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# LEASE AGREEMENT

Dated as of September 1, 2005

between

THE ALABAMA PUBLIC HEALTH CARE AUTHORITY

and

THE STATE OF ALABAMA, ACTING BY AND THROUGH
THE ALABAMA DEPARTMENT OF PUBLIC HEALTH

Relating to the issuance of
Lease Revenue Bonds

by

The Alabama Public Health Care Authority

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# LEASE AGREEMENT

THIS LEASE AGREEMENT dated as of September 1, 2005 is entered into by THE ALABAMA PUBLIC HEALTH CARE AUTHORITY, a public corporation organized under the laws of the State of Alabama (the "Issuer"), and the STATE OF ALABAMA, ACTING BY AND THROUGH ITS DEPARTMENT OF PUBLIC HEALTH (the "Lessee").

The Issuer has previously issued its Mortgage Revenue Bonds, Series 1996 (the "Refunded Bonds") in the aggregate principal amount of $30,000,000 for the purpose of financing the acquisition, construction and equipping of various health care facilities within the State of Alabama (the "State"). The facilities financed by the Refunded Bonds were leased to the Lessee pursuant to a Lease Agreement dated as of May 1, 1996 (the "Original Lease") between the Issuer and the Lessee. The health care facilities currently subject to the Original Lease are described in Exhibit A to this Lease Agreement and are referred to herein as the "Original Facilities".

Contemporaneously with the execution and delivery of this Lease Agreement, the Issuer has entered into a Trust Indenture dated as of September 1, 2005 (the "Trust Indenture") between Issuer and First Commercial Bank, as trustee (the "Trustee") and has issued $57,975,000 aggregate principal amount of its Lease Revenue Bonds (Department of Public Health Facilities), Series 2005 thereunder (the "Series 2005 Bonds"). The Series 2005 Bonds are being issued for the purpose of refunding the Refunded Bonds and for the purpose of financing the acquisition, construction and equipping of certain additional health care facilities described in Exhibit A hereto (the "2005 Facilities") to be leased to the Lessee. The Original Facilities and the 2005 Facilities are collectively referred to as the "Facilities".

Upon the issuance of the Series 2005 Bonds and the execution and delivery of this Lease Agreement, the Original Lease will be terminated.

The Facilities are being leased by the Issuer to the Lessee under the terms of this Lease Agreement, pursuant to which the Issuer will lease the Facilities to the Lessee, and the Lessee will agree to make rental payments to the Issuer thereof at such times and in such amounts as shall be sufficient to pay the principal of, premium (if any), and interest ("Debt Service") due on the Bonds during the initial and each renewal term of this Lease Agreement.

The Series 2005 Bonds and any additional bonds issued under the Trust Indenture (collectively, the "Bonds") shall be limited obligations of the Issuer payable solely out of (i) payments by the Lessee pursuant to this Lease Agreement, (ii) amounts held by the Trustee in any of the funds created under the Indenture, and (iii) any other revenues, rentals or receipts derived by the Issuer from the leasing or sale of the Facilities. Pursuant to the Indenture, the Issuer shall assign and pledge to the Trustee all right, title and interest of the Issuer in and to this Lease Agreement (except for certain rights personal to the Issuer).

The payment of the principal of and interest on the Series 2005 Bonds is guaranteed by a policy of municipal bond insurance issued by Financial Security Assurance, Inc. (the "Bond Insurer").

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**NOW, THEREFORE**, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto covenant, agree and bind themselves as follows:

## ARTICLE 1

## Definitions and Other Provisions of General Application

### SECTION 1.01 Definitions

For all purposes of this Lease Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(1) Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

(2) The terms defined in this Article shall have the meanings assigned to them in this Article. Singular terms shall include the plural as well as the singular, and vice versa.

(3) The definitions in the recitals to this instrument are for convenience only and shall not affect the construction of this instrument.

(4) All accounting terms not otherwise defined herein have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles. All references herein to "generally accepted accounting principles" refer to such principles as they exist at the date of application thereof.

(5) All references in this instrument to designated "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(6) The terms "herein", "hereof" and "hereunder" and other words of similar import refer to this Lease Agreement as a whole and not to any particular Article, Section or other subdivision.

(7) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(8) The term "person" shall include any individual, corporation, partnership, joint venture, association, trust, unincorporated organization and any government or any agency or political subdivision thereof.

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**SECTION 1.02 Effect of Headings and Table of Contents**

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

**SECTION 1.03 Date of Lease Agreement**

The date of this Lease Agreement is intended as and for a date for the convenient identification of this Lease Agreement and is not intended to indicate that this Lease Agreement was executed and delivered on said date.

**SECTION 1.04 Separability Clause**

If any provision in this Lease Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**SECTION 1.05 Governing Law**

This Lease Agreement shall be construed in accordance with and governed by the laws of the State of Alabama.

**SECTION 1.06 Counterparts**

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

## ARTICLE 2

## Demising Clause

For and in consideration of the performance and observance by the Lessee of the agreements and covenants of this Lease Agreement to be performed and observed by the Lessee, the Issuer does hereby lease and demise to the Lessee, and the Lessee does hereby lease, take and hire from the Issuer the following property:

I.

The real property and interests described in Exhibit A attached hereto, together with all easements, permits, licenses, rights-of-way, contracts, leases, tenements, hereditaments, appurtenances, rights, privileges and immunities pertaining or applicable to said real property and interests therein (herein referred to as the "Project Sites"), and any additional parcel or parcels to this Lease Agreement of real property subsequently added as a Project Site pursuant to Section 3.01(c) hereof.

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II.

The buildings, structures and improvements constructed and to be constructed on the Project Sites pursuant to Article 3 hereof (the "Buildings"), and all other buildings, structures and improvements now or hereafter located on the Project Sites.

III.

The personal property and fixtures described in Exhibit B attached hereto and all other personal property and fixtures acquired or to be acquired by the Issuer with the proceeds of the Bonds or pursuant to any provision of this Lease Agreement, including all substitutions and replacements for such personal property and fixtures (herein referred to as the "Equipment") to be located on the Project Sites.

**SUBJECT, HOWEVER**, to Permitted Encumbrances, which are described in Exhibit D to this Lease Agreement.

## ARTICLE 3

## Acquisition of the Facilities

**SECTION 3.01 Acquisition of the Original Facilities; Agreement to Acquire, Construct and Install the 2005 Facilities**

(a) The Original Facilities have been acquired by the Issuer in accordance with the instructions of the Lessee and are described in Exhibit A. The 2005 Facilities are to be constructed and installed on Project Sites located as shown in Exhibit A, such Project Sites to be added to the demise of this Lease Agreement as provided in paragraph (c) below. The personal property and fixtures acquired and installed or to be acquired and installed as part of the Facilities are described in Exhibit B to this Lease Agreement. The Buildings and the Equipment have been or shall be constructed and installed on the Project Sites.

(b) The Issuer and the Lessee will continue with, and will complete as promptly as practicable, the following:

(i) the acquisition of the Project Sites for the 2005 Facilities;

(ii) the acquisition and construction of the Buildings for the 2005 Facilities as directed by the Lessee; and

(iii) the acquisition and installation, in or about the Buildings and wholly within the boundaries of the Project Sites, of such items of machinery, equipment, furniture, fixtures and other personal property necessary for or useful in the operation of the 2005 Facilities as shall be specified by the Lessee, (said machinery, equipment, furniture, fixtures and other personal property, as presently envisioned by the Lessee, being generally described in Exhibit B attached hereto and made a part hereof).

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The Issuer and the Lessee will use their best efforts to complete the acquisition and construction of the 2005 Facilities, or the cause the same to be completed, as promptly as practicable, delays incident to strikes, riots, acts of God or the public enemy or other acts beyond the reasonable control of the Issuer or the Lessee only excepted; provided however, that no liability on the part of the Issuer nor any reduction in or postponement of any rentals payable by the Lessee hereunder shall result from any delay in the completion of any of the 2005 Facilities or from the failure of such work to be completed in accordance with the plans, specifications and directions furnished by the Lessee.

(c) As of the date of issuance of the Series 2005 Bonds and the execution and delivery of this Lease Agreement, the Issuer, has not yet acquired title to the Project Sites for the 2005 Facilities. The Lessee shall identify the Project Sites for the 2005 Facilities as promptly as practicable after the issuance of the Series 2005 Bonds and shall take the steps described below to add such Sites to the demise of this Lease Agreement. The parties may also identify and add additional parcels of real estate to this Lease Agreement, so that such additional parcels shall become Project Sites for subsequently identified Facilities, subject to all of the provisions of this Lease Agreement and upon which the Issuer will construct, equip, renovate and/or refurbish additional Facilities.

The Lessee shall assume the responsibility of identifying additional Facilities and Project Sites to be added to this Lease Agreement and may do so by delivering to the Issuer and the Trustee the following items with respect to each such additional Facility and Project Site:

(i) a description of the proposed Facility and the public health purposes to be served thereby, including a certificate from an Authorized Lessee Representative that the proposed Facility will constitute a "health care facility" within the meaning of the Enabling Law;

(ii) a proposed contract and form of deed pursuant to which the owner of the real estate proposed to be added to the demise of this Lease Agreement is willing to sell, grant or otherwise convey such real estate to the Issuer;

(iii) a binder for title insurance issued by a title insurance company licensed to do business in the State and otherwise acceptable to the Trustee, providing for the issuance of a title insurance policy or policies in the amount at least equal to the amount of Bond proceeds expected to be expended on the proposed Facility, as certified by the Lessee, subject only to Permitted Encumbrances, naming the Issuer and the Trustee as insureds;

(iv) a "Phase I" environmental audit report with respect to the proposed Project Site, issued by a registered professional environmental engineer and prepared in accordance with Standard E1527, Standard Practice for Environmental Site Assessment Phase I Site Assessment Process established by ASTM (formerly known as the American Society of Testing and Materials);

(v) a certificate of an Authorized Lessee Representative to the effect that the Lessee is in full compliance with its obligations under this Lease Agreement and that no Event of Default or circumstance or occurrence which, with the passage of time, may constitute an Event of Default, exists on the part of the Lessee under this Lease Agreement;

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(vi) a general description of the plans for constructing, equipping, renovating and/or for refurbishing the proposed Facility, including an estimated budget for the Facility;

(vii) an executed amendment to this Lease Agreement, for the purpose of amending Exhibit A hereto so as to add the additional parcel of real estate as a Project Site subject to the demise of this Lease Agreement;

(viii) a form of written notification to the Bond Insurer with respect to the addition of such proposed Facility and Project Site to the provisions of this Lease Agreement and the use of moneys in the Construction Fund for payment of Project Costs related thereto;

(ix) an opinion of counsel to the Lessee to the effect that the proposed Facility will constitute a "health care facility" under the Enabling Law and that all of the terms and conditions contained in this Lease Agreement and in the Indenture relating to the inclusion of such Facility under the terms thereof have been complied with and satisfied;

(x) A Favorable Tax Opinion; and

(xi) the form of any sublease proposed to be entered into by the Lessee with respect to the proposed Facility.

The Trustee shall review the items so delivered by the Lessee and, if it determines that the foregoing items are in acceptable form and that the inclusion of the proposed Facility and Project Site under the terms of this Lease Agreement will be consistent with the provisions of the Enabling Law, the Indenture and this Lease Agreement, then the Trustee and the Issuer shall execute and deliver such of the foregoing as require their execution and delivery, shall cause the deed for the Project Site and the executed amendment to this Lease Agreement to be recorded in the appropriate public offices, and shall cause the purchase price (if any) for the parcel of real estate to be paid from the Construction Fund, whereupon the said real estate shall be deemed to be a "Project Site" subject to all of the provisions of this Lease Agreement and the Indenture and the Issuer and the Lessee shall be entitled to cause the Trustee to disburse moneys from the Construction Fund as provided in Section 3.02 of this Lease Agreement and Section 8.03 of the Indenture for the payment of Project Costs relating to such newly identified Facility and Project Site. In making such determinations, the Trustee may rely upon an opinion of counsel, including the opinion required in clause (x) above.

