

LEASE AGREEMENT, by and between **SHELBY COUNTY, ALABAMA** (herein called the "LESSOR"), and **ALABAMA DEPARTMENT OF HUMAN RESOURCES**, an agency of the State of Alabama (herein called the "AGENCY").

In consideration of the respective agreements on the part of the LESSOR and the AGENCY herein contained, the parties hereto do hereby agree as follows:

Section 1. Term of Lease; Rent Commencement Date. (a) This Lease Agreement shall take effect immediately upon its execution and delivery and shall continue in full force and effect until the first day of the month following the month during which the final rental payment is required to be made in accordance with the next succeeding paragraph (b) of this Section 1. Payment of rent shall commence as provided in the next succeeding paragraph (b) of this Section 1 and shall continue until the month specified in Section 4.

(b) Payment of the monthly rental hereunder shall begin as soon as practicable but no earlier than the date on which the Building (hereinafter described) is completed, and approval and/or certification by all appropriate city, county and state officials has been obtained stating that the Building is ready for occupancy (the "Rent Commencement Date"). In the event the Rent Commencement Date occurs on any day other than the first day of a month, then the first rental payment hereunder shall be due on the day the Rent Commencement Date occurs 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. Said computation will be based on a thirty-day (30-day) month.

Inst # 1992-29844

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Section 2. Demised Premises. LESSOR hereby leases to AGENCY, and AGENCY hereby leases from LESSOR, the Demised Premises, as hereinafter defined.

Section 3. Location. This Lease Agreement covers a building (the "Building") and parking lot to be constructed substantially in accordance with the plans, specifications and drawings heretofore furnished to the AGENCY. The property subject to this Lease Agreement shall be located on the real property described on Exhibit B (the "Site") and shall consist of the Building generally described in Exhibit A (the Site, the said building and related facilities located in the Site being herein together called the "Demised Premises"). It is anticipated that the drawings and specifications, including any site plan, may be changed prior to construction of the Building, but final plans and specifications will be submitted to the AGENCY for comment and approval prior to the commencement of construction. AGENCY, by the execution and delivery hereof, approves the plans, specifications and drawings for the Building heretofore furnished to it.

Section 4. Rental Payments. (a) The monthly rental hereunder shall be \$12,584.37 for each month, commencing with the month during which the Rent Commencement Date occurs and continuing until November 1, 2008 (prorated for the first rental payment in accordance with subparagraph (b) of Section 1 hereof). Monthly rental payments shall be due each on the first day of each calendar month upon submittal in advance by LESSOR of two sworn invoices stating the amount due hereunder as required by law and regulations of the State Finance Department. The Trustee under the Indenture under which the Warrants are issued (as described on Exhibit C) shall determine and shall credit the AGENCY and by such credit shall decrease the scheduled payment of rental hereunder due on November 1 in each year, commencing November 1, 1993, and on each monthly rental payment thereafter due by the AGENCY until all such excess has been fully credited, such credit to be in an amount equal to the sum

of (a) the amount paid by the AGENCY in the preceding 12-month period, including any interest earned thereon and held by such Trustee, which will not be needed to pay the fees of the Trustee and principal and interest on the Warrants on such November 1, plus (b) the amount of proceeds of any borrowing deposited in the debt service fund by the LESSOR.

(b) In addition to the stated monthly rental provided for in the preceding paragraph (a) of this Section 4, the AGENCY shall pay as additional annual rental an amount equal to the casualty insurance premium on the Demised Premises for fire and extended casualty insurance at least equal to the replacement cost of the Building (but in no event less than the outstanding principal amount of the debt obligations described in Exhibit C, or if insurance to such extent is not available, to the extent of the full insurable value of the Building as determined by a recognized insurer) and comprehensive public liability insurance for injury or death to third parties or damage to their properties as a result of occurrences on or about the Demised Premises in an amount not less than \$1,000,000. Upon submission to the AGENCY of a copy of the invoice for each insurance policy and a copy of the policy, the AGENCY will pay directly to the insurer an amount equal to such premium insuring the building against casualty loss in an amount equal to the replacement cost of the Building but in no event less than the outstanding principal amount of the debt obligations described in Exhibit C (or if insurance to such extent is not available, to the extent of the full insurable value of the Building as determined by a recognized insurer). The AGENCY understands and agrees that the casualty insurance policy shall be held by the Trustee under the Indenture under which the Warrants are issued and that any proceeds of said policy shall be deposited with Trustee and applied to pay costs of repairing and restoring the Building in accordance with the provisions of Section 7 of this Lease Agreement.

