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SUBLEASE AGREEMENT

Dated: June 1, 2007

Delivered: June 7, 2007

By and between

BALDWIN COUNTY, ALABAMA

and

**STATE OF ALABAMA
Acting by and through its**

DEPARTMENT OF HUMAN RESOURCES

**This Sublease Agreement was prepared by James L. Birchall of Walston, Wells & Birchall, LLP,
One Federal Place, 1819 5th Avenue North, Suite 1100, Birmingham, Alabama 35203**

SUBLEASE AGREEMENT

STATE OF ALABAMA)
COUNTY OF BALDWIN)

STATE AGENCY OR DEPARTMENT:
ALABAMA DEPARTMENT OF HUMAN RESOURCES:

Parties

THIS SUBLEASE AGREEMENT (this "Lease") dated as of June 1, 2007 and delivered on June 7, 2007 is made by and between BALDWIN COUNTY, a political subdivision (hereinafter called the "County"), and the STATE OF ALABAMA, acting by and through its Department of Human Resources, an agency and department of the State of Alabama (hereinafter called the "Department").

WITNESSETH

For and in consideration of the respective agreements on the part of the County and the Department herein contained, the County hereby demises and leases to the Department, and the Department hereby leases and rents from the County, for and during the "Term" hereinafter referred to, the real property situated at 22259 Palmer Street, Robertsdale, Alabama, in Baldwin County, Alabama described on Exhibit A hereto, together with the "Building" (hereinafter defined) and all other improvements now or hereafter situated on the said real property and forming a part thereof, all on and subject to the following special terms and conditions:

SECTION 1. Definitions.

The following words and phrases and others evidently intended as the equivalent thereof shall, in the absence of clear implication herein otherwise, be given the following respective interpretations herein:

"**Agreement**" means this Sublease Agreement, as it now exists and as it may hereafter be supplemented or amended.

"**Authority**" means The Public Building Authority of Baldwin County and its successors and assigns.

"**Building**" means a 46,610-square-foot office building to be located in the City of Robertsdale, in Baldwin County, Alabama, of the specifications set forth on Exhibit D hereto, and designed for use by the Department in connection with the administration of certain programs for which the Department and the County have statutory responsibility under the laws of the State of Alabama, together with appurtenant parking and other ancillary facilities, as said office building and facilities may at any time exist.

"**County**" means Baldwin County, Alabama.

"**Demised Premises**" means the Site and the Building, as they may at any time exist, and all other property and rights referred to or intended so to be in the demising clauses hereof or in any way subject to the demise hereof.

"**Department**" means the party of the second part hereto and its successors and assigns.

"**Fiscal Year**" means the period of twelve consecutive calendar months beginning on October 1 of a calendar year and ending on September 30 of the next succeeding calendar year.

"**Indenture**" means the Mortgage and Deed of Trust between the Authority and the Trustee, dated as of June 1, 2007, under which the Warrants are being issued and by which they are secured.

"**Independent Architect**" means an architect or firm of architects duly licensed to practice in the State of Alabama, that has no regular employment relationship with either the Department or the County.

"**Primary Term**" means the period beginning on the date of the delivery of these presents and continuing until 11:59 o'clock, p.m., on September 30, 2007.

"**Rent Commencement Date**" means the date on which the later of the two events specified in clauses (a) and (b) of Section 4 hereof occurs, subject, however, to the provision of clause (ii) of said Section 4.

"**Site**" means the real property specifically described in Exhibit A (to the extent that at the time it is subject to the demise hereof).

"**Term**" means the Primary Term and any successive Fiscal Year with respect to which the Department has exercised an option to renew granted in Section 3 hereof.

"**Trustee**" means (a) Regions Bank, or (b) any successor Trustee at the time serving as such under the Indenture.

"**Warrants**" means those certain Building Revenue Warrants (DHR Project), Series 2007-A, dated June 1, 2007, and authorized to be issued by the Authority in the principal amount of \$6,405,000, the maturities and interest rates of which are specified on Exhibit B attached hereto and made a part hereof.

SECTION 2. Delivery of Possession; Primary Term.

The County will deliver to the Department sole and exclusive possession of the Demised Premises (or such portion or portions thereof as are then in existence) on the commencement date of the Primary Term, subject to the inspection and other rights reserved in clause (d) of Section 7 hereof, and the Department will accept possession thereof at such time; provided, however, that during the Primary Term, and during any future term for which a renewal option is (under the provisions of Section 3 hereof) duly exercised, the County will be permitted such possession of the Demised Premises as shall be necessary and convenient for it (a) to construct the Building, and (b) to make any repairs, restorations or improvements required or permitted to be made by the County pursuant to the provisions hereof.