(d) The Issuer acknowledges that the Buildings are to be constructed in accordance with the requirements of the Lessee, and it is therefore agreed and understood that the Lessee, at any time and from time to time after the delivery of this Lease Agreement, may cause such changes to be made in the design of the Buildings as it may deem necessary or desirable; provided, however, that (i) the Buildings, as finally constructed in accordance with the requirements of the Lessee, shall be of a quality substantially equivalent to that contemplated by the Lessee at the time of the delivery of this Lease Agreement and (ii) the nature and character of the Buildings shall be such as is necessary for the Facilities to qualify as "health care facilities" within the meaning of the Enabling Law. The Lessee may, after the delivery of this Lease Agreement, cause such changes to be made in the Equipment described in Exhibit B hereto, including additions thereto, deletions therefrom and substitutions therefor, as it may desire and as

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will not cause the Equipment, as altered by such changes, to be, in the reasonable judgment of the Lessee, functionally inferior (insofar as the operation of the Facilities by the Lessee is concerned) to the Equipment described in said Exhibit B. Except as provided in the foregoing provisions of this paragraph, neither the Lessee nor the Issuer will cause or permit any changes to be made in the design of the Buildings or in the composition of the Equipment. The rights of the Lessee under this paragraph to cause changes to be made in the Equipment described in said Exhibit B shall apply only to the selection of such equipment prior to its installation in or about the Buildings, and nothing herein contained shall be construed to enlarge, restrict or otherwise alter the terms and conditions contained in Section 6.08 of this Lease Agreement respecting the removal from the Project Sites of any Equipment.

The Issuer will execute and deliver, or cause to be executed and delivered, all contracts, orders, requisitions, instructions and other written instruments and do, or cause to be done, all other acts or things that may be necessary or proper to carry out the work of acquiring, constructing and equipping the Facilities and to perform fully its obligations under this Lease Agreement. In no event, however, will the Issuer hereafter enter into any contract with respect to the work of acquiring, constructing and equipping the Facilities or any part thereof unless there is endorsed thereon a legend indicating that the Lessee has approved both the form and substance of such contract and such legend is signed on behalf of the Lessee by an Authorized Lessee Representative. The Issuer hereby assigns to the Trustee as security for the payment of the Indenture Indebtedness, and all other obligations of the Issuer under the Indenture, all of its right, title and interest under all construction contracts, architect and engineering contracts, performance bonds and payment bonds, builders risk and other insurance and all other construction agreements and documents affecting the Facilities. This is a collateral assignment, however, and until there shall occur an Event of Default under this Lease Agreement, the Indenture or any other instrument securing the Bonds, the Issuer shall have full right to exercise all rights and remedies under any and all of the assigned agreements. The Issuer and the Lessee agree that they will not amend or depart from, or consent to any amendment to or departure from, the terms and provisions of the assigned agreements, without the prior written consent of the Trustee. The Lessee hereby consents to the above assignment.

The Issuer hereby assumes and adopts all contracts (if any) heretofore entered into by the Lessee, either in the name and behalf of the Issuer or in the name and behalf of the Lessee, with respect to the acquisition, construction and equipping of the Facilities; provided, however, that any obligation for the payment of money incurred or assumed by the Issuer with respect to any such contracts shall be payable solely from the proceeds derived by the Issuer from the sale of the Bonds, from income earned by the Issuer from the investment of such proceeds which is not required to be rebated to the United States as provided in the Indenture, or from any moneys made available to the Issuer by the Lessee for the payment of such obligation.

The Issuer and the Lessee shall each appoint by written instrument an agent or agents authorized to act for each respectively in any or all matters arising under this Lease Agreement or the Indenture which, by the specific terms of this Lease Agreement or the Indenture, require action by such agents. Each agent so appointed to act for the Issuer shall be designated an Authorized Issuer Representative, and each agent so appointed to act for the Lessee shall be designated an Authorized Lessee Representative. Either the Issuer or the Lessee may from time to time, by written notice to the other party hereto and to the Trustee, revoke, amend or otherwise

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limit the authorization of any agent appointed by it to act on its behalf or designate another agent or agents to act on its behalf, provided that with reference to all the foregoing matters there shall be at all times at least one Authorized Issuer Representative authorized to act on behalf of the Issuer and at least one Authorized Lessee Representative to act on behalf of the Lessee.

**SECTION 3.02 Withdrawals from Construction Fund**

(a) The Lessee may cause withdrawals to be made from the Construction Fund for the payment of Project Costs of the 2005 Facilities and any additional Facilities added to the demise of this Lease Agreement under Section 3.01(c) above (including reimbursement to the Lessee for such Project Costs paid by it), but only if (i) no Lease Default exists and no event has occurred and is continuing which, with notice or lapse of time or both, would constitute a Lease Default, and (ii) the Lessee delivers to the Trustee a duly completed requisition for each such withdrawal in the form attached hereto as Exhibit C, executed on behalf of the Lessee by an Authorized Lessee Representative.

(b) For purposes of this Lease Agreement, the term "Project Costs" shall mean all costs of acquiring, constructing, installing and equipping the 2005 Facilities and any additional Facilities added to this Lease Agreement under Section 3.01(c) above, including without limitation:

(1) the purchase price and related costs for the acquisition of the related Project Sites or any interest therein,

(2) the cost of labor, materials and supplies furnished or used in the construction, installation, renovation, or installation of buildings, structures and improvements,

(3) acquisition, transportation and installation costs for personal property and fixtures,

(4) fees for architectural, engineering and supervisory services,

(5) expenses incurred in the enforcement of any remedy against any contractor, subcontractor, materialman, vendor, supplier or surety,

(6) interest accruing on indebtedness incurred by the Issuer or the Lessee (including the Bonds) in connection with the acquisition, construction and installation of, or other work on, a Facility until such Facility is (or was) placed in service,

(7) expenses incurred by the Issuer and the Lessee in connection with the financing of the Facilities, including legal, consulting, accounting and underwriting fees,

(8) fees for appraisals of the Facilities,

(9) insurance premiums and taxes incurred until the Facilities are (or were) placed in service,

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(10) reimbursement to the Lessee for any such costs, fees and expenses paid by it with its own funds, and

(11) any rebate due to the United States Treasury pursuant to Section 148(f) of the Internal Revenue Code.

No withdrawal shall be made from the Construction Fund for the payment of Project Costs relating to any of the Original Facilities.

**SECTION 3.03 No Warranty; Lessee to Complete Facilities**

(a) The Lessee recognizes that since the plans, specifications and directions for acquiring, constructing, installing and equipping the Facilities have been, or will be, furnished by it, the Issuer makes no warranty, either express or implied, with respect to the Facilities and does not offer any assurances that the Facilities will be suitable for the Lessee's purposes or needs or that the proceeds derived from the sale of the Bonds will be sufficient to pay in full all Project Costs.

(b) If the proceeds derived from the sale of the Bonds are insufficient to pay in full all Project Costs, the Lessee shall complete the acquisition, construction, installation and equipping of the Facilities at its own expense.

**SECTION 3.04 Remedies Against Contractors, etc.**

If any vendor, contractor or subcontractor shall default under any contract or purchase order in connection with the acquisition, construction, installation or equipping of any of the Facilities, the Issuer shall follow the written instructions of, and shall cooperate in good faith with, the Lessee in the pursuit of any remedies that may be available under the circumstances. Upon the written request of the Lessee, the Issuer shall assign to the Lessee all rights of the Issuer under any such contract or purchase order and the Lessee may, in its own name or in the name of the Issuer, pursue any such remedies.

**SECTION 3.05 Completion of the Facilities**

(a) The Original Facilities have been completed and are currently occupied and in service. The completion of the 2005 Facilities shall be evidenced by a certificate signed by an Authorized Lessee Representative stating that

(1) the acquisition, construction, installation and equipping of the 2005 Facilities has been completed in accordance with the plans and specifications therefor (including any changes or amendments to such changes pursuant to Section 3.01), and

(2) all amounts due for labor, materials, supplies and other costs incurred in connection with the acquisition and installation of the 2005 Facility have been paid.

(b) After the delivery of the aforesaid certificate to the Trustee, any money then remaining in the Construction Fund shall be applied as provided in the Indenture.

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**SECTION 3.06 Issuance of Additional Bonds**

The Issuer covenants and agrees to cooperate with the Lessee in the issuance of such Additional Bonds as may be requested by the Lessee, subject to the limitations and other provisions contained in the Indenture.

## ARTICLE 4

## Lease Term and Rental Payments

**SECTION 4.01 Lease Term**

The term of this Lease Agreement shall begin on the date of the delivery of this Lease Agreement and, subject to the further provisions hereof, shall continue until midnight on September 30, 2005.

The Lessee shall have the option to renew this Lease Agreement for a term of twelve months beginning October 1, 2005, and shall have the further option from year to year thereafter to renew this Lease Agreement for successive Annual Terms not to exceed twelve months each, each such Annual Term to coincide with the fiscal year of the State of Alabama beginning on October 1 and ending on the next succeeding September 30; provided, however, that this Lease Agreement shall not be renewed for any period extending more than 30 years after the date hereof or until there are no longer any Bonds Outstanding under the Indenture. Such option to renew this Lease Agreement for any fiscal year shall be deemed to have been exercised if the Lessee or any sublessee or licensee of the Lessee continues in occupancy of any Facility on October 1 of such fiscal year; provided, however, that on any October 1 preceding the occurrence of the Completion Date, such option to renew shall be deemed to have been exercised if the Lessee gives to the Issuer notice in writing of its intention to exercise such option.

**SECTION 4.02 Basic Rental Payments**

(a) The Lessee shall make Basic Rental Payments to the Trustee, for the account of the Issuer, as follows:

(i) On or before October 15, 2005, and on or before the fifteenth (15th) calendar day of each month thereafter through and including February 15, 2006, the Lessee shall make Basic Rental Payments to the Trustee in an amount equal to one-fifth (1/5th) of the interest on the Bonds due on March 1, 2006, plus an amount equal to one-tenth (1/10th) of the principal due on the Bonds (by scheduled maturity or by mandatory sinking fund redemption) on September 1, 2006;

(ii) On or before March 15, 2006, and on or before the fifteenth (15th) calendar day of each month thereafter during any Annual Term of this Lease Agreement, the Lessee shall make Basic Rental Payments to the Trustee in an amount equal to one-sixth (1/6th) of the interest on the Bonds on the next succeeding Interest Payment Date, plus an amount equal to one-twelfth (1/12th) of the principal due on the Bonds (by scheduled maturity or by mandatory sinking fund redemption) on the next succeeding September 1;

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(iii) At least 15 days prior to any redemption date pertaining to the Bonds (other than mandatory sinking fund redemptions covered in (i) above) which occurs during an Annual Term of this Lease Agreement, the Lessee shall make a Basic Rental Payment to the Trustee in an amount equal to the principal of, premium if any, interest on the Bonds becoming due and payable on such redemption date and not otherwise available to the Trustee under the terms of this Lease Agreement or the Indenture; and

(iv) The Lessee shall make additional Basic Rental Payments during each Annual Term at the times and in the amounts specified in Section 8.05 of the Indenture to restore the amounts in the Reserve Fund to the Reserve Fund Requirement.

(b) The Lessee shall receive a credit against the Basic Rental Payments required by subsection (a) of this Section as follows:

(1) The amount of accrued interest received from the sale of the Bonds to the original purchaser or purchasers thereof shall be deducted from the amount of interest due on the first Interest Payment Date for purposes of calculating the required Basic Rental Payments due with respect to such Interest Payment Date.

(2) The Lessee may direct the Trustee to pay all or a portion of the interest due on the Series 2005 Bonds prior to the completion of construction of the Facilities from funds on deposit in the Construction Fund and shall receive a corresponding credit against the Basic Rental Payments due under Section 4.02(a)(i) above; provided, however, that such transfers from the Construction Fund shall not exceed an amount equal to the interest to accrue on the Series 2005 Bonds for the period ending three years after the date of their issuance.

(3) Investment income and profits remaining in the Bond Fund shall be credited against Basic Rental Payments as directed by the Lessee.

(4) Any other money held by the Trustee and available under the terms of the Indenture and this Lease Agreement for the payment of Debt Service on the Bonds shall be credited against Basic Rental Payments as directed by the Lessee. Such directions must be consistent with any mandatory provision of the Indenture and this Lease Agreement with respect to the required use of such money.

(c) All Basic Rental Payments shall be made in funds immediately available at the Office of the Trustee on the due date of such Payments.