Section 5. Covenants of AGENCY. The AGENCY hereby covenants with the LESSOR that the AGENCY shall:

(a) use and occupy the premises for office and storage purposes only and for no other object or purpose without the written consent of the LESSOR;

(b) not at any time to assign this agreement nor to sublet the demised premises, or any portion thereof, except to another State or County agency, without written permission of the LESSOR or its representative, and LESSOR further covenants that such consent will not be unreasonably withheld;

(c) keep the premises in good order, reasonable wear and tear excepted;

(d) permit LESSOR and its agents to enter on the 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) be responsible for any cost incurred for ad valorem taxes, if any;

(f) surrender possession of the premises upon the termination of this Lease Agreement, or any extension hereof as herein provided, in as good condition as when received, reasonable wear and tear and accidents happening by fire or other casualties excepted;

(g) be responsible for all utilities furnished to the facility;

(h) be responsible for correcting or repairing any malfunction or breakdown of the heating or cooling system of the facility to the extent that such correction or repair is not covered by warranty. The AGENCY, after warranty, shall be responsible for maintaining normal service and maintenance contracts on the heating and cooling system for the Building, with contractors certified to work on heating and cooling systems of the type and caliber incorporated into the Building;

(i) be responsible for keeping the Building and its grounds in good repair, except in the case of damages arising from ordinary wear and tear, or in the case of damages arising from the intentional actions of, or from the negligence of, the LESSOR or its agents or employees. If damages occur from the intentional actions or negligence of the LESSOR, said damages shall be the responsibility of the LESSOR to repair. Should the AGENCY fail to maintain or repair any condition, then the LESSOR should give notice to the AGENCY of any defect and give the AGENCY a reasonable time frame to correct such defect. Should the AGENCY fail to repair or correct any defect in a reasonable time, then the LESSOR may make such repairs at its expense and bill the AGENCY;

(j) be responsible for all janitorial services as well as for the cost and continuation of heating, electricity, water and sewer services, and for replacing light bulbs and ballasts;

(k) not acquire, construct, lease or use any building or office facilities, or ancillary improvements other than the Demised Premises, for use as a general office facility for the AGENCY in the County in which the Building is located while any of the debt obligations described on Exhibit C (the "Related Obligations") remain outstanding and unpaid; provided, that if, at any time prior to the date when all Related Obligations have been fully paid as therein provided, the AGENCY shall determine that the need for office facilities for use by the AGENCY in the County in which the Building is located exceeds the capacity of the Demised Premises plus the maximum capacity of all other office facilities then owned, leased, rented or used by the AGENCY, then the AGENCY may acquire, construct, lease or use new or additional office facilities but only to the limited extent necessary to provide office facilities for the number of employees which could not then be accommodated by the Demised Premises; and not to permit any employees of the AGENCY (other than employees who cannot then be accommodated by the Demised Premises) to occupy any office facility located in the County other than the Demised Premises unless the term of the lease shall have been renewed in each fiscal year of the AGENCY until the Related Obligations have been fully paid and retired.

Section 6. Covenants of LESSOR. The LESSOR covenants and agrees that it shall:

- (a) not discontinue any service or facility herein contracted for; and
- (b) make and maintain the Demised Premises in a condition that is accessible to and usable by the handicapped in accordance with Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990, and applicable Federal

Regulations and standards; provided, however, that no obligation of the LESSOR under this Lease Agreement shall ever constitute debt of the LESSOR within the meaning of Section 224 of the Constitution of Alabama of 1901, as amended.

Section 7. Damage or Destruction. If the premises shall be damaged or destroyed by fire or other casualty, including Acts of God, to the extent that the AGENCY is, in its sole discretion, unable to carry out any or all of its normal operations in the Demised Premises for not less than three (3) consecutive months, then the AGENCY may, at its option, terminate this Lease Agreement, effective as of the date of such fire or casualty, by written notice given to the LESSOR within six (6) weeks after such date. In the event of termination, the proceeds of any casualty insurance policy shall first be applied to pay the redemption price of the securities described on Exhibit C on the earliest practicable redemption date. If the AGENCY does not elect to terminate this Lease Agreement, the LESSOR shall repair, restore or rehabilitate said premises with the proceeds of the insurance payable on account of such fire or casualty loss as soon as practicable, without abatement of the rents due hereunder.