The County will, or will cause the Authority to, proceed with all reasonable dispatch with the construction of the Building, to construct the Building so as to be accessible to and usable by the handicapped in accordance with

- (a) Section 504 of the Rehabilitation Act of 1973 and applicable federal regulations and standards (as they now exist), and
- (b) applicable provisions of the Americans with Disabilities Act and related federal regulations and standards (as they now exist),

and to complete such construction as promptly as practicable and substantially in accordance with plans, specifications and drawings heretofore furnished to the Department. Such plans, specifications and drawings (including any site plan forming a part thereof) may be changed prior to commencement of the construction of the Building, provided that such changes do not result in substantially changing the appearance or basic design of the Building or its character as a "project" under Chapter 15 of Title 11 of the Code of Alabama 1975, as amended. Final plans, specifications and drawings for the Building will be submitted to the Department for comment and approval prior to the commencement of construction, which such approval the Department will not unreasonably withhold and which shall constitute acknowledgment by the Department that the Building will, if constructed substantially in accordance with such plans, specifications and drawings, be accessible to and usable by the handicapped in accordance with (i) Section 504 of the Rehabilitation Act of 1973 and applicable federal regulations and standards, and (ii) applicable provisions of the

Americans with Disabilities Act and related federal regulations and standards. The Department, by the execution and delivery hereof, approves the plans, specifications and drawings for the Building heretofore furnished to it.

SECTION 3. Options to Renew.

(a) The Department shall have, and is hereby granted, the following options from year to year to renew the term of this Agreement, provided, however, that if the term of this Agreement shall not be renewed for any of the additional periods provided for in this section, this Agreement shall thereupon terminate and no renewal may thereafter be made for any subsequent term, whether pursuant to the provisions of this section or otherwise:

(i) from and after the Primary Term, for successive Fiscal Year periods until and including the Fiscal Year beginning October 1, 2027, and

(ii) from and after the Fiscal Year ending September 30, 2028, for ten (10) successive Fiscal Year periods until and including the fiscal year beginning on October 1, 2037 and ending September 30, 2038;

(b) Such option to renew the term of this Agreement for any Fiscal Year shall be deemed to have been exercised in any of the following events:

(i) if, not later than the first day of such Fiscal Year, the Department notifies the County in writing that the Department elects to exercise such option for such Fiscal Year;

(ii) if the Department continues in occupancy of the Demised Premises on the first day of such Fiscal Year, it being understood and agreed that, with respect to any Fiscal Year beginning prior to the date on which the Department first takes actual possession of the Building, the Department shall be conclusively presumed to be in occupancy of the Demised Premises on the first day of such Fiscal Year if it does not, before the August 1 next preceding the beginning of such Fiscal Year, (A) notify the County in writing that the Department does not intend to exercise such renewal option for such Fiscal Year, and (B) cause a copy of such notice to be furnished to the Trustee; or

(iii) if, as of the first day of such Fiscal Year, the Legislature of Alabama has appropriated funds to the Department for the payment of the rental due by the Department for such Fiscal Year or funds therefor are otherwise made available to the Department.

SECTION 4. Rental.

The Department will pay, on the first day of each calendar month in each successive Fiscal Year during which this Agreement is in effect, rental in the amount of \$40,633.44 per month or \$10.46 per square foot, commencing with the month during which

(a) the construction of the Building is completed, or

(b) the Department is furnished a certificate or other appropriate document signed by all County and state officials having jurisdiction, stating or otherwise indicating that the Building is ready for occupancy,

whichever of the foregoing clauses (a) or (b) is later; provided, however, (i) that if the Rent Commencement Date is not the first day of a calendar month, then the first such monthly rental payment hereunder shall be due on the Rent Commencement Date and shall be in an amount prorated from the Rent Commencement Date until and including the last day of the month during which the Rent Commencement Date occurs [the computation of such proration to be based on a thirty-day (30) day month]; (ii) that if, under the preceding provisions of this section, the Rent Commencement Date would be earlier than June 1, 2008 the Rent Commencement Date shall, any provisions hereof to the contrary notwithstanding, be June 1, 2008; (iii) that if this Agreement is in effect for the Fiscal Year beginning October 1, 2028 and continuing for each successive Fiscal Year thereafter for which this Agreement is in effect, the monthly rental shall be one-twelfth (1/12th) of an amount equal to \$46,610 (\$1.00 per square foot of floor space in the Building); (iv) that no

such rental payment shall be due with respect to any particular month unless there has theretofore been submitted to the Department by the County (or by the Trustee on its behalf) two sworn invoices stating the amount due under this Section 4 as rental for such month, all as may at the time be required by laws and regulations of the State Finance Department [such invoices to be addressed to the Office of Housing, Department of Human Resources, 50 Ripley Street, Montgomery, Alabama 36130, or in such other manner as the Department may hereafter specify in a written notice to the County and Regions Bank; (v) that if, as of any October 1 (commencing with October 1, 2008), there is, for any reason or on account of any factor, on deposit in the Series 2007 Warrant Fund created in the Indenture

(a) an amount (not including, however, any amount held in such Fund for payment of any matured interest on the Warrants) in excess of the interest maturing with respect to the Warrants on such then next succeeding June 1 or December 1, or,

(b) an amount (not including, however, any amount held in such Fund for payment of any matured principal of the Warrants) in excess of the principal maturing (or required by the Indenture to be redeemed) with respect to the Warrants on the then next succeeding June 1,

such excess shall be credited on the monthly installment of rental due hereunder by the Department on such June 1 or December 1, as the case may be, and on each such monthly rental installment that may thereafter come due hereunder by the Department until such time as all such excess has been so credited; provided that no such credit shall be given if the Trustee determines that such excess is needed for any future payments of principal of or interest on the Warrants.