(d) The Lessee acknowledges that Basic Rental Payments required by this Section have been calculated to provide amounts which will be sufficient to pay Debt Service on the Bonds as the same matures and comes due during the initial term and any renewal term of this Lease Agreement. If on any Bond Payment Date during any Annual Term of this Lease Agreement, the amount on deposit in the Bond Fund is not sufficient to pay Debt Service on the Bonds due and payable on such Date, the Lessee shall immediately deposit the amount of such deficiency in the Bond Fund.

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**SECTION 4.03 Additional Rental Payments**

The Lessee shall make additional payments ("Additional Rental Payments") during the initial term and any renewal term of this Lease Agreement as follows:

(1) Within 10 days after receipt by the Lessee of an invoice therefor, the Lessee shall pay to the Trustee (i) the acceptance fee of the Trustee, (ii) the normal fees, charges and expenses of the Trustee, and (iii) any amount to which the Trustee may be entitled under Section 13.07 of the Indenture.

(2) Within 10 days after receipt by the Lessee of an invoice therefor, the Lessee shall pay to Issuer the reasonable expenses of the Issuer incurred (i) at the request of the Lessee, (ii) in the performance of the Issuer's duties under any of the Financing Documents, (iii) in connection with any litigation which may at any time be instituted involving the Facility or the Financing Documents, or (iv) in the pursuit of any remedies under the Financing Documents.

(3) Within 10 days after receipt by the Lessee of a demand in writing, the Lessee shall pay to the Bond Insurer any amount owing to the Bond Insurer under the Indenture.

**SECTION 4.04 Nature of the Lessee's Obligations**

The obligations of the Lessee to pay the Basic Rental Payments and to perform and observe the other agreements and covenants on its part herein contained shall be absolute and unconditional within each Annual Term of this Lease Agreement, irrespective of any rights of set-off, recoupment or counterclaim. Notwithstanding the foregoing, the Lessee's obligation to make the payments required by this Lease Agreement shall payable solely from the current revenues of the Lessee during the fiscal year in which such obligation arises. Moreover, anything in this Lease Agreement to the contrary notwithstanding, the obligations of the Lessee under this Lease Agreement shall not extend in any manner beyond the then current term of this Lease Agreement, and shall not be binding upon the Lessee if the Legislature of the State fails to appropriate sufficient funds to the Department of Public Health to meet the obligations of the Lessee hereunder. Legislative appropriations which are designated in the legislation making such appropriations as "rent," "occupancy costs," or any other similar term shall be available for payment of Basic Rent and other payments required hereunder.

Notwithstanding anything to the contrary in this Lease Agreement, the parties hereto understand, covenant and agree that all the obligations of the Lessee hereunder are effective only for the then current one-year term of this Lease Agreement and no representation, covenant or other agreement on the part of the Lessee shall be binding upon the Lessee if such representation, covenant or other agreement would constitute a debt of the State as prohibited by Section 213 of the Constitution of the State, as amended, or would otherwise be unenforceable.

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## ARTICLE 5

## Concerning the Bonds the Indenture and the Trustee

**SECTION 5.01 Assignment of Lease Agreement and Rental Payments by Issuer**

(a) Simultaneously with the delivery of this Lease Agreement, the Issuer shall, pursuant to the Indenture, assign and pledge to the Trustee all right, title and interest of the Issuer in and to the Rental Payments and the Lease Agreement (except for certain rights personal to the Issuer). The Lessee hereby consents to such assignment and pledge.

(b) Until all Indenture Indebtedness has been Fully Paid, the Trustee may exercise all rights and remedies herein accorded to the Issuer, and any references herein to the Issuer shall be deemed, with the necessary changes in detail, to include the Trustee; provided, however, that the Issuer shall retain the rights to indemnification and reimbursement of expenses granted to it by this Lease Agreement.

**SECTION 5.02 Redemption of Bonds**

(a) The Issuer will cause the Trustee to redeem any or all of the Bonds in accordance with the mandatory redemption provisions of the Bonds without any direction from or consent by the Lessee.

(b) The Issuer will exercise any right of optional redemption with respect to the Bonds only upon the written request of the Lessee.

**SECTION 5.03 Amendment of Indenture**

The Issuer will not cause or permit the amendment of the Indenture or the execution of any amendment or supplement to the Indenture without the prior written consent of the Lessee.

**SECTION 5.04 The Special Funds**

(a) If no Lease Default exists, the Issuer shall cause any money held as part of a Special Fund to be invested or reinvested by the Trustee in accordance with the terms of the Indenture and the instructions of the Lessee.

(b) The Lessee shall be solely responsible for (i) determining that any such investment of Special Funds under the Indenture complies with the arbitrage limitations imposed by Section 148 of the Internal Revenue Code, and (ii) calculating the amount of, and making payment of, any rebate due to the United States under Section 148(f) of the Internal Revenue Code.

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**SECTION 5.05 Effect of Full Payment of Indebtedness**

(a) After the Indenture Indebtedness is Fully Paid, all references in this Lease Agreement to the Bonds, the Indenture and the Trustee shall be ineffective and neither the Trustee nor the Holders of the Bonds shall thereafter have any rights hereunder, except those rights that shall have theretofore vested.

(b) After all Indebtedness is Fully Paid, any money or investments remaining in the Special Funds shall be delivered to the Lessee.

(c) If all Indebtedness is Fully Paid prior to the expiration of the term of this Lease Agreement, the Lease shall terminate in accordance with Section 4.01 hereof.

## ARTICLE 6

## The Facilities and Project Sites

**SECTION 6.01 Possession and Use of Facilities**

(a) So long as no Lease Default exists, the Lessee shall be permitted to possess, use, manage, operate and enjoy the Facilities without hindrance on the part of the Issuer, subject, however, to all the terms and conditions of this Lease Agreement. The Facilities shall be occupied by the Lessee or by county health departments as sublessees of the Lessee. No part of any Facility shall be occupied or made available for use by any other entity unless the Lessee shall have first delivered to the Trustee (i) a Favorable Tax Opinion; and (ii) an Opinion of Counsel confirming that the proposed use of the Facility is permitted under the Enabling Law.

(b) The Issuer shall be permitted such possession of the Facilities as shall be necessary and convenient for it to construct and install the Facilities and any additions, improvements, modifications, repairs or renovations to the Facilities that are required to be made by it pursuant to the terms of this Lease Agreement.

**SECTION 6.02 Maintenance and Other Operating Expenses**

The Lessee will, at its own expense, (i) cause the Facilities to be maintained and kept in good condition, repair and working order, (ii) cause to be made all necessary repairs, renewals, replacements, betterments and improvements to the Facilities as may be necessary so that the activities carried on in connection therewith may be properly and advantageously conducted at all times, and (iii) pay all gas, electric, water, sewer and other charges for the operation, use and upkeep of the Facilities.

**SECTION 6.03 Taxes, Assessments, etc.**

Due to the nature of the Issuer and the Lessee, it is not anticipated that the Facilities will be subject to any state or local taxes or assessments. Nonetheless, the Lessee will pay or cause to be paid as they become due and payable any taxes, assessments and other governmental charges

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lawfully levied or assessed or imposed upon the Facilities or any part thereof or upon any income therefrom, and also all taxes, assessments and other governmental charges lawfully levied, assessed or imposed upon the lien or interest of the Trustee or of the Bondholders in the Trust Estate, so that the lien of the Indenture shall at all times be wholly preserved at the cost of the Lessee and without expense to the Issuer, the Trustee or the Bondholders; provided, however, that the Lessee shall not be required to pay and discharge or cause to be paid and discharged any such tax, assessment or governmental charge to the extent that the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings.

**SECTION 6.04 Improvements, Alterations, etc.**

The Lessee may, at its own expense, make changes, additions, improvements or alterations to the buildings, structures and other improvements constituting a part of any of the Facilities, provided that the Lessee determines, in its judgment, that such changes, additions, improvements or alterations are necessary or desirable in connection with the activities of the Lessee carried on at the Facility. At the written request of the Lessee, the Issuer will enter into a contract for such changes, additions, improvements, or alterations, subject, however, to the requirements of Section 10.01.

**SECTION 6.05 Utility Easements**

The Issuer will, upon request of the Lessee, grant such utility and other similar easements over, across or under the Project Sites as shall be necessary or convenient for the furnishing of utility and other similar services to the Facilities or to real property adjacent to the Project Sites that is owned or leased by the Lessee; provided, that such easements shall not, in the opinion of the Lessee, materially impair the use of the Facilities for the purposes for which they are leased by the Lessee.

**SECTION 6.06 Transfer Or Encumbrance Created By Issuer**

Without the prior written consent of the Lessee, and except as otherwise provided in the Indenture, the Issuer (i) will not sell, transfer or convey any Facility or Project Site or any part thereof, except as provided in this Lease Agreement, and (ii) will not create or incur or suffer or permit to be created or incurred or to exist any mortgage, lien, charge or encumbrance on the Facilities or any part thereof.

**SECTION 6.07 Assignment, etc. of Leasehold Interest**

The Lessee may assign its rights under this Agreement or mortgage its leasehold interest in the Facilities, or sublease any of the Facilities or any part thereof, subject to the following limitations:

(1) any assignment shall be to another department or agency of the State and such assignee shall assume all liabilities and obligations of the Lessee under this Lease, otherwise the Lessee shall remain primarily liable hereunder;

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(2) no such assignment, mortgage or sublease shall permit or result in the use of a Facility for any purpose that would not be permitted for facilities financed under the Enabling Law;

(3) the Lessee shall deliver to the Trustee the legal opinions required by Section 6.01(a) hereof; and

(4) within 30 days after the delivery of any such assignment, mortgage or sublease, the Lessee shall deliver a copy thereof to the Issuer and to the Trustee.

**SECTION 6.08 Disposition and Substitution of Equipment**

(a) The Lessee shall have the right, from time to time if no Lease Default exists, in the name and on behalf of the Issuer, without any release from or consent by the Issuer, to sell or otherwise dispose of any item of the Equipment which may have become obsolete or unfit for use or no longer useful, necessary or profitable in the conduct of the activities carried on by the Lessee at the Facility, upon substituting for the same other personal property or fixtures not necessarily of the same character but of at least equal value as, and costing not less than the amount realized from, the item of Equipment disposed of, which shall forthwith become, without further action, property of the Issuer and a part of the Equipment subject to this Agreement; and no purchaser of any such Equipment shall be bound to inquire into any question affecting the right of the Lessee to sell or otherwise dispose of the same as provided in this Section.

(b) The Issuer will cooperate with the Lessee in good faith in the exercise of the rights and privileges granted by this Section and shall, from time to time, execute a written instrument to confirm any action taken by the Lessee under this Section, upon receipt by the Issuer of (i) a certificate or certificates signed by an Authorized Lessee Representative requesting the same and expressing any required opinions and stating that such action was duly taken in conformity with this Section and (ii) an Opinion of Counsel that such action was duly taken by the Lessee in conformity with such provisions and that execution of such written instrument is appropriate to confirm such action under this Section.

(c) Except as permitted by this Section, neither the Issuer nor the Lessee shall sell or otherwise dispose of the Equipment or any portion thereof.

**SECTION 6.09 Lessee's Personal Property and Fixtures**

(a) The Lessee may, at its own expense, install at the Facilities any personal property or fixtures which, in the Lessee's judgment, are necessary or desirable for the conduct of the activities carried on by the Lessee at the Facilities. Any such personal property or fixtures which are installed at the Lessee's expense and which do not constitute a part of the Equipment under the terms of this Agreement, shall be and remain the property of the Lessee and may be removed by the Lessee at any time while no Lease Default exists; provided, that any damage to any Facilities occasioned by such removal shall be repaired by the Lessee at its own expense.

(b) If any personal property or fixtures described in subsection (a) of this Section are leased by the Lessee or the Lessee shall have granted a security interest in such property in connection with the acquisition thereof by the Lessee, then the lessor of such property or the

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party holding a security interest therein, as the case may be, may remove such property from the Project Site even though a Lease Default shall then exist or this Lease Agreement shall have been terminated following a Lease Default hereunder; provided, that the foregoing permission to remove shall be subject to the agreement by such lessor or secured party to at its own expense any damage to the Facility occasioned by such removal.