Section 8. Cancellation Privilege. The AGENCY shall have the option to terminate this Lease Agreement at the end of any fiscal year of the State of Alabama in the event the State Legislature fails to appropriate funds to the AGENCY to make the rental payments set out herein which are due and payable under the terms of the Lease Agreement during each ensuing fiscal year. Under no circumstances shall the commitment under this Lease Agreement constitute a debt of the State of Alabama as prohibited by Section 213, Constitution of Alabama 1901, as amended by Amendment No. XXVI.

Section 9. Exemption. The AGENCY, notwithstanding any provision of this Lease Agreement or any amendments hereto, does not release or waive, 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 10. Subordination. The AGENCY's rights under this Lease Agreement shall remain subordinate to any bona fide mortgage or deed to secure debt which is owed, or may hereafter be placed upon the Demised Premises; provided that the AGENCY's tenancy shall not be disturbed, during the term of the lease and absent default by the AGENCY, nor shall the covenants and conditions of this Lease Agreement be invalidated or changed.

Section 11. Default. If at any time one party shall default in any of its covenants or obligations under this Lease Agreement, the other party shall give written notice of the nature of the default. If the default cannot be cured within a reasonable period, the aggrieved party may cancel this agreement without further obligation.

Section 12. Renewal. The LESSOR does hereby grant and give to the AGENCY an option to renew this Lease Agreement at the end of the term of this Lease Agreement for two (2) additional sixty month periods at the rental rate of one dollar (\$1.00) per square foot for each twelve month period by giving LESSOR a thirty-day (30-day) written notice prior to the expiration of the then existing term of its intention to so renew or extend.

Section 13. Approvals. The AGENCY and LESSOR, by the execution and delivery hereof, warrant and represent that all approvals and consents necessary to be obtained by them under laws of the

State of Alabama, under the laws of the United States or otherwise as a condition precedent to the execution and delivery of this Lease have been obtained and are in full force and effect.

Section 14. **Exhibits.** The following constitute the Exhibits to this Lease Agreement, each of which is incorporated herein by reference and shall be a part of this Lease Agreement as if set forth in full herein. The description of the Exhibits below is for reference only. Reference is hereby made to the Exhibits in their entirety.

- EXHIBIT A - Description of the Building
- EXHIBIT B - Legal description of the Site
- EXHIBIT C - Description of Debt Obligations issued to provide funds to construct Building

Section 15. **Entire Agreement.** This Lease Agreement constitutes the entire agreement between the parties.

IN WITNESS WHEREOF, the parties hereto have caused this Lease Agreement to be executed by their duly authorized officers, in their respective capacities hereunder noted, all in six (6) counterparts, each of which shall be deemed an original, dated as of December 10, 1992.

RECOMMENDED:

By Joseph M. McHale
Office of Space Management

Date signed: _____

LESSOR:

By [Signature]
Its Chairman

Date signed: 9/17/92

APPROVED FOR LEGALITY *Jam*

By *[Signature]*
Attorney, Dept. of Finance

Date signed: _____

AGENCY: STATE OF ALABAMA,
DEPT. OF HUMAN RESOURCES

By *Charles G. Cleveland*
Commissioner

Date signed: 11-18-92

APPROVED:

DOES NOT REQUIRE
FINANCE DIRECTOR'S
SIGNATURE

By _____
Director of Finance

Date signed: _____

APPROVED FOR LEGAL FORM:

