

- H. *Eighth Supplemental Indenture* between Jefferson County, Alabama and The Bank of New York, Dated as of January 1, 2003 [County's Exhibit No. **C.1-H**].
 - I. *Ninth Supplemental Indenture* between Jefferson County, Alabama and The Bank of New York, Dated as of April 1, 2003 [County's Exhibit No. **C.1-I**].
 - J. *Tenth Supplemental Indenture* between Jefferson County, Alabama and The Bank of New York, Dated as of August 1, 2003 [County's Exhibit No. **C.1-J**].
 - K. *Eleventh Supplemental Indenture* between Jefferson County, Alabama and The Bank of New York, Dated as of May 1, 2004 [County's Exhibit No. **C.1-K**].
2. *Order Appointing Receiver* in the case styled *Bank of New York Mellon, as Trustee v. Jefferson County, Alabama, et al.*; CV-2009-02318, Jefferson County Circuit Court, Birmingham Division, entered on September 22, 2010 [County's Exhibit No. **C.23**].

Respectfully submitted this 15th day of November, 2013.

/s/ James B. Bailey

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TRUST INDENTURE

between

JEFFERSON COUNTY, ALABAMA

and

AMSOUTH BANK OF ALABAMA

Dated as of February 1, 1997

Relating to

JEFFERSON COUNTY, ALABAMA

\$211,040,000

**Sewer Revenue Refunding Warrants
Series 1997-A**

\$48,020,000

**Taxable Sewer Revenue Refunding Warrants
Series 1997-B**

\$52,880,000

**Taxable Sewer Revenue Refunding Warrants
Series 1997-C**

This instrument was
MARKED
1200 AmSouth / Ho...
1901 Sixth Avenue
Birmingham, Alabama 35202

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to
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between
JEFFERSON COUNTY, ALABAMA
and
AMSOUTH BANK OF ALABAMA

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TRUST INDENTURE between **JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama, party of the first part (herein called the "County"), and **AMSOUTH BANK OF ALABAMA**, an Alabama banking corporation having its principal office in the City of Birmingham, Alabama, party of the second part (herein called the "Trustee");

RECITALS

The party of the first part makes the following recitals of facts as the basis for the undertaking following: it is a political subdivision of the State of Alabama; by proper official action it has duly authorized the issuance of the Series 1997 Warrants and Series 1997-C Warrants hereinafter referred to; and to secure payment of the principal of and the interest and premium (if any) on said Series 1997 Warrants and Series 1997-C Warrants and all additional securities that may be issued hereunder, it has by proper official action duly authorized the execution and delivery of this Indenture.

NOW, THEREFORE, THIS INDENTURE

WITNESSETH:

For the aforesaid purpose and in consideration of the respective agreements herein contained, it is hereby agreed between the parties signatory hereto and the holders of all Parity Securities issued hereunder (the holders of the said Parity Securities evidencing their consent hereto by their acceptance of the said Parity Securities and the parties signatory hereto evidencing their consent hereto by their execution hereof), each with each of the others, as follows (provided, that in the performance of any of the agreements of the party of the first part herein contained, any obligation it may thereby incur for the payment of money shall not be a general debt on its part but shall be payable solely from the sources of payment hereinafter specified):

ARTICLE I

DEFINITIONS AND USE OF PHRASES

Section 1.1 **Definitions.** Unless the context clearly indicates a different meaning, the following words and phrases, as used herein, shall have the following respective meanings:

"Act" means the statutes codified as Chapter 28 of Title 11 of the Code of Alabama 1975, as amended and supplemented and at the time in force and effect.

"Additional Parity Securities" means those of the Parity Securities (whether consisting of warrants, bonds, notes or other forms of indebtedness) issued subsequent to the issuance of the Series 1997 Warrants and Series 1997-C Warrants pursuant to the provisions of Article X hereof.

"Additional 1997 Parity Securities" means a series of Parity Securities to be issued subsequent to the issuance of the Series 1997 Warrants and Series 1997-C Warrants (but no later than April 30, 1997) in a principal amount that shall not exceed \$350,000,000.

"Authority" means the Alabama Water Pollution Control Authority, an Alabama public corporation.

"Authority Trustee Prime Rate" means the rate of interest established (whether or not charged) from time to time by Compass Bank in Birmingham, Alabama, as its general reference rate of interest, after taking into account such factors as Compass Bank may from time to time deem appropriate in its sole discretion (it being understood, however, that Compass Bank may from time to time make various loans at rates of interest having no relationship to such general reference rate of interest).

"Authorized County Representative" means the person or persons at the time designated as such by written certificate furnished to the Trustee, containing the specimen signature or signatures of such person or persons and signed on behalf of the County by a member of the Governing Body.

"Bond Counsel" means Independent Counsel having nationally recognized standing in matters relating to the tax-exempt nature of interest on obligations issued by or on behalf of states or political subdivisions thereof.

"Bond Insurer" means Financial Guaranty Insurance Company, a New York stock insurance company, or any successor thereto.

"Business Day" means any day other than (1) a Saturday, Sunday or day upon which commercial banks in Birmingham, Alabama, or New York, New York, are authorized or required to be closed, and (2) for purposes of payments and other actions relating to Parity Securities secured by a Letter of Credit, a day upon which commercial banks in the city in which the office of the Qualified Bank at which demands for payment under such Letter of Credit are to be presented is located are authorized to be closed.

"Code" means the Internal Revenue Code of 1986, as amended, or successor federal tax law at the time in force and effect.

"Counsel" means any attorney duly admitted to practice before the highest court of any state of the United States of America or the District of Columbia (including any full time

employee of the County who is so admitted to practice), it being understood that Counsel may also mean a firm of attorneys whose members are so admitted to practice.

"County" means the party of the first part hereto and, subject to the provisions of Section 12.6 hereof, includes its successors and assigns and any political subdivision of the State of Alabama resulting from or surviving any consolidation or merger to which it or its successors may be a party.

"Debt Service Fund" means the Jefferson County Sewer System Debt Service Fund established under Section 11.2 hereof.

"Depreciation Fund" means the Jefferson County Sewer System Funded Depreciation Fund established under Section 11.5 hereof.

"Eligible Bank Obligations" means demand and time deposits (whether or not interest-bearing and whether or not evidenced by certificates of deposit) in banks and acceptances by banks, provided that the banks obligated with respect to such deposits or acceptances, as the case may be, are organized under the laws of the United States of America or any state thereof and have, at the time any moneys are invested in such deposits or acceptances pursuant to the provisions of the Indenture, combined capital, surplus and undivided profits of not less than \$50,000,000; provided that the bank obligated with respect to any such deposit or acceptance shall continuously secure such deposit or acceptance, to the extent not insured by the Federal Deposit Insurance Corporation (or any department, agency or instrumentality of the United States of America that may succeed to the functions of such corporation), by depositing with an independent third party, as collateral security therefor, Federal Obligations having a market value (exclusive of accrued interest) not less than the amount of the deposit or acceptance being secured.

"Eligible Investments" means any of the following: (i) Federal Obligations; (ii) Eligible Bank Obligations; (iii) obligations issued by any state of the United States of America or political subdivision or instrumentality thereof that are fully payable, as to principal, premium (if any) and interest, from payments of principal of or interest on any Federal Obligations held in an irrevocable trust, and that are rated not less favorably than AAA by S&P and Aaa by Moody's; (iv) any share or other investment unit representing a beneficial interest in an investment company or investment trust which is registered under the Investment Company Act of 1940, as from time to time amended (or successor provision of federal law), provided that the investment portfolio of such investment company or investment trust consists exclusively of obligations or securities that would independently qualify as Eligible Investments if directly acquired by the County; (v) to the extent at the time permitted by applicable law, either of the following: (A) any repurchase agreement or collateralized investment agreement issued or guaranteed by any financial institution which has a long-term rating of at least A- by S&P or A3 by Moody's, provided that (1) the obligations or securities subject to any such agreement shall be of the kind described in clauses (i), (ii) and (iii) of this definition, (2) no transfer of moneys shall be made by the County to invest in any such agreement unless the County obtains a

security interest in all obligations and securities covered by such agreement that shall be perfected, prior to or simultaneously with the transfer of such moneys, through the physical delivery of such obligations and securities to the County or to an independent third party, and (3) such obligations and securities shall be supplemented by additional collateral from time to time to the extent required to continuously maintain collateral having an aggregate market value (exclusive of accrued interest) that is not less than the amount invested pursuant to such agreement; or (B) any investment agreement issued or guaranteed by any financial institution which has a long-term rating of at least AA- by S&P or AA3 by Moody's; and (vi) any other investments at the time permitted by applicable law.

"Event of Default" means an "Event of Default" as specified in Section 13.1 hereof.

"Federal Obligations" means (i) any direct general obligations of the United States of America, (ii) obligations the payment of the principal of and the interest on which is unconditionally and irrevocably guaranteed by, or entitled to the full faith and credit of, the United States of America, and (iii) Treasury Receipts.

"Fiscal Year" means any twelve month period ending on September 30 or any other period of twelve consecutive calendar months that may hereafter be adopted as the fiscal year of the County.

"Fitch" means Fitch Investors Service, L.P., and any successor thereto.

"fully paid", "payment in full", or any similar expression with respect to the Indenture Indebtedness, means that the entire Indenture Indebtedness has been paid in full or duly provided for pursuant to Section 16.1 hereof and that the lien of the Indenture has been cancelled, satisfied and discharged in accordance with the provisions of said Section 16.1 hereof.

"Governing Body" means the County Commission of the County or any other governing body of the County, howsoever constituted, that may succeed to its function as such governing body.

"Holder", when used in conjunction with a Parity Security, means the Person in whose name such Parity Security is registered on the registry books of the Trustee pertaining to the Parity Securities.

"Improvement Costs" means the costs of acquiring, constructing, installing and making any System Improvements (including the purchase of all easements, rights of way and land, and all engineering, legal, financing and other expenses incidental to the acquisition, construction, installation and making of such System Improvements).

"Indenture" means this Trust Indenture, as supplemented and amended by any Supplemental Indenture executed by the County and the Trustee in accordance with the applicable provisions of Article XV hereof.

"Indenture Funds" means the Debt Service Fund, the Rate Stabilization Fund, the Depreciation Fund, the Reserve Fund and the Redemption Fund.

"Indenture Indebtedness" means all indebtedness of the County at the time secured by the Indenture, including, without limitation, all principal of and interest and premium (if any) on the Parity Securities, and all reasonable and proper fees, charges and disbursements of the Trustee for services performed under the Indenture.

"Independent Accountant" means a certified public accountant or a firm of certified public accountants that has no continuing employment or business relationship or other connection with the County which, in the opinion of the Trustee, might compromise or interfere with the independent judgment of such accountant or firm of accountants in the performance of any services to be performed hereunder as an Independent Accountant, or the State Examiner of Public Accounts of the State of Alabama or any successor to his duties.

"Independent Counsel" means Counsel having no continuing employment or business relationship or other connection with the County which, in the opinion of the Trustee, might compromise or interfere with the independent judgment of such Counsel in the performance of any services to be performed hereunder as Independent Counsel.

"Independent Engineer" means an engineer or engineering firm licensed to engage in the independent practice of engineering under the laws of the State of Alabama (i) that has no continuing employment or business relationship or other connection with the County which, in the opinion of the Trustee, might compromise or interfere with the independent judgment of such engineer or engineering firm in the performance of any services to be performed hereunder as an Independent Engineer and (ii) that is otherwise acceptable to the Trustee and the Bond Insurer for the purpose to be served hereunder by such Independent Engineer.

"Independent Investment Adviser" means a municipal securities dealer having no continuing employment or business relationship or other connection with the County which, in the opinion of the Trustee, might compromise or interfere with the independent judgment of such securities dealer in the performance of any services to be performed hereunder as Independent Investment Adviser.

"Insurance Policy" means the municipal bond new issue insurance policy issued by the Bond Insurer that guarantees payment of principal of and interest on the Series 1997 Warrants.

"Interest Payment Date" means (i) with respect to the Series 1997 Warrants, August 1, 1997, and each February 1 and August 1 thereafter, (ii) with respect to the Series 1997-C Warrants, August 15, 1997, and each February 15 and August 15 thereafter, and (iii) with respect to any Additional Parity Securities, any date on which interest on such securities is due and payable.

"Issuance Cost Account" means the Series 1997 Warrants Issuance Cost Account established under Section 11.12 hereof.

"Issuance Costs" means the reasonable costs and expenses of issuing and selling the Series 1997 Warrants and Series 1997-C Warrants, including, without limitation, the fees and expenses of Bond Counsel to the County, the acceptance fee of the Trustee, the fees of any Rating Agency rating the Series 1997 Warrants, bond insurance premiums, accounting fees, financial advisory fees, underwriters' commissions and discounts, the costs of printing the Official Statement for the Series 1997 Warrants, and other usual and customary expenses.

"Letter of Credit" means an irrevocable and unconditional letter of credit, a standby purchase agreement, a line of credit or any other similar credit arrangement issued by a Qualified Bank to secure payment of any Parity Securities or to satisfy all or a portion of the Reserve Fund Requirement.

"Letter of Credit Agreement" means an agreement between the County and a Qualified Bank pursuant to which the Qualified Bank agrees to issue a Letter of Credit and which sets forth the repayment obligation of the County to the Qualified Bank on account of any payment under the Letter of Credit.

"Maximum Annual Debt Service" means the maximum amount payable in a Fiscal Year as principal of and interest on the Parity Securities then outstanding and any Additional Parity Securities proposed to be issued, subject to the following assumptions and adjustments:

(1) that the principal amount of any such securities required by the terms thereof to be redeemed or prepaid during any Fiscal Year shall, for purposes of this definition, be considered as maturing in the Fiscal Year during which such redemption or prepayment is required and not in the Fiscal Year in which their stated maturity or due date occurs;

(2) for purposes of determining the amounts of principal and interest due in any Fiscal Year on any Parity Securities that constitute Tender Indebtedness, the options or obligations of the owners of such Parity Securities to tender the same for purchase or payment prior to their stated maturity or maturities shall be treated as a principal maturity occurring on the first date on which owners of such Parity Securities may or are required to tender such Parity Securities for purchase or payment, except that any such option or obligation to tender Parity Securities shall be ignored and not treated as a principal maturity, and such Parity Securities shall be deemed to mature in accordance with their stated maturity schedule, if (i) such Parity Securities are rated in one of the two highest long-term rating categories (without reference to gradations such as "plus" or "minus") by at least two Rating Agencies or such Parity Securities are rated in the highest short-term, note or commercial paper rating categories (without reference to gradations such as "plus" or "minus") by at least two Rating Agencies, and (ii)

the obligation, if any, the County may have to the issuer of a *Letter of Credit* that secures such Parity Securities shall either be subordinated to the obligation of the County on the Parity Securities or be incurred under the conditions and satisfy the tests for the issuance of Additional Parity Securities set forth in the Indenture;

(3) the interest rate on any outstanding or proposed Variable Rate Securities subsequent to the date of calculation shall be assumed to be the lowest of (A) the maximum rate of interest that may be applicable to such Parity Securities, under the provisions thereof, (B) for so long as any hedging agreement that establishes a cap rate for such Parity Securities is in effect, such cap rate, and (C) the highest of (i) the actual interest rate on the date of calculation, or if the Variable Rate Securities in question are not yet outstanding, the initial rate (if established and binding), (ii) if the Variable Rate Securities in question have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) (x) if interest on the Variable Rate Securities in question is excludable from gross income under the applicable provisions of the Code, the most recently published Bond Buyer 25 Bond Revenue Index (or comparable index if no longer published) plus fifty (50) basis points, or (y) if interest on such Variable Rate Securities is not so excludable, the interest rate on direct U.S. Treasury obligations with comparable maturities plus fifty (50) basis points;

(4) the debt service payable with respect to any Parity Securities for which the County has entered into a Qualified Swap pursuant to which the County has agreed to make payments calculated by reference to a fixed rate of interest shall be calculated as if the Parity Securities bore interest at such fixed rate during the term of such Qualified Swap;

(5) the debt service payable with respect to any Parity Securities for which the County has entered into a Qualified Swap pursuant to which the County has agreed to make payments calculated by reference to variable interest rates shall be calculated as if the Parity Securities in question bore interest, during the term of such Qualified Swap, at a rate equal to the lowest of (A) for so long as any hedging agreement that establishes a cap rate with respect to such Qualified Swap remains in effect, such cap rate, or (B) the highest of (i) the actual rate of such Qualified Swap on the date of calculation, or if such Qualified Swap is not yet in effect, the initial rate (if established and binding), (ii) if the Qualified Swap has been in effect for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) (x) if interest on the Variable Rate Securities in question is excludable from gross income under the applicable provisions of the Code, the most recently published Bond Buyer 25 Bond Revenue Index (or comparable index if no longer published) plus fifty (50) basis points, or (y) if interest on such Variable Rate Securities is not so

excludable, the interest rate on direct U.S. Treasury obligations with comparable maturities plus fifty (50) basis points;

(6) there shall be excluded any principal of or interest on any Parity Securities to the extent there are available and held in escrow or under a trust agreement (i) moneys sufficient to pay such principal or interest, (ii) Permitted Defeasance Obligations which, if the principal thereof and the interest thereon are paid according to their tenor, will produce moneys sufficient to pay such principal of interest, or (iii) both moneys and such Permitted Defeasance Obligations which together will produce funds sufficient to pay such principal or interest; and

(7) the County may assume that all or any portion of outstanding Parity Securities that are subject to optional redemption provisions will be redeemed in one or more installments that are consistent with such provisions and may adjust the expected payment schedule with respect to such Parity Securities to reflect such assumed redemptions.

In any case where, for purposes of determining Maximum Annual Debt Service, a portion of the principal of any Parity Securities is to be excluded, there shall also be excluded interest on the principal so excluded.

"Moody's" means Moody's Investors Service and any successor thereto.

"Net Insurance Proceeds" means the total insurance proceeds recovered by the County and the Trustee on account of any damage to or destruction of the System or any part thereof, less all expenses (including attorneys' fees and any extraordinary expenses of the Trustee) incurred in the collection of such proceeds.

"Net Revenues Available for Debt Service" means, for any period, the difference between (A) the sum of (i) the total amount of System Revenues accrued during such period, and (ii) the amount of interest earned during such period on moneys held in those of the Indenture Funds other than the Rate Stabilization Fund (to the extent that such interest is not taken into account pursuant to the preceding clause (i)) and (B) the total amount of Operating Expenses incurred during such period (determined in accordance with generally accepted accounting principles).

"Operating Expenses" means, for the applicable period or periods, (a) the reasonable and necessary expenses of efficiently and economically administering and operating the System, including, without limitation, the costs of all items of labor, materials, supplies, equipment (other than equipment chargeable to fixed capital account), premiums on insurance policies and fidelity bonds maintained with respect to the System (including casualty, liability and any other types of insurance), fees for engineers, attorneys and accountants (except where such fees are chargeable to fixed capital account) and all other items, except depreciation, amortization, interest and payments made pursuant to Qualified Swaps, that by generally accepted accounting

principles are properly chargeable to expenses of administration and operation and are not characterized as extraordinary items, (b) the expenses of maintaining the System in good repair and in good operating condition, but not including items that by generally accepted accounting principles are properly chargeable to fixed capital account, and (c) the fees and charges of the Trustee. Payments or transfers of Sewer Revenues into the General Fund of the County shall constitute payments of Operating Expenses if and to the extent that the services or benefits for which such payments or transfers are made are such that payments to a Person other than the County for such services or benefits would constitute payments of Operating Expenses.

"outstanding", when used with reference to any of the Parity Securities, means, at the date as of which the amount of such Parity Securities outstanding is to be determined, all such Parity Securities which have been theretofore authenticated and delivered by the Trustee under the Indenture, except (i) those of such Parity Securities purchased for retirement which have been delivered to and cancelled by the Trustee, (ii) those of such Parity Securities cancelled by the Trustee because of payment at or after their respective maturities or redemption prior to their respective maturities, (iii) those of such Parity Securities for the payment or redemption of which provision shall have been made with the Trustee as provided in Section 16.1 hereof, and (iv) those of such Parity Securities in exchange for which, or in lieu of which, other Parity Securities have been authenticated and delivered hereunder. In determining whether the Holders of a requisite aggregate principal amount of outstanding Parity Securities have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Indenture, Parity Securities which are owned by the County shall be disregarded and deemed not to be outstanding hereunder for the purpose of any such determination.

"Parity Securities" means the Series 1997 Warrants, the Series 1997-C Warrants and any Additional Parity Securities at the time outstanding.

"Parity Securityholder" means the Holder of a Parity Security.

"Paying Agent" means (i) with respect to the Series 1997 Warrants and the Series 1997-C Warrants, the Trustee, and (ii) with respect to any series of Additional Parity Securities, the paying agent designated in the Supplemental Indenture providing for the issuance of such Additional Parity Securities.

"Permitted Defeasance Obligations" means any combination of (i) Federal Obligations and (ii) obligations issued by any state of the United States of America or political subdivision or instrumentality thereof that bear interest exempt from federal income taxation, that are fully payable, as to principal, premium (if any) and interest, from payments of principal of or interest on any Federal Obligations held in an irrevocable trust, and that are rated not less favorably than AAA by S&P or Aaa by Moody's.

"Permitted Encumbrances" means, as of any particular time, any of the following: (i) inchoate mechanic's, materialmen's, supplier's, vendor's and other similar liens; (ii) liens, encumbrances or pledges subordinate to the lien or pledge imposed hereby; and (iii) such other

minor defects, irregularities, encumbrances and clouds on title as customarily exist with respect to properties of the size and character as those comprising the System and that do not in the aggregate materially impair the use of such properties in the operation of the System.

"Person" means any natural person, corporation, partnership, trust, joint venture, government or governmental body, political subdivision or other legal entity as in the context may be possible or appropriate.

"Pledged Revenues" means those of the System Revenues that are pledged, pursuant to Section 2.1 hereof, to secure the payment of the Parity Securities.

"Prior Years' Surplus" means, with respect to any particular Fiscal Year, the aggregate amount on deposit in the Rate Stabilization Fund and the Depreciation Fund on the first day of such Fiscal Year.

"Qualified Bank" means a state or national bank or trust company, or a foreign bank with a domestic branch or agency, which is organized and in good standing under the laws of the United States or any state thereof, which has a capital and surplus of \$50,000,000 or more and which has a short-term debt rating in the highest category from at least two Rating Agencies.

"Qualified Swap" means, with respect to a series of Parity Securities or any portion thereof, any financial arrangement (i) that is entered into by the County with an entity that is a Qualified Swap Provider at the time of the execution and delivery of the documents governing such arrangement; (ii) that provides (a) that the County shall pay to such entity an amount based on the interest accruing at a fixed rate on a notional amount equal to all or a portion of the principal amount of the outstanding Parity Securities of such series, and that such entity shall pay to the County an amount based on the interest accruing on the same notional amount, at either a variable rate of interest or a fixed rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by the Parity Securities), or that one shall pay to the other any net amount due under such arrangement, or (b) that the County shall pay to such entity an amount based on the interest accruing on a notional amount equal to all or a portion of the principal amount of the outstanding Parity Securities of such series at a variable rate of interest as set forth in the arrangement and that such entity shall pay to the County an amount based on interest accruing on the same notional amount at an agreed fixed rate, or that one shall pay to the other any net amount due under such arrangement; and (iii) which has been designated in writing to the Trustee by the County as a Qualified Swap with respect to any of the Parity Securities.

"Qualified Swap Provider" means an entity whose senior long term debt obligations, other senior unsecured long-term obligations or claims paying ability, or whose payment obligations under a Qualified Swap are guaranteed by an entity whose senior long-term debt obligations, other senior unsecured long-term obligations or claims paying ability, are rated (at

the time the subject Qualified Swap is entered into) at least A- by S&P and at least A3 by Moody's.

"Rate Stabilization Fund" means the Jefferson County Sewer System Rate Stabilization Fund established under Section 11.4 hereof.

"Rate Stabilization Fund Requirement" means, as of the date of any determination thereof, seventy-five percent (75%) of the Maximum Annual Debt Service on the then outstanding Parity Securities.

"Rating Agency" means Moody's, S&P, Fitch or any other nationally recognized securities rating agency.

"Record Date" means, with respect to any Interest Payment Date, the fifteenth day of the month immediately preceding such Interest Payment Date.

"Redemption Fund" means the Jefferson County Sewer System Redemption Fund established under Section 11.6 hereof.

"Reserve Fund" means the Jefferson County Sewer System Debt Service Reserve Fund established under Section 11.3 hereof.

"Reserve Fund Requirement" means, as of the date of any determination thereof, the lesser of (a) 125% of the average annual debt service on all Parity Securities at the time outstanding and secured by the Reserve Fund; (b) the maximum annual debt service on all Parity Securities at the time outstanding and secured by the Reserve Fund, or (c) an amount equal to the aggregate of 10% of the original principal amount (or, in the case of any series of Parity Securities sold with original issue discount in an amount greater than 2% of its original principal amount, the issue price) of each series of Parity Securities at the time outstanding and secured by the Reserve Fund. Any calculation of average annual debt service or maximum annual debt service for the purpose of determining the applicable Reserve Fund Requirement shall be made in accordance with the requirements and limitations imposed by the provisions of the Code and the regulations promulgated thereunder that pertain to reasonably required reserve or replacement funds.

"Resolution" means a resolution duly adopted by the Governing Body.

"Revenue Account" means the Jefferson County Sewer System Revenue Account established under Section 11.1 hereof.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and any successor thereto.

"SRF Warrant" means the County's Sewer Revenue Warrant dated August 31, 1992, that was issued to the Alabama Water Pollution Control Authority, which warrant was issued originally in the principal amount of \$58,340,000 and is now outstanding in the principal amount of \$52,880,000.

"Series 1992 Warrants" means the County's Sewer Revenue Warrants, Series 1992, which warrants were originally issued in the aggregate principal amount of \$53,880,000 and are now outstanding in the aggregate principal amount of \$50,780,000.

"Series 1993 Warrants" means the County's Sewer Revenue Warrants, Series 1993, which warrants were originally issued in the aggregate principal amount of \$46,005,000 and are now outstanding in the aggregate principal amount of \$41,800,000.

"Series 1995-A Warrants" means the County's Sewer Revenue Warrants, Series 1995-A, originally issued and now outstanding in the aggregate principal amount of \$130,000,000.

"Series 1997 Warrants" means the Series 1997-A Warrants and the Series 1997-B Warrants.

"Series 1997-A Warrants" means those certain Sewer Revenue Refunding Warrants, Series 1997-A, authorized to be issued pursuant to Article VII hereof in an aggregate principal amount of \$211,040,000.

"Series 1997-B Warrants" means those certain Taxable Sewer Revenue Refunding Warrants, Series 1997-B, authorized to be issued pursuant to Article VIII hereof in an aggregate principal amount of \$48,020,000.

"Series 1997-C Warrants" means those certain Taxable Sewer Revenue Refunding Warrants, Series 1997-C, authorized to be issued pursuant to Article IX hereof in an aggregate principal amount of \$52,880,000.

"Sewer Tax" means that certain ad valorem tax levied by the County on an annual basis for the benefit of the System pursuant to Act No. 716 of the 1900-01 Session of the General Assembly of Alabama.

"Supplemental Indenture" means an agreement supplementing or amending the Indenture.

"System" means the entire sanitary sewer system owned by the County and all additions thereto and replacements thereof, consisting of mains, laterals, collectors, transmission mains, outfalls, pumping stations, sewage disposal plants, sewage treatment plants, and all properties, rights, easements and franchises appurtenant thereto, whether any of the said properties are now owned by the County or may be hereafter acquired by it.

"System Improvements" means (i) any capital improvements, extensions or additions to the System, (ii) any other capital improvements undertaken by the County as a consequence of its ownership and operation of the System, or (iii) any land or interest therein acquired as an addition to the System or as a consequence of the County's ownership and operation of the System.

"System Revenues" means the revenues derived from the Sewer Tax and all revenues, receipts, income and other moneys hereafter received by or on behalf of the County from whatever source derived from the operation of the System, including, without limitation, the fees, deposits and charges paid by users of the System and interest earnings on the Indenture Funds (other than the Rate Stabilization Fund) and any other funds held by the County or its agents that are attributable to or traceable from moneys derived from the operation of the System, but excluding, however, any federal or state grants to the County in respect of the System and any income derived from such grants.

"Tender Indebtedness" means any Parity Securities that are payable, at the option of the holder thereof, prior to their stated maturity or due date, or that the County (or an agent thereof) is required, at the option of such holder, to purchase prior to their stated maturity or due date.

"Treasury Receipts" means custodial receipts evidencing ownership in future principal or interest payments, or both, with respect to United States Treasury obligations that have been deposited with a custodian pursuant to a custody agreement which provides for the United States Treasury obligations underlying such custodial receipts to be held in a separate account and for all payments of principal and interest received by such custodian with respect to such underlying obligations to be immediately paid to the holders of such custodial receipts in accordance with their respective ownership interests in such underlying obligations, provided that (i) the custodian issuing such custodial receipts shall be a bank that is acceptable to the Trustee, that is organized under the laws of the United States of America or any state thereof, and that, at the time of the issuance of such custodial receipts, shall have capital, surplus and undivided profits in excess of \$100,000,000 and (ii) the custody agreement pursuant to which such custodial receipts are issued shall be acceptable to Bond Counsel.

"Trust Estate" means all properties, moneys, rights and interests that were granted, conveyed, assigned, transferred and pledged to and with the Trustee in Section 2.1 hereof or that are in any way subject to the lien of the Indenture.

"Trustee" means the party of the second part hereto and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party.

"Variable Rate Security" means any Parity Security that bears interest at a rate that is subject to change prior to the maturity of such security to one or more other interest rates that cannot be determined in advance.

Section 1.2 **Use of Phrases.** "Herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter", and other equivalent words refer to the Indenture as an entirety and not solely to the particular portion thereof in which any such 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 and to cover all genders. Any percentage or fractional amount of all the Parity Securities or of the Parity Securities of any series, specified herein for any purpose, is to be figured on the aggregate principal amount of all the Parity Securities or of the Parity Securities of such series, as the case may be, then outstanding.

ARTICLE II

GRANTING CLAUSES

Section 2.1 **Granting Clauses.** In order to secure the payment of the principal of and the interest and premium (if any) on the Parity Securities and the performance and observance of the covenants and conditions herein and therein contained for the benefit of the Parity Securityholders, and in consideration of (i) the purchase and acceptance of the Parity Securities by the Holders thereof, and (ii) the acceptance by the Trustee of the trusts herein provided, the County does hereby grant, bargain, sell and convey, assign, transfer and pledge to and with the Trustee the following described properties, interests and rights of the County, whether the same are now owned by it or may be hereafter acquired:

I

The System Revenues (other than revenues derived from the Sewer Tax and any other tax revenues that constitute System Revenues) that remain after the payment of Operating Expenses, subject, however, to the right of the County to receive and use any or all of such revenues that are deemed "surplus revenues" under Section 11.6 hereof after all prior and current obligations of the County hereunder have been satisfied to the extent required to be satisfied from the System Revenues;

II

All moneys from whatever source derived that are required by the Indenture to be deposited from time to time in the Debt Service Fund and the Reserve Fund, together with any investments and reinvestments of such moneys and the income or proceeds thereof; provided that the pledge and assignment herein made with respect to the Reserve Fund shall be only for the benefit and security of the Holders of Parity Securities of those particular series that are secured by the Reserve Fund and, in particular, shall not be for the benefit and security of the Holders of the Series 1997-C Warrants; and

III

Any and all moneys, rights and properties of every kind or description which may from time to time hereafter be sold, transferred, conveyed, assigned, hypothecated, endorsed, deposited, pledged, mortgaged, granted or delivered to, or deposited with, the Trustee by the County or anyone on its part as additional security for the payment of all or any specified series of the Parity Securities, or which pursuant to any of the provisions hereof, may come into the possession or control of the Trustee as such additional security; and the Trustee is hereby authorized to receive any and all such moneys, rights and properties as and for additional security for the payment of all or any specified series of the Parity Securities and to hold and apply the same subject to the terms and conditions of the Indenture;

TO HAVE AND TO HOLD the same unto the Trustee, its successor trustees and assigns forever, subject to Permitted Encumbrances; IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and pro rata protection and benefit of the Holders, present and future, of the Parity Securities, equally and ratably, without preference, priority or distinction of any over others by reason of priority in issuance or acquisition or otherwise, as if all the Parity Securities at any time outstanding had been executed, sold, authenticated, delivered and negotiated simultaneously with the execution and delivery hereof; subject, however, to the conditions contained herein requiring the preferential application of certain moneys with respect to the various series of the Parity Securities, and subject further to the right and duty of the Trustee to apply solely for the benefit of the Holders of any particular series of the Parity Securities all moneys, rights and properties that are pledged or otherwise contractually obligated for the sole and exclusive benefit of the Holders of such particular series of the Parity Securities;

PROVIDED, HOWEVER, that this Indenture is upon the condition that if the County shall pay or cause to be paid the principal of and the interest and premium (if any) on all Parity Securities secured hereby at the times and in the manner provided in the Parity Securities, according to the true intent and meaning thereof, or shall provide for such payment as specified in Section 16.1 hereof, and shall pay or cause to be paid all other Indenture Indebtedness, then the Indenture and the estate and rights granted hereby shall cease, determine and be void; otherwise the Indenture shall be and remain in full force and effect.

Section 2.2 Parity Securities Not General Obligations. The principal of and the interest and premium (if any) on the Parity Securities shall be payable solely from the sources of payment provided therein and herein. Neither the Parity Securities nor the Indenture shall be a general indebtedness or pledge of the full faith and credit of the County or a claim on the taxing power of the County or charge against any debt limit imposed on the County by the constitution or laws of the State of Alabama.

ARTICLE III

ISSUANCE OF PARITY SECURITIES IN SERIES

Section 3.1 Issuance of Parity Securities in Series. The Parity Securities may be issued in different series, and each Parity Security shall have an appropriate series designation. All the Parity Securities of every series shall be equally and ratably secured by the Indenture, it being expressly understood and agreed that no Parity Securities issued hereunder shall be prior to any other Parity Securities thereafter issued hereunder, but shall be on a parity therewith with respect to the security afforded by the Indenture.

Section 3.2 Dates and Places of Payment of Parity Securities. Subject to any applicable provisions pertaining to the dating of Parity Securities issued pursuant to the provisions of either Section 5.2 or 5.3 hereof, the Parity Securities of each series shall bear such date or dates as shall be specified in the Indenture or Supplemental Indenture under which such series is issued. Subject to compliance with the Act, the Parity Securities of each series shall mature on such dates and in such amounts, shall be subject to redemption on such dates and on such terms and conditions, and shall bear interest for such periods, at such rate or rates and payable on such dates, all as shall be fixed, prior to the issuance of such Parity Securities, in this Indenture or in the Supplemental Indenture under which such Parity Securities shall be issued. All installments of principal of and interest and premium (if any) on each series of the Parity Securities shall bear interest after the respective due dates of such principal, interest and premium (if any) until paid or until moneys sufficient for payment thereof shall have been deposited for that purpose with the Trustee, whichever first occurs, at such per annum rate or rates and subject to such grace period (if any) as shall be specified prior to their issuance. The principal of and the interest and premium (if any) on the Parity Securities shall be payable in lawful money of the United States of America.

The principal of and the premium (if any) on the Parity Securities shall be payable at the principal office of the Paying Agent, upon presentation and surrender of the Parity Securities as the same become due. In case any Parity Security is called for partial redemption, the redemption price of the principal thereof so called for redemption shall be payable at the principal office of the Paying Agent (a) upon presentation and surrender of such Parity Security in exchange for a new Parity Security or Parity Securities of the same series and in authorized denominations having an aggregate principal amount equal to the unredeemed portion of the principal of the Parity Security so surrendered, or (b) upon presentation of such Parity Security for an appropriate endorsement by the Paying Agent of such partial redemption on such Parity Security or on any record of partial redemptions appertaining thereto and constituting a part thereof. The interest on the Parity Securities shall be paid by check or draft mailed or otherwise delivered by the Paying Agent to the respective Holders thereof as of the applicable Record Date at their addresses as they appear on the registry books of the Paying Agent pertaining to the

registration of the Parity Securities; provided, however, that the final payment of such interest shall be made only upon surrender of the appropriate Parity Security to the Paying Agent.

Section 3.3 Form of Parity Securities, Etc. The Series 1997-A Warrants, the Series 1997-B Warrants and the Series 1997-C Warrants, together with the authentication certificate of the Trustee applicable thereto, shall be in substantially the forms respectively provided therefor in Sections 7.6, 8.3 and 9.6 hereof. The Parity Securities of each series of Additional Parity Securities and the authentication certificate of the Paying Agent and the record of partial redemptions (if any) applicable thereto shall be in substantially the form respectively provided therefor in the Supplemental Indenture under which such Additional Parity Securities are issued, which shall in general be similar to the form applicable to the Series 1997 Warrants, with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof and such Supplemental Indenture.

ARTICLE IV

EXECUTION AND AUTHENTICATION OF THE PARITY SECURITIES

Section 4.1 Execution of Parity Securities. The Parity Securities shall be executed by the President of the Governing Body, and the seal of the County shall be affixed thereto and attested by the Minute Clerk of the Governing Body; provided that the signatures of the said officers on the Parity Securities may be facsimiles of their actual signatures; and provided further that a facsimile of the seal of the County may be imprinted on the Parity Securities rather than manually affixed thereto. Signatures on the Parity Securities by persons who were officers of the County at the time such signatures were written or printed shall continue effective although such persons cease to be such officers prior to the authentication of the Parity Securities or the delivery thereof.

Section 4.2 Authentication Certificate of the Paying Agent. A duly executed authentication certificate by the Paying Agent shall be endorsed on each of the Parity Securities, and no Parity Security shall be valid or obligatory for any purpose unless and until such authentication certificate shall have been duly executed by the Paying Agent. Each such certificate shall recite, in substance, that the Parity Security on which it is endorsed is one of the Parity Securities described in the Indenture. The executed authentication certificate of the Paying Agent endorsed upon any Parity Security shall be conclusive evidence of the due authentication, issue and delivery of such Parity Security under the Indenture.

Section 4.3 Replacement of Mutilated, Lost, Stolen or Destroyed Parity Securities. In the event any Parity Security is mutilated, lost, stolen or destroyed, the County may execute, and the Paying Agent shall thereupon authenticate and deliver, a new Parity Security of like tenor as that mutilated, lost, stolen or destroyed; provided that (i) in the case of any such mutilated Parity Security, such Parity Security is first surrendered to the Paying Agent, and (ii) in the case of any such lost, stolen or destroyed Parity Security, there is first furnished to the Paying Agent evidence of such loss, theft or destruction satisfactory to the Paying Agent (with such evidence to be also furnished to the County if requested), together with indemnity satisfactory to the Paying Agent (and to the County if requested); provided that if the Person claiming ownership of such lost, stolen or destroyed Parity Security is a bank or an insurance company, its own written agreement of indemnity shall be deemed to be satisfactory. The County and the Paying Agent may charge the Holder with the expenses of issuing any such new Parity Security. In lieu of issuing a new Parity Security to replace any mutilated, lost, stolen or destroyed Parity Security which shall have already matured, the Paying Agent may pay such Parity Security at or after the maturity thereof if the Holder of such Parity Security satisfies the same terms and conditions as those provided in the preceding provisions of this section for the replacement of such Parity Security.

ARTICLE V

REGISTRATION, TRANSFERS AND EXCHANGES OF THE PARITY SECURITIES

Section 5.1 Book-Entry Procedures Applicable to Series 1997 Warrants. (a) Except as provided in Section 5.1(c) hereof, the registered owner of all of the Series 1997 Warrants shall be The Depository Trust Company ("DTC") and the Series 1997 Warrants shall be registered in the name of Cede & Co., as nominee of DTC. Payment of semiannual interest for any Series 1997 Warrant registered as of a Record Date in the name of Cede & Co. shall be made by wire transfer to the account of Cede & Co. on the Interest Payment Date at the address indicated on the Record Date for Cede & Co. in the registry books of the County kept by the Paying Agent.

(b) The Series 1997 Warrants shall be initially issued in the form of a separate single authenticated fully registered warrant in the principal amount of each separately stated maturity. Upon initial issuance, the ownership of each such Series 1997 Warrant shall be registered in the registry book of the County kept by the Paying Agent in the name of Cede & Co., as nominee of DTC. The Paying Agent and the County may treat DTC (or its nominee) as the sole and exclusive owner of the Series 1997 Warrants registered in its name for the purposes of payment of the principal or redemption price of or interest on such Series 1997 Warrants, selecting such Series 1997 Warrants or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders of Series 1997 Warrants under the Indenture, registering the transfer of Series 1997 Warrants, obtaining any consent or other action to be taken by Holders

of Series 1997 Warrants and for all other purposes whatsoever; and neither the Paying Agent nor the County shall be affected by any notice to the contrary. Neither the Paying Agent nor the County shall have any responsibility or obligation to any DTC participant, any Person claiming a beneficial ownership interest in the Series 1997 Warrants under or through DTC or any DTC participant, or any other Person which is not shown on the registration books of the County kept by the Paying Agent as being a Holder of Series 1997 Warrants. The County and the Paying Agent shall have no responsibility with respect to the accuracy of any records maintained by DTC, Cede & Co. or any DTC participant with respect to any ownership interest in the Series 1997 Warrants; the payment by DTC or any DTC participant to any beneficial owner of any amount in respect of the principal or redemption price of or interest on the Series 1997 Warrants; the delivery to any DTC participant or any beneficial owner of any notice which is permitted or required to be given to Holders of the Series 1997 Warrants under the Indenture; the selection by DTC or any DTC participant of any Person to receive payment in the event of a partial redemption of the Series 1997 Warrants; or the authority for any consent given or other action taken by DTC as the Holder of Series 1997 Warrants. The Paying Agent shall pay all principal of and premium, if any, and interest on the Series 1997 Warrants only to Cede & Co., as nominee of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to the principal of and premium, if any, and interest on such Series 1997 Warrants to the extent of the sum or sums so paid. Upon delivery by DTC to the Paying Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co. and direction to effect such change on the registry books maintained by the Paying Agent, the term "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(c) In the event the County determines that it is in the best interest of the beneficial owners of the Series 1997 Warrants that they be able to obtain warrant certificates, the County may notify DTC and the Paying Agent of the availability through DTC of warrant certificates. In such event, the Paying Agent shall issue, transfer and exchange warrant certificates as requested by DTC and any other Holders of Series 1997 Warrants in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 1997 Warrants at any time by giving notice to the County and the Paying Agent and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the County and Paying Agent shall be obligated to deliver warrant certificates as described in the Indenture. In the event warrant certificates are issued to Holders of the Series 1997 Warrants other than DTC, the provisions of Article V of the Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the County and the Paying Agent to do so, the County and the Paying Agent will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 1997 Warrants to any DTC participant having Series 1997 Warrants credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 1997 Warrants.

(d) Notwithstanding any other provision of the Indenture to the contrary, so long as any Series 1997 Warrant is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such Series 1997 Warrant and all notices with respect to such Series 1997 Warrant shall be made and given to DTC as provided in the Representation Letter to be signed by the County and the Paying Agent on or prior to the date of issuance and delivery of the Series 1997 Warrants and accepted by DTC. Without limitation of the foregoing, so long as any Series 1997 Warrant is registered in the name of Cede & Co., as nominee of DTC, the Paying Agent shall send a copy of any notice of redemption by overnight delivery not less than thirty (30) days before the redemption date to DTC, but such mailing shall not be a condition precedent to such redemption and failure to so mail any such notice (or failure of DTC to advise any DTC participant, or any DTC participant to notify the beneficial owner, of any such notice or its content or effect) shall not affect the validity of the proceedings for the redemption of the Series 1997 Warrants.

(e) In connection with any notice or other communication to be provided to Holders of the Series 1997 Warrants pursuant to the Indenture by the County or the Paying Agent with respect to any consent or other action to be taken by Holders of the Series 1997 Warrants, so long as any Series 1997 Warrant is registered in the name of Cede & Co., as nominee of DTC, the County or the Paying Agent, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

(f) In the event of any inconsistency between the provisions of this Section 5.1 and any other provision of the Indenture or the forms of Series 1997 Warrants, the provisions of this Section 5.1 shall govern so long as warrant certificates have not been issued to the Holders of the Series 1997 Warrants other than DTC in accordance with Section 5.1(c) hereof.

Section 5.2 Registration and Transfer of Parity Securities. The Paying Agent for each series of Parity Securities shall be the registrar and transfer agent of the County with respect to such series and shall keep at its principal office proper registry and transfer books in which it will note the registration and transfer of such Parity Securities as are presented for those purposes, all in the manner and to the extent hereinafter specified.

The transfer of any Parity Security may be registered only upon the books kept by the Paying Agent, as registrar and transfer agent for the County, for the registration and registration of transfer of Parity Securities upon surrender thereof at the office of the Paying Agent with written power to transfer signed by the Holder thereof in person or by duly authorized attorney, properly stamped if required, in form and with guaranty of signature satisfactory to the Paying Agent. Upon any such transfer the County shall execute, and the Paying Agent shall authenticate and deliver to the transferee, a new Parity Security registered in the name of such transferee and of like tenor as that presented for transfer.

Any Series 1997-A Warrant or Series 1997-B Warrant authenticated and delivered pursuant to the provisions of this section shall be dated February 1, 1997. Any Series 1997-C Warrant authenticated and delivered pursuant to the provisions of this section shall be dated February 15, 1997. Any Additional Parity Security authenticated and delivered pursuant to the provisions of this section shall be dated in accordance with the provisions of the Supplemental Indenture under which such Additional Parity Security is issued.

The Paying Agent shall not be required to transfer any Parity Security during the period of fifteen days next preceding any Interest Payment Date with respect thereto or, if such Parity Security is duly called for redemption (in whole or in part), during the period of thirty days next preceding the date fixed for such redemption.

Section 5.3 Exchange of Parity Securities. The Parity Securities of each series shall be freely exchangeable within the limits provided in the Indenture or Supplemental Indenture under which such series is issued; provided, however, that under no circumstances shall a Parity Security be issuable in exchange for other Parity Securities unless all the Parity Securities being so exchanged are of the same series, bear interest at the same rate and have the same stated maturity. Upon the request of the Holder of any Parity Security in a principal amount greater than the minimum authorized denomination applicable to the series to which such Parity Security belongs, the County shall execute, and the Paying Agent shall thereupon authenticate and deliver, upon surrender to the Paying Agent of such Parity Security and in exchange therefor, two or more Parity Securities of like tenor as the Parity Security so surrendered and in authorized denominations aggregating the same principal amount as the Parity Security so surrendered. Upon the request of the Holder of two or more Parity Securities the County shall execute, and the Paying Agent shall thereupon authenticate and deliver, upon surrender to the Paying Agent of such Parity Securities and in exchange therefor, a new Parity Security or Parity Securities of like tenor in different authorized denominations and aggregating the same principal amount as the then unpaid principal amount of the Parity Securities so surrendered. Any Parity Securities surrendered for exchange pursuant to the provisions of this section shall be accompanied by a written power to transfer signed by the Holder thereof in person or by duly authorized attorney, properly stamped if required, in form and with guaranty of signature satisfactory to the Paying Agent.

Any Series 1997-A Warrant or Series 1997-B Warrant authenticated and delivered pursuant to the provisions of this section shall be dated February 1, 1997. Any Series 1997-C Warrant authenticated and delivered pursuant to the provisions of this section shall be dated February 15, 1997. Any Additional Parity Security authenticated and delivered pursuant to the provisions of this section shall be dated in accordance with the provisions of the Supplemental Indenture under which such Additional Parity Security is issued.

The Paying Agent shall not be required to exchange any Parity Security pursuant to the provisions of this section during the period of fifteen days next preceding any Interest Payment Date with respect thereto or, if such Parity Security shall be duly called for redemption (in

whole or in part), during the period of thirty days next preceding the date fixed for such redemption.

Section 5.4 Persons Deemed Owners of Parity Securities. The Person in whose name a Parity Security is registered on the books of the Paying Agent shall be the sole Person to whom or on whose order payments on account of the principal thereof and of the interest and premium (if any) thereon may be made. The County and the Paying Agent may deem and treat the Person in whose name a Parity Security is registered as the absolute owner thereof for all purposes; they shall not be affected by notice to the contrary; and all payments by either of them to the Person in whose name a Parity Security is registered shall to the extent thereof fully discharge and satisfy all liability for the same.

Section 5.5 Expenses of Transfer and Exchange. The County and the Paying Agent may charge the Holder with their reasonable fees and expenses in connection with any transfer or exchange of any of the Parity Securities (including, without limitation, the expenses of printing any new Parity Securities that may be necessitated by any transfer or exchange after the exhaustion of an initial supply of Parity Securities for a reasonable number of such transfers and exchanges); provided, however, that no charge shall be made for the issuance of a new Parity Security issued, pursuant to the provisions of Section 6.2 hereof, as a result of a call for partial redemption of any Parity Security. In every case involving any transfer or exchange of any of the Parity Securities that is requested by the Holder thereof, such Holder shall pay all taxes and other governmental charges required to be paid in connection with such transfer or exchange.

ARTICLE VI

GENERAL PROVISIONS RESPECTING REDEMPTION OF PARITY SECURITIES

Section 6.1 Manner of Effecting Redemption of Parity Securities. Any redemption of any Parity Securities of any series shall be effected in the following manner:

(a) **Call.** The Governing Body shall adopt a Resolution containing the following: (1) a call for redemption, on a specified date when they are by their terms subject to redemption, of Parity Securities bearing a stated series designation or designations and having specified maturities (and, in the case of the partial redemption of any Parity Securities, the respective principal amounts thereof to be redeemed); (2) unless all the Parity Securities then outstanding are to be redeemed (or unless a portion of all such outstanding Parity Securities are to be redeemed and the remainder are, simultaneously with or prior to such redemption, to be otherwise retired), a statement that no Event of Default has occurred

and is continuing; and (3) a summary of all applicable restrictions upon or conditions precedent to such redemption and the provisions made to comply therewith; provided, however, that it shall not be necessary for the Governing Body to adopt any such Resolution in the case of any redemption of Series 1997-A Warrants pursuant to the provisions of Section 7.3 hereof, any redemption of Series 1997-C Warrants pursuant to Section 9.3 hereof or the redemption of the Parity Securities of any series of Additional Parity Securities, if such redemption is required by the terms of the Supplemental Indenture under which such series of Additional Parity Securities is issued or if, in such Supplemental Indenture, the adoption of such Resolution is expressly stated to be unnecessary.

(b) Notice by Mail. With respect to any Parity Securities called for redemption, in whole or in part, the Paying Agent (on behalf of the County) shall cause to be forwarded to the Holder thereof a notice by registered or certified mail stating the following: that Parity Securities bearing a stated series designation or designations and having specified maturities (and, in the case of the partial redemption of any Parity Securities, the respective principal amounts thereof to be redeemed) have been called for redemption and will become due and payable at the applicable redemption price or redemption prices on a specified redemption date, and that all interest thereon will cease after such redemption date if prior to such date, or not later than 10:00 o'clock, A.M., on such date, the total redemption price of the Parity Securities (or portions thereof) so called for redemption, together with the accrued interest thereon to such date, has been deposited with the Paying Agent. Such notice shall be so mailed not more than sixty (60) nor less than thirty (30) days prior to the date fixed for redemption [or, in the case of Series 1997-C Warrants called for optional redemption, not more than ninety (90) nor less than forty-five (45) days prior to the date fixed for redemption], but Holders of any Parity Securities may waive the requirements of this subsection with respect to the Parity Securities held by them without affecting the validity of the call for redemption of any other Parity Securities.

(c) Deposit. Prior to the date fixed for redemption the County shall deposit or cause to be deposited with the Paying Agent the total redemption price of the Parity Securities (or portions thereof) so called for redemption (as such redemption price is specified herein or in the Supplemental Indenture under which such Parity Securities are issued) in funds that will be immediately available no later than the opening of business on the date fixed for redemption and shall furnish to the Paying Agent the following: (i) a certified copy of the Resolution required by subsection (a) of this section (if, under the circumstances, the adoption of any such Resolution is required); and (ii) when such redemption is made subject, by the terms of the Indenture or any Supplemental Indenture, to any other restriction or requirement, evidence satisfactory to the Paying Agent showing compliance with such restriction or requirement.

Section 6.2 Presentation of Parity Securities for Redemption; Parity Securities Called for Redemption to Cease to Bear Interest. Upon compliance by the County and the Paying Agent with the requirements of Section 6.1 hereof [and, unless all the Parity Securities then outstanding are to be redeemed (or unless a portion of such outstanding Parity Securities are to be redeemed and the remainder are, simultaneously with or prior to such redemption, to be otherwise retired), if the County is not on the redemption date in default in payment of the principal of or the interest (or premium, if any) on any of the Parity Securities], the Parity Securities so called for redemption (or, in the case of any Parity Securities called for partial redemption, the portions thereof called for redemption) shall become due and payable at the place or places at which the same shall be payable at the redemption price or prices and on the redemption date specified in such notice, anything herein or in the Parity Securities to the contrary notwithstanding and the Holders thereof shall then and there surrender them for redemption; provided, however, that with respect to any Parity Security called for partial redemption, (i) the Holder thereof shall surrender such Parity Security to the Paying Agent in exchange for one or more new Parity Securities of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Parity Security so surrendered or (ii) such Holder shall, in lieu of surrendering such Parity Security in exchange for a new Parity Security or Parity Securities, present the same to the Paying Agent for endorsement thereon (or on any record of partial redemptions appertaining thereto and constituting a part thereof) of the payment of the portion of the principal thereof so redeemed. All future interest on the Parity Securities so called for redemption (or, in the case of any Parity Securities called for redemption in part, the portions thereof called for redemption) shall, subject to the deposit required by subsection (c) of Section 6.1 hereof having been made, cease to accrue after the date fixed for redemption. The Parity Securities so called (or, in the case of any Parity Securities called for redemption in part, the portions thereof called for redemption) shall, subject to such deposit having been made, no longer be entitled to the benefit of the lien hereof but shall look solely to the moneys deposited with the Paying Agent under the provisions of this article; and out of the moneys so deposited with it, the Paying Agent shall pay on the redemption date the applicable redemption price or prices of the Parity Securities so called for redemption (or, in the case of any Parity Securities called for redemption in part, the portions thereof called for redemption).

Section 6.3 Pro Rata Redemption of Parity Securities of Different Series Not Required. Nothing contained in the Indenture shall be construed as requiring pro rata redemption of Parity Securities of different series, even though at the time that any redemption of Parity Securities is to be effected there are then outstanding Parity Securities of two or more series then subject to redemption.

ARTICLE VII

THE SERIES 1997-A WARRANTS

Section 7.1 **Authorization and Description of the Series 1997-A Warrants and Places of Payment.** Pursuant to the applicable provisions of the Act, and for the purpose of refunding the Series 1992 Warrants and the Series 1995-A Warrants, there is hereby authorized to be issued under the Indenture an issue or series of Parity Securities designated Sewer Revenue Refunding Warrants, Series 1997-A, limited in aggregate principal amount to \$211,040,000. The Series 1997-A Warrants shall be dated February 1, 1997, shall be numbered from R1 upwards in the order issued and shall be issued initially in the respective principal amounts of \$5,000 or any greater integral multiple thereof. The Series 1997-A Warrants shall mature and become payable on the dates and in the amounts set forth below and shall bear interest from their respective dates payable on August 1, 1997, and on each February 1 and August 1 thereafter until maturity or earlier redemption at the per annum rates set forth below:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
February 1, 2005	\$ 5,870,000	5.000%
February 1, 2006	3,675,000	5.375
February 1, 2017	5,535,000	5.650
February 1, 2018	7,220,000	5.625
February 1, 2019	9,135,000	5.625
February 1, 2022	41,640,000	5.625
February 1, 2027	137,965,000	5.375

The principal of and the interest on any Series 1997-A Warrant shall bear interest after their respective due dates until paid at the rate of interest borne by the principal of such Series 1997-A Warrant prior to maturity. The Series 1997-A Warrants shall be initially issued and registered in the names of such Holders as shall be designated by the initial purchasers of the Series 1997-A Warrants.

The principal of and the interest and premium (if any) on the Series 1997-A Warrants shall be payable in accordance with the provisions of Section 3.2 hereof.

Section 7.2 **Optional Redemption of Series 1997-A Warrants.** Those of the Series 1997-A Warrants having stated maturities after February 1, 2007, but prior to February 1, 2027, will be subject to redemption and prepayment prior to their stated maturities, at the option of the County, as a whole or in part on February 1, 2007, and on any date thereafter, at and for the following respective redemption prices (expressed in percentages of the principal amount of each Series 1997-A Warrant or portion thereof to be redeemed) plus accrued interest to the date fixed for redemption:

<u>Redemption Period</u>	<u>Redemption Price</u>
February 1, 2007, through January 31, 2008	101.0%
February 1, 2008, through January 31, 2009	100.5
February 1, 2009, or thereafter	100.0

The Series 1997-A Warrants maturing on February 1, 2027, will be subject to redemption and prepayment, prior to said maturity date, at the option of the County, as a whole or in part, on February 1, 2007, and on any date thereafter, at and for a redemption price, with respect to each Series 1997-A Warrant or portion thereof to be redeemed, equal to the principal amount to be redeemed plus accrued interest thereon to the date fixed for redemption. The Series 1997-A Warrants may be redeemed only in installments of \$5,000 or any integral multiple thereof. In the event that less than all of the Series 1997-A Warrants of a particular maturity are redeemed and prepaid pursuant to this Section 7.2, the Trustee shall select by lot the Series 1997-A Warrants (or portions of the principal thereof) of such maturity to be redeemed and prepaid. The redemption of Series 1997-A Warrants pursuant to this section shall comply with the applicable provisions of Article VI and Section 7.5 hereof, with the provisions of Section 7.5 particularly applicable to the Series 1997-A Warrants to govern in the case of any conflict.

Section 7.3 Scheduled Mandatory Redemption of Series 1997-A Warrants. Those of the Series 1997-A Warrants maturing on February 1, 2022, shall be subject to scheduled mandatory redemption on the following respective dates and in the following respective principal amounts:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2020	\$ 11,310,000
February 1, 2021	13,775,000

Series 1997-A Warrants in the aggregate principal amount of \$16,555,000 will remain to be paid at their scheduled maturity on February 1, 2022.

Those of the Series 1997-A Warrants maturing on February 1, 2027, shall be subject to scheduled mandatory redemption on the following respective dates and in the following respective principal amounts:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2023	\$ 19,700,000
February 1, 2024	23,190,000
February 1, 2025	27,115,000
February 1, 2026	31,515,000

Series 1997-A Warrants in the aggregate principal amount of \$36,445,000 will remain to be paid at their scheduled maturity on February 1, 2027.

The Series 1997-A Warrants shall be redeemed pursuant to the provisions of this section at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, and such redemption shall be effected in accordance with the applicable provisions of Article VI and Section 7.5 hereof, with the provisions of Section 7.5 particularly applicable to the Series 1997-A Warrants to govern in the case of any conflict.