**SECTION 6.10 Insurance**

(a) Until the Indenture Indebtedness is Fully Paid, the Lessee will at all times keep the Facilities insured to the same extent and by the same means as generally applicable to other similar properties of the Lessee.

(b) The Lessee will at all times (whether or not all Indebtedness is Fully Paid) maintain insurance against such risks as are customarily insured against by agencies and departments of the State, including insurance against liability for bodily injury to or death of persons and for damage to or loss of property occurring on or about the Facilities Site or in any way related to the condition or operation of the Facilities, in the minimum amounts of $1,000,000 for death of or bodily injury to any one person, $1,000,000 for all death and bodily injury claims resulting from any one accident, and $1,000,000 for property damage. Such insurance shall insure the Issuer, as well as the Lessee, against such liability.

(c) All insurance required by subsection (b) of this Section shall be affected with responsible insurance carriers. Prior to the expiration of such insurance, the Lessee shall furnish to the Issuer evidence that such insurance has been renewed or replaced. The Lessee shall also notify the Issuer at such time as any insurance is cancelled by its carrier or by the Lessee.

**SECTION 6.11 Damage and Destruction**

If any Facility, or any part thereof, is damaged or destroyed by fire or other casualty, then with respect to the repair, rebuilding, restoration or replacement of the property damaged or destroyed (herein referred to as the "Restoration Work"), (a) if the Indenture Indebtedness has been Fully Paid, loss proceeds from any insurance payable with respect to such casualty shall be paid to the Lessee; or (b) if the Indenture Indebtedness has not been Fully Paid, loss proceeds from any insurance payable with respect to such casualty shall be paid to the Trustee and shall be applied as provided in the Indenture. At the request of the Lessee, the Issuer shall enter into contracts and purchase orders necessary for the Restoration Work, subject to the requirements of Section 10.01.

**Section 6.12 Condemnation**

(a) If title to, or the use of, any Facility or any part thereof shall be taken by the exercise of the power of eminent domain and the Indenture Indebtedness has not been Fully Paid, the entire proceeds of any award referable thereto shall be paid to the Trustee and shall be applied as provided in the Indenture.

(b) If the Indenture Indebtedness has been Fully Paid, the entire proceeds of any award referred to in subsection (a) of this Section shall be paid to the Lessee and applied to the cost of acquiring, constructing and equipping additional facilities (herein referred to as

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"Additional Facilities") in accordance with the instructions of the Lessee, which Additional Facilities shall forthwith become, without further action, property of the Issuer and a part of the Facility subject to this Lease Agreement.

(c) The Issuer shall cooperate in good faith with the Lessee in the conduct of any condemnation proceeding with respect to the Facility and will, to the extent it may lawfully do so, permit the Lessee to appear in such proceeding in the name and on behalf of the Issuer. The Issuer will not settle, or consent to the settlement of, any condemnation proceeding without the prior written consent of the Lessee.

## ARTICLE 7

## Representations and Covenants

### SECTION 7.01 General Representations

The Lessee makes the following representations and warranties as the basis for the undertakings on its part herein contained:

(1) the Department of Public Health is a department of the government of the State and has full power and authority to enter into and to perform and observe the agreements and covenants on its part contained in this Lease Agreement on behalf of the State;

(2) this Lease Agreement constitutes an obligation of the State acting by and through its Department of Public Health; provided, however, the rent payable and the covenants to be performed by the Lessee under the provisions of this Lease Agreement shall never create a debt of the State within the provisions of Section 213 of the Constitution of the State, as amended;

(3) neither the execution and delivery of this Lease Agreement, nor the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions hereof, conflicts or will conflict with, or results or will result in a breach of, any of the terms, conditions or provisions of any law, restriction or limitation or any agreement, instrument or court or other governmental order to which the Department of Public Health or the State is now a party or by which either is bound, or constitutes or will constitute a default under any of the foregoing;

(4) the Facilities have been and will be leased from the Issuer for the intended use of the Department and various county health departments, and as of the date of the delivery of this Lease Agreement, the Department does not have any plans and is not a party to any arrangement which, if consummated, would result in any Facilities or any part thereof being used other than by the Department and county health departments;

(5) the execution and delivery of this Lease Agreement on the part of the Department on behalf of the State have been duly authorized and this Lease Agreement is the legal and binding obligation of the State in accordance with its terms;

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(6) all permits, licenses and governmental approvals necessary to be obtained prior to commencement of construction of the Facilities have been obtained or will be obtained prior to such commencement of construction; and

(7) all approvals required to be obtained from the Building Commission of the State have been obtained or will be obtained on or before the time or times such approvals must be obtained under State law.

**SECTION 7.02 Eligibility of Facilities for Financing**

The Lessee makes the following representations and warranties regarding the eligibility of the Facilities for financing under the Enabling Law:

(1) the financing of the Facilities through the issuance of the Bonds and the leasing of the Facilities to the Lessee will promote the public health and welfare of the residents of the State;

(2) each of the Facilities constitutes or will constitute a "health care facility" within the meaning of the Enabling Law;

(3) the Facilities are located wholly within the limits of the State; and

(4) the Lessee will not use or permit the use of any Facility in a manner which could cause such Facility to fail to qualify for financing under the Enabling Law.

**SECTION 7.03 Compliance with Tax Certificate and Agreement**

The Lessee will comply with the covenants and agreements on its part contained in the Tax Certificate and Agreement and will not take any action, or fail to take any action, if such action or failure to act would cause the Bonds to become Taxable.

**SECTION 7.04 Further Assurances**

(a) The Lessee will do, execute, acknowledge and deliver such further acts, conveyances, mortgages, financing statements and assurances as the Issuer or the Trustee shall require for accomplishing the purposes of the Financing Documents.

(b) The Lessee will cause this instrument, any amendments to this Lease Agreement and other instruments of further assurance, including financing statements and continuation statements, to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed in such places as may be required by law fully to preserve and protect the rights of the Issuer and the Trustee to all property comprising the Facilities.

**SECTION 7.05 Inspection of Records**

The Lessee will at any and all times, upon the written request of the Issuer or the Trustee, permit the Issuer or the Trustee by their representatives to inspect the Facilities and any books, records, reports and other papers of the Lessee relating to the Facilities, and to make copies

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therefrom, and will afford and procure a reasonable opportunity to make any such inspection, and the Lessee will furnish to the Issuer and the Trustee any and all information as the Issuer or the Trustee may reasonably request with respect to the performance by the Lessee of its covenants in this Lease Agreement.

**SECTION 7.06 Advances by Issuer or Trustee**

If the Lessee shall fail to perform any of its covenants in this Lease Agreement, the Issuer or the Trustee may, at any time and from time to time, after written notice to the Lessee if no Lease Default exists, make advances to effect performance of any such covenant on behalf of the Lessee. Any money so advanced by the Issuer or the Trustee, together with interest at the Post-Default Rate, shall be repaid upon demand.

**SECTION 7.07 Indemnity of Issuer**

To the extent permitted by the Constitution and laws of the State, the Lessee agrees to indemnify the Issuer for, and hold the Issuer harmless against, any loss, liability or expense incurred without bad faith or willful misconduct on its part, suffered by the Issuer due to and by virtue of the failure by the Lessee to perform its obligations under the Financing Documents.

## ARTICLE 8

## Events of Default; Remedies

**SECTION 8.01 Events of Default**

Any one or more of the following shall constitute an event of default (a "Lease Default") under this Lease Agreement (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default in the payment of any Basic Rental Payment when such Basic Rental Payment becomes due and payable by the terms of this Lease Agreement; or

(2) default in the payment of any Additional Rental Payment or in the performance, or breach, of any covenant or warranty of the Lessee in this Lease Agreement (other than a covenant or warranty, a default in the performance or breach of which is elsewhere in this Section specifically dealt with), and the continuance of such default or breach for a period of 30 days after there has been given, by registered or certified mail, to the Lessee by the Issuer or by the Trustee a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "notice of default" hereunder; or

(3) the occurrence of an event of default, as therein defined, under the Indenture, and the expiration of the applicable grace period, if any, specified therein.

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**SECTION 8.02 Remedies on Default**

If a Lease Default occurs and is continuing, the Issuer (or the Trustee, as provided in Section 5.01) may exercise any of the following remedies:

(1) reenter the Facilities, without terminating this Lease Agreement, and, upon 10 days' prior written notice to the Lessee, relet the Facilities or any part thereof for the account of the Lessee, for such term (including a term extending beyond the term of this Lease Agreement) and at such rentals and upon such other terms and conditions, including the right to make alterations to the Facilities or any part thereof, as the Issuer may deem advisable, and such reentry and reletting of the Facilities shall not be construed as an election to terminate this Lease Agreement nor relieve the Lessee of its obligations to make payments required by this Lease Agreement and to perform and observe any of its other agreements and covenants under this Lease Agreement, all of which shall survive such reentry and reletting, and the Lessee shall continue to make all payments required by this Lease Agreement until the end of the then current term of this Lease Agreement, less the net proceeds, if any, of any reletting of the Facilities after deducting all of the Issuer's expenses in connection with such reletting, including, without limitation, all repossession costs, brokers' commissions, attorneys' fees, alteration costs and expenses of preparation for reletting;

(2) terminate this Lease Agreement, exclude the Lessee from possession of the Facilities and, if the Issuer elects so to do, lease the same for the account of the Issuer, holding the Lessee liable for all payments due under this Agreement up to the date of such termination; and

(3) take whatever legal proceedings may appear necessary or desirable to collect the payments under this Lease Agreement then due, whether by declaration or otherwise, or to enforce any obligation or covenant or agreement of the Lessee under this Lease Agreement or by law.

**SECTION 8.03 No Remedy Exclusive**

No remedy herein conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall, to the extent permitted by law, be cumulative and shall be in addition to every other remedy given under this Lease Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof but any such right or power may be exercised from time to time and as often as may be deemed expedient.

**SECTION 8.04 Agreement to Pay Attorneys' Fees and Expenses**

If the Lessee should default under any of the provisions of this Lease Agreement and the Issuer, the Bank or the Trustee should employ attorneys or incur other expenses for the collection of payments due under this Lease Agreement or the enforcement of performance or observance of any agreement or covenant on the part of the Lessee herein contained, the Lessee will on

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demand therefor pay to the Issuer, the Bank or the Trustee (as the case may be) the reasonable fee of such attorneys and such other expenses so incurred.

**SECTION 8.05 No Additional Waiver Implied by One Waiver**

In the event any agreement contained in this Lease Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

**SECTION 8.06 Remedies Subject to Applicable Law**

All rights, remedies and powers provided by this Article may be exercised only to the extent the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Lease Agreement invalid or unenforceable.

## ARTICLE 9

## Options

**SECTION 9.01 Option to Terminate**

If no Lease Default exists, the Lessee shall have the option to cancel or terminate this Lease Agreement at any time during the initial term or any renewal term hereof if the Indebtedness then due has been fully paid, by giving the Issuer notice in writing of such termination. Such termination shall become effective 10 days after such notice is given.

**SECTION 9.02 Option to Renew**

The Lessee shall have the right or option to renew the term of this Lease Agreement for additional terms of one year each as provided in Section 4.01 hereof.

**SECTION 9.03 Option to Purchase Unimproved Portions of Project Sites**

The Lessee shall have the right and option, hereby granted by the Issuer, to purchase from the Issuer, at any time and from time to time and on the terms and conditions hereafter specified in this Section 9.03, any unimproved part of a Project Site upon compliance with the following conditions:

(a) the Lessee shall furnish to the Issuer, the Bond Insurer and the Trustee a notice in writing containing (i) an adequate legal description of that part of the Project Site with respect to which such option is to be exercised (including the acreage thereof), based upon a boundary survey prepared by a registered land surveyor acceptable to the Trustee, which also shall be so furnished, (ii) a statement that the Lessee intends to exercise its option to purchase such part of the Project Site on a date stated, which shall not be less than 5 nor more than 90 days from the date of such notice, and (iii) a statement that the use to which the Lessee or its assignee proposes

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to devote such part of the Project Site will not be inconsistent with the use by the Lessee of the Project Site;

(b) the Lessee shall furnish to the Issuer and the Trustee a certificate signed by an Independent Engineer stating (i) that no part of the Buildings or the Equipment nor any other improvement (except for roads, walkways, ground level parking improvements, sewer, water, gas, electric and communication lines and the like, which shall be specified in such certificate) is located on the part of the Project Site with respect to which such option is to be exercised, and (ii) that the severance of such part of the Project Site from the related Facility will not impair the operating utility of such Facility or unduly restrict ingress or egress to or from the Buildings located thereof; and

(c) the Lessee shall pay to the Trustee an amount, in immediately available funds, equal to the then fair market value (as determined by an Independent Appraiser acceptable to the Trustee) of the part of the Project Site with respect to which such option is to be exercised.

