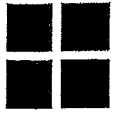


The Arbitrage Group, Inc.

\$21,480,000
BALDWIN COUNTY
GENERAL OBLIGATION WARRANTS
SERIES 2010



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January 27, 2010

Baldwin County, Alabama
Bay Minette, Alabama

Walston, Wells & Birchall, LLP
Birmingham, Alabama

The Frazer Lanier Company
Montgomery, Alabama

\$21,480,000
BALDWIN COUNTY, ALABAMA
GENERAL OBLIGATION WARRANTS
SERIES 2010

Baldwin County, Alabama (the "County") proposes to issue the above referenced warrants (the "Warrants") which are dated January 27, 2010 and will be issued on January 27, 2010.

A portion of the proceeds of the Warrants will be used to purchase United States Treasury Securities -- State and Local Government Series (the "Restricted Acquired Obligations") which together with the United States Treasury Securities -- State and Local Government Series to be purchased with other monies (the "Other Acquired Obligations") will be placed in an irrevocable trust together with an initial cash deposit to be used solely to refund that portion of the County's General Obligation Warrants, Series 1999, General Obligation Warrants, Series 2002 and General Obligation Warrants, Series 2003 (respectively, the "Series 1999 Refunded Warrants," "Series 2002 Refunded Warrants" and "Series 2003 Refunded Warrants," and collectively, the "Refunded Warrants") described below:

Baldwin County, Alabama
 January 27, 2010
 Page 2

Series	Original Amount Issued	Dated Date	Amount to be Refunded	Maturities to be Refunded	Maturities to be Optionally Redeemed	Optional Redemption Date and Price
1999	\$11,000,000	03-01-1999	\$2,450,000	02-01-2010 - 02-01-2019, Inclusive	02-01-2011 - 02-01-2019, Inclusive	02-26-2010 @ 100%
2002	\$16,475,000	03-01-2002	\$12,955,000	11-01-2010 - 11-01-2021, Inclusive	11-01-2012 - 11-01-2021, Inclusive	11-01-2011 @ 100%
2003	\$8,250,000	12-01-2003	\$6,695,000	12-01-2010 - 12-01-2024, Inclusive	12-01-2011 - 12-01-2024, Inclusive	12-01-2010 @ 100%

At your request, we have independently verified the arithmetical accuracy of the computations provided to us by The Frazer Lanier Company which indicate: (1) the sufficiency of the receipts from the Restricted Acquired Obligations and the Other Acquired Obligations together with an initial cash deposit to pay to and at early redemption the principal of and interest on the Refunded Warrants; and, (2) the "yield" on the Restricted Acquired Obligations. The term "yield," as used herein, means that discount rate which, when used in computing the present value of all payments of principal and interest on an obligation compounded semiannually using a 30/360-day year basis, produces an amount equal to, in the case of the Restricted Acquired Obligations, the purchase price of such securities.

The original computations, along with certain assumptions and information, were furnished to us by The Frazer Lanier Company on behalf of the County. We have relied solely on the assumptions and information provided to us and have not made any study or evaluation of them, except as noted below. We express no opinion on the reasonableness of the assumptions, or the likelihood that the debt service requirements of the Refunded Warrants will be paid as described in the accompanying Exhibits.

In the course of our engagement, we were furnished by The Frazer Lanier Company with excerpts from the Official Statements for the Refunded Warrants, the Official Statement for the Warrants and copies of the initial and final subscription forms for the purchase of the Restricted Acquired Obligations and the Other Acquired Obligations. We understand that the initial subscription form was filed on January 13, 2010. We compared the information contained in the schedules provided by The Frazer Lanier Company with certain information set forth in such documents with respect to prices, principal payment dates and amounts, interest payment dates and rates, yields, and redemption dates and prices.



The Arbitrage Group, Inc.

Baldwin County, Alabama
January 27, 2010
Page 3

We found that the information contained in such schedules provided to us by The Frazer Lanier Company was in agreement with the above-mentioned information set forth in such documents. In addition, we have verified that, based upon the table of interest rates payable on United States Treasury Securities -- State and Local Government Series for use on January 13, 2010, the interest rates payable on the Restricted Acquired Obligations and the Other Acquired Obligations are at or below the maximum allowable interest rate for each maturity date.

In our opinion, based on the assumptions and information provided by The Frazer Lanier Company on behalf of the County, the computations in the schedules provided to us are arithmetically accurate. The computations in the accompanying Exhibits prepared by us and the comparable schedules provided to us indicate that:

- (1) the receipts from the Restricted Acquired Obligations and the Other Acquired Obligations together with an initial cash deposit of \$754,031.93 will be sufficient to pay to and at early redemption the principal of and interest on the Refunded Warrants; and,
- (2) the yield of the Restricted Acquired Obligations is 0.651673%.

The terms of our engagement are such that we have no obligation to update this report or to verify any revised computation because of events and transactions occurring subsequent to the date of this report. This report is issued solely for your information and assistance in connection with the issuance of the Warrants. This report is not to be quoted or referred to without our prior written consent.

Very truly yours,

The Arbitrage Group, Inc.

Exhibits

- A. Escrow Cash Flow
- B. Debt Service Requirements of the Refunded Warrants to Early Redemption
 - B-1. Debt Service Requirements of the Series 1999 Refunded Warrants to Maturity
 - B-2. Debt Service Requirements of the Series 1999 Refunded Bonds to Early Redemption
 - B-3. Debt Service Requirements of the Series 1999 Refunded Warrants to Maturity
 - B-4. Debt Service Requirements of the Series 1999 Refunded Bonds to Early Redemption
 - B-5. Debt Service Requirements of the Series 1999 Refunded Warrants to Maturity
 - B-6. Debt Service Requirements of the Series 1999 Refunded Bonds to Early Redemption
- C. Receipts from Restricted Acquired Obligations and Proof of Yield
- D. Receipts from Other Acquired Obligations and Proof of Yield

Escrow Cash Flow

Baldwin County, Alabama

<u>Date</u>	<u>Beginning Cash Balance</u>	<u>Receipts from Restricted Acquired Obligations</u>	<u>Receipts from Unrestricted Acquired Obligations</u>	<u>Debt Service Requirements of the Refunded Warrants to Early Redemption</u>	<u>Ending Cash Balance</u>
01/27/10	\$754,031.93				\$754,031.93
02/01/10	\$754,031.93			\$754,030.00	\$1.93
02/26/10	\$1.93	\$1,760,978.47		1,760,978.47	\$1.93
05/01/10	\$1.93	75,973.31	\$241,784.90	317,758.75	\$1.39
06/01/10	\$1.39	88,064.10	51,127.25	139,192.50	\$0.24
11/01/10	\$0.24	1,132,759.61		1,132,758.75	\$1.10
12/01/10	\$1.10	6,834,192.20		6,834,192.50	\$0.80
05/01/11	\$0.80	300,441.29		300,440.00	\$2.09
11/01/11	\$2.09	12,440,439.22		12,440,440.00	\$1.31
		<u>\$22,632,848.20</u>	<u>\$292,912.15</u>	<u>\$23,679,790.97</u>	