Section 7.4 Purchase of Series 1997-A Warrants for Retirement. The County may at any time and from time to time purchase Series 1997-A Warrants for retirement using funds from any source. Any Series 1997-A Warrants so purchased for retirement shall be delivered by the County to the Trustee, together with a written order of an authorized officer of the County for their cancellation, whereupon such purchased Series 1997-A Warrants shall be cancelled by the Trustee. The principal amount of any Series 1997-A Warrants maturing on February 1, 2022, or February 1, 2027, that are so purchased by the County and cancelled by the Trustee or redeemed by the County pursuant to Section 7.2 hereof shall be credited against the aggregate principal amount of Series 1997-A Warrants maturing on February 1, 2022, or February 1, 2027, as the case may be, that are required to be redeemed pursuant to the provisions of Section 7.3 hereof on such date or dates succeeding the date on which such purchased or redeemed Series 1997-A Warrants shall be delivered to the Trustee as shall be specified by the County, and the effect of such credit shall be to reduce by the principal amount thereof the aggregate principal amount of Series 1997-A Warrants required to be redeemed on such specified date or dates; provided, however, that no credit in respect of the redemption of Series 1997-A Warrants required on any February 1 shall be allowed for any Series 1997-A Warrants maturing on February 1, 2022, or February 1, 2027, and purchased or redeemed unless the same shall be delivered to the Trustee, or the optional redemption which is the basis for such credit shall be effected, prior to December 15 of the year preceding the year in which such mandatory redemption is to be effected. In the event that the County elects to purchase any Series 1997-A Warrants for retirement, the Trustee may, if requested to do so by the County, solicit for tenders of Series 1997-A Warrants by holders thereof who wish to sell such Series 1997-A Warrants to the County.

Section 7.5 Special Provisions Respecting Partial Redemption of Series 1997-A Warrants. The principal of any Series 1997-A Warrants shall be redeemed only in the amount of \$5,000 or any integral multiple thereof. If less than all the outstanding Series 1997-A Warrants are to be redeemed on any single redemption date pursuant to Section 7.2 hereof, those to be redeemed shall be called for redemption from such maturity or maturities as shall be specified by the County. If less than all the Series 1997-A Warrants of a single maturity are to be called for redemption on any single redemption date, the Trustee shall assign a number or other unique designation to each \$5,000 in principal amount of the Series 1997-A Warrants of such maturity then outstanding and select by lot, from among all such numbers or other unique designations associated with the Series 1997-A Warrants then outstanding, numbers or other unique designations representing an aggregate principal amount equal to the principal amount of the Series 1997-A Warrants of such maturity to be so called for redemption, whereupon there shall be called for redemption an amount of the unpaid principal of each Series 1997-A Warrant of such maturity equal to the principal amount represented by the numbers or other unique designations related thereto that were so selected.

Section 7.6 Form of Series 1997-A Warrants. The Series 1997-A Warrants and the Trustee's authentication certificate applicable thereto shall be in substantially the following forms, respectively, with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof:

[Form of Series 1997-A Warrant]

No. R _____

\$ _____

UNITED STATES OF AMERICA

STATE OF ALABAMA

JEFFERSON COUNTY, ALABAMA

SEWER REVENUE REFUNDING WARRANT

Series 1997-A

Interest Rate

Maturity Date

CUSIP

JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama (herein called the "County"), hereby acknowledges that it is indebted to, and hereby directs the County Treasurer of the County to pay to _____, or registered assigns, solely out of the revenues hereinafter referred to, the principal sum of

D O L L A R S

on the date specified above with interest thereon from the date hereof until the maturity hereof at the per annum rate of interest specified above (computed on the basis of a 360-day year of twelve consecutive 30-day months), payable on August 1, 1997, and semiannually thereafter on each February 1 and August 1 until maturity or earlier redemption. The principal of and the interest and premium (if any) on this warrant shall be payable in lawful money of the United States of America and shall bear interest after their respective due dates until paid at the rate of interest borne by the principal hereof prior to maturity. The principal of and premium (if any) on this warrant shall be payable only upon presentation and surrender of this warrant at the principal office of the Trustee hereinafter referred to. The interest on this warrant shall be remitted by said Trustee by check or draft mailed or otherwise delivered to the registered holder hereof at the address shown on the registry books of said Trustee.

This warrant is one of a duly authorized issue or series of warrants authorized to be issued in the aggregate principal amount of \$211,040,000 and designated Sewer Revenue Refunding Warrants, Series 1997-A (herein called the "Series 1997-A Warrants"). The Series 1997-A Warrants have been issued under and pursuant to the constitution and laws of the State of Alabama and a Trust Indenture dated as of February 1, 1997 (herein called the "Indenture"),

between the County and AmSouth Bank of Alabama, as trustee (herein, together with its successors in trust, called the "Trustee"). Simultaneously with the issuance of the Series 1997-A Warrants, the County issued, under the Indenture, \$48,020,000 principal amount of its Taxable Sewer Revenue Refunding Warrants, Series 1997-B (herein called the "Series 1997-B Warrants"), and \$52,880,000 principal amount of its Taxable Sewer Revenue Refunding Warrants, Series 1997-C (herein called the "Series 1997-C Warrants").

The Series 1997-A Warrants having stated maturities after February 1, 2007, are subject to redemption and prepayment prior to maturity, at the option of the County, as a whole or in part, from such maturity or maturities as shall be specified by the County, on February 1, -2007, and on any date thereafter, such redemption (except in the case of Series 1997-A Warrants maturing on February 1, 2027) to be at and for the following respective redemption prices (expressed as a percentage of the principal amount redeemed) plus accrued interest to the date fixed for redemption:

<u>Redemption Period</u>	<u>Redemption Price</u>
February 1, 2007, through January 31, 2008	101.0%
February 1, 2008, through January 31, 2009	100.5
February 1, 2009, or thereafter	100

The redemption price for any Series 1997-A Warrant maturing on February 1, 2027, that is called for optional redemption, in whole or in part, shall be equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption.

The Series 1997-A Warrants having a stated maturity on February 1, 2022, are subject to scheduled mandatory redemption, at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, in the following principal amounts on the following dates:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2020	\$ 11,310,000
February 1, 2021	13,775,000
February 1, 2022 (maturity)	16,555,000

The Series 1997-A Warrants having a stated maturity on February 1, 2027, are subject to scheduled mandatory redemption, at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount

thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, in the following principal amounts on the following dates:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2023	\$ 19,700,000
February 1, 2024	23,190,000
February 1, 2025	27,115,000
February 1, 2026	31,515,000
February 1, 2027 (maturity)	36,445,000

If less than all of the outstanding Series 1997-A Warrants of a particular maturity are to be called for redemption, the Series 1997-A Warrants (or principal portions thereof) to be redeemed shall be selected by the Trustee by lot in the principal amounts designated to the Trustee by the County or otherwise as required by the Indenture. In the event any of the Series 1997-A Warrants are called for redemption, the Trustee shall give notice, in the name of the County, of the redemption of such Warrants, which notice shall state that on the redemption date the Series 1997-A Warrants to be redeemed shall cease to bear interest. Such notice shall be given by mailing a copy thereof by registered or certified mail at least thirty (30) days prior to the date fixed for redemption to the holders of the Series 1997-A Warrants to be redeemed at the addresses shown on the registration books of the Trustee; provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of the redemption of any of the Series 1997-A Warrants for which notice was properly given. Any Series 1997-A Warrants which have been duly selected for redemption and which are deemed to be paid in accordance with the Indenture shall cease to bear interest on the date fixed for redemption and shall thereafter cease to be entitled to any lien, benefit or security under the Indenture.

Under the Indenture, the Series 1997-A Warrants, the Series 1997-B Warrants and the Series 1997-C Warrants are equally and ratably secured by a pledge of certain revenues from the sanitary sewer system of the County (herein, as it may at any time exist, called the "System") that remain after the payment of the expenses of operating and maintaining the System. Upon compliance with certain conditions specified in the Indenture, the County may issue additional securities (without limitation as to principal amount) that are secured by the Indenture on a parity with the Series 1997-A Warrants, the Series 1997-B Warrants and the Series 1997-C Warrants with respect to the pledge of the aforesaid revenues from the System (the Series 1997-A Warrants, the Series 1997-B Warrants, the Series 1997-C Warrants and all such additional securities being herein together called the "Parity Securities").

The holders of the Parity Securities shall never have the right to demand payment of the Parity Securities out of any funds raised or to be raised by taxation or from any source whatsoever, except the payments and amounts described in this warrant and the Indenture. Except for the revenues from the System and the other moneys that may be held by the Trustee

under the Indenture, no property of the County is encumbered by any lien or security interest for the benefit of the holder of this warrant. Neither the faith and credit, nor the taxing power, of the State of Alabama or the County, or any other public corporation, subdivision or agency of the State of Alabama or the County, is pledged to the payment of the principal of or the interest or premium (if any) on this warrant.

The transfer of this warrant shall be registered upon the registration books kept at the principal corporate office of the Trustee, at the written request of the holder hereof or his attorney duly authorized in writing, upon surrender of this warrant at said office, together with a written instrument of transfer satisfactory to the Trustee duly executed by the holder hereof or his duly authorized attorney. Upon payment of any required tax or other governmental charge, this warrant may, upon the surrender hereof at the principal corporate trust office of the Trustee, be exchanged for an equal aggregate principal amount of Series 1997-A Warrants of the same maturity in any other authorized denominations.

The Trustee shall not be required to transfer or exchange this warrant during the period of fifteen days next preceding any interest payment date with respect hereto. In the event that this warrant (or any principal portion hereof) is duly called for redemption and prepayment, the Trustee shall not be required to transfer or exchange this warrant during the period of thirty days next preceding the date fixed for such redemption and prepayment.

Except as provided in the Indenture, the registered holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto.

With certain exceptions as provided therein, the Indenture may be modified or amended only with the consent of the holders of a majority in aggregate principal amount of all Parity Securities outstanding under the Indenture.

Reference is hereby made to the Indenture, a copy of which is on file with the Trustee, for the provisions thereof concerning the nature and extent of the rights, duties and obligations of the County, the Trustee and the holders of the Parity Securities. The registered holder of this warrant, by the acceptance hereof, is deemed to have agreed and consented to the terms and provisions of the Indenture.

The County and the Trustee may deem and treat the person in whose name this warrant is registered as the absolute owner hereof for all purposes, whether or not any principal of or interest on this warrant is overdue, and neither the County nor the Trustee shall be affected by any notice to the contrary.

It is hereby certified, recited and declared that all acts, conditions and things required by the constitution and laws of the State of Alabama to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of

this warrant, do exist, have happened and have been performed in regular and due form as required by law.

No covenant or agreement contained in this warrant or the Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the County in his individual capacity, and neither the members of the governing body of the County, nor any official executing this warrant, shall be liable personally on this warrant or be subject to any personal liability or accountability by reason of the issuance or sale of this warrant.

This warrant shall not be entitled to any right or benefit under the Indenture, or be valid or become obligatory for any purpose, until this warrant shall have been authenticated by the execution by the Trustee of the certificate of authentication inscribed hereon.

IN WITNESS WHEREOF, the County has caused this warrant to be executed in its name and behalf with the facsimile signature of the President of its County Commission, has caused a facsimile of its official seal to be hereunto imprinted, has caused the signature of the aforesaid President to be attested by the Minute Clerk of its County Commission, who has caused a facsimile of her signature to be imprinted hereon, and has caused this warrant to be dated February 1, 1997.

JEFFERSON COUNTY, ALABAMA

By _____
President of the County Commission

ATTEST:

Minute Clerk of the
County Commission

[S E A L]

[Form for Assignment]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within warrant and hereby irrevocably constitutes and appoints _____ attorney, with full power of substitution in the premises, to transfer the within warrant on the books kept for registration thereof by the within-mentioned Trustee.

Dated this _____ day of _____, _____.

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears upon the face of the within warrant in every particular, without alteration or enlargement or any change whatsoever.

AUTHENTICATION CERTIFICATE

DATE OF AUTHENTICATION: _____

This warrant is one of the Series 1997-A Warrants described in the within-mentioned Trust Indenture.

AMSOUTH BANK OF ALABAMA,
as Trustee

By _____
Its Authorized Officer

Section 7.7 Execution and Delivery of Series 1997-A Warrants. The Series 1997-A Warrants shall be forthwith executed and delivered to the Trustee and shall be authenticated and delivered by the Trustee from time to time upon receipt by the Trustee of an order signed on behalf of the County by the President of the Governing Body requesting such authentication and delivery and designating the Person or Persons to receive the same or any part thereof.

Section 7.8 Application of Proceeds from the Sale of Series 1997-A Warrants. The entire proceeds derived from the sale of the Series 1997-A Warrants shall be paid to the Trustee and promptly thereafter applied by the Trustee for the following purposes and in the following order:

- (a) payment into the Debt Service Fund of that portion of such proceeds (if any) that is allocable to accrued interest;
- (b) payment of the sum of \$533,029.80 to the Bond Insurer;
- (c) payment of the sum of \$130,321,616.44 to Bayerische Landesbank Girozentrale, acting through its New York Branch, to provide immediate reimbursement for moneys drawn under said bank's letter of credit to effect the purchase of the Series 1995-A Warrants;
- (d) payment of the sum of \$51,439,061.58 to AmSouth Bank of Alabama, in its capacity as escrow trustee with respect to the Series 1992 Warrants under an Escrow Trust Agreement dated as of February 1, 1997, between the County and said bank;
- (e) payment into the Reserve Fund of the sum of \$19,323,212.94; and
- (f) payment of the balance of such proceeds into the Issuance Cost Account.

ARTICLE VIII

THE SERIES 1997-B WARRANTS

Section 8.1 Authorization and Description of the Series 1997-B Warrants and Places of Payment. Pursuant to the applicable provisions of the Act, and for the purpose of refunding the Series 1993 Warrants, there is hereby authorized to be issued under the Indenture an issue or series of Parity Securities designated Taxable Sewer Revenue Refunding Warrants, Series 1997-B, limited in aggregate principal amount to \$48,020,000. The Series 1997-B Warrants shall be dated February 1, 1997, shall be numbered from R1 upwards in the order issued and shall be issued initially in the respective principal amounts of \$5,000 or any greater integral multiple thereof. The Series 1997-B Warrants shall mature and become payable on the dates and in the amounts set forth below and shall bear interest from their respective dates payable on August 1, 1997, and on each February 1 and August 1 thereafter until maturity or earlier redemption at the per annum rates set forth below:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
February 1, 1998	\$ 4,200,000	5.80%
February 1, 1999	4,700,000	6.10
February 1, 2000	8,880,000	6.32
February 1, 2001	13,335,000	6.46
February 1, 2002	6,100,000	6.55
February 1, 2003	10,805,000	6.63

The principal of and the interest on any Series 1997-B Warrant shall bear interest after their respective due dates until paid at the rate of interest borne by the principal of such Series 1997-B Warrant prior to maturity. The Series 1997-B Warrants shall be initially issued and registered in the names of such Holders as shall be designated by the initial purchasers of the Series 1997-B Warrants.

The principal of and the interest on the Series 1997-B Warrants shall be payable in accordance with the provisions of Section 3.2 hereof.

Section 8.2 Purchase of Series 1997-B Warrants for Retirement. The County may at any time and from time to time purchase Series 1997-B Warrants for retirement using funds from any source. Any Series 1997-B Warrants so purchased for retirement shall be delivered by the County to the Trustee, together with a written order of an authorized officer of the County for their cancellation, whereupon such purchased Series 1997-B Warrants shall be cancelled by the Trustee.

Section 8.3 Form of Series 1997-B Warrants. The Series 1997-B Warrants and the Trustee's authentication certificate applicable thereto shall be in substantially the following forms, respectively, with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof:

[Form of Series 1997-B Warrant]

No. R _____

\$ _____

UNITED STATES OF AMERICA

STATE OF ALABAMA

JEFFERSON COUNTY, ALABAMA

TAXABLE SEWER REVENUE REFUNDING WARRANT
Series 1997-B

Interest Rate

Maturity Date

CUSIP

JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama (herein called the "County"), hereby acknowledges that it is indebted to, and hereby directs the County Treasurer of the County to pay to _____, or registered assigns, solely out of the revenues hereinafter referred to, the principal sum of

D O L L A R S

on the date specified above with interest thereon from the date hereof until the maturity hereof at the per annum rate of interest specified above (computed on the basis of a 360-day year of twelve consecutive 30-day months), payable on August 1, 1997, and semiannually thereafter on each February 1 and August 1 until maturity or earlier redemption. The principal of and the interest on this warrant shall be payable in lawful money of the United States of America and shall bear interest after their respective due dates until paid at the rate of interest borne by the principal hereof prior to maturity. The principal of this warrant shall be payable only upon presentation and surrender of this warrant at the principal office of the Trustee hereinafter referred to. The interest on this warrant shall be remitted by said Trustee by check or draft mailed or otherwise delivered to the registered holder hereof at the address shown on the registry books of said Trustee.

This warrant is one of a duly authorized issue or series of warrants authorized to be issued in the aggregate principal amount of \$48,020,000 and designated Taxable Sewer Revenue Refunding Warrants, Series 1997-B (herein called the "Series 1997-B Warrants"). The Series 1997-B Warrants have been issued under and pursuant to the constitution and laws of the State of Alabama and a Trust Indenture dated as of February 1, 1997 (herein called the "Indenture"),

between the County and AmSouth Bank of Alabama, as trustee (herein, together with its successors in trust, called the "Trustee"). Simultaneously with the issuance of the Series 1997-B Warrants, the County issued, under the Indenture, \$211,040,000 principal amount of its Sewer Revenue Refunding Warrants, Series 1997-A (herein called the "Series 1997-A Warrants"), and \$52,880,000 principal amount of its Taxable Sewer Revenue Refunding Warrants, Series 1997-C (herein called the "Series 1997-C Warrants").

Under the Indenture, the Series 1997-A Warrants, the Series 1997-B Warrants and the Series 1997-C Warrants are equally and ratably secured by a pledge of certain revenues from the sanitary sewer system of the County (herein, as it may at any time exist, called the "System") that remain after the payment of the expenses of operating and maintaining the System. Upon compliance with certain conditions specified in the Indenture, the County may issue additional securities (without limitation as to principal amount) that are secured by the Indenture on a parity with the Series 1997-A Warrants, the Series 1997-B Warrants and the Series 1997-C Warrants with respect to the pledge of the aforesaid revenues from the System (the Series 1997-A Warrants, the Series 1997-B Warrants, the Series 1997-C Warrants and all such additional securities being herein together called the "Parity Securities").

The holders of the Parity Securities shall never have the right to demand payment of the Parity Securities out of any funds raised or to be raised by taxation or from any source whatsoever, except the payments and amounts described in this warrant and the Indenture. Except for the revenues from the System and the other moneys that may be held by the Trustee under the Indenture, no property of the County is encumbered by any lien or security interest for the benefit of the holder of this warrant. Neither the faith and credit, nor the taxing power, of the State of Alabama or the County, or any other public corporation, subdivision or agency of the State of Alabama or the County, is pledged to the payment of the principal of or the interest on this warrant.

The transfer of this warrant shall be registered upon the registration books kept at the principal corporate office of the Trustee, at the written request of the holder hereof or his attorney duly authorized in writing, upon surrender of this warrant at said office, together with a written instrument of transfer satisfactory to the Trustee duly executed by the holder hereof or his duly authorized attorney. Upon payment of any required tax or other governmental charge, this warrant may, upon the surrender hereof at the principal corporate trust office of the Trustee, be exchanged for an equal aggregate principal amount of Series 1997-B Warrants of the same maturity in any other authorized denominations.

The Trustee shall not be required to transfer or exchange this warrant during the period of fifteen days next preceding any interest payment date with respect hereto.

Except as provided in the Indenture, the registered holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto.

With certain exceptions as provided therein, the Indenture may be modified or amended only with the consent of the holders of a majority in aggregate principal amount of all Parity Securities outstanding under the Indenture.

Reference is hereby made to the Indenture, a copy of which is on file with the Trustee, for the provisions thereof concerning the nature and extent of the rights, duties and obligations of the County, the Trustee and the holders of the Parity Securities. The registered holder of this warrant, by the acceptance hereof, is deemed to have agreed and consented to the terms and provisions of the Indenture.

The County and the Trustee may deem and treat the person in whose name this warrant is registered as the absolute owner hereof for all purposes, whether or not any principal of or interest on this warrant is overdue, and neither the County nor the Trustee shall be affected by any notice to the contrary.

It is hereby certified, recited and declared that all acts, conditions and things required by the constitution and laws of the State of Alabama to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this warrant, do exist, have happened and have been performed in regular and due form as required by law.

No covenant or agreement contained in this warrant or the Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the County in his individual capacity, and neither the members of the governing body of the County, nor any official executing this warrant, shall be liable personally on this warrant or be subject to any personal liability or accountability by reason of the issuance or sale of this warrant.

This warrant shall not be entitled to any right or benefit under the Indenture, or be valid or become obligatory for any purpose, until this warrant shall have been authenticated by the execution by the Trustee of the certificate of authentication inscribed hereon.

IN WITNESS WHEREOF, the County has caused this warrant to be executed in its name and behalf with the facsimile signature of the President of its County Commission, has caused a facsimile of its official seal to be hereunto imprinted, has caused the signature of the aforesaid President to be attested by the Minute Clerk of its County Commission, who has caused a facsimile of her signature to be imprinted hereon, and has caused this warrant to be dated February 1, 1997.

JEFFERSON COUNTY, ALABAMA

By _____
President of the County Commission

ATTEST:

Minute Clerk of the
County Commission

[S E A L]

[Form for Assignment]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within warrant and hereby irrevocably constitutes and appoints _____ attorney, with full power of substitution in the premises, to transfer the within warrant on the books kept for registration thereof by the within-mentioned Trustee.

Dated this _____ day of _____, _____.

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears upon the face of the within warrant in every particular, without alteration or enlargement or any change whatsoever.

AUTHENTICATION CERTIFICATE

DATE OF AUTHENTICATION: _____

This warrant is one of the Series 1997-B Warrants described in the within-mentioned Trust Indenture.

AMSOUTH BANK OF ALABAMA,
as Trustee

By _____
Its Authorized Officer

Section 8.4 Execution and Delivery of Series 1997-B Warrants. The Series 1997-B Warrants shall be forthwith executed and delivered to the Trustee and shall be authenticated and delivered by the Trustee from time to time upon receipt by the Trustee of an order signed on behalf of the County by the President of the Governing Body requesting such authentication and delivery and designating the Person or Persons to receive the same or any part thereof.

Section 8.5 Application of Proceeds from the Sale of Series 1997-B Warrants. The entire proceeds derived from the sale of the Series 1997-B Warrants shall be paid to the Trustee and promptly thereafter applied by the Trustee for the following purposes and in the following order:

- (a) payment into the Debt Service Fund of that portion of such proceeds (if any) that is allocable to accrued interest;
- (b) payment of the sum of \$63,275.51 to the Bond Insurer;
- (c) payment of the sum of \$43,113,758.97 to AmSouth Bank of Alabama, in its capacity as escrow trustee with respect to the Series 1993 Warrants under an Escrow Trust Agreement dated as of February 1, 1997, between the County and said bank;
- (d) payment of the sum of \$4,396,800.06 into the Reserve Fund; and
- (e) payment of the balance of such proceeds into the Issuance Cost Account.

ARTICLE IX

THE SERIES 1997-C WARRANTS

Section 9.1 Authorization and Description of the Series 1997-C Warrants and Places of Payment. Pursuant to the applicable provisions of the Act, and for the purpose of refunding by exchange the SRF Warrant, there is hereby authorized to be issued under the Indenture an issue or series of Parity Securities designated Taxable Sewer Revenue Refunding Warrants, Series 1997-C, limited in aggregate principal amount to \$52,880,000. The Series 1997-C Warrants shall be dated February 15, 1997, shall be numbered from R1 upwards in the order issued and shall be issued initially in the respective principal amounts of \$5,000 or any greater integral multiple thereof. The Series 1997-C Warrants shall mature and become payable on February 15, 2015, and shall bear interest from their date payable on August 15, 1997, and on each February 15 and August 15 thereafter until maturity or earlier redemption at the rate of 4.05% per annum. The principal of and the interest on any Series 1997-C Warrant shall bear interest after their respective due dates until paid at a per annum rate of interest equal to 2% above the Authority Trustee Prime Rate; provided that if, as a result of a failure by the County to pay when due the principal of or interest on the Series 1997-C Warrants, a withdrawal of moneys from the Bond Proceeds Account of the Debt Service Fund created in that certain Trust Indenture dated as of August 15, 1992, between the Authority and Central Bank of the South, as trustee, is necessary in order to prevent a default in the payment of the bonds of the Authority issued pursuant to said Trust Indenture, then the amount so withdrawn from said account shall be immediately due and payable by the County and shall bear interest until paid at the Authority Trustee Prime Rate. The Series 1997-C Warrants shall be initially issued as a single warrant registered in the name of the Authority.

The principal of and the interest on the Series 1997-C Warrants shall be payable in accordance with the provisions of Section 3.2 hereof.

Section 9.2 Optional Redemption of Series 1997-C Warrants. The Series 1997-C Warrants will be subject to redemption and prepayment prior to their stated maturities, at the option of the County, as a whole or in part on August 15, 2002, and on any February 15 or August 15 thereafter, at and for a redemption price, for each Series 1997-C Warrant or portion thereof to be redeemed equal to the principal amount thereof plus accrued interest to the date fixed for redemption. The Series 1997-C Warrants may be redeemed only in installments of \$5,000 or any integral multiple thereof. In the event that less than all of the Series 1997-C Warrants are redeemed and prepaid pursuant to this Section 9.2, the Trustee shall select by lot the Series 1997-C Warrants (or portions of the principal thereof) to be redeemed and prepaid. The redemption of Series 1997-C Warrants pursuant to this section shall comply with the applicable provisions of Article VI and Section 9.5 hereof, with the provisions of Section 9.5 particularly applicable to the Series 1997-C Warrants to govern in the case of any conflict.

Section 9.3 Scheduled Mandatory Redemption of Series 1997-C Warrants. The Series 1997-C Warrants shall be subject to scheduled mandatory redemption on the following respective dates and in the following respective principal amounts:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 15, 1998	\$ 2,035,000
February 15, 1999	2,120,000
February 15, 2000	2,210,000
February 15, 2001	2,300,000
February 15, 2002	2,395,000
February 15, 2003	2,495,000
February 15, 2004	2,595,000
February 15, 2005	2,705,000
February 15, 2006	2,815,000
February 15, 2007	2,935,000
February 15, 2008	3,055,000
February 15, 2009	3,180,000
February 15, 2010	3,310,000
February 15, 2011	3,450,000
February 15, 2012	3,590,000
February 15, 2013	3,740,000
February 15, 2014	3,895,000

Series 1997-C Warrants in the aggregate principal amount of \$4,055,000 will remain to be paid at their scheduled maturity on February 15, 2015.

The Series 1997-C Warrants shall be redeemed pursuant to the provisions of this section at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, and such redemption shall be effected in accordance with the applicable provisions of Article VI and Section 9.5 hereof, with the provisions of Section 9.5 particularly applicable to the Series 1997-C Warrants to govern in the case of any conflict.

Section 9.4 Purchase of Series 1997-C Warrants for Retirement. The County may at any time and from time to time purchase Series 1997-C Warrants for retirement using funds from any source. Any Series 1997-C Warrants so purchased for retirement shall be delivered by the County to the Trustee, together with a written order of an authorized officer of the County for their cancellation, whereupon such purchased Series 1997-C Warrants shall be cancelled by the Trustee.

Section 9.5 **Special Provisions Respecting Partial Redemption of Series 1997-C Warrants.** The principal of any Series 1997-C Warrants shall be redeemed only in the amount of \$5,000 or any integral multiple thereof. If less than all the Series 1997-C Warrants are to be called for redemption on any single redemption date, the Trustee shall assign a number or other unique designation to each \$5,000 in principal amount of the Series 1997-C Warrants then outstanding and select by lot, from among all such numbers or other unique designations associated with the Series 1997-C Warrants then outstanding, numbers or other unique designations representing an aggregate principal amount equal to the principal amount of the Series 1997-C Warrants to be so called for redemption, whereupon there shall be called for redemption an amount of the unpaid principal of each Series 1997-C Warrant equal to the principal amount represented by the numbers or other unique designations related thereto that were so selected.

Section 9.6 **Form of Series 1997-C Warrants.** The Series 1997-C Warrants and the Trustee's authentication certificate applicable thereto shall be in substantially the following forms, respectively, with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof:

[Form of Series 1997-C Warrant]

No. R _____

\$ _____

UNITED STATES OF AMERICA

STATE OF ALABAMA

JEFFERSON COUNTY, ALABAMA

TAXABLE SEWER REVENUE REFUNDING WARRANT
Series 1997-C

JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama (herein called the "County"), hereby acknowledges that it is indebted to, and hereby directs the County Treasurer of the County to pay to _____, or registered assigns, solely out of the revenues hereinafter referred to, the principal sum of

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on February 15, 2015 with interest thereon from the date hereof until the maturity hereof at the rate of 4.05% per annum (computed on the basis of a 360-day year of twelve consecutive 30-day

months), payable on August 15, 1997, and semiannually thereafter on each February 15 and August 15 until maturity or earlier redemption. The principal of and the interest on this warrant shall be payable in lawful money of the United States of America and shall bear interest after their respective due dates until paid at a per annum rate of interest equal to 2% above the Authority Trustee Prime Rate (as defined in the Indenture hereinafter referred to); provided that if, as a result of a failure by the County to pay when due the principal of or interest on the Series 1997-C Warrants hereinafter referred to, a withdrawal of moneys from the Bond Proceeds Account of the Debt Service Fund created in that certain Trust Indenture dated as of August 15, 1992, between the Alabama Water Pollution Control Authority (herein called the "Authority"), and Central Bank of the South, as trustee, is necessary in order to prevent a default in the payment of the bonds of the Authority issued pursuant to said Trust Indenture, then the amount so withdrawn from said account shall be immediately due and payable by the County and shall bear interest until paid at the Authority Trustee Prime Rate (as defined in the Indenture hereinafter referred to). The principal of this warrant shall be payable only upon presentation and surrender of this warrant at the principal office of the Trustee hereinafter referred to. The interest on this warrant shall be remitted by said Trustee by check or draft mailed or otherwise delivered to the registered holder hereof at the address shown on the registry books of said Trustee.

This warrant is one of a duly authorized issue or series of warrants authorized to be issued in the aggregate principal amount of \$52,880,000 and designated Taxable Sewer Revenue Refunding Warrants, Series 1997-C (herein called the "Series 1997-C Warrants"). The Series 1997-C Warrants have been issued under and pursuant to the constitution and laws of the State of Alabama and a Trust Indenture dated as of February 1, 1997 (herein called the "Indenture"), between the County and AmSouth Bank of Alabama, as trustee (herein, together with its successors in trust, called the "Trustee"). Simultaneously with the issuance of the Series 1997-C Warrants, the County issued, under the Indenture, \$211,040,000 principal amount of its Sewer Revenue Refunding Warrants, Series 1997-A (herein called the "Series 1997-A Warrants") and \$48,020,000 principal amount of its Taxable Sewer Revenue Refunding Warrants, Series 1997-B (herein called the "Series 1997-B Warrants").

The Series 1997-C Warrants are subject to redemption and prepayment prior to maturity, at the option of the County, as a whole or in part, on August 15, 2002, and on any February 15 or August 15 thereafter, such redemption to be at and for a redemption price, for each Series 1997-C Warrant or portion thereof to be redeemed, equal to the principal amount thereof plus accrued interest to the date fixed for redemption.

The Series 1997-C Warrants are subject to scheduled mandatory redemption, at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, in the following principal amounts on the following dates:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 15, 1998	\$ 2,035,000
February 15, 1999	2,120,000
February 15, 2000	2,210,000
February 15, 2001	2,300,000
February 15, 2002	2,395,000
February 15, 2003	2,495,000
February 15, 2004	2,595,000
February 15, 2005	2,705,000
February 15, 2006	2,815,000
February 15, 2007	2,935,000
February 15, 2008	3,055,000
February 15, 2009	3,180,000
February 15, 2010	3,310,000
February 15, 2011	3,450,000
February 15, 2012	3,590,000
February 15, 2013	3,740,000
February 15, 2014	3,895,000
February 15, 2015 (maturity)	4,055,000

If less than all of the outstanding Series 1997-C Warrants are to be called for redemption, the Series 1997-C Warrants (or principal portions thereof) to be redeemed shall be selected by the Trustee by lot in the principal amounts designated to the Trustee by the County or otherwise as required by the Indenture. In the event any of the Series 1997-C Warrants are called for redemption, the Trustee shall give notice, in the name of the County, of the redemption of such Warrants, which notice shall state that on the redemption date the Series 1997-C Warrants to be redeemed shall cease to bear interest. Such notice shall be given by mailing a copy thereof by registered or certified mail at least forty-five (45) days prior to the date fixed for redemption to the holders of the Series 1997-C Warrants to be redeemed at the addresses shown on the registration books of the Trustee; provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of the redemption of any of the Series 1997-C Warrants for which notice was properly given. Any Series 1997-C Warrants which have been duly selected for redemption and which are deemed to be paid in accordance with the Indenture shall cease to bear interest on the date fixed for redemption and shall thereafter cease to be entitled to any lien, benefit or security under the Indenture.

Under the Indenture, the Series 1997-A Warrants, the Series 1997-B Warrants and the Series 1997-C Warrants are equally and ratably secured by a pledge of certain revenues from the sanitary sewer system of the County (herein, as it may at any time exist, called the "System") that remain after the payment of the expenses of operating and maintaining the System. Upon compliance with certain conditions specified in the Indenture, the County may

issue additional securities (without limitation as to principal amount) that are secured by the Indenture on a parity with the Series 1997-A Warrants, the Series 1997-B Warrants and the Series 1997-C Warrants with respect to the pledge of the aforesaid revenues from the System (the Series 1997-A Warrants, the Series 1997-B Warrants, the Series 1997-C Warrants and all such additional securities being herein together called the "Parity Securities").

The holders of the Parity Securities shall never have the right to demand payment of the Parity Securities out of any funds raised or to be raised by taxation or from any source whatsoever, except the payments and amounts described in this warrant and the Indenture. Except for the revenues from the System and the other moneys that may be held by the Trustee under the Indenture, no property of the County is encumbered by any lien or security interest for the benefit of the holder of this warrant. Neither the faith and credit, nor the taxing power, of the State of Alabama or the County, or any other public corporation, subdivision or agency of the State of Alabama or the County, is pledged to the payment of the principal of or the interest on this warrant.

The transfer of this warrant shall be registered upon the registration books kept at the principal corporate office of the Trustee, at the written request of the holder hereof or his attorney duly authorized in writing, upon surrender of this warrant at said office, together with a written instrument of transfer satisfactory to the Trustee duly executed by the holder hereof or his duly authorized attorney. Upon payment of any required tax or other governmental charge, this warrant may, upon the surrender hereof at the principal corporate trust office of the Trustee, be exchanged for an equal aggregate principal amount of Series 1997-C Warrants in any other authorized denominations.

The Trustee shall not be required to transfer or exchange this warrant during the period of fifteen days next preceding any interest payment date with respect hereto. In the event that this warrant (or any principal portion hereof) is duly called for redemption and prepayment, the Trustee shall not be required to transfer or exchange this warrant during the period of thirty days next preceding the date fixed for such redemption and prepayment.

Except as provided in the Indenture, the registered holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto.

With certain exceptions as provided therein, the Indenture may be modified or amended only with the consent of the holders of a majority in aggregate principal amount of all Parity Securities outstanding under the Indenture.

Reference is hereby made to the Indenture, a copy of which is on file with the Trustee, for the provisions thereof concerning the nature and extent of the rights, duties and obligations of the County, the Trustee and the holders of the Parity Securities. The registered holder of this

warrant, by the acceptance hereof, is deemed to have agreed and consented to the terms and provisions of the Indenture.

The County and the Trustee may deem and treat the person in whose name this warrant is registered as the absolute owner hereof for all purposes, whether or not any principal of or interest on this warrant is overdue, and neither the County nor the Trustee shall be affected by any notice to the contrary.

It is hereby certified, recited and declared that all acts, conditions and things required by the constitution and laws of the State of Alabama to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this warrant, do exist, have happened and have been performed in regular and due form as required by law.

No covenant or agreement contained in this warrant or the Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the County in his individual capacity, and neither the members of the governing body of the County, nor any official executing this warrant, shall be liable personally on this warrant or be subject to any personal liability or accountability by reason of the issuance or sale of this warrant.

This warrant shall not be entitled to any right or benefit under the Indenture, or be valid or become obligatory for any purpose, until this warrant shall have been authenticated by the execution by the Trustee of the certificate of authentication inscribed hereon.

IN WITNESS WHEREOF, the County has caused this warrant to be executed in its name and behalf with the facsimile signature of the President of its County Commission, has caused a facsimile of its official seal to be hereunto imprinted, has caused the signature of the aforesaid President to be attested by the Minute Clerk of its County Commission, who has caused a facsimile of her signature to be imprinted hereon, and has caused this warrant to be dated February 15, 1997.

JEFFERSON COUNTY, ALABAMA

By _____
President of the County Commission

ATTEST:

Minute Clerk of the
County Commission

[S E A L]

[Form for Assignment]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within warrant and hereby irrevocably constitutes and appoints _____ attorney, with full power of substitution in the premises, to transfer the within warrant on the books kept for registration thereof by the within-mentioned Trustee.

Dated this _____ day of _____, _____.

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears upon the face of the within warrant in every particular, without alteration or enlargement or any change whatsoever.

AUTHENTICATION CERTIFICATE

DATE OF AUTHENTICATION: _____

This warrant is one of the Series 1997-C Warrants described in the within-mentioned Trust Indenture.

AMSOUTH BANK OF ALABAMA,
as Trustee

By _____
Its Authorized Officer

Section 9.7 Execution and Delivery of Series 1997-C Warrants. The Series 1997-C Warrants shall be forthwith executed and delivered to the Trustee and shall be authenticated and

delivered by the Trustee from time to time upon receipt by the Trustee of an order signed on behalf of the County by the President of the Governing Body requesting such authentication and delivery and designating the Person or Persons to receive the same or any part thereof.

ARTICLE X

ADDITIONAL PARITY SECURITIES

Section 10.1 Additional Parity Securities—In General. If no Event of Default shall have occurred and be continuing, the County may at any time and from time to time issue Additional Parity Securities, within the limitations of and upon compliance with the provisions of this Article X, for any one or more of the following purposes:

- (a) for the purpose of constructing or otherwise acquiring any System Improvements,
- (b) for the purpose of refunding any obligations issued or incurred by the County for the purpose of constructing or otherwise acquiring any System Improvements,
- (c) for the purpose of refunding or otherwise retiring all or any portion of any one or more series of Parity Securities then outstanding under the Indenture,
- (d) for any other purpose at the time permitted by applicable law, or
- (e) for any combination of the foregoing purposes.

The Additional Parity Securities shall be in such denomination or denominations, shall bear interest at such rate or rates, shall bear such dates, shall mature in such amounts and on such dates, shall be in such form, and may be subject to redemption prior to maturity under such conditions, all as shall be provided in the Supplemental Indenture under which they are issued. Any redemption of Additional Parity Securities prior to maturity shall be effected in the manner set forth in and shall be subject to the provisions of Article VI hereof. All Additional Parity Securities so issued shall contain an appropriate series designation.

Section 10.2 Conditions Precedent to Issuance of Additional Parity Securities. Prior to the issuance of any Additional Parity Securities, the County shall deliver to the Trustee those of the Additional Parity Securities proposed to be issued, duly executed and sealed, accompanied by the following:

(a) Supplemental Indenture. A Supplemental Indenture between the County and the Paying Agent for the Additional Parity Securities proposed to be issued, duly executed, sealed and acknowledged on behalf of the County and said Paying Agent and containing the following: (i) a description of such Additional Parity Securities, including the aggregate principal amount, the numbers and series designation, the denomination or denominations, the date, the interest rate or rates and the maturity or maturities thereof, the provisions for redemption thereof prior to maturity and the forms of such Additional Parity Securities and various certificates applicable thereto; (ii) a confirmation of the lien of the Indenture on all revenues, properties and rights then constituting the Trust Estate; (iii) provisions for the establishment of a separate account within the Debt Service Fund to provide for the payment of such Additional Parity Securities; (iv) if the proposed Additional Parity Securities are to be secured by the Reserve Fund, provisions requiring any increase in the Reserve Fund Requirement that may result from the issuance of such Additional Parity Securities to be fully funded out of proceeds derived by the County from the sale of such Additional Parity Securities or, alternatively, provisions requiring any requisite increase in the Reserve Fund Requirement to be funded by such additional periodic payments from the System Revenues into the Reserve Fund as, when added to the moneys held in the Reserve Fund when such Additional Parity Securities are issued and any payment to be made into the Reserve Fund simultaneously with the issuance of such Additional Parity Securities, will cause the amount held in the Reserve Fund to equal the Reserve Fund Requirement within sixty (60) months after the issuance of such Additional Parity Securities; and (v) any other matters deemed appropriate by the County and not inconsistent with the terms of this Indenture;

(b) Proceedings. A certified copy of the proceedings taken by the Governing Body authorizing the issuance of such Additional Parity Securities and the execution and delivery of the Supplemental Indenture providing therefor, which said proceedings shall include a Resolution requesting the applicable Paying Agent to authenticate and deliver such Additional Parity Securities and reciting the following: (i) that no Event of Default has occurred and is continuing and no event which, with the giving of notice or the passage of time or both, would constitute an Event of Default has occurred and is continuing; (ii) the Person or Persons to whom such Additional Parity Securities have been sold and awarded and shall be delivered; (iii) the purchase price of such Additional Parity Securities; (iv) a list of all Additional Parity Securities previously issued by the County hereunder and at the time outstanding and of the Supplemental Indentures under which they were issued; (v) if any of such Additional Parity Securities are to be issued for the purpose of refunding or otherwise retiring any Parity Securities then outstanding, a brief description of such Parity Securities to be so refunded or otherwise retired; and (vi) whether or not such Additional Parity Securities are to be secured by the Reserve Fund;

(c) Revenue Certificate or Revenue Forecast. Either a Revenue Certificate or a Revenue Forecast, as such terms are defined and used in the succeeding paragraphs of this Section 10.2 (provided, however, that the delivery of a Revenue Certificate or a Revenue Forecast shall not be a condition precedent to the issuance of the Additional 1997 Parity Securities);

(d) Certificate Required for Variable Rate Securities. In the case of any Additional Parity Securities that are being issued as Variable Rate Securities, a certificate signed by an Independent Accountant, the President of the Governing Body or the County's Director of Finance certifying that, immediately following the issuance of such Additional Parity Securities, the aggregate principal amount of all outstanding Variable Rate Securities would not exceed 50% of the aggregate principal amount of all outstanding Parity Securities;

(e) Opinion of Bond Counsel Respecting Previously Issued Parity Securities. An opinion of Bond Counsel that (i) the issuance of the Additional Parity Securities will not adversely affect the exemption from federal income taxation of interest payable on the Parity Securities theretofore issued, and (ii) the Additional Parity Securities, when issued, will be entitled to the benefit and security of this Indenture in like manner as Parity Securities theretofore issued under and pursuant to this Indenture;

(f) Opinion of Independent Counsel. An opinion, acceptable to the Trustee and dated as of the date of the issuance of such Additional Parity Securities, of Independent Counsel acceptable to the Trustee [which Independent Counsel may, but need not, be the Bond Counsel rendering the opinion required by subsection (g) of this section] approving the forms of all documents required by the preceding portions of this section to be delivered to the Trustee and stating that they comply with the applicable requirements of this Article X; and

(g) Opinion of Bond Counsel as to Validity of Additional Parity Securities. An opinion, dated as of the date of the issuance of such Additional Parity Securities, of Bond Counsel approving the validity of such Additional Parity Securities.

As used in this Section 10.2, the term "Revenue Certificate" means a certificate signed by an Independent Accountant, the President of the Governing Body or the County's Director of Finance that satisfies whichever of the following is applicable:

(I) If such Revenue Certificate is delivered with respect to Additional Parity Securities issued prior to October 1, 2007, such certificate shall state the following:

(i) the sum of (A) the Prior Years' Surplus as of the beginning of the Fiscal Year that immediately preceded the Fiscal Year in which such certificate

is delivered and (B) the Net Revenues Available for Debt Service during the then most recently completed Fiscal Year or during any period of twelve consecutive months in the eighteen-month period next preceding the date of issuance of the proposed Additional Parity Securities was not less than one hundred and five percent (105%) of the Maximum Annual Debt Service payable during the then current or any succeeding Fiscal Year with respect to the then outstanding Parity Securities and the Additional Parity Securities with respect to which such certificate is made; and

(ii) the Net Revenues Available for Debt Service during the then most recently completed Fiscal Year or during any period of twelve consecutive months in the eighteen-month period next preceding the date of issuance of the proposed Additional Parity Securities was not less than seventy-five percent (75%) of the Maximum Annual Debt Service payable during the then current or any succeeding Fiscal Year with respect to the then outstanding Parity Securities and the Additional Parity Securities with respect to which such certificate is made; or

(II) If such Revenue Certificate is delivered with respect to Additional Parity Securities issued on or after October 1, 2007, such certificate shall state that the Net Revenues Available for Debt Service during the then most recently completed Fiscal Year or during any period of twelve consecutive months in the eighteen-month period next preceding the date of issuance of the proposed Additional Parity Securities was not less than one hundred and five percent (105%) of the Maximum Annual Debt Service payable during the then current or any succeeding Fiscal Year with respect to the then outstanding Parity Securities and the Additional Parity Securities with respect to which such certificate is made.

If rates and charges for services furnished by the System were increased and put into effect by the County after the beginning of the Fiscal Year or other twelve-month period to which a Revenue Certificate refers and not thereafter reduced, an Independent Engineer may certify the amount of gross revenues from the System that would have been received by the County had such increased rates and charges been in effect during the entire Fiscal Year or other twelve-month period, and the Independent Accountant, the President of the Governing Body or the County's Director of Finance, as the case may be, preparing and signing the Revenue Certificate, may compute Net Revenues Available for Debt Service during such Fiscal Year or other twelve-month period based on the amount of revenues that would have been derived from the System during such period with such increased rates and charges, as so certified by such Independent Engineer.

As used in this Section 10.2, the term "Revenue Forecast" means a report prepared by an Independent Engineer with respect to a period that shall begin on the first day of the Fiscal Year that succeeds the Fiscal Year in which the proposed Additional Parity Securities are issued and that shall not be longer than five Fiscal Years (such period being herein called the "Forecast Period"), which report shall make the following projections with respect to the last Fiscal Year in the Forecast Period (such year being herein called the "Test Year"):

(I) If such Revenue Forecast is delivered with respect to Additional Parity Securities issued prior to October 1, 2007,

(i) the sum of (A) the projected Prior Years' Surplus as of the beginning of the Test Year and (B) the projected Net Revenues Available for Debt Service for the Test Year shall not be less than one hundred and five percent (105%) of the Maximum Annual Debt Service payable during the Test Year or any succeeding Fiscal Year with respect to the then outstanding Parity Securities and the Additional Parity Securities with respect to which such report is made; and

(ii) the projected Net Revenues Available for Debt Service for the Test Year shall not be less than seventy-five percent (75%) of the Maximum Annual Debt Service payable during the Test Year or any succeeding Fiscal Year with respect to the then outstanding Parity Securities and the Additional Parity Securities with respect to which such report is made.

(II) If such Revenue Forecast is delivered with respect to Additional Parity Securities issued on or after October 1, 2007, the projected Net Revenues Available for Debt Service for the Test Year shall not be less than one hundred and five percent (105%) of the Maximum Annual Debt Service payable during the Test Year or any succeeding Fiscal Year with respect to the then outstanding Parity Securities and the Additional Parity Securities with respect to which such report is made.

In preparing its Revenue Forecast, the Independent Engineer shall be entitled (a) to make projections with respect to the rates and charges to be imposed for services furnished by the System during each of the Fiscal Years in the Forecast Period (so long as such Independent Engineer certifies, with respect to any projected rates and charges that are higher than the actual rates and charges in effect as of the date of the Revenue Forecast, that such projected rates and charges would be reasonable for public sanitary sewer systems similar in size and character to the System) and (b) to rely upon estimates prepared by an Independent Investment Advisor with respect to the aggregate amount of debt service on the Parity Securities to become due and payable during each of the Fiscal Years in the Forecast Period.

Upon receipt of the documents required by the provisions of this section to be furnished to it, the Trustee shall, unless it has cause to believe any of the statements set out in said documents to be incorrect, thereupon acknowledge its receipt of the Supplemental Indenture so presented and, if required by pertinent law, cause the same to be filed for record at the expense of the County in the public office or offices in the State of Alabama in which such document is then required by law to be filed in order to constitute constructive notice thereof. The Trustee shall then authenticate (or direct the applicable Paying Agent to authenticate) the Additional Parity Securities with respect to which the said documents shall have been provided and shall, upon receipt of evidence satisfactory to it that the County has received the purchase price or other consideration therefor, deliver (or direct the applicable Paying Agent to deliver) such

Additional Parity Securities to the Person or Persons to whom the Resolution provided for in subsection (b) of this section directed that they be delivered.

Section 10.3 Subordinate Indebtedness Permitted. Nothing contained herein shall be construed as a restriction upon the right of the County to issue subordinate lien bonds or warrants or other obligations secured by a pledge of the Pledged Revenues that is subject and subordinate in all respects to the pledge of revenues herein made or provided for the payment of the Parity Securities.

Section 10.4 Related Obligations. In connection with the initial issuance of any series of Parity Securities, the County may obtain or cause to be obtained letters of credit, lines of credit, bond insurance or similar obligations, agreements or instruments (herein collectively called "Credit Facilities") securing or providing for the payment of all or a portion of the principal or redemption price of or interest on that series of Parity Securities or providing for the purchase of that series of Parity Securities or a portion thereof by the issuer or obligor of any such Credit Facility. In connection therewith, the County may enter into agreements with the issuer of or obligor on any such Credit Facility providing for, among other things, the payment of fees and expenses to such issuer or obligor for the issuance of such Credit Facility, the terms and conditions of such Credit Facility and the series of Parity Securities affected thereby, and the security, if any, to be provided for the issuance of such Credit Facility and the payment of such fees and expenses or the obligations of the County with respect thereto. The County may also, to the extent permitted by then applicable law, enter into an interest rate swap agreement, an interest rate cap agreement, an interest rate floor agreement, an interest rate collar agreement or any similar agreement with respect to any series of Parity Securities or portion thereof.

In addition to any other security permitted by applicable law, the County may, if it elects to do so, secure all or any portion of its contractual obligations with respect to any Credit Facility or any Qualified Swap (any such contractual obligations being herein called "Related Obligations") by a pledge of the Pledged Revenues which may be on a parity with the pledge made in the Indenture (except to the extent that any such pledge secures the payment of any amount payable by the County as a consequence of an early termination of a Qualified Swap) so long as no default exists on the part of the Person providing such Credit Facility or on the part of the related Qualified Swap Provider, as the case may be. Notwithstanding any pledge that may be made pursuant to the preceding sentence, Related Obligations shall not constitute or be treated as Parity Securities for any purpose in applying the provisions of this Indenture (including, without limitation, the conditions precedent to the issuance of Additional Parity Securities contained in Section 10.2 and the covenants contained in Article XII).

ARTICLE XI

APPLICATION OF SYSTEM REVENUES AND ESTABLISHMENT OF SPECIAL FUNDS

Section 11.1 **Revenue Account.** There is hereby established a special account in the name of the County, the full name of which shall be the "Jefferson County Sewer System Revenue Account". All System Revenues and all amounts received by the County pursuant to Qualified Swaps shall be deposited in the Revenue Account promptly upon receipt by the County, provided that amounts received by the County as (a) grants or borrowed funds for improvements or extensions to the System, (b) deposits or payments by contractors to offset the cost of extensions or new connections, and (c) customer deposits to ensure payment for utility services may be held by the County in a separate account or accounts pending use thereof for the said purposes.

On or before the last Business Day of each calendar month, the County will apply the moneys in the Revenue Account for the payment of all Operating Expenses that are then due and that were incurred during the then-current or in any then-preceding calendar month. On or before the various dates specified in Sections 11.2 through 11.5, the County will apply the moneys in the Revenue Account that remain after payment of Operating Expenses for payment into the Debt Service Fund, the Reserve Fund, the Rate Stabilization Fund and the Depreciation Fund, in the order named, of such amounts as are required hereby to be paid therein on or before the pertinent dates specified in the aforesaid sections, to the respective extents provided in such sections and to the extent that moneys on deposit in the Revenue Account are sufficient therefor.

Revenues derived from the Sewer Tax that are deposited into the Revenue Account shall be applied for the payment of Operating Expenses in preference to any other moneys at the time held in the Revenue Account, it being the County's intention and expectation that such tax revenues be applied for no purpose other than the payment of Operating Expenses. No payments or withdrawals shall at any time be made from the Revenue Account other than the transfers, payments or withdrawals provided for in this article.

The Governing Body may at any time and from time to time designate any banking institution or institutions as depository or depositories for the Revenue Account, provided that each such depository so designated shall at all times while acting as such be and remain a member of the Federal Deposit Insurance Corporation or of any agency of the United States of America that may succeed to its functions, if there be any such, and shall be and remain duly qualified to do business in the State of Alabama. Each such depository shall be fully protected in paying out moneys from the Revenue Account on checks, vouchers or drafts signed by any duly authorized officer, employee or agent of the County, and no such depository shall be liable for the misapplication by the County of any moneys so withdrawn if such moneys shall be so withdrawn without knowledge or reason on the part of such depository to believe that such

disbursement constitutes a misapplication of funds. So long as no Event of Default shall have occurred and be continuing, the County may combine moneys held in the Revenue Account with other moneys of the County for purposes of custody, safekeeping and investments.

Section 11.2 **Debt Service Fund.** There is hereby established a special trust fund, the full name of which shall be the "Jefferson County Sewer System Debt Service Fund." The Trustee shall be the depository, custodian and disbursing agent for the Debt Service Fund. Out of the moneys on deposit in the Debt Service Fund, the Trustee shall (i) pay the principal of and the interest on those of the Parity Securities for which it serves as Paying Agent, as said principal and interest respectively become due, (ii) make provision for the payment of the principal of and the interest on all other Parity Securities by transferring sufficient moneys to the applicable Paying Agent or Agents on or before the respective dates on which such principal and interest become due and payable, and (iii) pay or make provision for the payment of any Related Obligations (as defined in Section 10.4) that have been secured by a pledge of the Pledged Revenues that is on a parity with the pledge made in the Indenture (any such Related Obligation being herein called a "Secured Related Obligation").

The following amounts shall be transferred and paid into the Debt Service Fund at the following times:

(a) Amounts Referable to Series 1997 Warrants. In order to provide funds for the payment of the principal of and interest on the Series 1997 Warrants, there shall be transferred or paid into the Debt Service Fund, out of moneys held in the Revenue Account [except as otherwise provided in clause (1)], the following amounts at the following times:

(1) simultaneously with the issuance and sale of the Series 1997 Warrants and out of the proceeds derived therefrom, that portion of such proceeds allocable to accrued interest;

(2) on or before the third day preceding August 1, 1997, an amount equal to the difference between (i) the amount of interest on the Series 1997 Warrants that will become due on August 1, 1997, and (ii) the amount deposited in the Debt Service Fund pursuant to the foregoing clause (1);

(3) on or before the third day preceding February 1, 1998, and on or before the third day preceding each February 1 and August 1 thereafter until and including the third day preceding February 1, 2027, an amount equal to the interest becoming due with respect to the then outstanding Series 1997 Warrants on the then next succeeding Interest Payment Date; and

(4) on or before the third day preceding August 1, 1997, and on or before the third day preceding each February 1 and August 1 thereafter until and including the third day preceding February 1, 2027, an amount equal to one-half

(1/2) of the principal amount of Series 1997 Warrants maturing or required to be redeemed on the then next succeeding February 1.

(b) Amounts Referable to Series 1997-C Warrants. In order to provide funds for the payment of the principal of and interest on the Series 1997-C Warrants, there shall be transferred or paid into the Debt Service Fund, out of moneys held in the Revenue Account, the following amounts at the following times:

(1) on or before August 15, 1997, and on or before each February 15 and each August 15 thereafter until and including February 15, 2015, an amount equal to the interest becoming due with respect to the then outstanding Series 1997-C Warrants on each such date; and

(2) on or before February 15, 1998, and on or before each February 15 thereafter until and including February 15, 2015, an amount equal to the principal amount of Series 1997-C Warrants maturing or required to be redeemed on each such date.

(c) Amounts Referable to Additional Parity Securities. In order to provide for the payment of the principal of and interest on any Additional Parity Securities, there shall be transferred or paid into the Debt Service Fund the following amounts:

(1) simultaneously with the issuance and sale of such Additional Parity Securities and out of the proceeds derived therefrom, there shall be transferred or paid into the Debt Service Fund that portion of such proceeds allocable to premium (if any) and accrued interest;

(2) there shall be transferred or paid into the Debt Service Fund any portion of the principal proceeds derived from the sale of such Additional Parity Securities that is to be used to pay interest thereon (i.e., capitalized interest), with such capitalized interest to be applied for payment of interest on such Additional Parity Securities according to such schedule and through such arrangements as may be provided in the Supplemental Indenture under which such Additional Parity Securities are issued; and

(3) there shall be transferred or paid into the Debt Service Fund, out of moneys on deposit in the Revenue Account, such moneys as, when added to any other funds provided for the payment of such Additional Parity Securities, shall be necessary to pay the principal and interest maturing with respect to such Additional Parity Securities, as well as the redemption price of such Additional Parity Securities that are required to be redeemed prior to the maturity thereof, such moneys to be paid into the Debt Service Fund in such amounts and on such dates as shall be provided in the Supplemental Indenture under which such Additional Parity Securities are issued.

(d) Amounts Referable to Secured Related Obligations. In order to provide for the payment of Secured Related Obligations, there shall be transferred or paid into the Debt Service Fund, out of moneys on deposit in the Revenue Account, such moneys as shall be necessary to pay such obligations on or before the respective dates on which such obligations become due and payable.

(e) General. There shall be transferred or paid into the Debt Service Fund any other moneys that are expressly required to be transferred or paid therein by the provisions of the Indenture.

There may be credited against any transfer or payment required to be made into either account of the Debt Service Fund pursuant to the preceding provisions of this section any amount then held in such account, but only to the extent that such amount does not itself consist of prior transfers or payments made pursuant to any of the preceding provisions of this section and has not theretofore been credited against any transfer or payment previously required by any of such provisions; provided, however, that moneys in the Debt Service Fund shall not be so credited against any required transfer or payment into such fund if such moneys (i) are held therein for payment of matured but unpaid Parity Securities, Parity Securities called for redemption but not yet redeemed, and matured but unpaid interest on the Parity Securities, (ii) are held therein pursuant to instructions from the County for the future redemption or purchase of Parity Securities, (iii) are held therein for the payment of unmatured Parity Securities not called for redemption if such Parity Securities are considered fully paid pursuant to the provisions of Section 16.1 hereof by reason of the fact that such moneys are so held in the Debt Service Fund, or (iv) are held therein subject to the provisions of a Supplemental Indenture providing for the issuance of Additional Parity Securities which requires such moneys to be credited in a manner inconsistent with the provisions hereof, in which case such moneys shall be credited in the manner provided by such Supplemental Indenture.

Subject to the provisions of Section 11.8 hereof, the Trustee shall hold and apply moneys in the Debt Service Fund for the payment of principal of and interest on the Parity Securities on or after the respective due dates of such principal and interest, for the redemption of Parity Securities prior to their maturity, and for the purchase of Parity Securities for retirement at a purchase price not greater than the original principal amount thereof plus accrued interest thereon. The Trustee shall pay or provide for the payment of the principal and interest maturing with respect to the Parity Securities, as well as the redemption price of any Parity Securities that are required by the provisions of the Indenture to be redeemed prior to the stated maturity thereof, out of the moneys held in the Debt Service Fund, as and when such principal, interest or redemption price shall be due and payable.