So long as any of the Warrants are outstanding, all such monthly rental payments due hereunder by the Department shall be made directly to the Trustee, for the account of the County. In the event the due date of any installment of rental payable hereunder is a Sunday or legal holiday in Alabama, such installment shall be due on the next succeeding business day. Any installment of rent due hereunder shall become delinquent if not paid within twenty-five (25) days after the receipt by the Department of the above-required sworn invoices therefor.

The principal of and interest on the Warrants due in each year is set forth on Exhibit C hereto.

SECTION 5. Insurance.

The Department will take out and maintain (or cause to be taken out and maintained), from and after the commencement date of the *Primary Term*, insurance against loss or damage to the Building by fire, lightning, windstorm and malicious mischief, with uniform standard extended coverage endorsement limited only as may be provided in the broad form of extended coverage endorsement at the time in use in Alabama,

(a) to such extent as is necessary to provide for full payment of the costs of repairing or replacing the property damaged or destroyed,

(b) to the extent of the full replacement value of the Building, or

(c) to the extent of the full insurable value of the Building, or

(d) to the extent of the outstanding principal amount of the Warrants at any time plus interest to accrue thereon for 6 months,

whichever of the foregoing (a), (b), (c) or (d) is the greatest and is available.

The Department will also take out and maintain comprehensive public liability insurance for injury or death to third parties or damage to their property as a result of occurrences on or about the Demised Premises in an amount not less than \$1,000,000.

During the Term hereof, the Department will pay, in addition to the stated monthly rental provided for in Section 4 hereof, the premium or premiums on such insurance.

The Department will, from and after the Rent Commencement Date, and during the Term hereof, take out and maintain at its own expense insurance of the type commonly known as business interruption insurance, use and occupancy insurance or rent insurance, to the extent necessary to insure (i) payment of the rental payable by the Department hereunder during the time required to repair or restore the Building in the event of any damage thereto or destruction thereof, or (ii) payment of rentals for alternative space and moving and other incidental expenses of the Department, limited with respect to such rentals to the amount thereof payable during the period of not less than twelve (12) months next succeeding the date of such damage and destruction. The Department will,

(a) promptly after the Rent Commencement Date, furnish to the Trustee a copy of the policy evidencing such insurance, together with a certificate of the insurer attesting the fact that such insurance is in force and effect, and

(b) at least fifteen (15) days prior to the expiration date of such policy, furnish to the Trustee evidence reasonably satisfactory to it that such policy has been renewed or replaced by another policy or that there is no necessity therefor under this Agreement.

The Department shall provide all insurance required by this Agreement through the Finance Department (Risk Management) of the State of Alabama or through generally recognized responsible insurance companies which are qualified under the laws of Alabama to assume the respective risks undertaken.

SECTION 6. Certain Agreements.

(a) The Department hereby covenants with the County that the Department will pay all amounts required in excess of the proceeds of the Warrants to complete the acquisition, construction and equipping of the Building so as to permit the occupancy, operation and use of the Building by the Department.

(b) The Department agrees and acknowledges that the Department's rights under this Agreement shall be and remain subordinate to any bona fide mortgage that may hereafter be placed on the Demised Premises by the Authority, it being understood, however, that so long as this Agreement is in full force and effect and the Department is not in default hereunder, the Department's tenancy shall not be disturbed nor shall any of the covenants or conditions of this Agreement be invalidated. Further, in the event of a default under any such mortgage, the Department shall be notified of such default and be afforded the opportunity to cure it.

SECTION 7. Covenants of Department.

The Department hereby covenants with the County that the Department, after the Rent Commencement Date and at all times during which this Agreement is in effect,

(a) will use and occupy the Demised Premises for office and storage purposes only (and without the written consent of the County, for no other object or purpose);

(b) will not at any time assign this Agreement or sublet the Demised Premises, or any portion thereof (except to another State, County or County agency), without the prior written consent of the County, which such consent the County will not unreasonably withhold, it being understood and agreed that in the event of any such assignment or subleasing (with or without County consent as aforesaid), the Department shall continue to remain primarily liable for payment of the rentals herein provided to be paid by it and for performance and observance of the other agreements and covenants on its part herein provided to be performed and observed by it;

(c) will, at its own expense, keep the Demised Premises in good order, reasonable wear and tear excepted;

(d) will permit the County, the Trustee or any agent of either thereof to enter the Demised Premises or any part thereof at all reasonable hours for the purpose of examining or exhibiting same or making such repairs or alterations as may be necessary for safety or preservation thereof;

(e) will, as additional rental hereunder, reimburse the County for any ad valorem taxes (and any related penalties and interest) that may be imposed on or with respect to the Demised Premises, that come due while this Agreement is in effect and that are paid by the County, such reimbursement to be made promptly upon the furnishing to the Department of evidence of the payment of such taxes, penalties or interest by or on behalf of the County;

(f) will surrender possession of the Demised Premises upon the termination of this Agreement, or any extension hereof as herein provided, in as good condition as upon completion of construction of the Building (or earlier termination of this Agreement), reasonable wear and tear and accidents happening by fire or other casualties excepted;

(g) will make due and timely payment of the costs of all utility services furnished to the Demised Premises;

