

LEASE AGREEMENT

THIS LEASE AGREEMENT is made on this the 3rd day of June 2004, between MAGNOLIA LAND COMPANY hereinafter called LESSOR, and the CITY OF FOLEY, a municipal corporation, hereinafter called LESSEE, for the hereinafter described premises and in consideration of the mutual promises contained herein as well as other good and valuation consideration.

1. PROPERTY LEASED: Lessor hereby leases to Lessee and the latter lets from the former, the following described real property located in Baldwin County, Alabama, to with: Tax Map Parcel No. 05-54-08-28-2-000-025.000 Block 2, Lots 1-2 of Magnolia Springs Land Company Subdivision.
2. TERM: The term of this lease shall be for one (1) year beginning on the 1st day of June 2004, and ending on the 31st day of May 2005 and for the rental payments as hereinafter specified. It may be renewed on a yearly basis at the option of the LESSOR. LESSOR may, however, terminate this lease at anytime for any reason upon 30 days notice to LESSEE should it determine that it is in the LESSOR'S best interest. LESSEE shall vacate within thirty (30) days of said notice. LESSEE also may terminate this lease agreement upon a thirty (30) days advance written notice for any reason.
3. RENT: Lessee agrees to pay Lessor or Lessor's agent a yearly rental in the sum of One Dollar (\$1.00) payable in advance on the 1st of each June beginning on the 1st day of June 2004, and on the same day of each year thereafter until the termination of this tenancy. The rental payments are payable to Lessor and are to be delivered or mailed to Lessor's address, or to such other address as Lessor may, from time to time, provide the Lessee by written notice.
4. USE: Lessee will use and make available the premises for public or private parking purposes only. Any alterations, additions, improvements or changes built, constructed or placed on the leased property shall, unless provided by written agreement between Lessor and Lessee, be the property of Lessor and shall remain on the leased property at the expiration and termination of this lease. Lessee

agrees not to do or to permit any act or practice injurious to the premises which may be unreasonably disturbing to surrounding residents, or which may otherwise be prohibited by law.

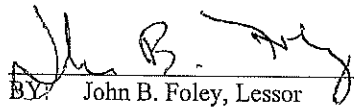
5. CARE OF THE PREMISES: Lessee agrees to exercise due care in the use of the Lessor's property and to pay for all repairs to all parts of Lessor's property during this lease term. Lessee shall surrender possession of the premises to Lessor at the termination of this lease in as good a condition as when taken excepting only loss by fire and other insured casualties and ordinary wear and tear. Lessee also agrees to the maintenance of the land to include mowing grass and noxious weeds in areas that are needed. New culverts shall be installed at the Lessee's expense.
6. LESSOR'S LIABILITY: Lessee shall maintain a policy of liability insurance on the above described real property with company satisfactory to Lessor and with limits of not less than ONE MILLION (\$1,000,000.00) DOLLARS per occurrence.
7. RIGHT OF ENTRY: Lessor or any person authorized by him shall have the right to enter the property at reasonable times to inspect and enforce this lease and after notice of termination is given, show the property to a prospective Lessee. Lessee shall not unreasonably withhold consent for Lessor to enter the premises.
8. REMEDIES FOR DEFAULT: If Lessee shall fail to pay rent or any other sum to Lessor when due, shall default in any other provisions of this lease, or shall abandon the premises or attempt to remove their possessions from the property, Lessor, in addition to all other remedies provided either at law or in equity, may void and terminate this lease, re-enter into possession of the property and sue for and recover all rent earned up to the date of such entry; the Lessor may, without terminating this lease, terminate the Lessee's right of possession, re-enter and resume possession of the property and re-let the same for the remainder of the term at the best rent it can obtain for the account of the Lessee.
9. ASSIGNMENT: Lessee may not assign or sublease the premises without the express written consent of the Lessor first had and obtained.

Acceptance of rent by the Lessor from any assignee, sub-tenant, grantee or successor in interest to the Lessee with or without notice shall not relieve the Lessee from his obligation to pay the rent or other charges herein provided for.

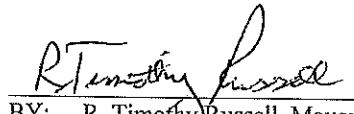
10. SEVERABILITY: In the event that any part of this lease shall be construed as unenforceable, the remaining parts of this lease shall be in full force and effect as though any unenforceable parts were not written into this lease.
11. NON-WAIVER: The failure of the Lessor to insist upon strict performance of any of the covenants or conditions of this lease or to exercise any option herein conferred in any one or more instances shall not be construed as a waiver or relinquishment of any such covenants, conditions or options but the same shall be and remain in full force and effect.
12. SURVIVAL: The provisions hereof shall be binding upon and inure to the benefit of all parties hereto, their successors, personal representatives, heirs and assigns.
13. TAXES: Lessor is to pay all taxes and assessments on the premises.
14. ENTIRE AGREEMENT: It is agreed that this written instrument embodies the whole agreement of the parties.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals on this the 3rd day of June 2004.

MAGNOLIA LAND COMPANY


BY: John B. Foley, Lessor
ITS: President

CITY OF FOLEY, ALABAMA, Lessee


BY: R. Timothy Russell, Mayor

ATTEST:

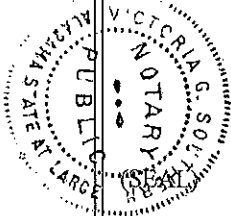
A. Perry Wilbourne
BY: A. Perry Wilbourne, CMC
Its: City Clerk/Administrator

STATE OF ALABAMA
COUNTY OF BALDWIN

I, Victoria Southern, a notary public in and for said county and state, hereby certify that MAGNOLIA LAND COMPANY, by JOHN B. FOLEY, Lessor and President, whose name 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 said instrument, he executed the same voluntarily on the day the same bears date.

Given under my hand and official seal on this 3rd day of June, 2004.

Victoria Southern
NOTARY PUBLIC
My Commission Expires:
5-31-05



STATE OF ALABAMA
COUNTY OF BALDWIN

I, Victoria Southern, a notary public in and for said county and state, hereby certify that R. TIMOTHY RUSSELL, as Mayor, and A. PERRY WILBOURNE, as City Clerk/Administrator of the CITY OF FOLEY, ALABAMA, whose names are signed to the foregoing instrument and who are known to me, acknowledged before me on this day that being informed of the contents of the said instrument, they executed the same voluntarily on the day the same bears date.

Given under my hand and official seal on this 7th day of June, 2004.

Victoria Southern
NOTARY PUBLIC
My Commission Expires:
5-31-05