The County and the Trustee covenant that (i) all funds transferred to or deposited in the Debt Service Fund shall be applied to the payment of the principal and premium (if any) and interest on the Parity Securities within twelve months from the date of such transfer or deposit and (ii) all income and profits received from the investment of moneys in the Debt Service Fund

shall be applied to the payment of the principal and premium (if any) and interest on the Parity Securities within twelve months from the date of receipt of such income or profits.

Section 11.3 Reserve Fund. There is hereby established a special trust fund, the full name of which shall be the "Jefferson County Sewer System Debt Service Reserve Fund". The Trustee shall be the depository, custodian and disbursing agent for the Reserve Fund. Simultaneously with the delivery hereof, the County shall cause to be deposited into the Reserve Fund proceeds of the Series 1997-A Warrants in the amount of \$19,323,212.94 and proceeds of the Series 1997-B Warrants in the amount of \$4,396,800.06.

If on the first Business Day of any calendar month the total amount held in the Reserve Fund is less than the Reserve Fund Requirement, then, on or before the fifteenth day of such calendar month, the County shall pay into the Reserve Fund (from any moneys remaining in the Revenue Account after there shall have been made therefrom all payments required to be made during such month into the Debt Service Fund) an amount obtained by dividing (i) the amount by which the Reserve Fund Requirement exceeds the amount then held in the Reserve Fund by (ii) the number of months between the first day of such calendar month and the last day of the fifth calendar month next succeeding that during which the amount held in the Reserve Fund is first determined to be below the Reserve Fund Requirement, all to the end that the monthly amounts to be paid into the Reserve Fund pursuant to this paragraph will cause any deficiency in the Reserve Fund to be restored within six months after such deficiency first occurred.

In the event that the County hereafter issues any Additional Parity Securities that are secured by the Reserve Fund, the County will cause to be added to the moneys then on deposit in the Reserve Fund an amount equal to the difference obtained by subtracting (a) the Reserve Fund Requirement immediately prior to the issuance of those of the Additional Parity Securities that have been most recently issued from (b) the Reserve Fund Requirement immediately following the issuance of those of the Additional Parity Securities that have been most recently issued. Any such addition of moneys to the Reserve Fund that is required to be made in connection with the issuance of any such Additional Parity Securities may be effected through any of the following methods:

(i) a single deposit to the Reserve Fund out of the proceeds of the Additional Parity Securities with respect to which such deposit is required to be made, such deposit to be made at the time of issuance of such Additional Parity Securities;

(ii) a series of ten (10) equal semiannual deposits to the Reserve Fund out of the moneys remaining in the Revenue Account after compliance with the then applicable provisions of Section 11.2 hereof, such deposits to be made on or before the February 15 or August 15, as the case may be, next succeeding the month during which the Additional Parity Securities with respect to which such deposits are required to be made were issued and on or before each February 15

and each August 15 thereafter until the ten (10) required deposits have been made; or

(iii) any series of deposits to the Reserve Fund out of the moneys remaining in the Revenue Account after compliance with the then applicable provisions of Section 11.2 hereof that will result in the moneys required to be added to the Reserve Fund being accumulated at a faster rate than the series of deposits described in the foregoing clause (ii).

If, upon the issuance of any Additional Parity Securities, any required addition of moneys to the Reserve Fund is effected through a method described in the preceding clause (ii) or (iii), then the Reserve Fund shall be divided into two or more accounts and all moneys and securities held in the Reserve Fund upon the issuance of such Additional Parity Securities shall be allocated first on a proportionate basis to the account or accounts that secure those of the Parity Securities that were outstanding prior to the issuance of such Additional Parity Securities, until each such account is funded in an amount equal to the Reserve Fund Requirement for those of the Parity Securities to which such account is referable, and the balance of such moneys and securities shall be allocated to the account that secures such Additional Parity Securities.

The moneys on deposit in the Reserve Fund shall be used to pay interest coming due on the Parity Securities secured thereby on any Interest Payment Date, or to pay the principal of such Parity Securities as it comes due, whether at maturity or by mandatory redemption, but only in the event that, at the time of any Interest Payment Date, the moneys then held in the Debt Service Fund shall be insufficient for the said payments; provided, however, that, if any of the Parity Securities are issued in a form which permits the holders thereof to require the County or an agent thereof to purchase such Parity Securities prior to maturity, moneys in the Reserve Fund shall not be used to effect any such mandatory purchase or to pay the principal of any such Parity Securities which become due solely because of an inability to remarket them following any such mandatory purchase. In no event shall any moneys withdrawn from the Reserve Fund be used to provide for the payment of any principal of or interest on the Series 1997-C Warrants.

If on any date on which a valuation of the investments held in the Reserve Fund is made the amount on deposit in the Reserve Fund exceeds the Reserve Fund Requirement, the Trustee shall withdraw the amount of such excess and deposit the same in the Debt Service Fund. The Governing Body hereby finds and determines that the Reserve Fund will constitute a reasonable reserve for payment of principal of and interest on the Parity Securities and that the period of time herein provided for the restoration of any deficiency in the Reserve Fund will constitute a reasonable period for the restoration of any such deficiency.

The Reserve Fund Requirement may be satisfied, in whole or in part, with an insurance policy, surety bond or letter of credit that satisfies the various requirements specified in Section 11.11 of this Indenture.

Section 11.4 Rate Stabilization Fund. There is hereby established a special trust fund, the name of which shall be the "Jefferson County Sewer System Rate Stabilization Fund." The Governing Body may at any time and from time to time designate any banking institution or institutions as depository or depositories for the Rate Stabilization Fund, provided that each such depository so designated shall at all times while acting as such be and remain a member of the Federal Deposit Insurance Corporation or of any agency of the United States of America that may succeed to its functions, if there be any such, and shall be and remain duly qualified to do business in the State of Alabama. Simultaneously with the issuance of the Series 1997 Warrants, the County shall deposit into the Rate Stabilization Fund the sum of \$10,000,000 from moneys that are not proceeds of the Series 1997 Warrants or of any other obligations of the County.

At any time when the total amount held in the Rate Stabilization Fund is less than the Rate Stabilization Fund Requirement, the County shall pay into the Rate Stabilization Fund from the Revenue Account, on or before each February 15 and each August 15 and after there shall have been made from the Revenue Account all payments required to be made on or before such date into the Debt Service Fund and the Reserve Fund, an amount equal to 10% of the then effective Rate Stabilization Fund Requirement (or such lesser amount as shall result in the amount held in the Rate Stabilization Fund being equal to the Rate Stabilization Fund Requirement). In addition, the County may from time to time deposit into the Rate Stabilization Fund other moneys that do not constitute System Revenues.

The County may, from time to time at the election of the County's Director of Finance, transfer moneys from the Rate Stabilization Fund into the Revenue Account.

Section 11.5 Depreciation Fund. There is hereby established a special trust fund, the name of which shall be the "Jefferson County Sewer System Funded Depreciation Fund." The Governing Body may at any time and from time to time designate any banking institution or institutions as depository or depositories for the Depreciation Fund, provided that each such depository so designated shall at all times while acting as such be and remain a member of the Federal Deposit Insurance Corporation or of any agency of the United States of America that may succeed to its functions, if there be any such, and shall be and remain duly qualified to do business in the State of Alabama.

At any time when the total amount held in the Depreciation Fund is less than the amount of accumulated depreciation referable to the System (as known in the then most recent audited financial statements of the County), the County shall pay into the Depreciation Fund from the Revenue Account, on or before each February 15 and each August 15 and after there shall have been made from the Revenue Account all payments required to be made on or before such date into the Debt Service Fund, the Reserve Fund and the Rate Stabilization Fund, the sum of \$5,000,000. If on any such date the moneys available in the Revenue Account are not sufficient to permit a deposit of said sum into the Depreciation Fund, such shortfall shall not increase the required amount of any subsequent deposit to the Depreciation Fund. Moneys held in the

Depreciation Fund may be withdrawn from time to time by the County, but only to pay the costs of System Improvements or to purchase or redeem Parity Securities.

Section 11.6 Surplus Revenues. After making the transfers and payments required by Sections 11.1 through 11.5 hereof, and after making good any delinquency or deficit existing in the Debt Service Fund or the Reserve Fund by reason of withdrawals therefrom or the failure during any prior period to pay therein the amounts respectively required to be paid therein by the provisions of Sections 11.2 and 11.3 hereof, the balance remaining in the Revenue Account on each February 15 and each August 15 shall be deemed "surplus revenues" and may be withdrawn from the Revenue Account by the County and used for any lawful purpose related to the County's ownership and operation of the System.

For purposes of this section a deficiency in the Debt Service Fund or the Reserve Fund shall be the difference between the amount then held in such fund and the amount scheduled to be held therein pursuant to the respectively applicable provisions of Section 11.2 or 11.3 hereof.

Section 11.7 Redemption Fund. There is hereby created a special trust fund, the name of which shall be the "Jefferson County Sewer System Redemption Fund" and which shall be maintained as long as any of the Parity Securities are outstanding. There shall be paid into the Redemption Fund only such moneys as are herein expressly required to be paid therein. The Trustee shall, subject to the provisions of Section 11.8 hereof, use and apply the moneys in the Redemption Fund solely for the purpose of redeeming Parity Securities prior to their maturity; provided that if at any time the aggregate of available moneys held in the Debt Service Fund shall not be sufficient to pay the principal of or the interest on any of the Parity Securities at the respective maturities of such principal and interest or the redemption price of any of the Parity Securities on the date on which, under the terms hereof, they are required to be redeemed, then the moneys held in the Redemption Fund shall be used to pay said principal or interest so maturing or the redemption price of any such Parity Securities, but only to such extent as may be necessary to prevent default in the payment thereof.

Not more than sixty (60) days and not less than forty-five (45) days prior to each Interest Payment Date, the Trustee will determine the amount then held in the Redemption Fund, and if such amount is sufficient to effect the redemption of at least \$5,000 in principal amount of Parity Securities, the Trustee shall so notify the County, whereupon the County will take such action as may be necessary under the provisions hereof to exhaust, as nearly as may be practicable, the moneys held in the Redemption Fund by effecting the redemption of Parity Securities on the earliest practicable date thereafter on which such redemption may be effected.

Section 11.8 Investment of Indenture Fund Moneys. Moneys on deposit in the Indenture Funds shall be invested by the Trustee or the depository therefor in accordance with the succeeding provisions of this section in Eligible Investments; provided, however, that the moneys

at any time held in the Debt Service Fund may be invested only in Federal Obligations having stated maturities, or being redeemable at the option of the holder thereof at a stated price and time, not later than the date upon which such moneys will be needed for the payment of principal of or interest on the Parity Securities. The investments held in each of the other Indenture Funds shall have such maturities as shall result in the availability at all times of sufficient cash moneys for the various purposes to be served by each of such funds.

Subject to the limitations imposed by the provisions of the first paragraph of this section, the County hereby reserves the right to control the investment of the moneys at any time on deposit in the Indenture Funds and hereby designates the County's Director of Finance as its representative for the purpose of communicating investment decisions to the Trustee. In particular, and without limiting the generality of the foregoing, County's Director of Finance may from time to time specify to the Trustee the types and maturities of the Eligible Investments to be acquired with the moneys held in the Indenture Funds, the price to be paid for such investments and the securities dealer or dealers from which such investments are to be acquired. So long as such directions from the County's Director of Finance are not inconsistent with the provisions of the first paragraph of this section, the Trustee will acquire the specified investments from the specified dealer or dealers and at any specified price, regardless of its opinion as to the prudence of such investments or its ability to acquire such investments upon more favorable terms from another source; provided, however, that the County's Director of Finance shall have no right to require, and the Trustee shall be prohibited from making, any investment that would result in any of the Parity Securities being considered "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable regulations thereunder. In the absence of general or specific investment directions from the County's Director of Finance, the Trustee shall invest the moneys held in the Indenture Funds in accordance with its general practices respecting the investment of public moneys held in trust. The Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance with the provisions of this paragraph.

All Eligible Investments in which any portion of the moneys in any Indenture Fund are invested, together with all income therefrom, shall become a part of the particular Indenture Fund from which moneys were used to make such investment; provided that (a) so long as the balance in the Reserve Fund is equal to the Reserve Fund Requirement, any income or profits derived from the investment of moneys held in the Reserve Fund shall be transferred to the Debt Service Fund Primary Account and (b) so long as the balance in the Rate Stabilization Fund is equal to the Rate Stabilization Fund Requirement, any income or profits derived from the investment of moneys held in the Rate Stabilization Fund shall be paid to the County.

Section 11.9 Commingling of Moneys in Separate Indenture Funds. Any provision hereof to the contrary notwithstanding, moneys on deposit in any Indenture Fund may be commingled and combined with moneys in any of the other Indenture Funds for the purpose of making investments under the provisions of Section 11.8 hereof, subject to the following conditions:

(a) all interest, income or profit realized from any such commingled investment shall be credited, and all losses resulting therefrom shall be charged, to each such fund in the same respective proportions as the amount invested from each such fund bears to the total amount so invested (subject, however, to the provisions of the said section which, under certain circumstances, provide for a different disposition of the earnings from the Reserve Fund or the Rate Stabilization Fund); and

(b) no moneys forming a part of any such fund shall be invested in any investments other than such as are expressly authorized herein.

Section 11.10 Valuation of Indenture Funds. Any investments constituting a part of the Indenture Funds shall, for purposes of this Indenture, be valued at their fair market value (exclusive of accrued interest), except that any investments having a term of less than six months may be valued at par. The Trustee shall make a valuation of investments in the Reserve Fund on the first Business Day of each calendar month and at such other times as the County may request or as may be necessary to ascertain compliance with the provisions of the Indenture. If as a result of such valuation the balance in such fund is determined to be less than the balance required to be maintained therein under the terms of this Indenture, then monthly transfers to such fund shall be resumed and continued as required by Section 11.3 hereof.

Section 11.11 Reserve Fund Surety Requirements. The County may satisfy all or a portion of the Reserve Fund Requirement by the deposit with the Trustee of a surety bond, insurance policy or letter of credit that satisfies the succeeding requirements of this Section 11.11.

A surety bond or insurance policy issued to the Trustee by a company licensed to issue insurance policies guaranteeing the timely payment of debt service on municipal bonds (a "municipal bond insurer") may be deposited in the Reserve Fund to meet the Reserve Fund Requirement if the claims paying ability of the issuer thereof is rated "AAA" or "Aaa" by S&P or Moody's, respectively. A surety bond or insurance policy issued to the Trustee by an entity other than a municipal bond insurer may be deposited in the Reserve Fund to meet the Reserve Fund Requirement if the form and substance of such instrument and the issuer thereof are approved by the Bond Insurer.

An unconditional irrevocable letter of credit issued to the Trustee by a bank may be deposited in the Reserve Fund to meet the Reserve Fund Requirement if the issuer thereof is rated at least "AA" by S&P or "Aa" by Moody's. Any such letter of credit shall be payable in one or more draws upon presentation by the Trustee of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal of or interest on the Parity Securities. Any such draw shall be payable within two days of presentation of the related sight draft. Any such letter of credit shall be for a term of not less

than three years. The issuer of any such letter of credit shall be required to notify the County and the Trustee, not later than 30 months prior to the stated expiration date of such letter of credit, as to whether such expiration date will be extended, and if so, shall indicate the new expiration date. If any such notice indicates that the expiration date will not be extended, the County shall deposit in the Reserve Fund an amount sufficient to cause the cash or Eligible Investments on deposit in the Reserve Fund, together with any other qualifying credit instruments, to equal the Reserve Fund Requirement on all outstanding Parity Securities, such deposit to be paid in equal installments on at least a semi-annual basis over the remaining term of the letter of credit, unless the letter of credit in question is replaced by another Reserve Fund credit instrument. Any letter of credit in the Reserve Fund shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The Trustee shall, in turn, draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Reserve Fund is fully funded in its required amount. The use of any Reserve Fund credit instrument pursuant to this section shall be subject to receipt of an opinion of counsel acceptable to the Bond Insurer and in form and substance satisfactory to the Bond Insurer as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of such credit instrument is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to the Bond Issuer. In addition, the use of an irrevocable letter of credit to satisfy all or a portion of the Reserve Fund Requirement shall be subject to receipt of an opinion of counsel acceptable to the Bond Insurer and in form and substance satisfactory to the Bond Insurer to the effect that payments under such letter of credit would not constitute avoidable preferences under Section 547 of the United States Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the United States Bankruptcy Code or similar state laws by or against the County.

The obligation to reimburse the issuer of a Reserve Fund credit instrument for any fees, expenses, claims or draws upon such Reserve Fund credit instrument shall be subordinate to the payment of debt service on the Parity Securities. The right of the issuer of a Reserve Fund credit instrument to payment or reimbursement of its fees and expenses shall be subordinated to cash replenishment of the Reserve Fund, and, subject to the second succeeding sentence, its right to reimbursement for claims or draws shall be on a parity with the cash replenishment of the Reserve Fund. Any Reserve Fund credit instrument shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the Reserve Fund credit instrument to reimbursement will be further subordinated to cash replenishment of the Reserve Fund to an amount equal to the difference between the full original amount available under the Reserve Fund credit instrument and the amount then available for further draws or claims. If (a) the issuer of a Reserve Fund credit instrument becomes insolvent or (b) the issuer of a Reserve Fund credit instrument defaults in its payment obligations thereunder or (c) the claims-paying ability of the issuer of a Reserve Fund insurance policy or surety bond falls below an S&P "AAA" or a Moody's "Aaa" or (d) the rating of the issuer of a Reserve Fund letter of credit falls below an S&P "AA", the

obligation to reimburse the issuer of such Reserve Fund credit instrument shall be subordinate to the cash replenishment of the Reserve Fund.

If (a) the revolving reinstatement feature of a Reserve Fund credit instrument described in the preceding paragraph is suspended or terminated or (b) the rating of the claims paying ability of the issuer of a Reserve Fund surety bond or insurance policy falls below an S&P "AAA" or a Moody's "Aaa" or (c) the rating of the issuer of a Reserve Fund letter of credit falls below an S&P "AA", the County shall either (i) deposit into the Reserve Fund an amount sufficient to cause the cash or Eligible Investments on deposit in the Reserve Fund to equal the Reserve Fund Requirement on all outstanding Parity Securities, such amount to be paid over the ensuing five years in equal installments deposited at least semi-annually or (ii) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements of this section within six months of such occurrence. In the event (a) the rating of the claims-paying ability of the issuer of a Reserve Fund surety bond or insurance policy falls below "A" or (b) the rating of the issuer of a Reserve Fund letter of credit falls below "A" or (c) the issuer of a Reserve Fund credit instrument defaults in its payment obligations or (d) the issuer of a Reserve Fund credit instrument becomes insolvent, the County shall either (i) deposit into the Reserve Fund an amount sufficient to cause the cash or Eligible Investments on deposit in the Reserve Fund to equal the Reserve Fund Requirement on all outstanding Parity Securities, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (ii) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements of this section within six months of such occurrence. Where applicable, the amount available for draws or claims under a Reserve Fund credit instrument may be reduced by the amount of cash or Eligible Investments deposited in the Reserve Fund pursuant to the preceding provisions of this paragraph.

If the County chooses any of the permitted alternatives to a fully cash-funded Reserve Fund described in the preceding provisions of this Section 11.11, any amounts owed by the County to the issuer of any such credit instrument as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of debt service requirements required to be made pursuant to the Indenture for any purpose.

The Trustee shall ascertain the necessity for a claim or draw upon any Reserve Fund credit instrument and provide notice to the issuer of the Reserve Fund credit instrument in accordance with its terms not later than three days (or such longer period as may be necessary depending on the permitted time period for honoring a draw under the Reserve Fund credit instrument) prior to each Interest Payment Date.

Cash on deposit in the Reserve Fund shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Fund credit instrument. If and to the extent that more than one Reserve Fund credit instrument is deposited in the Reserve Fund, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

Section 11.12 Issuance Cost Account. There is hereby created a special account the full name of which shall be the "Series 1997 Warrants Issuance Cost Account." The Issuance Cost Account shall be maintained as a separate account until the moneys in said account shall have been fully expended as hereinafter provided. The Trustee shall be the depository and disbursing agent for the Issuance Cost Account.

The County will apply the moneys in the Issuance Cost Account solely for payment of the Issuance Costs, as and when such costs become due and payable. The President of the Governing Body or any Authorized County Representative is hereby authorized and directed to cause the said costs to be paid, as promptly as may be feasible following the issuance of the Series 1997 Warrants and Series 1997-C Warrants, by submitting to the Trustee requisitions signed by any one of said officers directing the payment of the costs specified in said requisition.

In the event the moneys deposited in or transferred to the Issuance Cost Account are not sufficient to pay all Issuance Costs, the President of the Governing Body is hereby authorized and directed to pay, out of any other funds of the County available therefor, the remainder of such costs. If any moneys remain in the Issuance Cost Account after the payment of all costs of issuing the Series 1997 Warrants and Series 1997-C Warrants, the Trustee shall transfer such moneys to the County upon receipt of a certificate signed by the President of the Governing Body or any Authorized County Representative stating that all expenses of issuing the Series 1997 Warrants and Series 1997-C Warrants, to the extent known to or anticipated by the County, have been paid in full.

ARTICLE XII

PARTICULAR COVENANTS AND AGREEMENTS OF THE COUNTY; RELEASE OF PORTION OF THE SYSTEM

Section 12.1 Budget for the System. No later than the first Tuesday in the month of October at the beginning of each Fiscal Year, beginning with the Fiscal Year that begins on October 1, 1997, the County shall cause to be prepared and approved by the Governing Body an annual budget and monthly budgets for the System. Each such budget shall include the following:

- (a) the estimated gross revenues and income to be derived from the System during such Fiscal Year and in each month thereof;
- (b) an estimated sum sufficient to provide for the payment of all Operating Expenses during such Fiscal Year and in each month thereof;

(c) the sum required by this Indenture to be paid into the Debt Service Fund during such Fiscal Year and in each month thereof;

(d) the sum (if any) required by this Indenture to be paid into the Reserve Fund during such Fiscal Year and in each month thereof; and

(e) the sum (if any) expected to be transferred from the Rate Stabilization Fund into the Revenue Account during such Fiscal Year and in each month thereof.

The budget in effect for any Fiscal Year may be amended or revised by the County in accordance with changed circumstances and conditions at any time during such Fiscal Year. The County shall submit a copy of each such budget as initially approved to the Trustee.

Section 12.2 Maintenance of Books and Records; Annual Audits. The County will maintain complete and separate books and records pertaining to the System and all receipts and disbursements with respect thereto. Within ninety (90) days following the close of each Fiscal Year, the County will provide the Trustee with unaudited financial statements respecting the System prepared by the County's financial officers. The County will cause an audit of the books and records for the System to be completed as soon as practicable after the close of each Fiscal Year. Each such audit shall be made by an Independent Accountant and shall include: (a) a statement in reasonable detail of the revenues derived from the System and of Operating Expenses during such Fiscal Year; (b) a statement of changes in fund balances for such Fiscal Year; (c) a balance sheet respecting the System as of the end of such Fiscal Year; (d) a statement of the amounts on deposit in the Indenture Funds at the end of such Fiscal Year; (e) the Independent Accountant's comments regarding the manner in which the County has carried out the requirements of the Indenture; (f) the Independent Accountant's recommendations for any changes or improvements in the financial operation of the System; (g) a list of the insurance policies and fidelity bonds in force with respect to the System at the end of such Fiscal Year, setting out with respect to each such policy the amount thereof, the risk covered, the name of the insurer and the expiration date of the policy; and (h) the number of customers connected to and served by the System at the end of such Fiscal Year, as disclosed by the records of the County and without any requirement of verification thereof by the Independent Accountant. Within one hundred and eighty (180) days following the close of each Fiscal Year, the County will furnish a copy of such audit to the Trustee and to each Rating Agency which has a rating outstanding respecting any series of the Parity Securities, and each of them is granted the right to discuss the contents of the audit with the Independent Accountant making the same and to secure from the Independent Accountant such additional information respecting the matters therein set out as may be reasonably required.

Section 12.3 Restrictions as to Free Service. The County will not furnish or permit to be furnished any free service from the System to the State of Alabama, any county or incor-

porated municipality or any agency, instrumentality, person, firm or corporation whatsoever, other than to itself and its agencies. All services furnished from the System shall be charged for at the rates at the time established therefor (except for those instances in which the County has entered into specific agreements with particular customers, which special agreements will not, in the aggregate, affect System Revenues by more than \$100,000).

Section 12.4 Discontinuance of Service on Non-Payment of Bills and Charges. If the account of any user of utility service supplied by the System shall remain unpaid for a period of thirty days after such account shall become due (or such longer period, if any, as may be required for compliance with applicable federal and state law), the County thereupon will use its best efforts promptly to discontinue furnishing service to such user whose account shall so remain unpaid, but upon subsequent payment of the account, including any penalties which may be provided for in the applicable schedule of rates of the County, the County may thereafter furnish service to such user until such time as his account shall again remain unpaid for a period of thirty days after such account shall become due (or such longer period, if any, as may be required for compliance with applicable federal and state laws), whereupon the County will again use its best efforts to the end that the furnishing of service shall again be discontinued. The schedule of rates for service furnished by and from the System shall provide that all accounts for such service shall become due not less often than once each calendar quarter.

Section 12.5 Maintenance of Rates. (a) The County hereby covenants and agrees to fix, revise and maintain such rates for services furnished by the System as shall be sufficient (i) to provide for the payment of the interest and premium (if any) on and the principal of the Parity Securities, as and when the same become due and payable, (ii) to provide for the payment of the Operating Expenses and (iii) to enable the County to perform and comply with all of its covenants contained in the Indenture.

(b) The County will make from time to time, to the extent permitted by law, such increases and other changes in such rates and charges as may be necessary to comply with the provisions of the preceding paragraph and to provide, in each Fiscal Year, Net Revenues Available for Debt Service in an amount that shall result in compliance with each of the following two requirements (such requirements being referred to herein collectively as the "Rate Covenant"):

(i) the sum of (A) Net Revenues Available for Debt Service for a given Fiscal Year and (B) the Prior Years' Surplus as of the beginning of such Fiscal Year shall not be less than one hundred and ten percent (110%) of the aggregate amount payable during such Fiscal Year as debt service on all outstanding Parity Securities; and

(ii) the Net Revenues Available for Debt Service for a given Fiscal Year shall not be less than eighty percent (80%) [or, in the case of any Fiscal

Year beginning on or after October 1, 2007, one hundred percent (100%)] of the aggregate amount payable during such Fiscal Year as debt service on all outstanding Parity Securities.

For purposes of the Rate Covenant, (a) debt service on the Parity Securities shall not include any interest (i.e., accrued interest or capitalized interest) paid with proceeds of Parity Securities, (b) debt service shall be reduced by any amounts received by the County during the Fiscal Year in question pursuant to Qualified Swaps, and (c) debt service shall be increased by any amounts paid by the County during such Fiscal Year pursuant to Qualified Swaps.

(c) The County's Director of Finance shall, within sixty (60) days after the end of each Fiscal Year, (i) determine whether or not the Net Revenues Available for Debt Service and Prior Years' Surplus for the then most recently completed Fiscal Year were sufficient to result in compliance with the Rate Covenant for such Fiscal Year (the "Historical Evaluation"), (ii) determine whether or not the combination of the Net Revenues Available for Debt Service for the then most recently completed Fiscal Year (subject to adjustment in the manner hereinafter described) and the Prior Years' Surplus as of the beginning of the then current Fiscal Year would be sufficient to result in compliance with the Rate Covenant for the then current Fiscal Year (the "Immediate Prospective Evaluation"), and (iii) determine whether or not the Net Revenues Available for Debt Service for the then most recently completed Fiscal Year (subject to adjustment in the manner hereinafter described) were equal to or greater than 100% of Maximum Annual Debt Service (the "Extended Prospective Evaluation"). For purposes of the Immediate Prospective Evaluation and the Extended Prospective Evaluation, the Net Revenues Available for Debt Service for the preceding Fiscal Year may be adjusted to give effect to any increase in the rates and charges for services furnished by the System that was put into effect after the beginning of such Fiscal Year.

If at the beginning of any Fiscal Year the County's Director of Finance makes the aforesaid determinations and concludes that the County has failed to satisfy the Historical Evaluation, the Immediate Prospective Evaluation or the Extended Prospective Evaluation, then a written notice setting forth such determinations and the conclusions reached shall be delivered, no later than December 10 in such Fiscal Year, to the Trustee and to each member of the Governing Body. The County hereby covenants, in the event of the delivery of any such notice of failure to satisfy the Historical Evaluation or the Immediate Prospective Evaluation (or both), to make an increase in the rates and charges for services furnished by the System, in an amount intended to result in compliance with the rate covenant contained in subsection (b), with such rate increase to be effective no later than January 1 in such Fiscal Year.

Section 12.6 Continued Operation of the System; Transfer of the System. The County will not hereafter sell, transfer, lease or otherwise dispose of or cease control of the whole or any essential operating part of the System (except pursuant to Section 12.10 or 12.11 hereof) until all principal of and interest and premium (if any) on the Parity Securities shall have been paid in full, or unless and until provision for such payment shall have been made, as per-

mitted in Article XVI hereof. So long as any of the Parity Securities shall remain outstanding, the County will keep the System in good repair and efficient operating condition, making from time to time all needed repairs and replacements thereto, and it will continuously operate the System in an economical and efficient manner.

If the laws of Alabama at the time shall permit such action to be taken, nothing contained in this section shall prevent the transfer by the County of the entire System to a public corporation whose property and income are not subject to taxation and which has the power to own and operate the System; provided that (a) upon any such transfer, the due and punctual payment of the principal of and interest on the Parity Securities according to their tenor and the due and punctual performance and observance of all the agreements and conditions provided in this Indenture to be kept and performed by the County shall be expressly assumed in writing by the corporation to which the System shall be so transferred; (b) such transfer shall not cause or result in any mortgage or other lien being affixed to or imposed on the System or the revenues therefrom that will be prior to or on a parity with the lien of the pledge herein made for the benefit of the Parity Securities; and (c) the County shall deliver to the Trustee an opinion of Bond Counsel to the effect that such transfer shall not result in the interest on the Parity Securities becoming subject to federal income taxation.

Nothing contained in this section shall be construed to prevent the County from disposing of portions of the System that may become obsolete or worn out or that may no longer be needed for the efficient operation of the System.

Section 12.7 Warranties and Representations Concerning Title to the System. The County warrants its title to the System as it presently exists to be free and clear of every lien, encumbrance or charge other than Permitted Encumbrances. The County further warrants and represents that no pledges of, or agreements respecting, the revenues from the System are now outstanding other than those made herein.

Except to the extent specifically permitted otherwise by the provisions of the third paragraph of this section, the County will maintain its existence, will not dissolve, and will not consolidate with or merge into another county or political subdivision or permit one or more other counties or political subdivision to consolidate with or merge into it. Further, the County will use its best efforts to maintain, preserve and renew all the rights and powers provided to it by the constitution or any applicable laws of the State of Alabama or of the United States of America.

If the constitution and laws of the State of Alabama at the time shall permit such action to be taken, nothing contained in this section shall prevent the consolidation of the County with, or the merger of the County into, any county or political subdivision which has authority to undertake and perform the obligations and agreements of the County under the Indenture; provided that upon any such consolidation or merger the following conditions shall be satisfied: (i) the due and punctual payment of the principal of and the interest and premium (if any) on the

Parity Securities according to their tenor and the due and punctual performance and observance of all the agreements and conditions contained in the Indenture to be kept and performed by the County shall be expressly assumed in writing by the corporation resulting from such consolidation or surviving such merger; (ii) such consolidation or merger shall not cause or result in any pledge or lien being imposed on the moneys pledged under the Indenture that will be prior to the pledge made in the Indenture for the benefit of the Parity Securities; and (iii) the County shall deliver to the Trustee an opinion of Bond Counsel to the effect that such consolidation or merger shall not cause or result in the interest income on any of the Parity Securities becoming subject to income taxation by the United States of America, the State of Alabama or any political subdivision of either thereof.

Section 12.8 System to be Kept Free of Prior Liens. The County will keep the System free and clear from all liens, encumbrances and charges other than Permitted Encumbrances, but it may defer payment of any claim against the System or the revenues therefrom pending the bona fide contest of any such claim unless by such action the title of the County to the System or any part thereof or the revenues therefrom shall be materially endangered or the System or any part thereof shall be subject to loss or forfeiture, in which event any such payment then due shall not be deferred. Nothing herein contained shall be construed to prevent the County from hereafter acquiring from other governmental entities properties that are to constitute additions or improvements to the System, even though the properties to be acquired, or the revenues derived therefrom, have been subjected, prior to the County's acquisition thereof, to a lien that is or may be prior to the lien of the Indenture.

Section 12.9 Priority of Pledge. The pledge of the Pledged Revenues herein made shall be prior and superior to any pledge thereof hereafter made for the benefit of any securities hereafter issued by the County (other than Additional Parity Securities), and the County agrees that in the event it should hereafter issue any securities (other than Additional Parity Securities) or make any contract payable out of the Pledged Revenues or for which any part of the said revenues may be pledged, the County will, in the proceedings under which any such securities or contract are authorized, recognize the priority of the pledge of the Pledged Revenues herein made. The County will not place any mortgage, lien or other encumbrance on the System unless such mortgage, lien or other encumbrance is junior or subordinate in all respects to the pledge herein made and the lien herein created.

Section 12.10 Sale or Disposition of Personal Property. While the County is not in default under this Indenture, it may, without the consent of or any release from the Trustee, sell or otherwise dispose of any machinery, equipment or other personal property (including mains and pipes embedded in land but not including land itself or any building thereon) that shall have become inadequate, obsolete, worn out, unsuitable for use or undesirable or unnecessary for use as a part of the System. The proceeds of any such sale or other disposition shall not be regarded

as revenues of the System which are subject to the lien of this Indenture or which are required by the provisions hereof to be paid into the Revenue Account.

Section 12.11 Sale or Disposition of Portions of the System. While the County is not in default under this Indenture, the County may sell or otherwise dispose of any part of the System (including, without limitation, real property or improvements or buildings thereon or machinery, equipment and other personal property not described in Section 12.10 hereof), and the Trustee shall consent to such sale or other disposition, upon deposit by the County with the Trustee of the following:

(i) a resolution of the Governing Body describing in reasonable detail the property to be released, stating the consideration to be received by the County for such sale or disposition, stating that the County is not in default under any of the provisions of this Indenture, and requesting such release;

(ii) a certificate of a licensed engineer, who may be an employee of the County, stating that the property to be released is not and will not be needed by the County for the safe, efficient and economical operation of the remaining portions of the System and that the consideration to be received by the County for such sale or disposition is not less than the reasonable value of the property to be released; and

(iii) the proceeds from such sale or other disposition.

Upon compliance by the County with the foregoing conditions, the Trustee shall, at the expense of the County, execute and deliver to the County any and all instruments that may be necessary to release such property from the lien or encumbrance imposed by this Indenture.

Subject to the provisions of the next paragraph, the proceeds from any such sale or other disposition of any part or parts of the System shall be deposited in the Revenue Account, unless the Governing Body shall provide the Trustee with written directions to apply all or a portion of such proceeds for the redemption of Parity Securities prior to maturity in accordance with the terms of the Indenture and on the earliest practicable date permitted thereby, in which event the proceeds from such sale or other disposition to be used for such purpose shall be deposited in the Redemption Fund.

Section 12.12 Insurance with Respect to the System. The County will take out and continuously maintain in effect insurance with respect to those components of the System other than underground mains, laterals and collection lines against such risks as are customarily insured against by systems similar in size and character to the System, paying as the same become due all premiums with respect thereto, including but not limited to:

(a) insurance to the extent of the full insurable value of the insured portions of the System against loss or damage by fire or other casualty, with uniform standard extended coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at the time in use in the State of Alabama;

(b) comprehensive public liability insurance against liability for bodily injury to or death of persons and for damage to or loss of property occurring on or about the properties comprising the System or as a result of operation of the System (including the operation of vehicles owned or leased by the County and used in connection with the System) in such amounts as are customarily carried by systems similar in size and character to the System; provided that the County may, at its election, be self-insured for such risks to the extent customary at the time for systems similar in size and character to the System; and

(c) workmen's compensation insurance respecting all employees of the System in such amount as is customarily carried by systems similar in size and character to the System; provided that the County may, at its election, be self-insured for such risk to the extent customary at the time for systems similar in size and character to the System.

All policies evidencing the insurance required by the terms of this section shall be taken out and maintained in generally recognized responsible insurance companies qualified under the laws of the State of Alabama to assume the respective risks undertaken.

Each insurance policy required to be carried by this section shall contain, to the extent obtainable, an agreement by the insurer that (i) the County may not, without the consent of the Trustee, cancel such insurance or sell, assign or dispose of any interest in such insurance, such policy, or any proceeds thereof, (ii) such insurer will notify the Trustee if any premium shall not be paid when due or any such policy shall not be renewed prior to the expiration thereof, and (iii) such insurer shall not cancel any such policy except on sixty (60) days' prior written notice to the Trustee.

All policies evidencing the insurance required to be carried by this section shall be deposited with the Trustee; provided, however, that in lieu thereof the County may deposit with the Trustee a certificate or certificates of the respective insurers attesting the fact that such insurance is in force and effect. Prior to the expiration of any such policy, the County will furnish to the Trustee evidence reasonably satisfactory to the Trustee that such policy has been renewed or replaced by another policy or that there is no necessity therefor under this Indenture.

Section 12.13 Damage and Destruction Provisions. If the System is destroyed, in whole or in part, or is damaged, by fire or other casualty, to such extent that the loss to the System resulting therefrom is not greater than \$25,000,000, the County will promptly repair,

replace or restore the property destroyed or damaged to substantially the same condition as prior to the event causing such damage or destruction with such changes, alterations or modifications (including the substitution and addition of other property) as will not significantly impair the operating utility of the System. The County will apply so much as may be necessary of any Net Insurance Proceeds referable to such damage or destruction to the payment of the costs of such repair, replacement or restoration, and if such costs exceed the available Net Insurance Proceeds, the County will provide any additional moneys required for the payment of such costs. In the event that the total costs of such repair, replacement and restoration are less than such Net Insurance Proceeds, the County will pay into the Revenue Account the amount by which such proceeds exceed said total costs.

If the System is destroyed, in whole or in part, or is damaged, by fire or other casualty, to such extent that the loss to the System resulting therefrom is greater than \$25,000,000, the County will promptly so notify the Trustee in writing. The Net Insurance Proceeds recovered by the County and the Trustee on account of such damage or destruction shall be paid to and held by the Trustee. Pursuant to written directions to be given to the Trustee by the Governing Body not more than sixty (60) days following the event causing such damage or destruction, such proceeds shall be applied by the Trustee in one or both of the following ways (the amount, if any, to be applied in each such way to be specified in such written directions):

(a) payment of the costs of repairing, replacing or restoring the property damaged or destroyed to the extent necessary for it to have substantially the same operating utility that it had prior to the event causing such damage or destruction, with such changes, alterations or modifications as shall be specified by the Governing Body;

(b) the redemption of Parity Securities prior to maturity in accordance with the terms of the Indenture and on the earliest practicable date permitted thereby, in which case such portion of the Net Insurance Proceeds to be used therefor shall be deposited in the Redemption Fund.

In the event that the Net Insurance Proceeds held by the Trustee (or any specified portion thereof) are to be applied for payment of the costs of repairing, replacing or restoring the property damaged or destroyed, a special construction fund shall be established with the Trustee and such proceeds (or specified portion thereof) shall be deposited therein, and the Trustee will provide for such proceeds (or specified portion thereof) to be disbursed as needed for the payment of such costs pursuant to requisitions submitted by the County. Any balance of the Net Insurance Proceeds (or any balance of the portion thereof specified for the payment of such costs) remaining after the payment of all such costs shall be paid into the Revenue Account. In the event that the Net Insurance Proceeds (or the portion thereof specified for the payment of such costs) are not sufficient to pay in full the costs of such repair, replacement or restoration, the County will nonetheless complete the work thereof and will pay that portion of the costs thereof in excess of the Net Insurance Proceeds (or specified portion thereof) available for the payment of such costs.

All property acquired in connection with the repair, replacement or restoration of any part of the System pursuant to the provisions of this Section 12.13 shall be and become part of the System, with the revenues derived therefrom being subject to the pledge made herein for the benefit of the Holders of the Parity Securities.

Section 12.14 Fidelity Bonds. The County will at all times carry fidelity bonds on all of its officers and employees who may handle funds of the County appertaining to the System, such bonds to be in such amounts as are customarily carried by systems similar in size and character to the System.

Section 12.15 Tax Covenants. The County recognizes that the Holders of the Series 1997-A Warrants from time to time will have accepted them on, and paid therefor a price which reflects, the understanding that interest on the Series 1997-A Warrants is excluded from gross income for federal income tax purposes under the laws in force at the time the Series 1997-A Warrants shall have been delivered. In this connection the County covenants (i) that it will not take any action or omit to take any action if the taking of such action or the failure to take such action, as the case may be, will result in the interest on any of the Series 1997-A Warrants becoming includable in gross income for purposes of federal income taxation, (ii) that it will use the "proceeds" of the Series 1997-A Warrants and any other funds of the County in such a manner that the use thereof, as reasonably expected by the County at the time of issuance of the Series 1997-A Warrants, will not cause the Series 1997-A Warrants to be "arbitrage bonds" under Section 103(b)(2) and Section 148 of the Code and the regulations thereunder and (iii) that it will satisfy the requirements of Section 148(f) of the Code and the applicable regulations thereunder. The County further covenants and agrees that it will not permit at any time any "proceeds" of the Series 1997-A Warrants or any other funds of the County to be used, directly or indirectly, in a manner which would result in any Series 1997-A Warrant being classified as a "private activity bond" within the meaning of Section 141(a) of the Code. The officers and employees of the County shall execute and deliver from time to time, on behalf of the County, such certificates, instruments and documents as shall be deemed necessary or advisable to evidence compliance by the County with said Section 103(b)(2) and Section 148 and the regulations thereunder with respect to the use of the proceeds of the Series 1997-A Warrants. Such certificates, instruments and documents may contain such stipulations as shall be necessary or advisable in connection with the stated purpose of this section and the foregoing provisions hereof, and the County hereby covenants and agrees to comply with the provisions of any such stipulations throughout the term of the Series 1997-A Warrants.

Section 12.16 Compliance with Requirements of Law. The County will comply with all of the terms, provisions and requirements of the Act and any other state or federal laws which are applicable to the County by reason of the ownership and operation of the System or the issuance of the Parity Securities. Without limiting the generality of the foregoing, the County will use its best efforts to comply with the requirements imposed on it by the Consent

Decree entered in those civil actions consolidated in the United States District Court, Northern District of Alabama, and styled *United States of America v. Jefferson County, Alabama, et al.*, Civil Action No. 94-G-2947-S, and *R. Allen Kipp, Jr., et al. and Cahaba River Society, Inc. v. Jefferson County, Alabama, et al.*, Civil Action No. 93-G-2492-S.

Section 12.17 Levy of Sewer Tax. As long as it is permitted to do so by applicable law, the County will levy and collect, on an annual basis, the Sewer Tax and will apply the revenues derived therefrom solely for purposes related to the System.

Section 12.18 Payment of Parity Securities. The County will pay or cause to be paid, out of the sources of payment provided in the Indenture, the principal of and the interest and premium (if any) on the Parity Securities as specified therein, and it will otherwise perform all obligations that either expressly or by reasonable implication are imposed on it in the Indenture and it will not default hereunder.

ARTICLE XIII

EVENTS OF DEFAULT AND REMEDIES OF TRUSTEE AND PARITY SECURITYHOLDERS

Section 13.1 Events of Default Defined. Any of the following shall be "Events of Default" under the Indenture, and the term "Event of Default" shall mean, whenever it is used in the Indenture, any one or more of the following conditions or events:

(a) failure by the County to pay the principal of or the interest or premium (if any) on any Parity Security as and when the same become due as therein and herein provided (whether such shall become due at maturity or by redemption, acceleration or otherwise);

(b) failure by the County to satisfy the Rate Covenant, provided that any such failure shall not constitute an Event of Default if (i) the Trustee receives evidence satisfactory to it that an increase in the rates charged for services furnished by the System has occurred pursuant to the provisions of the ordinance of the County that governs such rates, or (ii) the County employs a utility system consultant to review the System and its existing rates and fees and makes a good faith effort to comply with the recommendations of such consultant;

(c) failure by the County to perform or observe any agreement, covenant or condition required by the Indenture to be performed or observed by it [other than its agreement to pay the principal of and the interest and premium

m (if any) on the Parity Securities or the Rate Covenant] after thirty (30) days' written notice (which said notice must state that it is a "notice of default" hereunder) to it of such failure given by the Trustee or by the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Parity Securities then outstanding hereunder, unless during such period or any extension thereof the County has commenced and is diligently pursuing appropriate corrective action;

(d) any material warranty, representation or other statement by or on behalf of the County contained in the Indenture, or in any document furnished by the County in connection with the issuance and sale of any of the Parity Securities, being false or misleading in any material respect at the time made; or

(e) an order, judgment or decree shall be entered by any court of competent jurisdiction (i) appointing a receiver, trustee or liquidator for the System, (ii) approving a petition filed by the County under the federal or any state bankruptcy laws, (iii) granting relief to the County under federal or state bankruptcy laws or relief substantially similar to that afforded under the said laws or (iv) assuming the custody or control of the System (or any part thereof) under the provisions of any other law for the relief or aid of debtors, and such order, judgment or decree shall not be vacated or set aside or stayed within ninety (90) days from the date of the entry thereof, or the County shall file a petition in bankruptcy or make an assignment for the benefit of its creditors or consent to the appointment of a receiver of the whole or any substantial part of its properties or shall file a petition or answer seeking relief under the federal or any state bankruptcy laws.

Section 13.2 Remedies on Default. Upon the occurrence and continuation of any Event of Default, the Trustee shall have the following rights and remedies:

(a) Upon the occurrence and continuation of any Event of Default described in clause (a) of Section 13.1 hereof, the Trustee shall, and, upon the occurrence and continuation of any other Event of Default described in Section 13.1 hereof, the Trustee may, declare the Parity Securities to be immediately due and payable, whereupon they shall, without further action, become and be immediately due and payable, anything in this Indenture or in the Parity Securities to the contrary notwithstanding.

(b) The Trustee may, by civil action, mandamus or other proceedings, protect, enforce and compel performance of all duties of the officials of the County, including the fixing of sufficient rates, the collection of revenues, the proper segregation of the revenues of the System and the proper application thereof and may, without limitation of the foregoing, proceed to protect and

enforce its rights and the rights of the Parity Securityholders by a suit or suits, whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power granted herein or for the enforcement of any other proper, legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce its rights and the rights of the Parity Securityholders hereunder.

(c) The Trustee shall be entitled upon or at any time after the commencement of any proceedings instituted with respect to an Event of Default, as a matter of strict right, upon the order of any court of competent jurisdiction, to the appointment of a receiver to administer and operate the System, with power to fix and charge rates and collect revenues sufficient to provide for the payment of the Parity Securities and any other obligations outstanding against the System or the revenues thereof and for the payment of expenses of operating and maintaining the System and with power to apply the income and revenues of the System in conformity with the Act and the Indenture.

The provisions of the preceding subparagraph (a), however, are subject to the condition that if, after the principal of the Parity Securities shall have been so declared to be due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the County shall cause to be deposited with the Trustee a sum sufficient to pay all matured installments of interest upon all Parity Securities and the principal of any and all Parity Securities which shall have become due otherwise than by reason of such declaration (with interest upon such principal and on overdue installments of interest, at the rates per annum determined as provided in the Parity Securities) and such amount as shall be sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee, and all Events of Default hereunder other than nonpayment of the principal of the Parity Securities which shall have become due by said declaration shall have been remedied, then, in every such case, such Event of Default shall be deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee shall promptly give written notice of such waiver, rescission or annulment to the County; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

Section 13.3 Application of Moneys Collected. All moneys collected by the Trustee pursuant to this article or pursuant to any right given to it or action taken by it under the provisions of this article, together with all other funds of the County from the System then held by it or the Trustee hereunder, shall, after payment of all amounts for which the Trustee has a lien under Section 14.7 hereof, be applied in the following order, on the date or dates fixed by the Trustee, and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Parity Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) Unless the principal of all Parity Securities shall have become or shall have been declared due and payable, all such moneys shall be applied:

First. To the payment to the persons entitled thereto of interest then due on the Parity Securities, with interest on overdue installments of such interest, and if the amount available shall not be sufficient to pay in full all such installments plus the said interest thereon, then to the proportionate payment of all such installments and the interest thereon, according to the amounts thereof, without preference or priority of any installment of interest over any other installment or any discrimination or privilege among the persons entitled thereto.

Second. To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on the Parity Securities which shall have matured, with interest on overdue installments of principal and premium, if any, from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full all such principal and premium, if any, together with the aforesaid interest thereon, then to the proportionate payment of such principal, premium, if any, and interest, according to the amounts thereof, without preference or priority of any installment of principal over any other installment or any discrimination or privilege among the persons entitled thereto; and

Third. The surplus, if any, to the Revenue Account.

(b) If the principal of all the Parity Securities shall have become or been declared due and payable, all such moneys shall be applied as follows:

First. To the payment of the principal and interest then due and unpaid upon the Parity Securities, with interest on overdue principal and on overdue interest, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Parity Security over any other Parity Security, in proportion to the amounts for both principal and interest due respectively to the persons entitled thereto, without any discrimination or privilege among such persons; and

Second. The surplus, if any, to the County or to whomsoever may be entitled thereto.

Section 13.4 Parity Securityholders Need Not be Joined in Actions. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Parity Securities may be prosecuted and enforced by the Trustee without the possession of any of the Parity Securities or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as trustee of

an express trust without the necessity of joining as plaintiffs or defendants any Parity Securityholders and any recovery shall (after provisions for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) be for the ratable benefit of the Parity Securityholders in respect of which such judgment has been recorded.

Section 13.5 Rights of the Parity Securityholders to Direct Proceedings. The Holders of a majority in aggregate principal amount of the Parity Securities then outstanding shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Trustee under this Indenture or exercising any trust or power conferred on the Trustee by this Indenture.

Section 13.6 Limitation on Suits by Parity Securityholders. No Parity Securityholder shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless (a) such Holder has previously given written notice to the Trustee of a continuing Event of Default; (b) the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Parity Securities then outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder; (c) such Holder or Holders have offered to the Trustee indemnity in the manner provided in Section 14.3(e) hereof; (d) the Trustee for thirty days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and (e) no direction inconsistent with such written request has been given to the Trustee during such thirty-day period by the Holders of a majority in aggregate principal amount of the outstanding Parity Securities, it being understood and intended that no one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provisions of this Indenture to affect, disturb or prejudice the rights of any other Holders, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Holders.

Notwithstanding any other provision hereof, the right of the Parity Securityholders, which is absolute and unconditional, to receive payment of the principal of and the interest and premium (if any) on the Parity Securities on or after the due date of the same, but solely from the sources of payment provided herein, as therein and herein expressed, or to institute suit for the enforcement of such payment on or after such due date, or the obligation of the County, which is also absolute and unconditional, to pay, but solely from the said sources of payment, the principal of and the interest on the Parity Securities to the respective Holders thereof at the time and place in the Parity Securities expressed, shall not be impaired or affected without the consent of such Holder; provided, however, that no Parity Securityholder shall be entitled to take any action or institute any such suit to enforce the payment of his Parity Securities, whether for principal or interest, if and to the extent that the taking of such action or the institution or prosecution of any such suit or the entry of judgment therein would under applicable law result

in a surrender, impairment, waiver or loss of the lien hereof upon the revenues from the System, or any part thereof, as security for the Parity Securities held by any other Parity Securityholder.

Section 13.7 Remedies Cumulative. No remedy herein conferred upon or reserved to the Trustee or to the Parity Securityholders is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 13.8 Delay or Omission Not a Waiver. No delay or omission of the Trustee or any Parity Securityholder to exercise any right or power accruing upon any default occurring and continuing as aforesaid shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Parity Securityholders may be exercised from time to time and as often as may be deemed expedient by the Trustee or the Parity Securityholders.

Section 13.9 Remedies Subject to Applicable Law. All rights, remedies and powers provided by this Indenture 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 Indenture 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 the Indenture invalid or unenforceable.

Section 13.10 Waivers of Past Defaults Under the Indenture. The Holders of not less than a majority in aggregate principal amount of the outstanding Parity Securities may, on behalf of the Holders of all outstanding Parity Securities, waive any past default under this Indenture and its consequence, except for the following types of defaults:

- (a) any default in the payment of the principal of or interest or premium (if any) on any Parity Security, or
- (b) any default or failure in respect of any covenant or provision of this Indenture which under Article XIV hereof cannot be modified or amended without the consent of the Holder of each outstanding Parity Security affected.

Upon any such waiver, such default shall cease to exist, and an Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

ARTICLE XIV

THE TRUSTEE

Section 14.1 **Certain Duties and Responsibilities.** (a) Except during the continuance of an Event of Default,

(i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from its own gross negligence or its own willful misconduct, except that

(i) this subsection shall not be construed to limit the effect of subsection (a) of this section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in aggregate principal amount of the outstanding Parity Securities of each series relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(iv) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance

of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this section.

Section 14.2 Notice of Defaults. Within ninety (90) days after the occurrence of any Event of Default the Trustee shall give notice by registered or certified mail to the Parity Securityholders of such Event of Default known to the Trustee; provided, however, that except in the case of a default in the payment of the principal of or interest or premium (if any) on any Parity Securities, the Trustee shall be protected in withholding such notice if and so long as a responsible officer of the Trustee in good faith determines that the withholding of such notice is in the interests of the Parity Securityholders.

Section 14.3 Certain Rights of the Trustee. Except as otherwise provided in Section 14.1 hereof:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, warrant or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request, direction, election, order or demand of the County shall be sufficiently evidenced by an instrument signed in the name of the County by the President or other presiding officer of the Governing Body (unless otherwise in this Indenture specifically prescribed), and any resolution of the County may be evidenced to the Trustee by a copy thereof certified by the Minute Book Clerk of the County;

(c) the Trustee may consult with Independent Counsel and the written advice or opinion of such Independent Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) whenever, in the administration of the trust of this Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be

conclusively proved and established by a certificate of the County, and such certificate of the County shall, in the absence of negligence or bad faith on the part of the Trustee, be full warranty to the Trustee for any action taken, suffered or omitted by it under the provisions of this Indenture upon the faith thereof;

(e) the Trustee shall be under no obligation to exercise any of the rights, powers or remedies vested in it by this Indenture at the request or direction of any of the Parity Securityholders pursuant to this Indenture, unless such Parity Securityholders shall have furnished to the Trustee satisfactory indemnity for the reimbursement of all expenses to which it may be put and to protect it against all liability which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit; and

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

Section 14.4 Trustee not Responsible for Certain Matters Respecting Parity Securities or Security Therefor. The recitals contained herein and in the Parity Securities, except the Trustee's certificate of authentication and its recital of its authority to accept the trusts hereof, shall be taken as the statements of the County, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Parity Securities. The Trustee is not responsible for the recording of this Indenture or for the payment of taxes, charges, assessments and liens upon the System, or for insuring the System or the maintenance thereof, or for the sufficiency of the security for the Parity Securities.

Section 14.5 Trustee May Hold Parity Securities. The Trustee, in its individual or any other capacity, may become the Holder or pledgee of Parity Securities and may otherwise deal with the County with the same rights it would have if it were not Trustee hereunder.

Section 14.6 Right of the Trustee to Perform Certain Acts on Failure of the County. In case the County shall fail seasonably to pay or to cause to be paid any tax, assessment, or governmental or other charge upon any part of the System or the premiums on insurance on the

System or the expenses of maintaining or preserving the System, the Trustee may pay such tax, assessment, governmental charge, premiums or expenses without prejudice, however, to any rights of the Trustee or the Parity Securityholders arising in consequence of such failure; and any amount at any time so paid under this section, with interest thereon from the date of payment at the Trustee's prime lending rate plus two percent (2%) per annum or the maximum rate of interest allowed by law, whichever is less, shall be repaid by the County upon demand, and shall become additional indebtedness secured by this Indenture, but the Trustee shall be under no obligation to make any such payment unless it shall have been requested to do so by the Holders of not less than twenty-five percent (25%) of the aggregate principal amount of the outstanding Parity Securities and shall have been provided with adequate funds for the purpose of such payment.

Section 14.7 Compensation of the Trustee; Lien Therefor. The Trustee shall have a lien on the revenues of the System and all funds held or collected by the Trustee as such (except funds held in trust for the benefit of the Holders of particular Parity Securities) with right of payment prior to payment on account of interest, principal or premium (if any) of any Parity Security, for reasonable compensation for all services rendered by it hereunder and for all reasonable expenses, advances, disbursements and counsel fees incurred or made in and about the execution of the trusts hereby created and exercise and performance of the powers and duties of the Trustee hereunder and the cost and expense incurred in defending against any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful default of the Trustee).

Section 14.8 Resignation and Removal of the Trustee; Appointment of Successor. No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this article shall become effective until the acceptance of appointment by the successor Trustee under Section 14.9 hereof.

The Trustee may resign at any time by giving written notice thereof to the County. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

The Trustee may be removed at any time (a) by the Holders of a majority in aggregate principal amount of the outstanding Parity Securities by an instrument or instruments in writing delivered to the Trustee and to the County or (b) by the County, if no Event of Default exists, by written notice delivered to the Trustee.

If at any time the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then (i) the County may remove the

Trustee, or (ii) any Parity Securityholder who has been a Parity Securityholder for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the County shall promptly appoint a successor Trustee. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by the Holders of a majority in aggregate principal amount of the outstanding Parity Securities of each series by an instrument or instruments in writing delivered to the County and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the County. If no successor Trustee shall have been so appointed by the County or the Parity Securityholders and accepted appointment in the manner hereinafter provided, any Parity Securityholder who has been a Parity Securityholder for at least six months may, on behalf of himself and all other similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

The County shall give notice by registered or certified mail to the Holders of all outstanding Parity Securities and to each Rating Agency of each resignation and each removal of the Trustee and each appointment of a successor Trustee. Each notice shall include the name and address of the principal corporate trust office of the successor Trustee.

Section 14.9 Acceptance of Appointment by Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the County and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estate and title of the retiring Trustee to the Trust Estate and all the rights, powers, trusts and duties of the retiring Trustee; but, on request of the County or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the estate and title of the retiring Trustee to the Trust Estate and all the rights, powers, and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in Section 14.7 hereof. Upon request of any such successor Trustee, the County shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estate, title, rights, powers and trusts.

Section 14.10 Merger or Consolidation of the Trustee. Any corporation or association into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to all or substantially

all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Parity Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Parity Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Parity Securities.

Section 14.11 Paying Agents. (a) Any Paying Agent other than the Trustee shall signify its acceptance of such appointment and its assumption of the duties and obligations imposed upon it by this Indenture by execution and delivery of an agreement satisfactory to the Trustee and the County.

(b) Any Paying Agent may resign at any time by giving 30 days' notice to the County and the Trustee; provided, however, that no such resignation shall become effective until a successor Paying Agent has been appointed and has accepted its duties and obligations hereunder.

(c) The County may, with the consent of the Trustee (if such Paying Agent is other than the Trustee), remove any Paying Agent by giving 30 days' notice to such Paying Agent; provided, however, that no such removal shall be effective until a successor Paying Agent has been appointed and has accepted its duties and obligations hereunder.

(d) If any Paying Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Paying Agent for any cause, the County shall appoint a successor Paying Agent.

(e) Any Paying Agent shall (i) be a commercial bank with trust powers or a trust company, (ii) have a combined capital and surplus of at least \$50,000,000, and (iii) be subject to supervision and examination by federal or state authority.

(f) Compensation of any Paying Agent shall be paid directly by the County.

(g) The provisions of the Indenture shall be applicable to any Paying Agent.