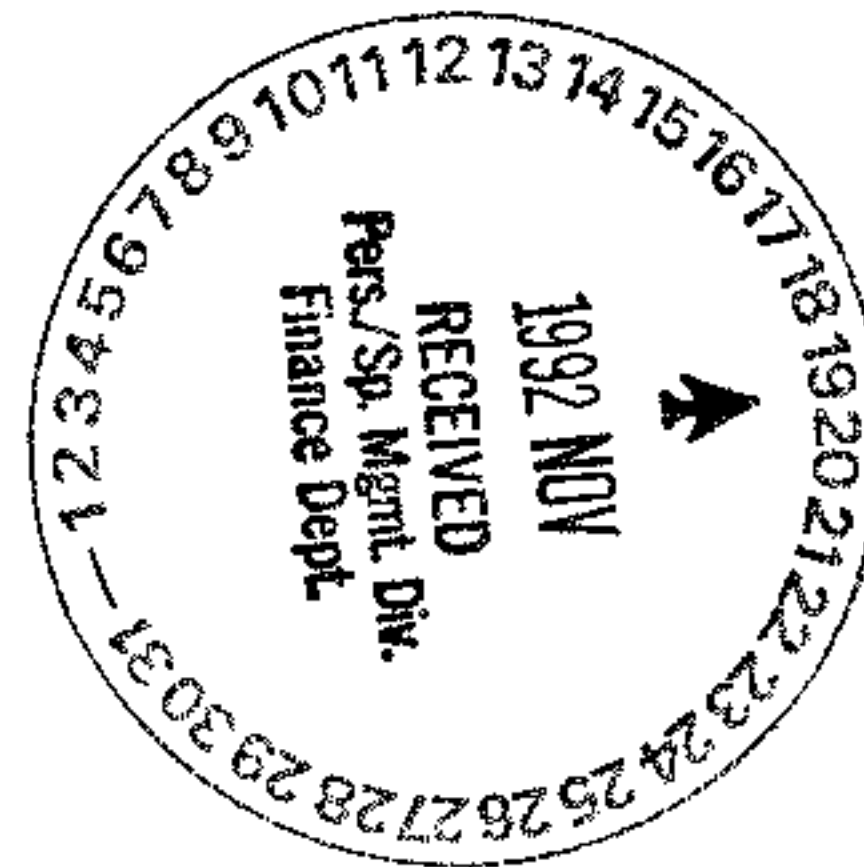
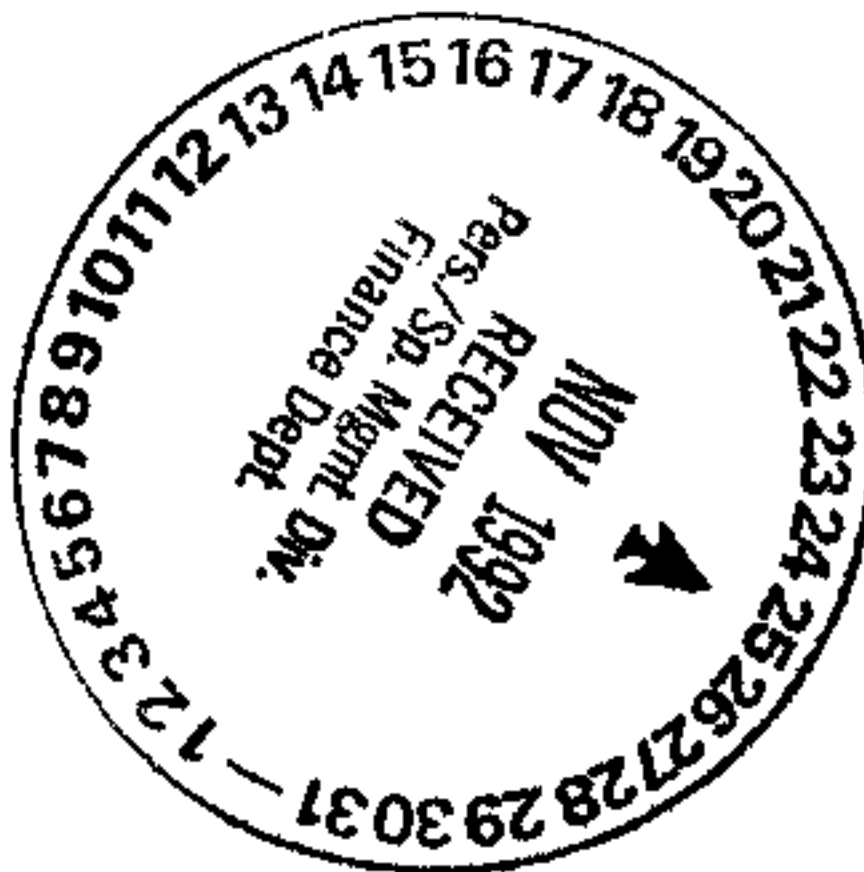
By *Margaret L. Hines*
Attorney, Dept. of Human Resources