The option granted by this Section 9.03 shall not be exercisable if an Event of Default shall have occurred and be continuing. Upon the receipt by the Issuer and the Trustee of (i) the appropriate purchase price, (ii) evidence satisfactory to the Trustee that the condition described in the preceding clause (a) has been satisfied, and (iii) a notice and certificate complying with the provisions of the preceding clauses (b) and (c), respectively, the Issuer will execute and deliver to the Lessee or its assignee or designee a deed conveying to the Lessee (or its assignee or designee) that portion of the Project Site with respect to which such option was exercised. The Issuer shall take all actions required by Section 11.01 of the Indenture to release such portion of the Project Site from the Indenture and shall pay into the Bond Fund the entire amount received by it from said purchase.

From and after the consummation of any release effected by the Lessee pursuant to the provisions of this section, any reference herein to the Project Sites shall be deemed to refer to the land that immediately prior thereto constituted the Project Sites, less and except that part so purchased by the Lessee under the provisions of this section. No purchase effected by the Lessee under the provisions of this section shall entitle the Lessee to any abatement or diminution of the rent payable hereunder.

**SECTION 9.04 Option to Purchase Facilities After Payment of Indenture Indebtedness**

If the Indenture Indebtedness has been fully paid and all other amounts due hereunder have been paid, the Lessee shall have the right and option, hereby granted by the Issuer, to purchase the Facilities from the Issuer at such time, at and for a purchase price equal to the sum of $1,000. This option to purchase shall not expire until 60 days after the Issuer shall have given written notice to the Lessee of the expiration of this Lease Agreement and the Lessee shall not within said 60 day period exercise its option to purchase. To exercise any such purchase option, the Lessee shall notify the Issuer in writing not less than 5 days prior to the date on which it proposes to effect such purchase and, on the date of such purchase, shall pay the aforesaid purchase price to the Issuer in cash or bankable funds, whereupon the Issuer will, by deed, bill of sale or other appropriate instrument, transfer and convey the Facilities (in their then existing

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condition, whatever that may be) to the Lessee. Nothing herein contained shall be construed to give the Lessee any right to any rebate to or refund of any rent paid by it hereunder prior to the exercise by it of the purchase option hereinabove granted, even though such rent may have been wholly or partially prepaid. In connection with its exercise of the option to purchase the Facilities granted in this Section 9.04, the Lessee may direct the Issuer to deliver the deed, bill of sale or other instrument of conveyance to any other agency or department of the State or to any political subdivision of the State or department or agency thereof.

**SECTION 9.05 Option to Release Facilities**

So long as no Event of Default has occurred and is continuing under this Lease Agreement, the Lessee shall have the right and option to release any Facility from the provisions of this Lease Agreement upon compliance with the following conditions:

(i) the Lessee shall furnish to the Issuer, the Bond Insurer and the Trustee a notice in writing describing the Facility or Facilities sought to be released from this Lease, describing the use or intended disposition of such Facility or Facilities and designating a date, which shall not be less than 90 days following the date of such notice, for the release of such Facility or Facilities;

(ii) at lease 10 days prior to the release of such Facility or Facilities from this Lease, the Issuer, the Lessee and the Trustee shall have received the written consent of the Bond Insurer to the release of such Facility or Facilities;

(iii) on or prior to the date of release, the Lessee shall pay to the Trustee an amount equal to the Release Price, such amount to be deposited by the Trustee in the Bond Fund and applied toward the redemption of Bonds at the earliest date permitted by the Indenture;

(iv) on or prior to the date of release, the Lessee shall provide to the Trustee a Favorable Tax Opinion; and

(v) if for any reasons there shall not be a policy of Bond Insurance in effect at the time, the Lessee shall provide to the Trustee on or prior to the date of release a certificate from an Independent Appraiser to the effect that the aggregate fair market value of the Facilities remaining after such release will be at least equal to the then outstanding principal amount of the Bonds.

Upon receipt by the Trustee of the items described above, the Trustee and the Issuer shall take all appropriate steps to release the affected Facility or Facilities from the demise of this Lease and the Issuer shall execute and deliver to the Lessee, or its designee, a deed or deeds conveying to the Lessee, or its designee, the Facility or Facilities so released. The release of a Facility or Facilities from the provisions of this Lease shall not entitle the Lessee to any abatement or diminution of the amounts payable as rent hereunder.

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### SECTION 9.06 Conveyance on Exercise of Option to Purchase or Release

Upon the exercise of any option to purchase or release granted herein, the Issuer will upon receipt of the purchase price deliver to the Lessee documents conveying to the Lessee the property with respect to which such option was exercised, as such property then exists, by deed, subject to the following: (i) all rights, if any, required to be reserved by the Issuer under the terms and provisions of the option being exercised by the Lessee; (ii) those liens and encumbrances, if any, to which title to said property was subject when conveyed to the Issuer; (iii) those liens and encumbrances created by the Lessee or to the creation or suffering of which the Lessee consented; and (iv) those liens and encumbrances resulting from the failure of the Lessee to perform or observe any of the agreements or covenants on its part contained in this Lease Agreement.

## ARTICLE 10

## Miscellaneous

### SECTION 10.01 Issuer's Liabilities Limited

(a) The covenants and agreements contained in this Lease Agreement shall never constitute or give rise to a personal or pecuniary liability or charge against the general credit of the Issuer, and in the event of a breach of any such covenant or agreement, no personal or pecuniary liability or charge payable directly or indirectly from the general assets or revenues of the Issuer shall arise therefrom. Nothing contained in this Section, however, shall relieve the Issuer from the observance and performance of the covenants and agreements on its part contained herein.

(b) No recourse under or upon any covenant or agreement of this Lease Agreement shall be had against any past, present or future incorporator, officer or member of the governing body of the Issuer, or of any successor corporation, either directly or through the Issuer, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Lease Agreement is solely a corporate obligation, and that no personal liability whatever shall attach to, or is or shall be incurred by, any incorporator, officer or member of the governing body of the Issuer or any successor corporation, or any of them, under or by reason of the covenants or agreements contained in this Lease Agreement.

(c) The liability of the Issuer for the payment of any money due under any contract or purchase order entered into by it, or for any other costs incurred in connection with the acquisition, construction, installation or improvement of, or other work on, the Facility shall be limited solely to (i) the available proceeds of the Issuer's revenue bonds, if and when issued for the Facility, (ii) any money made available to the Issuer for such purpose by the Lessee, and (iii) any revenues or other receipts derived by the Issuer from the Facility, subject to prior encumbrances.

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**SECTION 10.02 Corporate Existence of Issuer**

The Issuer shall not consolidate with or merge into any other corporation or transfer its property substantially as an entirety, except as provided in Section 10.07 of the Indenture.

**SECTION 10.03 Notices**

(a) Any request, demand, authorization, direction, notice, consent, or other document provided or permitted by this Lease Agreement to be made upon, given or furnished to, or filed with, the Issuer, the Lessee or the Trustee must (except as otherwise expressly provided in this Lease Agreement) be in writing and be delivered by one of the following methods: (i) by personal delivery at the hand delivery address specified pursuant to Section 16.01 of the Indenture, (ii) by first-class, registered or certified mail, postage prepaid, addressed as specified pursuant to Section 17.01 of the Indenture, or (iii) if facsimile transmission facilities for such party are identified in Section 17.01 of the Indenture or pursuant to a separate notice from such party, sent by facsimile transmission to the number specified in Section 16.01 of the Indenture or in such notice. Any of such parties may change the address for receiving any such notice or other document by giving notice of the change to the other parties named in this Section.

(b) Any such notice or other document shall be deemed delivered when actually received by the party to whom directed (or, if such party is not an individual, to an officer, partner or other legal representative of the party) at the address or number specified pursuant to this Section, or, if sent by mail, 3 days after such notice or document is deposited in the United States mail, addressed as provided above.

**SECTION 10.04 Successors and Assigns**

All covenants and agreements in this Lease Agreement by the Issuer or the Lessee shall bind their respective successors and assigns, whether so expressed or not.

**SECTION 10.05 Benefits of Lease Agreement**

Nothing in this Lease Agreement, express or implied, shall give to any person, other than the parties hereto and their successors hereunder, the Trustee, the Holders of the Bonds and the Bank, any benefit or any legal or equitable right, remedy or claim under this Lease Agreement.

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**IN WITNESS WHEREOF**, the Issuer and the Lessee have caused this instrument to be duly executed by their duly authorized officials and the Issuer has caused its corporate seal to be hereunto affixed and attested.

**ALABAMA PUBLIC HEALTH CARE AUTHORITY**

By_____
Chairman of its Board of Directors

[SEAL]

Attest:_____
Its Secretary

**STATE OF ALABAMA, ACTING BY AND THROUGH ITS DEPARTMENT OF PUBLIC HEALTH**

By_____

Title_____

APPROVED:

STATE OF ALABAMA

By:_____
Governor

This instrument was prepared by:

J. Foster Clark
Balch & Bingham LLP
1901 Sixth Avenue North, Suite 2600
Birmingham, AL 35203
(205) 251-8100

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STATE OF ALABAMA

Montgomery COUNTY

I, Patricia C. Vinson, a Notary Public in and for said County in said State, hereby certify that D. E. Williamson, whose name as Chairman of the Board of Directors of THE ALABAMA PUBLIC HEALTH CARE AUTHORITY, a public corporation, 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 corporation.

Given under my hand this the 22nd day of September, 2005.

[NOTARIAL SEAL]

Notary Public
Patricia C. Vinson
My Commission Expires: April 5, 2006

STATE OF ALABAMA

Montgomery COUNTY

I, Patricia C. Vinson, a Notary Public in and for said County in said State, hereby certify that D. E. Williamson, whose name as State Health Officer of The Alabama Department of Public Health, 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 agency and state.

Given under my hand this the 22nd day of September, 2005.

[NOTARIAL SEAL]

Notary Public
Patricia C. Vinson
My Commission Expires: April 5, 2006

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# EXHIBIT A

## Description of Facilities and Project Sites

### I. Original Facilities

As of the date of execution and delivery of the Lease Agreement, the Original Facilities are located in the following counties on the parcels of real estate described below:

**Bibb County**

A parcel of land located in the SE 1/4 of the NW 1/4, Section 26, Township 23 North, Range 9 East, Bibb County, Alabama, described as follows:

Commence at the Northwest corner of the SW 1/4 of the NW 1/4 of said Section 26 and run South 0 degrees 13 minutes 01 seconds East along the West boundary 131.98 feet; thence run South 89 degrees 40 minutes East along the South right of way of Alexander Avenue 1350.79 feet to the intersection of the East right of way of Library Street; thence run South 89 degrees 29 minutes 49 seconds East along the South right of way of said Alexander Avenue 243.64 feet to the point of beginning; Thence continue on the same line 312.6 feet to the Northwest corner of A.B.C. Home Health; thence run South 01 degrees 38 minutes 49 seconds East along the West boundary of A.B.C. Home Health 349.69 feet; thence run North 88 degrees 37 minutes 32 seconds West 313.72 feet; thence run North 01 degrees 29 minutes 49 seconds West 344.88 feet to the point of beginning.

