

## BAILEE AGREEMENT

**THIS BAILEE AGREEMENT** (this "Agreement") dated as of October 5, 2016, is entered into among **CITY OF COLUMBIA, MISSOURI**, a municipal corporation ("Bailee"), and **PNC BANK, NATIONAL ASSOCIATION** ("PNC"), and is executed in connection with that certain Revolving Credit and Security Agreement (as same may be amended, modified, restated or supplemented from time to time, the "Credit Agreement"), by and among **LEXINGTON STEEL COPORATION** ("Lexington"), a Delaware corporation and **LEXWEST, LLC**, a California limited liability company ("LexWest", together with Lexington, the "Borrowers"), the financial institutions which are now or which hereafter become a party thereto (collectively, the "Lenders") and PNC, as agent for Lenders (PNC, in such capacity, the "Agent").

A. Pursuant to the Credit Agreement, Borrowers have granted a security interest to Agent, for its own account and the benefit of the Lenders, on all of its present and future personal property, wherever located, to secure, among other things, all obligations of owing to the Agent and Lenders under the Credit Agreement.

B. Bailee may from time to time hold inventory, goods and/or machinery and equipment of Borrowers (collectively, the "Goods") as well as bills of lading, warehouse receipts, and other documents of title relating to such inventory, goods and/or machinery and equipment (the "Documents" collectively with the Goods any other personal property of the Borrowers in the possession of Bailee or located on the Premises, the "Collateral").

C. Bailee benefits from the financing provided to Borrowers by the credit facilities provided by Agent, and the parties desire to provide for the continued perfection of the security interests granted to Agent in the Collateral during the period during which the Collateral is held by Bailee.

**NOW, THEREFORE**, for valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. Subordination of Bailee's Rights under Applicable Law. So long as Agent has a lien on the Collateral (a) any statutory lien or other right that Bailee has or may have under applicable law or contract against the Collateral for the payment of any storage, handling or other charges owing to Bailee by Borrowers is subordinated to Agent's liens on the Collateral and (b) Bailee shall not exercise any such lien rights with respect to the Collateral.

2. Possession of Property by Bailee. Bailee acknowledges that the Collateral is stored on Bailee's premises (the "Premises"). Bailee has been advised that Agent has been granted a security interest by Borrowers in and to the Collateral which presently is located, or may at any time hereafter be located, in, at, or upon the Premises.

3. Title to Goods. Bailee acknowledges and agrees that Borrowers hold legal title to the Collateral, notwithstanding that the related Documents may name Bailee as consignee. To the extent necessary to perfect Agent's first priority Lien on the Collateral,

Bailee agrees that it holds the collateral as gratuitous bailee for Agent. Bailee agrees that it will not commingle the Collateral with any other property of a similar kind owned or held by Bailee in such a manner that would prevent Agent's ability to readily identify and take possession of the Collateral.

4. Instructions from Borrowers. Notwithstanding anything contained hereto to the contrary, until Bailee receives written notification from Agent to the contrary, Bailee is authorized to accept instructions with respect to the Collateral from Borrowers and may release or move any and all Collateral in accordance with Borrowers' instructions. Upon the receipt of written notice from Agent and until such notice is rescinded by Agent, Bailee shall only honor instructions from Agent with respect to the Collateral as provided herein.

5. Reporting Requirements. Upon receipt of written notice from Agent, Bailee shall promptly, but in any event within three (3) business days of each such notice, provide Agent with such information regarding the Collateral in its possession as Agent shall reasonably request.

6. Delivery by Bailee. Upon receipt of written notice from Agent, Bailee will immediately deliver (or release, as provided in Section 9 below) to Agent, without condition, all Collateral (with any necessary endorsements by Bailee to Agent).

7. Charges. Bailee agrees to advise Agent in writing in the event that any charges or expenses due to Bailee from the Borrowers become past due. Notwithstanding the foregoing, all of Bailee's charges of any nature whatsoever shall continue to be charged to and paid by the Borrowers, and Agent shall not be liable for such charges.

8. No Liability; Costs. Borrowers agree that Bailee shall have no liability to Borrowers if Bailee complies with Agent's instructions under this Agreement. Borrowers further agree that it will continue to pay all fees and other expenses related to the storage and handling of the Collateral in accordance with the written agreement between Borrowers and Bailee and will reimburse Bailee for all reasonable costs and expenses incurred as a direct result of its compliance with the terms and provisions of this Agreement, except in each case to the extent that Agent has already made payment on Borrowers' behalf; provided, that Agent shall not have any obligation to make any payment on behalf of Borrowers hereunder or under any other agreement between Borrowers and Bailee.

9. Inspection and Removal. Bailee agrees that Agent may, at its option, upon prior written notice to Bailee and during normal business hours, enter Bailee's facilities for the purpose of repossessing, removing, selling or otherwise dealing with the Collateral. Agent will conduct such activities in a manner that does not interfere in any material respect with Bailee's regular business.

10. Governing Law. This Agreement shall be governed, interpreted, and enforced in accordance with the laws of the State of Missouri and the laws of the United States, as applicable. The venue for all litigation arising out of, or relating to this

Agreement, shall be in Boone County, Missouri, or the United States Western District of Missouri. The parties hereto irrevocably agree to submit to the exclusive jurisdiction of such courts in the State of Missouri. The Parties agree to waive any defense of forum non conveniens.

11. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto.

12. No Waiver of Immunities. In no event shall the language of this Agreement constitute or be construed as a waiver or limitation for either Party's rights or defenses with regard to each Party's applicable sovereign, governmental, or official immunities and protections as provided by federal and state constitution or laws.

13. Authority. The signatories hereto each certify that such person is an officer or employee of the entity on whose behalf such person is executing this Agreement who has been duly authorized to do so by all necessary corporate action.

14. Notices. All notices provided for or required hereunder shall be given in writing and shall be deemed given upon actual receipt (or refusal of receipt) and shall be: (i) delivered in person; or (ii) sent by a nationally recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their addresses as set forth below or to such address as subsequently modified by written notice given in accordance with this paragraph.

[Signature pages follow]

**CITY OF COLUMBIA, MISSOURI,**  
as Bailee

By: \_\_\_\_\_  
Name: Mike Matthes  
Title: City Manager

ATTEST:

\_\_\_\_\_  
Sheela Amin, City Clerk

APPROVED AS TO FORM:


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Nancy Thompson, City Attorney

Address for Notices:

City of Columbia, MO  
P.O. Box 6015  
Columbia, MO 65205  
Attention: RR Operations Manager  
Telephone: 573- 441-5562

**IN WITNESS WHEREOF**, Agent, Bailee and Borrowers have executed this Agreement as of the date first written above.

**PNC BANK, NATIONAL ASSOCIATION,**  
as Agent

By:   
Name: James G Simpson  
Title: Vice President

Address for Notices:

PNC Bank, National Association  
200 South Wacker Drive, Suite 600  
Chicago, Illinois 60606  
Attention: Portfolio Manager  
Telephone: 312-454-2920  
Facsimile: 312-454-2919

Borrowers:

LEXINGTON STEEL CORPORATION,  
as a Borrower

By: Augustus Lonardi  
Name: Augustus Lonardi  
Title: Vice President of Finance

LEXWEST, LLC,  
as a Borrower

By: Augustus Lonardi  
Name: Augustus Lonardi  
Title: Vice President of Finance

Address for Notices:

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