ARTICLE XV

AMENDMENTS AND SUPPLEMENTS TO THE INDENTURE

Section 15.1 **Supplemental Indentures Without Consent of Parity Securityholders.** Without the consent of or any notice to any Parity Securityholders, the County and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(a) to add to the covenants of the County for the benefit of the Parity Securityholders, or to surrender any right or power herein conferred upon the County; or

(b) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions which shall not be inconsistent with the provisions of this Indenture, provided such action shall not adversely affect the interests of the Parity Securityholders; or

(c) to subject to this Indenture additional revenues, properties or collateral; or

(d) to authorize the issuance of Additional Parity Securities; or

(e) to grant to or confer or impose upon the Trustee for the benefit of the Parity Securityholders any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with the Indenture as theretofore in effect, provided that no such additional liabilities or duties shall be imposed upon the Trustee without its consent; or

(f) to authorize a different denomination or denominations of the Series 1997 Warrants or Series 1997-C Warrants and to make correlative amendments and modifications to the Indenture regarding exchangeability of Series 1997 Warrants or Series 1997-C Warrants of different denominations, redemptions of portions of Series 1997 Warrants or Series 1997-C Warrants of particular denominations and similar amendments and modifications of a technical nature; or

(g) to modify, alter, amend or supplement the Indenture in any other respect which is not materially adverse to the Parity Securityholders and which does not involve a change described in Section 15.2 hereof.

Before the County and the Trustee shall enter into any Supplemental Indenture pursuant to this section, there shall have been delivered to the Trustee an opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by the Indenture and the Act, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the County in accordance with its terms and will not adversely affect the exemption from federal income taxation of interest on the Series 1997-A Warrants.

Section 15.2 Supplemental Indentures With Consent of Parity Securityholders. With the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Parity Securities, the County and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the Parity Securityholders under the Indenture; provided, however, that no such Supplemental Indenture shall, without the consent of the Holder of each outstanding Parity Security adversely affected thereby,

(1) change the security for, the stated maturity or mandatory redemption date of the principal of, or any installment of interest on, any Parity Security, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, change the coin or currency in which any Parity Security or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date), or

(2) reduce the percentage in principal amount of the outstanding Parity Securities, the consent of whose Holders is required for any such Supplemental Indenture, or

(3) eliminate or modify any provision of the Indenture, the elimination or modification of which by its terms requires the consent of the Holder of each Parity Security affected thereby, or

(4) create a lien or charge on the revenues from the System ranking prior to or on a parity of lien with the lien and pledge thereon contained herein (other than for Additional Parity Securities), or

(5) establish preference or priority as between the Parity Securities.

It shall not be necessary for any written consent of any Parity Securityholder under this section to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

If at any time the County shall request the Trustee to enter into any such Supplemental Indenture for any of the purposes of this section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be mailed to each Parity Securityholder. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the principal office of the Trustee for inspection by all Parity Securityholders. Except in the case of a Supplemental Indenture requiring the consent of the Holder of each outstanding Parity Security adversely affected thereby, if the Holders of not less than a majority in aggregate principal amount of the Parity Securities of each series outstanding at the time of the execution of any Supplemental Indenture shall consent to and approve the execution thereof as herein provided, no Parity Securityholder shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the County from executing the same or from taking any action pursuant to the provisions thereof.

Before the County and the Trustee shall enter into any Supplemental Indenture pursuant to this section, there shall have been delivered to the County and the Trustee an opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by the Indenture and the Act, complies with their respective terms, will be valid and binding upon the County in accordance with its terms and will not adversely affect the exemption from federal income taxation of interest on the Series 1997-A Warrants.

Section 15.3 Discretion of the Trustee. In the case of any amendments or supplements authorized under the provisions of this article, the Trustee shall be entitled to exercise its discretion in determining whether or not any proposed amendment or supplement, or any term or provision therein contained, is proper or desirable, having in view the purposes of such instrument, the needs of the County and the System and the rights and interests of the Parity Securityholders, and the Trustee shall not be under any responsibility or liability to the County or to any Parity Securityholder or to anyone whomsoever for any act or thing which it may in good faith do or decline to do under the provisions of Sections 15.1 and 15.2 hereof. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of Independent Counsel acceptable to it as conclusive evidence that any such amendment or supplement complies with the provisions hereof and that the Trustee is authorized hereunder to join in the execution of or consent to such amendment or supplement. The Trustee may, but shall not be obligated to, enter into any Supplemental Indenture which affects the Trustee's own rights, duties or immunities under the Indenture.

Section 15.4 Effect of Supplemental Indentures. Upon the execution of any Supplemental Indenture under this article, this Indenture shall be modified in accordance therewith and such Supplemental Indenture or supplement or amendment shall form a part of the Indenture for all purposes; and every Holder of any Parity Security theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

ARTICLE XVI

PAYMENT AND CANCELLATION OF THE PARITY SECURITIES AND SATISFACTION OF THE INDENTURE

Section 16.1 Satisfaction of Indenture. Whenever the principal of and the interest and premium (if any) on the Parity Securities and the fees, charges and disbursements of the Trustee for services performed hereunder shall have been fully paid and the County shall have performed and observed all the covenants and promises expressed in the Parity Securities and in the Indenture to be performed and observed by it or on its part, the Trustee shall, at the expense of the County, cancel, satisfy and discharge the lien of the Indenture and shall execute and deliver to the County such instruments as shall be requisite to satisfy of record the lien hereof. For purposes of the Indenture (except as may herein be expressly provided otherwise), any of the Parity Securities shall be deemed to have been fully paid when there shall have been irrevocably deposited with the Trustee for payment thereof the entire amount (principal, interest and premium, if any) due or to become due thereon until and at maturity, and, further, any Parity Securities subject to redemption shall also be deemed to have been fully paid when the County shall have deposited with the Trustee the following:

(a) the applicable redemption price in cash of such Parity Securities, including the interest that will mature thereon to the earliest date on which they may, under the terms of the Indenture, be redeemed, and

(b) a certified copy of a Resolution calling such Parity Securities for redemption (if, under the terms of Section 6.1 hereof, the adoption of such a Resolution is required).

In addition, any of the Parity Securities shall, for all purposes of the Indenture (except as may herein be expressly provided otherwise), be considered as fully paid if the Trustee shall be provided with each of the following:

(1) a trust agreement between the County and the Trustee making provision for the retirement of such Parity Securities by creating for that purpose an irrevocable trust fund sufficient to provide for payment and retirement of such Parity Securities (including payment of the interest that will mature thereon until and on the dates they are retired, as such interest becomes due and payable), either by redemption prior to their respective maturities, by payment at their respective maturities or by payment of part thereof at their respective maturities and redemption of the remainder prior to their respective maturities, which said trust fund shall consist of (i) Permitted Defeasance Obligations which are not subject to redemption prior to their respective maturities at the option of the

issuer and which, if the principal thereof and the interest thereon are paid at their respective maturities, will produce funds sufficient so to provide for payment and retirement of all such Parity Securities, or (ii) both cash and such Permitted Defeasance Obligations which together will produce funds sufficient for such purpose, or (iii) cash sufficient for such purpose; provided, however, that said trust agreement shall require the Trustee to keep all cash held on deposit in such trust fund continuously secured by holding on deposit, as collateral security, Permitted Defeasance Obligations having a market value not less than the amount of cash on deposit in such trust fund;

(2) a certified copy of a Resolution calling for redemption those of such Parity Securities that, according to said trust agreement, are to be redeemed prior to their respective maturities (if, under the terms of Section 6.1 hereof, the adoption of such a Resolution is required);

(3) a certificate of a firm of certified public accountants stating that, if the principal of and the interest on the Permitted Defeasance Obligations (if any) forming part of the trust fund provided for in the preceding subparagraph (1) are paid on the respective due dates of such principal and interest, said trust fund will produce funds sufficient to provide for the full payment and retirement of such Parity Securities; and

(4) an opinion of Bond Counsel to the effect that the execution and effectuation of the trust agreement referred to in the preceding subparagraph (1) will not result in subjecting the interest income on such Parity Securities to federal income taxation.

The Trustee is hereby irrevocably authorized to give notice, in accordance with the applicable requirements of Article VI hereof, of any redemption of Parity Securities to be effected in connection with arrangements made pursuant to the provisions of this Section 16.1.

If a trust fund of the type described in subparagraph (1) of the preceding paragraph is established for payment of less than all of the Parity Securities of a particular series and maturity, the particular Parity Securities (or portions thereof) of such series and maturity to be paid from such trust fund shall be selected by the Trustee within seven days after such trust fund is established and shall be identified by a separate CUSIP number or other designation satisfactory to the Trustee. The Trustee shall notify Holders whose Parity Securities (or portions thereof) have been selected for payment from such trust fund and shall direct such Holders to surrender their Parity Securities to the Trustee in exchange for replacement securities with an appropriate CUSIP number and corresponding series and maturity designation.

Section 16.2 Destruction of Surrendered Parity Securities. Upon the surrender to the Trustee of any mutilated Parity Securities, or Parity Securities transferred or exchanged for other

Parity Securities, or Parity Securities redeemed or paid at maturity by the County, such Parity Securities shall forthwith be cancelled and destroyed by the Trustee, which shall deliver its certificate confirming such destruction to the County.

Section 16.3 Release of Funds Upon Payment of Parity Securities. Any amounts remaining in any of the Indenture Funds after payment in full of the Parity Securities, the fees, charges and expenses of the Trustee and all other amounts required to be paid hereunder shall be paid to the County.

ARTICLE XVII

PROVISIONS CONCERNING THE INSURANCE POLICY

Section 17.1 Payments Under the Insurance Policy. (a) If, on the third day preceding any Interest Payment Date for the Series 1997 Warrants, there is not on deposit with the Trustee sufficient moneys available to pay all principal of and interest on the Series 1997 Warrants due on such date, the Trustee shall immediately notify the Bond Insurer and State Street Bank and Trust Company, N.A., New York, New York, or its successor as the Bond Insurer's Fiscal Agent (the "Fiscal Agent"), of the amount of such deficiency. If, by said Interest Payment Date, the County has not provided the amount of such deficiency, the Trustee shall simultaneously make available to the Bond Insurer and to the Fiscal Agent the registration books for the Series 1997 Warrants maintained by the Trustee. In addition:

(i) the Trustee shall provide the Bond Insurer with a list of the Holders of the Series 1997 Warrants entitled to receive principal or interest payments from the Bond Insurer under the terms of the Insurance Policy and shall make arrangements for the Bond Insurer and its Fiscal Agent (1) to mail checks or drafts to Warranholders entitled to receive full or partial interest payments from the Bond Insurer and (2) to pay principal of the Warrants surrendered to the Fiscal Agent by the Warranholders entitled to receive full or partial principal payments from the Bond Insurer; and

(ii) the Trustee shall, at the time it makes the registration books available to the Bond Insurer, notify Warranholders entitled to receive payment of principal of or interest on the Series 1997 Warrants from the Bond Insurer (1) as to the fact of such entitlement, (2) that the Bond Insurer will remit to them all or part of the interest payments coming due subject to the terms of the Insurance Policy, (3) that, except as provided in paragraph (b) below, in the event that any Warranholder is entitled to receive full payment of principal from the Bond Insurer, such Warranholder must tender his Series 1997 Warrant to the Fiscal

Agent with the instrument of transfer in the form provided on the Series 1997 Warrant executed in the name of the Bond Insurer, and (4) that, except as provided in paragraph (b) below, in the event that such Warrantholder is entitled to receive partial payment of principal from the Bond Insurer, such Warrantholder must tender his Series 1997 Warrant for payment first to the Trustee, which shall note on such Series 1997 Warrant the portion of principal paid by the Trustee, and then, with an acceptable form of assignment executed in the name of the Bond Insurer, to the Fiscal Agent, which will then pay the unpaid portion of principal to the Warrantholder subject to the terms of the Insurance Policy.

(b) In the event that the Trustee has notice that any payment of principal of or interest on a Series 1997 Warrant has been recovered from a Warrantholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time it provides notice to the Bond Insurer, notify all Holders of Series 1997 Warrants that, in the event that any Warrantholder's payment is so recovered, such Warrantholder will be entitled to payment from the Bond Insurer to the extent of such recovery, and the Trustee shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the Series 1997 Warrants which have been made by the Trustee and subsequently recovered from Warrantholders, and the dates on which such payments were made.

(c) The Bond Insurer shall, to the extent it makes payment of principal of or interest on the Series 1997 Warrants, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books maintained by the Trustee upon receipt from the Bond Insurer of proof of the payment of interest thereon to the Holders of such Series 1997 Warrants and (2) in the case of subrogation as to claims for past due principal, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books for the Series 1997 Warrants maintained by the Trustee upon receipt of proof of the payment of principal thereof to the Holders of such Series 1997 Warrants. Notwithstanding anything in the Indenture or the Series 1997 Warrants to the contrary, the Trustee shall make payment of such past due interest and past due principal directly to the Bond Insurer to the extent that the Bond Insurer is a subrogee with respect thereto.

Section 17.2 Information to be Provided to the Bond Insurer. The Bond Insurer shall be provided with the following information:

(a) within 180 days after the end of each Fiscal Year of the County, a copy of the County's budget for the then current Fiscal Year, a copy of the County's annual audited financial statements for the most recently completed Fiscal Year, a statement of the amount on deposit in the Reserve Fund as of the last valuation and, if not presented in the audited financial statements, a statement

of the net revenues pledged to payment of the Parity Securities for the most recently completed Fiscal Year;

(b) the Official Statement or other disclosure document, if any, prepared in connection with the issuance of additional debt instruments payable from the System Revenues, whether or not such instruments constitute Additional Parity Securities, within 30 days after the sale thereof;

(c) notice of any draw upon, or any deficiency due to market fluctuation in the amount on deposit in, the Reserve Fund;

(d) notice of the redemption, other than mandatory sinking fund redemption, of any of the Parity Securities, including the principal amount, maturities and CUSIP numbers thereof;

(e) simultaneously with the delivery of the County's annual audited financial statements:

(i) the number of System users as of the end of the most recently completed Fiscal Year;

(ii) notification of the withdrawal of any System user responsible for 5% or more of System Revenues since the last reporting date;

(iii) any significant plant retirements or expansions planned or undertaken in the System's service area since the last reporting date;

(iv) maximum and average daily System usage for the most recently completed Fiscal Year;

(v) any updated capital plans for expansion and improvement projects; and

(vi) results of any annual engineering inspections.

(f) such additional information as the Bond Insurer may reasonably request from time to time.

Section 17.3 Miscellaneous Special Provisions Respecting the Bond Insurer and the Bond Insurance Policy. (a) In determining whether a payment default has occurred or whether a payment on the Series 1997-A Warrants or Series 1997-B Warrants has been made under the Indenture, no effect shall be given to payments made under the Insurance Policy.

(b) The Bond Insurer shall receive immediate notice of any default in payment of principal of or interest on the Series 1997 Warrants and notice of any other Event of Default known to the Trustee within 30 days of the Trustee's knowledge thereof.

(c) For all purposes of Article XIII of the Indenture, except the giving of notice of default to Warrantholders, the Bond Insurer shall be deemed to be the sole holder of the Series 1997 Warrants it has insured for so long as it has not failed to comply with its payment obligations under the Bond Insurance Policy.

(d) No resignation or removal of the Trustee shall become effective until a successor has been appointed and has accepted the duties of Trustee. The Bond Insurer shall be furnished with written notice of the resignation or removal of the Trustee and the appointment of any successor thereto.

(e) The Bond Insurer shall be treated as a party in interest and as a party entitled to (i) notify the Trustee of the occurrence of an Event of Default and (ii) request the Trustee to intervene in judicial proceedings that affect the Series 1997 Warrants or the security therefor.

(f) Any amendment or supplement to the Indenture shall be subject to the prior written consent of the Bond Insurer. The Bond Insurer shall be deemed to be the holder of all outstanding Series 1997 Warrants for the purpose of consenting to any proposed amendment or supplement to the Indenture (except for any such amendment or supplement that, under the provisions of the Indenture, requires the consent of the Holder of each outstanding Series 1997 Warrant). Any rating agency rating any of the Series 1997-A Warrants or Series 1997-B Warrants must receive notice of each amendment or supplement hereafter executed and a copy thereof at least fifteen days in advance of its execution or adoption.

(g) The Bond Insurer shall be provided with a full transcript of all proceedings relating to the execution of any Supplemental Indenture hereafter executed.

(h) Any notices to the Bond Insurer or the Fiscal Agent pursuant to the Indenture shall be sent to the following addresses (unless and until different addresses are specified in writing to the County and the Trustee):

Financial Guaranty Insurance Company
115 Broadway
New York, New York 10006
Attention: General Counsel

State Street Bank and Trust Company, N.A.
61 Broadway
New York, New York 10006
Attention: Corporate Trust Department

ARTICLE XVIII

MISCELLANEOUS PROVISIONS

Section 18.1 **Disclaimer of General Liability.** It is hereby expressly made a condition of the Indenture that any agreements, covenants or representations herein contained or contained in the Parity Securities do not and shall never constitute or give rise to any personal or general pecuniary liability or charge against the general credit or taxing powers of the County, and in the event of a breach of any such agreement, covenant or representation, no personal or general pecuniary liability or charge payable directly or indirectly from the general revenues of the County shall arise therefrom. Nothing contained in this section, however, shall relieve the County from the observance and performance of the several covenants and agreements on its part herein contained.

Section 18.2 **Counterparts.** The Indenture may be executed in several counterparts, and each executed copy shall constitute an original instrument but such counterparts shall together constitute but one and the same instrument.

Section 18.3 **Notices.** All notices, demands and requests to be given or made hereunder shall be deemed sufficient and properly given or made if in writing and sent by United States first class mail, postage prepaid, or sent by an electronic method capable of producing a written document, addressed as follows:

(a) If to the County:

Jefferson County
Jefferson County Courthouse
Birmingham, Alabama 35203
Attention: President of County Commission

(b) If to the Trustee:

AmSouth Bank of Alabama
Post Office Box 11426
Birmingham, Alabama 35202
Attention: Corporate Trust Department

The County and the Trustee may, by like notice, designate any further or different addresses to which subsequent notices shall be sent.

Section 18.4 Retention of Moneys for Payment of Parity Securities. Should any of the Parity Securities not be presented for payment when due, whether by maturity or otherwise, or should it be impossible for the Trustee to pay the interest on any of the Parity Securities as such interest becomes due, the Trustee shall, subject to the provisions of any applicable escheat or other similar law, retain from any moneys transferred to it for the purpose of paying the principal of and the interest and premium (if any) on such Parity Securities, for the benefit of the Holders thereof, a sum of money sufficient to pay such principal and premium (if any) when the appropriate Parity Securities are presented by the Holders thereof for payment and to pay such interest when it becomes possible to do so (upon which sum the Trustee shall not be required to pay interest). All liability of the County to the Holders of such Parity Securities and all rights of such Holders against the County under such Parity Securities or under the Indenture in respect of such principal, interest and premium (if any) shall thereupon cease and terminate, and the sole right of such Holders in respect of such principal, interest and premium (if any) shall thereafter be against such sum of money retained by the Trustee. If the principal of or any interest or premium on any Parity Security shall not be paid within a period of ten (10) years following the date when such principal, interest or premium first becomes due, whether by maturity or otherwise, the Trustee shall, subject to the provisions of any applicable escheat or other similar law, pay to the County any moneys theretofore retained by it for the payment of such principal, interest or premium. After the payment to the County of any moneys retained by the Trustee for the payment of any principal of or interest or premium on any of the Parity Securities, such principal, interest or premium shall (subject to the defense of any applicable statute of limitation) be an unsecured obligation of the County.

Section 18.5 Payments Not Due on Business Day. In any case where the date of maturity of the principal of or the interest or premium (if any) on the Parity Securities, or the date fixed for redemption of any Parity Securities, shall not be a Business Day, then payment of such principal, interest and premium (if any) need not be made on such date, but may be made on the next succeeding Business Day, with the same force and effect as if made on such date of maturity or such date fixed for redemption, and no interest shall accrue for the period after such date of maturity or date fixed for redemption, as the case may be.

Section 18.6 Form of Requests, etc., by Parity Securityholders. Any request, direction or other instrument required to be signed or executed by Parity Securityholders may be in any number of concurrent instruments of similar tenor, signed, or executed in person or by agent appointed in writing. Such signature or execution may be proved by the certificate of a notary public or other officer at the time authorized to take acknowledgments to deeds to be recorded in the State of Alabama, stating that the signer was known to him and acknowledged to him the execution thereof.

Section 18.7 Notice to Rating Agencies. The Trustee shall give written notice of any Supplemental Indenture or any other modification to documents or agreements respecting the

rights or duties of the County or the Trustee with respect to any of the Parity Securities to each Rating Agency that has outstanding a rating with respect to any of the Parity Securities. Such notice shall be given to each Rating Agency within five Business Days after the date on which the Supplemental Indenture, amendment or modification requiring such notice shall become effective.

Section 18.8 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 18.9 Article and Section Captions. The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

Section 18.10 Indenture Governed by Alabama Law. The Indenture shall in all respects be governed by and construed in accordance with the laws of the State of Alabama.

Section 18.11 Binding Effect. The Indenture shall inure to the benefit of, and shall be binding upon, the County and the Trustee and their respective successors and assigns.

IN WITNESS WHEREOF, the County has caused this Indenture to be signed in its name by the President of the Governing Body and its official seal to be hereunto affixed and the said seal to be attested by the Minute Clerk of the Governing Body, and the Trustee, to evidence its acceptance of the trusts hereby created, has caused this Indenture to be executed in its corporate name and behalf by its duly authorized officer and its corporate seal to be hereunto affixed and the said seal to be attested by its duly authorized officer, all of whom are hereunto duly authorized, and the parties hereto have caused this Indenture to be dated as of February 1, 1997, although actually executed and delivered on February 27, 1997.

JEFFERSON COUNTY, ALABAMA

By Mary M Buckelew
President of the County Commission

ATTEST:

Virginia Dail
Minute Clerk
of the County Commission

[S E A L]

AMSOUTH BANK OF ALABAMA

By Renee Ragland
Its CORPORATE TRUST OFFICER

ATTEST:

Kara Lee Parton
ASSISTANT VICE PRESIDENT
Its AND CORPORATE TRUST OFFICER

[S E A L]

State of Alabama - Jefferson County
I certify this instrument filed on:
1997 MAR 21 A.M. 10:01
Recorded and \$ _____ Mtg. Tax
and \$ _____ Deed Tax and Fee Amt.
\$ 283.00 Total \$ 283.00
GEORGE R. REYNOLDS, Judge of Probate



9703/8419

STATE OF ALABAMA)
:
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that MARY BUCKELEW, whose name as President of the County Commission of JEFFERSON COUNTY, 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 said instrument, she, as such officer and with full authority, executed the same voluntarily for and as the act of said County.

GIVEN under my hand and seal, this 26th day of February, 1997.

[NOTARIAL SEAL]

James K. Reynolds
Notary Public

My Commission Expires: 2/17/99

STATE OF ALABAMA)
:
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that Renee Rabland, whose name as Corporate Trust Officer of AMSOUTH BANK OF ALABAMA, an Alabama banking 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 the said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said banking corporation.

GIVEN under my hand and seal, this 26th day of February, 1997.

[NOTARIAL SEAL]

James K. Reynolds
Notary Public

My Commission Expires: 2/17/99

155265.6

STATE OF ALABAMA, JEFFERSON COUNTY
County Seal
NO TAX COLLECTED

9 7 0 4 / 2 7 7 7

FIRST SUPPLEMENTAL INDENTURE

between

JEFFERSON COUNTY, ALABAMA

and

AMSOUTH BANK OF ALABAMA

Dated as of March 1, 1997

Relating to

\$296,395,000

JEFFERSON COUNTY, ALABAMA

**Sewer Revenue Warrants
Series 1997-D**

This instrument prepared by

MARK EZELL

1200 AmSouth / Harbert Plaza

1901 Sixth Avenue North

Birmingham, Alabama 35203

STATE OF ALABAMA, JEFFERSON COUNTY
I hereby certify that no mortgage tax or deed tax has been collected on this instrument.

George R. Reynolds
Judge of Probate

"NO TAX COLLECTED"

STATE OF ALABAMA)
:
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that MARY M. BUCKELEW, whose name as President of the County Commission of JEFFERSON COUNTY, ALABAMA, a political subdivision 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, she, as such officer and with full authority, executed the same voluntarily for and as the act of said county.

GIVEN under my hand and official seal of office, this 19th day of March, 1997.

[NOTARIAL SEAL]

James K. Moore
Notary Public

My Commission Expires: 2/17/99

STATE OF ALABAMA)
:
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that ~~ASSISTANT VICE PRESIDENT~~ **RENEE RAGLAND**, whose name as ~~ASSISTANT VICE PRESIDENT~~ **AND CORPORATE TRUST OFFICER** of AMSOUTH BANK OF ALABAMA, an Alabama banking corporation acting in its capacity as Trustee under the Trust Indenture of Jefferson County, Alabama, dated as of February 1, 1997, 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, she, as such officer and with full authority, executed the same voluntarily for and as the act of said banking corporation in its capacity as Trustee as aforesaid.

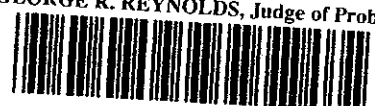
GIVEN under my hand and official seal of office, this 19th day of March, 1997.

[NOTARIAL SEAL]

James K. Moore
Notary Public

My Commission Expires: 2/17/99

State of Alabama - Jefferson County
I certify this instrument filed on:
1997 APR 02 A.M. 10:42
Recorded and \$
and \$ 83.00 Mtg. Tax
Deed Tax and Fee App
Total \$ 83.00
GEORGE R. REYNOLDS, Judge of Probate



165129.2

FIRST SUPPLEMENTAL INDENTURE

between

JEFFERSON COUNTY, ALABAMA

and

AMSOUTH BANK OF ALABAMA

Dated as of March 1, 1997

Relating to

\$296,395,000

JEFFERSON COUNTY, ALABAMA

**Sewer Revenue Warrants
Series 1997-D**

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between
JEFFERSON COUNTY, ALABAMA
and
AMSOUTH BANK OF ALABAMA

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FIRST SUPPLEMENTAL INDENTURE between **JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (herein called the "County"), and **AMSOUTH BANK OF ALABAMA**, an Alabama banking corporation in its capacity as Trustee under that certain Trust Indenture of the County dated as of February 1, 1997 (said banking corporation in such capacity, as well as any successor trustee under said Trust Indenture, being herein called the "Trustee"),

RECITALS

Under and pursuant to the provisions of the aforesaid Trust Indenture (herein called the "Original Indenture"), the County has heretofore issued \$211,040,000 principal amount of Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997 (herein called the "Series 1997-A Warrants"), \$48,020,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997 (herein called the "Series 1997-B Warrants"), and \$52,880,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-C, dated February 15, 1997 (herein called the "Series 1997-C Warrants"). The Series 1997-A Warrants, the Series 1997-B Warrants and the Series 1997-C Warrants (herein together called the "Outstanding Parity Securities") were issued to refund certain indebtedness of the County that had been incurred to pay the costs of certain capital improvements to the County's sanitary sewer system (herein called the "System").

Under the provisions of Article X of the Original Indenture, the County has reserved the right to issue, upon compliance with the conditions precedent set forth in said Article X, additional warrants, bonds, notes or other forms of indebtedness (herein called "Additional Parity Securities"), to be secured on a parity with the Outstanding Parity Securities, for the purposes of refunding any outstanding obligations of the County issued to finance capital improvements to the System and of financing the costs of acquiring and constructing capital improvements to the System. No such Additional Parity Securities have heretofore been issued by the County.

The County proposes to sell and issue the Series 1997-D Warrants hereinafter referred to in order to obtain funds to pay the costs of capital improvements to the System. The County has, by proper official action and pursuant to the provisions of the Original Indenture, duly authorized said Series 1997-D Warrants, which are to be secured by the Original Indenture, as hereby supplemented, on a parity with the Outstanding Parity Securities. This First Supplemental Indenture has been executed and delivered in order to specify the details with respect to said Series 1997-D Warrants and to provide for certain other matters set forth herein.

NOW, THEREFORE, THIS
FIRST SUPPLEMENTAL INDENTURE

WITNESSETH:

It is hereby agreed among the County, the Trustee and the holders at any time of said Series 1997-D Warrants (the holders of said Series 1997-D Warrants evidencing their consent hereto by the acceptance of said Series 1997-D Warrants), each with each of the others, as follows:

ARTICLE I

DEFINITIONS, FINDINGS AND USE OF PHRASES

Section 1.1 New Definitions. Unless the context clearly indicates a different meaning, the following words and phrases, as used in this First Supplemental Indenture, shall have the following respective meanings:

"**First Supplemental Indenture**" or "**this First Supplemental Indenture**" means this First Supplemental Indenture.

"**Series 1997-D Insurance Policy**" means the municipal bond new issue insurance policy issued by the Bond Insurer that guarantees payment of principal of and interest on the Series 1997-D Warrants.

"**Series 1997-D Warrants**" means the County's Sewer Revenue Warrants, Series 1997-D, authorized to be issued in the aggregate principal amount of \$296,395,000.

"**1997 Construction Fund**" means the Jefferson County Sewer System 1997 Construction Fund created in Section 3.2 hereof.

"**1997 System Improvements**" means the System Improvements, the costs of which are to be financed, in whole or in part, through the issuance of the Series 1997-D Warrants.

Section 1.2 Findings. The Governing Body has ascertained and does hereby find and declare as follows:

(a) Purposes for which Additional Parity Securities may be Issued. In the Original Indenture, the County has reserved the right to issue, upon compliance with the conditions prece-

dent set forth therein, additional warrants, bonds, notes or other obligations that are secured on a parity with the Outstanding Parity Securities, as respects the pledge of the revenues derived by the County from the operation of the System, for the purposes of financing the costs of constructing or acquiring any System Improvements and refunding or retiring all or any portion of any one or more series of Parity Securities then outstanding under the Indenture or any other obligations of the County issued to finance System Improvements.

(b) Purpose of the Series 1997-D Warrants. In order to comply with the requirements of the Consent Decree entered in those civil actions consolidated in the United States District Court, Northern District of Alabama, and styled *United States of America v. Jefferson County, Alabama, et al.*, Civil Action No. 94-G-2947-S, and *R. Allen Kipp, Jr., et al. and Cahaba River Society, Inc. v. Jefferson County, Alabama, et al.*, Civil Action No. 93-G-2492-S, and to otherwise provide for the expansion and improvement of the System, it is necessary, desirable and in the public interest for the County to issue the Series 1997-D Warrants to finance the costs of acquiring and constructing various System Improvements.

(c) No Default. No Event of Default and no event which, with the giving of notice or the passage of time or both, would constitute such an Event of Default, has occurred and is continuing.

(d) No Additional Parity Securities Previously Issued. No Parity Securities, other than the Outstanding Parity Securities, have heretofore been issued by the County under the Indenture, and the County now has no outstanding obligations payable from the revenues derived by the County from the operation of the System except the Outstanding Parity Securities.

(e) Status of Series 1997-D Warrants. The Series 1997-D Warrants are being issued as the "Additional 1997 Parity Securities" (as that term is defined and used in the Original Indenture); consequently, the County is not required to satisfy the requirement of Section 10.2(c) of the Original Indenture as a condition precedent to the issuance of the Series 1997-D Warrants.

Section 1.3 Use of Phrases. "Herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter" and other equivalent words refer to this First Supplemental Indenture as an entirety and not solely to the particular portion thereof in which any such word is used. The terms used herein include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders.

Section 1.4 Definitions Contained in the Original Indenture. Unless the context clearly indicates a different meaning, any words, terms or phrases that are used in this First Supplemental Indenture as defined terms without being herein defined shall have the meanings respectively given them in the Original Indenture.

Section 1.5 References to the Parity Securities and the Indenture. The County and the Trustee acknowledge and agree that, from and after the issuance by the County of the Series 1997-D Warrants, any reference in the Original Indenture or in this First Supplemental Indenture to the "Parity Securities" shall, unless the context clearly and unequivocally indicates otherwise, be construed to include the Outstanding Parity Securities, the Series 1997-D Warrants and any Additional Parity Securities hereafter issued.

The County and the Trustee further acknowledge and agree that, from and after the execution and delivery of this First Supplemental Indenture, any reference in the Original Indenture or in this First Supplemental Indenture to the "Indenture" shall, unless the context clearly and unequivocally indicates otherwise, be construed to refer to the Original Indenture as supplemented and amended by this First Supplemental Indenture. The provisions of the Original Indenture, to the extent they are not inconsistent with the provisions hereof, shall also apply to this First Supplemental Indenture.

ARTICLE II
THE SERIES 1997-D WARRANTS

Section 2.1 Authorization and Description of the Series 1997-D Warrants and Places of Payment. Pursuant to the applicable provisions of the Act, and for the purposes of (i) providing for the payment of the costs of the 1997 System Improvements, (ii) providing for a deposit to the Reserve Fund established under the Indenture, and (iii) providing for the payment of the expenses of issuing the Series 1997-D Warrants, there are hereby authorized to be issued by the County \$296,395,000 in principal amount of its Sewer Revenue Warrants, Series 1997-D. The Series 1997-D Warrants shall be dated March 1, 1997, shall be numbered from R1 upwards in the order issued and shall be issued initially in the respective principal amounts of \$5,000 or any greater integral multiple thereof. The Series 1997-D Warrants shall mature and become payable on the dates and in the amounts set forth below and shall bear interest from their respective dates payable on August 1, 1997, and on each February 1 and August 1 thereafter until maturity or earlier redemption at the per annum rates set forth below:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
February 1, 2017	\$ 21,235,000	5.65%
February 1, 2018	22,525,000	5.70
February 1, 2019	23,810,000	5.70
February 1, 2020	25,170,000	5.70
February 1, 2022	51,000,000	5.75
February 1, 2027	152,655,000	5.75

The principal of and the interest on any Series 1997-D Warrant shall bear interest after their respective due dates until paid at the rate of interest borne by the principal of such Series 1997-D Warrant prior to maturity. The Series 1997-D Warrants shall be initially issued and registered in the names of such Holders as shall be designated by the initial purchasers of the Series 1997-D Warrants.

The principal of and the interest and premium (if any) on the Series 1997-D Warrants shall be payable in accordance with the provisions of Section 3.2 of the Original Indenture.

Section 2.2 Optional Redemption of Series 1997-D Warrants. Those of the Series 1997-D Warrants having stated maturities after February 1, 2007, will be subject to redemption and prepayment prior to their stated maturities, at the option of the County, as a whole or in part, on February 1, 2007, and on any date thereafter, at and for the following respective redemption prices (expressed in percentages of the principal amount of each Series 1997-D Warrant or portion thereof to be redeemed) plus accrued interest to the date fixed for redemption:

<u>Redemption Period</u>	<u>Redemption Price</u>
February 1, 2007, through January 31, 2008	101.0%
February 1, 2008, through January 31, 2009	100.5
February 1, 2009, or thereafter	100.0

The Series 1997-D Warrants may be redeemed only in installments of \$5,000 or any integral multiple thereof. In the event that less than all of the Series 1997-D Warrants of a particular maturity are redeemed and prepaid pursuant to this Section 2.2, the Trustee shall select by lot the Series 1997-D Warrants (or portions of the principal thereof) of such maturity to be redeemed and prepaid. The redemption of Series 1997-D Warrants pursuant to this section shall comply with the applicable provisions of Article VI of the Original Indenture and Section 2.5 hereof, with the provisions of Section 2.5 particularly applicable to the Series 1997-D Warrants to govern in the case of any conflict.

Section 2.3 Scheduled Mandatory Redemption of Series 1997-D Warrants. Those of the Series 1997-D Warrants maturing on February 1, 2022, shall be subject to scheduled mandatory redemption on February 1, 2021, in the principal amount of \$23,000,000. Series 1997-D Warrants in the aggregate principal amount of \$28,000,000 will remain to be paid at their scheduled maturity on February 1, 2022.

Those of the Series 1997-D Warrants maturing on February 1, 2027, shall be subject to scheduled mandatory redemption on the following respective dates and in the following respective principal amounts:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2023	\$ 27,055,000
February 1, 2024	28,650,000
February 1, 2025	30,450,000
February 1, 2026	32,250,000

Series 1997-D Warrants in the aggregate principal amount of \$34,250,000 will remain to be paid at their scheduled maturity on February 1, 2027.

The Series 1997-D Warrants shall be redeemed pursuant to the provisions of this section at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, and such redemption shall be effected in accordance with the applicable provisions of Article VI of the Original Indenture and Section 2.5 hereof, with the provisions of Section 2.5 particularly applicable to the Series 1997-D Warrants to govern in the case of any conflict.

Section 2.4 Purchase of Series 1997-D Warrants for Retirement. The County may at any time and from time to time purchase Series 1997-D Warrants for retirement using funds from any source. Any Series 1997-D Warrants so purchased for retirement shall be delivered by the County to the Trustee, together with a written order of an authorized officer of the County for their cancellation, whereupon such purchased Series 1997-D Warrants shall be cancelled by the Trustee. The principal amount of any Series 1997-D Warrants maturing on February 1, 2022, or February 1, 2027, that are so purchased by the County and cancelled by the Trustee or redeemed by the County pursuant to Section 2.2 hereof shall be credited against the aggregate principal amount of Series 1997-D Warrants maturing on February 1, 2022, or February 1, 2027, as the case may be, that are required to be redeemed pursuant to the provisions of Section 2.3 hereof on such date or dates succeeding the date on which such purchased or redeemed Series 1997-D Warrants shall be delivered to the Trustee as shall be specified by the County, and the effect of such credit shall be to reduce by the principal amount thereof the aggregate principal amount of Series 1997-D Warrants required to be redeemed on such specified date or dates; provided, however, that no credit in respect of the redemption of Series 1997-D Warrants required on any February 1 shall be allowed for any Series 1997-D Warrants maturing on February 1, 2022, or February 1, 2027, and purchased or redeemed unless the same shall be delivered to the Trustee, or the optional redemption which is the basis for such credit shall be effected, prior to December 15 of the year preceding the year in which such mandatory redemption is to be effected. In the event that the County elects to purchase any Series 1997-D Warrants for retirement, the Trustee may, if requested to do so by the County, solicit for tenders of Series 1997-D Warrants by holders thereof who wish to sell such Series 1997-D Warrants to the County.

Section 2.5 Special Provisions Respecting Partial Redemption of Series 1997-D Warrants. The principal of any Series 1997-D Warrants shall be redeemed only in the amount of \$5,000 or any integral multiple thereof. If less than all the outstanding Series 1997-D Warrants are to be redeemed on any single redemption date pursuant to Section 2.2 hereof, those to be redeemed shall be called for redemption from such maturity or maturities as shall be specified by the County. If less than all the Series 1997-D Warrants of a single maturity are to be called for redemption on any single redemption date, the Trustee shall assign a number or other unique designation to each \$5,000 in principal amount of the Series 1997-D Warrants of such maturity then outstanding and select by lot, from among all such numbers or other unique designations associated with the Series 1997-D Warrants then outstanding, numbers or other unique designations representing an aggregate principal amount equal to the principal amount of the Series 1997-D Warrants of such maturity to be so called for redemption, whereupon there shall be called for redemption an amount of the unpaid principal of each Series 1997-D Warrant of such maturity equal to the principal amount represented by the numbers or other unique designations related thereto that were so selected.

Section 2.6 Form of Series 1997-D Warrants. The Series 1997-D Warrants and the Trustee's authentication certificate and the form of assignment and related signature guaranty applicable thereto shall be in substantially the following forms, respectively, with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof:

[Form of Series 1997-D Warrant]

No. R _____

\$ _____

UNITED STATES OF AMERICA
STATE OF ALABAMA
JEFFERSON COUNTY, ALABAMA
SEWER REVENUE WARRANT
Series 1997-D

Interest Rate

Maturity Date

CUSIP

JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama (herein called the "County"), hereby acknowledges itself indebted to and orders and directs the County Treasurer of the County to pay to _____, or registered assigns, solely out of the revenues hereinafter referred to, the principal sum of

D O L L A R S

on the maturity date specified above, with interest thereon from the date hereof until the maturity hereof at the per annum rate specified above (computed on the basis of a 360-day year of twelve consecutive 30-day months), payable on August 1, 1997, and semiannually thereafter on each February 1 and August 1 until maturity or earlier redemption. The principal of and the premium (if any) on this warrant shall be payable in lawful money of the United States of America at the principal corporate trust office of AmSouth Bank of Alabama, Birmingham, Alabama, or its successors as Trustee under the Indenture hereinafter referred to, and the interest payable on this warrant on each interest payment date shall be remitted, by the Trustee hereinafter referred to, by check or draft mailed or otherwise delivered to the registered holder hereof at the address shown on the registry books of the said Trustee. The principal of and the interest and premium (if any) on this warrant shall bear interest after their respective due dates until paid at the per annum rate shown above.

This warrant is one of a duly authorized issue or series of warrants authorized to be issued in the aggregate principal amount of \$296,395,000 and designated Sewer Revenue Warrants, Series 1997-D (herein called the "Series 1997-D Warrants"). The Series 1997-D Warrants have been issued, on a parity with the Outstanding Parity Securities hereinafter referred to, under a Trust Indenture dated as of February 1, 1997 (herein called the "Original

Indenture"), between the County and AmSouth Bank of Alabama, Birmingham, Alabama, as Trustee (herein, in such capacity, together with its successors in trust, called the "Trustee"), as supplemented and amended by a First Supplemental Indenture dated as of March 1, 1997 (herein called the "First Supplemental Indenture"). The County has heretofore issued under the Original Indenture \$211,040,000 principal amount of its Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997, \$48,020,000 principal amount of its Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997, and \$52,880,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-C, dated February 15, 1997 (all of which are herein together called the "Outstanding Parity Securities"). As used herein, the term "Indenture" means the Original Indenture as supplemented and amended by the First Supplemental Indenture.

The Series 1997-D Warrants having stated maturities after February 1, 2007, are subject to redemption and prepayment prior to maturity, at the option of the County, as a whole or in part, from such maturity or maturities as shall be specified by the County, on February 1, 2007, and on any date thereafter, such redemption to be at and for the following respective redemption prices (expressed as a percentage of the principal amount redeemed) plus accrued interest to the date fixed for redemption:

<u>Redemption Period</u>	<u>Redemption Price</u>
February 1, 2007, through January 31, 2008	101.0%
February 1, 2008, through January 31, 2009	100.5
February 1, 2009, or thereafter	100.0

The Series 1997-D Warrants having a stated maturity on February 1, 2022, are subject to scheduled mandatory redemption, at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, in the following principal amounts on the following dates:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2021	\$ 23,000,000
February 1, 2022 (maturity)	28,000,000

The Series 1997-D Warrants having a stated maturity on February 1, 2027, are subject to scheduled mandatory redemption, at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, in the following principal amounts on the following dates:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2023	\$ 27,055,000
February 1, 2024	28,650,000
February 1, 2025	30,450,000
February 1, 2026	32,250,000
February 1, 2027 (maturity)	34,250,000

If less than all of the outstanding Series 1997-D Warrants of a particular maturity are to be called for redemption, the Series 1997-D Warrants (or principal portions thereof) to be redeemed shall be selected by the Trustee by lot in the principal amounts designated to the Trustee by the County or otherwise as required by the Indenture. In the event any of the Series 1997-D Warrants are called for redemption, the Trustee shall give notice, in the name of the County, of the redemption of such Warrants, which notice shall state that on the redemption date the Series 1997-D Warrants to be redeemed shall cease to bear interest. Such notice shall be given by mailing a copy thereof by registered or certified mail at least thirty (30) days prior to the date fixed for redemption to the holders of the Series 1997-D Warrants to be redeemed at the addresses shown on the registration books of the Trustee; provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of the redemption of any of the Series 1997-D Warrants for which notice was properly given. Any Series 1997-D Warrants which have been duly selected for redemption and which are deemed to be paid in accordance with the Indenture shall cease to bear interest on the date fixed for redemption and shall thereafter cease to be entitled to any lien, benefit or security under the Indenture.

Under the Indenture, the Outstanding Parity Securities and the Series 1997-D Warrants are equally and ratably secured by a pledge of certain revenues from the sanitary sewer system of the County (herein, as it may at any time exist, called the "System") that remain after the payment of the expenses of operating and maintaining the System. Upon compliance with certain conditions specified in the Indenture, the County may issue additional securities (without limitation as to principal amount) that are secured by the Indenture on a parity with the Outstanding Parity Securities and the Series 1997-D Warrants with respect to the pledge of the aforesaid revenues from the System (the Outstanding Parity Securities, the Series 1997-D Warrants and all such additional securities being herein together called the "Parity Securities").

The holders of the Parity Securities shall never have the right to demand payment of the Parity Securities out of any funds raised or to be raised by taxation or from any source whatsoever, except the payments and amounts described in this warrant and the Indenture. Except for the revenues from the System and the other moneys that may be held by the Trustee under the Indenture, no property of the County is encumbered by any lien or security interest for the benefit of the holder of this warrant. Neither the faith and credit, nor the taxing power, of the State of Alabama or the County, or any other public corporation, subdivision or agency of the

State of Alabama or the County, is pledged to the payment of the principal of or the interest or premium (if any) on this warrant.

The transfer of this warrant shall be registered upon the registration books kept at the principal corporate office of the Trustee, at the written request of the holder hereof or his attorney duly authorized in writing, upon surrender of this warrant at said office, together with a written instrument of transfer satisfactory to the Trustee duly executed by the holder hereof or his duly authorized attorney. Upon payment of any required tax or other governmental charge, this warrant may, upon the surrender hereof at the principal corporate trust office of the Trustee, be exchanged for an equal aggregate principal amount of Series 1997-D Warrants of the same maturity in any other authorized denominations.

The Trustee shall not be required to transfer or exchange this warrant during the period of fifteen days next preceding any interest payment date with respect hereto. In the event that this warrant (or any principal portion hereof) is duly called for redemption and prepayment, the Trustee shall not be required to transfer or exchange this warrant during the period of thirty days next preceding the date fixed for such redemption and prepayment.

Except as provided in the Indenture, the registered holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto.

With certain exceptions as provided therein, the Indenture may be modified or amended only with the consent of the holders of a majority in aggregate principal amount of all Parity Securities outstanding under the Indenture.

Reference is hereby made to the Indenture, a copy of which is on file with the Trustee, for the provisions thereof concerning the nature and extent of the rights, duties and obligations of the County, the Trustee and the holders of the Parity Securities. The registered holder of this warrant, by the acceptance hereof, is deemed to have agreed and consented to the terms and provisions of the Indenture.

The County and the Trustee may deem and treat the person in whose name this warrant is registered as the absolute owner hereof for all purposes, whether or not any principal of or interest on this warrant is overdue, and neither the County nor the Trustee shall be affected by any notice to the contrary.

It is hereby certified, recited and declared that all acts, conditions and things required by the constitution and laws of the State of Alabama to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this warrant, do exist, have happened and have been performed in regular and due form as required by law.

No covenant or agreement contained in this warrant or the Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the County in his individual capacity, and neither the members of the governing body of the County, nor any official executing this warrant, shall be liable personally on this warrant or be subject to any personal liability or accountability by reason of the issuance or sale of this warrant.

This warrant shall not be entitled to any right or benefit under the Indenture, or be valid or become obligatory for any purpose, until this warrant shall have been authenticated by the execution by the Trustee of the certificate of authentication inscribed hereon.

IN WITNESS WHEREOF, the County has caused this warrant to be executed in its name and behalf with the facsimile signature of the President of its County Commission, has caused a facsimile of its official seal to be hereunto imprinted, has caused the signature of the aforesaid President to be attested by the Minute Clerk of its County Commission, who has caused a facsimile of her signature to be imprinted hereon, and has caused this warrant to be dated March 1, 1997.

JEFFERSON COUNTY, ALABAMA

By _____
President of the County Commission

ATTEST:

Minute Clerk of the
County Commission

[S E A L]

AUTHENTICATION CERTIFICATE

DATE OF AUTHENTICATION: _____

This warrant is one of the Series 1997-D Warrants described in the within-mentioned Trust Indenture.

AMSOUTH BANK OF ALABAMA,
as Trustee

By _____
Its Authorized Officer

[Form for Assignment]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within warrant and hereby irrevocably constitutes and appoints _____ attorney, with full power of substitution in the premises, to transfer the within warrant on the books kept for registration thereof by the within-mentioned Trustee.

Dated this _____ day of _____, _____.

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears upon the face of the within warrant in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

(Bank, Trust Company or Firm)*

By _____
(Authorized Officer)

Medallion Number: _____

*Signature(s) must be guaranteed by an eligible guarantor institution which is a member of a recognized signature guarantee program, i.e., Securities Transfer Agents Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP), or New York Stock Exchange Medallion Signature Program (MSP).

Section 2.7 Execution and Delivery of Series 1997-D Warrants. The Series 1997-D Warrants shall be forthwith executed and delivered to the Trustee and shall be authenticated and delivered by the Trustee from time to time upon receipt by the Trustee of an order signed on behalf of the County by the President of the Governing Body requesting such authentication and delivery and designating the Person or Persons to receive the same or any part thereof.

Section 2.8 Application of Proceeds from the Sale of Series 1997-D Warrants. The entire proceeds derived from the sale of the Series 1997-D Warrants shall be paid to the Trustee and promptly thereafter applied by the Trustee for the following purposes and in the following order:

- (a) payment into the Debt Service Fund of that portion of such proceeds (if any) that is allocable to accrued interest;
- (b) payment of the sum of \$763,971.69 to the Bond Insurer;
- (c) payment into the Debt Service Fund of the sum of \$14,193,015.77;
- (d) payment into the Reserve Fund of the sum of \$29,639,500; and
- (e) payment of the balance of such proceeds into the 1997 Construction Fund.

Simultaneously with the issuance of the Series 1997-D Warrants, the County shall cause moneys other than sale proceeds of such warrants in the amount of \$745,335.89 to be deposited in the Reserve Fund.

ARTICLE III

AGREEMENTS RESPECTING CONSTRUCTION OF 1997 SYSTEM IMPROVEMENTS AND USE OF MONEYS IN 1997 CONSTRUCTION FUND

Section 3.1 **Agreement to Construct 1997 System Improvements.** The County will proceed continuously and with reasonable dispatch with the acquisition, construction and installation of the various System Improvements that constitute part of the County's Sanitary Sewer Capital Improvement Program. The County will complete the acquisition, construction and installation of the 1997 System Improvements, including the acquisition of such real estate (and interests therein) as may be necessary therefor, as soon as may be practicable, delays incident to strikes, riots, acts of God and the public enemy and similar acts beyond the reasonable control of the County only excepted. The County will promptly pay, as and when due, all expenses incurred in said acquisition, construction and installation.

Section 3.2 **Creation of 1997 Construction Fund; Purposes for Which Moneys Therein May Be Expended.** There is hereby created a special trust fund, the full name of which shall be the "Jefferson County Sewer System 1997 Construction Fund," for the purpose of providing funds (i) for the acquisition, construction and installation of the 1997 System Improvements and (ii) for the payment of the expenses incurred in connection with the issuance and sale of the Series 1997-D Warrants. The Trustee shall be and remain the depository, custodian and disbursing agent for the 1997 Construction Fund. The moneys in the 1997 Construction Fund shall be paid out from time to time by the Trustee for the following purposes only and only upon presentation of requisitions as described in Section 3.3 hereof:

- (a) payment of the expenses incurred by the County in the issuance and sale of the Series 1997-D Warrants, including the legal, fiscal and recording fees and expenses incurred in connection therewith;
- (b) payment of the reasonable expenses and charges of the Trustee in connection with the 1997 Construction Fund;
- (c) payment for labor, services, materials, supplies and equipment furnished in acquiring, constructing and installing the 1997 System Improvements;
- (d) payment of the costs of acquiring any real estate (including easements and other interests therein) for the construction or installation thereon of any part or parts of the 1997 System Improvements; and

(e) payment of all expenses (including the fees and expenses of engineers and attorneys and recording fees) incurred in connection with matters referred to in the preceding subsections (c) and (d) of this section.

Section 3.3 Payments from the 1997 Construction Fund. All requisitions for disbursements from the 1997 Construction Fund shall be signed by an Authorized County Representative and shall (a) state the amount required to be paid and the name and address of the Person to whom payment is to be made, (b) describe in reasonable detail the particular Improvement Cost or issuance expense to be paid, and (c) certify that the purpose for which such payment is to be made is a purpose for which 1997 Construction Fund moneys are authorized under the First Supplemental Indenture to be expended. If the payment requested is for work or materials for construction of any of the 1997 System Improvements, such requisition shall be approved by the engineer (if any) employed by the County to supervise the construction of such 1997 System Improvements. Each requisition shall be accompanied by an invoice or invoices from the payee named (or, if the County is requesting reimbursement for Improvement Costs, from the person to whom the County made payments for Improvement Costs) showing that the amount requested to be paid is or was due and payable for the purpose stated in such requisition.

In addition to the documents required by this section the Trustee may require as a condition precedent to any disbursement further evidence with respect thereto or with respect to the application of any moneys previously disbursed or as to the correctness of any statement made in any requisition. Upon the written request of the Holders of at least ten percent (10%) of the aggregate principal amount of the Parity Securities, the Trustee shall require such evidence. The Trustee shall, however, be under no duty to require such evidence unless so requested. The Trustee shall not be liable for any misapplication of moneys in the 1997 Construction Fund if disbursed pursuant to the provisions of this section and without knowledge or reason to believe that such disbursement constituted a misapplication of funds.

Section 3.4 Security for 1997 Construction Fund Moneys. The moneys at any time on deposit in the 1997 Construction Fund shall be and at all times remain public funds impressed with a trust for the purposes specified in Section 3.2 hereof. The Trustee shall at all times keep the moneys on deposit in the 1997 Construction Fund continuously secured, for the benefit of the County and the Holders of the Parity Securities, either

(a) by holding on deposit, as collateral security, Federal Obligations, or other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency, having a market value (exclusive of accrued interest) not less than the amount of moneys on deposit in the 1997 Construction Fund, or

(b) if the furnishing of security in the manner provided by the foregoing clause (a) of this section is not permitted by the then applicable law and

regulations, then in such other manner as may be required or permitted by the then applicable state and federal laws and regulations respecting the security for, or granting a preference in the case of, the deposit of trust funds;

provided, however, that it shall not be necessary for the Trustee so to secure any portion of the moneys on deposit in the 1997 Construction Fund that is invested in Federal Obligations or that is insured by the Federal Deposit Insurance Corporation or any agency of the United States of America that may succeed to its functions.

Section 3.5 Investment of 1997 Construction Fund. As promptly as practicable following the execution and delivery of this First Supplemental Indenture and from time to time thereafter, the County will furnish to the Trustee a written certificate stating the approximate dates when the moneys on deposit in the 1997 Construction Fund will be needed for the various purposes for which such fund is being created. Promptly after receipt of each such certificate, the Trustee will, at the direction of the County and to the extent practicable, cause the 1997 Construction Fund moneys to be invested in Eligible Investments having stated maturities in such amounts and at such times, prior to or corresponding with the amounts and dates specified in said certificate, as to make available from the 1997 Construction Fund cash moneys sufficient to meet the needs of the 1997 Construction Fund as specified in said certificate. Any such certificate may contain either specific or general instructions from the County as to the kind of Eligible Investments in which the presently unneeded moneys in the 1997 Construction Fund are to be invested, and the Trustee will comply with such instructions to the extent that they are not inconsistent with the applicable provisions hereof; provided that the County shall not direct the Trustee to make any investment of moneys in the 1997 Construction Fund that would result in any of the Parity Securities being considered "arbitrage bonds" within the meaning of Section 103(b)(2) and Section 148 of the Code and the applicable regulations thereunder. In the event of any such investment, the securities in which such moneys are so invested, together with all income derived therefrom, shall become a part of the 1997 Construction Fund to the same extent as if they were moneys originally deposited therein. The Trustee may at any time and from time to time sell or otherwise convert into cash any such securities, whereupon the net proceeds therefrom shall become a part of the 1997 Construction Fund. The Trustee shall be fully protected in making any such investment, sale or conversion in accordance with the provisions of this section. In any determination of the amount of moneys at any time forming a part of the 1997 Construction Fund, all such securities in which any portion of the 1997 Construction Fund is at the time so invested shall be included therein at their then market value.

ARTICLE IV

PROVISIONS CONCERNING THE SERIES 1997-D INSURANCE POLICY

Section 4.1 **Payments Under the Series 1997-D Insurance Policy.** (a) If, on the third day preceding any Interest Payment Date for the Series 1997-D Warrants, there is not on deposit with the Trustee sufficient moneys available to pay all principal of and interest on the Series 1997-D Warrants due on such date, the Trustee shall immediately notify the Bond Insurer and State Street Bank and Trust Company, N.A., New York, New York, or its successor as the Bond Insurer's Fiscal Agent (the "Fiscal Agent"), of the amount of such deficiency. If, by said Interest Payment Date, the County has not provided the amount of such deficiency, the Trustee shall simultaneously make available to the Bond Insurer and to the Fiscal Agent the registration books for the Series 1997-D Warrants maintained by the Trustee. In addition:

(i) the Trustee shall provide the Bond Insurer with a list of the Holders of the Series 1997-D Warrants entitled to receive principal or interest payments from the Bond Insurer under the terms of the Series 1997-D Insurance Policy and shall make arrangements for the Bond Insurer and its Fiscal Agent (1) to mail checks or drafts to Series 1997-D Warrantheolders entitled to receive full or partial interest payments from the Bond Insurer and (2) to pay principal of the Series 1997-D Warrants surrendered to the Fiscal Agent by the Series 1997-D Warrantheolders entitled to receive full or partial principal payments from the Bond Insurer; and

(ii) the Trustee shall, at the time it makes the registration books available to the Bond Insurer, notify Warrantheolders entitled to receive payment of principal of or interest on the Series 1997-D Warrants from the Bond Insurer (1) as to the fact of such entitlement, (2) that the Bond Insurer will remit to them all or part of the interest payments coming due subject to the terms of the Series 1997-D Insurance Policy, (3) that, except as provided in paragraph (b) below, in the event that any Series 1997-D Warrantheolder is entitled to receive full payment of principal from the Bond Insurer, such Warrantheolder must tender his Series 1997-D Warrant to the Fiscal Agent with the instrument of transfer in the form provided on the Series 1997-D Warrant executed in the name of the Bond Insurer, and (4) that, except as provided in paragraph (b) below, in the event that such Warrantheolder is entitled to receive partial payment of principal from the Bond Insurer, such Warrantheolder must tender his Series 1997-D Warrant for payment first to the Trustee, which shall note on such Series 1997-D Warrant the portion of principal paid by the Trustee, and then, with an acceptable form of assignment executed in the name of the Bond Insurer, to the Fiscal Agent, which will then pay the unpaid portion of principal to the Warrantheolder subject to the terms of the Series 1997-D Insurance Policy.

(b) In the event that the Trustee has notice that any payment of principal of or interest on a Series 1997-D Warrant has been recovered from a Warrantholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time it provides notice to the Bond Insurer, notify all Holders of Series 1997-D Warrants that, in the event that any Warrantholder's payment is so recovered, such Warrantholder will be entitled to payment from the Bond Insurer to the extent of such recovery, and the Trustee shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the Series 1997-D Warrants which have been made by the Trustee and subsequently recovered from Warrantholders, and the dates on which such payments were made.

(c) The Bond Insurer shall, to the extent it makes payment of principal of or interest on the Series 1997-D Warrants, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 1997-D Insurance Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books maintained by the Trustee upon receipt from the Bond Insurer of proof of the payment of interest thereon to the Holders of such Series 1997-D Warrants and (2) in the case of subrogation as to claims for past due principal, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books for the Series 1997-D Warrants maintained by the Trustee upon receipt of proof of the payment of principal thereof to the Holders of such Series 1997-D Warrants. Notwithstanding anything in the Indenture or the Series 1997-D Warrants to the contrary, the Trustee shall make payment of such past due interest and past due principal directly to the Bond Insurer to the extent that the Bond Insurer is a subrogee with respect thereto.