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## Calhoun County

A parcel of land located in the E 1/2 of the SW 1/4 of Section 29, Township 15 South, Range 8 East of the Huntsville Meridian, in the City of Anniston, Calhoun County, Alabama, being more particularly described as:

To find the point of beginning commence at an existing iron pipe marking the Northwest corner of the SE 1/4 of the SW 1/4 of Section 29, Township 15 South, Range 8 East, thence North 00 degrees 00 minutes 12 seconds West a distance of 19.93 ft. to an existing railroad spike, thence North 00 degrees 35 minutes 58 seconds West a distance of 14.96 ft. to an existing iron rebar, thence North 88 degrees 37 minutes 51 seconds East a distance of 14.15 ft. to an existing iron rebar marking the point of beginning of the hereafter described parcel of land, thence North 19 degrees 52 minutes 44 seconds East along the East line of the Edgemont Cemetery Division "Q" and East line of the Anniston Housing Authority a distance of 345.13 ft. to an existing iron rebar, thence South 78 degrees 17 minutes 22 seconds East a distance of 144.72 ft. to an existing iron rebar on the Southwesterly right-of-way line of E. A. Darden Drive, thence South 30 degrees 23 minutes 42 seconds East along the Southwesterly line of said road a distance of 77.58 ft. to an existing iron rebar, thence South 62 degrees 40 minutes 32 seconds East along the Southerly line of said road a distance of 214.90 ft. to an existing iron rebar, thence South 87 degrees 59 minutes 07 seconds East along the Southerly line of E. A. Darden Drive a distance of 114.43 ft. to an existing iron rebar at the intersection of the South line of E. A. Darden Drive and the West right-of-way line of McClellan Boulevard, also being the West right-of-way line of U. S. Highway No. 431 and Alabama Highway No. 21, thence South 03 degrees 28 minutes 42 seconds East along the West line of McClellan Boulevard a distance of 279.48 ft. to an existing iron rebar, thence North 79 degrees 50 minutes 47 seconds West along the North side of the "Top of the River" Parking lot a distance of 359.37 ft. to an existing nail and cap in pavement, thence North 54 degrees 34 minutes 23 seconds West a distance of 100.12 ft. to an existing iron rebar, thence North 80 degrees 12 minutes 27 seconds West a distance of 187.96 ft. to the point of beginning. Said parcel was the remainder of what was formerly sometimes known as "Jaycee Park".

**Exhibit A-2**

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Chambers County

**Lot 1, as shown on the map of Chattahoochee Valley Healthcare Foundation as recorded in File Cabinet "D", Slide 59, in the Office of the Judge of Probate of Chambers County, Alabama.**

**Also, the following unplatted land being described by metes and bounds located in Section 7, Township 21, Range 29, Chambers County, Alabama:**

**Begin at the westernmost corner of Lot 1 as shown on the map of Chattahoochee Valley Healthcare Foundation, said point also being on the southeasterly right of way line of 17th Avenue; thence run North 83° 55' 58" East along the South lot line of Lot 1 for a distance of 252.00 feet to the Southeast corner of said Lot 1 and the point on the northwesterly right of way line of Medical Park Drive; thence run South 13° 32' 42" West along said right of way line for a distance of 146.66 feet to the point of curvature of a nontangent curve to the left having a central angle of 120° 14' 59", a radius of 40.00 feet, and a chord which bears South 51° 41' 35" West for a distance of 69.37 feet; thence run generally southwesterly along said curve and along said right of way line for an arc distance of 83.95 feet to the point of tangency; thence, leaving said right of way line, run North 87° 18' 20" West for a distance of 197.26 feet to a point on the aforementioned southeasterly right of way line of 17th Avenue; thence run North 07° 54' 29" East for a distance of 50.50 feet; thence run North 15° 55' 29" East for a distance of 102.60 feet to the point of beginning.**

Chilton County

Commence at the Northwest corner of the Southeast Quarter of the Southwest Quarter of Section 25, Township 22 North Range 14 East, Chilton County, Alabama; thence North 01 degree 04 minutes 25 seconds West 70.86 feet; thence North 89 degrees 42 minutes 00 seconds East 415.60 feet to the point of beginning; thence North 01 degree 49 minutes 47 seconds West 239.37 feet; thence North 88 degrees 10 minutes 13 seconds East 400.0 feet; thence South 01 degree 49 minutes 47 seconds East 250.05 feet; thence South 89 degrees 41 minutes 59 seconds West 400.14 feet to the point of beginning. Said property lying and being in the Northeast Quarter of the Southwest Quarter of Section 25, Township 22 North, Range 14 East, Chilton County, Alabama.

**Also a 60 foot Ingress and Egress Easement running along the North side of the above described parcel Eastward to the Westerly R.O.W. of Lay Dam Road; said easement being located within the boundaries of a proposed city street and said easement to be vacated when road is dedicated to and accepted by the City of Clanton, Alabama.**

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## Choctaw County

Beginning at the Southwest corner of Section 19, Township 13 North, Range 2 West, Choctaw County, Alabama, thence East 742.8 feet to the West right of way of State Highway #17, thence North 17 degrees East 604.0 feet along said highway ROW, thence South 72 degrees 50 minutes East 20 feet along said ROW, thence North 17 degrees East 724.4 feet to a concrete corner along said ROW, thence North 78 degrees 35 minutes West 537.4 feet, thence North 12 degrees East 20 feet to the POINT OF COMMENCEMENT, thence North 75 degrees West 351.0 feet, thence North 13 degrees East 310.5 feet, thence South 75 degrees 30 minutes 349.1 feet East, thence South 12 degrees West 310.5 feet to the POINT OF COMMENCEMENT, being 2.5 acres more or less.

## Clay County

A parcel of land situated in the Northeast Quarter of the Northeast Quarter of Section 14, Township 20 South, Range 8 East, Huntsville Meridian, Clay County, Alabama being more particularly described as follows:

Commence at an iron pin found which is locally accepted as the NE corner of the NE¼ of the NE¼ of Section 14, Township 20 South, Range 8 East and run South 20°56'28" West for a distance of 326.31 feet to a point on the south line of State Highway No. 9 and the POINT OF BEGINNING; thence angle right and run South 22°15'30" West for a distance of 266.44 feet; thence angle left and run South 01°29'16" West for a distance of 150.83 feet; thence angle right and run North 70°31'44" West for a distance of 203.98 feet; thence angle left and run South 36°27'00" West for a distance of 70.72 feet; thence angle right and run North 28°17'49" West for a distance of 210.61 feet to a point on said south line of State Highway No. 9; thence angle right and run North 61°42'11" East along said south line for distance of 181.20 feet; thence angle right and run North 67°16'08" East along said south line for a distance of 232.53 feet; thence angle right and run North 68°54'34" East for a distance of 69.95 feet to the POINT OF BEGINNING.

## Dallas County

Begin at an iron corner which is 339.34 feet North and 1726.78 feet West of the Northeast corner of Section 27, T 17 N, R 10 E, Dallas County, Alabama, then run North 5 degrees 14 minutes East, along the West line of Les Chateaux Apartments, Ltd. property as described by Deed recorded in Deed Book 944 on Page 59, for 210 feet to an iron Corner; then run North 13 degrees 14 minutes 49 seconds East, along said Les Chateaux, Ltd. property line, for 284.0 feet to an iron corner; then run North 12 degrees 53 minutes 44 seconds East, along the West line of Howorth Plantation Inn, Inc. property, for 20.25 feet to an iron corner; then run North 56 degrees 52 minutes West for 487.69 feet to an iron corner; then run South 33 degrees 08 minutes West for 451.62 feet to an iron corner on the North right of way of Medical Center Parkway; then run the following bearings and distances along said right of way; South 56 degrees 52 minutes East - 489.37 feet to a stone monument at station 116+30.6; South 51 degrees 09 minutes 09 seconds East - 201.19 feet to the point of beginning. The above described parcel lies in the SE 1/4 of Section 22, T 17 N, R 10 E, Dallas County, Alabama.

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**Jackson County**

A part of the Southwest Quarter of the Southeast Quarter of Section 29, Township 4 South, Range 6 East of the Huntsville Meridian in Jackson County, Alabama, and being part of that tract described in Deed Book 94, at page 09442 as recorded in the office of the Probate Judge of said Jackson County and being more particularly described as follows:

Commence at a 0.75-inch pipe at the Southwest corner of the Southeast Quarter of said Section 29 being the Southern-most corner of the tract herein described and the true point of beginning, thence with the West boundary thereof North 00 degrees 23 minutes East a distance of 337.95 feet to an iron pin; thence leaving said West boundary North 53 degrees 07 minutes 20 seconds East a distance of 643.83 feet; thence South 50 degrees 23 minutes 30 seconds East a distance of 85.07 feet; thence South 41 degrees 46 minutes East a distance of 214.81 feet; thence South 54 degrees 55 minutes West a distance of 887.06 feet to the point of beginning and containing 5.02 acres more or less.

**Lamar County**

Commencing at the Northwest corner of the SW¼ of SE¼, Section 17, Township 15 South, Range 15 West, Lamar County, Alabama; thence run S 88° 58' 48" E a distance of 558.39 feet; thence run S 01° 01' 10" W a distance of 376.70 feet to the point of beginning. FROM SAID POINT OF BEGINNING continue S 01° 01' 10" W a distance of 275.00 feet; thence run N 88° 58' 48" W a distance of 535.31 feet to the Easterly right of way line of Furnace Church Road; thence run Northwesterly along said Easterly right of way line a distance of 284.09 feet; thence run S 88° 58' 48" E a distance of 583.36 feet to the point of beginning. Said parcel being in and a part of the SW¼ of SE¼, and the SE¼ of SW¼, Section 17, Township 15 South, Range 15 West, Lamar County, Alabama.

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## Lawrence County

Commence at the Southeast corner of N 1/2 of SW 1/4 of SE 1/4 of Section 20, T6S, R7W; thence N 00 degrees 14 minutes 00 seconds East along West boundary of said quarter quarter section, 260.92 feet to the point of beginning of herein described tract of land; thence N 00 degrees 14 minutes 00 seconds E, 165.93 feet; thence N 89 degrees 36 minutes 48 seconds W, 465.67 feet; thence S 00 degrees 14 minutes 00 seconds W, 426.58 feet to a point on the South boundary of N 1/2 of SW 1/4 of SE 1/4 of Section 20, T6S, R7W; thence S 89 degrees 34 minutes 51 seconds East along South boundary of N 1/2 of said quarter quarter section, 448.80 feet to a point on an old north-south fence; thence N 00 degrees 29 minutes 22 seconds East along said fence, 253.50 feet; thence North 65 degrees 10 minutes 22 seconds E, 17.37 feet to poing of beginning, lying and being located in N 1/2 of SW 1/4 of SE 1/4 of Section 20, T6S, R7W, Lawrence County, Alabama.

## Macon County

**"Parcel B"**

Start at the NE. corner of said Section 25, Township 17 North and Range 23 East; thence West, 552.5' to a point; thence South, 1501.6' to a point; thence North 86 degrees 02 minutes West, 725.7' to a point; thence South 35 degrees 09 minutes East, 307.2' to point of beginning of parcel to be described; thence North 59 degrees 53 minutes 12 seconds East, 222.15' to a point; thence South 30 degrees 06 minutes 48 seconds East, 751.77' to a point; thence South 55 degrees 54 minutes West; 207.47' to a point on the Easterly Row of North Maple Street; thence North 33 degrees 48 minutes West along said ROW, 241.1' to a point; thence leaving said ROW North 59 degrees 53 minutes East, 32.8' to a point; thence North 33 degrees 39 minutes West, 526.6' to point of beginning, containing 3.636 Acres.