(h) will make due and timely payment of any costs incurred in correcting or repairing any malfunction or breakdown of the heating or cooling system of the Building, to the extent that such correction or repair is not covered by warranty;

(i) will, after the expiration of any applicable warranty covering the costs of the correction or repair of such heating or cooling system, be responsible (at its own expense) for maintaining normal service and maintenance contracts on such system, all with contractors certified to work on systems of the type and caliber of those forming a part of the Building;

(j) will, after completion of the construction of the Building, be responsible for maintaining the Demised Premises (including, without limitation, the Building and its grounds) in good repair (except in the case of damages arising from ordinary wear and tear), it being understood and agreed that if the Department fails to do so, the County (i) will, if it has knowledge of such failure, give notice to the Department of any defect and give the Department a reasonable time to correct such defect, and (ii) may, if the Department fails so to correct such defect in a reasonable time, make such repairs itself and advance (for the account of the Department) the costs of such correction, and the Department will, upon submission to it of a statement for such costs, promptly reimburse the County therefor; provided, however, that damages arising from the intentional actions of, or from the negligence of the County or its agents or employees, shall be the responsibility of the County;

(k) will pay for all janitorial services and make due and timely payment of the costs and continuation of heating the Building and of replacing light bulbs and ballasts;

(l) will not, while any of the Warrants remain outstanding and unpaid and the Demised Premises or any space therein is vacant or not used by the Department, rent any building or office facility or office space located in the County for use for the same purposes for which the unused space in the Demised Premises is suitable, nor at any such time will the Department renew any lease of any building, office facility or office space in the County (other than this Agreement) for use for the same purposes for which the unused space in the Demised Premises is suitable; provided, that if the Department shall determine that the need for office facilities for use by the Department in the County exceeds the capacity of the Demised Premises plus the maximum capacity of all other office facilities in the County that are then owned, leased, rented or used by the Department, the Department may lease or use new or additional office facilities or office space in the County (and may renew existing leases with respect thereto) but only to such extent as is necessary to provide office facilities for employees who cannot then be accommodated by the Demised Premises; and provided further, that the Department may, at any time during which the Building is (on account of any damage thereto or destruction thereof) wholly or partially untenable in the reasonable judgment of the Department, lease or use

new or additional office facilities or office space in the County (and may renew existing leases with respect thereto) but only to such extent as is necessary to provide office facilities for employees who, by reason of the untenability (whether in whole or in part) of the Building, cannot then be accommodated by the Demised Premises; and

(m) will not, while any of the Warrants remain outstanding and unpaid, permit any employees of the Department (other than employees who cannot then be accommodated by the Demised Premises) to occupy any rented or leased office facility or office space located in the County (other than the Demised Premises).

The operative effect of the provisions of the preceding clauses (l) and (m) of this section shall not be affected by the non-exercise by the Department of any of the renewal options granted in Section 3 hereof with respect to Fiscal Years beginning before October 1, 2027, and the resulting termination of this Agreement, it being understood and agreed that such provisions shall (notwithstanding such termination) remain in full force and effect until and including September 30, 2028. Nothing herein contained, however, shall obligate the Department to comply with the provisions of the preceding clauses (l) or (m) for any period (i) during which it is, without fault or responsibility on its part, effectively precluded from enjoying quiet and peaceable possession of the Demised Premises, or (ii) after any termination of this Agreement by the Department under the provisions of Sections 9 or 12 hereof.

Notwithstanding anything herein to the contrary, the Department presently leases space from the County in Bay Minette, Alabama and the Department may continue to lease such space or other comparable space in Bay Minette, Alabama, without violating clauses (l) and (m) of this section.

SECTION 8. Covenants of County.

The County hereby covenants with the Department (a) that the County will, continuously during the Term keep the Department in quiet and peaceable possession of the Demised Premises (subject, however, to those provisions of Section 2 hereof under which the County may to some extent and under certain circumstances be entitled to possession of the Demised Premises), and (b) that it will, subject to provisions of Section 14 hereof, maintain the Building in such condition as to be accessible to and usable by the handicapped in accordance with (i) Section 504 of the Rehabilitation Act of 1973 and applicable federal regulations and standards and (ii) applicable provisions of the Americans With Disabilities Act and related federal regulations and standards, as either of such statutes (and appurtenant regulations and standards) may at the time exist.

SECTION 9. Damage or Destruction.

If the Building shall be damaged or destroyed by fire or other casualty, including acts of God, the Department shall

(a) within two (2) weeks following the date of such damage or destruction, engage an Independent Architect to determine and report to the Department in writing, within thirty (30) days following the date of such damage or destruction, whether, in the reasonable judgment of such Independent Architect, the Building can, within a period of not more than three hundred sixty-five (365) days from the date of such damage or destruction, be repaired or restored to substantially the same condition as immediately preceding such damage or destruction, and

(b) promptly after its receipt of the report of such Independent Architect's determination notify the County and the Trustee in writing of its determination.

