the latter event, the assignee shall be obligated to assume all obligations of WHL contained herein.

6. Repairs and Maintenance. The STP, the machinery and equipment located therein, and the facilities utilized to transmit the wastewater of WHL from its premises to the STP shall be maintained in good condition and repair by the County, who shall obtain public liability and property damage insurance sufficient to protect the City and WHL against loss, cost, expense, damage or liability resulting from property damage or personal injury (including death) which may be due to or arise out of any act or omission of the County, or their agents, officers or employees in connection with the obligations assumed by them in this paragraph, and they will

otherwise indemnify and hold harmless the City and WHL for such loss, cost, expense, damage or liability. If any expense to be incurred by the County (excluding insurance premiums) in performing their obligations under this paragraph shall exceed \$1,000.00, the County shall notify WHL and the City, and the parties shall agree upon an equitable apportionment of such expense before it may be incurred.

7. Operation of STP. The County shall assume responsibility for the operation and maintenance of such transmission facilities, machinery and equipment following their installation. The costs of such operation and maintenance shall be shared by the County and WHL as described hereafter.

8. Transmission of Wastewater. The County agrees to transmit the entire flow of wastewater from WHL which is received at Access Point M (more particularly described in the Map to Accompany Exhibit "A" Sheet 1 of the aforementioned Access Rights Agreement, which Map is incorporated herein by reference to the STP). The County further agrees to transmit to the STP a sufficient portion of the wastewater being received by them from the City and/or the Townships of Whitehall and/or Montague so as to operate the STP at its optimum efficiency at all times.

9. Operating and Maintenance Costs.



The operating and maintenance costs of the STP to be allocated between Genesco and the County pursuant to paragraph 10, below, shall consist of the following:

- (a) Labor costs, including fringe benefits.
- (b) Utilities.
- (c) Chemical additives.
- (d) Insurance premiums.
- (e) Maintenance of machinery and equipment.
- (f) Replacement of machinery and equipment, when necessary.
- (g) Administrative expenses.
- (h) Any additional costs incurred which are agreed by the parties hereto to be necessary to the operation of the System.

10. Operating and Maintenance Cost Allocation. The operating and maintenance costs shall be allocated between the County and WHL in the following manner.

(a) For the first operating calendar year, WHL shall pay 84.1% of such costs, and the County shall pay 15.9%. Such allocation is based upon the anticipated proportions, by weight, of the total solids transmitted to the STP from WHL and those transmitted to the STP by the City and/or the City of Montague and/or the Township of Whitehall and/or any individual

or industrial users within the Whitehall-Montague Service Area.

(b) During the first operating calendar year, and during each year thereafter, the County shall monitor the volume of wastewater and the composition of sludge collected at the STP from WHL, and from all other users, as described in paragraph 10(a) above, utilizing such monitoring devices as are reasonably available and at intervals as frequent as is practicable to achieve an accurate allocation of operating and maintenance costs between WHL and the County. Operating and maintenance costs shall be allocated according to the respective proportions, by weight, of the total solids transmitted by WHL to Access Point M, and those transmitted by the other users described in paragraph 10(a) above. Such computation shall be made in the same manner as is described on Exhibit A, attached hereto.

(c) At the end of the first operating calendar year, the computation described in subparagraph (b) shall be made, and, to the extent the actual volumes of flow or the actual percentages of solids contained in the sludge vary from the estimated volumes of flow or percentages of solids contained in the sludge, and the operating and maintenance costs assessed to the participant do not coincide with the costs which would

have been assessed if the actual volumes of flow or percentages of solids contained in the sludge had been utilized in the computation, adjustments shall be made by increasing or reducing the monthly charges assessed to the participants during the ensuing calendar year, accordingly.

(d) On or before the 15th day of each calendar month, the County will bill WHL for its portion of the operating and maintenance costs incurred by the County during the preceding calendar month, and WHL shall pay the same prior to the first day of the ensuing month. In addition to the above payment, WHL shall pay to the County the amount expended by the County for biological treatment and land irrigation costs related to the treatment of WHL wastewater at the Whitehall-Montague Irrigation Site.

(e) By written notice to the County within thirty (30) days following the end of any operating calendar year, WHL may request a review of any billings received during said year. The County agrees to make its books and records pertaining to this System available to WHL immediately following such a request. If the County and WHL cannot resolve their differences, the County and WHL shall jointly engage an independent firm of certified public accountants or other

mutually acceptable expert to conduct an audit of such books and records. The cost of such study shall be paid by the County and WHL in equal proportions.

(1) If the County and WHL cannot agree upon any such firm or expert, the Presiding Judge of the Circuit Court in the County of Muskegon who is available and willing to act shall make such selection.

(2) Such firm or expert shall make its report within ninety (90) days following the selection. Upon receipt thereof, and based upon the data contained therein, the County shall make the indicated adjustments, if any, and all parties agree to be bound by the results of such report.

(f) In the event another Service Agreement Industry (as defined in the Access Rights Agreement) discharges wastewater which is transmitted to the STP for pretreatment said Industry shall be charged with a share of the operating and maintenance costs incurred by the County in operating and maintaining the STP, computed in the same manner as described in subparagraphs (b) and (c) above, provided, the County shall monitor the volume of flow and composition of sludge of any such Service Agreement Industry during each operating calendar year. In the event any such Service Agreement Industry

discharges no solids into the STP, the County and WHL shall agree upon an equitable allocation of operating and maintenance costs before the wastewater of such Service Agreement Industry is pretreated at the STP.

11. Method of Operation. The County shall operate and maintain the STP at its optimum efficiency in accordance with sound engineering practices, in a manner so as to minimize the operating and maintenance costs, and any surcharges required under the Access Rights Agreement, which must be paid by WHL.

(a) The County shall, at the request of WHL and no less than annually, provide WHL with a written report of the methods being utilized by them to accomplish the foregoing purpose.

(b) In the event changes are made in the industrial processes of WHL, and such changes require additional engineering costs to adapt the then current system to the new mode of industrial operation, WHL agrees to pay such costs, provided the expert employed by the County is acceptable to WHL.

(c) WHL shall be afforded access to the STP during reasonable hours, and to such records of its operation as may be reasonably necessary to evaluate said operation. In the event WHL requests changes in the method of operating the STP, the County and WHL shall meet within sixty (60) days

to ascertain whether an agreement can be reached with regard to such request. If not, the County and WHL shall jointly engage a mutually acceptable qualified consultant to review such request, the cost thereof to be borne equally by both parties. If the parties cannot agree upon such an expert, the Presiding Judge of the Circuit Court in the County of Muskegon who is available and willing to act shall make such selection. Such expert, following consultation with WHL and the County, shall render a decision, in writing, within sixty (60) days following his selection. If the request is granted, it shall go into effect on the first day of the first calendar month following said decision unless said expert indicates that it is not practicable for such revisions to take effect until a later indicated date.

12. This agreement shall be binding and inure to the benefit of the parties hereto, and their respective successors and/or assignees.

13. This Agreement may be amended by written agreement of the parties hereto.

14. It is agreed by the parties hereto that WHL is a division of Genesco Inc., and that all references in this

agreement to WHL may be treated as if they were to Genesco Inc.

CITY OF WHITEHALL

By *Richard L. [Signature]*  
Its MAYOR

GENESCO INC.

By *Carl B. [Signature]*  
Its Chief Operating Executive

COUNTY OF MUSKEGON

By *Harold M. [Signature]*  
Its Chairman