Debt Service Requirements of the Refunded Warrants to Early Redemption

Baldwin County, Alabama

<u>Date</u>	<u>Debt Service Requirements of the Series 1999 Refunded Warrants to Early Redemption</u>	<u>Debt Service Requirements of the Series 2002 Refunded Warrants to Early Redemption</u>	<u>Debt Service Requirements of the Series 2003 Refunded Warrants to Early Redemption</u>	<u>Debt Service Requirements of the Refunded Warrants to Early Redemption</u>
02/01/10	\$754,030.00			\$754,030.00
02/26/10	1,760,978.47			1,760,978.47
05/01/10		\$317,758.75		317,758.75
06/01/10			\$139,192.50	139,192.50
11/01/10		1,132,758.75		1,132,758.75
12/01/10			6,834,192.50	6,834,192.50
05/01/11		300,440.00		300,440.00
11/01/11		12,440,440.00		12,440,440.00
	<u>\$2,515,008.47</u>	<u>\$14,191,397.50</u>	<u>\$6,973,385.00</u>	<u>\$23,679,790.97</u>

Debt Service Requirements of the Series 1999 Refunded Warrants to Maturity

Baldwin County, Alabama

<u>Date</u>	<u>Principal</u>	<u>Coupon Rate</u>	<u>Interest</u>	<u>Debt Service Requirements of the Series 1999 Refunded Warrants to Maturity</u>
02/01/10	\$695,000.00	4.600%	\$59,030.00	\$754,030.00
08/01/10			43,045.00	43,045.00
02/01/11	725,000.00	4.700%	43,045.00	768,045.00
08/01/11			26,007.50	26,007.50
02/01/12	110,000.00	5.050%	26,007.50	136,007.50
08/01/12			23,230.00	23,230.00
02/01/13	115,000.00	5.050%	23,230.00	138,230.00
08/01/13			20,326.25	20,326.25
02/01/14	120,000.00	5.050%	20,326.25	140,326.25
08/01/14			17,296.25	17,296.25
02/01/15	125,000.00	5.050%	17,296.25	142,296.25
08/01/15			14,140.00	14,140.00
02/01/16	130,000.00	5.050%	14,140.00	144,140.00
08/01/16			10,857.50	10,857.50
02/01/17	135,000.00	5.050%	10,857.50	145,857.50
08/01/17			7,448.75	7,448.75
02/01/18	145,000.00	5.050%	7,448.75	152,448.75
08/01/18			3,787.50	3,787.50
02/01/19	150,000.00	5.050%	3,787.50	153,787.50
	<u>\$2,450,000.00</u>		<u>\$391,307.50</u>	<u>\$2,841,307.50</u>

Debt Service Requirements of the Series 1999 Refunded Warrants to Early Redemption

Baldwin County, Alabama

<u>Date</u>	<u>Principal</u>	<u>Coupon Rate</u>	<u>Interest</u>	<u>Debt Service Requirements of the Series 1999 Refunded Warrants to Early Redemption</u>
02/01/10	\$695,000.00	4.600%	\$59,030.00	\$754,030.00
02/26/10	1,755,000.00	*	5,978.47	1,760,978.47
	<u>\$2,450,000.00</u>		<u>\$65,008.47</u>	<u>\$2,515,008.47</u>

* Coupon rates are as shown in the Debt Service Requirements of the Series 1999 Refunded Warrants to Maturity.

Debt Service Requirements of the Series 2002 Refunded Warrants to Maturity

Baldwin County, Alabama

<u>Date</u>	<u>Principal</u>	<u>Coupon Rate</u>	<u>Interest</u>	<u>Debt Service Requirements of the Series 2002 Refunded Warrants to Maturity</u>
05/01/10			\$317,758.75	\$317,758.75
11/01/10	\$815,000.00	4.250%	317,758.75	1,132,758.75
05/01/11			300,440.00	300,440.00
11/01/11	855,000.00	5.500%	300,440.00	1,155,440.00
05/01/12			276,927.50	276,927.50
11/01/12	900,000.00	4.500%	276,927.50	1,176,927.50
05/01/13			256,677.50	256,677.50
11/01/13	945,000.00	4.600%	256,677.50	1,201,677.50
05/01/14			234,942.50	234,942.50
11/01/14	985,000.00	4.700%	234,942.50	1,219,942.50
05/01/15			211,795.00	211,795.00
11/01/15	1,035,000.00	4.800%	211,795.00	1,246,795.00
05/01/16			186,955.00	186,955.00
11/01/16	1,085,000.00	4.900%	186,955.00	1,271,955.00
05/01/17			160,372.50	160,372.50
11/01/17	1,140,000.00	5.000%	160,372.50	1,300,372.50
05/01/18			131,872.50	131,872.50
11/01/18	1,200,000.00	5.000%	131,872.50	1,331,872.50
05/01/19			101,872.50	101,872.50
11/01/19	1,265,000.00	5.100%	101,872.50	1,366,872.50
05/01/20			69,615.00	69,615.00
11/01/20	1,330,000.00	5.100%	69,615.00	1,399,615.00
05/01/21			35,700.00	35,700.00
11/01/21	1,400,000.00	5.100%	35,700.00	1,435,700.00
	<u>\$12,955,000.00</u>		<u>\$4,569,857.50</u>	<u>\$17,524,857.50</u>

Debt Service Requirements of the Series 2002 Refunded Warrants to Early Redemption

Baldwin County, Alabama

<u>Date</u>	<u>Principal</u>	<u>Coupon Rate</u>	<u>Interest</u>	<u>Debt Service Requirements of the Series 2002 Refunded Warrants to Early Redemption</u>
05/01/10			\$317,758.75	\$317,758.75
11/01/10	\$815,000.00	4.250%	317,758.75	1,132,758.75
05/01/11			300,440.00	300,440.00
11/01/11	12,140,000.00	*	300,440.00	12,440,440.00
	<u>\$12,955,000.00</u>		<u>\$1,236,397.50</u>	<u>\$14,191,397.50</u>

* Coupon rates are as shown in the Debt Service Requirements of the Series 2002 Refunded Warrants to Maturity.