If the Independent Architect reasonably determines that the Building can be so repaired or restored within such 365-day period and the Department notifies the County and the Trustee (as provided above) of the Independent Architect's determination, this Agreement shall continue in full force and effect (without abatement of any rents due hereunder), and the Department will as soon as practicable repair, restore or rehabilitate the Building with the net insurance proceeds referable to such damage or destruction. If the Independent Architect reasonably determines that the Building cannot be so repaired or restored within such 365-day period and notifies the Department, and the Department

notifies the County and the Trustee (as provided above) of its determination, the Department may, by written notice given to the County and the Trustee within six (6) weeks following the date of such damage or destruction, terminate this Agreement (effective as of the date of such damage or destruction), and the net insurance proceeds referable to such damage or destruction shall, to the extent necessary and sufficient, be applied to retirement of the Warrants, and any such proceeds thereafter remaining may be retained by the Department.

Notwithstanding that any termination of this Agreement by the Department under the preceding provisions of this Section 9 shall be effective as of the date of the damage or destruction entitling the Department so to terminate this Agreement, the Department shall be entitled to the refund of any rental or other amounts paid by it hereunder during the period commencing with the date of such damage or destruction until and including the date on which the Department gives written notice of termination hereunder only to the extent that moneys remain in the hands of the County after full payment and retirement of the Warrants.

SECTION 10. Trustee Fees and Charges.

In addition to the stated monthly rental provided for in Section 4, the Department will pay and reimburse the County for the fees and charges of the Trustee under the Indenture not to exceed, however, a one-time acceptance fee of \$1,500 and an annual fee of \$2,000. The County hereby irrevocably assigns to the Trustee its right to the payment and reimbursement referred to in the preceding sentence. The Department agrees to pay directly to the Trustee the aforesaid fees and charges for which it has agreed to reimburse the County, up to the aforesaid annual maximum, as and when appropriate statements therefor are received by the Department.

SECTION 11. Exemption.

The Department, any provision of this Agreement to the contrary notwithstanding, does not release or waive, whether expressly or by implication, its right to assert sovereign immunity or any other affirmative or defensive right or claim it may have under law.

SECTION 12. Default; Termination.

(a) If at any time one party shall default in the performance or observance of any of its agreements, covenants or obligations hereunder, the nondefaulting party shall give to the defaulting party written notice of the nature of the default. If the default is not (or cannot be) cured within a reasonable period, the nondefaulting party may cancel this Agreement without further obligation.

(b) The County's sole remedy for the settlement of any and all disputes arising under the terms of this Agreement shall be limited to the filing of a claim with the Board of Adjustment for the State of Alabama.

(c) No consent or approval of, or notice to, the Department that would otherwise be necessary or required hereunder shall be necessary or required if at the time the Department is in default hereunder; provided that notice of such default has been duly given to the Department in the manner provided in the preceding paragraph.

SECTION 13. Approvals.

The Department and the County, by the execution and delivery hereof, each warrants and represents that all approvals and consents necessary to be obtained by it under the laws of the State of Alabama or the United States or otherwise, as a condition precedent to the execution and delivery of this Agreement on its part, have been obtained and are in full force and effect.

SECTION 14. Limited Liability of the County.

None of this Agreements, covenants or representations on the part of the County herein contained shall ever constitute or give rise to a debt of the County within the meaning of Section 224 of the Constitution of Alabama of 1901, as amended by Amendment No. 342.

SECTION 15. Source of Payment; Not a Debt of State; Termination by Department.

(a) The County and the Department agree that the obligations on the part of the Department to pay the rentals herein required to be paid, and to perform the other agreements on its part herein required to be performed, for any Fiscal Year during which this Agreement is in effect: (1) shall be payable and performed solely out of current revenues of the Department (including particularly, but without limitation, appropriations to the Department by the Legislature of Alabama) for the same Fiscal Year, and (2) shall not constitute or create a debt of the State of Alabama within the meaning of Section 213 of the Constitution of Alabama of 1901, as amended.

(b) It is expressly understood and agreed by the County and the Department that the Department shall have the option to terminate this Agreement at the end of any Fiscal Year of the State of Alabama if (1) the State Legislature does not appropriate funds to the Department sufficient to make the rental payments set out herein which are due and payable under the terms of this Agreement during the ensuing Fiscal Year or (2) in the event of proration of funds from which payment under this Agreement is to be made.

SECTION 16. Assignment of Lease and Rental Payments by County

(a) Simultaneously with the delivery of this Agreement, the County shall assign and pledge to the Trustee all right, title and interest of the County in and to the rental payments and this Agreement and the Authority shall mortgage the Demised Premises to the Trustee as security for the payment of the Warrants. The Department hereby consents to such assignment, pledge and mortgage.

(b) Until the Warrants shall have been paid or provision made therefor as provided in the Indenture, the Trustee shall have all rights and remedies herein accorded to the County and any reference herein to the County shall be deemed, with the necessary changes in detail, to include the Trustee.

SECTION 17. Provisions of General Application.

(a) This Agreement constitutes the entire agreement between the parties and shall be binding upon and shall inure to the benefit of the County and the Department and their respective successors and assigns.

(b) The County and the Department agree that if any provision of this Agreement shall contravene any statute or Constitutional provision or amendment, either now in effect or which may, during the Term of this Agreement, be enacted, then that conflicting provision in this Agreement shall be null and void.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers, in their respective capacities hereunder noted, all in seven (7) counterparts, each of which shall be deemed an original, and to be dated as of June 1, 2007 and actually delivered and becoming effective on the date and year first above written.

