
FIRST SUPPLEMENTAL LEASE AGREEMENT

between

**THE PUBLIC BUILDING AUTHORITY OF
BALDWIN COUNTY, ALABAMA**

and

BALDWIN COUNTY, ALABAMA

Dated July 27, 2021

FIRST SUPPLEMENTAL LEASE AGREEMENT between **THE PUBLIC BUILDING AUTHORITY OF BALDWIN COUNTY, ALABAMA**, a public corporation organized under the laws of the State of Alabama (the "Authority"), and **BALDWIN COUNTY, ALABAMA**, a political subdivision under the laws of the State of Alabama (the "County"),

RECITALS:

The Authority has heretofore acquired certain real property within the corporate limits of the County and has constructed thereon a jail and other related fixtures, facilities, equipment, and furnishings (collectively, the "Facility"), and has leased the Facility to the County pursuant to that certain Lease Agreement dated as of March 5, 2020 (the "Original Lease Agreement"), between the Authority and the County.

In order to finance the acquisition, construction and equipping of the Facility, the Authority has heretofore issued its Building Revenue Warrants, Series 2020, dated March 5, 2020 (the "Series 2020 Warrants"), pursuant to a Mortgage Indenture and Deed of Trust dated as of March 5, 2020 (the "Original Indenture"), between the Authority and Regions Bank as trustee thereunder (the "Trustee"). The Series 2020 Warrants are presently outstanding in the aggregate principal amount of \$35,135,000.

In order to provide funds to complete the improvements begun, but not completed, with the proceeds of the Series 2020 Warrants and to pay issuance costs, the Authority proposes to issue its \$19,735,000 principal amount of Building Revenue Warrants, Series 2021, to be dated the date of delivery (the "Series 2021 Warrants"). The Series 2021 Warrants will be issued as Additional Warrants (as defined in the Original Indenture) pursuant to Article VIII of the Original Indenture, as supplemented and amended by a First Supplemental Indenture dated the date of the Series 2021 Warrants (the "First Supplemental Indenture"; the Original Indenture, as supplemented and amended by the First Supplemental Indenture, is herein called the "Indenture").

In order to comply with the provisions of said Article VIII of the Original Indenture, the Authority and the County are entering into this First Supplemental Lease Agreement to provide for payment by the County of additional Basic Rent to the Authority in amounts sufficient to pay the principal of, premium (if any) and the interest on the Series 2021 Warrants as and when due, but only during the Initial Term or during any Renewal Term (as such terms are defined in the Original Lease Agreement). The Original Lease Agreement, as supplemented and amended by this First Supplemental Lease Agreement, is herein called the "Lease Agreement."

NOW, THEREFORE, the Authority and the County agree as follows:

ARTICLE I

DEFINITIONS AND USE OF PHRASES

Section 1.1 Definitions. In addition to the words and phrases defined in the recitals of this First Supplemental Lease Agreement and in the Original Lease Agreement, the words and phrases used but not otherwise defined herein shall be given the respective meanings assigned thereto in the Original Lease Agreement.

Section 1.2 Use of Phrases. "Herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent words refer to this First Supplemental Lease Agreement as an entirety and not solely to the particular portion in which any such word is used. The definitions set forth in the

recitals hereof and in Section 1.1 hereof include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations by the Authority. The Authority makes the following representations as the basis for the undertakings on its part herein contained:

- (a) The Authority is duly incorporated under the provisions of the Act by Certificate of Incorporation duly filed for record in the office of the Judge of Probate of Baldwin County, Alabama; has not subsequently amended its said Certificate of Incorporation; and is not in default under any of the provisions contained in the said Certificate of Incorporation or in the laws of Alabama;
- (b) Under the provisions of the Act, the Authority has the power to enter into the transactions contemplated by the Original Lease Agreement and this First Supplemental Lease Agreement and to carry out its obligations thereunder and hereunder;
- (c) The execution and delivery of the Lease Agreement on its part have been duly authorized by all necessary corporation action; and
- (d) The Lease Agreement is in full force and effect and the Authority is not in default thereunder.

Section 2.2 Representations and Warranties by the County. The County makes the following representations and warranties as the basis for the undertakings on its part herein contained:

- (a) The County is a political subdivision under the laws of Alabama, and has the power to enter into, and to perform and observe the agreements and covenants on its part contained in, the Original Lease Agreement, as supplemented by this First Supplemental Lease Agreement;
- (b) The execution and delivery of the Lease Agreement, the consummation of the transactions contemplated thereby and hereby, and the fulfillment or compliance with the terms and conditions thereof, do not conflict with, or result in a breach of, any of the terms, conditions or provisions of any governmental order to which the County is now a party or by which the County is bound, and do not constitute a default under any of the foregoing;
- (c) The execution and delivery of the Lease Agreement on its part have been duly authorized by all necessary action; and
- (d) The Lease Agreement is in full force and effect and the County is not in default thereunder.
- (e) The County understands that one of the principal inducements to the purchase of the Warrants by the purchasers thereof from the Authority is that under existing law the interest thereon is excludable from gross income for federal income tax purposes generally, except to the extent otherwise provided in the Tax Code.