Debt Service Requirements of the Series 2003 Refunded Warrants to Maturity

Baldwin County, Alabama

Date	Principal	Coupon Rate	Interest	Debt Service Requirements of the Series 2003 Refunded Warrants to Maturity
06/01/10			\$139,192.50	\$139,192.50
12/01/10	\$335,000.00	3.000%	139,192.50	474,192.50
06/01/11			134,167.50	134,167.50
12/01/11	345,000.00	3.350%	134,167.50	479,167.50
06/01/12			128,388.75	128,388.75
12/01/12	360,000.00	3.500%	128,388.75	488,388.75
06/01/13			122,088.75	122,088.75
12/01/13	370,000.00	3.700%	122,088.75	492,088.75
06/01/14			115,243.75	115,243.75
12/01/14	385,000.00	3.800%	115,243.75	500,243.75
06/01/15			107,928.75	107,928.75
12/01/15	400,000.00	4.000%	107,928.75	507,928.75
06/01/16			99,928.75	99,928.75
12/01/16	415,000.00	4.050%	99,928.75	514,928.75
06/01/17			91,525.00	91,525.00
12/01/17	435,000.00	4.150%	91,525.00	526,525.00
06/01/18			82,498.75	82,498.75
12/01/18	455,000.00	4.250%	82,498.75	537,498.75
06/01/19			72,830.00	72,830.00
12/01/19	475,000.00	4.350%	72,830.00	547,830.00
06/01/20			62,498.75	62,498.75
12/01/20	495,000.00	4.450%	62,498.75	557,498.75
06/01/21			51,485.00	51,485.00
12/01/21	520,000.00	4.550%	51,485.00	571,485.00
06/01/22			39,655.00	39,655.00
12/01/22	540,000.00	4.600%	39,655.00	579,655.00
06/01/23			27,235.00	27,235.00
12/01/23	570,000.00	4.650%	27,235.00	597,235.00
06/01/24			13,982.50	13,982.50
12/01/24	595,000.00	4.700%	13,982.50	608,982.50
	\$6,695,000.00		\$2,577,297.50	\$9,272,297.50

Debt Service Requirements of the Series 2003 Refunded Warrants to Early Redemption

Baldwin County, Alabama

Date	Principal	Coupon Rate	Interest	Debt Service Requirements of the Series 2003 Refunded Warrants to Early Redemption
06/01/10			\$139,192.50	\$139,192.50
12/01/10	\$6,695,000.00	*	139,192.50	6,834,192.50
	\$6,695,000.00		\$278,385.00	\$6,973,385.00

* Coupon rates are as shown in the Debt Service Requirements of the Series 2003 Refunded Warrants to Maturity.

Receipts from Restricted Acquired Obligations and Proof of Yield

Baldwin County, Alabama

Date	Principal	Coupon Rate	Interest	Receipts from Restricted Acquired Obligations	Present Value of Future Receipts at 01/27/10 Using a Rate of 0.651673%
02/26/10	\$1,760,964.00	0.010%	\$14.47	\$1,760,978.47	\$1,760,055.77
05/01/10	50,562.00	0.040%	25,411.31	75,973.31	75,844.35
06/01/10	88,043.00	0.070%	21.10	88,064.10	87,866.96
11/01/10	1,081,944.00	0.230%	50,815.61	1,132,759.61	1,127,164.17
12/01/10	6,819,231.00	0.260%	14,961.20	6,834,192.20	6,796,747.63
05/01/11	251,521.00	0.470%	48,920.29	300,441.29	297,986.26
11/01/11	12,392,110.00	0.780%	48,329.22	12,440,439.22	12,298,709.86
	<u>\$22,444,375.00</u>		<u>\$188,473.20</u>	<u>\$22,632,848.20</u>	<u>\$22,444,375.00</u>
					<u><u>\$22,444,375.00</u></u>
				Purchase Price of Restricted Acquired Obligations	<u><u>\$22,444,375.00</u></u>

Receipts from Other Acquired Obligations and Proof of Yield

Baldwin County, Alabama

<u>Date</u>	<u>Principal</u>	<u>Coupon Rate</u>	<u>Interest</u>	<u>Receipts from Other Acquired Obligations</u>	<u>Present Value of Future Receipts at 01/27/10 Using a Rate of 0.046015%</u>
05/01/10	\$241,760.00	0.040%	\$24.90	\$241,784.90	\$241,755.85
06/01/10	51,115.00	0.070%	12.25	51,127.25	51,119.15
	<u>\$292,875.00</u>		<u>\$37.15</u>	<u>\$292,912.15</u>	<u>\$292,875.00</u>
				<u>Purchase Price of Other Acquired Obligations</u>	<u>\$292,875.00</u>

REFUNDING TRUST AGREEMENT

Dated January 1, 2010

By and Between

BALDWIN COUNTY

And

REGIONS BANK

This Instrument Prepared By James L. Birchall, Esq. of Walston, Wells & Birchall, LLP, 1819 Fifth Avenue North, Suite 1100, Birmingham, Alabama 35203 prepared this Refunding Trust Agreement

REFUNDING TRUST AGREEMENT

This **REFUNDING TRUST AGREEMENT** (the "Agreement") is made and entered into by and between **BALDWIN COUNTY**, an Alabama political subdivision (the "County") and **REGIONS BANK** (the "Custodian"), dated as of the 1st day of January, 2010.

Recitals

The County has heretofore issued its \$16,475,000 General Obligation Warrants, Series 2002, dated March 1, 2002 (the "Series 2002 Warrants") pursuant to Resolution and Order No. 2002-43 duly adopted by the Baldwin County Commission (the "Commission") on March 19, 2002 (the "Series 2002 Warrants Authorizing Resolution") which are presently outstanding in the remaining principal amount of \$12,955,000.

The County designated SouthTrust Bank as the original custodian for the Series 2002 Warrants pursuant to the Series 2002 Warrants Authorizing Resolution. SouthTrust Bank has heretofore been succeeded in trust by Regions Bank, the present custodian for the Series 2002 Warrants.

The Series 2002 Warrants were issued for the purposes of (1) constructing certain capital improvements within the County (the "Series 2002 Improvements"), consisting of (i) Highway 181 road and bridge construction, (ii) County Road 13 (from Highway 104 to County Road 64) road and bridge construction, (iii) County Road 13 (from County Road 44 to County Road 32) road construction, (iv) County Road 83 road and bridge engineering only, (v) Cowpen Creek Road bridge and road construction, (vi) construction of shelled-in top floor of jail, (vii) construction of Commission on Aging/Library Cooperative Building or acquisition of Packard-Hughes Building in Robertsdale and (viii) construction of facilities and capital purchases for a Wilderness Intervention Program for juveniles and (2) paying costs of issuing the Series 2002 Warrants.

The County proposes now to issue its \$21,480,000 General Obligation Warrants, Series 2010, dated January 1, 2010 (the "Series 2010 Warrants") pursuant to a resolution and order duly adopted by the Commission on January 20, 2010 (the "Series 2010 Warrants Authorizing Resolution") for the purposes of, among others, advance refunding and redeeming the Series 2002 Warrants on November 1, 2011 in accordance with the terms hereof.

Regions Bank in Birmingham, Alabama (the "Series 2010 Warrants Custodian") has been designated as the Custodian for the Series 2010 Warrants pursuant to the Series 2010 Warrants Authorizing Resolution.

Agreement

NOW, THEREFORE, in consideration of the foregoing recitals and other good valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS AND USE OF PHRASES

SECTION 1.1 Definitions.

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

"Agreement" means this Refunding Trust Agreement.

"Bond Counsel" means a firm of attorneys whose opinions respecting the legality and validity of securities issued by or on behalf of states or political subdivisions thereof are nationally recognized and accepted.

"County" means the Baldwin County, an Alabama political subdivision, and any successor to its functions.

"Commission" means the Baldwin County Commission, the governing body of the County.