BALDWIN COUNTY, ALABAMA

By Wayne [Signature]
Chairman

ALABAMA DEPARTMENT OF HUMAN RESOURCES

By [Signature]
Commissioner

RECOMMENDED:

By [Signature]
Office of Space Management

6/7/07
Date Signed

APPROVED FOR CONTENT:

By [Signature]
General Services Division

6-6-07
Date Signed

APPROVED FOR LEGAL FORM:

By [Signature]
Attorney, Department of Human Resources

06-07-07
Date Signed

APPROVED:

STATE OF ALABAMA

By [Signature]
Governor

6/11/07
Date Signed



STATE OF ALABAMA)

COUNTY OF BALDWIN)

I, the undersigned, a Notary Public in and for said county in said state, hereby certify that Wayne A. Gruenb, whose name as Chairman of the Baldwin County Commission of Baldwin County, Alabama, a political subdivision in the State of Alabama, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said political subdivision.

Given under my hand and official seal of office, this 5th day of June, 2007.

Alan D. Ruffin
Notary Public

My Commission Expires: NOTARY PUBLIC STATE OF ALABAMA AT LARGE
MY COMMISSION EXPIRES: Dec 13, 2008
BONDED THRU NOTARY PUBLIC UNDERWRITERS

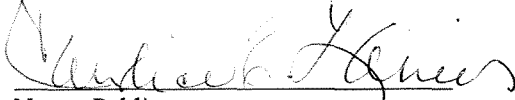
[NOTARIAL SEAL]

STATE OF ALABAMA)

COUNTY OF MONTGOMERY)

I, the undersigned, a Notary Public in and for said county in said state, hereby certify that PAIGE B. WALLEY, Ph.D., whose name as Commissioner of ALABAMA DEPARTMENT OF HUMAN RESOURCES, an agency of the State of Alabama, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said state agency.

Given under my hand and official seal of office, this 7th day of June, 2007.


Notary Public

My Commission Expires: 4/30/2011

[NOTARIAL SEAL]

EXHIBIT "A"

REAL PROPERTY

The real property is located at 22259 Palmer Street, Robertsdale, Alabama, as described below:

COMMENCING AT THE SOUTHEAST CORNER OF SECTION 1 TOWNSHIP 6 SOUTH, RANGE 3 EAST, BALDWIN COUNTY, ALABAMA: THENCE RUN N-00°02'59"-E, 665.14 FEET TO A POINT: THENCE RUN S-89°32'23"-W, 30.00 FEET TO A POINT ON THE WEST RIGHT-OF-WAY OF BALDWIN COUNTY ROAD NO. 65 (A.K.A. PALMER STREET) THENCE CONTINUE S-89°32'23"-W, 638.33 FEET TO A POINT: THENCE RUN N-00°04' 19"W, 604.5 FEET + TO A POINT; THENCE RUN S-89°49'59", 49 FEET + TO A POINT AND THE POINT OF BEGINNING; THENCE RUN N-0°10'01"-E, 185 FEET TO A POINT; THENCE RUN S-89°49'59"-E, 165 FEET TO A POINT: THENCE RUN S-0°10'01"-W. 185 FEET TO A POINT; THENCE RUN N-N-89°49'59"-W, 165 FEET TO THE POINT OF BEGINNING.

EXHIBIT "B"

| <u>Year</u> | <u>Principal Amount Maturing</u> | <u>Applicable Interest Rate</u> |
|-------------|--|---|
| 2009 | \$210,000 | 4.000% |
| 2010 | 215,000 | 4.000 |
| 2011 | 225,000 | 4.000 |
| 2012 | 235,000 | 4.000 |
| 2013 | 245,000 | 4.000 |
| 2014 | 255,000 | 5.000 |
| 2015 | 265,000 | 5.000 |
| 2016 | 280,000 | 5.000 |
| 2017 | 295,000 | 5.000 |
| 2018 | 310,000 | 4.000 |
| 2019 | 320,000 | 4.000 |
| 2020 | 335,000 | 4.125 |
| 2021 | 345,000 | 4.125 |
| 2022 | 360,000 | 4.250 |
| 2023 | 375,000 | 4.250 |
| 2024 | 390,000 | 4.300 |
| 2025 | 410,000 | 4.375 |
| 2026 | 425,000 | 4.375 |
| 2027 | 445,000 | 4.375 |
| 2028 | 465,000 | 4.375 |