Section 4.2 Information to be Provided to the Bond Insurer. The Bond Insurer shall be provided with the following information:

(a) within 180 days after the end of each Fiscal Year of the County, a copy of the County's budget for the then current Fiscal Year, a copy of the County's annual audited financial statements for the most recently completed Fiscal Year, a statement of the amount on deposit in the Reserve Fund as of the last valuation and, if not presented in the audited financial statements, a statement of the net revenues pledged to payment of the Parity Securities for the most recently completed Fiscal Year;

(b) the Official Statement or other disclosure document, if any, prepared in connection with the issuance of additional debt instruments payable from the System Revenues, whether or not such instruments constitute Additional Parity Securities, within 30 days after the sale thereof;

(c) notice of any draw upon, or any deficiency due to market fluctuation in the amount on deposit in, the Reserve Fund;

(d) notice of the redemption, other than mandatory sinking fund redemption, of any of the Parity Securities, including the principal amount, maturities and CUSIP numbers thereof

(e) simultaneously with the delivery of the County's annual audited financial statements:

(i) the number of System users as of the end of the most recently completed Fiscal Year;

(ii) notification of the withdrawal of any System user responsible for 5% or more of System Revenues since the last reporting date;

(iii) any significant plant retirements or expansions planned or undertaken in the System's service area since the last reporting date;

(iv) maximum and average daily System usage for the most recently completed Fiscal Year;

(v) any updated capital plans for expansion and improvement projects; and

(vi) results of any annual engineering inspections.

(f) such additional information as the Bond Insurer may reasonably request from time to time.

Section 4.3 Miscellaneous Special Provisions Respecting the Bond Insurer and the Series 1997-D Insurance Policy. (a) In determining whether a payment default has occurred or whether a payment on the Series 1997-D Warrants has been made under the Indenture, no effect shall be given to payments made under the Series 1997-D Insurance Policy.

(b) The Bond Insurer shall receive immediate notice of any default in payment of principal of or interest on the Series 1997-D Warrants and notice of any other Event of Default known to the Trustee within 30 days of the Trustee's knowledge thereof.

(c) The Trustee shall, if and to the extent that there are no other available moneys held under the Indenture, use moneys in the 1997 Construction Fund to pay principal of or interest on the Series 1997-D Warrants.

(d) For all purposes of Article XIII of the Original Indenture, except the giving of notice of default to Warrantholders, the Bond Insurer shall be deemed to be the sole holder of

the Series 1997-D Warrants it has insured for so long as it has not failed to comply with its payment obligations under the Series 1997-D Insurance Policy.

(e) No resignation or removal of the Trustee shall become effective until a successor has been appointed and has accepted the duties of Trustee. The Bond Insurer shall be furnished with written notice of the resignation or removal of the Trustee and the appointment of any successor thereto.

(f) The Bond Insurer shall be treated as a party in interest and as a party entitled to (i) notify the Trustee of the occurrence of an Event of Default and (ii) request the Trustee to intervene in judicial proceedings that affect the Series 1997-D Warrants or the security therefor.

(g) Any amendment or supplement to the Indenture shall be subject to the prior written consent of the Bond Insurer. The Bond Insurer shall be deemed to be the holder of all outstanding Series 1997-D Warrants for the purpose of consenting to any proposed amendment or supplement to the Indenture (except for any such amendment or supplement that, under the provisions of the Indenture, requires the consent of the Holder of each outstanding Series 1997-D Warrant). Any rating agency rating any of the Series 1997-D Warrants must receive notice of each amendment or supplement hereafter executed and a copy thereof at least fifteen days in advance of its execution or adoption.

(h) The Bond Insurer shall be provided with a full transcript of all proceedings relating to the execution of any Supplemental Indenture hereafter executed.

(i) Any notices to the Bond Insurer or the Fiscal Agent pursuant to the Indenture shall be sent to the following addresses (unless and until different addresses are specified in writing to the County and the Trustee):

Financial Guaranty Insurance Company
115 Broadway
New York, New York 10006
Attention: General Counsel

State Street Bank and Trust Company, N.A.
61 Broadway
New York, New York 10006
Attention: Corporate Trust Department

ARTICLE V

MISCELLANEOUS

Section 5.1 1997 System Improvements to Constitute Part of System. The 1997 System Improvements shall henceforth constitute part of the System referred to in the Indenture and shall be subject to the Indenture as fully and completely as if they had been in existence at the time the Original Indenture was executed and delivered and had been specifically described therein.

Section 5.2 Confirmation of Indenture. All the terms, covenants and conditions of the Indenture are hereby in all things confirmed, and they shall remain in full force and effect. Further, the County does hereby confirm the pledge made in the Indenture with respect to the revenues derived from all properties now or hereafter constituting a part of the System, including specifically, without limiting the generality of the foregoing, all properties acquired as a part of the System since the execution and delivery of the Original Indenture.

Section 5.3 Pledge of 1997 Construction Fund. For the purposes specified in Section 2.1 of the Original Indenture, the County does hereby grant, bargain, sell and convey, assign, transfer and pledge to and with the Trustee the moneys deposited in the 1997 Construction Fund, together with any investments and reinvestments of such moneys and the income or proceeds thereof; subject, however, to the disbursement of all moneys at any time held in the 1997 Construction Fund for application in accordance with the provisions of this First Supplemental Indenture.

Section 5.4 Debt Service Fund Deposits Referable to Series 1997-D Warrants. In order to provide funds for the payment of the principal of and the interest on the Series 1997-D Warrants, there shall be transferred or paid into the Debt Service Fund, out of moneys held in the Revenue Account [except as otherwise provided in clause (1)], the following amounts at the following times:

(1) simultaneously with the issuance and sale of the Series 1997-D Warrants and out of the proceeds derived therefrom, (a) that portion of such proceeds allocable to accrued interest and (b) the additional sum of \$14,193,015.77, which moneys and the earnings thereon shall be applied, in the order identified and to the extent needed, for the payment of the interest on the Series 1997-D Warrants becoming due on August 1, 1997;

(2) on or before the third day preceding February 1, 1998, and on or before the third day preceding each February 1 and August 1 thereafter until and

including the third day preceding February 1, 2027, an amount equal to the interest becoming due with respect to the then outstanding Series 1997-D Warrants on the next succeeding Interest Payment Date; provided that any moneys described in the preceding clause (1) that are not used to pay the interest on the Series 1997-D Warrants becoming due on August 1, 1997, shall be applied until fully spent for the payment, when due, of interest on the Series 1997-D Warrants and shall be credited against the amounts that otherwise would be deposited into the Debt Service Fund pursuant to this clause (2); and

(3) on or before the third day preceding August 1, 2004, and on or before the third day preceding each February 1 and August 1 thereafter until and including the third day preceding February 1, 2027, an amount equal to one-half (1/2) of the principal amount of Series 1997-D Warrants maturing or required to be redeemed on the next succeeding February 1.

The Debt Service Fund deposits required by this Section 5.4 shall be in addition to the deposits respecting the Outstanding Parity Securities required by Section 11.2 of the Original Indenture.

Section 5.5 Book-Entry Procedures Applicable to Series 1997-D Warrants. (a) Except as provided in Section 5.5(c) hereof, the registered owner of all of the Series 1997-D Warrants shall be The Depository Trust Company ("DTC") and the Series 1997-D Warrants shall be registered in the name of Cede & Co., as nominee of DTC. Payment of semiannual interest for any Series 1997-D Warrant registered as of a Record Date in the name of Cede & Co. shall be made by wire transfer to the account of Cede & Co. on the Interest Payment Date at the address indicated on the Record Date for Cede & Co. in the registry books of the County kept by the Paying Agent.

(b) The Series 1997-D Warrants shall be initially issued in the form of a separate single authenticated fully registered warrant in the principal amount of each separately stated maturity. Upon initial issuance, the ownership of each such Series 1997-D Warrant shall be registered in the registry book of the County kept by the Paying Agent in the name of Cede & Co., as nominee of DTC. The Paying Agent and the County may treat DTC (or its nominee) as the sole and exclusive owner of the Series 1997-D Warrants registered in its name for the purposes of payment of the principal or redemption price of or interest on such Series 1997-D Warrants, selecting such Series 1997-D Warrants or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders of Series 1997-D Warrants under the Indenture, registering the transfer of Series 1997-D Warrants, obtaining any consent or other action to be taken by Holders of Series 1997-D Warrants and for all other purposes whatsoever; and neither the Paying Agent nor the County shall be affected by any notice to the contrary. Neither the Paying Agent nor the County shall have any responsibility or obligation to any DTC participant, any Person claiming a beneficial ownership interest in the Series 1997-D Warrants under or through DTC or any DTC participant, or any other Person which is not shown on the registration books of the County kept by the Paying Agent as being a Holder of Series 1997-D

Warrants. The County and the Paying Agent shall have no responsibility with respect to the accuracy of any records maintained by DTC, Cede & Co. or any DTC participant with respect to any ownership interest in the Series 1997-D Warrants; the payment by DTC or any DTC participant to any beneficial owner of any amount in respect of the principal or redemption price of or interest on the Series 1997-D Warrants; the delivery to any DTC participant or any beneficial owner of any notice which is permitted or required to be given to Holders of the Series 1997-D Warrants under the Indenture; the selection by DTC or any DTC participant of any Person to receive payment in the event of a partial redemption of the Series 1997-D Warrants; or the authority for any consent given or other action taken by DTC as the Holder of Series 1997-D Warrants. The Paying Agent shall pay all principal of and premium, if any, and interest on the Series 1997-D Warrants only to Cede & Co., as nominee of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to the principal of and premium, if any, and interest on such Series 1997-D Warrants to the extent of the sum or sums so paid. Upon delivery by DTC to the Paying Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co. and direction to effect such change on the registry books maintained by the Paying Agent, the term "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(c) In the event the County determines that it is in the best interest of the beneficial owners of the Series 1997-D Warrants that they be able to obtain warrant certificates, the County may notify DTC and the Paying Agent of the availability through DTC of warrant certificates. In such event, the Paying Agent shall issue, transfer and exchange warrant certificates as requested by DTC and any other Holders of Series 1997-D Warrants in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 1997-D Warrants at any time by giving notice to the County and the Paying Agent and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the County and Paying Agent shall be obligated to deliver warrant certificates as described in the Indenture. In the event warrant certificates are issued to Holders of the Series 1997-D Warrants other than DTC, the provisions of Article V of the Original Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the County and the Paying Agent to do so, the County and the Paying Agent will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 1997-D Warrants to any DTC participant having Series 1997-D Warrants credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 1997-D Warrants.

(d) Notwithstanding any other provision of the Indenture to the contrary, so long as any Series 1997-D Warrant is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such Series 1997-D Warrant and all notices with respect to such Series 1997-D Warrant shall be made and given to DTC as provided in the Representation Letter to be signed by the County and the Paying Agent on or prior to the date of issuance and delivery of the Series 1997-D Warrants and

accepted by DTC. Without limitation of the foregoing, so long as any Series 1997-D Warrant is registered in the name of Cede & Co., as nominee of DTC, the Paying Agent shall send a copy of any notice of redemption by overnight delivery not less than thirty (30) days before the redemption date to DTC, but such mailing shall not be a condition precedent to such redemption and failure to so mail any such notice (or failure of DTC to advise any DTC participant, or any DTC participant to notify the beneficial owner, of any such notice or its content or effect) shall not affect the validity of the proceedings for the redemption of the Series 1997-D Warrants.

(e) In connection with any notice or other communication to be provided to Holders of the Series 1997-D Warrants pursuant to the Indenture by the County or the Paying Agent with respect to any consent or other action to be taken by Holders of the Series 1997-D Warrants, so long as any Series 1997-D Warrant is registered in the name of Cede & Co., as nominee of DTC, the County or the Paying Agent, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

(f) In the event of any inconsistency between the provisions of this Section 5.5 and any other provision of the Indenture or the forms of Series 1997-D Warrants, the provisions of this Section 5.5 shall govern so long as warrant certificates have not been issued to the Holders of the Series 1997-D Warrants other than DTC in accordance with Section 5.5(c) hereof.

Section 5.6 Tax Covenants. The County recognizes that the Holders of the Series 1997-D Warrants from time to time will have accepted them on, and paid therefor a price which reflects, the understanding that interest on the Series 1997-D Warrants is excluded from gross income for federal income tax purposes under the laws in force at the time the Series 1997-D Warrants shall have been delivered. In this connection the County covenants (i) that it will not take any action or omit to take any action if the taking of such action or the failure to take such action, as the case may be, will result in the interest on any of the Series 1997-D Warrants becoming includable in gross income for purposes of federal income taxation, (ii) that it will use the "proceeds" of the Series 1997-D Warrants and any other funds of the County in such a manner that the use thereof, as reasonably expected by the County at the time of issuance of the Series 1997-D Warrants, will not cause the Series 1997-D Warrants to be "arbitrage bonds" under Section 103(b)(2) and Section 148 of the Code and the regulations thereunder and (iii) that it will satisfy the requirements of Section 148(f) of the Code and the applicable regulations thereunder. The County further covenants and agrees that it will not permit at any time any "proceeds" of the Series 1997-D Warrants or any other funds of the County to be used, directly or indirectly, in a manner which would result in any Series 1997-D Warrant being classified as a "private activity bond" within the meaning of Section 141(a) of the Code. The officers and employees of the County shall execute and deliver from time to time, on behalf of the County, such certificates, instruments and documents as shall be deemed necessary or advisable to evidence compliance by the County with said Section 103(b)(2) and Section 148 and the regulations thereunder with respect to the use of the proceeds of the Series 1997-D Warrants. Such certificates, instruments and documents may contain such stipulations as shall be necessary

or advisable in connection with the stated purpose of this section and the foregoing provisions hereof, and the County hereby covenants and agrees to comply with the provisions of any such stipulations throughout the term of the Series 1997-D Warrants.

Section 5.7 Article and Section Captions. The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

IN WITNESS WHEREOF, the County has caused this First Supplemental Indenture to be executed in its name and behalf by the President of the Governing Body, has caused its official seal to be hereunto affixed and has caused this First Supplemental Indenture to be attested by the Minute Clerk of the Governing Body, and the Trustee has caused this First Supplemental Indenture to be executed in its corporate name and behalf, has caused its corporate seal to be hereunto affixed and has caused this First Supplemental Indenture to be attested, by

its duly authorized officers, all in ten (10) counterparts, each of which shall be deemed an original, and the County and the Trustee have caused this First Supplemental Indenture to be dated as of March 1, 1997, although actually executed and delivered on March 20, 1997.

JEFFERSON COUNTY, ALABAMA

By Mary M Buckelew
President of the County Commission

ATTEST:

Virginia D. [Signature]
Minute Clerk of the
County Commission

[SEAL]

AMSOUTH BANK OF ALABAMA, as Trustee
under the Trust Indenture of Jefferson County,
Alabama, dated as of February 1, 1997

By Renee [Signature]
ASSISTANT VICE PRESIDENT
AND CORPORATE TRUST OFFICER

ATTEST:

[Signature]
SENIOR VICE PRESIDENT AND
CORPORATE TRUST OFFICER

[SEAL]

STATE OF ALABAMA)
:
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that MARY M. BUCKELEW, whose name as President of the County Commission of JEFFERSON COUNTY, ALABAMA, a political subdivision 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, she, as such officer and with full authority, executed the same voluntarily for and as the act of said county.

GIVEN under my hand and official seal of office, this 19th day of March, 1997.

[NOTARIAL SEAL]

James K. Hill
Notary Public

My Commission Expires: 2/17/99

STATE OF ALABAMA)
:
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that RENEE RAGLAND, whose name as ASSISTANT VICE PRESIDENT of AMSOUTH BANK OF ALABAMA, an Alabama banking corporation acting in its capacity as Trustee under the Trust Indenture of Jefferson County, Alabama, dated as of February 1, 1997, 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, she, as such officer and with full authority, executed the same voluntarily for and as the act of said banking corporation in its capacity as Trustee as aforesaid.

GIVEN under my hand and official seal of office, this 19th day of March, 1997.

[NOTARIAL SEAL]

James K. Hill
Notary Public

My Commission Expires: 2/17/99

SECOND SUPPLEMENTAL INDENTURE

between

JEFFERSON COUNTY, ALABAMA

and

THE BANK OF NEW YORK

Dated as of March 1, 1999

Relating to

\$952,695,000

JEFFERSON COUNTY, ALABAMA

**Sewer Revenue Capital Improvement Warrants
Series 1999-A**

C.1-B

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between
JEFFERSON COUNTY, ALABAMA
and
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SECOND SUPPLEMENTAL INDENTURE between **JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (herein called the "County"), and **THE BANK OF NEW YORK**, a New York banking corporation and the successor to AmSouth Bank of Alabama in its capacity as Trustee under that certain Trust Indenture of the County dated as of February 1, 1997 (said banking corporation in such capacity, as well as any successor trustee under said Trust Indenture, being herein called the "Trustee"),

RECITALS

Under and pursuant to the provisions of the aforesaid Trust Indenture (herein called the "Original Indenture"), the County has heretofore issued \$211,040,000 principal amount of Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997 (herein called the "Series 1997-A Warrants"), \$48,020,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997 (herein called the "Series 1997-B Warrants"), and \$52,880,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-C, dated February 15, 1997 (herein called the "Series 1997-C Warrants"). The Series 1997-A Warrants, the Series 1997-B Warrants and the Series 1997-C Warrants were issued to refund certain indebtedness of the County that had been incurred to pay the costs of certain capital improvements to the County's sanitary sewer system (herein called the "System").

Under the provisions of Article X of the Original Indenture, the County has reserved the right to issue, upon compliance with the conditions precedent set forth in said Article X, additional warrants, bonds, notes or other forms of indebtedness (herein called "Additional Parity Securities"), to be secured on a parity with securities previously issued under the Indenture, for the purposes of refunding any outstanding obligations of the County issued to finance capital improvements to the System and of financing the costs of acquiring and constructing capital improvements to the System. The County has heretofore issued as Additional Parity Securities its \$296,395,000 aggregate principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997 (herein called the "Series 1997-D Warrants"). The Series 1997-D Warrants were issued under the Original Indenture, as supplemented and amended by a First Supplemental Indenture dated as of March 1, 1997 (herein called the "First Supplemental Indenture"), between the County and the Trustee.

The County proposes to sell and issue the Series 1999-A Warrants hereinafter referred to in order to obtain funds to pay the costs of capital improvements to the System. The County has, by proper official action and pursuant to the provisions of the Original Indenture, duly authorized said Series 1999-A Warrants, which are to be secured by the Original Indenture, as supplemented hereby and by the First Supplemental Indenture, on a parity with the outstanding Series 1997-A Warrants, Series 1997-B Warrants, Series 1997-C Warrants and Series 1997-D Warrants (herein together called the "Outstanding Parity Securities"). This Second Supplemental Indenture has been executed and delivered in order to specify the details with respect to said Series 1999-A Warrants and to provide for certain other matters set forth herein.

NOW, THEREFORE, THIS
SECOND SUPPLEMENTAL INDENTURE

WITNESSETH:

It is hereby agreed among the County, the Trustee and the holders at any time of said Series 1999-A Warrants (the holders of said warrants evidencing their consent hereto by the acceptance of said warrants), each with each of the others, as follows:

ARTICLE I

DEFINITIONS, FINDINGS AND USE OF PHRASES

Section 1.1 **New Definitions.** Unless the context clearly indicates a different meaning, the following words and phrases, as used in this Second Supplemental Indenture, shall have the following respective meanings:

"Second Supplemental Indenture" or **"this Second Supplemental Indenture"** means this Second Supplemental Indenture.

"Series 1999 Insurance Policy" means the municipal bond new issue insurance policy issued by the Bond Insurer that guarantees payment of principal of and interest on the Series 1999-A Warrants.

"Series 1999-A Capitalized Interest Account" means the special account with that name established in Section 5.4 hereof.

"Series 1999-A Issuance Costs" means the reasonable costs and expenses of issuing and selling the Series 1999-A Warrants, including, without limitation, the fees and expenses of Bond Counsel to the County, the acceptance fee of the Trustee, the fees of any Rating Agency rating the Series 1999-A Warrants, bond insurance premiums, accounting fees, financial advisory fees, underwriters' commissions and discounts, the costs of printing the Official Statement for the Series 1999-A Warrants, and other usual and customary expenses.

"Series 1999-A Warrants" means the County's Sewer Revenue Capital Improvement Warrants, Series 1999-A, authorized to be issued in the aggregate principal amount of \$952,695,000.

"1999 Construction Fund" means the Jefferson County Sewer System 1999 Construction Fund created in Section 3.2 hereof.

"1999 System Improvements" means the System Improvements, the costs of which are to be financed, in whole or in part, through the issuance of the Series 1999-A Warrants.

Section 1.2 **Findings.** The Governing Body has ascertained and does hereby find and declare as follows:

(a) Purposes for which Additional Parity Securities may be Issued. In the Original Indenture, the County has reserved the right to issue, upon compliance with the conditions precedent set forth therein, additional warrants, bonds, notes or other obligations that are secured on a parity with the Outstanding Parity Securities, as respects the pledge of the revenues derived by the County from the operation of the System, for the purposes of financing the costs of constructing or acquiring any System Improvements and refunding or retiring all or any portion of any one or more series of Parity Securities then outstanding under the Indenture or any other obligations of the County issued to finance System Improvements.

(b) Purpose of the Series 1999-A Warrants. In order to comply with the requirements of the Consent Decree entered in those civil actions consolidated in the United States District Court, Northern District of Alabama, and styled *United States of America v. Jefferson County, Alabama, et al.*, Civil Action No. 94-G-2947-S, and *R. Allen Kipp, Jr., et al. and Cahaba River Society, Inc. v. Jefferson County, Alabama, et al.*, Civil Action No. 93-G-2492-S, and to otherwise provide for the expansion and improvement of the System, it is necessary, desirable and in the public interest for the County to issue the Series 1999-A Warrants to finance the costs of acquiring and constructing various System Improvements.

(c) No Default. No Event of Default and no event which, with the giving of notice or the passage of time or both, would constitute such an Event of Default, has occurred and is continuing.

(d) Parity Securities Previously Issued. No Parity Securities, other than the Outstanding Parity Securities, have heretofore been issued by the County under the Indenture, and the County now has no outstanding obligations payable from the revenues derived by the County from the operation of the System except the Outstanding Parity Securities.

(e) Revenue Forecast. The firm of Paul B. Krebs & Associates, Inc., has provided the County and the Trustee with a Revenue Forecast that satisfies the requirements of Section 10.2 of the Original Indenture with respect to the issuance of the Series 1999-A Warrants.

Section 1.3 **Use of Phrases.** "Herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter" and other equivalent words refer to this Second Supplemental Indenture

as an entirety and not solely to the particular portion thereof in which any such word is used. The terms used herein include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders.

Section 1.4 Definitions Contained in the Original Indenture. Unless the context clearly indicates a different meaning, any words, terms or phrases that are used in this Second Supplemental Indenture as defined terms without being herein defined shall have the meanings respectively given them in the Original Indenture.

Section 1.5 References to the Parity Securities and the Indenture. The County and the Trustee acknowledge and agree that, from and after the issuance by the County of the Series 1999 Warrants, any reference in the Original Indenture, in the First Supplemental Indenture or in this Second Supplemental Indenture to the "Parity Securities" shall, unless the context clearly and unequivocally indicates otherwise, be construed to include the Outstanding Parity Securities, the Series 1999 Warrants and any Additional Parity Securities hereafter issued.

The County and the Trustee further acknowledge and agree that, from and after the execution and delivery of this Second Supplemental Indenture, any reference in the Original Indenture, in the First Supplemental Indenture or in this Second Supplemental Indenture to the "Indenture" shall, unless the context clearly and unequivocally indicates otherwise, be construed to refer to the Original Indenture as supplemented and amended by the First Supplemental Indenture and this Second Supplemental Indenture. The provisions of the Original Indenture, to the extent they are not inconsistent with the provisions hereof, shall also apply to this Second Supplemental Indenture.

ARTICLE II

THE SERIES 1999-A WARRANTS

Section 2.1 Authorization and Description of the Series 1999-A Warrants and Places of Payment. Pursuant to the applicable provisions of the Act, and for the purposes of (i) providing for the payment of the costs of the 1999 System Improvements (including certain capitalized interest), (ii) providing for a deposit to the Reserve Fund established under the Indenture, and (iii) providing for the payment of the expenses of issuing the Series 1999-A Warrants, there are hereby authorized to be issued by the County \$952,695,000 in initial principal amount of its Sewer Revenue Capital Improvement Warrants, Series 1999-A. The Series 1999-A Warrants shall be dated March 1, 1999, shall be numbered from R-1 upwards in the order issued and shall be issued initially in the respective principal amounts of \$5,000 or any greater integral multiple thereof.

The Series 1999-A Warrants shall mature and become payable on the dates and in the amounts set forth below and shall bear interest from their respective dates payable on August 1, 1999, and on each February 1 and August 1 thereafter until maturity or earlier redemption at the per annum rates set forth below:

Series 1999-A Warrants

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
February 1, 2029	\$ 120,735,000	5.125%
February 1, 2033	281,240,000	5.00
February 1, 2036	252,560,000	5.375
February 1, 2038	193,225,000	5.75
February 1, 2039	104,935,000	5.125

The principal of and the interest on any Series 1999-A Warrant shall bear interest after their respective due dates until paid at the rate of interest borne by the principal of such Series 1999-A Warrant prior to maturity. Interest on the Series 1999-A Warrants shall be computed on the basis of a 360-day year of 12 consecutive 30-day months.

The principal of and interest on any Series 1999-A Warrant not paid when due shall bear interest after the respective due dates thereof until paid at the rate of interest borne by the principal of such Series 1999-A Warrant prior to maturity. The Series 1999-A Warrants shall be initially issued and registered in the names of such Holders as shall be designated by the initial purchasers of the Series 1999-A Warrants. The principal of and the interest and premium (if any) on the Series 1999-A Warrants shall be payable at the principal office of the Trustee in New York, New York, in accordance with the provisions of Section 3.2 of the Original Indenture. As used in the Indenture with respect to the Series 1999-A Warrants, the term "Paying Agent" means the Trustee.

Section 2.2 Optional Redemption of Series 1999-A Warrants. The Series 1999-A Warrants will be subject to redemption and prepayment prior to their stated maturities, at the option of the County, as a whole or in part, on February 1, 2009, and on any date thereafter, at and for the following respective redemption prices (expressed in percentages of the principal amount of each Series 1999-A Warrant or portion thereof to be redeemed) plus accrued interest to the date fixed for redemption:

<u>Redemption Period</u>	<u>Redemption Price</u>
February 1, 2009, through January 31, 2010	101%
February 1, 2010, through January 31, 2011	100-1/2
February 1, 2011, or thereafter	100

The Series 1999-A Warrants may be redeemed only in installments of \$5,000 or any integral multiple thereof. In the event that less than all of the Series 1999-A Warrants of a particular maturity are redeemed and prepaid pursuant to this Section 2.2, the Trustee shall select by lot the Series 1999-A Warrants (or portions of the principal thereof) of such maturity to be redeemed and prepaid.

The redemption of Series 1999-A Warrants pursuant to this section shall comply with the applicable provisions of Article VI of the Original Indenture and Section 2.5 hereof, with the provisions of Section 2.5 particularly applicable to the Series 1999-A Warrants to govern in the case of any conflict.

Section 2.3 Scheduled Mandatory Redemption of Series 1999-A Warrants. Those of the Series 1999-A Warrants maturing on February 1, 2029, shall be subject to scheduled mandatory redemption on February 1, 2028, in the principal amount of \$58,820,000. Series 1999-A Warrants in the aggregate principal amount of \$61,915,000 will remain to be paid at their scheduled maturity on February 1, 2029.

Those of the Series 1999-A Warrants maturing on February 1, 2033, shall be subject to scheduled mandatory redemption on the following respective dates and in the following respective principal amounts:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2030	\$ 65,125,000
February 1, 2031	68,465,000
February 1, 2032	71,980,000

Series 1999-A Warrants in the aggregate principal amount of \$75,670,000 will remain to be paid at their scheduled maturity on February 1, 2033.

Those of the Series 1999-A Warrants maturing on February 1, 2036, shall be subject to scheduled mandatory redemption on the following respective dates and in the following respective principal amounts:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2034	\$ 79,705,000
February 1, 2035	84,105,000

Series 1999-A Warrants in the aggregate principal amount of \$88,750,000 will remain to be paid at their scheduled maturity on February 1, 2036.

Those of the Series 1999-A Warrants maturing on February 1, 2038, shall be subject to scheduled mandatory redemption on February 1, 2037, in the principal amount of \$93,835,000. Series 1999-A Warrants in the aggregate principal amount of \$99,390,000 will remain to be paid at their scheduled maturity on February 1, 2038.

The Series 1999-A Warrants shall be redeemed pursuant to the provisions of this section at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, and such redemption shall be effected in accordance with the applicable provisions of Article VI of the Original Indenture and Section 2.5 hereof, with the provisions of Section 2.5 particularly applicable to the Series 1999-A Warrants to govern in the case of any conflict.

Not less than forty-five (45) days or more than sixty (60) days prior to each scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, as provided in Section 2.5 hereof, Series 1999-A Warrants (or portions thereof) from the maturity subject to mandatory redemption on such date in an aggregate principal amount equal to the amount required to be redeemed and shall call such Series 1999-A Warrants (or portions thereof) for redemption on such scheduled mandatory redemption date; provided, however, that the County may, upon direction delivered to the Trustee not less than sixty (60) days prior to any such scheduled mandatory redemption date with respect to Series 1999-A Warrants of a particular maturity, direct that any or all of the following amounts be credited against the principal amount of Series 1999-A Warrants of such maturity scheduled for redemption on such date: (i) the principal amount of Series 1999-A Warrants of such maturity delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of Series 1999-A Warrants of such maturity previously redeemed pursuant to the optional redemption provisions of Section 2.2 hereof and not previously claimed as a credit.

Section 2.4 Purchase of Series 1999-A Warrants for Retirement. The County may at any time and from time to time purchase Series 1999-A Warrants for retirement using funds from any source. Any Series 1999-A Warrants so purchased for retirement shall be delivered by the County to the Trustee, together with a written order of an authorized officer of the County for their cancellation, whereupon such purchased Series 1999-A Warrants shall be cancelled by the Trustee. In the event that the County elects to purchase any Series 1999-A

Warrants for retirement, the Trustee may, if requested to do so by the County, solicit for tenders of Series 1999-A Warrants by holders thereof who wish to sell such Series 1999-A Warrants to the County.

Section 2.5 Special Provisions Respecting Partial Redemption of Series 1999-A Warrants. The principal of any Series 1999-A Warrants shall be redeemed only in the amount of \$5,000 or any integral multiple thereof. If less than all the outstanding Series 1999-A Warrants are to be redeemed on any single redemption date pursuant to Section 2.2 hereof, those to be redeemed shall be called for redemption from such maturity or maturities as shall be specified by the County. If less than all the Series 1999-A Warrants of a single maturity are to be called for redemption on any single redemption date, the Trustee shall assign a number or other unique designation to each \$5,000 in principal amount of the Series 1999-A Warrants of such maturity then outstanding and select by lot, from among all such numbers or other unique designations associated with the Series 1999-A Warrants then outstanding, numbers or other unique designations representing an aggregate principal amount equal to the principal amount of the Series 1999-A Warrants of such maturity to be so called for redemption, whereupon there shall be called for redemption an amount of the unpaid principal of each Series 1999-A Warrant of such maturity equal to the principal amount represented by the numbers or other unique designations related thereto that were so selected.

Section 2.6 Form of Series 1999-A Warrants. The Series 1999-A Warrants and the Trustee's authentication certificate and the form of assignment and related signature guaranty applicable thereto shall be in substantially the following forms, respectively, with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof:

No. R-_____

\$ _____

UNITED STATES OF AMERICA

STATE OF ALABAMA

JEFFERSON COUNTY, ALABAMA

**SEWER REVENUE CAPITAL IMPROVEMENT WARRANT
Series 1999-A**

Interest Rate

Maturity Date

CUSIP

JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama (herein called the "County"), hereby acknowledges itself indebted to and orders and directs the County Treasurer of the County to pay to _____, or registered assigns, solely out of the revenues hereinafter referred to, the principal sum of

D O L L A R S

on the maturity date specified above, with interest thereon from the date hereof until the maturity hereof at the per annum rate specified above (computed on the basis of a 360-day year of twelve consecutive 30-day months), payable on August 1, 1999, and semiannually thereafter on each February 1 and August 1 until maturity or earlier redemption. The principal of and the premium (if any) on this warrant shall be payable in lawful money of the United States of America at the principal corporate trust office of The Bank of New York in New York, New York, or its successors as Trustee under the Indenture hereinafter referred to, and the interest payable on this warrant on each interest payment date shall be remitted, by the Trustee hereinafter referred to, by check or draft mailed or otherwise delivered to the registered holder hereof at the address shown on the registry books of the said Trustee. The principal of and the interest and premium (if any) on this warrant shall bear interest after their respective due dates until paid at the per annum rate shown above.

This warrant is one of a duly authorized issue or series of warrants authorized to be issued in the aggregate principal amount of \$952,695,000 and designated Sewer Revenue Capital Improvement Warrants, Series 1999-A (herein called the "Series 1999-A Warrants"). The Series 1999-A Warrants have been issued, on a parity with the Outstanding Parity Securities hereinafter referred to, under a Trust Indenture dated as of February 1, 1997 (herein called the "Original

Indenture"), between the County and The Bank of New York, Birmingham, Alabama, as Trustee (herein, in such capacity, together with its successors in trust, called the "Trustee"), as supplemented and amended by a First Supplemental Indenture dated as of March 1, 1997 (herein called the "First Supplemental Indenture"), and by a Second Supplemental Indenture dated as of March 1, 1999 (herein called the "Second Supplemental Indenture"). The County has heretofore issued under the Original Indenture, as supplemented and amended by the First Supplemental Indenture, \$211,040,000 principal amount of its Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997, \$48,020,000 principal amount of its Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997, \$52,880,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-C, dated February 15, 1997, and \$296,395,000 principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997 (all of which are herein together called the "Outstanding Parity Securities"). As used herein, the term "Indenture" means the Original Indenture as supplemented and amended by the First Supplemental Indenture and the Second Supplemental Indenture.

The Series 1999-A Warrants are subject to redemption and prepayment prior to maturity, at the option of the County, as a whole or in part, from such maturity or maturities as shall be specified by the County, on February 1, 2009, and on any date thereafter, such redemption to be at and for the following respective redemption prices (expressed as a percentage of the principal amount redeemed) plus accrued interest to the date fixed for redemption:

<u>Redemption Period</u>	<u>Redemption Price</u>
February 1, 2009, through January 31, 2010	101%
February 1, 2010, through January 31, 2011	100-1/2
February 1, 2011, or thereafter	100

The Series 1999-A Warrants having a stated maturity on February 1, 2029, are subject to scheduled mandatory redemption, at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, in the principal amount of \$58,820,000 on February 1, 2028.

The Series 1999-A Warrants having a stated maturity on February 1, 2033, are subject to scheduled mandatory redemption, at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, in the following principal amounts on the following dates:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2030	\$ 65,125,000
February 1, 2031	68,465,000
February 1, 2032	71,980,000

The Series 1999-A Warrants having a stated maturity on February 1, 2036, are subject to scheduled mandatory redemption, at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, in the following principal amounts on the following dates:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2034	\$ 79,705,000
February 1, 2035	84,105,000

The Series 1999-A Warrants having a stated maturity on February 1, 2038, are subject to scheduled mandatory redemption, at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, in the principal amount of \$93,835,000 on February 1, 2037.

Not less than forty-five (45) days or more than sixty (60) days prior to each scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, by lot, Series 1999-A Warrants (or portions thereof) from the maturity subject to mandatory redemption on such date in an aggregate principal amount equal to the amount required to be redeemed and shall call such Series 1999-A Warrants (or portions thereof) for redemption on such scheduled mandatory redemption date; provided, however, that the County may, upon direction delivered to the Trustee not less than sixty (60) days prior to any such scheduled mandatory redemption date with respect to Series 1999-A Warrants of a particular maturity, direct that any or all of the following amounts be credited against the principal amount of Series 1999-A Warrants of such maturity scheduled for redemption on such date: (i) the principal amount of Series 1999-A Warrants of such maturity delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of Series 1999-A Warrants of such maturity previously redeemed pursuant to the applicable optional redemption provisions and not previously claimed as a credit.

If less than all of the outstanding Series 1999-A Warrants of a particular maturity are to be called for redemption, the Series 1999-A Warrants (or principal portions thereof) to be redeemed shall be selected by the Trustee by lot in the principal amounts designated to the Trustee by the County or otherwise as required by the Indenture. In the event any of the Series

1999-A Warrants are called for redemption, the Trustee shall give notice, in the name of the County, of the redemption of such Warrants, which notice shall state that on the redemption date the Series 1999-A Warrants to be redeemed shall cease to bear interest. Such notice shall be given by mailing a copy thereof by registered or certified mail at least thirty (30) days prior to the date fixed for redemption to the holders of the Series 1999-A Warrants to be redeemed at the addresses shown on the registration books of the Trustee; provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of the redemption of any of the Series 1999-A Warrants for which notice was properly given. Any Series 1999-A Warrants which have been duly selected for redemption and which are deemed to be paid in accordance with the Indenture shall cease to bear interest on the date fixed for redemption and shall thereafter cease to be entitled to any lien, benefit or security under the Indenture.

Under the Indenture, the Outstanding Parity Securities and the Series 1999-A Warrants are equally and ratably secured by a pledge of certain revenues from the sanitary sewer system of the County (herein, as it may at any time exist, called the "System") that remain after the payment of the expenses of operating and maintaining the System. Upon compliance with certain conditions specified in the Indenture, the County may issue additional securities (without limitation as to principal amount) that are secured by the Indenture on a parity with the Outstanding Parity Securities and the Series 1999-A Warrants with respect to the pledge of the aforesaid revenues from the System (the Outstanding Parity Securities, the Series 1999-A Warrants and all such additional securities being herein together called the "Parity Securities").

The holders of the Parity Securities shall never have the right to demand payment of the Parity Securities out of any funds raised or to be raised by taxation or from any source whatsoever, except the payments and amounts described in this warrant and the Indenture. Except for the revenues from the System and the other moneys that may be held by the Trustee under the Indenture, no property of the County is encumbered by any lien or security interest for the benefit of the holder of this warrant. Neither the faith and credit, nor the taxing power, of the State of Alabama or the County, or any other public corporation, subdivision or agency of the State of Alabama or the County, is pledged to the payment of the principal of or the interest or premium (if any) on this warrant.

The transfer of this warrant shall be registered upon the registration books kept at the principal corporate office of the Trustee, at the written request of the holder hereof or his attorney duly authorized in writing, upon surrender of this warrant at said office, together with a written instrument of transfer satisfactory to the Trustee duly executed by the holder hereof or his duly authorized attorney. Upon payment of any required tax or other governmental charge, this warrant may, upon the surrender hereof at the principal corporate trust office of the Trustee, be exchanged for an equal aggregate principal amount of Series 1999-A Warrants of the same maturity in any other authorized denominations.

The Trustee shall not be required to transfer or exchange this warrant during the period of fifteen days next preceding any interest payment date with respect hereto. In the event that this warrant (or any principal portion hereof) is duly called for redemption and prepayment, the

Trustee shall not be required to transfer or exchange this warrant during the period of thirty days next preceding the date fixed for such redemption and prepayment.

Except as provided in the Indenture, the registered holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto.

With certain exceptions as provided therein, the Indenture may be modified or amended only with the consent of the holders of a majority in aggregate principal amount of all Parity Securities outstanding under the Indenture.

Reference is hereby made to the Indenture, a copy of which is on file with the Trustee, for the provisions thereof concerning the nature and extent of the rights, duties and obligations of the County, the Trustee and the holders of the Parity Securities. The registered holder of this warrant, by the acceptance hereof, is deemed to have agreed and consented to the terms and provisions of the Indenture.

The County and the Trustee may deem and treat the person in whose name this warrant is registered as the absolute owner hereof for all purposes, whether or not any principal of or interest on this warrant is overdue, and neither the County nor the Trustee shall be affected by any notice to the contrary.

It is hereby certified, recited and declared that all acts, conditions and things required by the constitution and laws of the State of Alabama to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this warrant, do exist, have happened and have been performed in regular and due form as required by law.

No covenant or agreement contained in this warrant or the Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the County in his individual capacity, and neither the members of the governing body of the County, nor any official executing this warrant, shall be liable personally on this warrant or be subject to any personal liability or accountability by reason of the issuance or sale of this warrant.

This warrant shall not be entitled to any right or benefit under the Indenture, or be valid or become obligatory for any purpose, until this warrant shall have been authenticated by the execution by the Trustee, in its capacity as paying agent for the Series 1999-A Warrants, of the certificate of authentication inscribed hereon.

IN WITNESS WHEREOF, the County has caused this warrant to be executed in its name and behalf with the facsimile signature of the President of its County Commission, has caused a facsimile of its official seal to be hereunto imprinted, has caused the signature of the aforesaid President to be attested by the Minute Clerk of its County Commission, who has caused a facsimile of her signature to be imprinted hereon, and has caused this warrant to be dated March 1, 1999.

JEFFERSON COUNTY, ALABAMA

By _____
President of the County Commission

ATTEST:

Minute Clerk of the
County Commission

[S E A L]

AUTHENTICATION CERTIFICATE

DATE OF AUTHENTICATION: _____

This warrant is one of the Series 1999-A Warrants described in the within-mentioned Trust Indenture.

**THE BANK OF NEW YORK,
as Paying Agent**

By _____
Its Authorized Officer

[Form for Assignment]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within warrant and hereby irrevocably constitutes and appoints _____ attorney, with full power of substitution in the premises, to transfer the within warrant on the books kept for registration thereof by the within-mentioned Trustee.

Dated this _____ day of _____, _____.

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears upon the face of the within warrant in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

(Bank, Trust Company or Firm)*

By _____
(Authorized Officer)

Medallion Number: _____

*Signature(s) must be guaranteed by an eligible guarantor institution which is a member of a recognized signature guarantee program, i.e., Securities Transfer Agents Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP), or New York Stock Exchange Medallion Signature Program (MSP).

Section 2.7 Execution and Delivery of Series 1999-A Warrants. The Series 1999-A Warrants shall be forthwith executed and delivered to the Trustee and shall be authenticated and delivered by the Trustee from time to time upon receipt by the Trustee of an order signed on behalf of the County by the President of the Governing Body requesting such authentication and delivery and designating the Person or Persons to receive the same or any part thereof.

Section 2.8 Application of Proceeds from the Sale of Series 1999-A Warrants. The entire proceeds derived from the sale of the Series 1999-A Warrants shall amount to \$950,651,846.61. All of such proceeds (except for the sum of \$2,857,291,08, which shall be paid directly to the Bond Insurer by Raymond James & Associates, Inc., acting on behalf of the County) shall be paid to the Trustee and promptly thereafter applied by the Trustee for the following purposes and in the following order:

- (a) payment into the Series 1999-A Capitalized Interest Account of that portion of such proceeds (if any) that is allocable to accrued interest;
- (b) payment into the Series 1999-A Capitalized Interest Account [in addition to the deposit described in subparagraph (a)] of the sum of \$135,867,918.79;
- (c) payment into the Reserve Fund of the sum of \$69,615,168.62; and
- (d) payment of the balance into the 1999 Construction Fund.

ARTICLE III

AGREEMENTS RESPECTING CONSTRUCTION OF 1999 SYSTEM IMPROVEMENTS AND USE OF MONEYS IN 1999 CONSTRUCTION FUND

Section 3.1 Agreement to Construct 1999 System Improvements. The County will proceed continuously and with reasonable dispatch with the acquisition, construction and installation of the various System Improvements that constitute part of the County's Sanitary Sewer Capital Improvement Program. The County will complete the acquisition, construction and installation of the 1999 System Improvements, including the acquisition of such real estate (and interests therein) as may be necessary therefor, as soon as may be practicable, delays incident to strikes, riots, acts of God and the public enemy and similar acts beyond the reasonable control of the County only excepted. The County will promptly pay, as and when due, all expenses incurred in said acquisition, construction and installation.

Section 3.2 Creation of 1999 Construction Fund; Purposes for Which Moneys Therein May Be Expended. There is hereby created a special trust fund, the full name of which shall be the "Jefferson County Sewer System 1999 Construction Fund," for the purpose of providing funds for the acquisition, construction and installation of the 1999 System Improvements. The Trustee shall be and remain the depository, custodian and disbursing agent for the 1999 Construction Fund. Except as otherwise provided in Section 4.3(c) hereof, the moneys in

the 1999 Construction Fund shall be paid out from time to time by the Trustee for the following purposes only and only upon presentation of requisitions as described in Section 3.3 hereof:

- (a) payment of Series 1999-A Issuance Costs;
- (b) payment of the reasonable expenses and charges of the Trustee in connection with the 1999 Construction Fund;
- (c) payment for labor, services, materials, supplies and equipment furnished in acquiring, constructing and installing the 1999 System Improvements;
- (d) payment of the costs of acquiring any real estate (including easements and other interests therein) for the construction or installation thereon of any part or parts of the 1999 System Improvements; and
- (e) payment of all expenses (including the fees and expenses of engineers and attorneys and recording fees) incurred in connection with matters referred to in the preceding subsections (c) and (d) of this section.

Section 3.3 Payments from the 1999 Construction Fund. All requisitions for disbursements from the 1999 Construction Fund shall be signed by an Authorized County Representative and shall (a) state the amount required to be paid and the name and address of the Person to whom payment is to be made, (b) describe in reasonable detail the particular Improvement Cost or issuance expense to be paid, and (c) certify that the purpose for which such payment is to be made is a purpose for which 1999 Construction Fund moneys are authorized under the Second Supplemental Indenture to be expended. If the payment requested is for work or materials for construction of any of the 1999 System Improvements, such requisition shall be approved by the engineer (if any) employed by the County to supervise the construction of such 1999 System Improvements.

In addition to the documents required by this section the Trustee may require as a condition precedent to any disbursement further evidence with respect thereto or with respect to the application of any moneys previously disbursed or as to the correctness of any statement made in any requisition. Upon the written request of the Holders of at least ten percent (10%) of the aggregate principal amount of the Parity Securities, the Trustee shall require such evidence. The Trustee shall, however, be under no duty to require such evidence unless so requested. The Trustee shall not be liable for any misapplication of moneys in the 1999 Construction Fund if disbursed pursuant to the provisions of this section and without knowledge or reason to believe that such disbursement constituted a misapplication of funds.

Section 3.4 Security for 1999 Construction Fund Moneys. The moneys at any time on deposit in the 1999 Construction Fund shall be and at all times remain public funds impressed

with a trust for the purposes specified in Section 3.2 hereof. The Trustee shall at all times keep the moneys on deposit in the 1999 Construction Fund continuously secured, for the benefit of the County and the Holders of the Parity Securities, either

(a) by holding on deposit, as collateral security, Federal Obligations, or other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency, having a market value (exclusive of accrued interest) not less than the amount of moneys on deposit in the 1999 Construction Fund, or

(b) if the furnishing of security in the manner provided by the foregoing clause (a) of this section is not permitted by the then applicable law and regulations, then in such other manner as may be required or permitted by the then applicable state and federal laws and regulations respecting the security for, or granting a preference in the case of, the deposit of trust funds;

provided, however, that it shall not be necessary for the Trustee so to secure any portion of the moneys on deposit in the 1999 Construction Fund (i) that is invested in Federal Obligations or pursuant to an agreement described in clause (v) of the definition of "Eligible Investments" in the Original Indenture, or (ii) that is insured by the Federal Deposit Insurance Corporation or any agency of the United States of America that may succeed to its functions.

Section 3.5 Investment of 1999 Construction Fund. As promptly as practicable following the execution and delivery of this Second Supplemental Indenture and from time to time thereafter, the County will furnish to the Trustee a written certificate stating the approximate dates when the moneys on deposit in the 1999 Construction Fund will be needed for the various purposes for which such fund is being created. Promptly after receipt of each such certificate, the Trustee will, at the direction of the County and to the extent practicable, cause the 1999 Construction Fund moneys to be invested in Eligible Investments having stated maturities in such amounts and at such times, prior to or corresponding with the amounts and dates specified in said certificate, as to make available from the 1999 Construction Fund cash moneys sufficient to meet the needs of the 1999 Construction Fund as specified in said certificate. Any such certificate may contain either specific or general instructions from the County as to the kind of Eligible Investments in which the presently unneeded moneys in the 1999 Construction Fund are to be invested, and the Trustee will comply with such instructions to the extent that they are not inconsistent with the applicable provisions hereof; provided that the County shall not direct the Trustee to make any investment of moneys in the 1999 Construction Fund that would result in any of the Parity Securities being considered "arbitrage bonds" within the meaning of Section 103(b)(2) and Section 148 of the Code and the applicable regulations thereunder. In the event of any such investment, the securities in which such moneys are so invested, together with all income derived therefrom, shall become a part of the 1999 Construction Fund to the same extent as if they were moneys originally deposited therein. The Trustee may at any time and from time to time sell or otherwise convert into cash any such

securities, whereupon the net proceeds therefrom shall become a part of the 1999 Construction Fund. The Trustee shall be fully protected in making any such investment, sale or conversion in accordance with the provisions of this section. In any determination of the amount of moneys at any time forming a part of the 1999 Construction Fund, all such securities in which any portion of the 1999 Construction Fund is at the time so invested shall be included therein at their then market value.

ARTICLE IV

PROVISIONS CONCERNING THE SERIES 1999-A INSURANCE POLICY

Section 4.1 Payments Under the Series 1999-A Insurance Policy. (a) If, on the third day preceding any Interest Payment Date for the Series 1999-A Warrants, there is not on deposit with the Trustee sufficient moneys available to pay all principal of and interest on the Series 1999-A Warrants due on such date, the Trustee shall immediately notify the Bond Insurer and State Street Bank and Trust Company, N.A., New York, New York, or its successor as the Bond Insurer's Fiscal Agent (the "Fiscal Agent"), of the amount of such deficiency. If, by said Interest Payment Date, the County has not provided the amount of such deficiency, the Trustee shall simultaneously make available to the Bond Insurer and to the Fiscal Agent the registration books for the Series 1999-A Warrants maintained by the Trustee. In addition:

(i) the Trustee shall provide the Bond Insurer with a list of the Holders of the Series 1999-A Warrants entitled to receive principal or interest payments from the Bond Insurer under the terms of the Series 1999-A Insurance Policy and shall make arrangements for the Bond Insurer and its Fiscal Agent (1) to mail checks or drafts to the Holders of Series 1999-A Warrants entitled to receive full or partial interest payments from the Bond Insurer and (2) to pay principal of the Series 1999-A Warrants surrendered to the Fiscal Agent by the Holders thereof entitled to receive full or partial principal payments from the Bond Insurer; and

(ii) the Trustee shall, at the time it makes the registration books available to the Bond Insurer, notify Holders entitled to receive payment of principal of or interest on the Series 1999-A Warrants from the Bond Insurer (1) as to the fact of such entitlement, (2) that the Bond Insurer will remit to them all or part of the interest payments coming due subject to the terms of the Series 1999-A Insurance Policy, (3) that, except as provided in paragraph (b) below, in the event that any Holder of Series 1999-A Warrants is entitled to receive full payment of principal from the Bond Insurer, such Holder must tender his Series 1999-A Warrant to the Fiscal Agent with the instrument of transfer in the form provided on the Series 1999-A Warrant executed in the name of the Bond Insurer, and (4)

that, except as provided in paragraph (b) below, in the event that such Holder is entitled to receive partial payment of principal from the Bond Insurer, such Holder must tender his Series 1999-A Warrant for payment first to the Trustee, which shall note on such Series 1999-A Warrant the portion of principal paid by the Trustee, and then, with an acceptable form of assignment executed in the name of the Bond Insurer, to the Fiscal Agent, which will then pay the unpaid portion of principal to the Holder subject to the terms of the Series 1999-A Insurance Policy.

(b) In the event that the Trustee has notice that any payment of principal of or interest on a Series 1999-A Warrant has been recovered from a Holder thereof pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time it provides notice to the Bond Insurer, notify all Holders of Series 1999-A Warrants that, in the event that any such Holder's payment is so recovered, such Holder will be entitled to payment from the Bond Insurer to the extent of such recovery, and the Trustee shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the Series 1999-A Warrants which have been made by the Trustee and subsequently recovered from Holders, and the dates on which such payments were made.

(c) The Bond Insurer shall, to the extent it makes payment of principal of or interest on the Series 1999-A Warrants, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 1999-A Insurance Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books maintained by the Trustee upon receipt from the Bond Insurer of proof of the payment of interest thereon to the Holders of such Series 1999-A Warrants and (2) in the case of subrogation as to claims for past due principal, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books for the Series 1999-A Warrants maintained by the Trustee upon receipt of proof of the payment of principal thereof to the Holders of such Series 1999-A Warrants. Notwithstanding anything in the Indenture or the Series 1999-A Warrants to the contrary, the Trustee shall make payment of such past due interest and past due principal directly to the Bond Insurer to the extent that the Bond Insurer is a subrogee with respect thereto.

Section 4.2 Information to be Provided to the Bond Insurer. The County shall provide the Bond Insurer with the following information:

(a) within 180 days after the end of each Fiscal Year of the County, a copy of the County's budget for the then current Fiscal Year, a copy of the County's annual audited financial statements for the most recently completed Fiscal Year, a statement of the amount on deposit in the Reserve Fund as of the last valuation and, if not presented in the audited financial statements, a statement

of the net revenues pledged to payment of the Parity Securities for the most recently completed Fiscal Year;

(b) the Official Statement or other disclosure document, if any, prepared in connection with the issuance of additional debt instruments payable from the System Revenues, whether or not such instruments constitute Additional Parity Securities, within 30 days after the sale thereof;

(c) notice of any draw upon, or any deficiency due to market fluctuation in the amount on deposit in, the Reserve Fund;

(d) notice of the redemption, other than mandatory sinking fund redemption, of any of the Parity Securities, including the principal amount, maturities and CUSIP numbers thereof

(e) simultaneously with the delivery of the County's annual audited financial statements:

(i) the number of System users as of the end of the most recently completed Fiscal Year;

(ii) notification of the withdrawal of any System user responsible for 5% or more of System Revenues since the last reporting date;

(iii) any significant plant retirements or expansions planned or undertaken in the System's service area since the last reporting date;

(iv) maximum and average daily System usage for the most recently completed Fiscal Year;

(v) any updated capital plans for expansion and improvement projects; and

(vi) results of any annual engineering inspections.

(f) such additional information as the Bond Insurer may reasonably request from time to time.

Section 4.3 Miscellaneous Special Provisions Respecting the Bond Insurer and the Series 1999-A Insurance Policy. (a) In determining whether a payment default has occurred or whether a payment on the Series 1999-A Warrants has been made under the Indenture, no effect shall be given to payments made under the Series 1999-A Insurance Policy.

(b) The Bond Insurer shall receive immediate notice of any default in payment of principal of or interest on the Series 1999-A Warrants and notice of any other Event of Default known to the Trustee within 30 days of the Trustee's knowledge thereof.

(c) The Trustee shall, if and to the extent that there are no other available moneys held under the Indenture, use moneys in the 1999 Construction Fund to pay principal of or interest on the Series 1999-A Warrants.

(d) For all purposes of Article XIII of the Original Indenture, except the giving of notice of default to Holders of Series 1999-A Warrants, the Bond Insurer shall be deemed to be the sole holder of the Series 1999-A Warrants it has insured for so long as it has not failed to comply with its payment obligations under the Series 1999-A Insurance Policy.

(e) No resignation or removal of the Trustee shall become effective until a successor has been appointed and has accepted the duties of Trustee. The Bond Insurer shall be furnished with written notice of the resignation or removal of the Trustee and the appointment of any successor thereto.

(f) The Bond Insurer shall be treated as a party in interest and as a party entitled to (i) notify the Trustee of the occurrence of an Event of Default and (ii) request the Trustee to intervene in judicial proceedings that affect the Series 1999-A Warrants or the security therefor.

(g) Any amendment or supplement to the Indenture shall be subject to the prior written consent of the Bond Insurer. The Bond Insurer shall be deemed to be the holder of all outstanding Series 1999-A Warrants for the purpose of consenting to any proposed amendment or supplement to the Indenture (except for any such amendment or supplement that, under the provisions of the Indenture, requires the consent of the Holder of each outstanding Series 1999-A Warrant). Any rating agency rating any of the Series 1999-A Warrants must receive notice of each amendment or supplement hereafter executed and a copy thereof at least fifteen days in advance of its execution or adoption.

(h) The Bond Insurer shall be provided with a full transcript of all proceedings relating to the execution of any Supplemental Indenture hereafter executed.

(i) Any notices to the Bond Insurer or the Fiscal Agent pursuant to the Indenture shall be sent to the following addresses (unless and until different addresses are specified in writing to the County and the Trustee):

Financial Guaranty Insurance Company
115 Broadway
New York, New York 10006
Attention: General Counsel

State Street Bank and Trust Company, N.A.
61 Broadway
New York, New York 10006
Attention: Corporate Trust Department

ARTICLE V

MISCELLANEOUS

Section 5.1 1999 System Improvements to Constitute Part of System. The 1999 System Improvements shall henceforth constitute part of the System referred to in the Indenture and shall be subject to the Indenture as fully and completely as if they had been in existence at the time the Original Indenture was executed and delivered and had been specifically described therein.

Section 5.2 Confirmation of Indenture. All the terms, covenants and conditions of the Indenture are hereby in all things confirmed, and they shall remain in full force and effect. Further, the County does hereby confirm the pledge made in the Indenture with respect to the revenues derived from all properties now or hereafter constituting a part of the System, including specifically, without limiting the generality of the foregoing, all properties acquired as a part of the System since the execution and delivery of the Original Indenture.

Section 5.3 Pledge of 1999 Construction Fund. For the purposes specified in Section 2.1 of the Original Indenture, the County does hereby grant, bargain, sell and convey, assign, transfer and pledge to and with the Trustee the moneys deposited in the 1999 Construction Fund, together with any investments and reinvestments of such moneys and the income or proceeds thereof; subject, however, to the disbursement of all moneys at any time held in the 1999 Construction Fund for application in accordance with the provisions of this Second Supplemental Indenture.

Section 5.4 Debt Service Fund Deposits Referable to Series 1999-A Warrants. In order to provide funds for the payment of the principal of and the interest on the Series 1999-A Warrants, there shall be transferred or paid into the Debt Service Fund, out of moneys held in the Revenue Account, the following amounts at the following times:

- (1) on or before the fourth day preceding August 1, 1999, and on or before the fourth day preceding each February 1 and August 1 thereafter until and including the fourth day preceding February 1, 2039, an amount equal to the interest becoming due with respect to the then outstanding Series 1999-A

Warrants on the next succeeding Interest Payment Date; provided that any moneys then held in the Series 1999-A Capitalized Interest Account hereinafter referred to shall be credited against the amounts that otherwise would be deposited into the Debt Service Fund pursuant to this clause (1); and

(2) on or before the fourth day preceding August 1, 2027, and on or before the fourth day preceding each February 1 and August 1 thereafter until and including the fourth day preceding February 1, 2039, an amount equal to one-half (1/2) of the principal amount of Series 1999-A Warrants maturing or required to be redeemed on the next succeeding February 1.