"Custodian" means Regions Bank in Birmingham, Alabama, and its successors and assigns, the custodian for the Series 2010 Warrants and the successor custodian to SouthTrust Bank, for the Series 2002 Warrants.

"Escrow Fund" means the fund created in Section 3.1 hereof.

"Series 2002 Warrants" means the County's General Obligation Warrants, Series 2002, dated March 1, 2002, presently outstanding in the principal amount of \$12,955,000.

"Series 2002 Warrants Authorizing Resolution" means the resolution and order duly adopted by the Commission on March 19, 2002 authorizing the issuance of the County's Series 2002 Warrants.

"Series 2010 Warrants" means the County's \$21,480,000 General Obligation Warrants, Series 2010, of even date herewith, to be issued simultaneously herewith, a portion of which shall be used to advance refund and redeem in full the Series 2002 Warrants with maturities on November 1, 2012 and thereafter on November 1, 2011.

"SLGS" means United States Treasury Obligations - State and Local Government Series, purchased with a portion of the proceeds of the Series 2010 Warrants and deposited in the Escrow Fund for the full payment and redemption of the Series 2002 Warrants as more particularly provided for herein.

SECTION 1.2 Use of Phrases.

"Herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter," and other equivalent words refer to this Agreement as an entirety and not solely to the particular portion in which any word is used. The definitions set forth in Section 1.1 hereof include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural.

ARTICLE II

REPRESENTATIONS

SECTION 2.1 Representations by the County.

The County makes the following representations as the basis for the undertakings on its part herein contained:

(a) The County has heretofore issued the Series 2002 Warrants in the original principal amount of \$16,475,000 which are now outstanding in the aggregate principal amount of \$12,955,000 and have stated maturities on November 1 in years and amounts as set forth in the schedule below and bear interest at the per annum rates hereinafter set forth:

<u>Year of Maturity</u>	<u>Principal Amount Maturing</u>	<u>Interest Rate</u>
2010	\$815,000	4.25%
2011	855,000	5.50
2012	900,000	4.50
2013	945,000	4.60
2014	985,000	4.70
2015	1,035,000	4.80
2016	1,085,000	4.90
2017	1,140,000	5.00
2018	1,200,000	5.00
2019	1,265,000	5.10
2020	1,330,000	5.10
2021	1,400,000	5.10

(b) The Series 2002 Warrants are to be advance refunded and redeemed on November 1, 2011. Interest on the Series 2002 Warrants is payable semi-annually on May 1 and November 1 in each year. The Series 2002 Warrants maturing on November 1, 2012 and thereafter are subject to redemption at the option of the County on November 1, 2011 at a price of 100% of the principal amount thereof to be redeemed, plus accrued interest thereon without premium or penalty. The Series 2002 Warrants with maturities on November 1, 2010 and November 1, 2011 shall mature on such dates as provided for herein.

(c) All principal and interest that has matured or come due with respect to the Series 2002 Warrants has been and shall continue to be paid in full.

(d) The provisions herein for the giving of notice of redemption of the Series 2002 Warrants will accomplish full compliance with the provisions contained in the Series 2002 Warrants Authorizing Resolution for said notice of redemption.

(e) Simultaneously with the delivery of this Agreement, the County has issued and delivered the Series 2010 Warrants.

(f) The money in the Escrow Fund will be sufficient to make all payments required to be made from the Escrow Fund pursuant to Section 3.2 hereof in the amounts therein required.

(g) The County has the power to enter into this Agreement pursuant to the provisions of the laws of the State of Alabama. The execution and delivery of this Agreement on the part of the County have been duly authorized by all necessary action.

(h) The County is not at the time in default under the Series 2002 Warrants Authorizing Resolution. No such default is imminent.

SECTION 2.2 Representations by the Custodian.

The Custodian, as the basis for the undertakings on its part herein contained, represents that it has the power to enter into this Agreement and to accept and administer the trusts created hereby and has been duly authorized to do so by all necessary corporate action. The Custodian is familiar with the terms and conditions thereof.

SECTION 2.3 Covenant of County in Case of Deficiency in Escrow Fund.

The County covenants and agrees that if at any time the moneys or investments on deposit in the Escrow Fund are insufficient to pay the principal of and interest on the Series 2002 Warrants as provided herein, the County shall forthwith deposit into the Escrow Fund the amount of any such deficiency.

ARTICLE III

CREATION OF ESCROW FUND AND APPLICATION OF MONEY ON DEPOSIT THEREIN

SECTION 3.1 Escrow Fund.

(a) There is hereby created an irrevocable trust fund called the "Escrow Fund" which shall be held by the Custodian until all payments required by Section 3.2 hereof have been made.

(b) Simultaneously with the delivery of this Agreement, the Custodian has deposited into the Escrow Fund the sum of \$13,776,137.34 out of the proceeds of the sale of the Series 2010 Warrants. There are presently \$241,760.16 funds on deposit in the Series 2002 Warrant Fund and such funds shall be deposited in the Escrow Fund on the date the Series 2010 Warrants are issued. The Custodian acknowledges receipt and deposit of the aforesaid sums. Of such moneys, the amount of \$14,017,897.00 shall be used to acquire United States Treasury Obligations - State and Local Government Series ("SLGS") and \$.050 shall be retained as a cash deposit in accordance with the Verification Report dated January 27, 2010 prepared by The Arbitrage Group and incorporated herein by reference as Exhibit A.

SECTION 3.2 Application of Escrow Fund.

The Custodian is hereby directed, and by its execution and delivery of this Agreement the Custodian does hereby agree, to apply such money in the Escrow Fund:

(a) to pay the principal and interest requirements on the Series 2002 Warrants to and including November 1, 2011,

(b) to redeem, on November 1, 2011, the Series 2002 Warrants having stated maturities on November 1, 2012 and thereafter and

(c) all to the end that full provision may be made for the payment and redemption of the Series 2002 Warrants as aforesaid on November 1, 2011.

SECTION 3.3 Redemption of Series 2002 Warrants.

(a) The Series 2002 Warrants maturing on November 1, 2012 and thereafter have been and hereby are irrevocably called for redemption by the County on November 1, 2011. The County hereby confers upon Regions Bank, the successor in trust to SouthTrust Bank, N.A., irrevocable power to mail, for and in the name of the County, notice of such redemption in accordance with the provisions set forth with respect thereto in the Series 2002 Warrants Authorizing Resolution and in the face of the Series 2002 Warrants, such notice to be in substantially the following form:

NOTICE OF REDEMPTION

NOTICE IS HEREBY GIVEN that the General Obligation Warrants, Series 2002, dated March 1, 2002 of the Baldwin County, numbered ____ through ____, inclusive, and having stated maturities on November 1, 2012 and thereafter, have been called for redemption and will become due and payable on November 1, 2011, at a redemption price (expressed as a percentage of principal amount) for each warrant redeemed equal to 100% of the principal amount thereof plus accrued interest to the date fixed for redemption without premium or penalty. All such warrants should be surrendered at the designated corporate trust office of Regions Bank in Birmingham, Alabama and no such warrants will be paid until so surrendered. All interest on such warrants so called for redemption will cease to accrue after November 1, 2011, whether or not the warrants are presented for payment.