ARTICLE III

DEMISING CLAUSES

The Authority hereby confirms the demise and leasing to the County of all real and personal property so demised and leased to the County pursuant to Section 3.1 of the Original Lease Agreement, subject to Permitted Encumbrances, and the County hereby rents from the Authority, subject to Permitted Encumbrances, for and during the fiscal year ending September 30, 2021, and for each Renewal Term thereafter, said real and personal property; not including, however, any machinery, equipment or other property that, under the terms of the Original Lease Agreement, is or is to become the sole property of the County or third parties.

This First Supplemental Lease Agreement is made, however, upon and subject to the following terms and conditions and to the terms and conditions of the Original Lease Agreement, as supplemented by the First Supplemental Lease Agreement, to each of which the Authority and the County hereby agree.

ARTICLE IV

SUPPLEMENTAL RENT PROVISIONS

Section 4.1 Basic Rental Provisions. For and during the term of the Lease Agreement, the County will pay to the Authority, in addition to any other rental provided for in the Original Lease Agreement, for use and occupancy of the Facility, additional Basic Rent in amounts at least sufficient to pay the principal of, premium (if any) and the interest on the Series 2021 Warrants, said additional Basic Rent to be paid not later than fifteen (15) days prior to each March 1 and September 1 during which the Lease Agreement is in effect, as rent during each Renewal Term, if any, and said additional Basic Rent being shown on Exhibit A hereto.

Section 4.2 Series 2021 Warrants to be Additional Warrants. The Authority and the County recognize and agree that from and after the issuance of the Series 2021 Warrants, any reference in the Lease Agreement to the "Warrants" shall, unless the context clearly indicates otherwise, be construed to refer to the Series 2021 Warrants.

ARTICLE V

MISCELLANEOUS

Section 5.1 Nature of this First Supplemental Lease Agreement; Construction. From and after the execution of this First Supplemental Lease Agreement, the Original Lease Agreement and this First Supplemental Lease Agreement shall be construed as a single instrument for the purposes and to the extent herein provided. The Original Lease Agreement, as supplemented by this First Supplemental Lease Agreement, is hereby confirmed by the Authority and the County.

Section 5.2 Binding Effect. The Original Lease Agreement, as supplemented by this First Supplemental Lease Agreement, shall inure to the benefit of, and shall be binding upon, the Authority, the County, the Trustee and their respective successors and assigns.

Section 5.3 Confirmation of Demise; Request for Issuance of Series 2021 Warrants. The County hereby confirms the demise made pursuant to the Original Lease Agreement, as supplemented by

this First Supplemental Lease Agreement, of all property constituting a portion of the Facility. This First Supplemental Lease Agreement shall constitute the written request of the County to the Authority for issuance by the Authority of the Series 2021 Warrants.

Section 5.4 Severability. In the event any provision of the Original Lease Agreement, as supplemented by this First Supplemental Lease Agreement, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision thereof.

IN WITNESS WHEREOF, the Authority and the County have caused this First Supplemental Lease Agreement to be executed in their respective corporate names, have caused their respective corporate seals to be hereunto affixed, and have caused this First Supplemental Lease Agreement to be attested, all by their duly authorized officers, in counterparts, each of which shall be deemed an original, and have caused this First Supplemental Lease Agreement to be dated July 27, 2021.

THE PUBLIC BUILDING AUTHORITY OF
BALDWIN COUNTY

[S E A L]

By _____
Chairman of its Board of Directors

Attest:

Its Secretary

BALDWIN COUNTY, ALABAMA

[S E A L]

By _____
Its Chairman

Attest:

Its County Administrator

STATE OF ALABAMA)
 :
COUNTY OF BALDWIN)

I, the undersigned Notary Public in and for said county in said state, hereby certify that _____, whose name as Chairman of the Board of Directors of THE PUBLIC BUILDING AUTHORITY OF BALDWIN COUNTY, ALABAMA, a public corporation under the laws 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 the within instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said public corporation.

GIVEN under my hand and official seal of office, this ____ day of _____, 2021.

Notary Public

[NOTARIAL SEAL]

STATE OF ALABAMA)
 :
COUNTY OF BALDWIN)

I, the undersigned Notary Public in and for said county in said state, hereby certify that _____, whose name as Chairman of the BALDWIN COUNTY, ALABAMA, a political subdivision under the laws 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 the within instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said limited liability company.

GIVEN under my hand and official seal of office, this ____ day of _____, 2021.

Notary Public

[NOTARIAL SEAL]

EXHIBIT A