The Debt Service Fund deposits required by this Section 5.4 shall be in addition to the deposits respecting the Outstanding Parity Securities required by Section 11.2 of the Original Indenture and by Section 5.4 of the First Supplemental Indenture.

There is hereby created as part of the Debt Service Fund a new account, namely, the Series 1999-A Capitalized Interest Account. The Trustee shall be and remain the depository, custodian and disbursing agent for such account. Until all moneys deposited in such account have been spent, on each Interest Payment Date moneys from the Series 1999-A Capitalized Interest Account in an amount equal to the lesser of (a) the amount of interest on the Series 1999-A Warrants becoming due on such date and (b) the total amount then held in such account shall be applied for the payment of the interest then due and payable on the Series 1999-A Warrants. The County and the Trustee understand and agree that the moneys deposited in the Series 1999-A Capitalized Interest Account shall be invested pursuant to a repurchase agreement among J.P. Morgan Securities, Inc., the County and the Trustee.

Section 5.5 Book-Entry Procedures Applicable to Series 1999-A Warrants.

(a) Except as provided in Section 5.5(c) hereof, the registered owner of all of the Series 1999-A Warrants shall be The Depository Trust Company ("DTC") and the Series 1999-A Warrants shall be registered in the name of Cede & Co., as nominee of DTC. Payment of semiannual interest for any Series 1999-A Warrant registered as of a Record Date in the name of Cede & Co. shall be made by wire transfer to the account of Cede & Co. on the Interest Payment Date at the address indicated on the Record Date for Cede & Co. in the registry books of the County kept by the Paying Agent.

(b) The Series 1999-A Warrants shall be initially issued in the form of a separate single authenticated fully registered warrant in the principal amount of each separately stated maturity for each separate series. Upon initial issuance, the ownership of each such Series 1999-A Warrant shall be registered in the registry book of the County kept by the Paying Agent in the name of Cede & Co., as nominee of DTC. The Paying Agent and the County may treat DTC (or its nominee) as the sole and exclusive owner of the Series 1999-A Warrants registered in its name for the purposes of payment of the principal or redemption price of or interest on such Series 1999-A Warrants, selecting such Series 1999-A Warrants or portions thereof to be

redeemed, giving any notice permitted or required to be given to Holders of Series 1999-A Warrants under the Indenture, registering the transfer of Series 1999-A Warrants, obtaining any consent or other action to be taken by Holders of Series 1999-A Warrants and for all other purposes whatsoever; and neither the Paying Agent nor the County shall be affected by any notice to the contrary. Neither the Paying Agent nor the County shall have any responsibility or obligation to any DTC participant, any Person claiming a beneficial ownership interest in the Series 1999-A Warrants under or through DTC or any DTC participant, or any other Person which is not shown on the registration books of the County kept by the Paying Agent as being a Holder of Series 1999-A Warrants. The County and the Paying Agent shall have no responsibility with respect to the accuracy of any records maintained by DTC, Cede & Co. or any DTC participant with respect to any ownership interest in the Series 1999-A Warrants; the payment by DTC or any DTC participant to any beneficial owner of any amount in respect of the principal or redemption price of or interest on the Series 1999-A Warrants; the delivery to any DTC participant or any beneficial owner of any notice which is permitted or required to be given to Holders of the Series 1999-A Warrants under the Indenture; the selection by DTC or any DTC participant of any Person to receive payment in the event of a partial redemption of the Series 1999-A Warrants; or the authority for any consent given or other action taken by DTC as the Holder of Series 1999-A Warrants. The Paying Agent shall pay all principal of and premium, if any, and interest on the Series 1999-A Warrants only to Cede & Co., as nominee of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to the principal of and premium, if any, and interest on such Series 1999-A Warrants to the extent of the sum or sums so paid. Upon delivery by DTC to the Paying Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co. and direction to effect such change on the registry books maintained by the Paying Agent, the term "Cede & Co." in the Indenture shall refer to such new nominee of DTC.

(c) In the event the County determines that it is in the best interest of the beneficial owners of the Series 1999-A Warrants that they be able to obtain warrant certificates, the County may notify DTC and the Paying Agent of the availability through DTC of warrant certificates. In such event, the Paying Agent shall issue, transfer and exchange warrant certificates as requested by DTC and any other Holders of Series 1999-A Warrants in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 1999-A Warrants at any time by giving notice to the County and the Paying Agent and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the County and Paying Agent shall be obligated to deliver warrant certificates as described in the Indenture. In the event warrant certificates are issued to Holders of the Series 1999-A Warrants other than DTC, the provisions of Article V of the Original Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the County and the Paying Agent to do so, the County and the Paying Agent will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 1999-A Warrants to any DTC participant having Series 1999-A Warrants credited to its DTC account or (ii) to arrange for

another securities depository to maintain custody of certificates evidencing the Series 1999-A Warrants.

(d) Notwithstanding any other provision of the Indenture to the contrary, so long as any Series 1999-A Warrant is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such Series 1999-A Warrant and all notices with respect to such Series 1999-A Warrant shall be made and given to DTC as provided in the Representation Letter to be signed by the County and the Paying Agent on or prior to the date of issuance and delivery of the Series 1999-A Warrants and accepted by DTC. Without limitation of the foregoing, so long as any Series 1999-A Warrant is registered in the name of Cede & Co., as nominee of DTC, the Paying Agent shall send a copy of any notice of redemption by overnight delivery not less than thirty (30) days before the redemption date to DTC, but such mailing shall not be a condition precedent to such redemption and failure to so mail any such notice (or failure of DTC to advise any DTC participant, or any DTC participant to notify the beneficial owner, of any such notice or its content or effect) shall not affect the validity of the proceedings for the redemption of the Series 1999-A Warrants.

(e) In connection with any notice or other communication to be provided to Holders of the Series 1999-A Warrants pursuant to the Indenture by the County or the Paying Agent with respect to any consent or other action to be taken by Holders of the Series 1999-A Warrants, so long as any Series 1999-A Warrant is registered in the name of Cede & Co., as nominee of DTC, the County or the Paying Agent, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

(f) In the event of any inconsistency between the provisions of this Section 5.5 and any other provision of the Indenture or the forms of Series 1999-A Warrants, the provisions of this Section 5.5 shall govern so long as warrant certificates have not been issued to the Holders of the Series 1999-A Warrants other than DTC in accordance with Section 5.5(c) hereof.

Section 5.6 Amendment of Definition of "Maximum Annual Debt Service". Acting pursuant to Section 15.1 of the Original Indenture, and in order to correct an inadvertent technical error, the County and the Trustee hereby amend subparagraph (5) of the definition of "Maximum Annual Debt Service", for all purposes of the Indenture, to read as follows:

(5) the debt service payable with respect to any Parity Securities for which the County has entered into a Qualified Swap pursuant to which the County has agreed to make payments calculated by reference to variable interest rates shall be calculated as if the Parity Securities in question bore interest, during the term of such Qualified Swap, at a rate equal to the lowest of (A) for so long as any hedging agreement that establishes a cap rate with respect to such Qualified Swap remains in effect, such cap rate, or (B) the highest of (i) the actual rate of such Qualified Swap on the date of calculation, or if such Qualified Swap is not

yet in effect, the initial rate (if established and binding), (ii) if the Qualified Swap has been in effect for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) (x) if interest on the Parity Securities to which such Qualified Swap is referable is excludable from gross income under the applicable provisions of the Code, the most recently published Bond Buyer 25 Bond Revenue Index (or comparable index if no longer published) plus fifty (50) basis points, or (y) if interest on such Parity Securities is not so excludable, the interest rate on direct U.S. Treasury obligations with comparable maturities plus fifty (50) basis points;

Section 5.7 Tax Covenants. The County recognizes that the Holders of the Series 1999-A Warrants from time to time will have accepted them on, and paid therefor a price which reflects, the understanding that interest on the Series 1999-A Warrants is excluded from gross income for federal income tax purposes under the laws in force at the time the Series 1999-A Warrants shall have been delivered. In this connection the County covenants (i) that it will not take any action or omit to take any action if the taking of such action or the failure to take such action, as the case may be, will result in the interest on any of the Series 1999-A Warrants becoming includable in gross income for purposes of federal income taxation, (ii) that it will use the "proceeds" of the Series 1999-A Warrants and any other funds of the County in such a manner that the use thereof, as reasonably expected by the County at the time of issuance of the Series 1999-A Warrants, will not cause the Series 1999-A Warrants to be "arbitrage bonds" under Section 103(b)(2) and Section 148 of the Code and the regulations thereunder and (iii) that it will satisfy the requirements of Section 148(f) of the Code and the applicable regulations thereunder. The County further covenants and agrees that it will not permit at any time any "proceeds" of the Series 1999-A Warrants or any other funds of the County to be used, directly or indirectly, in a manner which would result in any Series 1999-A Warrant being classified as a "private activity bond" within the meaning of Section 141(a) of the Code. The officers and employees of the County shall execute and deliver from time to time, on behalf of the County, such certificates, instruments and documents as shall be deemed necessary or advisable to evidence compliance by the County with said Section 103(b)(2) and Section 148 and the regulations thereunder with respect to the use of the proceeds of the Series 1999-A Warrants. Such certificates, instruments and documents may contain such stipulations as shall be necessary or advisable in connection with the stated purpose of this section and the foregoing provisions hereof, and the County hereby covenants and agrees to comply with the provisions of any such stipulations throughout the term of the Series 1999-A Warrants.

Section 5.8 Article and Section Captions. The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

IN WITNESS WHEREOF, the County has caused this Second Supplemental Indenture to be executed in its name and behalf by the President of the Governing Body, has caused its official seal to be hereunto affixed and has caused this Second Supplemental Indenture to be attested by the Minute Clerk of the Governing Body, and the Trustee has caused this Second Supplemental Indenture to be executed in its corporate name and behalf, has caused its corporate seal to be hereunto affixed and has caused this Second Supplemental Indenture to be attested, by its duly authorized officers, all in ten (10) counterparts, each of which shall be deemed an original, and the County and the Trustee have caused this Second Supplemental Indenture to be dated as of March 1, 1999, although actually executed and delivered on March 16, 1999.

JEFFERSON COUNTY, ALABAMA

By *Sandy Bennett*
President of the County Commission

ATTEST:

Virginia Davidson
Minute Clerk of the
County Commission

[SEAL]

THE BANK OF NEW YORK, as Trustee under the
Trust Indenture of Jefferson County, Alabama,
dated as of February 1, 1997

By: The Bank of New York Trust Company
of Florida, N.A.,
Its Agent

By *Cory L. Jones*
Its ASSISTANT VICE PRESIDENT

ATTEST:

Michael P. Moya
Its ASSISTANT TREASURER

[SEAL]

STATE OF ALABAMA)
 :
 JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that Gary White, whose name as President of the County Commission of JEFFERSON COUNTY, ALABAMA, a political subdivision 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 county.

GIVEN under my hand and official seal of office, this 15 day of March, 1999.

[NOTARIAL SEAL]

Stacey R. Williams
Notary Public

My Commission Expires: 7-13-02

STATE OF ALABAMA)
 :
 JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that Caryl Jones, whose name as Asst. Vice President of THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A., a national banking association acting as agent for THE BANK OF NEW YORK, a New York banking corporation acting in its capacity as Trustee under the Trust Indenture of Jefferson County, Alabama, dated as of February 1, 1997, 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, she, as such officer and with full authority, executed the same voluntarily for and as the act of said banking association in its capacity as the agent of the Trustee as aforesaid.

GIVEN under my hand and official seal of office, this 15 day of March, 1999.

[NOTARIAL SEAL]

Stacey R. Williams
Notary Public

My Commission Expires: 7-13-02

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THIRD SUPPLEMENTAL INDENTURE

between

JEFFERSON COUNTY, ALABAMA

and

THE BANK OF NEW YORK

Dated as of March 1, 2001

Relating to

\$275,000,000

JEFFERSON COUNTY, ALABAMA

**Sewer Revenue Capital Improvement Warrants
Series 2001-A**

C.1-C

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between
JEFFERSON COUNTY, ALABAMA
and
THE BANK OF NEW YORK

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THIRD SUPPLEMENTAL INDENTURE between **JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (herein called the "County"), and **THE BANK OF NEW YORK**, a New York banking corporation and the successor to AmSouth Bank of Alabama in its capacity as Trustee under that certain Trust Indenture of the County dated as of February 1, 1997 (said banking corporation in such capacity, as well as any successor trustee under said Trust Indenture, being herein called the "Trustee"),

RECITALS

Under and pursuant to the provisions of the aforesaid Trust Indenture (herein called the "Original Indenture"), the County has heretofore issued \$211,040,000 principal amount of Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997 (herein called the "Series 1997-A Warrants"), \$48,020,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997 (herein called the "Series 1997-B Warrants"), and \$52,880,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-C, dated February 15, 1997 (herein called the "Series 1997-C Warrants"). The Series 1997-A Warrants, the Series 1997-B Warrants and the Series 1997-C Warrants were issued to refund certain indebtedness of the County that had been incurred to pay the costs of certain capital improvements to the County's sanitary sewer system (herein called the "System").

Under the provisions of Article X of the Original Indenture, the County has reserved the right to issue, upon compliance with the conditions precedent set forth in said Article X, additional warrants, bonds, notes or other forms of indebtedness (herein called "Additional Parity Securities"), to be secured on a parity with securities previously issued under the Indenture, for the purposes of refunding any outstanding obligations of the County issued to finance capital improvements to the System and of financing the costs of acquiring and constructing capital improvements to the System. The County has heretofore issued as Additional Parity Securities its (a) \$296,395,000 aggregate principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997 (herein called the "Series 1997-D Warrants") and (b) its \$952,695,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999 (herein called the "Series 1999-A Warrants"). The Series 1997-D Warrants and the Series 1999-A Warrants were issued under the Original Indenture, as supplemented and amended by the First Supplemental Indenture dated as of March 1, 1997 (herein called the "First Supplemental Indenture"), and the Second Supplemental Indenture dated as of March 1, 1999 (herein called the "Second Supplemental Indenture"), between the County and the Trustee.

The County proposes to sell and issue the Series 2001-A Warrants hereinafter referred to in order to obtain funds to pay the costs of additional capital improvements to the System. The County has, by proper official action and pursuant to the provisions of the Original Indenture (as heretofore supplemented), duly authorized said Series 2001-A Warrants, which are to be secured by the Original Indenture, as supplemented hereby and by the First and Second Supplemental Indentures, on a parity

with the outstanding Series 1997-A Warrants, Series 1997-B Warrants, Series 1997-C Warrants, Series 1997-D Warrants and Series 1999-A Warrants (herein together called the "Outstanding Parity Securities"). This Third Supplemental Indenture has been executed and delivered in order to specify the details with respect to said Series 2001-A Warrants and to provide for certain other matters set forth herein.

**NOW, THEREFORE, THIS
THIRD SUPPLEMENTAL INDENTURE**

W I T N E S S E T H:

It is hereby agreed among the County, the Trustee and the holders at any time of said Series 2001-A Warrants (the holders of said warrants evidencing their consent hereto by the acceptance of said warrants), each with each of the others, as follows:

ARTICLE I

DEFINITIONS, FINDINGS AND USE OF PHRASES

Section 1.1 **New Definitions.** Unless the context clearly indicates a different meaning, the following words and phrases, as used in this Third Supplemental Indenture, shall have the following respective meanings:

"Reserve Policy" means the municipal bond debt service reserve fund policy issued by Financial Guaranty Insurance Company (the "Bond Insurer") simultaneously with the issuance of the Series 2001-A Warrants and deposited in the Reserve Fund established under the Indenture.

"Series 2001-A Insurance Policy" means the municipal bond insurance policy issued by the Bond Insurer that guarantees payment of principal of and interest on the Series 2001-A Warrants.

"Series 2001-A Issuance Costs" means the reasonable costs and expenses of issuing and selling the Series 2001-A Warrants, including, without limitation, the fees and expenses of Bond Counsel to the County, the acceptance fee of the Trustee, the fees of any Rating Agency rating the Series 2001-A Warrants, bond insurance premiums, accounting fees, financial advisory fees, underwriters' commissions and discounts, the costs of printing the Official Statement for the Series 2001-A Warrants, and other usual and customary expenses.

"Series 2001-A Warrants" means the County's Sewer Revenue Capital Improvement Warrants, Series 2001-A, authorized to be issued in the aggregate principal amount of \$275,000,000.

"Third Supplemental Indenture" or **"this Third Supplemental Indenture"** means this Third Supplemental Indenture.

"2001 Construction Fund" means the Jefferson County Sewer System 2001 Construction Fund created in Section 3.2 hereof.

"2001 System Improvements" means the System Improvements, the costs of which are to be financed, in whole or in part, through the issuance of the Series 2001-A Warrants.

Section 1.2 **Findings.** The Governing Body has ascertained and does hereby find and declare as follows:

(a) Purposes for which Additional Parity Securities may be Issued. In the Original Indenture, the County has reserved the right to issue, upon compliance with the conditions precedent set forth therein, additional warrants, bonds, notes or other obligations that are secured on a parity with the Outstanding Parity Securities, as respects the pledge of the revenues derived by the County from the operation of the System, for the purposes of financing the costs of constructing or acquiring any System Improvements and refunding or retiring all or any portion of any one or more series of Parity Securities then outstanding under the Indenture or any other obligations of the County issued to finance System Improvements.

(b) Purpose of the Series 2001-A Warrants. In order to comply with the requirements of the Consent Decree entered in those civil actions consolidated in the United States District Court, Northern District of Alabama, and styled *United States of America v. Jefferson County, Alabama, et al.*, Civil Action No. 94-G-2947-S, and *R. Allen Kipp, Jr., et al. and Cahaba River Society, Inc. v. Jefferson County, Alabama, et al.*, Civil Action No. 93-G-2492-S, and to otherwise provide for the expansion and improvement of the System, it is necessary, desirable and in the public interest for the County to issue the Series 2001-A Warrants to finance the costs of acquiring and constructing various System Improvements.

(c) No Default. No Event of Default and no event which, with the giving of notice or the passage of time or both, would constitute such an Event of Default, has occurred and is continuing.

(d) Parity Securities Previously Issued. No Parity Securities, other than the Outstanding Parity Securities, have heretofore been issued by the County under the Indenture, and the County now has no outstanding obligations payable from the revenues derived by the County from the operation of the System except the Outstanding Parity Securities.

(e) **Revenue Forecast.** The firm of Paul B. Krebs & Associates, Inc., has provided the County and the Trustee with a Revenue Forecast that satisfies the requirements of Section 10.2 of the Original Indenture with respect to the issuance of the Series 2001-A Warrants.

Section 1.3 Use of Phrases. "Herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter" and other equivalent words refer to this Third Supplemental Indenture as an entirety and not solely to the particular portion thereof in which any such word is used. The terms used herein include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders.

Section 1.4 Definitions Contained in the Original Indenture. Unless the context clearly indicates a different meaning, any words, terms or phrases that are used in this Third Supplemental Indenture as defined terms without being herein defined shall have the meanings respectively given them in the Original Indenture (subject to any amendments thereto made in the First or Second Supplemental Indenture).

Section 1.5 References to the Parity Securities and the Indenture. The County and the Trustee acknowledge and agree that, from and after the issuance by the County of the Series 2001 Warrants, any reference in the Original Indenture, in the First Supplemental Indenture, in the Second Supplemental Indenture or in this Third Supplemental Indenture to the "Parity Securities" shall, unless the context clearly and unequivocally indicates otherwise, be construed to include the Outstanding Parity Securities, the Series 2001 Warrants and any Additional Parity Securities hereafter issued.

The County and the Trustee further acknowledge and agree that, from and after the execution and delivery of this Third Supplemental Indenture, any reference in the Original Indenture, in the First Supplemental Indenture, in the Second Supplemental Indenture or in this Third Supplemental Indenture to the "Indenture" shall, unless the context clearly and unequivocally indicates otherwise, be construed to refer to the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture and this Third Supplemental Indenture. The provisions of the Original Indenture, to the extent they are not inconsistent with the provisions hereof, shall also apply to this Third Supplemental Indenture.

ARTICLE II

THE SERIES 2001-A WARRANTS

Section 2.1 **Authorization and Description of the Series 2001-A Warrants and Places of Payment.** Pursuant to the applicable provisions of the Act, and for the purposes of (i) providing for the payment of the costs of the 2001 System Improvements, (ii) providing for the payment of the premiums for the Series 2001-A Insurance Policy and the Reserve Policy and (iii) providing for the payment of the expenses of issuing the Series 2001-A Warrants, there are hereby authorized to be issued by the County \$275,000,000 in initial principal amount of its Sewer Revenue Capital Improvement Warrants, Series 2001-A. The Series 2001-A Warrants shall be dated March 1, 2001, shall be numbered from R-1 upwards in the order issued and shall be issued initially in the respective principal amounts of \$5,000 or any greater integral multiple thereof.

The Series 2001-A Warrants shall mature and become payable on the dates and in the amounts set forth below and shall bear interest from their respective dates payable on August 1, 2001, and on each February 1 and August 1 thereafter until maturity or earlier redemption at the per annum rates set forth below:

Series 2001-A Warrants

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
February 1, 2007	\$ 795,000	4.50%
February 1, 2008	830,000	4.50
February 1, 2009	870,000	4.50
February 1, 2010	910,000	4.50
February 1, 2011	950,000	4.50
February 1, 2012	995,000	4.50
February 1, 2013	1,045,000	5.00
February 1, 2014	1,095,000	5.00
February 1, 2015	1,155,000	5.00
February 1, 2016	1,215,000	5.00
February 1, 2018	2,615,000	5.00
February 1, 2019	1,410,000	5.00
February 1, 2020	1,480,000	5.00
February 1, 2021	1,555,000	5.00
February 1, 2031	21,285,000	5.50
February 1, 2034	8,955,000	5.00
February 1, 2040	90,505,000	5.50
February 1, 2041	137,335,000	5.00

The principal of and the interest on any Series 2001-A Warrant shall bear interest after their respective due dates until paid at the rate of interest borne by the principal of such Series 2001-A Warrant prior to maturity. Interest on the Series 2001-A Warrants shall be computed on the basis of a 360-day year of 12 consecutive 30-day months.

The Series 2001-A Warrants shall be initially issued and registered in the names of such Holders as shall be designated by the initial purchasers of the Series 2001-A Warrants. The principal of and the interest and premium (if any) on the Series 2001-A Warrants shall be payable at the principal office of the Trustee in Houston, Texas, in accordance with the provisions of Section 3.2 of the Original Indenture. As used in the Indenture with respect to the Series 2001-A Warrants, the term "Paying Agent" means the Trustee.

Section 2.2 Optional Redemption of Series 2001-A Warrants. The Series 2001-A Warrants will be subject to redemption and prepayment prior to their stated maturities, at the option of the County, as a whole or in part, on February 1, 2011, and on any date thereafter, at and for the following respective redemption prices (expressed in percentages of the principal amount of each Series 2001-A Warrant or portion thereof to be redeemed) plus accrued interest to the date fixed for redemption:

<u>Redemption Period</u>	<u>Redemption Price</u>
February 1, 2011, through January 31, 2012	101%
February 1, 2012, or thereafter	100

The Series 2001-A Warrants may be redeemed only in installments of \$5,000 or any integral multiple thereof. In the event that less than all of the Series 2001-A Warrants of a particular maturity are redeemed and prepaid pursuant to this Section 2.2, the Trustee shall select by lot the Series 2001-A Warrants (or portions of the principal thereof) of such maturity to be redeemed and prepaid.

The redemption of Series 2001-A Warrants pursuant to this section shall comply with the applicable provisions of Article VI of the Original Indenture and Section 2.5 hereof, with the provisions of Section 2.5 particularly applicable to the Series 2001-A Warrants to govern in the case of any conflict.

Section 2.3 Scheduled Mandatory Redemption of Series 2001-A Warrants. Those of the Series 2001-A Warrants maturing on February 1, 2018, shall be subject to scheduled mandatory redemption on February 1, 2017, in the principal amount of \$1,275,000. Series 2001-A Warrants in the aggregate principal amount of \$1,340,000 will remain to be paid at their scheduled maturity on February 1, 2018.

Those of the Series 2001-A Warrants maturing on February 1, 2031, shall be subject to scheduled mandatory redemption on the following respective dates and in the following respective principal amounts:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2022	\$ 1,640,000
February 1, 2023	1,735,000
February 1, 2024	1,830,000
February 1, 2025	1,935,000
February 1, 2026	2,045,000
February 1, 2027	2,160,000
February 1, 2028	2,285,000
February 1, 2029	2,410,000
February 1, 2030	2,550,000

Series 2001-A Warrants in the aggregate principal amount of \$2,695,000 will remain to be paid at their scheduled maturity on February 1, 2031.

Those of the Series 2001-A Warrants maturing on February 1, 2034, shall be subject to scheduled mandatory redemption on the following respective dates and in the following respective principal amounts:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2032	\$ 2,835,000
February 1, 2033	2,985,000

Series 2001-A Warrants in the aggregate principal amount of \$3,135,000 will remain to be paid at their scheduled maturity on February 1, 2034.

Those of the Series 2001-A Warrants maturing on February 1, 2040, shall be subject to scheduled mandatory redemption on the following respective dates and in the following respective principal amounts:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2035	\$ 3,305,000
February 1, 2036	3,490,000
February 1, 2037	3,690,000
February 1, 2038	3,900,000
February 1, 2039	4,120,000

Series 2001-A Warrants in the aggregate principal amount of \$72,000,000 will remain to be paid at their scheduled maturity on February 1, 2040.

Those of the Series 2001-A Warrants maturing on February 1, 2041, shall be subject to scheduled mandatory redemption on February 1, 2040, in the principal amount of \$29,960,000. Series 2001-A Warrants in the aggregate principal amount of \$107,375,000 will remain to be paid at their scheduled maturity on February 1, 2041.

The Series 2001-A Warrants shall be redeemed pursuant to the provisions of this section at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, and such redemption shall be effected in accordance with the applicable provisions of Article VI of the Original Indenture and Section 2.5 hereof, with the provisions of Section 2.5 particularly applicable to the Series 2001-A Warrants to govern in the case of any conflict.

Not less than forty-five (45) days or more than sixty (60) days prior to each scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, as provided in Section 2.5 hereof, Series 2001-A Warrants (or portions thereof) from the maturity subject to mandatory redemption on such date in an aggregate principal amount equal to the amount required to be redeemed and shall call such Series 2001-A Warrants (or portions thereof) for redemption on such scheduled mandatory redemption date; provided, however, that the County may, upon direction delivered to the Trustee not less than sixty (60) days prior to any such scheduled mandatory redemption date with respect to Series 2001-A Warrants of a particular maturity, direct that any or all of the following amounts be credited against the principal amount of Series 2001-A Warrants of such maturity scheduled for redemption on such date: (i) the principal amount of Series 2001-A Warrants of such maturity delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of Series 2001-A Warrants of such maturity previously redeemed pursuant to the optional redemption provisions of Section 2.2 hereof and not previously claimed as a credit.

Section 2.4 Purchase of Series 2001-A Warrants for Retirement. The County may at any time and from time to time purchase Series 2001-A Warrants for retirement using funds from any

source. Any Series 2001-A Warrants so purchased for retirement shall be delivered by the County to the Trustee, together with a written order of an authorized officer of the County for their cancellation, whereupon such purchased Series 2001-A Warrants shall be cancelled by the Trustee. In the event that the County elects to purchase any Series 2001-A Warrants for retirement, the Trustee may, if requested to do so by the County, solicit for tenders of Series 2001-A Warrants by holders thereof who wish to sell such Series 2001-A Warrants to the County.

Section 2.5 Special Provisions Respecting Partial Redemption of Series 2001-A Warrants. The principal of any Series 2001-A Warrants shall be redeemed only in the amount of \$5,000 or any integral multiple thereof. If less than all the outstanding Series 2001-A Warrants are to be redeemed on any single redemption date pursuant to Section 2.2 hereof, those to be redeemed shall be called for redemption from such maturity or maturities as shall be specified by the County. If less than all the Series 2001-A Warrants of a single maturity are to be called for redemption on any single redemption date, the Trustee shall assign a number or other unique designation to each \$5,000 in principal amount of the Series 2001-A Warrants of such maturity then outstanding and select by lot, from among all such numbers or other unique designations associated with the Series 2001-A Warrants then outstanding, numbers or other unique designations representing an aggregate principal amount equal to the principal amount of the Series 2001-A Warrants of such maturity to be so called for redemption, whereupon there shall be called for redemption an amount of the unpaid principal of each Series 2001-A Warrant of such maturity equal to the principal amount represented by the numbers or other unique designations related thereto that were so selected.

Section 2.6 Form of Series 2001-A Warrants. The Series 2001-A Warrants and the Trustee's authentication certificate and the form of assignment and related signature guaranty applicable thereto shall be in substantially the following forms, respectively, with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof:

[Form of Series 2001-A Warrant]

No. R- _____

\$ _____

UNITED STATES OF AMERICA

STATE OF ALABAMA

JEFFERSON COUNTY, ALABAMA

**SEWER REVENUE CAPITAL IMPROVEMENT WARRANT
Series 2001-A**

Interest Rate

Maturity Date

CUSIP

JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama (herein called the "County"), hereby acknowledges itself indebted to and orders and directs the County Treasurer of the County to pay to _____, or registered assigns, solely out of the revenues hereinafter referred to, the principal sum of

D O L L A R S

on the maturity date specified above, with interest thereon from the date hereof until the maturity hereof at the per annum rate specified above (computed on the basis of a 360-day year of twelve consecutive 30-day months), payable on August 1, 2001, and semiannually thereafter on each February 1 and August 1 until maturity or earlier redemption. The principal of and the premium (if any) on this warrant shall be payable in lawful money of the United States of America at the principal corporate trust office of The Bank of New York in Houston, Texas, or its successors as Trustee under the Indenture hereinafter referred to, and the interest payable on this warrant on each interest payment date shall be remitted, by the Trustee hereinafter referred to, by check or draft mailed or otherwise delivered to the registered holder hereof at the address shown on the registry books of the said Trustee. The principal of and the interest and premium (if any) on this warrant shall bear interest after their respective due dates until paid at the per annum rate shown above.

This warrant is one of a duly authorized issue or series of warrants authorized to be issued in the aggregate principal amount of \$275,000,000 and designated Sewer Revenue Capital Improvement Warrants, Series 2001-A (herein called the "Series 2001-A Warrants"). The Series 2001-A Warrants have been issued, on a parity with the Outstanding Parity Securities hereinafter referred to, under a Trust Indenture dated as of February 1, 1997 (herein called the "Original

Indenture"), between the County and The Bank of New York, Birmingham, Alabama, as Trustee (herein, in such capacity, together with its successors in trust, called the "Trustee"), as supplemented and amended by a First Supplemental Indenture dated as of March 1, 1997 (herein called the "First Supplemental Indenture"), by a Second Supplemental Indenture dated as of March 1, 1999 (herein called the "Second Supplemental Indenture"), and by a Third Supplemental Indenture dated as of March 1, 2001 (herein called the "Third Supplemental Indenture"). The County has heretofore issued under the Original Indenture, as supplemented and amended by the First and Second Supplemental Indentures, \$211,040,000 principal amount of its Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997, \$48,020,000 principal amount of its Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997, \$52,880,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-C, dated February 15, 1997, \$296,395,000 principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997, and \$952,695,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 1999-A (all of which are herein together called the "Outstanding Parity Securities"). As used herein, the term "Indenture" means the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture.

The Series 2001-A Warrants are subject to redemption and prepayment prior to maturity, at the option of the County, as a whole or in part, from such maturity or maturities as shall be specified by the County, on February 1, 2011, and on any date thereafter, such redemption to be at and for the following respective redemption prices (expressed as a percentage of the principal amount redeemed) plus accrued interest to the date fixed for redemption:

<u>Redemption Period</u>	<u>Redemption Price</u>
February 1, 2011, through January 31, 2012	101%
February 1, 2012, or thereafter	100

The Series 2001-A Warrants having a stated maturity on February 1, 2018, are subject to scheduled mandatory redemption, at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, in the principal amount of \$1,275,000 on February 1, 2017.

The Series 2001-A Warrants having a stated maturity on February 1, 2031, are subject to scheduled mandatory redemption, at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, in the following principal amounts on the following dates:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2022	\$ 1,640,000
February 1, 2023	1,735,000
February 1, 2024	1,830,000
February 1, 2025	1,935,000
February 1, 2026	2,045,000
February 1, 2027	2,160,000
February 1, 2028	2,285,000
February 1, 2029	2,410,000
February 1, 2030	2,550,000

The Series 2001-A Warrants having a stated maturity on February 1, 2034, are subject to scheduled mandatory redemption, at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, in the following principal amounts on the following dates:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2032	\$ 2,835,000
February 1, 2033	2,985,000

The Series 2001-A Warrants having a stated maturity on February 1, 2040, are subject to scheduled mandatory redemption, at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, in the following principal amounts on the following dates:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2035	\$ 3,305,000
February 1, 2036	3,490,000
February 1, 2037	3,690,000
February 1, 2038	3,900,000
February 1, 2039	4,120,000

The Series 2001-A Warrants having a stated maturity on February 1, 2041, are subject to scheduled mandatory redemption, at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be

redeemed plus accrued interest thereon to the date fixed for redemption, in the principal amount of \$29,960,000 on February 1, 2040.

Not less than forty-five (45) days or more than sixty (60) days prior to each scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, by lot, Series 2001-A Warrants (or portions thereof) from the maturity subject to mandatory redemption on such date in an aggregate principal amount equal to the amount required to be redeemed and shall call such Series 2001-A Warrants (or portions thereof) for redemption on such scheduled mandatory redemption date; provided, however, that the County may, upon direction delivered to the Trustee not less than sixty (60) days prior to any such scheduled mandatory redemption date with respect to Series 2001-A Warrants of a particular maturity, direct that any or all of the following amounts be credited against the principal amount of Series 2001-A Warrants of such maturity scheduled for redemption on such date: (i) the principal amount of Series 2001-A Warrants of such maturity delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of Series 2001-A Warrants of such maturity previously redeemed pursuant to the applicable optional redemption provisions and not previously claimed as a credit.

If less than all of the outstanding Series 2001-A Warrants of a particular maturity are to be called for redemption, the Series 2001-A Warrants (or principal portions thereof) to be redeemed shall be selected by the Trustee by lot in the principal amounts designated to the Trustee by the County or otherwise as required by the Indenture. In the event any of the Series 2001-A Warrants are called for redemption, the Trustee shall give notice, in the name of the County, of the redemption of such Warrants, which notice shall state that on the redemption date the Series 2001-A Warrants to be redeemed shall cease to bear interest. Such notice shall be given by mailing a copy thereof by registered or certified mail at least thirty (30) days prior to the date fixed for redemption to the holders of the Series 2001-A Warrants to be redeemed at the addresses shown on the registration books of the Trustee; provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of the redemption of any of the Series 2001-A Warrants for which notice was properly given. Any Series 2001-A Warrants which have been duly selected for redemption and which are deemed to be paid in accordance with the Indenture shall cease to bear interest on the date fixed for redemption and shall thereafter cease to be entitled to any lien, benefit or security under the Indenture.

Under the Indenture, the Outstanding Parity Securities and the Series 2001-A Warrants are equally and ratably secured by a pledge of certain revenues from the sanitary sewer system of the County (herein, as it may at any time exist, called the "System") that remain after the payment of the expenses of operating and maintaining the System. Upon compliance with certain conditions specified in the Indenture, the County may issue additional securities (without limitation as to principal amount) that are secured by the Indenture on a parity with the Outstanding Parity Securities and the Series 2001-A Warrants with respect to the pledge of the aforesaid revenues from the System (the Outstanding Parity Securities, the Series 2001-A Warrants and all such additional securities being herein together called the "Parity Securities").

The holders of the Parity Securities shall never have the right to demand payment of the Parity Securities out of any funds raised or to be raised by taxation or from any source whatsoever, except the payments and amounts described in this warrant and the Indenture. Except for the revenues from the System and the other moneys that may be held by the Trustee under the Indenture, no property of the County is encumbered by any lien or security interest for the benefit of the holder of this warrant. Neither the faith and credit, nor the taxing power, of the State of Alabama or the County, or any other public corporation, subdivision or agency of the State of Alabama or the County, is pledged to the payment of the principal of or the interest or premium (if any) on this warrant.

The transfer of this warrant shall be registered upon the registration books kept at the principal corporate office of the Trustee, at the written request of the holder hereof or his attorney duly authorized in writing, upon surrender of this warrant at said office, together with a written instrument of transfer satisfactory to the Trustee duly executed by the holder hereof or his duly authorized attorney. Upon payment of any required tax or other governmental charge, this warrant may, upon the surrender hereof at the principal corporate trust office of the Trustee, be exchanged for an equal aggregate principal amount of Series 2001-A Warrants of the same maturity in any other authorized denominations.

The Trustee shall not be required to transfer or exchange this warrant during the period of fifteen days next preceding any interest payment date with respect hereto. In the event that this warrant (or any principal portion hereof) is duly called for redemption and prepayment, the Trustee shall not be required to transfer or exchange this warrant during the period of thirty days next preceding the date fixed for such redemption and prepayment.

Except as provided in the Indenture, the registered holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto.

With certain exceptions as provided therein, the Indenture may be modified or amended only with the consent of the holders of a majority in aggregate principal amount of all Parity Securities outstanding under the Indenture.

Reference is hereby made to the Indenture, a copy of which is on file with the Trustee, for the provisions thereof concerning the nature and extent of the rights, duties and obligations of the County, the Trustee and the holders of the Parity Securities. The registered holder of this warrant, by the acceptance hereof, is deemed to have agreed and consented to the terms and provisions of the Indenture.

The County and the Trustee may deem and treat the person in whose name this warrant is registered as the absolute owner hereof for all purposes, whether or not any principal of or interest on this warrant is overdue, and neither the County nor the Trustee shall be affected by any notice to the contrary.

It is hereby certified, recited and declared that all acts, conditions and things required by the constitution and laws of the State of Alabama to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this warrant, do exist, have happened and have been performed in regular and due form as required by law.

No covenant or agreement contained in this warrant or the Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the County in his individual capacity, and neither the members of the governing body of the County, nor any official executing this warrant, shall be liable personally on this warrant or be subject to any personal liability or accountability by reason of the issuance or sale of this warrant.

This warrant shall not be entitled to any right or benefit under the Indenture, or be valid or become obligatory for any purpose, until this warrant shall have been authenticated by the execution by the Trustee, in its capacity as paying agent for the Series 2001-A Warrants, of the certificate of authentication inscribed hereon.

IN WITNESS WHEREOF, the County has caused this warrant to be executed in its name and behalf by the President of its County Commission, has caused its official seal to be hereunto affixed, has caused the signature of the aforesaid President to be attested by the Minute Clerk of its County Commission, and has caused this warrant to be dated March 1, 2001.

JEFFERSON COUNTY, ALABAMA

By _____
President of the County Commission

ATTEST:

Minute Clerk of the
County Commission

[S E A L]

AUTHENTICATION CERTIFICATE

DATE OF AUTHENTICATION: _____

This warrant is one of the Series 2001-A Warrants described in the within-mentioned Trust Indenture.

THE BANK OF NEW YORK,
as Trustee

By _____
Its Authorized Signatory

[Form for Assignment]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within warrant and hereby irrevocably constitutes and appoints _____ attorney, with full power of substitution in the premises, to transfer the within warrant on the books kept for registration thereof by the within-mentioned Trustee.

Dated this _____ day of _____, _____.

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears upon the face of the within warrant in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

(Bank, Trust Company or Firm)*

By _____
(Authorized Officer)

Medallion Number: _____

*Signature(s) must be guaranteed by an eligible guarantor institution which is a member of a recognized signature guarantee program, i.e., Securities Transfer Agents Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP), or New York Stock Exchange Medallion Signature Program (MSP).

Section 2.7 Execution and Delivery of Series 2001-A Warrants. The Series 2001-A Warrants shall be forthwith executed and delivered to the Trustee and shall be authenticated and delivered by the Trustee from time to time upon receipt by the Trustee of an order signed on behalf of the County by the President of the Governing Body requesting such authentication and delivery and designating the Person or Persons to receive the same or any part thereof.

Section 2.8 Application of Proceeds from the Sale of Series 2001-A Warrants. The entire proceeds derived from the sale of the Series 2001-A Warrants shall amount to \$266,420,631.38. All of such proceeds shall be paid to the Trustee and promptly thereafter applied by the Trustee for the following purposes and in the following order:

- (a) payment into the Debt Service Fund of that portion of such proceeds that is allocable to accrued interest;
- (b) payment of the sum of \$1,271,078.87 to the Bond Insurer as the premium for the Series 2001-A Insurance Policy;
- (c) payment of the sum of \$178,980.98 to the Bond Insurer as the premium for the Reserve Policy; and
- (d) payment of the balance into the 2001 Construction Fund.

ARTICLE III

AGREEMENTS RESPECTING CONSTRUCTION OF 2001 SYSTEM IMPROVEMENTS AND USE OF MONEYS IN 2001 CONSTRUCTION FUND

Section 3.1 **Agreement to Construct 2001 System Improvements.** The County will proceed continuously and with reasonable dispatch with the acquisition, construction and installation of the various System Improvements that constitute part of the County's Sanitary Sewer Capital Improvement Program. The County will complete the acquisition, construction and installation of the 2001 System Improvements, including the acquisition of such real estate (and interests therein) as may be necessary therefor, as soon as may be practicable, delays incident to strikes, riots, acts of God and the public enemy and similar acts beyond the reasonable control of the County only excepted. The County will promptly pay, as and when due, all expenses incurred in said acquisition, construction and installation.

Section 3.2 **Creation of 2001 Construction Fund; Purposes for Which Moneys Therein May Be Expended.** There is hereby created a special trust fund, the full name of which shall be the "Jefferson County Sewer System 2001 Construction Fund," for the purpose of providing funds for the acquisition, construction and installation of the 2001 System Improvements. The Trustee shall be and remain the depository, custodian and disbursing agent for the 2001 Construction Fund. The moneys in the 2001 Construction Fund shall be paid out from time to time by the Trustee for the following purposes only and only upon presentation of requisitions as described in Section 3.3 hereof:

- (a) payment of Series 2001-A Issuance Costs;
- (b) payment of the reasonable expenses and charges of the Trustee in connection with the 2001 Construction Fund;
- (c) payment for labor, services, materials, supplies and equipment furnished in acquiring, constructing and installing the 2001 System Improvements;
- (d) payment of the costs of acquiring any real estate (including easements and other interests therein) for the construction or installation thereon of any part or parts of the 2001 System Improvements; and
- (e) payment of all expenses (including the fees and expenses of engineers and attorneys and recording fees) incurred in connection with matters referred to in the preceding subsections (c) and (d) of this section.

Section 3.3 Payments from the 2001 Construction Fund. All requisitions for disbursements from the 2001 Construction Fund shall be signed by an Authorized County Representative and shall (a) state the amount required to be paid and the name and address of the Person to whom payment is to be made, (b) describe in reasonable detail the particular Improvement Cost or issuance expense to be paid, and (c) certify that the purpose for which such payment is to be made is a purpose for which 2001 Construction Fund moneys are authorized under the Third Supplemental Indenture to be expended.

In addition to the documents required by this section the Trustee may require as a condition precedent to any disbursement further evidence with respect thereto or with respect to the application of any moneys previously disbursed or as to the correctness of any statement made in any requisition. Upon the written request of the Holders of at least ten percent (10%) of the aggregate principal amount of the Parity Securities, the Trustee shall require such evidence. The Trustee shall, however, be under no duty to require such evidence unless so requested. The Trustee shall not be liable for any misapplication of moneys in the 2001 Construction Fund if disbursed pursuant to the provisions of this section and without knowledge or reason to believe that such disbursement constituted a misapplication of funds.

Section 3.4 Security for 2001 Construction Fund Moneys. The moneys at any time on deposit in the 2001 Construction Fund shall be and at all times remain public funds impressed with a trust for the purposes specified in Section 3.2 hereof. The Trustee shall at all times keep the moneys on deposit in the 2001 Construction Fund continuously secured, for the benefit of the County and the Holders of the Parity Securities, either

(a) by holding on deposit, as collateral security, Federal Obligations, or other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency, having a market value (exclusive of accrued interest) not less than the amount of moneys on deposit in the 2001 Construction Fund, or

(b) if the furnishing of security in the manner provided by the foregoing clause (a) of this section is not permitted by the then applicable law and regulations, then in such other manner as may be required or permitted by the then applicable state and federal laws and regulations respecting the security for, or granting a preference in the case of, the deposit of trust funds;

provided, however, that it shall not be necessary for the Trustee so to secure any portion of the moneys on deposit in the 2001 Construction Fund (i) that is invested in Federal Obligations or pursuant to an agreement described in clause (v) of the definition of "Eligible Investments" in the Original Indenture, or (ii) that is insured by the Federal Deposit Insurance Corporation or any agency of the United States of America that may succeed to its functions.

Section 3.5 Investment of 2001 Construction Fund. As promptly as practicable following the execution and delivery of this Third Supplemental Indenture and from time to time thereafter, the County will furnish to the Trustee a written certificate stating the approximate dates when the moneys on deposit in the 2001 Construction Fund will be needed for the various purposes for which such fund is being created. Promptly after receipt of each such certificate, the Trustee will, at the direction of the County and to the extent practicable, cause the 2001 Construction Fund moneys to be invested in Eligible Investments having stated maturities in such amounts and at such times, prior to or corresponding with the amounts and dates specified in said certificate, as to make available from the 2001 Construction Fund cash moneys sufficient to meet the needs of the 2001 Construction Fund as specified in said certificate. Any such certificate may contain either specific or general instructions from the County as to the kind of Eligible Investments in which the presently unneeded moneys in the 2001 Construction Fund are to be invested, and the Trustee will comply with such instructions to the extent that they are not inconsistent with the applicable provisions hereof; provided that the County shall not direct the Trustee to make any investment of moneys in the 2001 Construction Fund that would result in any of the Parity Securities being considered "arbitrage bonds" within the meaning of Section 103(b)(2) and Section 148 of the Code and the applicable regulations thereunder. In the event of any such investment, the securities in which such moneys are so invested, together with all income derived therefrom, shall become a part of the 2001 Construction Fund to the same extent as if they were moneys originally deposited therein. The Trustee may at any time and from time to time sell or otherwise convert into cash any such securities, whereupon the net proceeds therefrom shall become a part of the 2001 Construction Fund. The Trustee shall be fully protected in making any such investment, sale or conversion in accordance with the provisions of this section. In any determination of the amount of moneys at any time forming a part of the 2001 Construction Fund, all such securities in which any portion of the 2001 Construction Fund is at the time so invested shall be included therein at their then market value.

ARTICLE IV

PROVISIONS CONCERNING THE SERIES 2001-A INSURANCE POLICY

Section 4.1 Payments Under the Series 2001-A Insurance Policy. (a) If, on the Business Day preceding any Interest Payment Date for the Series 2001-A Warrants, there is not on deposit with the Trustee sufficient moneys available to pay all principal of and interest on the Series 2001-A Warrants due on such date, the Trustee shall immediately notify the Bond Insurer and State Street Bank and Trust Company, N.A., New York, New York, or its successor as the Bond Insurer's Fiscal Agent (the "Fiscal Agent"), of the amount of such deficiency. If, by said Interest Payment Date, the County has not provided the amount of such deficiency, the Trustee shall simultaneously make available to the Bond Insurer and to the Fiscal Agent the registration books for the Series 2001-A Warrants maintained by the Trustee. In addition:

(i) the Trustee shall provide the Bond Insurer with a list of the Holders of the Series 2001-A Warrants entitled to receive principal or interest payments from the Bond Insurer under the terms of the Series 2001-A Insurance Policy and shall make arrangements for the Bond Insurer and its Fiscal Agent (1) to mail checks or drafts to the Holders of Series 2001-A Warrants entitled to receive full or partial interest payments from the Bond Insurer and (2) to pay principal of the Series 2001-A Warrants surrendered to the Fiscal Agent by the Holders thereof entitled to receive full or partial principal payments from the Bond Insurer; and

(ii) the Trustee shall, at the time it makes the registration books available to the Bond Insurer, notify Holders entitled to receive payment of principal or interest on the Series 2001-A Warrants from the Bond Insurer (1) as to the fact of such entitlement, (2) that the Bond Insurer will remit to them all or part of the interest payments coming due subject to the terms of the Series 2001-A Insurance Policy, (3) that, except as provided in paragraph (b) below, in the event that any Holder of Series 2001-A Warrants is entitled to receive full payment of principal from the Bond Insurer, such Holder must tender his Series 2001-A Warrant to the Fiscal Agent with the instrument of transfer in the form provided on the Series 2001-A Warrant executed in the name of the Bond Insurer, and (4) that, except as provided in paragraph (b) below, in the event that such Holder is entitled to receive partial payment of principal from the Bond Insurer, such Holder must tender his Series 2001-A Warrant for payment first to the Trustee, which shall note on such Series 2001-A Warrant the portion of principal paid by the Trustee, and then, with an acceptable form of assignment executed in the name of the Bond Insurer, to the Fiscal Agent, which will then pay the unpaid portion of principal to the Holder subject to the terms of the Series 2001-A Insurance Policy.

(b) In the event that the Trustee has notice that any payment of principal or interest on a Series 2001-A Warrant has been recovered from a Holder thereof pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time it provides notice to the Bond Insurer, notify all Holders of Series 2001-A Warrants that, in the event that any such Holder's payment is so recovered, such Holder will be entitled to payment from the Bond Insurer to the extent of such recovery, and the Trustee shall furnish to the Bond Insurer its records evidencing the payments of principal or interest on the Series 2001-A Warrants which have been made by the Trustee and subsequently recovered from Holders, and the dates on which such payments were made.

(c) The Bond Insurer shall, to the extent it makes payment of principal or interest on the Series 2001-A Warrants, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 2001-A Insurance Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books maintained by the Trustee upon receipt from the Bond Insurer of proof of the payment of interest thereon to the Holders of such Series 2001-A

Warrants and (2) in the case of subrogation as to claims for past due principal, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books for the Series 2001-A Warrants maintained by the Trustee upon receipt of proof of the payment of principal thereof to the Holders of such Series 2001-A Warrants. Notwithstanding anything in the Indenture or the Series 2001-A Warrants to the contrary, the Trustee shall make payment of such past due interest and past due principal directly to the Bond Insurer to the extent that the Bond Insurer is a subrogee with respect thereto.

Section 4.2 Information to be Provided to the Bond Insurer. The County shall provide the Bond Insurer with the following information:

(a) within 180 days after the end of each Fiscal Year of the County, a copy of the County's budget for the then current Fiscal Year, a copy of the County's annual audited financial statements for the most recently completed Fiscal Year, a statement of the amount on deposit in the Reserve Fund as of the last valuation and, if not presented in the audited financial statements, a statement of the net revenues pledged to payment of the Parity Securities for the most recently completed Fiscal Year;

(b) the Official Statement or other disclosure document, if any, prepared in connection with the issuance of additional debt instruments payable from the System Revenues, whether or not such instruments constitute Additional Parity Securities, within 30 days after the sale thereof;

(c) notice of any draw upon, or any deficiency due to market fluctuation in the amount on deposit in, the Reserve Fund;

(d) notice of the redemption, other than mandatory sinking fund redemption, of any of the Parity Securities, including the principal amount, maturities and CUSIP numbers thereof

(e) simultaneously with the delivery of the County's annual audited financial statements:

(i) the number of System users as of the end of the most recently completed Fiscal Year;

(ii) notification of the withdrawal of any System user responsible for 5% or more of System Revenues since the last reporting date;

(iii) any significant plant retirements or expansions planned or undertaken in the System's service area since the last reporting date;

- (iv) maximum and average daily System usage for the most recently completed Fiscal Year;
 - (v) any updated capital plans for expansion and improvement projects; and
 - (vi) results of any annual engineering inspections.
- (f) such additional information as the Bond Insurer may reasonably request from time to time.

Section 4.3 Miscellaneous Special Provisions Respecting the Bond Insurer and the Series 2001-A Insurance Policy. (a) In determining whether a payment default has occurred or whether a payment on the Series 2001-A Warrants has been made under the Indenture, no effect shall be given to payments made under the Series 2001-A Insurance Policy.

(b) The Bond Insurer shall receive immediate notice of any default in payment of principal of or interest on the Series 2001-A Warrants and notice of any other Event of Default known to the Trustee within 30 days of the Trustee's knowledge thereof.

(c) The Trustee shall, if and to the extent that there are no other available moneys held under the Indenture, use moneys in the 2001 Construction Fund to pay principal of or interest on the Series 2001-A Warrants.

(d) For all purposes of Article XIII of the Original Indenture, except the giving of notice of default to Holders of Series 2001-A Warrants, the Bond Insurer shall be deemed to be the sole holder of the Series 2001-A Warrants it has insured for so long as it has not failed to comply with its payment obligations under the Series 2001-A Insurance Policy.

(e) No resignation or removal of the Trustee shall become effective until a successor has been appointed and has accepted the duties of Trustee. The Bond Insurer shall be furnished with written notice of the resignation or removal of the Trustee and the appointment of any successor thereto.

(f) The Bond Insurer shall be treated as a party in interest and as a party entitled to (i) notify the Trustee of the occurrence of an Event of Default and (ii) request the Trustee to intervene in judicial proceedings that affect the Series 2001-A Warrants or the security therefor.

(g) Any amendment or supplement to the Indenture shall be subject to the prior written consent of the Bond Insurer. The Bond Insurer shall be deemed to be the holder of all outstanding Series 2001-A Warrants for the purpose of consenting to any proposed amendment or supplement to the Indenture (except for any such amendment or supplement that, under the provisions of the

Indenture, requires the consent of the Holder of each outstanding Series 2001-A Warrant). Any rating agency rating any of the Series 2001-A Warrants must receive notice of each amendment or supplement hereafter executed and a copy thereof at least fifteen days in advance of its execution or adoption.

(h) The Bond Insurer shall be provided with a full transcript of all proceedings relating to the execution of any Supplemental Indenture hereafter executed.

(i) Any notices to the Bond Insurer or the Fiscal Agent pursuant to the Indenture shall be sent to the following addresses (unless and until different addresses are specified in writing to the County and the Trustee):

Financial Guaranty Insurance Company
115 Broadway
New York, New York 10006
Attention: General Counsel

State Street Bank and Trust Company, N.A.
61 Broadway
New York, New York 10006
Attention: Corporate Trust Department

Section 4.4 Miscellaneous Special Provisions Respecting the Bond Insurer and the Reserve Policy. (a) Notwithstanding anything to the contrary in the Original Indenture, the County's repayment of any draws under the Reserve Policy and related reasonable expenses incurred by the Bond Insurer (together with interest thereon at a rate equal to the lower of (i) the prime rate of Morgan Guaranty Trust Company of New York in effect from time to time plus 2% per annum and (ii) the highest rate permitted by law) shall enjoy the same priority as the obligation to maintain and refill the Reserve Fund. Repayment of draws, expenses and accrued interest (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw. If and to the extent that cash has also been deposited in the Reserve Fund, all such cash shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing under the Reserve Policy, and repayment of any Policy Costs shall be made prior to replenishment of any such cash amounts. If, in addition to the Reserve Policy, any other reserve fund substitute instrument ("Additional Reserve Policy") is provided, drawings under the Reserve Policy and any such Additional Reserve Policy, and repayment of Policy Costs and reimbursement of amounts due under the Additional Reserve Policy, shall be made on a pro rata basis (calculated by reference to the maximum amounts available thereunder) after applying all available cash in the Reserve Fund and prior to replenishment of any such cash draws, respectively.

(b) If the County shall fail to repay any Policy Costs in accordance with requirements of the preceding subsection (a), the Bond Insurer shall be entitled to exercise any and all remedies available at law or under the Indenture other than (i) acceleration of the maturity of the Parity Securities or (ii) remedies which would adversely affect the Holders of the Parity Securities.

(c) The Indenture shall not be discharged until all Policy Costs owing to the Bond Insurer shall have been paid in full.

(d) As security for the County's repayment obligations with respect to the Reserve Policy, the County hereby grants to the Bond Insurer a security interest in the Pledged Revenues, subordinate only to the primary pledge and security interest granted in the Indenture for the benefit of Holders of Parity Securities.

(e) At any time when any Policy Costs are due and unpaid, the Additional Parity Securities test and the Rate Covenant in the Indenture shall be deemed to require at least one times coverage of the County's obligations with respect to repayment of Policy Costs then due and owing. Furthermore, no Additional Parity Securities may be issued without the Bond Insurer's prior written consent if any Policy Costs are past due and owing to the Bond Insurer. Upon the issuance of any Additional Parity Securities secured by the Reserve Fund, such Reserve Fund shall be fully funded (to the Reserve Fund Requirement) upon the issuance of such securities, either with cash or Eligible Investments or by a reserve fund credit instrument acceptable to the Bond Insurer.

(f) The Trustee shall ascertain the necessity for a claim upon the Reserve Policy and, if necessary, provide notice to the Bond Insurer in accordance with the terms of the Reserve Policy at least two Business Days prior to each Interest Payment Date.

(g) So long as the Reserve Policy remains in effect, the Indenture shall not be modified or amended without the prior written consent of the Bond Insurer.

(h) The Bond Insurer shall be provided with written notice of the resignation or removal of the Trustee and the appointment of a successor thereto and of the issuance of Additional Parity Securities of the County at 115 Broadway, New York, New York 10006, Attention: Risk Management.

ARTICLE V

MISCELLANEOUS

Section 5.1 **2001 System Improvements to Constitute Part of System.** The 2001 System Improvements shall henceforth constitute part of the System referred to in the Indenture and

shall be subject to the Indenture as fully and completely as if they had been in existence at the time the Original Indenture was executed and delivered and had been specifically described therein.

Section 5.2 Confirmation of Indenture. All the terms, covenants and conditions of the Indenture are hereby in all things confirmed, and they shall remain in full force and effect. Further, the County does hereby confirm the pledge made in the Indenture with respect to the revenues derived from all properties now or hereafter constituting a part of the System, including specifically, without limiting the generality of the foregoing, all properties acquired as a part of the System since the execution and delivery of the Original Indenture.

Section 5.3 Pledge of 2001 Construction Fund. For the purposes specified in Section 2.1 of the Original Indenture, the County does hereby grant, bargain, sell and convey, assign, transfer and pledge to and with the Trustee the moneys deposited in the 2001 Construction Fund, together with any investments and reinvestments of such moneys and the income or proceeds thereof, subject, however, to the disbursement of all moneys at any time held in the 2001 Construction Fund for application in accordance with the provisions of this Third Supplemental Indenture.

Section 5.4 Debt Service Fund Deposits Referable to Series 2001-A Warrants. In order to provide funds for the payment of the principal of and the interest on the Series 2001-A Warrants, there shall be transferred or paid into the Debt Service Fund, out of moneys held in the Revenue Account, the following amounts at the following times:

(1) on or before August 1, 2001, and on or before each February 1 and August 1 thereafter until and including February 1, 2041, an amount equal to the interest becoming due with respect to the then outstanding Series 2001-A Warrants on each such Interest Payment Date; and

(2) on or before February 1, 2007, and on or before each February 1 thereafter until and including February 1, 2041, an amount equal to the principal amount of Series 2001-A Warrants maturing or required to be redeemed on each such February 1.

Notwithstanding the foregoing, if the total amount of principal of and interest on the Parity Securities becoming due and payable on any Interest Payment Date is greater than the amount then held in the Reserve Fund (without taking into account the aggregate amount payable under the Reserve Policy and any Additional Reserve Policy then in effect), then the related transfer or payment into the Debt Service Fund shall be made at least one Business Day prior to such Interest Payment Date.

The Debt Service Fund deposits required by this Section 5.4 shall be in addition to the deposits respecting the Outstanding Parity Securities required by Section 11.2 of the Original

Indenture, by Section 5.4 of the First Supplemental Indenture and by Section 5.4 of the Second Supplemental Indenture.