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## Marengo County

Commencing at a five-eighths inch diameter iron rebar found at the most eastern corner of that certain 2.51 Acre, more or less, tract of land deeded to Linden Stockyard, Inc. by the Industrial Development Board of the City of Linden by deed dated June 27, 1991, and recorded in the Marengo County Probate Office, Linden, Alabama, as Parcel No. 2 in Deed Book 81; Page 858; Thence,

N 61°46'16"W along the north line of said Parcel No. 2 and along the south Right-of-way of a proposed road for a distance of 1128.49 feet to a five-eighths inch diameter iron rebar found at the northwest corner of said Parcel No. 2 and at the most eastern corner of Parcel No. 1 described in the same deed; (Record = N 62°05'27"W - 1128.39 feet); Thence,

N 61°46'16"W along the north line of said Parcel No. 1 and along the south Right-of-way of a proposed road for a distance of 420.02 feet to an iron rod with survey cap (Shamburger - 13198) at the northwest corner of said Parcel No. 1 on the east Right-of-way of Shiloh Street and N 4°54'21"W along said Right-of-way a distance of 415.07 feet from the north Right-of-way of the Burlington - Northern Railroad; (Record = N 62°05'27"W - 410.0 feet); Thence,

N 4°54'21"W along said east Right-of-way of Shiloh Street for a distance of 95.53 feet to an iron rod with survey cap (Shamburger - 13198) on the north Right-of-way of said proposed road at the southeast corner and POINT OF BEGINNING of the herein described tract of land; (Record = N 5°W); Thence,

N 4°54'21"W along said east Right-of-way of Shiloh Street for a distance of 70.20 feet to an iron rod with survey cap (Shamburger - 13198) at the southwest corner of that certain one-half acre, more or less, tract of land deeded to James D. Hall and wife, Sadie M. Hall by S. L. Hall and wife, Leany Hall by deed dated March 27, 1972, and recorded in the Marengo County Probate Office in Deed Book 8N; Page 426; which iron rod is S 4°54'21"E along said east Right-of-way of Shiloh Street a distance of 411.45 feet from the south Right-of-way of the Louisville and Nashville Railroad and N 58°28'27"W along the Hall south line a distance of 1.77 feet from a fence corner post; (Record = N 5°W); Thence,

S 58°28'27"E with an old fence that is along said Hall south line for a distance of 108.34 feet to an iron rod with survey cap (Shamburger - 13198) by a fence corner post; (Record [8H/658] = S 64°E - 105'); (Record [8N/426] = Parallel with L & N Railroad - 105'); Thence,

N 2°04'48"W with an old fence that is along said Hall east line for a distance of 216.18 feet to a one inch diameter iron pipe found S 5°08'59"E a distance of 1.55 feet from an ancient fence corner post at the southeast corner of that certain one-half acre, more or less, tract of land deeded to Gregory Dean Wallace by Ila Mae Wallace and husband, Joe C. Wallace, Sr., by deed dated April 24, 1981, and recorded in the Marengo County Probate Office in Deed Book 7L; Page 241; Thence,

N 5°08'59"W with said Wallace east line for a distance of 200.14 feet to an iron rod with survey cap (Shamburger - 13198) on the south Right-of-way of the Louisville and Nashville Railroad; (An old fence is along and east of this line, and the wire corner [not the post] is S 63°21'26"E along said south Right-of-way of Railroad a distance of 1.00 foot and S 4°54'21"E a distance of 0.60 foot from iron rod corner; (Record [7L/241] = North - 200 feet); Thence,

S 63°21'26"E along the south Right-of-way of the Louisville and Nashville Railroad for a distance of 503.35 feet to an iron rod with survey cap (Shamburger - 13198) on a fence; Thence,

Exhibit A-7

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S 14°41'41"W with said fence and its projection for a distance of 432.37 feet to an iron rod with survey cap (Shamburger -- 13198) on the north Right-of-way of aforementioned proposed road; Fence angles at a post that is N 14°41'41"E a distance of 25 feet and intersects Right-of-way of proposed road S 61°46'16"E a distance of 5 feet from iron rod corner; Thence,

N 61°46'16"W along said north Right-of-way of proposed road for a distance of 452.93 feet to the POINT OF BEGINNING.

Lying and being situate in the W 1/2 of SW 1/4 of Section 4; Township 15 North; Range 3 East; City of Linden, Marengo County, Alabama.

Less and except a drainage Easement and an Easement for a sanitary sewer; each of which is described separately.

20060120000031850 41/52 $.00
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## Marion County

A tract of land situated in the Northeast ¼ of the Northeast ¼ of Section 15, Township 11 South, Range 14 West, Marion County, Alabama and being more particularly described as follows: Commence at the Northeast corner of the Northeast ¼ of Northeast ¼ of said Section 15, thence run S. 86 degrees 18' W along the North boundary of said NE ¼-NE ¼, a distance of 310.80 feet to its intersection with the Westerly right-of-way of United States Highway Numbers 78 & 43, said intersection point being marked by a steel fence post; thence run S 06 degrees 32' E along the Westerly right-of-way, a distance of 609.6 feet to a capped rebar, said rebar being the point of beginning for the tract herein described to-wit; thence continue S 06 degrees 32' E, along the Westerly right-of-way of said highway, a distance of 240.40 feet to a capped rebar situated at the Northeast corner of the James Loague lot; thence run S 86 degrees 18' W and parallel with the North boundary of the above said NE ¼- NE ¼, a distance of 150.00 feet to a capped rebar situated at the Northwest corner of said James Loague lot; thence run S 06 degrees 32' E and parallel with the Westerly right-of-way of the above said highway, a distance of 150.00 feet to a capped rebar situated at the Southwest corner of said James Loague lot, said rebar is also located on the Northerly right-of-way of 27th Avenue South; thence run S 84 degrees 17' W along the Northerly right-of-way of said avenue, a distance of 321.52 feet to a point; thence run S. 79 degrees 40' W, and continue along the Northerly right-of-way of said avenue, a distance of 99.15 feet to the Southeast corner of the James B. Mixon lot, said corner is also located on the West boundary of a paved drive; thence run N 07 degrees 27' W along the East boundary of said Mixon lot and along the West side of said paved drive, a distance of 199.66 feet to a 4 inch channel iron corner, said corner being the Northeast corner of said Mixon lot; thence continue N 07 degrees 27' W along the East boundary of the Jelinda Holley lot, and along the West side of said paved drive, a distance of 83.0 feet to the end of said paved drive; thence continue N 07 degrees 27' W along the East boundary of said Holley lot and along the West side of a slag drive, a distance of 127.34 feet to a 2 inch diameter iron pipe situated at the East base of an Alabama Power Company utility pole; thence run N 84 degrees 57' E along the South boundary of the Hamilton Church of Christ lands, a distance of 576.80 feet to the point of beginning; SUBJECT TO, a 30.0 foot wide indicated right-of-way for a drive along the West boundary of the hereinabove described tract.

20060120000031850 42/52 $.00
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Monroe County

***Commencing at the Southeast Corner of the Northeast Quarter of the Northeast Quarter of Section 14, Township 6 North, Range 7 East, Monroe County, Alabama, run West along the centerline of Agriculture Drive, 712.00 feet to a point, thence run North 25.00 feet to an iron pin at the point of beginning, thence continue North 361.50 feet to a iron pin, thence run West 188.00 feet to an iron pin, thence run North 300.00 feet to an iron pin, thence run West 227.70 feet to an iron pin, thence run South 661.50 feet to an iron pin on the North right-of-way line of Agriculture Drive, thence run East along said right-of-way line, 142.90 feet to a point of right-of-way widening, thence run North 5.00 feet to a point, thence run East along said right-of-way line, 200.00 feet to a point where the right-of-way narrows, thence run South 5.00 feet to a point, thence run East along said right-of-way line, 72.80 feet to the point of beginning, and containing 5.0 acres, more or less.***

Montgomery County

Commence at the Northwest corner of Tap South Plat No. 1 as recorded in Plat Book 39 at Page 143; said point lies 40' east of the east right of way of Mitchell-Young Road; thence N00°08'54"E along a line parallel to said right way 2502.60' to the point of beginning of the land herein described;

Thence continue N00°08'54"E, 440 feet;
Thence S89°51'06"E, 500 feet;
Thence S00°08'54"W, 440 feet;
Thence N89°51'06"W, 500 feet to the point of beginning.

The above described parcel lies in the SW 1/4 of the SE 1/4, Sec.34, T16N, R16E, Montgomery County, Alabama and contains 5.05 acres.

Exhibit A-10

20060120000031850 43/52 $.00
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## Morgan County

**Parcel No. 1 of a Re-Plat of Parcels 1, 2 & 3 of Well Street Project, Project No. ALA. R-14, Housing Authority of the City of Decatur & City of Decatur, Alabama, as shown by map or plat of said subdivision of record in Map Book 5, Page 101 & 102, Office of the Judge of Probate of Morgan County, Alabama.**

## Perry County

Commence at an iron pin at the point where the west line of the southeast quarter of the northeast quarter of said Section 24 intersects the north right-of-way line of Henry Road;

Thence South 88°56'34" East along said right-of-way line for 509.73 feet to an iron pin;

Thence North 00°11'28" West for 570.93 feet to an iron pin;

Thence South 87°20'09" East for 116.48 feet to an iron pin at the Point of Beginning of the property herein described;

Thence North 00°11'28" West for 196.67 feet to an iron pin;

Thence South 87°20'09" East for 861.42 feet to an iron pin on the westerly right-of-way line of Perry County Highway No. 45;

Thence South 07°00'00" West along said right-of-way line for 230.62 feet to an iron pin;

Thence North 83°00'00" West for 443.56 feet to an iron pin;

Thence North 87°20'09" West for 391.91 feet to the Point of Beginning.

Said property lies within the southeast quarter of the northeast quarter of Section 24, Township 19 North, Range 7 East, and contains 4.000 acres, more or less.

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Being a tract or parcel of land lying in Section 10, Township 17 North, Range 30 East, Phenix City, Russell County, Alabama, being more particularly described as follows:

Commence from an iron pin where the northernmost margin of 14th Street intersects the easternmost margin of 19th Place, run thence along the northern margin of 14th Street South 69 degrees 09 minutes 38 seconds East a distance of 53.90 feet to an iron pin; run thence along said margin South 69 degrees 09 minutes 38 seconds East a distance of 149.74 feet to an iron pin; run thence along said margin South 69 degrees 09 minutes 38 seconds East a distance of 101.47 feet to an iron pin, leaving said margin run thence North 05 degrees 15 minutes 24 seconds East a distance of 88.00 feet to an iron pin being the POINT OF BEGINNING; run thence North 05 degrees 15 minutes 24 seconds East a distance of 250.00 feet to an iron pin; run thence North 29 degrees 25 minutes 01 seconds West a distance of 200.00 feet to an iron pin; run thence North 05 degrees 14 minutes 00 seconds East a distance of 241.37 feet to an iron pin in the center of Stumpy Branch Creek; run thence in a southeasterly and an easterly direction along the center line of Stumpy Branch Creek 497.30 feet, more or less, to an iron pin, leaving said center of Creek, run thence South 02 degrees 40 minutes 33 seconds West a distance of 96.00 feet to an iron pin; continue thence South 02 degrees 40 minutes 33 seconds West a distance of 125.00 feet to an iron pin; run thence South 13 degrees 46 minutes 33 seconds West a distance of 29.00 feet to an iron pin; run thence South 02 degrees 47 minutes 33 seconds West a distance of 139.99 feet to the center of a 36" Sugarberry tree; run thence South 02 degrees 06 minutes 47 seconds East a distance of 205.84 feet to an iron pin on the northern margin of 14th Street; run thence along said margin North 84 degrees 35 minutes 36 seconds West a distance of 27.39 feet to a concrete monument; continue

thence along said margin North 84 degrees 35 minutes 36 seconds West a distance of 22.67 feet to an iron pin, leaving said margin run thence North 02 degrees 05 minutes 54 seconds West a distance of 158.92 feet to an iron pin; run thence North 81 degrees 49 minutes 36 seconds West a distance of 4.50 feet to an iron pin; run thence concave westerly along a curve having a radius of 547.15 feet and an arc distance of 302.24 feet (having a chord distance of 298.41 feet bearing North 89 degrees 44 minutes 20 seconds West) to an iron pin being the POINT OF BEGINNING, said parcel of land containing 5.41 acres, more or less.

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## Shelby County

A parcel of land located in the SW 1/4 of the NW 1/4 of Section 19, Township 20 South, Range 2 West in Shelby County, Alabama, being more particularly described as follows:

Commence at the NW corner of the SW 1/4 of the NW 1/4 of said Section 19, thence S 89 deg-52'-02" E along the North line of said 1/4-1/4 section for a distance of 607.21'; thence S 0 deg-07'-58" W a distance of 85.90' to the POINT OF BEGINNING; thence S 49 deg-53'-26" E a distance of 77.75'; thence S 40 deg-06'-34" W a distance of 15.00'; thence S 49 deg-53'-26" E a distance of 163.00'; thence S 40 deg-06'-34" W a distance of 155.00'; thence N 49 deg-53'-26" W a distance of 241.00'; thence N 40 deg-06'-34" E a distance of 50.00'; thence N 49 deg-53'-26" W a distance of 58.00'; thence N 40 deg-06-34" E a distance of 42.33'; thence N 76 deg-58'-45" E a distance of 97.08' to the Point of Beginning.