BALDWIN COUNTY

By REGIONS BANK
Its duly authorized

[successor in trust to SouthTrust Bank]

(b) Such notices of redemption shall be sent by United States registered or certified mail to the registered owners of the Series 2002 Warrants so called for redemption, not less than thirty (30) days prior to November 1, 2011.

(c) The Custodian, hereby accepts the powers conferred upon it by this section and hereby agrees to mail the notice of redemption provided for in this section, all in accordance with the Series 2002 Warrants Authorizing Resolution, the Series 2002 Warrants and the provisions of this Agreement. The Custodian may add to such notice any other statements it deems necessary or desirable.

ARTICLE IV

CONCERNING THE CUSTODIAN UNDER THE SERIES 2002 WARRANTS AUTHORIZING RESOLUTION AND ORDER

SECTION 4.1 Fees and Expenses of Custodian.

The County will pay directly to the Custodian, as custodian, registrar and depository under the Series 2002 Warrants Authorizing Resolution, promptly upon receipt of its statement therefor, reasonable compensation for its services and all reasonable expenses incurred in the performance of its duty thereunder. The Custodian shall look solely to the County for the payment of its fees, compensation and expenses as such custodian, registrar and depository. Such fees, expenses, charges and disbursements shall in no event be payable from or constitute a lien or charge upon the Escrow Fund or any part thereof.

SECTION 4.2 Money in Series 2002 Warrant Fund.

The County and Custodian hereby acknowledge that there is \$241,760.16 on deposit in the warrant fund established under the Series 2002 Warrants Authorizing Resolution, and that such funds shall be deposited in the Escrow Fund as hereinbefore described.

SECTION 4.3 Acceptance of Trusts

The Custodian accepts the trusts hereby created and agrees to perform the duties herein required of it, either expressly or by reasonable implication, subject, however, to the following conditions:

(a) It shall not be liable hereunder except for its noncompliance with the provisions hereof, its willful misconduct or its gross negligence, or the breach of any warranty or the untruthfulness of any acknowledgment or representation made herein by it, and, in particular and without limiting the generality of the foregoing, it shall not be liable for any losses resulting from any investment of moneys, or the conversion into cash of any investment, forming a part of the Escrow Fund if it shall have made such investment or conversion in accordance with the provisions hereof.

(b) It may consult counsel on any matters connected herewith and shall not be answerable for any action taken or failure to take any action in good faith on the written advice of Bond Counsel, provided that its action or inaction is not contrary to any express provision hereof.

(c) It need not recognize an owner of any of the Series 2002 Warrants as such without the satisfactory establishment of his or her title thereto.

(d) It shall not be answerable for any action taken in good faith on any notice, request, consent, certificate or other paper or document which it believes to be genuine and signed or acknowledged by the proper party.

(e) It shall be entitled to compensation for its ordinary services hereunder and shall be entitled to reasonable extra compensation for unusual or extraordinary services.

(f) It may be the owner of the Series 2002 Warrants, as if not Series 2002 Warrants Custodian hereunder.

(g) It shall not be liable for the proper application of any moneys other than those that may be paid to or deposited with it.

(h) All moneys received by the Custodian to be held by it hereunder shall be held as trust funds until disbursed in the manner herein provided therefor. The Custodian shall not be liable to pay or allow interest thereon or otherwise to invest any such moneys except as specifically required herein.

(i) It shall, upon reasonable request, advise the County, the owners of the Series 2002 Warrants and the owners of the Series 2010 Warrants of the amounts at the time contained in the Escrow Fund and in what such amounts are invested.

SECTION 4.4 Resignation and Removal of Custodian; Appointment of Successor Custodian.

The Custodian, whether the original or a successor custodian, may resign by giving written notice of its intention so to do to the County. In the event of the resignation of the Custodian, or in the event said Custodian shall fail or refuse, or become unable to perform its duties as Custodian hereunder, the County hereby obligates itself to appoint as successor custodian a bank in the State of Alabama which shall be a member of the Federal Deposit Insurance Corporation, a participant in the Safety for Alabama Funds Enhancement Program (SAFE) under ALA. CODE § 41-14A-1 et seq. (1975), qualified to serve as a custodian in the State of Alabama, and having a paid in capital, surplus and undivided profits of not less than \$50,000,000. All provisions of this Agreement applicable to the Custodian shall apply to any successor custodian so appointed.

ARTICLE VI

MISCELLANEOUS

SECTION 5.1 No Arbitrage.

The County hereby represents that the proceeds of the Series 2002 Warrants have been invested at a yield which does not cause any of the Series 2002 Warrants to be or become "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the regulations applicable thereto as of the date of issuance of the Series 2002 Warrants. Anything herein contained to the contrary notwithstanding, the Custodian shall not invest any moneys at any time on deposit in the Escrow Fund if the yields of such securities, the amounts to be invested therein or any other factors relating thereto would cause any of the Series 2002 Warrants to be or become "arbitrage bonds" within the meaning of said Section 148. In determining whether any investment would violate the covenant contained in the next preceding sentence, the Custodian may rely upon the written opinion of Bond Counsel acceptable to it.

SECTION 5.2 Third Party Beneficiaries.

The owners of the Series 2002 Warrants and the Series 2010 Warrants shall be third party beneficiaries of this Agreement. The owners of the Series 2002 Warrants and the Series 2010 Warrants shall be entitled to enforce the provisions of this Agreement, provided that nothing contained herein shall be construed to grant or confer a pledge of or lien on the Escrow Fund for the benefit of the owners of the Series 2010 Warrants.

SECTION 5.3 Use of Surplus Moneys.

When all of the Series 2002 Warrants have been paid or redeemed as provided in Section 3.2 hereof, the Custodian shall pay and transfer to the County any moneys and other assets then remaining in or forming a part of the Escrow Fund.

SECTION 5.4 Benefit and Binding Effect of This Agreement.


This Agreement shall inure to the benefit of, and shall be binding upon, the County and the Custodian and their respective successors and assigns. Except as otherwise provided in Section 5.2 hereof with respect to the owners of the Series 2010 Warrants and the Series 2002 Warrants, the covenants and agreements herein contained are for the sole and exclusive benefit of the parties hereto and their respective successors and assigns.

SECTION 5.5 Severability.

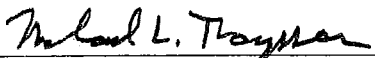
In the event any provision hereof shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

IN WITNESS WHEREOF, the County and the Custodian have caused this Agreement to be executed in their respective names, have caused their respective seals to be hereunto affixed, and have caused this Agreement to be attested, all by their duly authorized officers, all as of the day and year first hereinabove written.