Section 5.5 Amendment of Due Dates for Debt Service Fund Deposits. Notwithstanding anything to the contrary contained in Section 11.2 of the Original Indenture, Section 5.4 of the First Supplemental Indenture or Section 5.4 of the Second Supplemental Indenture, from and after the date of delivery hereof,

(i) all transfers or payments of money to the Debt Service Fund to provide for the payment of any interest on any of the Outstanding Parity Securities shall be made on or before the Interest Payment Date on which such interest becomes due and payable; and

(ii) all transfers or payments of money to the Debt Service Fund to provide for the payment of any principal of any of the Outstanding Parity Securities shall be made on or before the date on which such principal matures or is required to be redeemed.

Notwithstanding the foregoing, if the total amount of principal of and interest on the Parity Securities becoming due and payable on any Interest Payment Date is greater than the amount then held in the Reserve Fund (without taking into account the aggregate amount payable under the Reserve Policy and any Additional Reserve Policy then in effect), then the related transfer or payment into the Debt Service Fund shall be made at least one Business Day prior to such Interest Payment Date.

Section 5.6 Book-Entry Procedures Applicable to Series 2001-A Warrants. (a) Except as provided in Section 5.6(c) hereof, the registered owner of all of the Series 2001-A Warrants shall be The Depository Trust Company ("DTC") and the Series 2001-A Warrants shall be registered in the name of Cede & Co., as nominee of DTC. Payment of semiannual interest for any Series 2001-A Warrant registered as of a Record Date in the name of Cede & Co. shall be made by wire transfer to the account of Cede & Co. on the Interest Payment Date at the address indicated on the Record Date for Cede & Co. in the registry books of the County kept by the Paying Agent.

(b) The Series 2001-A Warrants shall be initially issued in the form of a separate single authenticated fully registered warrant in the principal amount of each separately stated maturity for each separate series. Upon initial issuance, the ownership of each such Series 2001-A Warrant shall be registered in the registry book of the County kept by the Paying Agent in the name of Cede & Co., as nominee of DTC. The Paying Agent and the County may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2001-A Warrants registered in its name for the purposes of payment of the principal or redemption price of or interest on such Series 2001-A Warrants, selecting such Series 2001-A Warrants or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders of Series 2001-A Warrants under the Indenture, registering the

transfer of Series 2001-A Warrants, obtaining any consent or other action to be taken by Holders of Series 2001-A Warrants and for all other purposes whatsoever; and neither the Paying Agent nor the County shall be affected by any notice to the contrary. Neither the Paying Agent nor the County shall have any responsibility or obligation to any DTC participant, any Person claiming a beneficial ownership interest in the Series 2001-A Warrants under or through DTC or any DTC participant, or any other Person which is not shown on the registration books of the County kept by the Paying Agent as being a Holder of Series 2001-A Warrants. The County and the Paying Agent shall have no responsibility with respect to the accuracy of any records maintained by DTC, Cede & Co. or any DTC participant with respect to any ownership interest in the Series 2001-A Warrants; the payment by DTC or any DTC participant to any beneficial owner of any amount in respect of the principal or redemption price of or interest on the Series 2001-A Warrants; the delivery to any DTC participant or any beneficial owner of any notice which is permitted or required to be given to Holders of the Series 2001-A Warrants under the Indenture; the selection by DTC or any DTC participant of any Person to receive payment in the event of a partial redemption of the Series 2001-A Warrants; or the authority for any consent given or other action taken by DTC as the Holder of Series 2001-A Warrants. The Paying Agent shall pay all principal of and premium, if any, and interest on the Series 2001-A Warrants only to Cede & Co., as nominee of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to the principal of and premium, if any, and interest on such Series 2001-A Warrants to the extent of the sum or sums so paid. Upon delivery by DTC to the Paying Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co. and direction to effect such change on the registry books maintained by the Paying Agent, the term "Cede & Co." in the Indenture shall refer to such new nominee of DTC.

(c) In the event the County determines that it is in the best interest of the beneficial owners of the Series 2001-A Warrants that they be able to obtain warrant certificates, the County may notify DTC and the Paying Agent of the availability through DTC of warrant certificates. In such event, the Paying Agent shall issue, transfer and exchange warrant certificates as requested by DTC and any other Holders of Series 2001-A Warrants in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 2001-A Warrants at any time by giving notice to the County and the Paying Agent and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the County and Paying Agent shall be obligated to deliver warrant certificates as described in the Indenture. In the event warrant certificates are issued to Holders of the Series 2001-A Warrants other than DTC, the provisions of Article V of the Original Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the County and the Paying Agent to do so, the County and the Paying Agent will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2001-A Warrants to any DTC participant having Series 2001-A Warrants credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2001-A Warrants.

(d) Notwithstanding any other provision of the Indenture to the contrary, so long as any Series 2001-A Warrant is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such Series 2001-A Warrant and all notices with respect to such Series 2001-A Warrant shall be made and given to DTC as provided in the Representation Letter to be signed by the County and the Paying Agent on or prior to the date of issuance and delivery of the Series 2001-A Warrants and accepted by DTC. Without limitation of the foregoing, so long as any Series 2001-A Warrant is registered in the name of Cede & Co., as nominee of DTC, the Paying Agent shall send a copy of any notice of redemption by overnight delivery not less than thirty (30) days before the redemption date to DTC, but such mailing shall not be a condition precedent to such redemption and failure to so mail any such notice (or failure of DTC to advise any DTC participant, or any DTC participant to notify the beneficial owner, of any such notice or its content or effect) shall not affect the validity of the proceedings for the redemption of the Series 2001-A Warrants.

(e) In connection with any notice or other communication to be provided to Holders of the Series 2001-A Warrants pursuant to the Indenture by the County or the Paying Agent with respect to any consent or other action to be taken by Holders of the Series 2001-A Warrants, so long as any Series 2001-A Warrant is registered in the name of Cede & Co., as nominee of DTC, the County or the Paying Agent, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

(f) In the event of any inconsistency between the provisions of this Section 5.6 and any other provision of the Indenture or the forms of Series 2001-A Warrants, the provisions of this Section 5.6 shall govern so long as warrant certificates have not been issued to the Holders of the Series 2001-A Warrants other than DTC in accordance with Section 5.6(c) hereof.

Section 5.7 Valuation of Reserve Fund. Notwithstanding anything to the contrary contained in Section 11.10 of the Original Indenture, a valuation of the investments in the Reserve Fund shall be made by the Trustee (a) during each calendar month that immediately precedes a month during which an Interest Payment Date occurs and (b) at such other times as the County may request or as may be necessary to ascertain compliance with the provisions of the Indenture. Each regular semi-annual valuation described in clause (a) of the preceding sentence shall be made no later than the 20th day of the month immediately preceding the Interest Payment Date to which such valuation is related (i.e., no later than January 20 or July 20). The provisions of Section 11.10 of the Original Indenture that are not hereby amended shall remain in force and effect.

Section 5.8 Tax Covenants. The County recognizes that the Holders of the Series 2001-A Warrants from time to time will have accepted them on, and paid therefor a price which reflects, the understanding that interest on the Series 2001-A Warrants is excluded from gross income for federal income tax purposes under the laws in force at the time the Series 2001-A Warrants shall

have been delivered. In this connection the County covenants (i) that it will not take any action or omit to take any action if the taking of such action or the failure to take such action, as the case may be, will result in the interest on any of the Series 2001-A Warrants becoming includable in gross income for purposes of federal income taxation, (ii) that it will use the "proceeds" of the Series 2001-A Warrants and any other funds of the County in such a manner that the use thereof, as reasonably expected by the County at the time of issuance of the Series 2001-A Warrants, will not cause the Series 2001-A Warrants to be "arbitrage bonds" under Section 103(b)(2) and Section 148 of the Code and the regulations thereunder and (iii) that it will satisfy the requirements of Section 148(f) of the Code and the applicable regulations thereunder. The County further covenants and agrees that it will not permit at any time any "proceeds" of the Series 2001-A Warrants or any other funds of the County to be used, directly or indirectly, in a manner which would result in any Series 2001-A Warrant being classified as a "private activity bond" within the meaning of Section 141(a) of the Code. The officers and employees of the County shall execute and deliver from time to time, on behalf of the County, such certificates, instruments and documents as shall be deemed necessary or advisable to evidence compliance by the County with said Section 103(b)(2) and Section 148 and the regulations thereunder with respect to the use of the proceeds of the Series 2001-A Warrants. Such certificates, instruments and documents may contain such stipulations as shall be necessary or advisable in connection with the stated purpose of this section and the foregoing provisions hereof, and the County hereby covenants and agrees to comply with the provisions of any such stipulations throughout the term of the Series 2001-A Warrants.

Section 5.9 **Article and Section Captions.** The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

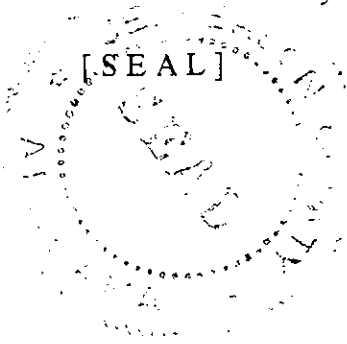
IN WITNESS WHEREOF, the County has caused this Third Supplemental Indenture to be executed in its name and behalf by the President of the Governing Body, has caused its official seal to be hereunto affixed and has caused this Third Supplemental Indenture to be attested by the Minute Clerk of the Governing Body, and the Trustee has caused this Third Supplemental Indenture to be executed in its corporate name and behalf, has caused its corporate seal to be hereunto affixed and has caused this Third Supplemental Indenture to be attested, by its duly authorized officers, all in ten (10) counterparts, each of which shall be deemed an original, and the County and the Trustee have caused this Third Supplemental Indenture to be dated as of March 1, 2001, although actually executed and delivered on March 22, 2001.

JEFFERSON COUNTY, ALABAMA

By *Amy White*
President of the County Commission

ATTEST:

Diane Downes
Minute Clerk of the
County Commission



THE BANK OF NEW YORK, as Successor Trustee under the Trust Indenture of Jefferson County, Alabama, dated as of February 1, 1997

By: The Bank of New York Trust Company
of Florida, N.A.,
Its Agent

By *Carol L. Per*
Its *VICE PRESIDENT*

ATTEST:

Robert Foster
Its *ASSISTANT TREASURER*

[SEAL]

STATE OF ALABAMA)
 :
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that Gary White, whose name as President of the County Commission of JEFFERSON COUNTY, ALABAMA, a political subdivision 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 county.

GIVEN under my hand and official seal of office, this 22nd day of March, 2001.

[NOTARIAL SEAL]

Maureen M. DeKunat
Notary Public

My Commission Expires: 7/24/04

STATE OF ALABAMA)
 :
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that GARY L. JONES, whose name as Vice President of THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A., a national banking association acting as agent for THE BANK OF NEW YORK, a New York banking corporation acting in its capacity as Trustee under the Trust Indenture of Jefferson County, Alabama, dated as of February 1, 1997, 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 banking association in its capacity as the agent of the Trustee as aforesaid.

GIVEN under my hand and official seal of office, this 22nd day of March, 2001.

[NOTARIAL SEAL]

Maureen M. DeKunat
Notary Public

My Commission Expires: 7-24-04

310685.2

FOURTH SUPPLEMENTAL INDENTURE

between

JEFFERSON COUNTY, ALABAMA

and

THE BANK OF NEW YORK

Dated as of February 1, 2002

Relating to

\$110,000,000

JEFFERSON COUNTY, ALABAMA

**Sewer Revenue Capital Improvement Warrants
Series 2002-A**

C.1-D

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between
JEFFERSON COUNTY, ALABAMA
and
THE BANK OF NEW YORK

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FOURTH SUPPLEMENTAL INDENTURE between **JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (herein called the "County"), and **THE BANK OF NEW YORK**, a New York banking corporation in its capacity as successor to AmSouth Bank of Alabama, as Trustee under that certain Trust Indenture of the County dated as of February 1, 1997 (said banking corporation in such capacity, as well as any successor trustee under said Trust Indenture, being herein called the "Trustee"),

RECITALS

Under and pursuant to the provisions of the aforesaid Trust Indenture (herein called the "Original Indenture"), the County has heretofore issued \$211,040,000 principal amount of Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997 (herein called the "Series 1997-A Warrants"), \$48,020,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997 (herein called the "Series 1997-B Warrants"), and \$52,880,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-C, dated February 15, 1997 (herein called the "Series 1997-C Warrants"). The Series 1997-A Warrants, the Series 1997-B Warrants and the Series 1997-C Warrants were issued to refund certain indebtedness of the County that had been incurred to pay the costs of certain capital improvements to the County's sanitary sewer system (herein called the "System").

Under the provisions of Article X of the Original Indenture, the County reserved the right to issue, upon compliance with the conditions precedent set forth in said Article X, additional warrants, bonds, notes or other forms of indebtedness (herein called "Additional Parity Securities"), to be secured on a parity with securities previously issued under the Indenture, for the purposes of refunding any outstanding obligations of the County issued to finance capital improvements to the System and of financing the costs of acquiring and constructing capital improvements to the System. The County has heretofore issued as Additional Parity Securities its (a) \$296,395,000 aggregate principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997 (herein called the "Series 1997-D Warrants"), (b) its \$952,695,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999 (herein called the "Series 1999-A Warrants"), and (c) its \$275,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001 (herein called the "Series 2001-A Warrants"). The Series 1997-D Warrants, the Series 1999-A Warrants and the Series 2001-A Warrants were issued under the Original Indenture, as supplemented and amended by the First Supplemental Indenture dated as of March 1, 1997 (herein called the "First Supplemental Indenture"), the Second Supplemental Indenture dated as of March 1, 1999 (herein called the "Second Supplemental Indenture"), and the Third Supplemental Indenture dated as of March 1, 2001 (herein called the "Third Supplemental Indenture"), between the County and the Trustee.

The County proposes to sell and issue the Series 2002-A Warrants hereinafter referred to in order to obtain funds to pay the costs of additional capital improvements to the System. The County

has, by proper official action and pursuant to the provisions of the Original Indenture (as heretofore supplemented), duly authorized said Series 2002-A Warrants, which are to be secured by the Original Indenture, as supplemented hereby and by the First, Second and Third Supplemental Indentures, on a parity with the outstanding Series 1997-A Warrants, Series 1997-B Warrants, Series 1997-C Warrants, Series 1997-D Warrants, Series 1999-A Warrants and Series 2001-A Warrants (herein together called the "Outstanding Parity Securities"). This Fourth Supplemental Indenture has been executed and delivered in order to specify the details with respect to said Series 2002-A Warrants and to provide for certain other matters set forth herein.

NOW, THEREFORE, THIS
FOURTH SUPPLEMENTAL INDENTURE

WITNESSETH:

It is hereby agreed among the County, the Trustee and the holders at any time of said Series 2002-A Warrants (the holders of said Series 2002-A Warrants evidencing their consent hereto by the acceptance of said Series 2002-A Warrants), each with each of the others, as follows:

ARTICLE I

DEFINITIONS, FINDINGS AND USE OF PHRASES

Section 1.1 **New Definitions.** Unless the context clearly indicates a different meaning, the following words and phrases, as used in this Fourth Supplemental Indenture, shall have the following respective meanings:

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control", when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Alternate Rate Index", when used with respect to the Remarketing Agent's failure to determine an interest rate on a required determination date for the Variable Rate Mode or the Flexible Rate Mode, means 85% of the Prime Commercial Paper A-1/P-1 (30-day) rate shown in the table captioned "Short-Term Tax-Exempt Yields" in the edition of *The Bond Buyer* (or a successor publication) published on the determination date or, if not published on such date, in the most recent published edition.

"Authorized Denominations" means (i) for Series 2002-A Warrants bearing interest at the Variable Rate or the Flexible Rate, \$100,000 or any larger amount that is a multiple of \$5,000, and (ii) for Series 2002-A Warrants bearing interest at a Term Rate, \$5,000 or any multiple thereof.

"Bank" means JPMorgan Chase Bank, together with its successors and assigns, until a Substitute Standby Purchase Agreement shall have been accepted by the Trustee, and thereafter "Bank" shall mean the provider of such Substitute Standby Purchase Agreement.

"Bank Event of Default" means an "Event of Default" as such term is defined in the Standby Purchase Agreement.

"Bank Indebtedness" means all indebtedness or obligations of the County to the Bank under the terms of the Indenture, the Bank Warrants or the Standby Purchase Agreement, whether now existing or hereafter arising.

"Bank Rate" has the meaning assigned to such term in the Standby Purchase Agreement; provided, however, that such rate shall not exceed the Cap Rate applicable to Bank Warrants.

"Bank Rate Interest Payment Date" means a date on which interest calculated according to the Bank Rate is payable with respect to a Bank Warrant.

"Bank Warrant" means a Series 2002-A Warrant owned by the Bank after purchase pursuant to the Standby Purchase Agreement.

"Bank Warrant Sale Price", when used with respect to a Bank Warrant that is remarketed, means the principal amount of such Series 2002-A Warrant plus interest accrued thereon at the Bank Rate to the date of remarketing of such Bank Warrant.

"Bond Insurer" means Financial Guaranty Insurance Company, a New York stock insurance company, or any successor thereto.

"Cap Rate" means (i) with respect to Series 2002-A Warrants other than Bank Warrants, 10% per annum, and (ii) with respect to Bank Warrants, 18% per annum.

"Conversion Date" means the day on which conversion from one Interest Rate Mode to a different Interest Rate Mode becomes effective.

"Costs of Issuance" means the expenses incurred by the County in connection with the issuance of the Series 2002-A Warrants, including legal, consulting, accounting and underwriting fees.

"Debt Service" means the principal, premium (if any) and interest payable on the Series 2002-A Warrants.

"Eligible Warrants", when used with respect to Tendered Warrants to be purchased pursuant to the Standby Purchase Agreement, has the meaning assigned to such term in the Standby Purchase Agreement.

"Expiration Date", when used with respect to any Standby Purchase Agreement, means the date on which the commitment of the Bank to purchase Series 2002-A Warrants actually terminates.

"Favorable Tax Opinion" means an Opinion of Counsel acceptable to the Trustee and the Bank stating in effect that the proposed action, together with any other changes with respect to the Series 2002-A Warrants made or to be made in connection with such action, will not cause interest on the Series 2002-A Warrants to become Taxable.

"Financing Documents" means the Indenture, the Remarketing Agreement and the Standby Purchase Agreement.

"Financing Participants" means the County, the Bank, the Trustee, the Remarketing Agent and the Tender Agent.

"Flexible Rate", when used with respect to any Series 2002-A Warrant in the Flexible Rate Mode, means the fixed interest rate borne by such Series 2002-A Warrant during a Flexible Rate Period.

"Flexible Rate Interest Payment Date", when used with respect to any Series 2002-A Warrant in the Flexible Rate Mode, means a date on which interest calculated at the Flexible Rate is payable on such Series 2002-A Warrant.

"Flexible Rate Mode" means the Interest Rate Mode in which a Series 2002-A Warrant bears interest at the Flexible Rate.

"Flexible Rate Period", when used with respect to any Series 2002-A Warrant in the Flexible Rate Mode, means a period established pursuant to Section 2.2(b) during which such Series 2002-A Warrant bears interest at a Flexible Rate established for such period.

"Fourth Supplemental Indenture" or "this Fourth Supplemental Indenture" means this Fourth Supplemental Indenture.

"Interest Payment Date", when used with respect to any installment of interest on a Series 2002-A Warrant, means the date specified herein and in such Series 2002-A Warrant as the fixed date on which such installment of interest is due and payable.

"Interest Rate Mode" means the Variable Rate Mode, the Flexible Rate Mode or the Term Rate Mode.

"Mandatory Tender" means a required tender of a Series 2002-A Warrant for purchase pursuant to Section 2.5.

"Mandatory Tender Date" means a date on which a Series 2002-A Warrant is to be purchased pursuant to a Mandatory Tender.

"Maturity", when used with respect to any Series 2002-A Warrant, means the date specified herein and in such Series 2002-A Warrant as the fixed date on which principal of such Series 2002-A Warrant is due and payable.

"Office of the Tender Agent" means the designated office of the Tender Agent for hand delivery of notices and other documents.

"Office of the Trustee" means the designated office of the Trustee for hand delivery of notices and other documents.

"Opinion of Counsel" means an opinion from an attorney or firm of attorneys with experience in the matters to be covered in the opinion. Except as otherwise expressly provided in this Fourth Supplemental Indenture, the attorney or attorneys rendering such opinion may be counsel for one or more of the Financing Participants.

"Optional Tender" means a tender of a Series 2002-A Warrant for purchase at the option of the Holder thereof pursuant to Section 2.4.

"Optional Tender Date" means a date on which a Series 2002-A Warrant is to be purchased pursuant to an Optional Tender.

"Post-Default Rate" means (i) when used with respect to any payment of Debt Service on any Series 2002-A Warrant, the rate specified in such Series 2002-A Warrant for overdue installments of Debt Service on such Series 2002-A Warrant, computed as provided in such Series 2002-A Warrant, (ii) when used with respect to all other payments due under this Indenture, a variable rate equal to the Trustee's prime rate plus 1%, computed on the basis of a 365 or 366-day year, as the case may be, for actual days elapsed, and (iii) when used with respect to any Bank Warrants or any amounts payable to the Bank under any of the Financing Documents, the Bank Rate plus 2%, computed on the basis of a 360-day year for the actual number of days elapsed.

"Purchase Price", when used with respect to a Tendered Warrant, means 100% of the principal amount of such Series 2002-A Warrant plus accrued interest to the Tender Date. If the Tender Date for a Series 2002-A Warrant is also an Interest Payment Date for such Series 2002-A Warrant, the interest due on such date shall not be considered part of the Purchase Price; rather, such interest shall be paid in accordance with the provisions of the Indenture governing regular interest payments.

"Regular Record Date" means (i) with respect to Series 2002-A Warrants in the Variable Rate Mode, the day immediately prior to the Variable Rate Interest Payment Date (whether or not a Business Day), (ii) with respect to Series 2002-A Warrants in the Flexible Rate Mode, the day immediately prior to the Flexible Rate Interest Payment Date (whether or not a Business Day) and (iii) with respect to Series 2002-A Warrants in the Term Rate Mode, the 15th day (whether or not a Business Day) of the month next preceding the Term Rate Interest Payment Date.

"Remarketing Agent" means J. P. Morgan Securities, Inc., or a successor Remarketing Agent that shall have become such pursuant to the applicable provisions of this Indenture.

"Remarketing Agreement" means the agreement entered into by the County and the Remarketing Agent.

"Reserve Policy" means the municipal bond debt service reserve fund policy issued by Financial Guaranty Insurance Company (the "Bond Insurer") simultaneously with the issuance of the Series 2002-A Warrants and deposited in the Reserve Fund established under the Indenture.

"Series 2002-A Insurance Policy" means the municipal bond insurance policy issued by the Bond Insurer that guarantees payment of principal of and interest on the Series 2002-A Warrants.

"Series 2002-A Issuance Costs" means the reasonable costs and expenses of issuing and selling the Series 2002-A Warrants, including, without limitation, the fees and expenses of Bond Counsel to the County, the Trustee's fees and expenses, the fees of any Rating Agency rating the Series 2002-A Warrants, bond insurance premiums, accounting fees, financial advisory fees, underwriters' commissions and discounts, the costs of printing the Official Statement for the Series 2002-A Warrants, and other usual and customary expenses.

"Series 2002-A Warrants" means the County's Sewer Revenue Capital Improvement Warrants, Series 2002-A, authorized to be issued in the aggregate principal amount of \$110,000,000.

"Standby Purchase Agreement" means that certain Standby Warrant Purchase Agreement dated as of February 1, 2002, among the Bank, the Trustee and the County, until a Substitute Standby Purchase Agreement shall have been accepted by the Trustee, and thereafter "Standby Purchase Agreement" shall mean such Substitute Standby Purchase Agreement.

"Stated Expiration Date", when used with respect to any Standby Purchase Agreement, means the date on which the obligation of the Bank to purchase Series 2002-A Warrants thereunder will expire by its terms. The Stated Expiration Date of any Standby Purchase Agreement may be extended as provided in Section 2.10(e).

"Substitute Standby Purchase Agreement" means an agreement for the purchase of Series 2002-A Warrants not remarketed that is accepted by the Trustee pursuant to the terms and conditions of Section 2.10.

"Taxable" means that for purposes of federal income taxation interest on the Series 2002-A Warrants is includible in the gross income of any Holder thereof for any reason. Interest on the Series 2002-A Warrants shall not be deemed "Taxable" because interest is includible in any calculation of income for purposes of an alternative minimum tax, a foreign branch profits tax or any other type of taxation other than the regular tax imposed on gross income.

"Tender Agent" means the Trustee, until a successor Tender Agent shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Tender Agent" shall mean such successor.

"Tender Date" means an Optional Tender Date or a Mandatory Tender Date, as the case may be.

"Tendered Warrants" means Series 2002-A Warrants tendered for purchase pursuant to the Optional or Mandatory Tender provisions of this Indenture.

"Term Rate", when used with respect to any Series 2002-A Warrant in the Term Rate Mode, means the fixed interest rate borne by such Series 2002-A Warrant during a Term Rate Period.

"Term Rate Interest Payment Date", when used with respect to any Series 2002-A Warrant in the Term Rate Mode, means a date on which interest calculated according to a Term Rate is payable on such Series 2002-A Warrant.

"Term Rate Mode" means the Interest Rate Mode in which the Series 2002-A Warrants bear interest at the Term Rate.

"Term Rate Period", when used with respect to any Series 2002-A Warrant in the Term Rate Mode, means a period established pursuant to Section 2.2(c) during which such Series 2002-A Warrant bears interest at a Term Rate established for such period.

"Unredeemed Series 2002-A Warrant" means a Series 2002-A Warrant (or portion thereof) which is deemed purchased pursuant to the Optional or Mandatory Tender provisions hereof, but which has not been presented to the Tender Agent by the Holder thereof.

"Variable Rate", when used with respect to any Series 2002-A Warrant in the Variable Rate Mode, means the variable interest rate borne by such Series 2002-A Warrant while such Series 2002-A Warrant is in the Variable Rate Mode.

"Variable Rate Interest Payment Date", when used with respect to any Series 2002-A Warrant in the Variable Rate Mode, means a date on which interest calculated at the Variable Rate is payable on such Series 2002-A Warrant.

"Variable Rate Mode" means the Interest Rate Mode in which a Series 2002-A Warrant bears interest at the Variable Rate.

"Warrant Purchase Fund" means the fund established pursuant to Section 5.1.

"Warrant Register" means the register or registers for the registration and transfer of Parity Securities maintained by the Trustee pursuant to the Indenture.

"Wire Transfer" means payment by wire transfer to an account maintained at a bank located in the United States; provided, however, that any person entitled to receive any payment due under this Indenture by wire transfer must deliver adequate written instructions for such payment to the Trustee or Tender Agent, as the case may be.

"2002 System Improvements" means the System Improvements, the costs of which are to be financed, in whole or in part, through the issuance of the Series 2002-A Warrants.

Section 1.2 **Findings.** The Governing Body has ascertained and does hereby find and declare as follows:

(a) Purposes for which Additional Parity Securities may be Issued. In the Original Indenture, the County has reserved the right to issue, upon compliance with the conditions precedent set forth therein, additional warrants, bonds, notes or other obligations that are secured on a parity with the Outstanding Parity Securities, as respects the pledge of the revenues derived by the County from the operation of the System, for the purposes of financing the costs of constructing or acquiring any System Improvements and refunding or retiring all or any portion of any one or more series of Parity Securities then outstanding under the Indenture or any other obligations of the County issued to finance System Improvements.

(b) Purpose of the Series 2002-A Warrants. In order to comply with the requirements of the Consent Decree entered in those civil actions consolidated in the United States District Court, Northern District of Alabama, and styled *United States of America v. Jefferson County, Alabama, et al.*, Civil Action No. 94-G-2947-S, and *R. Allen Kipp, Jr., et al. and Cahaba River Society, Inc. v. Jefferson County, Alabama, et al.*, Civil Action No. 93-G-2492-S, and to otherwise provide for the expansion and improvement of the System, it is necessary, desirable and in the public interest for the County to issue the Series 2002-A Warrants to finance the costs of acquiring and constructing various System Improvements.

(c) No Default. No Event of Default and no event which, with the giving of notice or the passage of time or both, would constitute such an Event of Default, has occurred and is continuing.

(d) Additional Parity Securities Previously Issued. No Parity Securities, other than the Outstanding Parity Securities, have heretofore been issued by the County under the Indenture, and the County now has no outstanding obligations payable from the revenues derived by the County

from the operation of the System except the Outstanding Parity Securities and certain related Qualified Swap transactions.

(e) Revenue Certificate. The County has provided the Trustee with a Revenue Certificate that satisfies the requirements of Section 10.2 of the Original Indenture with respect to the issuance of the Series 2002-A Warrants.

Section 1.3 Use of Phrases. "Herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter" and other equivalent words refer to this Fourth Supplemental Indenture as an entirety and not solely to the particular portion thereof in which any such word is used. The terms used herein include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders.

Section 1.4 Definitions Contained in the Original Indenture. Unless the context clearly indicates a different meaning, any words, terms or phrases that are used in this Fourth Supplemental Indenture as defined terms without being herein defined shall have the meanings respectively given them in the Original Indenture (subject to any amendments thereto made in the First, Second or Third Supplemental Indenture).

Section 1.5 References to the Parity Securities and the Indenture. The County and the Trustee acknowledge and agree that, from and after the issuance by the County of the Series 2002-A Warrants, any reference in the Original Indenture or in this Fourth Supplemental Indenture to the "Parity Securities" shall, unless the context clearly and unequivocally indicates otherwise, be construed to include the Outstanding Parity Securities, the Series 2002-A Warrants and any Additional Parity Securities hereafter issued.

The County and the Trustee further acknowledge and agree that, from and after the execution and delivery of this Fourth Supplemental Indenture, any reference in the Original Indenture or in this Fourth Supplemental Indenture to the "Indenture" shall, unless the context clearly and unequivocally indicates otherwise, be construed to refer to the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and this Fourth Supplemental Indenture. The provisions of the Original Indenture (as heretofore supplemented and amended), to the extent they are not inconsistent with the provisions hereof, shall also apply to this Fourth Supplemental Indenture.

ARTICLE II

THE SERIES 2002-A WARRANTS

Section 2.1 **Specific Title and Terms.** (a) Title and Amount. The Series 2002-A Warrants shall be entitled "Sewer Revenue Capital Improvement Warrants, Series 2002-A". The aggregate principal amount of the Series 2002-A Warrants which may be authenticated and delivered and outstanding is limited to \$110,000,000.

(b) Form and Number. The Series 2002-A Warrants shall be issuable as registered warrants without coupons in Authorized Denominations. The Series 2002-A Warrants shall be numbered separately from 1 upward.

(c) Maturity. The Series 2002-A Warrants shall mature on February 1, 2042.

(d) Date. The Series 2002-A Warrants shall be dated as of the date of initial delivery of the Series 2002-A Warrants.

(e) Interest Rates. Each Series 2002-A Warrant shall bear interest at the Variable Rate, the Flexible Rate or the Term Rate, as provided in Section 2.2. Different Series 2002-A Warrants may be in different Interest Rate Modes at the same time, subject to the terms and conditions of Section 2.3 regarding conversion. All Series 2002-A Warrants shall initially be issued in the Variable Rate Mode. Any Series 2002-A Warrant may from time to time be converted to a different Interest Rate Mode, as provided in Section 2.3. In the event of any conversion that results in different Series 2002-A Warrants being in different Interest Rate Modes at the same time, the Trustee or Tender Agent shall draw upon the Standby Purchase Agreement only to effect the purchase of Series 2002-A Warrants in the Interest Rate Mode or Modes then covered by the Standby Purchase Agreement. The Trustee shall specify on each Series 2002-A Warrant certificate, in the space provided, which Interest Rate Mode is in effect with respect to such Series 2002-A Warrant. If a Flexible Rate is in effect with respect to a Series 2002-A Warrant, the Trustee shall also specify on the certificate for such Series 2002-A Warrant the Flexible Rate and the beginning and end of the Flexible Rate Period. If a Term Rate is in effect with respect to a Series 2002-A Warrant, the Trustee shall also specify on the certificate for such Series 2002-A Warrant the Term Rate and the beginning and end of the Term Rate Period.

(f) Computation of Interest Accrual. The Series 2002-A Warrants shall bear interest from their date, or the most recent date to which interest has been paid or duly provided for, at the applicable rate per annum set forth in this Article. Interest at the Variable Rate shall be computed on the basis of a 365 or 366-day year, as the case may be, for the actual number of days elapsed. Interest at the Flexible Rate shall be computed on the basis of a 365 or 366-day year for the actual number of days elapsed. Interest at the Term Rate shall be computed on the basis of a 360-day year with 12 months of 30 days each. Interest at the Bank Rate shall be computed on the basis of a 365-

day year for the actual number of days elapsed. Interest shall accrue until each Interest Payment Date.

(g) Overdue Interest. Interest shall be payable on overdue principal on the Series 2002-A Warrants and (to the extent legally enforceable) on any overdue installment of interest on the Series 2002-A Warrants at the Post-Default Rate.

(h) Interest Payment Dates. Interest shall be payable in arrears on the following dates (each such date being herein called an "Interest Payment Date"):

(1) with respect to interest on any Series 2002-A Warrant payable at the Variable Rate, on (i) the first Business Day of each month while such Series 2002-A Warrant is in the Variable Rate Mode and (ii) the effective date of conversion of such Series 2002-A Warrant from the Variable Rate Mode to another Interest Rate Mode (each such date being herein called a "Variable Rate Interest Payment Date");

(2) with respect to interest on any Series 2002-A Warrant payable at the Flexible Rate, on the last day of each Flexible Rate Period (each such date being herein called a "Flexible Rate Interest Payment Date");

(3) with respect to interest on any Series 2002-A Warrant payable at the Term Rate, (i) on February 1 and August 1 in each year and (ii) on the last day of each Term Rate Period (each such date being herein called a "Term Rate Interest Payment Date");

(4) with respect to interest on any Bank Warrant (i) on the date such Series 2002-A Warrant is purchased by the Bank pursuant to the terms of the Standby Purchase Agreement, (ii) on the first Business Day of each month while such Series 2002-A Warrant is a Bank Warrant, (iii) on the date such Series 2002-A Warrant is remarketed, and (iv) at Maturity (if such Series 2002-A Warrant remains a Bank Warrant until Maturity); and

(5) with respect to interest at the Post-Default Rate, on the date demanded.

(i) Method of Payment. Except as otherwise provided in the following subsection or in Section 7.3 hereof, payment of interest on the Series 2002-A Warrants which is due on any Interest Payment Date shall be made by check or draft mailed by the Trustee to the persons entitled thereto at their addresses appearing in the Warrant Register. Such payments of interest shall be deemed timely made if so mailed on the Interest Payment Date (or, if such Interest Payment Date is not a Business Day, on the Business Day next following such Interest Payment Date). Payment of the principal of (and premium, if any, on) the Series 2002-A Warrants and payment of accrued interest

on the Series 2002-A Warrants due upon redemption on any date other than an Interest Payment Date shall be made only upon surrender thereof at the Office of the Trustee.

(j) **Wire Transfer Payment.** Upon the written request of a Holder of Series 2002-A Warrants in an aggregate principal amount of not less than \$100,000, the Trustee will make payment of the Debt Service due on such Series 2002-A Warrants by Wire Transfer, provided that:

(1) such request contains adequate instructions for the method of payment, and

(2) payment of the principal of (and premium, if any, on) such Series 2002-A Warrants and payment of the accrued interest on such Series 2002-A Warrants due upon redemption on any date other than an Interest Payment Date shall be made only upon surrender of such Series 2002-A Warrants to the Trustee.

Section 2.2 Determination of Interest Rates, Flexible Rate Periods and Term Rate Periods. (a) **Variable Rate.** The Variable Rate for any Series 2002-A Warrant shall be a fluctuating rate per annum determined periodically by the Remarketing Agent while such Series 2002-A Warrant is in the Variable Rate Mode, subject to the following terms and conditions:

(1) The Variable Rate with respect to any Series 2002-A Warrant shall be determined on the date of initial issuance of the Series 2002-A Warrants (the "Issue Date") or on any date of conversion to the Variable Rate Mode and on the last Business Day before each Friday while such Series 2002-A Warrant is in the Variable Rate Mode.

(2) Interest accrual at the Variable Rate determined on the Issue Date or a Conversion Date shall begin on (and shall include) the Issue Date or such Conversion Date and shall continue at such Variable Rate until (but not including) the next Thursday. Thereafter, interest accrual at the Variable Rate shall begin on each Thursday (based on the Variable Rate determined on such Thursday or, if such Thursday is not a Business Day, on the Business Day preceding such Thursday) and shall continue at such rate until the next Thursday (or, if sooner, a Conversion Date); provided, however, that if the Remarketing Agent fails to determine the Variable Rate on any such determination date, the Alternate Rate Index shall be deemed to be the rate determined.

(3) The Variable Rate with respect to a Series 2002-A Warrant shall be determined by the Remarketing Agent and shall be the lowest interest rate that would, in the opinion of the Remarketing Agent, result in the market value of such Series 2002-A Warrant being 100% of the principal amount thereof on the date of such determination, taking into account relevant market conditions and credit rating factors

as they exist on such date; provided, however, that the Variable Rate may never exceed the Cap Rate.

(4) On each Variable Rate determination date with respect to a Series 2002-A Warrant the Remarketing Agent shall give telephonic notice to the Trustee of the Variable Rate so determined. Upon the request of the Holder of a Series 2002-A Warrant or any Financing Participant, the Trustee shall confirm (by telephone and in writing, if so requested) the Variable Rate then in effect.

(b) Flexible Rate and Flexible Rate Periods. The Flexible Rate for any Series 2002-A Warrant shall be a fixed rate per annum for each Flexible Rate Period. Flexible Rate Periods and the related Flexible Rate for each such period shall be determined by the Remarketing Agent from time to time while a Series 2002-A Warrant is in the Flexible Rate Mode, subject to the following terms and conditions:

(1) The duration of each Flexible Rate Period shall be established by the Remarketing Agent on the first day of each Flexible Rate Period with the advice of the County, unless the County fails to offer such advice in a timely manner, in which case the Remarketing Agent shall establish a Flexible Rate Period of such duration as the Remarketing Agent, in its judgment, estimates is likely to provide the lowest average interest rate on the Series 2002-A Warrant while the Series 2002-A Warrant is in the Flexible Rate Mode, taking into account relevant market conditions and credit rating factors as they exist on the date of determination. The duration of each Flexible Rate Period shall be subject to the following terms and conditions:

(A) A Flexible Rate Period may be any number of days from 1 to 270.

(B) Each Flexible Rate Period must end on a Business Day, but may in no event be longer than 270 days. If the final day of a Flexible Rate Period established is not in fact a Business Day, then such Flexible Rate Period shall be deemed to extend to the next day that is a Business Day.

(C) A Flexible Rate Period may not extend beyond (i) the Maturity of such Series 2002-A Warrant, (ii) the date set for redemption of such Series 2002-A Warrant, or (iii) the date set for conversion of such Series 2002-A Warrant to a different Interest Rate Mode.

(D) The Remarketing Agent shall not establish a Flexible Rate Period extending beyond the next scheduled redemption date unless, after giving effect to the Flexible Rate Period established, the aggregate amount of Series 2002-A Warrants in the Variable Rate Mode plus the aggregate amount of Series 2002-A Warrants in the Flexible Rate Mode with a Flexible

Rate Period ending on or prior to the next scheduled redemption date is not less than the aggregate principal amount of Series 2002-A Warrants to be redeemed on such date.

(E) If any Standby Purchase Agreement is to be effective during the Flexible Rate Period, after giving effect to such Flexible Rate Period the average interest coverage requirement (as defined below in this paragraph) for all Series 2002-A Warrants must be at least five days less than the number of days of interest coverage provided by the Standby Purchase Agreement. For purposes of this paragraph, the term "interest coverage requirement" means: (i) for any Series 2002-A Warrant in the Variable Rate Mode, 34 days; (ii) for any Series 2002-A Warrant in the Flexible Rate Mode, the number of days in the Flexible Rate Period then in effect with respect to such Series 2002-A Warrant; and (iii) for any Series 2002-A Warrant in the Term Rate Mode, 185 days. In addition, for purposes of determining the average interest coverage requirement, the requirement for each Series 2002-A Warrant shall be weighted according to the principal amount of such Series 2002-A Warrant.

(F) If any Standby Purchase Agreement is to be effective during the Flexible Rate Period, the Flexible Rate Period must end at least five days before the Stated Expiration Date of the Standby Purchase Agreement.

(G) If a Flexible Rate Period is in effect when a Series 2002-A Warrant is to be purchased pursuant to the Mandatory Tender provisions of Section 2.5(a)(4) (relating to notice of an event of default under the Standby Purchase Agreement), notwithstanding the Flexible Rate Period previously established with respect to such Series 2002-A Warrant, such Flexible Rate Period shall end on such Mandatory Tender Date.

(2) The Flexible Rate with respect to a Series 2002-A Warrant for the established Flexible Rate Period shall be determined by the Remarketing Agent on the first day of such Flexible Rate Period and shall be the lowest interest rate that would, in the opinion of the Remarketing Agent, result in the market value of such Series 2002-A Warrant being 100% of the principal amount thereof on the date of determination, taking into account relevant market conditions and credit rating factors as they exist on such date; provided, however, that the Flexible Rate may never exceed the Cap Rate.

(3) Interest accrual at the Flexible Rate for any Flexible Rate Period shall begin on (and shall include) the first day of the Flexible Rate Period and shall end on (but shall not include) the last day of the Flexible Rate Period.

(4) On the first day of each Flexible Rate Period with respect to a Series 2002-A Warrant, the Remarketing Agent shall give telephonic notice to the Trustee of the Flexible Rate and the Flexible Rate Period so determined. Upon the request of the Holder of a Series 2002-A Warrant or any Financing Participant, the Trustee shall confirm (by telephone and in writing, if so requested) the Flexible Rate and the Flexible Rate Period then in effect.

(5) On the last day of each Flexible Rate Period for a Series 2002-A Warrant, a new Flexible Rate Period and Flexible Rate shall be established for such Series 2002-A Warrant in accordance with the terms of this subsection unless the County has elected to convert such Series 2002-A Warrant to another Interest Rate Mode on such date.

(6) If the Remarketing Agent fails to establish a Flexible Rate and a Flexible Rate Period as provided in this subsection, a Flexible Rate Period extending to the next Business Day shall automatically be established, and the Flexible Rate for such period shall be the Alternate Rate Index.

(c) Term Rate and Term Rate Periods. The Term Rate for any Series 2002-A Warrant shall be a fixed rate per annum determined by the Remarketing Agent for a Term Rate Period specified by the County in the notice of conversion of such Series 2002-A Warrant to the Term Rate Mode, subject to the following terms and conditions:

(1) The duration of a Term Rate Period shall be limited as follows:

(A) A Term Rate Period may be any number of days greater than 270.

(B) A Term Rate Period (other than a Term Rate Period extending to Maturity) must end on a Business Day. If the final day of a Term Rate Period specified by the County is not in fact a Business Day, then such Term Rate Period shall be deemed to extend to the next day that is a Business Day.

(C) If any Standby Purchase Agreement is to be effective during the Term Rate Period, (i) the Standby Purchase Agreement must provide for payment of interest on the Series 2002-A Warrants in an amount equal to interest at the Cap Rate for 185 days (computed on the basis of a 360-day year) and must provide for payment of the maximum redemption premium (if any) payable during the Term Rate Period, and (ii) the Term Rate Period must end at least five days before the Stated Expiration Date of the Standby Purchase Agreement.

(D) If a Term Rate Period is in effect when a Series 2002-A Warrant is to be purchased pursuant to the Mandatory Tender provisions of Section 2.5(a)(4) (relating to notice of an event of default under the Standby Purchase Agreement), notwithstanding the Term Rate Period previously established with respect to such Series 2002-A Warrant, such Term Rate Period shall end on such Mandatory Tender Date.

(2) After receipt of notice that a Term Rate is to be established with respect to any Series 2002-A Warrant, but not later than the last Business Day prior to the proposed Conversion Date, the Remarketing Agent shall determine the interest rate for the Term Rate Period, which shall be the lowest interest rate that would, in the opinion of the Remarketing Agent, result in the market value of such Series 2002-A Warrant being 100% of the principal amount thereof on the date of such determination, taking into account relevant market conditions and credit rating factors as they exist on such date, and assuming that the Term Rate Period began on such date; provided, however, that the Term Rate may not exceed the Cap Rate.

(3) Interest accrual at the Term Rate for any Term Rate Period shall begin on (and shall include) the first day of the Term Rate Period and shall end on (but shall not include) the last day of the Term Rate Period.

(4) The Remarketing Agent shall give telephonic notice to the Trustee of the Term Rate so determined, and shall promptly confirm such notice in writing. Upon the request of the Holder of a Series 2002-A Warrant or any Financing Participant, the Trustee shall confirm (by telephone and in writing, if so requested) the Term Rate so determined.

(d) Rate Determination Conclusive. The interest rates determined by the Remarketing Agent as provided in this section shall be conclusive and binding on the Financing Participants.

(e) Bank Rate. Notwithstanding the Interest Rate Mode otherwise in effect when Series 2002-A Warrants are purchased by the Bank pursuant to the Standby Purchase Agreement, Bank Warrants shall bear interest at the Bank Rate. Interest on Bank Warrants is payable to the Bank or (if applicable) to any other Bank Warrantholder (as such term is defined in the Standby Purchase Agreement), notwithstanding any provisions herein regarding the Regular Record Date or Special Record Date. Interest accrual at the Bank Rate shall begin on (and shall include) the date such Series 2002-A Warrant is purchased by the Bank pursuant to the Standby Purchase Agreement and shall end on (but shall not include) the date such Series 2002-A Warrant is remarketed pursuant to Section 2.6 or redeemed in accordance with the provisions hereof.

Section 2.3 Conversion of Interest Rate Mode. (a) Automatic Conversion to Variable Rate Mode. The Interest Rate Mode on a Series 2002-A Warrant shall automatically convert to the Variable Rate Mode (i) on the last day of a Term Rate Period, unless the Interest Rate Mode is

effectively converted on such date to the Term Rate Mode for an additional Term Rate Period or to the Flexible Rate Mode; (ii) if such Series 2002-A Warrant is a Bank Warrant, on the date such warrant is remarketed, unless the Interest Rate Mode is effectively converted on such date to another Interest Rate Mode; and (iii) on the date proposed for conversion from one Interest Rate Mode to another if the County revokes its election to effect the conversion, as permitted in Section 2.3(e), or the conditions for such conversion are not satisfied.

(b) Optional Conversion to Variable Rate Mode. At the option of the County, any Series 2002-A Warrant may be converted from the Flexible Rate Mode to the Variable Rate Mode, subject to the following terms and conditions:

(1) The County must give the other Financing Participants notice of such conversion not less than 20 days prior to the proposed Conversion Date. Such notice must specify the Conversion Date and the principal amount and the certificate number of the Series 2002-A Warrant for which the conversion is requested.

(2) Less than the entire principal amount of a Series 2002-A Warrant may be converted if both the amount converted and the remaining portion of such Series 2002-A Warrant will be in Authorized Denominations.

(3) The Conversion Date must be a Flexible Rate Interest Payment Date.

(4) On the proposed Conversion Date the Trustee must receive a Favorable Tax Opinion.

(c) Optional Conversion to Flexible Rate Mode. At the option of the County, any Series 2002-A Warrant may be converted from another Interest Rate Mode to the Flexible Rate Mode, subject to the following terms and conditions:

(1) The County must give the other Financing Participants notice of such conversion not less than 20 days prior to the proposed Conversion Date. Such notice must specify the Conversion Date and the principal amount and the certificate number of the Series 2002-A Warrant for which the conversion is requested.

(2) Less than the entire principal amount of a Series 2002-A Warrant may be converted if both the amount converted and the remaining portion of such Series 2002-A Warrant will be in Authorized Denominations.

(3) If the Series 2002-A Warrant is being converted from the Variable Rate Mode, the Conversion Date may be any Business Day. If the Series 2002-A Warrant is being converted from the Term Rate Mode, the Conversion Date must be the last day of the Term Rate Period.

(4) On the proposed Conversion Date the Trustee must receive a Favorable Tax Opinion.

(d) Optional Conversion to Term Rate Mode. At the option of the County, any Series 2002-A Warrant may be converted from another Interest Rate Mode to the Term Rate Mode, and a new Term Rate Period may be established on the Business Day following the expiration of any existing Term Rate Period with respect to a Series 2002-A Warrant, subject to the following terms and conditions:

(1) The County must give the other Financing Participants notice of such conversion not less than 20 days prior to the proposed Conversion Date. Such notice must specify (i) the Conversion Date, (ii) the principal amount and the certificate number of the Series 2002-A Warrant for which the conversion is requested, and (iii) the Term Rate Period (subject to the requirements of Section 2.2(c)).

(2) Less than the entire principal amount of a Series 2002-A Warrant may be converted if both the amount converted and the remaining portion of such Series 2002-A Warrant will be in Authorized Denominations.

(3) If the Series 2002-A Warrant is being converted from the Variable Rate Mode, the Conversion Date may be any Business Day. If the Series 2002-A Warrant is being converted from the Flexible Rate Mode, the Conversion Date must be a Flexible Rate Interest Payment Date.

(4) On the proposed Conversion Date the Trustee must receive a Favorable Tax Opinion and the Substitute Standby Purchase Agreement (if any) that was to be delivered in connection with such conversion.

(e) Revocation of Election. The County may, at its option, revoke its election to convert a Series 2002-A Warrant from one Interest Rate Mode to another Interest Rate Mode by notice delivered to the other Financing Participants before such Series 2002-A Warrant is delivered to its Holder in the new Interest Rate Mode. In addition, if a Series 2002-A Warrant is being converted to the Term Rate Mode, the election to convert shall automatically be deemed revoked if the Remarketing Agent fails to establish the Term Rate or the Trustee and the Tender Agent do not receive confirmation from the Remarketing Agent that such Series 2002-A Warrant has been remarketed in the Term Rate Mode before the close of business on the proposed Conversion Date.

(f) Mandatory Tender Notwithstanding Failed Conversion. If a notice of Mandatory Tender is given by the Tender Agent in connection with a proposed conversion of a Series 2002-A Warrant to a different Interest Rate Mode, such Series 2002-A Warrant shall be subject to a Mandatory Tender on such date notwithstanding the revocation by the County of its election to effect such conversion or the failure to satisfy the conditions for such conversion.

(g) **Automatic Conversion to Bank Rate.** Notwithstanding any conversion or attempted conversion of a Series 2002-A Warrant pursuant to this section and notwithstanding the Interest Rate Mode otherwise in effect, on the date that any Series 2002-A Warrant is purchased by the Bank pursuant to the Standby Purchase Agreement such Series 2002-A Warrant shall begin to accrue interest at the Bank Rate. If an attempted conversion of the Interest Rate Mode on any Bank Warrant is not successful or if such Bank Warrant is not remarketed on the Conversion Date, such Series 2002-A Warrant shall continue to bear interest at the Bank Rate. When any Series 2002-A Warrant ceases to be a Bank Warrant such Series 2002-A Warrant shall bear interest at the Variable Rate unless such Series 2002-A Warrant is successfully converted on such date to another Interest Rate Mode.

Section 2.4 Optional Tenders. (a) The Holder of any Series 2002-A Warrant shall have the right to tender such Series 2002-A Warrant to the Tender Agent for purchase in whole or in part on any Business Day while such Series 2002-A Warrant is in the Variable Rate Mode (but not while such Series 2002-A Warrant is in the Term Rate Mode or the Flexible Rate Mode) at a Purchase Price equal to 100% of the principal amount of the Series 2002-A Warrant (or portion thereof) tendered plus accrued interest to the specified purchase date (an "Optional Tender Date"). In order to exercise such option with respect to any Series 2002-A Warrant, the Holder thereof must deliver notice thereof to the Tender Agent and the Remarketing Agent, as provided below in this section, at least seven days prior to the proposed Optional Tender Date.

(b) Any such notice of Optional Tender must be duly executed by the Warrantholder and must specify (i) the name of the registered Holder of the Series 2002-A Warrant to be tendered for purchase, (ii) the Optional Tender Date, (iii) the certificate number and principal amount of such Series 2002-A Warrant, and (iv) the principal amount of such Series 2002-A Warrant to be purchased (provided that, if such amount is less than the entire principal amount, both the amount to be purchased and the remaining amount must be in an Authorized Denomination). Such notice may be given to the Tender Agent and the Remarketing Agent in writing or by telephone, but no such telephonic notice shall be effective unless confirmed in writing delivered to the Tender Agent and the Remarketing Agent not more than two Business Days after such telephonic notice. The written notice of Optional Tender shall be substantially as set forth in Exhibit A or in such other form as shall be acceptable to the Tender Agent.

(c) If any notice of Optional Tender specifies an Optional Tender Date that is not a Business Day, then such notice shall be deemed to specify the next following Business Day as the Optional Tender Date. Unless a notice of Optional Tender indicates that less than the entire principal amount of the Series 2002-A Warrant is being tendered for purchase, the Holder will be deemed to have tendered the Series 2002-A Warrant in its entire principal amount for purchase.

(d) Promptly after receipt of any such telephonic or written notice of Optional Tender, the Tender Agent shall deliver written notice to the Trustee, the Remarketing Agent, the County and the Bank specifying (i) the principal amount and certificate number of the Series 2002-A Warrant

for which a notice of Optional Tender has been given and (ii) the proposed Optional Tender Date therefor.

(e) Upon delivery of a written notice of Optional Tender, the election to tender shall be irrevocable and binding upon such Holder and may not be withdrawn. The Tender Agent shall, in its sole discretion, determine whether, with respect to any Series 2002-A Warrant, the Holder thereof shall have properly exercised the option to have his Series 2002-A Warrant purchased pursuant to this section.

(f) If a written notice of tender shall have been duly given with respect to any Series 2002-A Warrant, the Holder of such Series 2002-A Warrant shall deliver such Series 2002-A Warrant to the Office of the Tender Agent on the Optional Tender Date, together with all necessary endorsements for transfer. If only a portion of such Series 2002-A Warrant is to be purchased (as a result of the exercise of the Optional Tender right only with respect to such portion), the County shall execute and the Tender Agent shall authenticate and deliver to the Holder of such Series 2002-A Warrant, without service charge, a new Series 2002-A Warrant or Warrants of the same Maturity and interest rate and of any Authorized Denomination or Denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unpurchased portion of the principal amount of the Series 2002-A Warrant surrendered. Any Series 2002-A Warrant (or portion thereof) that is to be so purchased but that is not so delivered to the Tender Agent (i.e., an Unsurrendered Series 2002-A Warrant) shall nevertheless be deemed to have been tendered by the Holder thereof on the Optional Tender Date.

(g) On each Optional Tender Date, the Tender Agent shall pay to the Holder of each Series 2002-A Warrant (or portion thereof) properly tendered for purchase an amount equal to 100% of the principal amount thereof plus accrued interest, if any. Funds for payment of the Purchase Price of such Series 2002-A Warrants shall be drawn by the Tender Agent from the Warrant Purchase Fund as provided in Section 5.1 of this Fourth Supplemental Indenture.

(h) If there has been irrevocably deposited in the Warrant Purchase Fund an amount sufficient to pay the Purchase Price of any Unsurrendered Series 2002-A Warrant, such Unsurrendered Series 2002-A Warrant shall be deemed to have been tendered for purchase and purchased from the Holder thereof on such Optional Tender Date and the Holder of such Unsurrendered Series 2002-A Warrant shall not be entitled to receive interest on such Unsurrendered Series 2002-A Warrant for any period on and after the Optional Tender Date. The Tender Agent shall issue a new Series 2002-A Warrant or Warrants in the same aggregate principal amount for any Unsurrendered Series 2002-A Warrant which is not tendered for purchase on any Optional Tender Date and, upon receipt by the Tender Agent of any such Unsurrendered Series 2002-A Warrant from the Holder thereof, shall pay, or cause to be paid, the Purchase Price of such Unsurrendered Series 2002-A Warrant to the Holder thereof and cancel such Unsurrendered Series 2002-A Warrant.

(i) Anything in this Fourth Supplemental Indenture to the contrary notwithstanding, Warrantholders may not exercise their Optional Tender rights at any time when the obligation of the

Bank to purchase Series 2002-A Warrants pursuant to the Standby Purchase Agreement has been suspended or terminated in accordance with the provisions of the Standby Purchase Agreement.

Section 2.5 Mandatory Tenders. (a) The Holder of each Series 2002-A Warrant shall be required to tender such Series 2002-A Warrant to the Tender Agent for purchase on the following dates (each such date being herein called a "Mandatory Tender Date"):

- (1) each Conversion Date with respect to such Series 2002-A Warrant;
- (2) the last day of a Term Rate Period with respect to such Series 2002-A Warrant;
- (3) the last day of a Flexible Rate Period with respect to such Series 2002-A Warrant;
- (4) 15 days after the Trustee receives written notice from the Bank (i) stating that the Bank has elected to terminate the Standby Purchase Agreement, upon notice and otherwise in accordance with the provisions of such agreement, as a consequence of the occurrence under the Standby Purchase Agreement of an Event of Default of a type that provides the Bank with the right to terminate (other than immediately) its purchase commitment under said agreement and (ii) directing that the Series 2002-A Warrants be purchased pursuant to the Mandatory Tender provisions of the Indenture;
- (5) on the Business Day immediately preceding any date proposed by the County for delivery of a Substitute Standby Purchase Agreement;
- (6) five days prior to the Stated Expiration Date of the Standby Purchase Agreement; and
- (7) on the Business Day immediately preceding any date when the County proposes to cancel the Standby Purchase Agreement pursuant to Section 2.11.

If any of such dates is not a Business Day, the Mandatory Tender Date shall be the next succeeding Business Day.

(b) No notice is required for a Mandatory Tender on the last day of a Flexible Rate Period or a Mandatory Tender on the last day of a Term Rate Period. Notice of any other Mandatory Tender shall be given by the Trustee by registered or certified mail, mailed to the Holder of each affected Series 2002-A Warrant at such Holder's address appearing on the Warrant Register not less than 12 days prior to the Mandatory Tender Date. Such notice of Mandatory Tender shall

- (1) specify the Mandatory Tender Date,

(2) state the reason for the Mandatory Tender (that is, the applicable event listed in subsection (a) of this section),

(3) state the amount of such Series 2002-A Warrant subject to Mandatory Tender, and

(4) state that such Series 2002-A Warrant shall be delivered by the Holder thereof to the Office of the Tender Agent on such Mandatory Tender Date, together with all necessary endorsements for transfer, and that such Series 2002-A Warrant (or the portion thereof to be purchased) shall be purchased on such Mandatory Tender Date at a Purchase Price equal to 100% of the principal amount thereof plus accrued interest, if any, and that, if such Series 2002-A Warrant is not so delivered to the Tender Agent, such Series 2002-A Warrant (or the portion thereof to be purchased) shall nevertheless be deemed to have been tendered for purchase by the Holder thereof on the Mandatory Tender Date.