Date signed: 11-16-92

APPROVED: STATE OF ALABAMA

By *Gary Hunt*
Governor of Alabama

Date signed: _____



STATE OF ALABAMA

COUNTY OF MONTGOMERY

I, the undersigned, a Notary Public in and for said county in said state, hereby certify that Charles H. Cleveland / J. Carley, whose name as Commissioner of the **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.

GIVEN under my hand and official seal of office, this 18th day of November, 1992.

[NOTARIAL SEAL]

Betty B. Hare
Notary Public

My Commission Expires: 8-9-95

STATE OF ALABAMA

COUNTY OF SHELBY

I, the undersigned, a Notary Public in and for said county in said state, hereby certify that **LEON ARCHER**, whose name as Chairman of the County Commission of **SHELBY COUNTY**, a county 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 county.

GIVEN under my hand and official seal of office, this 17th day of September, 1992.

[NOTARIAL SEAL]

[Signature]
Notary Public

My Commission Expires: _____

MY COMMISSION EXPIRES MARCH 28, 1995

EXHIBIT A
to
LEASE AGREEMENT
between
SHELBY COUNTY, ALABAMA
and
ALABAMA DEPARTMENT OF HUMAN RESOURCES

The Building will consist of (i) a parcel of land approximately 5 acres in size located in the City of Columbiana, Shelby County, Alabama, (ii) an office building to contain approximately 24,000 square feet suitable for use as a general office building by the Alabama Department of Human Resources, and (iii) equipment, furniture and fixtures to be used in the Building.

EXHIBIT B

to
LEASE AGREEMENT
between
SHELBY COUNTY, ALABAMA
and
ALABAMA DEPARTMENT OF HUMAN RESOURCES

The following described real estate situated in Shelby County, Alabama, to-wit:

A parcel of land containing 6.00 acres, more or less, lying in the W 1/2 of the E 1/2 of the NW 1/4 of Section 27, Township 21 South, Range 1 West, Huntsville Meridian in or near the City of Columbiana, Shelby County, Alabama, being more particularly described as follows, to-wit: to arrive at the point of beginning commence at an iron pin found at the southwest corner of the SE 1/4 of the NW 1/4 of said Section 27; thence run N 00° 00' 00" E along the sixteenth section line for 890.21 feet to an iron pin at the point of beginning; thence from said beginning point continue N 00° 00' 00" E along said line for 446.0 feet to an iron pin at the northwest corner of said SE 1/4 of the NW 1/4; thence run N 21° 20' 01" E for 243.04 feet to an iron pin lying on the south margin of the right-of-way of Alabama Highway No. 70; thence run S 68° 43' 48" E along said margin for 281.34 feet to the center of an unnamed creek; thence run in a southerly direction along the meanderings of the center of the creek which is, more or less, defined by the following four courses and distances: (1) S 11° 41' 14" E, 127.58 feet; (2) S 19° 17' 09" E, 172.83 feet; (3) S 21° 08' 07" E, 173.12 feet; and (4) S 18° 53' 39" E, 127.67 feet; thence leave the center of said creek and run N 90° 00' 00" W for 537.28 feet to the point of beginning.

EXHIBIT C

to
LEASE AGREEMENT
between
SHELBY COUNTY, ALABAMA
and
ALABAMA DEPARTMENT OF HUMAN RESOURCES

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
1994	\$ 60,000	4.50%
1995	60,000	5.00
1996	65,000	5.25
1997	70,000	5.50
1998	70,000	5.75
1999	75,000	6.00
2000	80,000	6.25
2001	85,000	6.50
2002	90,000	6.75
2003	95,000	6.90
2008	600,000	7.25*

* Subject to mandatory redemption on the following dates in the following principal amounts:

<u>Redemption Date</u>	<u>Principal Amount</u>
November 1, 2004	\$105,000
November 1, 2005	110,000
November 1, 2006	120,000
November 1, 2007	130,000
November 1, 2008	135,000

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