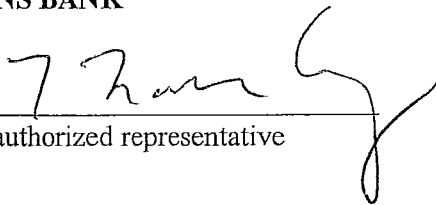
BALDWIN COUNTY

By 
Chairman

COUNTY SEAL

Attest: 
Its County Administrator

REGIONS BANK

By 
Its duly authorized representative

BANK SEAL


Attest: 
Its duly authorized representative

EXHIBIT A

[Verification Report]

REFUNDING TRUST AGREEMENT

Dated January 1, 2010

By and Among

BALDWIN COUNTY

And

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

[successor to The Bank of New York Trust Company of Florida, N.A.]

And

REGIONS BANK

This Instrument Prepared By James L. Birchall, Esq. of Walston, Wells & Birchall, LLP, 1819 Fifth Avenue North, Suite 1100, Birmingham, Alabama 35203 prepared this Refunding Trust Agreement

ARTICLE I

DEFINITIONS AND USE OF PHRASES

SECTION 1.1 Definitions.

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

"Agreement" means this Refunding Trust Agreement.

"Bond Counsel" means a firm of attorneys whose opinions respecting the legality and validity of securities issued by or on behalf of states or political subdivisions thereof are nationally recognized and accepted.

"County" means the Baldwin County, an Alabama political subdivision, and any successor to its functions.

"Commission" means the Baldwin County Commission, the governing body of the County.

"Escrow Fund" means the fund created in Section 3.1 hereof.

"Series 2003 Warrants Custodian" means The Bank of New York Mellon Trust Company, N.A., successor in trust to The Bank of New York Trust Company of Florida, N.A., the custodian for the Series 2003 Warrants with a designated corporate trust office in Birmingham, Alabama and its successors and assigns.

"Series 2003 Warrants" means the County's \$8,250,000 original principal amount General Obligation Warrants, Series 2003, dated December 1, 2003, presently outstanding in the principal amount of \$6,695,000.

"Series 2003 Warrants Authorizing Resolution" means the resolution and order duly adopted by the Commission on December 16, 2003 authorizing the issuance of the County's Series 2003 Warrants.

"Series 2010 Warrants Custodian" means Regions Bank, the custodian for the Series 2010 Warrants with a designated corporate trust office in Birmingham, Alabama and its successors and assigns.

"Series 2010 Warrants" means the County's \$21,480,000 General Obligation Warrants, Series 2010, of even date herewith, to be issued simultaneously herewith, a portion of which shall be used to advance refund and redeem in full the Series 2003 Warrants with maturities on December 1, 2011 and thereafter on December 1, 2010.

"SLGS" means United States Treasury Obligations - State and Local Government Series, purchased with a portion of the proceeds of the Series 2010 Warrants and deposited in the Escrow Fund for the full payment and redemption of the Series 2003 Warrants as more particularly provided for herein.

SECTION 1.2 Use of Phrases.

"Herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter," and other equivalent words refer to this Agreement as an entirety and not solely to the particular portion in which any word is used. The definitions set forth in Section 1.1 hereof include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural.

ARTICLE II

REPRESENTATIONS AND COVENANTS BY THE COUNTY

SECTION 2.1 Representations by the County.

The County makes the following representations as the basis for the undertakings on its part herein contained:

(a) The County has heretofore issued the Series 2003 Warrants in the original principal amount of \$8,250,000 which are now outstanding in the aggregate principal amount of \$6,695,000 and have stated maturities on December 1 in years and amounts as set forth in the schedule below and bear interest at the per annum rates hereinafter set forth:

<u>Year of Maturity</u>	<u>Principal Amount Maturing</u>	<u>Interest Rate</u>
2010	\$335,000	3.00%
2011	345,000	3.35
2012	360,000	3.50
2013	370,000	3.70
2014	385,000	3.80
2015	400,000	4.00
2016	415,000	4.05
2017	435,000	4.15
2018	455,000	4.25
2019	475,000	4.35
2020	495,000	4.45
2021	520,000	4.55
2022	540,000	4.60
2023	570,000	4.65
2024	595,000	4.70

(b) The Series 2003 Warrants with maturities on December 1, 2011 and thereafter are to be advance refunded and redeemed on December 1, 2010. Interest on the Series 2003 Warrants is payable semi-annually on June 1 and December 1 in each year. The Series 2003 Warrants maturing on December 1, 2011 and thereafter are subject to redemption at the option of the County on December 1, 2010 at a price of 100% of the principal amount thereof to be redeemed, plus accrued interest thereon without premium or penalty. The Series 2003 Warrants with maturities on December 1, 2010 shall mature on such dates as provided for herein.

(c) All principal and interest that has matured or come due with respect to the Series 2003 Warrants has been and shall continue to be paid in full.

(d) The provisions herein for the giving of notice of redemption of the Series 2003 Warrants will accomplish full compliance with the provisions contained in the Series 2003 Warrants Authorizing Resolution for said notice of redemption.

(e) Simultaneously with the delivery of this Agreement, the County has issued and delivered the Series 2010 Warrants.

(f) The money in the Escrow Fund will be sufficient to make all payments required to be made from the Escrow Fund pursuant to Section 3.2 hereof in the amounts therein required.

(g) The County has the power to enter into this Agreement pursuant to the provisions of the laws of the State of Alabama. The execution and delivery of this Agreement on the part of the County have been duly authorized by all necessary action.

(h) The County is not at the time in default under the Series 2003 Warrants Authorizing Resolution. No such default is imminent.

SECTION 2.2 Representations by the Series 2003 Warrants Custodian.

The Series 2003 Warrants Custodian, as the basis for the undertakings on its part herein contained, represents that it has the power to enter into this Agreement and has been duly authorized to do so by all necessary corporate action. The Series 2003 Warrants Custodian is familiar with the terms and conditions of the Series 2003 Warrants Authorizing Resolution.

SECTION 2.3 Representations by the Series 2010 Warrants Custodian.

The Series 2010 Warrants Custodian, as the basis for the undertakings on its part herein contained, represents that it has the power to enter into this Agreement and has been duly authorized to do so by all necessary corporate action. The Series 2010 Warrants Custodian is familiar with the terms and conditions of the Series 2010 Warrants Authorizing Resolution.

SECTION 2.4 Covenant of County in Case of Deficiency in Escrow Fund.

The County covenants and agrees that if at any time the moneys or investments on deposit in the Escrow Fund are insufficient to pay the principal of and interest on the Series 2003 Warrants as provided herein, the County shall forthwith deposit into the Escrow Fund the amount of any such deficiency.

ARTICLE III

CREATION OF ESCROW FUND AND APPLICATION OF MONEY ON DEPOSIT THEREIN

SECTION 3.1 Escrow Fund.

(a) There is hereby created an irrevocable trust fund called the "Escrow Fund" which shall be held by Regions Bank until all payments required by Section 3.2 hereof have been made.