EXHIBIT C

BALDWIN COUNTY, AL
PUBLIC BUILDING AUTHORITY (DHR) SERIES 2007

| Period Ending | Principal | Interest | Total Debt Service | General Fund | Capitalized Interest | Net Debt Service |
|---------------|-----------|--------------|--------------------|--------------|----------------------|------------------|
| 09/30/2008 | | 277,551.26 | 277,551.26 | 4,625.85 | 272,925.41 | |
| 09/30/2009 | 210,000 | 277,551.26 | 487,551.26 | | 92,517.08 | 395,034.18 |
| 09/30/2010 | 215,000 | 269,151.26 | 484,151.26 | | | 484,151.26 |
| 09/30/2011 | 225,000 | 260,551.26 | 485,551.26 | | | 485,551.26 |
| 09/30/2012 | 235,000 | 251,551.26 | 486,551.26 | | | 486,551.26 |
| 09/30/2013 | 245,000 | 242,151.26 | 487,151.26 | | | 487,151.26 |
| 09/30/2014 | 255,000 | 232,351.26 | 487,351.26 | | | 487,351.26 |
| 09/30/2015 | 265,000 | 219,601.26 | 484,601.26 | | | 484,601.26 |
| 09/30/2016 | 280,000 | 206,351.26 | 486,351.26 | | | 486,351.26 |
| 09/30/2017 | 295,000 | 192,351.26 | 487,351.26 | | | 487,351.26 |
| 09/30/2018 | 310,000 | 177,601.26 | 487,601.26 | | | 487,601.26 |
| 09/30/2019 | 320,000 | 165,201.26 | 485,201.26 | | | 485,201.26 |
| 09/30/2020 | 335,000 | 152,401.26 | 487,401.26 | | | 487,401.26 |
| 09/30/2021 | 345,000 | 138,582.50 | 483,582.50 | | | 483,582.50 |
| 09/30/2022 | 360,000 | 124,351.26 | 484,351.26 | | | 484,351.26 |
| 09/30/2023 | 375,000 | 109,051.26 | 484,051.26 | | | 484,051.26 |
| 09/30/2024 | 390,000 | 93,113.76 | 483,113.76 | | | 483,113.76 |
| 09/30/2025 | 410,000 | 76,343.76 | 486,343.76 | | | 486,343.76 |
| 09/30/2026 | 425,000 | 58,406.26 | 483,406.26 | | | 483,406.26 |
| 09/30/2027 | 445,000 | 39,812.50 | 484,812.50 | | | 484,812.50 |
| 09/30/2028 | 465,000 | 20,343.76 | 485,343.76 | | | 485,343.76 |
| | 6,405,000 | 3,584,371.44 | 9,989,371.44 | 4,625.85 | 365,442.49 | 9,619,303.10 |

EXHIBIT "D"

BUILDING FOR BALDWIN COUNTY DHR

Building Specifications

A 46,610-square-foot, fully sprinkled, brick veneer office building standing two stories high. The building will be constructed with a flat roof and electric utilities with a gas emergency generator.

SEND TAX NOTICE TO:

Michael Thompson, County Administrator
Baldwin County Commission
312 Courthouse Square, Suite 12
Bay Minette, Alabama 36507

STATE OF ALABAMA

BALDWIN COUNTY

STATUTORY WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS, that in consideration of Ten Dollars (\$10.00) and other good and valuable consideration paid to the undersigned, Baldwin County, a political subdivision of the State of Alabama (the "Grantor"), by The Public Building Authority of Baldwin County, a public corporation in the State of Alabama (the "Grantee"), the receipt of which is hereby acknowledged, the Grantor, pursuant to the laws of the State of Alabama, including in particular, Section 11-15-16 of the CODE OF ALABAMA 1975, as amended, does hereby grant, bargain, sell and convey unto the Grantee the real estate described on Exhibit A attached hereto and incorporated herein by reference, together with all buildings, structures and fixtures located thereon, situated in Baldwin County, Alabama.

Together with all the rights, tenements, hereditaments and appurtenances thereto belonging or in any way appertaining.

This conveyance is subject to:

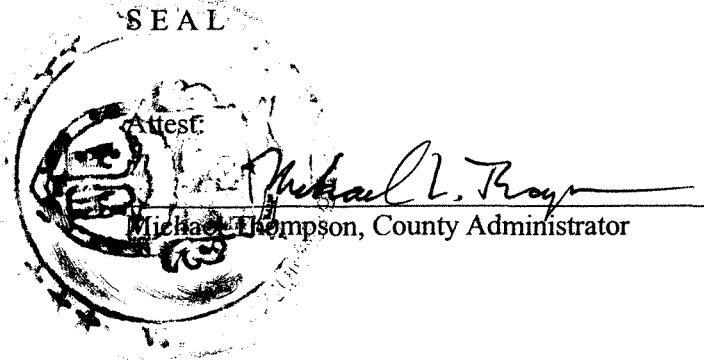
1. All easements, restrictions and encumbrances of record.
2. Ad valorem taxes for the current tax year and all subsequent years.

TO HAVE AND TO HOLD to the Grantee, its successors and assigns forever.

IN WITNESS WHEREOF, Baldwin County has caused this instrument to be executed by its duly authorized officers, this 5th day of June, 2007.

BALDWIN COUNTY

By Wayne Gruenloh
Wayne Gruenloh, Chairman of the
Baldwin County Commission



STATE OF ALABAMA)

BALDWIN COUNTY)

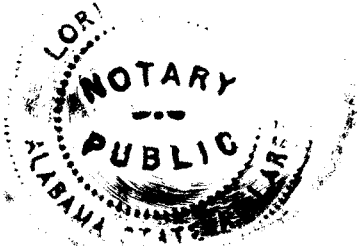
I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Wayne Gruenloh, whose name as Chairman of the Baldwin County Commission of Baldwin County, Alabama, a political subdivision of the State of Alabama, is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day, that, being informed of the contents of the conveyance he, as such officer and with full authority, executed the same voluntarily for and as the act of Baldwin County.