## St. Clair County

A parcel of land situated in the Southwest Quarter of the Northwest Quarter of Section 36, Township 16 South, Range 3 East, located in Pell City, St. Clair, Alabama and being more particularly described as follows:

Commence at the Southeast corner of the Southwest quarter of the Northwest quarter of Section 36, Township 16 South, Range 3 East; thence run North 00 degrees 36' 30" East, for a distance of 30.00 feet; thence run South 88 degrees 38' 30" West for a distance of 507.00 feet; thence run North 01 degrees 21' 30" West for a distance of 759.59 feet to the South boundary line of a parcel shown on a map for St. Clair Health Care Authority dated 15th of August by Derrol B. Luker, PLS #11673; thence run North 88 degrees 38' 30" East along said South boundary line for a distance of 219.28 feet to the point of beginning; thence run North 01 degrees 21' 30" West for a distance of 458.10 feet to the North line of said parcel; thence run North 88 degrees 38' 30" East along the North line of said parcel for a distance of 55.32 feet to the point of curvature of a curve to the right having a radius of 2964.46 feet and a central angle of 3 degrees 47' 60"; thence Easterly along the arc of said curve (also being the North line of said parcel) for a distance of 196.61 feet to the point of tangency of said curve; thence run South 87 degrees 33' 30" East along said right of way for a distance of 48.11 feet to the East line of said parcel, said point also being the point of curvature of a non-tangent curve to the right, having a radius of 5711.40 feet a central angle of 2 degrees 16' 32" and a chord of 226.82 feet bearing South 00 degrees 34' 06" East; thence Southerly along said curve (also being the East line of said parcel), a distance of 226.83 feet to the point of curvature of a reverse curve to the left, having a radius of 811.02 feet to a central angle of 15 degrees 47' 21", and a chord of 222.79 feet bearing South 07 degrees 19' 31" East; thence Southerly along said curve (also being the East line of said parcel), a distance of 223.50 feet to the South boundary line of said parcel; thence run South 88 degrees 38' 22" West along the South line of said parcel for a distance of 319.82 feet to the point of beginning.

Exhibit A-13

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## Sumter County

A parcel of land situated in the Northeast one-quarter of the Southeast one-quarter of Section 21, Township 19 North, Range 2 West, Sumter county, Alabama. Being more particularly described as follows:

Commence at an iron pin on the Westerly right of way line of U.S. Highway No. 11, said iron pin being 75 feet West and 807 feet South of the Northeast corner of the Northeast one-quarter of the Southeast one-quarter of said Section 21; thence run South 04° 00' East along said Westerly right of way line for a distance of 519.93 feet to the Point of Beginning; thence continue South 04° 00' East along said Westerly right of way line for a distance of 210.00 feet; thence leaving said Westerly right of way line, run South 86° 00' West for a distance of 620.00 feet; thence North 04° 00' West for a distance of 210.00 feet; thence North 86° 00' East for a distance of 620.00 feet to the Point of Beginning.

## Talladega County

A part of Block No. 7 and Block No. 8 of the L.L. Smith Revision of Blocks 1-3 as shown by map of said subdivision on record in the Office of the Judge of Probate of Talladega County, Alabama, in Plat Book 4 at Page 183 and other properties being more particularly described as follows, to-wit: Commence at the Southwest corner of the Northwest one-fourth of the Southwest one-fourth of Section 29, Township 21 South, Range 4 East, Talladega County, Alabama; thence proceed North 02°04'31" East along the West boundary of said quarter-quarter section for a distance of 309.30 feet to the point of beginning. From this beginning point continue North 02°04'31" East along the West boundary of said quarter-quarter section for a distance of 319.25 feet to a point on the South right-of-way line of Fourth Street; thence proceed South 87°59'05" East along right-of-way line of said Fourth Street for a distance of 425.95 feet to its point of intersection with the West right-of-way line of Elm Avenue; thence proceed South 01°36'25"West along the West right-of-way line of said Elm Avenue for a distance of 235.0 feet; thence proceed North 88°23'10" West for a distance of 275.0 feet; thence proceed South 01°36'50" West for a distance of 82.38 feet; thence proceed North 87°57'40" West for a distance of 153.54 feet to the point of beginning.

The above described land is located in the Northwest one-fourth of the Southwest one-fourth of Section 29, Township 21 South, Range 4 East, Talladega County, Alabama, and contains 2.60 acres, being a part of property shown on deeds on record in the Office of the Judge of Probate of Talladega County, Alabama, in Deed Book 574 at Page 128 and Deed Book 571 at Page 343.

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**Tallapoosa County**
**(Alexander City)**

A parcel of land lying in Section 5, Township 22 North, Range 21 East, Tallapoosa County, Alabama, and being more particularly descried as follows: Commencing at a found concrete monument locally accepted as the Northeast corner of Section 5, Township 22 North, Range 21 East; thence South 67° 34' 26" West, 1026.69 feet to a rebar set at the Point of Beginning; thence South 32° 39' 35" East, 380.00 feet to a rebar set; thence South 57° 20' 25" West, 252.62 feet to a rebar set on the North line of a 100 foot wide power line easement; thence along the North line of said easement North 73° 24' 19" West, 146.60 feet to a point; thence continue along the North line of said easement North 73° 24' 19" West, 354.98 feet to a rebar set; thence North 57° 20' 25" East, 580.00 feet to the point of beginning.

And Also a 60 foot wide access easement; the centerline of said easement being more particularly described as follows: Commencing at a found concrete monument locally accepted as the Northeast corner of Section 5, Township 22 North, Range 21 East; thence South 67° 34' 26" West, 1026.69 feet to a rebar set; thence South 32° 39' 35" East, 380.00 feet to a rebar set; thence South 57° 20' 25" West, 252.62 feet to a rebar set on the North Line of a 100 foot wide power line easement; thence along the North line of said easement North 73° 24' 19" West, 146.60 feet to the point of beginning of said centerline; thence along said centerline South 13° 45' 11" West, 131.12 feet to a point on the North right of way (R.O.W.) line of Sportplex Drive (60 foot R.O.W.) and the point of ending.

**Tallapoosa County**
**(Dadeville)**

A parcel of land situated in the Southwest¼ of the Southwest¼ of Section 4, Township 21 North, Range 23 East, St. Stephens Meridian, Tallapoosa County, Alabama, said parcel also being Lots 5 and 6 and a portion of Lots 3 and 4, Block 10 of the Ohme Survey of the Town of Dadeville, as recorded in Deed Book 4, Page 561 in the Office of the Judge of Probate of Tallapoosa County, being more particularly described as follows:

BEGIN at the intersection of the westerly right-of-way of Tallassee Street and the northerly right-of-way of Lafayette Street said POINT OF BEGINNING being the southeast corner of Block 10 of the Ohme Survey of the Town of Dadeville, as recorded in Deed Book 4, Page 561 in the Office of the Judge of Probate of Tallapoosa County, and run S 88°55'10" W (Meas & Map) along the northerly right-of-way line of Lafayette Street for a distance of 208.68 feet (Meas & Map) to the easterly right-of-way of West Street; thence run N 01°12'23" E (N 01°12'05" E Map) along said right-of-way for a distance of 103.98 feet (Meas & Map); thence leaving said right-of-way run N 88°19'09" E (N 88°18'48" E Map) for a distance of 204.91 feet (Meas & Map) to the aforementioned westerly right-of-way of Tallassee Street; thence run S 00°52'54" E (S 00°53' E Map) along said right-of-way for a distance of 106.04 feet (106.06 Map) to the POINT OF BEGINNING.

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## II. 2005 Facilities

As of the date of execution and delivery of the Lease Agreement, the 2005 Facilities are expected to be located in the following cities and counties:

| County or City | Address |
|---|---|
| Winston County | N/A* |
| Randolph County | N/A* |
| Hale County | N/A* |
| Conecuh County | N/A* |
| Clarke County | N/A* |
| Dale County | N/A* |
| Washington County | N/A* |
| Limestone County | N/A* |
| Marshall County | N/A* |
| Greene County | 412 Morrow Avenue, Eutaw, AL 35462 |
| Tuscaloosa County | N/A* |
| Henry County | 505 Kirkland Street, Abbeville, AL 36103 |
| Tallapoosa County | 2078 Sportsplex Blvd., Alexander City, AL 35010 |
| Barbour County | 41 N. Midway Street, Clayton, AL 36016 |
| City of Ashville | 411 N. Gadsden Hwy, Ashville, AL 35953 |
| City of Pell City | 1175 23rd Street North, Pell City, AL 35125 |
| City of Sylacauga | 311 North Elm Avenue, Sylacauga, AL 35150 |

*Precise location not yet determined.

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# EXHIBIT B

## Description of Equipment

All items of personal property acquired with proceeds of the Bonds, including but not limited to the following items; including any and all furniture, furnishings, fixtures, machinery, office equipment, medical equipment and other items of equipment, machinery and personal property identified by the Lessee as necessary or beneficial to the operation of the Facilities, including all substitutions and replacements therefor.

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# EXHIBIT C

## Requisition

To: First Commercial Bank,
as Trustee under the Indenture referred to below

Re: $57,975,000 Lease Revenue Bonds (Department of Public Health Facilities), Series 2005, issued by The Alabama Public Health Care Authority pursuant to a Trust Indenture dated as of September 1, 2005 (the "Indenture")

Capitalized terms not otherwise defined herein shall have the meanings assigned in the Indenture.

Request for Payment by the Alabama Department of Public Health (the "Lessee")

The Lessee hereby requests payment from the Construction Fund of

$_____

to

Name of payee:_____

Address of payee:_____

Tax Identification Number of payee:_____

Such payment will be made for the following purpose(s):_____

(Describe purpose in reasonable detail.)

The Lessee hereby certifies that: (i) such payment is for Project Costs within the meaning of the Indenture, (ii) no Lease Default exists under the Lease Agreement and no event has occurred and is continuing which, with notice or lapse of time or both, would constitute such a Lease Default, and (iii) such payment will not cause or result in the violation of any covenant contained in Section 7.03 of the Lease Agreement or the Tax Certificate and Agreement referred to therein.

Dated:_____

ALABAMA DEPARTMENT OF PUBLIC HEALTH

By_____
Authorized Lessee Representative

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# EXHIBIT D

## Permitted Encumbrances

The lien for real estate ad valorem taxes due and payable for the current tax year, and any other taxes, charges, and assessments of the levying jurisdictions.

1. Any existing leases, licenses, agreements, restrictions, reservations, easements, rights-of-way and restrictions of record.

2. All matters of public record affecting the Project Site.

3. Encroachments, overlaps, boundary line disputes, or other matters which would be disclosed by an accurate survey or inspection of the Project Site.

4. Minerals and mining rights not owned by the Lessee and related rights, privileges, waivers and releases.

6. The Lease Agreement.

7. Utility, access and other easements, licenses, rights-of-way, restrictions, reservations and exceptions which, according to the certificate of a licensed engineer (who may be an employee of the Lessee), will not materially interfere with or impair the operations being conducted at the Project Site.

8. Liens imposed by law, such a mechanics' and materialmen's liens and other similar liens that arise in the ordinary course of business with respect to obligations not yet due or being contested by the Issuer and/or the Lessee in good faith and by appropriate proceedings and with respect to which the Lessee shall have set aside adequate reserves in accordance with generally accepted accounting principles with respect thereto.

9. Liens arising out of pledges or deposits under workers' compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation.

10. Easements, leases, reservations or other rights of others in any property of the Issuer for streets, roads, bridges, pipes, pipelines, conveyors, railroads, electric transmission and distribution lines, electrical transformers and substations that serve only the Project Site, telegraph and telephone lines, the removal of oil, gas, coal or other minerals (provided such removal will not materially adversely affect the operation of the Project Site) and other similar purposes, flood rights, river control and development rights, sewage and drainage rights, restrictions against pollution and zoning laws and minor defects and irregularities in the record evidence of title, provided that such easements, leases, reservations, rights, restrictions, laws, defects and irregularities do not in the aggregate materially impair the use of such property for the purposes for which it is held by the Issuer.

11. Purchase money chattel mortgages, conditional sale agreements or other purchase money liens securing the unpaid portion of the purchase price of machinery, equipment and other

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tangible, personal property installed at the Project Site by the Lessee pursuant to the Lease Agreement.