(b) Simultaneously with the delivery of this Agreement, pursuant to Section 3.05(b) of the Series 2003 Warrants Authorizing Resolution the County hereby directs the Series 2003 Warrants Custodian to, and the Series 2003 Warrants Custodian shall, transfer to the Series 2010 Warrants Custodian the sum of \$51,115.45 presently on deposit in the Series 2003 Warrant Fund, to be deposited by the Series 2010 Warrants Custodian in the Escrow Fund on the date the Series 2010 Warrants are issued. The Series 2010 Warrants Custodian has combined that amount with the sum of \$6,907,274.98 out of the proceeds of the sale of the Series 2010 Warrants and has likewise deposited that amount in the Escrow Fund. The Series 2010 Warrants Custodian acknowledges receipt and deposit of the aforesaid sums. Of the combined sum of \$6,958,390.43 to be on deposit in the Escrow Fund, the amount of \$6,958,389.00 shall be used by the Series 2010 Warrants Custodian to acquire United States Treasury Obligations - State and Local Government Series ("SLGS") and

the amount of \$1.43 shall be retained as an initial cash deposit, all in accordance with the Verification Report dated January 27, 2010 prepared by The Arbitrage Group and incorporated herein by reference as Exhibit A hereto.

SECTION 3.2 Application of Escrow Fund.

The Series 2010 Warrants Custodian is hereby directed, and by its execution and delivery of this Agreement the Series 2010 Warrants Custodian does hereby agree, to apply such money in the Escrow Fund as follows:

(a) to transfer to the Series 2003 Warrants Custodian, an amount sufficient to allow such Custodian to pay the principal and interest requirements on the Series 2003 Warrants to and including December 1, 2010, and

(b) to transfer to the Series 2003 Warrants Custodian an amount sufficient to allow such Custodian to redeem, on December 1, 2010, the Series 2003 Warrants having stated maturities on December 1, 2011 and thereafter;

all to the end that full provision may be made for the payment and redemption of the Series 2003 Warrants as aforesaid on December 1, 2010.

SECTION 3.3 Redemption of Series 2003 Warrants.

(a) The Series 2003 Warrants maturing on December 1, 2011 and thereafter have been and hereby are irrevocably called for redemption by the Series 2003 Warrants Custodian on behalf of the County on December 1, 2010. The County hereby confers upon the Series 2003 Warrants Custodian, irrevocable power to mail, for and in the name of the County, notice of such redemption in accordance with the provisions set forth with respect thereto in the Series 2003 Warrants Authorizing Resolution and in the face of the Series 2003 Warrants, such notice to be in substantially the following form:

NOTICE OF REDEMPTION

NOTICE IS HEREBY GIVEN that the General Obligation Warrants, Series 2003, dated December 1, 2003 of Baldwin County, numbered ____ through ____, inclusive, and having stated maturities on December 1, 2011 and thereafter, have been called for redemption and will become due and payable on December 1, 2010, at a redemption price (expressed as a percentage of principal amount) for each warrant redeemed equal to 100% of the principal amount thereof plus accrued interest to the date fixed for redemption without premium or penalty. All such warrants should be surrendered at the designated corporate trust office of The Bank of New York Mellon Trust Company, N.A., the successor in trust to The Bank of New York Trust Company of Florida, N.A. in Birmingham, Alabama, and no such warrants will be paid until so surrendered. All interest on such warrants so called for redemption will cease to accrue after December 1, 2010, whether or not the warrants are presented for payment.

BALDWIN COUNTY

By THE BANK OF NEW YORK
MELLON TRUST COMPANY, N.A.

Its duly authorized agent and successor in trust to
The Bank of New York Trust Company
of Florida, N.A.

(b) Such notices of redemption shall be sent by United States registered or certified mail to the registered owners of the Series 2003 Warrants so called for redemption, not less than thirty (30) days prior to December 1, 2010.

(c) The Series 2003 Warrants Custodian, hereby accepts the powers conferred upon it by this section and hereby agrees to mail the notice of redemption provided for in this section, all in accordance with the Series 2003 Warrants Authorizing Resolution, the Series 2003 Warrants and the provisions of this Agreement. The Series 2003 Warrants Custodian may add to such notice any other statements it deems necessary or desirable.

SECTION 3.4 Notice of Advance Refunding.

The Series 2010 Warrants Custodian shall assist the County in preparing and sending certain notices customarily sent to various market participants in connection with an advance refunding such as this.

ARTICLE IV

**CONCERNING THE SERIES 2003 WARRANTS CUSTODIAN UNDER THE
SERIES 2003 WARRANTS AUTHORIZING RESOLUTION AND ORDER**

SECTION 4.1 Fees and Expenses of Series 2003 Warrants Custodian.

The County will pay directly to the Series 2003 Warrants Custodian, as custodian, registrar and depository under the Series 2003 Warrants Authorizing Resolution, promptly upon receipt of its statement therefor, reasonable compensation for its services and all reasonable expenses (including reasonable attorney's

fees, costs and expenses, if any) incurred in the performance of its duties thereunder and hereunder. The Series 2003 Warrants Custodian shall look solely to the County for the payment of its fees, compensation and expenses as such custodian, registrar and depository. Such fees, expenses, charges and disbursements shall in no event be payable from or constitute a lien or charge upon the Escrow Fund or any part thereof. If the Series 2003 Warrants Custodian is required by a governmental agency or court proceeding initiated by a third party to undertake efforts beyond that which is set forth under the Series 2003 Warrants Authorizing Resolution or as set forth herein (other than due to the Series 2003 Warrants Custodian's gross negligence or willful misconduct), the Series 2003 Warrants Custodian shall notify the County of the same in writing and the County shall promptly pay the Series 2003 Warrants Custodian for such extraordinary fees and expenses reasonably and necessarily incurred in connection therewith. The terms of this Section 4.1 shall survive the termination of this Agreement.

SECTION 4.2 Money in Series 2003 Warrant Fund.

The County and Series 2003 Warrants Custodian hereby acknowledge that there is \$51,115.45 on deposit in the warrant fund established under the Series 2003 Warrants Authorizing Resolution which pursuant to Section 3.05(b) of the Series 2003 Warrants Authorizing Resolution, the County hereby directs to be transferred to the Series 2010 Warrants Custodian on the date the Series 2010 Warrants are issued and deposited in the Escrow Fund hereinbefore described in Section 3.1 above.

SECTION 4.3 Concerning the Series 2003 Warrants Custodian.

It is expressly understood and agreed that the Series 2003 Warrants Custodian's duties and obligations in connection with this Agreement and the Series 2003 Warrants Authorizing Resolution are confined to those expressly defined herein and therein and in the and no additional covenants or obligations shall be read into either against the Series 2003 Warrants Custodian. The Series 2003 Warrants Custodian may consult with counsel with respect to any question relating to its duties or responsibilities hereunder or otherwise in connection herewith and shall not be liable for any action taken, suffered or omitted by the Series 2003 Warrants Custodian in good faith upon the advice of such counsel. The Series 2003 Warrants Custodian may act through its agents and attorneys appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any such person so appointed. The Series 2003 Warrants Custodian may conclusively rely upon and shall be fully protected in acting and relying upon any notice, order, requisition, request, consent, certificate, order, opinion (including an opinion of counsel), affidavit, letter, telegram or other paper or document in good faith deemed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any payment obligation of the Series 2003 Warrants Custodian hereunder shall be paid from, and is limited to, funds available in the trust estate established and maintained in the Series 2003 Warrants Authorizing Resolution. The Series 2003 Warrants Custodian shall not be required to expend its own funds for the performance of its duties hereunder. The Series 2003 Warrants Custodian shall not be liable for any action taken or neglected to be taken in performing or attempting to perform its obligations hereunder other than for its gross negligence or willful misconduct. Notwithstanding any provision herein to the contrary, in no event shall the Series 2003 Warrants Custodian be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Series 2003 Warrants Custodian has been advised of the likelihood of such loss or damage and regardless of the form of action. The Series 2003 Warrants Custodian shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Series 2003 Warrants Custodian shall use commercially reasonable efforts which are

consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

SECTION 4.4 Discharge of the Series 2003 Warrants Custodian.