Given under my hand and official seal this 5th day of June, 2007.

Aari H. Reppin
Notary Public

My commission expires: _____
NOTARY PUBLIC STATE OF ALABAMA AT LARGE
MY COMMISSION EXPIRES: Dec 13, 2008
BONDED THRU NOTARY PUBLIC UNDERWRITERS

AFFIX SEAL



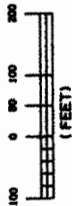
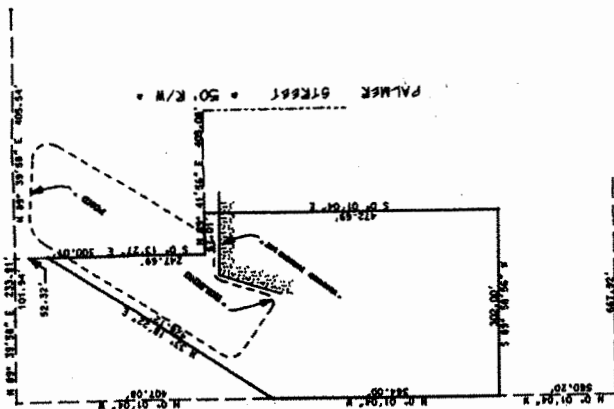
This instrument Prepared by:

James L. Birchall
WALSTON, WELLS & BIRCHALL, LLP
1819 5th Avenue North, Suite 1100
P.O. Box 830642
Birmingham, Alabama 35283-0642
(205) 244-5222

Exhibit A

Description of Property

FROM THE SOUTHEAST CORNER OF SECTION 1, TOWNSHIP 6 SOUTH, RANGE 3 EAST, BALDWIN COUNTY, ALABAMA; THENCE RUN NORTH 0 DEGREES, 02 MINUTES, 59 SECONDS EAST A DISTANCE OF 665.51 FEET TO A POINT, THENCE RUN SOUTH 89 DEGREES, 32 MINUTES, 23 SECONDS WEST A DISTANCE OF 667.92 FEET TO A POINT, THENCE RUN NORTH 0 DEGREES, 01 MINUTES, 04 SECONDS WEST A DISTANCE OF 560.20 FEET TO THE POINT OF BEGINNING OF THE PROPERTY HEREIN DESCRIBED; THENCE CONTINUE NORTH 0 DEGREES, 01 MINUTES, 04 SECONDS WEST A DISTANCE OF 364.00 FEET TO A POINT; THENCE RUN NORTH 33 DEGREES, 18 MINUTES, 22 SECONDS EAST A DISTANCE OF 426.12 FEET TO A POINT, THENCE RUN SOUTH 0 DEGREES, 13 MINUTES, 27 SECONDS EAST A DISTANCE OF 247.69 FEET TO A POINT, THENCE RUN NORTH 89 DEGREES, 41 MINUTES 56 SECONDS EAST A DISTANCE OF 67.01 FEET TO A POINT; THENCE RUN SOUTH 0 DEGREES, 01 MINUTES 04 SECONDS EAST A DISTANCE OF 472.69 FEET TO A POINT; THENCE RUN SOUTH 89 DEGREES, 58 MINUTES, 56 SECONDS WEST A DISTANCE OF 302.00 FEET TO THE POINT OF BEGINNING, CONTAINING 3.65 ACRES MORE OR LESS



PROPOSED DATA LEASE

FROM THE SOUTHEAST CORNER OF SECTION 1, TOWNSHIP 6 SOUTH, RANGE 1 EAST, BALDWIN COUNTY, ALABAMA, THENCE N64° 38' 27\"/>

SOUTHEAST CORNER OF SECTION 1, TOWNSHIP 6 SOUTH, RANGE 1 EAST, BALDWIN COUNTY, ALABAMA

| | |
|--|---------------------|
| BALDWIN COUNTY ENGINEERING DEPARTMENT | |
| PROJECT NO. | |
| DNR LEASE | |
| BALDWIN COUNTY, AL | |
| SOILS | QUANTITIES |
| ESTIMATE BY DATE | COMP. BY DATE |



BOB RILEY
Governor

State of Alabama Department of Human Resources

S. Gordon Persons Building
50 Ripley Street
P.O. Box 304000
Montgomery, Alabama 36130-4000
(334) 242-1310
www.dhr.state.al.us



Page B. Walley, Ph.D.
Commissioner

June 12, 2007

Baldwin County Commission
Ms. Lori G. Ruffin, Records Manager
312 Courthouse Square, Suite 12
Bay Minette, AL 36507

RECEIVED
JUN 15 2007

BY:.....

Dear Ms. Ruffin:

Enclosed is a copy of the fully executed lease for space located at 1705 Highway 31 South, Baldwin County, Alabama, in the city of Bay Minette. Also, enclosed is a copy of the fully executed lease for the ~~new bond building to be located at 22259 Palmer Street~~, Baldwin County, Alabama, in the city of Robertsdale.

If you have any questions or need additional information, please feel free to contact me at 334-240-6810.

Sincerely,

Leslie Hooks
Office of Housing

Cc: René Massey, Director
Baldwin County DHR

Craig Nelson, Supervisor
DHR Accounts Payable