Upon payment of the Series 2003 Warrants by the Series 2003 Warrants Custodian pursuant to this Agreement and the Series 2003 Warrants Authorizing Resolution and the payment of any surplus moneys to the County pursuant to Section 6.3 below, the Series 2003 Warrants Custodian shall be released and discharged from any further obligations, duties or liability with respect to this Agreement.

ARTICLE V

CONCERNING THE SERIES 2010 WARRANTS CUSTODIAN

SECTION 5.1 The Series 2010 Warrants Custodian

The Series 2010 Warrants Custodian accepts the trusts hereby created and agrees to perform the duties herein required of it, either expressly or by reasonable implication, subject, however, to the following conditions:

(a) It shall not be liable hereunder except for its noncompliance with the provisions hereof, its willful misconduct or its gross negligence, or the breach of any warranty or the untruthfulness of any acknowledgment or representation made herein by it, and, in particular and without limiting the generality of the foregoing, it shall not be liable for any losses resulting from any investment of moneys, or the conversion into cash of any investment, forming a part of the Escrow Fund if it shall have made such investment or conversion in accordance with the provisions hereof.

(b) It may consult counsel on any matters connected herewith and shall not be answerable for any action taken or failure to take any action in good faith on the written advice of Bond Counsel, provided that its action or inaction is not contrary to any express provision hereof.

(c) It need not recognize an owner of any of the Series 2003 Warrants as such without the satisfactory establishment of his or her title thereto.

(d) It shall not be answerable for any action taken in good faith on any notice, request, consent, certificate or other paper or document which it believes to be genuine and signed or acknowledged by the proper party.

(e) It shall be entitled to compensation for its ordinary services hereunder and shall be entitled to reasonable extra compensation for unusual or extraordinary services.

(f) It may be the owner of the Series 2003 Warrants and the Series 2010 Warrants, as if not Series 2010 Warrants Custodian hereunder.

(g) It shall not be liable for the proper application of any moneys other than those that may be paid to or deposited with it.

(h) All moneys received by the Series 2010 Warrants Custodian to be held by it hereunder shall be held as trust funds until disbursed in the manner herein provided therefor. The

Series 2010 Warrants Custodian shall not be liable to pay or allow interest thereon or otherwise to invest any such moneys except as specifically required herein.

(i) It shall, upon reasonable request, promptly advise the County, the Series 2003 Warrants Custodian, the owners of the Series 2003 Warrants and the owners of the Series 2010 Warrants in writing of the amounts at the time contained in the Escrow Fund and in what such amounts are invested.

SECTION 5.2 Fees and Expenses of the Series 2010 Warrants Custodian.

The County will pay directly to the Series 2010 Warrants Custodian, promptly upon receipt of its statements therefor, all reasonable fees for the acceptance by it of the trusts created hereunder and for its services hereunder and all reasonable expenses, charges and disbursements incurred by it in the performance of its duties hereunder. Such fees, expenses, charges and disbursements shall in no event be payable from or constitute a lien or charge upon the Escrow Fund or any part thereof.

SECTION 5.3 Resignation and Removal of Series 2010 Warrants Custodian; Appointment of Successor Series 2010 Warrants Custodian.

The Series 2010 Warrants Custodian, whether the original or a successor custodian, may resign by giving written notice of its intention so to do to the County. In the event of the resignation of the Series 2010 Warrants Custodian, or in the event said Series 2010 Warrants Custodian shall fail or refuse, or become unable to perform its duties as Series 2010 Warrants Custodian hereunder, the County hereby obligates itself to appoint as successor custodian a bank in the State of Alabama which shall be a member of the Federal Deposit Insurance Corporation, a participant in the Safety for Alabama Funds Enhancement Program (SAFE) under ALA. CODE § 41-14A-1 et seq. (1975), qualified to serve as a custodian in the State of Alabama, and having a paid in capital, surplus and undivided profits of not less than \$50,000,000. All provisions of this Agreement applicable to the Series 2010 Warrants Custodian shall apply to any successor custodian so appointed.

ARTICLE VI

MISCELLANEOUS

SECTION 6.1 No Arbitrage.

The County hereby represents that the proceeds of the Series 2003 Warrants have been invested at a yield which does not cause any of the Series 2003 Warrants to be or become "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the regulations applicable thereto as of the date of issuance of the Series 2003 Warrants. Anything herein contained to the contrary notwithstanding, the Series 2010 Warrants Custodian shall not invest any moneys at any time on deposit in the Escrow Fund if the yields of such securities, the amounts to be invested therein or any other factors relating thereto would cause any of the Series 2010 Warrants to be or become "arbitrage bonds" within the meaning of said Section 148. In determining whether any investment would violate the covenant contained in the next preceding sentence, the Series 2010 Warrants Custodian may rely upon the written opinion of Bond Counsel acceptable to it.

SECTION 6.2 Third Party Beneficiaries.

The owners of the Series 2003 Warrants and the Series 2010 Warrants shall be third party beneficiaries of this Agreement. The owners of the Series 2003 Warrants and the Series 2010 Warrants shall be entitled to enforce the provisions of this Agreement, provided that nothing contained herein shall be construed to grant or confer a pledge of or lien on the Escrow Fund for the benefit of the owners of the Series 2010 Warrants.

SECTION 6.3 Use of Surplus Moneys.

When all of the Series 2003 Warrants have been paid or redeemed as provided in Section 3.2 hereof, the Series 2003 Warrants Custodian shall pay and transfer to the County any moneys and other assets not needed to refund and redeem the Series 2003 Warrants.

SECTION 6.4 Benefit and Binding Effect of This Agreement.

This Agreement shall inure to the benefit of, and shall be binding upon, the County, the Series 2010 Custodian and the Series 2003 Warrants Custodian and their respective successors and assigns. Except as otherwise provided in Section 6.2 hereof with respect to the owners of the Series 2010 Warrants and the Series 2003 Warrants, the covenants and agreements herein contained are for the sole and exclusive benefit of the parties hereto and their respective successors and assigns.

SECTION 6.5 Severability.

In the event any provision hereof shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 6.6 Governing Law.

The terms of this Agreement shall be governed by the laws of the State of Alabama, without regard to conflict of law principles.