(c) Any Series 2002-A Warrant subject to Mandatory Tender shall be tendered by the Holder thereof for purchase on the Mandatory Tender Date by delivering such Series 2002-A Warrant to the Office of the Tender Agent, together with all necessary endorsements for transfer. If only a portion of such Series 2002-A Warrant is to be purchased (as a result of conversion of only a portion of such Series 2002-A Warrant to another Interest Rate Mode), the County shall execute and the Tender Agent shall authenticate and deliver to the Holder of such Series 2002-A Warrant, without service charge, a new Series 2002-A Warrant or Warrants of the same Maturity and interest rate and of any Authorized Denomination or Denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unpurchased portion of the principal amount of the Series 2002-A Warrant surrendered. Any such Series 2002-A Warrant (or portion thereof) that is to be so purchased but that is not so delivered to the Tender Agent on the Mandatory Tender Date (i.e., an Unsurrendered Series 2002-A Warrant) shall nevertheless be deemed to have been tendered for purchase by the Holder thereof on the Mandatory Tender Date.

(d) On the Mandatory Tender Date with respect to any Series 2002-A Warrant, the Tender Agent shall pay to the Holder of such Series 2002-A Warrant an amount equal to 100% of the principal amount thereof plus accrued interest, if any. Funds for payment of the Purchase Price of such Series 2002-A Warrant shall be drawn by the Tender Agent from the Warrant Purchase Fund as provided in Section 5.1 of this Fourth Supplemental Indenture.

(e) If there has been irrevocably deposited in the Warrant Purchase Fund an amount sufficient to pay the Purchase Price of any Unsurrendered Series 2002-A Warrant, such Unsurrendered Series 2002-A Warrant shall be deemed to be tendered for purchase and purchased from the Holder thereof on such Mandatory Tender Date and the Holder of such Unsurrendered Series 2002-A Warrant shall not be entitled to receive interest on such Unsurrendered Series 2002-A Warrant for any period on and after the relevant Mandatory Tender Date. The Tender Agent shall issue a new Series 2002-A Warrant or Warrants in the same aggregate principal amount for any

Unsurrendered Series 2002-A Warrant which is not tendered for purchase on any Mandatory Tender Date and, upon receipt by the Tender Agent of any such Unsurrendered Series 2002-A Warrant from the Holder thereof, shall pay, or cause to be paid, the Purchase Price of such Unsurrendered Series 2002-A Warrant to the Holder thereof and cancel such Unsurrendered Series 2002-A Warrant.

(f) After notice of a Mandatory Tender has been given by the Tender Agent with respect to any Series 2002-A Warrant, such Series 2002-A Warrant shall be subject to Mandatory Tender notwithstanding the fact that the reasons for giving such notice cease to exist or are no longer applicable.

(g) If the Trustee receives notice that an Insurer Event of Default (as such term is defined in the Standby Purchase Agreement) exists under the Standby Purchase Agreement, or that the Bank is otherwise no longer obligated to purchase Eligible Warrants under the terms of the Standby Purchase Agreement, the Trustee shall promptly notify the Holders of the Series 2002-A Warrants and the other Financing Participants that such notice has been received and that Series 2002-A Warrants tendered for purchase pursuant to the Mandatory Tender provisions of the Indenture will no longer be purchased by the Bank. The Series 2002-A Warrants shall nevertheless be subject to Mandatory Tender under such circumstances in accordance with this section, but the Purchase Price of Series 2002-A Warrants so tendered will be paid only from remarketing proceeds or funds contributed by the County.

Section 2.6 Purchase and Remarketing of Series 2002-A Warrants. (a) The Remarketing Agent will use its best efforts to remarket all Series 2002-A Warrants tendered or deemed to be tendered for purchase pursuant to the Optional or Mandatory Tender provisions hereof, subject to the provisions of subsections (g) and (h) of this section.

(b) Promptly after arranging for the remarketing of any Series 2002-A Warrant, the Remarketing Agent shall give the Tender Agent notice specifying, with respect to the purchaser of such Series 2002-A Warrant, (i) such purchaser's name, address and taxpayer identification number and (ii) the principal amount and denomination of the Series 2002-A Warrant to be purchased. In no event shall any such purchaser of remarketed Series 2002-A Warrants be the County or an Affiliate of the County. The Remarketing Agent shall make appropriate settlement arrangements with the purchaser of such remarketed Series 2002-A Warrant and shall direct such purchaser by appropriate instructions to pay the Purchase Price of such Series 2002-A Warrant to the Tender Agent. The Tender Agent shall deposit the proceeds of any such remarketing in the Warrant Purchase Fund.

(c) On the Tender Date with respect to any Series 2002-A Warrant (or portion thereof) the Tender Agent shall pay the Purchase Price to the Holder of such Series 2002-A Warrant. The Tender Agent shall pay such Purchase Price from money on deposit in the Warrant Purchase Fund; provided that the Tender Agent shall not pay the Purchase Price of any Unsurrendered Series 2002-A Warrant, unless and until the Holder of such Unsurrendered Series 2002-A Warrant presents such Unsurrendered Series 2002-A Warrant to the Tender Agent. Any Series 2002-A Warrant so

purchased by the Tender Agent shall be delivered by the Tender Agent in accordance with this section.

(d) The Tender Agent shall hold any Series 2002-A Warrant delivered to it pursuant to the Optional or Mandatory Tender provisions hereof in trust solely for the benefit of the Holder who shall have so delivered such Series 2002-A Warrant until money representing the Purchase Price of such Series 2002-A Warrant shall have been delivered to or for the account of such Holder.

(e) Any Series 2002-A Warrant purchased by the Tender Agent with money advanced under the Standby Purchase Agreement (herein referred to as a "Bank Warrant") shall be held by the Tender Agent for the benefit of the Bank, or shall be delivered to the Bank at the Bank's request, subject to the following terms and conditions:

(1) If such Bank Warrant is remarketed, the Tender Agent delivers the Bank Warrant Sale Price to the Bank and the Bank confirms to the Tender Agent that the Bank's purchase commitment with respect to such warrant under the Standby Purchase Agreement has been reinstated, then such Series 2002-A Warrant shall no longer be considered a "Bank Warrant" and the Trustee shall register such Series 2002-A Warrant as directed by the Remarketing Agent.

(2) If such Bank Warrant is purchased from the Bank by the County and the Tender Agent receives written confirmation from the Bank that the Bank Warrant Sale Price has been paid to the Bank and that the purchase commitment of the Bank with respect to such warrant under the Standby Purchase Agreement has been reinstated, then such Series 2002-A Warrant shall no longer be considered a "Bank Warrant" and the Trustee shall register and deliver such Series 2002-A Warrant as directed by the County.

(f) Any Series 2002-A Warrant purchased by the Tender Agent with money deposited in the Warrant Purchase Fund by the County shall be registered and delivered by the Trustee as directed by the County.

(g) Notwithstanding any other provision of this Fourth Supplemental Indenture, if any Series 2002-A Warrant is purchased pursuant to the Optional or Mandatory Tender provisions of this Fourth Supplemental Indenture and the Standby Purchase Agreement has expired or terminated (or will expire or terminate within 20 days after such Optional or Mandatory Tender has been effected), such Series 2002-A Warrant may not be sold or remarketed unless either (A) such Series 2002-A Warrant will be subject to a Mandatory Tender, subsequent to the date of such remarketing but prior to the expiration or termination of the Standby Purchase Agreement, and such Series 2002-A Warrant is delivered with a copy of the notice of such Mandatory Tender, or (B) (i) the Trustee and the Tender Agent receive a Favorable Tax Opinion, and (ii) the Trustee, the Tender Agent and the County receive an Opinion of Counsel stating in effect that the remarketing of such Series 2002-A

Warrant under such circumstances will not be in violation of any federal or state laws regarding registration of, or other filing in connection with the issuance or sale of, securities.

(h) Notwithstanding any other provision of this Fourth Supplemental Indenture, if the Series 2002-A Warrants are purchased pursuant to the Mandatory Tender provisions of Section 2.5(a)(4), the Series 2002-A Warrants may not be remarketed unless the Trustee and the Tender Agent receive a Favorable Tax Opinion.

(i) Any Series 2002-A Warrant remarketed that has been called for redemption shall be delivered with a copy of the redemption notice, and any Series 2002-A Warrant remarketed as to which notice of Mandatory Tender has been given shall be delivered with a copy of the notice of Mandatory Tender.

(j) Any Series 2002-A Warrant purchased pursuant to the Optional Tender or Mandatory Tender provisions of this Indenture shall not, by virtue of such purchase, be deemed paid or cancelled, but shall remain outstanding until fully paid.

Section 2.7 Form of Series 2002-A Warrants. The Series 2002-A Warrants and the certificate of authentication shall be substantially as set forth in Exhibit B, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture.

Section 2.8 Execution, Authentication, Delivery and Dating. (a) The Series 2002-A Warrants shall be executed on behalf of the County by the President of its governing body under its official seal reproduced thereon and attested by the Minute Clerk of its governing body. The signature of any of these officers on the Series 2002-A Warrants may be manual or, to the extent permitted by law, facsimile. Series 2002-A Warrants bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the County shall bind the County, notwithstanding that such individuals or any of them shall have ceased to hold such offices prior to the authentication and delivery of such Series 2002-A Warrants or shall not have held such offices at the date of such Series 2002-A Warrants.

(b) At any time and from time to time after the execution and delivery of this Fourth Supplemental Indenture, the County may deliver Series 2002-A Warrants executed by the County to the Trustee for authentication and the Trustee shall authenticate and deliver such Series 2002-A Warrants as in this Fourth Supplemental Indenture provided and not otherwise.

(c) No Series 2002-A Warrant shall be secured by, or be entitled to any lien, right or benefit under, the Indenture or be valid or obligatory for any purpose, unless there appears on such Series 2002-A Warrant a certificate of authentication substantially in the form provided for herein, executed by the Trustee by manual signature, and such certificate upon any Series 2002-A Warrant shall be conclusive evidence, and the only evidence, that such Series 2002-A Warrant has been duly authenticated and delivered hereunder.

Section 2.9 Authentication and Delivery of Series 2002-A Warrants to Original Purchasers. Upon the execution and delivery of this Fourth Supplemental Indenture, Series 2002-A Warrants in the aggregate principal amount authorized in this article may be executed by the County and delivered to the Trustee for authentication, and such Series 2002-A Warrants shall thereupon be authenticated and delivered by the Trustee to the original purchaser or purchasers thereof, upon order executed by an Authorized County Representative.

Section 2.10 Substitute Standby Purchase Agreement. (a) The County may at any time and from time to time deliver another agreement (a "Substitute Standby Purchase Agreement") to the Trustee in substitution for the Standby Purchase Agreement then held by the Trustee, provided that

(1) such Substitute Standby Purchase Agreement complies with the applicable conditions set forth in Section 2.10(b);

(2) if Bank Warrants are outstanding on the date of substitution, the Bank certifies that all conditions of the existing Standby Purchase Agreement applicable to its replacement by a Substitute Standby Purchase Agreement have been satisfied;

(3) simultaneously with the delivery of such Substitute Standby Purchase Agreement the County delivers to the Trustee any related documentation required by Section 2.10(c) (the "Related Documentation"); and

(4) the County gives the Trustee, the Tender Agent, the Remarketing Agent and the Bank 30 days' prior notice of such substitution, which notice must specify a Business Day on which such substitution will occur.

(b) Each Substitute Standby Purchase Agreement delivered to the Trustee pursuant to this section must be substantially in the same form and of the same tenor as the initial Standby Purchase Agreement, except as otherwise provided in this section.

(c) Each Substitute Standby Purchase Agreement delivered to the Trustee must be accompanied by the following (herein referred to as the "Related Documentation"), to the extent applicable:

(1) a Favorable Tax Opinion;

(2) so long as the Bond Insurer has not failed to comply with its payment obligations under the Series 2002-A Insurance Policy, the written consent of the Bond Insurer to the delivery of such Substitute Standby Purchase Agreement;

(3) an Opinion of Counsel stating in effect that such Substitute Standby Purchase Agreement is a valid and binding obligation of the County and the substitute Bank;

(4) an Opinion of Counsel acceptable to the Trustee stating in effect that such substitution complies with the applicable provisions of the Indenture; and

(5) with respect to each rating then applicable to the Series 2002-A Warrants, either (A) confirmation from the Rating Agency that issued such rating that such rating will not be withdrawn or revised as a consequence of the delivery of such Substitute Standby Purchase Agreement, or (B) certification from the County to the effect that, upon and after the delivery of such Substitute Standby Purchase Agreement, the Series 2002-A Warrants will not bear such rating and any offering materials pertaining to the Series 2002-A Warrants will reflect the absence of such rating.

(d) Any purchase of Series 2002-A Warrants that, under the terms of the Indenture, is to be made pursuant to the Standby Purchase Agreement on or prior to the effective date of a Substitute Standby Purchase Agreement shall be made under the existing Standby Purchase Agreement. At the close of business on the effective date of any Substitute Standby Purchase Agreement, the Trustee shall return the existing Standby Purchase Agreement to the County and the Bank obligated under such agreement, provided that any purchases under such existing Standby Purchase Agreement required on or prior to such date have been consummated.

(e) The Stated Expiration Date of any Standby Purchase Agreement may be extended by the Bank by delivery to the Trustee of an amendment or other document (if any) in the form required by such Standby Purchase Agreement. Such an extension shall not require the delivery of the Related Documentation required in connection with a Substitute Standby Purchase Agreement.

Section 2.11 Cancellation of Standby Purchase Agreement. (a) The County may cancel any Standby Purchase Agreement then in effect on any date specified by the County upon 30 days' prior notice to the Trustee, the Tender Agent, the Bond Insurer, the Remarketing Agent and the Bank; provided, however, that:

(1) no such cancellation may be effected unless (i) all Series 2002-A Warrants have been converted to a Term Rate for a Term Rate Period extending to their maturity or (ii) the cancellation date is for all Series 2002-A Warrants a Conversion Date, a Flexible Rate Interest Payment Date or the last day of a Term Rate Period;

(2) the County delivers to the Trustee a Favorable Tax Opinion; and

(3) the Trustee shall not cancel the Standby Purchase Agreement unless any purchases under the Standby Purchase Agreement required on or prior to the cancellation date have been consummated.

(b) The Standby Purchase Agreement may not be terminated with respect to only a portion of the Series 2002-A Warrants at the time secured thereby.

ARTICLE III

REDEMPTION OF SERIES 2002-A WARRANTS

Section 3.1 **When Series 2002-A Warrants Are Subject to Redemption.** The Series 2002-A Warrants may be redeemed prior to Maturity at the option of the County as follows:

(A) On any Interest Payment Date when a Series 2002-A Warrant is in the Variable Rate Mode, on any Flexible Rate Interest Payment Date with respect to a Series 2002-A Warrant, and on any Conversion Date with respect to a Series 2002-A Warrant, such Series 2002-A Warrant may be redeemed in whole or in part at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the date of redemption.

(B) Series 2002-A Warrants in the Term Rate Mode are not subject to optional redemption during any Term Rate Period of 5 years or less. During any Term Rate Period of more than 5 years with respect to a Series 2002-A Warrant, such Series 2002-A Warrant may be redeemed in whole or in part on or after the First Optional Call Date (as defined below) at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the date of redemption plus a redemption premium (expressed as a percentage of principal amount redeemed) equal to whichever of the following shall be applicable: 2% if the date of redemption is on or after the First Optional Call Date but prior to the first anniversary of the First Optional Call Date; 1% if the date of redemption is on or after the first anniversary of the First Optional Call Date but prior to the second anniversary of the First Optional Call Date; and without premium if the date of redemption is on or after the second anniversary of the First Optional Call Date. For any Term Rate Period of more than 5 years but not more than 10 years, the First Optional Call Date shall be the fifth anniversary of the beginning of the Term Rate Period. For any Term Rate Period of more than 10 years but not more than 20 years, the First Optional Call Date shall be the anniversary of the beginning of the Term Rate Period that is on or immediately after the midpoint of such Term Rate Period. For any Term Rate Period of more than 20 years, the First Optional Call Date shall be the tenth anniversary of the beginning of the Term Rate Period.

Section 3.2 **Election to Redeem; Notice to Trustee.** The election of the County to exercise any right of optional redemption shall be evidenced by notice to the Trustee from an Authorized County Representative. The notice of election to redeem must be received by the Trustee at least 60 days prior to the date fixed for redemption (unless a shorter notice is acceptable to the Trustee) and

shall specify (i) the principal amount of Series 2002-A Warrants to be redeemed (if less than all Series 2002-A Warrants outstanding may be redeemed pursuant to such option) and (ii) the redemption date, subject to the provisions of the Indenture with respect to the permitted period for such redemption.

Section 3.3 Selection by Trustee of Series 2002-A Warrants to be Redeemed. (a) Subject to the provisions of subsection (b) of this section, if less than all Series 2002-A Warrants are to be redeemed, the particular Series 2002-A Warrants to be redeemed shall be selected by the Trustee not less than 30 nor more than 60 days prior to the redemption date from the outstanding Series 2002-A Warrants then eligible for redemption by lot or by such other method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (in Authorized Denominations) of the principal of Series 2002-A Warrants in a denomination larger than the smallest Authorized Denomination.

(b) Notwithstanding any other provision of this Fourth Supplemental Indenture, all Bank Warrants eligible for redemption shall be redeemed before any other Series 2002-A Warrants are redeemed.

(c) The Trustee shall promptly notify the County and the Tender Agent of the Series 2002-A Warrants selected for redemption and, in the case of any Series 2002-A Warrant selected for partial redemption, the principal amount thereof to be redeemed.

(d) For all purposes of the Indenture, unless the context otherwise requires, all provisions relating to the redemption of Series 2002-A Warrants shall relate, in the case of any Series 2002-A Warrant redeemed or to be redeemed only in part, to the portion of the principal of such Series 2002-A Warrant which has been or is to be redeemed.

Section 3.4 Notice of Redemption. (a) Unless waived by the Holders of all Series 2002-A Warrants then outstanding to be redeemed, notice of redemption shall be given by registered or certified mail, mailed not less than 30 nor more than 60 days prior to the redemption date, to each Holder of Series 2002-A Warrants to be redeemed, at his address appearing in the Warrant Register.

(b) All notices of redemption shall state:

- (1) the redemption date,
- (2) the redemption price,
- (3) the principal amount of Series 2002-A Warrants to be redeemed, and, if less than all outstanding Series 2002-A Warrants are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2002-A Warrants to be redeemed,

(4) that on the redemption date the redemption price of each of the Series 2002-A Warrants to be redeemed will become due and payable and that the interest thereon shall cease to accrue from and after said date,

(5) the place or places where the Series 2002-A Warrants to be redeemed are to be surrendered for payment of the redemption price, and

(6) unless moneys or securities (or a combination thereof) sufficient to provide for the payment in full of the redemption price on the redemption date are then held by the Trustee, a statement to the effect that such redemption is conditioned upon the Trustee's receipt, in a timely manner, of the moneys required to pay the applicable redemption price and that, in the event that such moneys are not so received by the Trustee, such redemption will not occur.

(c) Notice of redemption of Series 2002-A Warrants shall be given by the County or, at the County's request, by the Trustee in the name and at the expense of the County.

Section 3.5 Deposit of Redemption Price. On or before the applicable redemption date, an amount of money sufficient to pay the redemption price of all the Series 2002-A Warrants which are to be redeemed on that date shall be deposited with the Trustee. Such money shall be held in trust in the Debt Service Fund (or in another trust fund established for such purpose) for the benefit of the persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

Section 3.6 Series 2002-A Warrants Payable on Redemption Date. (a) Notice of redemption having been given as aforesaid, the Series 2002-A Warrants to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the County shall default in the payment of the redemption price) such Series 2002-A Warrants shall cease to bear interest. Upon surrender of any such Series 2002-A Warrant for redemption in accordance with said notice, such Series 2002-A Warrant shall be paid by the County at the redemption price. Installments of interest due on or prior to the redemption date shall be payable to the Holders of the Series 2002-A Warrants registered as such on the relevant record dates according to the terms of such Series 2002-A Warrants and the provisions of the Indenture.

(b) If any Series 2002-A Warrant called for redemption shall not be paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the redemption date at the Post-Default Rate.

Section 3.7 Series 2002-A Warrants Redeemed in Part. Unless otherwise provided herein, any Series 2002-A Warrant which is to be redeemed only in part shall be surrendered at the Office of the Trustee with all necessary endorsements for transfer, and the County shall execute and the Trustee shall authenticate and deliver to the Holder of such Series 2002-A Warrant, without service charge, a new Series 2002-A Warrant or Series 2002-A Warrants of the same Maturity and interest rate and of any Authorized Denomination or Denominations as requested by such Holder in

aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Series 2002-A Warrant surrendered.

ARTICLE IV

APPLICATION OF PROCEEDS

Section 4.1 Proceeds From Sale of Series 2002-A Warrants. The proceeds from the sale of the Series 2002-A Warrants to the original purchaser or purchasers thereof (net of underwriter's discount) shall be applied as follows:

- (i) the sum of \$797,037.27 shall be paid to the Bond Insurer as the premium for the Series 2002-A Insurance Policy;
- (ii) the sum of \$111,320.00 shall be paid to the Bond Insurer as the premium for the Reserve Policy;
- (iii) the amount necessary for payment of the initial fee due under the Standby Purchase Agreement shall be paid to the Bank; and
- (iv) the balance shall be deposited in the 2002 Construction Fund.

Section 4.2 Agreement to Construct 2002 System Improvements. The County will proceed continuously and with reasonable dispatch with the acquisition, construction and installation of the various System Improvements that constitute part of the County's Sanitary Sewer Capital Improvement Program. The County will complete the acquisition, construction and installation of the 2002 System Improvements, including the acquisition of such real estate (and interests therein) as may be necessary therefor, as soon as may be practicable, delays incident to strikes, riots, acts of God and the public enemy and similar acts beyond the reasonable control of the County only excepted. The County will promptly pay, as and when due, all expenses incurred in said acquisition, construction and installation.

Section 4.3 Creation of 2002 Construction Fund; Purposes for Which Moneys Therein May Be Expended. There is hereby created a special trust fund, the full name of which shall be the "Jefferson County Sewer System 2002 Construction Fund," for the purpose of providing funds for the acquisition, construction and installation of the 2002 System Improvements. The Trustee shall be and remain the depository, custodian and disbursing agent for the 2002 Construction Fund. The moneys in the 2002 Construction Fund shall be paid out from time to time by the Trustee for the following purposes only and only upon presentation of requisitions as described in Section 4.4 hereof:

- (a) payment of Series 2002-A Issuance Costs;

(b) payment of the reasonable expenses and charges of the Trustee in connection with the 2002 Construction Fund;

(c) payment for labor, services, materials, supplies and equipment furnished in acquiring, constructing and installing the 2002 System Improvements;

(d) payment of the costs of acquiring any real estate (including easements and other interests therein) for the construction or installation thereon of any part or parts of the 2002 System Improvements; and

(e) payment of all expenses (including the fees and expenses of engineers and attorneys and recording fees) incurred in connection with matters referred to in the preceding subsections (c) and (d) of this section.

Section 4.4 Payments from the 2002 Construction Fund. All requisitions for disbursements from the 2002 Construction Fund shall be signed by an Authorized County Representative and shall (a) state the amount required to be paid and the name and address of the Person to whom payment is to be made, (b) describe in reasonable detail the particular Improvement Cost or issuance expense to be paid, and (c) certify that the purpose for which such payment is to be made is a purpose for which 2002 Construction Fund moneys are authorized under the Fourth Supplemental Indenture to be expended.

In addition to the documents required by this section the Trustee may require as a condition precedent to any disbursement further evidence with respect thereto or with respect to the application of any moneys previously disbursed or as to the correctness of any statement made in any requisition. Upon the written request of the Holders of at least ten percent (10%) of the aggregate principal amount of the Parity Securities, the Trustee shall require such evidence. The Trustee shall, however, be under no duty to require such evidence unless so requested. The Trustee shall not be liable for any misapplication of moneys in the 2002 Construction Fund if disbursed pursuant to the provisions of this section and without actual knowledge that such disbursement constituted a misapplication of funds.

Section 4.5 Security for 2002 Construction Fund Moneys. The moneys at any time on deposit in the 2002 Construction Fund shall be and at all times remain public funds impressed with a trust for the purposes specified in Section 4.3 hereof. The Trustee shall at all times keep the moneys on deposit in the 2002 Construction Fund continuously secured, for the benefit of the County and the Holders of the Parity Securities, either

(a) by holding on deposit, as collateral security, Federal Obligations, or other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency, having a market value (exclusive of accrued interest) not less than the amount of moneys on deposit in the 2002 Construction Fund, or

(b) if the furnishing of security in the manner provided by the foregoing clause (a) of this section is not permitted by the then applicable law and regulations, then in such other manner as may be required or permitted by the then applicable state and federal laws and regulations respecting the security for, or granting a preference in the case of, the deposit of trust funds;

provided, however, that it shall not be necessary for the Trustee so to secure any portion of the moneys on deposit in the 2002 Construction Fund (i) that is invested in Federal Obligations or pursuant to an agreement described in clause (v) of the definition of "Eligible Investments" in the Original Indenture, or (ii) that is insured by the Federal Deposit Insurance Corporation or any agency of the United States of America that may succeed to its functions.

Section 4.6 Investment of 2002 Construction Fund. As promptly as practicable following the execution and delivery of this Fourth Supplemental Indenture and from time to time thereafter, the County will furnish to the Trustee a written certificate stating the approximate dates when the moneys on deposit in the 2002 Construction Fund will be needed for the various purposes for which such fund is being created. Promptly after receipt of each such certificate, the Trustee will, at the direction of the County and to the extent practicable, cause the 2002 Construction Fund moneys to be invested in Eligible Investments having stated maturities in such amounts and at such times, prior to or corresponding with the amounts and dates specified in said certificate, as to make available from the 2002 Construction Fund cash moneys sufficient to meet the needs of the 2002 Construction Fund as specified in said certificate. Any such certificate may contain either specific or general instructions from the County as to the kind of Eligible Investments in which the presently unneeded moneys in the 2002 Construction Fund are to be invested, and the Trustee will comply with such instructions to the extent that they are not inconsistent with the applicable provisions hereof; provided that the County shall not direct the Trustee to make any investment of moneys in the 2002 Construction Fund that would result in any of the Parity Securities being considered "arbitrage bonds" within the meaning of Section 103(b)(2) and Section 148 of the Code and the applicable regulations thereunder. In the event of any such investment, the securities in which such moneys are so invested, together with all income derived therefrom, shall become a part of the 2002 Construction Fund to the same extent as if they were moneys originally deposited therein. The Trustee may at any time and from time to time sell or otherwise convert into cash any such securities, whereupon the net proceeds therefrom shall become a part of the 2002 Construction Fund. The Trustee shall be fully protected in making any such investment, sale or conversion in accordance with the provisions of this section. In any determination of the amount of moneys at any time forming a part of the 2002 Construction Fund, all such securities in which any portion of the 2002 Construction Fund is at the time so invested shall be included therein at their then market value.

Notwithstanding any other provisions of the Indenture, the Trustee shall not be responsible for (i) determining whether or not any investment of moneys in the 2002 Construction Fund (or in any of the other Indenture Funds) complies with the limitations imposed by Section 148 of the Code and the regulations thereunder or (ii) calculating the amount of, or making any payment of, any rebate due to the United States of America.

ARTICLE V

WARRANT PURCHASE FUND

Section 5.1 **Warrant Purchase Fund.** (a) There is hereby established a special trust fund which shall be designated the "Jefferson County Sewer System Series 2002-A Warrant Purchase Fund". The Tender Agent shall be the depository, custodian and disbursing agent for the Warrant Purchase Fund.

(b) There shall be deposited in the Warrant Purchase Fund, as and when received:

(1) the proceeds of any remarketing of Series 2002-A Warrants by the Remarketing Agent,

(2) money received by the Tender Agent from the Bank pursuant to the Standby Purchase Agreement with respect to the Purchase Price of Eligible Warrants payable on the related Tender Date,

(3) all other money required to be deposited in the Warrant Purchase Fund pursuant to the Indenture, and

(4) all other money received by the Tender Agent when accompanied by directions that such money is to be deposited in the Warrant Purchase Fund.

(c) The Tender Agent is hereby authorized and directed to withdraw sufficient money from the Warrant Purchase Fund to pay the Purchase Price of Series 2002-A Warrants due on any Tender Date.

(d) Funds for the payment of the Purchase Price of Series 2002-A Warrants shall be derived from the following sources in the order of priority indicated:

(1) **First**, proceeds from the remarketing of Series 2002-A Warrants.

(2) **Second**, money advanced under the Standby Purchase Agreement.

(3) **Third**, any other money on deposit in the Warrant Purchase Fund.

Not later than one hour before the applicable notice deadline under the Standby Purchase Agreement, the Tender Agent shall determine the amount of remarketing proceeds already on deposit in the Warrant Purchase Fund and shall advise the Trustee of such amount. After such determination, the Trustee shall give the notice to the Bank required under the Standby Purchase Agreement for purchase of Eligible Warrants on such Tender Date for which remarketing proceeds are not available.

Any money advanced under the Standby Purchase Agreement shall be held in a separate, segregated account in the Warrant Purchase Fund and shall not be commingled with other money in the Warrant Purchase Fund. Such money shall be used only to pay the Purchase Price of Eligible Warrants.

(e) On each Tender Date money in the Warrant Purchase Fund from any source other than the Standby Purchase Agreement remaining after payment of the Purchase Price of all Series 2002-A Warrants (or after segregating money for such purpose as provided in Section 5.2) shall be applied by the Tender Agent for the following purposes in the order of priority indicated:

(1) **First**, the Tender Agent shall reimburse the Bank, prior to the close of business on such Tender Date, for the amount advanced under the Standby Purchase Agreement for payment of the Purchase Price of Series 2002-A Warrants.

(2) **Second**, the balance, if any, shall be paid to the County.

(f) If proceeds from the remarketing of the Series 2002-A Warrants are deposited in the Warrant Purchase Fund after such Tender Date, such proceeds shall be applied as provided in subsection (e) of this section.

(g) Any moneys held in the Warrant Purchase Fund may be invested only in Federal Obligations that mature not later than the earlier of (i) thirty (30) days after the date of making such investment or (ii) the date on which such moneys will be needed to pay the Purchase Price of any Series 2002-A Warrants.

Section 5.2 Money for Warrant Purchases to be Held in Trust; Repayment of Unclaimed Money. (a) If money is on deposit in the Warrant Purchase Fund on any Tender Date sufficient to pay the Purchase Price of the Series 2002-A Warrants to be paid on such Tender Date, but the Holder of any Unsurrendered Warrant fails to deliver such warrant to the Tender Agent for payment of such Purchase Price on such Tender Date, the Tender Agent shall segregate and hold in trust for the benefit of the person entitled thereto money sufficient to pay such Purchase Price due and payable on such Series 2002-A Warrant on such Tender Date. Money so segregated and held in trust shall not be a part of the Trust Estate and shall not be invested, but shall constitute a separate trust fund for the benefit of the persons entitled to such Purchase Price.

(b) Any money held in trust by the Tender Agent for the payment of the Purchase Price of any Series 2002-A Warrant pursuant to subsection (a) of this section and remaining unclaimed for three years after such Purchase Price has become due and payable shall be paid to the County upon request of an Authorized County Representative; and the Holder of such Series 2002-A Warrant shall thereafter, as an unsecured general creditor, look only to the County for payment thereof, and all liability of the Tender Agent with respect to such trust money, and all liability of the County with respect thereto, shall thereupon cease; provided, however, that the Tender Agent, before being required to make any such payment to the County, may at the expense of the County cause to be published once, in a newspaper of general circulation in the city where the Office of the Tender Agent

is located, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be paid to the County.

ARTICLE VI

PROVISIONS CONCERNING THE SERIES 2002-A INSURANCE POLICY

Section 6.1 Payments Under the Series 2002-A Insurance Policy. (a) If, on the Business Day preceding any Interest Payment Date for the Series 2002-A Warrants, there is not on deposit with the Trustee sufficient moneys available to pay all principal of and interest on the Series 2002-A Warrants due on such date, the Trustee shall immediately notify the Bond Insurer and State Street Bank and Trust Company, N.A., New York, New York, or its successor as the Bond Insurer's Fiscal Agent (the "Fiscal Agent"), of the amount of such deficiency. If, by said Interest Payment Date, the County has not provided the amount of such deficiency, the Trustee shall simultaneously make available to the Bond Insurer and to the Fiscal Agent the registration books for the Series 2002-A Warrants maintained by the Trustee. In addition:

(i) the Trustee shall provide the Bond Insurer with a list of the Holders of the Series 2002-A Warrants entitled to receive principal or interest payments from the Bond Insurer under the terms of the Series 2002-A Insurance Policy and shall make arrangements for the Bond Insurer and its Fiscal Agent (1) to mail checks or drafts to the Holders of Series 2002-A Warrants entitled to receive full or partial interest payments from the Bond Insurer and (2) to pay principal of the Series 2002-A Warrants surrendered to the Fiscal Agent by the Holders thereof entitled to receive full or partial principal payments from the Bond Insurer; and

(ii) the Trustee shall, at the time it makes the registration books available to the Bond Insurer, notify Holders entitled to receive payment of principal of or interest on the Series 2002-A Warrants from the Bond Insurer (1) as to the fact of such entitlement, (2) that the Bond Insurer will remit to them all or part of the interest payments coming due subject to the terms of the Series 2002-A Insurance Policy, (3) that, except as provided in paragraph (b) below, in the event that any Holder of Series 2002-A Warrants is entitled to receive full payment of principal from the Bond Insurer, such Holder must tender his Series 2002-A Warrant to the Fiscal Agent with the instrument of transfer in the form provided on the Series 2002-A Warrant executed in the name of the Bond Insurer, and (4) that, except as provided in paragraph (b) below, in the event that such Holder is entitled to receive partial payment of principal from the Bond Insurer, such Holder must tender his Series 2002-A Warrant for payment first to the Trustee, which shall note on such Series 2002-A Warrant the portion of principal paid by the Trustee, and then, with an acceptable form of assign-

ment executed in the name of the Bond Insurer, to the Fiscal Agent, which will then pay the unpaid portion of principal to the Holder subject to the terms of the Series 2002-A Insurance Policy.

(b) In the event that the Trustee has notice that any payment of principal of or interest on a Series 2002-A Warrant has been recovered from a Holder thereof pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time it provides notice to the Bond Insurer, notify all Holders of Series 2002-A Warrants that, in the event that any such Holder's payment is so recovered, such Holder will be entitled to payment from the Bond Insurer to the extent of such recovery, and the Trustee shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the Series 2002-A Warrants which have been made by the Trustee and subsequently recovered from Holders, and the dates on which such payments were made.

(c) The Bond Insurer shall, to the extent it makes payment of principal of or interest on the Series 2002-A Warrants, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 2002-A Insurance Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books maintained by the Trustee upon receipt from the Bond Insurer of proof of the payment of interest thereon to the Holders of such Series 2002-A Warrants and (2) in the case of subrogation as to claims for past due principal, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books for the Series 2002-A Warrants maintained by the Trustee upon receipt of proof of the payment of principal thereof to the Holders of such Series 2002-A Warrants. Notwithstanding anything in the Indenture or the Series 2002-A Warrants to the contrary, the Trustee shall make payment of such past due interest and past due principal directly to the Bond Insurer to the extent that the Bond Insurer is a subrogee with respect thereto.

Section 6.2 Information to be Provided to the Bond Insurer. The County shall provide the Bond Insurer with the following information:

(a) within 180 days after the end of each Fiscal Year of the County, a copy of the County's budget for the then current Fiscal Year, a copy of the County's annual audited financial statements for the most recently completed Fiscal Year, a statement of the amount on deposit in the Reserve Fund as of the last valuation and, if not presented in the audited financial statements, a statement of the net revenues pledged to payment of the Parity Securities for the most recently completed Fiscal Year;

(b) the Official Statement or other disclosure document, if any, prepared in connection with the issuance of additional debt instruments payable from the System Revenues, whether or not such instruments constitute Additional Parity Securities, within 30 days after the sale thereof;

(c) notice of any draw upon, or any deficiency due to market fluctuation in the amount on deposit in, the Reserve Fund;

(d) notice of the redemption, other than mandatory sinking fund redemption, of any of the Parity Securities, including the principal amount, maturities and CUSIP numbers thereof

(e) simultaneously with the delivery of the County's annual audited financial statements:

(i) the number of System users as of the end of the most recently completed Fiscal Year;

(ii) notification of the withdrawal of any System user responsible for 5% or more of System Revenues since the last reporting date;

(iii) any significant plant retirements or expansions planned or undertaken in the System's service area since the last reporting date;

(iv) maximum and average daily System usage for the most recently completed Fiscal Year;

(v) any updated capital plans for expansion and improvement projects; and

(vi) results of any annual engineering inspections.

(f) such additional information as the Bond Insurer may reasonably request from time to time.

Section 6.3 Miscellaneous Special Provisions Respecting the Bond Insurer and the Series 2002-A Insurance Policy. (a) In determining whether a payment default has occurred or whether a payment on the Series 2002-A Warrants has been made under the Indenture, no effect shall be given to payments made under the Series 2002-A Insurance Policy.

(b) The Bond Insurer shall receive immediate notice of any default in payment of principal of or interest on the Series 2002-A Warrants and notice of any other Event of Default known to the Trustee within 30 days of the Trustee's knowledge thereof.

(c) The Trustee shall, if and to the extent that there are no other available moneys held under the Indenture, use moneys in the 2002 Construction Fund to pay principal of or interest on the Series 2002-A Warrants.

(d) For all purposes of Article XIII of the Original Indenture, except the giving of notice of default to Holders of Series 2002-A Warrants, the Bond Insurer shall be deemed to be the sole holder of the Series 2002-A Warrants it has insured for so long as it has not failed to comply with its payment obligations under the Series 2002-A Insurance Policy.

(e) No resignation or removal of the Trustee shall become effective until a successor has been appointed and has accepted the duties of Trustee. The Bond Insurer shall be furnished with written notice of the resignation or removal of the Trustee and the appointment of any successor thereto.

(f) The Bond Insurer shall be treated as a party in interest and as a party entitled to (i) notify the Trustee of the occurrence of an Event of Default and (ii) request the Trustee to intervene in judicial proceedings that affect the Series 2002-A Warrants or the security therefor.

(g) Any amendment or supplement to the Indenture shall be subject to the prior written consent of the Bond Insurer. The Bond Insurer shall be deemed to be the holder of all outstanding Series 2002-A Warrants for the purpose of consenting to any proposed amendment or supplement to the Indenture (except for any such amendment or supplement that, under the provisions of the Indenture, requires the consent of the Holder of each outstanding Series 2002-A Warrant). Any rating agency rating any of the Series 2002-A Warrants must receive notice of each amendment or supplement hereafter executed and a copy thereof at least fifteen days in advance of its execution or adoption.

(h) Without the prior written consent of the Bank, neither the County nor the Trustee shall take any of the following actions, or consent to or approve the taking of any such actions by any other party: the surrender, cancellation, termination, amendment or modification in any material respect of the Series 2002-A Insurance Policy, or the substitution of an entity other than Financial Guaranty as the insurer of the timely payment of the principal of and interest on the Series 2002-A Warrants.

(i) So long as the Bond Insurer has not failed to comply with its payment obligations under the Series 2002-A Insurance Policy, the Trustee shall not accelerate the maturity of the Series 2002-A Warrants without the prior written consent of the Bond Insurer.

(j) The Bond Insurer shall be provided with a full transcript of all proceedings relating to the execution of any Supplemental Indenture hereafter executed.

(k) Any notices to the Bond Insurer or the Fiscal Agent pursuant to the Indenture shall be sent to the following addresses (unless and until different addresses are specified in writing to the County and the Trustee):

Financial Guaranty Insurance Company
125 Park Avenue
New York, New York 10017
Attention: General Counsel

State Street Bank and Trust Company, N.A.
61 Broadway
New York, New York 10006
Attention: Corporate Trust Department

Section 6.4 Special Provisions Respecting the Bond Insurer and the Standby Purchase Agreement. (a) If at any time the long-term ratings for the debt obligations of the Bank providing the then effective Standby Purchase Agreement drop below "A-" (in the case of the rating assigned by Standard & Poor's) or "A3" (in the case of the rating assigned by Moody's), the County will, if requested in writing to do so by the Bond Insurer, with a copy to the Trustee, and within sixty (60) days of its receipt of such request in writing, replace such then effective Standby Purchase Agreement with a Substitute Standby Purchase Agreement acceptable to and approved by the Bond Insurer and in compliance with the requirements of Section 2.10 hereof.

(b) To the extent that the Pledged Revenues are pledged to secure the payment and performance by the County of its obligations under the initial Standby Purchase Agreement or any Substitute Standby Purchase Agreement, the County hereby agrees that such pledge in favor of the Bank shall be on a parity with the pledge made in the Indenture to secure the payment of principal of and interest on Parity Securities only to the extent that such pledge in favor of the Bank secures the payment of (i) the periodic commitment fee payable to the Bank (including any and all accrued interest thereon) and (ii) the principal of and interest on Bank Warrants. All other amounts owed under the Standby Purchase Agreement shall be payable on a subordinated basis to payment of principal and interest on the Parity Securities, replenishment of any debt service reserve fund and payment of the fees of the Trustee.

(c) The County and the Trustee hereby agree that, upon receipt of notice of the occurrence of either of the following events, the Series 2002-A Warrants will be converted in accordance with the provisions of Section 2.3(d) to the Term Rate Mode for a Term Rate Period extending until the maturity date of the Series 2002-A Warrants:

(i) the termination of the Standby Purchase Agreement as a result of the occurrence of an event of default under the Standby Purchase Agreement that, under the provisions thereof, either (A) causes such agreement to terminate immediately or (B) provides the Bank with the right to terminate its purchase commitment under such agreement upon the delivery of a specified notice to the Trustee; or

(ii) thirty (30) days prior to the termination or expiration date of the then effective Standby Purchase Agreement (if, by such date, either (x) no Substitute

Standby Purchase Agreement has been obtained by the County and approved by the Bond Insurer or (y) no short-term bond ratings that are to be effective after the termination or expiration date of the then effective Standby Purchase Agreement and that are acceptable to the Bond Insurer have been obtained).

Upon the occurrence of any of the events described in either (i) or (ii), the Trustee is hereby directed and authorized to take such actions, in the name and on behalf of the County, as shall be necessary or appropriate to cause such conversion of the Series 2002-A Warrants to the Term Rate Mode in accordance with the provisions of the Fourth Supplemental Indenture.

Any conversion to the Term Rate Mode pursuant to this subsection (c) will be on terms and at a fixed interest rate that will permit the effective remarketing of all then outstanding Series 2002-A Warrants (including Bank Warrants) at par. If such a remarketing cannot be effected on such terms, the Series 2002-A Warrants shall continue to bear interest at a Variable Rate until such time as such a conversion to the Term Rate Mode and related remarketing can be effected. The parties agree that the Remarketing Agent will be directed to attempt such a remarketing of fixed rate Series 2002-A Warrants on a weekly basis until either (I) the specified conversion and related remarketing are accomplished or (II) the Bond Insurer consents to the discontinuation of such efforts.

The Holder of each Series 2002-A Warrant required to be tendered hereunder shall tender such Series 2002-A Warrant in accordance with the provisions of Section 2.5 hereof. The Trustee shall comply with the procedures set forth in Section 2.3(d) and Section 2.5 hereof.

ARTICLE VII

MISCELLANEOUS

Section 7.1 Confirmation of Indenture. All the terms, covenants and conditions of the Indenture are hereby in all things confirmed, and they shall remain in full force and effect. Further, the County does hereby confirm the pledge made in the Indenture with respect to the revenues derived from all properties now or hereafter constituting a part of the System, including specifically, without limiting the generality of the foregoing, all properties acquired as a part of the System since the execution and delivery of the Original Indenture.

For the purposes specified in Section 2.1 of the Original Indenture, the County does hereby grant, bargain, sell and convey, assign, transfer and pledge to and with the Trustee the moneys deposited in the 2002 Construction Fund, together with any investments and reinvestments of such moneys and the income or proceeds thereof; subject, however, to the disbursement of all moneys at any time held in the 2002 Construction Fund for application in accordance with the provisions of this Fourth Supplemental Indenture.

Section 7.2 Debt Service Fund Deposits Referable to Series 2002-A Warrants. In order to provide funds for the payment of the principal of and the interest on the Series 2002-A Warrants, there shall be transferred or paid into the Debt Service Fund, out of moneys held in the Revenue Account, the following amounts at the following times:

(1) on or before each Interest Payment Date with respect to the Series 2002-A Warrants, an amount equal to the interest becoming due with respect to the then outstanding Series 2002-A Warrants on such Interest Payment Date; and

(2) on or before February 1, 2042, an amount equal to the principal amount of Series 2002-A Warrants maturing on such date.

The Debt Service Fund deposits required by this Section 7.2 shall be in addition to the deposits respecting the Outstanding Parity Securities required by the Original Indenture and by the First, Second and Third Supplemental Indentures.

Section 7.3 Book-Entry Procedures Applicable to Series 2002-A Warrants. (a) Except as provided in Section 7.3(c) hereof, the registered owner of all of the Series 2002-A Warrants shall be The Depository Trust Company ("DTC") and the Series 2002-A Warrants shall be registered in the name of Cede & Co., as nominee of DTC. Payment of interest for any Series 2002-A Warrant registered as of a Record Date in the name of Cede & Co. shall be made by wire transfer to the account of Cede & Co. on the Interest Payment Date at the address indicated on the Record Date for Cede & Co. in the registry books of the County kept by the Trustee.

(b) The Series 2002-A Warrants shall be initially issued in the form of a single authenticated fully registered warrant in the principal amount of \$110,000,000 and with a stated maturity of February 1, 2042. Upon initial issuance, the ownership of such Series 2002-A Warrant shall be registered in the registry book of the County kept by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee and the County may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2002-A Warrants registered in its name for the purposes of payment of the principal or redemption price of or interest on such Series 2002-A Warrants, selecting such Series 2002-A Warrants or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders of Series 2002-A Warrants under the Indenture, registering the transfer of Series 2002-A Warrants, obtaining any consent or other action to be taken by Holders of Series 2002-A Warrants and for all other purposes whatsoever; and neither the Trustee nor the County shall be affected by any notice to the contrary. Neither the Trustee nor the County shall have any responsibility or obligation to any DTC participant, any Person claiming a beneficial ownership interest in the Series 2002-A Warrants under or through DTC or any DTC participant, or any other Person which is not shown on the registration books of the County kept by the Trustee as being a Holder of Series 2002-A Warrants. The County and the Trustee shall have no responsibility with respect to the accuracy of any records maintained by DTC, Cede & Co. or any DTC participant with respect to any ownership interest in the Series 2002-A Warrants; the payment by DTC or any DTC participant to any beneficial owner of any amount in respect of the principal or redemption price of

or interest on the Series 2002-A Warrants; the delivery to any DTC participant or any beneficial owner of any notice which is permitted or required to be given to Holders of the Series 2002-A Warrants under the Indenture; the selection by DTC or any DTC participant of any Person to receive payment in the event of a partial redemption of the Series 2002-A Warrants; or the authority for any consent given or other action taken by DTC as the Holder of Series 2002-A Warrants. The Trustee shall pay all principal of and premium, if any, and interest on the Series 2002-A Warrants only to Cede & Co., as nominee of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to the principal of and premium, if any, and interest on such Series 2002-A Warrants to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co. and direction to effect such change on the registry books maintained by the Trustee, the term "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(c) In the event the County determines that it is in the best interest of the beneficial owners of the Series 2002-A Warrants that they be able to obtain warrant certificates, the County may notify DTC and the Trustee of the availability through DTC of warrant certificates. In such event, the Trustee shall issue, transfer and exchange warrant certificates as requested by DTC and any other Holders of Series 2002-A Warrants in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 2002-A Warrants at any time by giving notice to the County and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the County and Trustee shall be obligated to deliver warrant certificates as described in the Indenture. In the event warrant certificates are issued to Holders of the Series 2002-A Warrants other than DTC, the provisions of Article V of the Original Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the County and the Trustee to do so, the County and the Trustee will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2002-A Warrants to any DTC participant having Series 2002-A Warrants credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2002-A Warrants.

(d) Notwithstanding any other provision of the Indenture to the contrary, so long as any Series 2002-A Warrant is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such Series 2002-A Warrant and all notices with respect to such Series 2002-A Warrant shall be made and given to DTC as provided in the Representation Letter to be signed by the County and the Trustee on or prior to the date of issuance and delivery of the Series 2002-A Warrants and accepted by DTC. Without limitation of the foregoing, so long as any Series 2002-A Warrant is registered in the name of Cede & Co., as nominee of DTC, the Trustee shall send a copy of any notice of redemption by overnight delivery not less than thirty (30) days before the redemption date to DTC, but such mailing shall not be a condition precedent to such redemption and failure to so mail any such notice (or failure of DTC to advise any DTC participant, or any DTC participant to notify the beneficial owner, of any such notice or its

content or effect) shall not affect the validity of the proceedings for the redemption of the Series 2002-A Warrants.

(e) In connection with any notice or other communication to be provided to Holders of the Series 2002-A Warrants pursuant to the Indenture by the County or the Trustee with respect to any consent or other action to be taken by Holders of the Series 2002-A Warrants, so long as any Series 2002-A Warrant is registered in the name of Cede & Co., as nominee of DTC, the County or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

(f) In the event of any inconsistency between the provisions of this Section 7.3 and any other provision of the Indenture or the forms of Series 2002-A Warrants, the provisions of this Section 7.3 shall govern so long as warrant certificates have not been issued to the Holders of the Series 2002-A Warrants other than DTC in accordance with Section 7.3(c) hereof.

Section 7.4 Tax Covenants. The County recognizes that the Holders of the Series 2002-A Warrants from time to time will have accepted them on, and paid therefor a price which reflects, the understanding that interest on the Series 2002-A Warrants is excluded from gross income for federal income tax purposes under the laws in force at the time the Series 2002-A Warrants shall have been delivered. In this connection the County covenants (i) that it will not take any action or omit to take any action if the taking of such action or the failure to take such action, as the case may be, will result in the interest on any of the Series 2002-A Warrants becoming includable in gross income for purposes of federal income taxation, (ii) that it will use the "proceeds" of the Series 2002-A Warrants and any other funds of the County in such a manner that the use thereof, as reasonably expected by the County at the time of issuance of the Series 2002-A Warrants, will not cause the Series 2002-A Warrants to be "arbitrage bonds" under Section 103(b)(2) and Section 148 of the Code and the regulations thereunder and (iii) that it will satisfy the requirements of Section 148(f) of the Code and the applicable regulations thereunder. The County further covenants and agrees that it will not permit at any time any "proceeds" of the Series 2002-A Warrants or any other funds of the County to be used, directly or indirectly, in a manner which would result in any Series 2002-A Warrant being classified as a "private activity bond" within the meaning of Section 141(a) of the Code. The officers and employees of the County shall execute and deliver from time to time, on behalf of the County, such certificates, instruments and documents as shall be deemed necessary or advisable to evidence compliance by the County with said Section 103(b)(2) and Section 148 and the regulations thereunder with respect to the use of the proceeds of the Series 2002-A Warrants. Such certificates, instruments and documents may contain such stipulations as shall be necessary or advisable in connection with the stated purpose of this section and the foregoing provisions hereof, and the County hereby covenants and agrees to comply with the provisions of any such stipulations throughout the term of the Series 2002-A Warrants.

Section 7.5 Concerning Defeasance of Series 2002-A Warrants. For all purposes of the Indenture (including Section 16.1 of the Original Indenture), Series 2002-A Warrants in the

Flexible Rate Mode or the Variable Rate Mode will be considered as fully paid only if the cash or Permitted Defeasance Obligations (or the combination thereof) held by the Trustee for the payment thereof will be sufficient to provide for the full payment of the principal of such Series 2002-A Warrants and interest thereon at the Cap Rate until the earlier of the maturity date for such Series 2002-A Warrants or any date on which such Series 2002-A Warrants have been called for redemption in accordance with their terms.

Section 7.6 Remarketing Agent. (a) The County has appointed J.P. Morgan Securities, Inc., as the initial Remarketing Agent to act in such capacity in accordance with the terms of this Indenture. Any notice to the Remarketing Agent pursuant to the provisions of the Indenture shall be sent to the following address or, if permitted by the provisions hereof, transmitted to the following facsimile number (unless and until a different address or facsimile number is specified in writing to the Trustee):

J. P. Morgan Securities, Inc.
270 Park Avenue, 7th Floor
New York, New York 10017
(facsimile): (212) 834-6737

(b) The initial Remarketing Agent and any successor Remarketing Agent shall signify its acceptance of such appointment and its assumption of the duties and obligations imposed upon it by this Indenture by execution and delivery of an agreement satisfactory to the County, the Bank and the Trustee.

(c) The Remarketing Agent shall be authorized by law to perform all the duties imposed upon it by this Indenture.

(d) The Remarketing Agent may resign at any time by giving 30 days' notice to the County, the Trustee and the Bank.

(e) The County may, with the consent of the Bank, remove the Remarketing Agent at any time upon 30 days' notice to the Remarketing Agent; provided, however, that if the Remarketing Agent is unable to satisfy its obligations under this Indenture because it has declared bankruptcy or is insolvent, the Remarketing Agent may be removed immediately.

(f) If the Remarketing Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Remarketing Agent for any cause, the County shall, with the consent of the Bank and the Trustee, promptly appoint a successor Remarketing Agent.

(g) The Trustee shall give notice to Series 2002-A Warrantholders of each resignation and each removal of the Remarketing Agent and each appointment of a successor Remarketing Agent.

(h) Compensation of the Remarketing Agent shall be paid directly by the County as provided in the Remarketing Agreement.

Section 7.7 Concerning the Tender Agent. (a) The County has appointed the Trustee to serve as the initial Tender Agent. The Trustee shall signify its acceptance of such appointment and its assumption of the duties and obligations imposed on it as Tender Agent by its execution and delivery of this Fourth Supplemental Indenture.

(b) Any successor Tender Agent shall signify its acceptance of such appointment and its assumption of the duties and obligations imposed upon it by the Indenture by execution and delivery of an agreement satisfactory to the Trustee, the County and the Bank.

(c) The Tender Agent may resign at any time by giving 30 days' notice to the County, the Trustee and the Bank; provided, however, that no such resignation shall become effective until a successor Tender Agent has been appointed and has accepted its duties and obligations hereunder.

(d) The County may, with the consent of the Trustee (if the existing Tender Agent is other than the Trustee) and the Bank, remove the Tender Agent by giving 30 days' notice to the Tender Agent; provided, however, that no such removal shall be effective until a successor Tender Agent has been appointed and has accepted its duties and obligations hereunder.

(e) If the Tender Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Tender Agent for any cause, the County shall, with the consent of the Trustee and the Bank, appoint a successor Tender Agent.

(f) Any successor Tender Agent shall (i) be a commercial bank with trust powers or a trust company, (ii) have a combined capital and surplus of at least \$50,000,000, and (iii) be subject to supervision and examination by federal or state authority.

(g) Compensation of the Tender Agent shall be paid directly by the County.

(h) The provisions of the Indenture shall be applicable to any Tender Agent.

Section 7.8 Clarification of Condition Precedent to Issuance of Additional Parity Securities. For purposes of any Revenue Certificate or Revenue Forecast prepared and delivered to the Trustee in connection with the issuance of a series of Additional Parity Securities, the date for determining Maximum Annual Debt Service may be any date that occurs during the period of thirty (30) days that immediately precedes the issuance date for such series of Additional Parity Securities (provided that, in any event, the debt service on such series of Additional Parity Securities shall be taken into account and included in calculating Maximum Annual Debt Service).

Section 7.9 Notices to Rating Agencies. The Trustee shall promptly furnish to each Rating Agency that maintains a rating with respect to the Series 2002-A Warrants notice of (i) receipt

of any notice from the County proposing delivery of a Substitute Standby Purchase Agreement, (ii) any change of the Trustee, the Remarketing Agent or the Tender Agent, (iii) any change or amendment of the Financing Documents, (iv) the expiration, termination, extension or renewal of the term of the Standby Purchase Agreement, (v) the redemption by the County of any Series 2002-A Warrants prior to maturity, (vi) receipt of notice of the County's intent to have the Standby Purchase Agreement cancelled pursuant to Section 2.11, (vii) any conversion of the Interest Rate Mode applicable to the Series 2002-A Warrants to the Term Rate Mode or the Flexible Rate Mode, (viii) any other event resulting in a Mandatory Tender of the Series 2002-A Warrants, (ix) any acceleration of the maturity of the Series 2002-A Warrants, or (x) receipt of notice of the County's intent to establish a trust for the payment of the Series 2002-A Warrants in accordance with the defeasance provisions of the Original Indenture. The Rating Agencies maintaining ratings on the Series 2002-A Warrants on the date of initial delivery of the Series 2002-A Warrants and the addresses for notices to such Rating Agencies are as follows:

Moody's Investors Service
99 Church Street
New York, New York 10007

Standard & Poor's Ratings Services
55 Water Street
New York, New York 10041-0003

Section 7.10 References to Bank When Standby Purchase Agreement is not in Effect. Any provision of the Indenture to the contrary notwithstanding, at any time when no Standby Purchase Agreement is in effect and all indebtedness of the County to the Bank under the Standby Purchase Agreement has been fully paid, all references to the Bank shall be deemed omitted and no consent or approval of the Bank shall be required for any action taken under the Indenture.

Section 7.11 Certain Notices to Bank. The Trustee shall provide the Bank with written notice of any failure by the Bond Insurer to comply with its payment obligations under the Series 2002-A Insurance Policy. Any notice to the Bank pursuant to the provisions of the Indenture shall be sent to the following address (unless and until a different address is specified in writing to the Trustee):

JPMorgan Chase Bank
270 Park Avenue
New York, New York 10017
Attention: Michael Mak

Section 7.12 Article and Section Captions. The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

IN WITNESS WHEREOF, the County has caused this Fourth Supplemental Indenture to be executed in its name and behalf by the President of the Governing Body, has caused its official seal to be hereunto affixed and has caused this Fourth Supplemental Indenture to be attested by the Minute Clerk of the Governing Body, and the Trustee has caused this Fourth Supplemental Indenture to be executed in its corporate name and behalf, has caused its corporate seal to be hereunto affixed and has caused this Fourth Supplemental Indenture to be attested, by its duly authorized officers, all in eight(8) counterparts, each of which shall be deemed an original, and the County and the Trustee have caused this Fourth Supplemental Indenture to be dated as of February 1, 2002, although actually executed and delivered on March 6, 2002.

JEFFERSON COUNTY, ALABAMA

By *Gary White*
President of the County Commission

ATTEST:

Diane Younger
Minute Clerk of the
County Commission

[SEAL]

THE BANK OF NEW YORK, as Trustee under the
Trust Indenture of Jefferson County, Alabama, dated
as of February 1, 1997

By *Ray L. Jones*
Its *VP*

ATTEST:

Robin Foster
Its *Assistant Treasurer*

[SEAL]

STATE OF ALABAMA)
:
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that GARY WHITE, whose name as President of the County Commission of JEFFERSON COUNTY, ALABAMA, a political subdivision 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 county.

GIVEN under my hand and official seal of office, this 28th day of February, 2002.

[NOTARIAL SEAL]

Mark E. Gell
Notary Public

My Commission Expires: 6/17/02

STATE OF ALABAMA)
:
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that GARY L. JONES, whose name as Vice President of THE BANK OF NEW YORK, a New York banking corporation acting in its capacity as Trustee under the Trust Indenture of Jefferson County, Alabama, dated as of February 1, 1997, 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 banking corporation in its capacity as Trustee as aforesaid.

GIVEN under my hand and official seal of office, this 5th day of MARCH, 2002.

[NOTARIAL SEAL]

Maurice McWenmont
Notary Public

My Commission Expires: 7.24.04

340095.8

EXHIBIT A

OPTIONAL TENDER NOTICE

The Bank of New York,
as Tender Agent
Attn: Corporate Trust Administration

Birmingham, Alabama _____

J.P. Morgan Securities, Inc.
as Remarketing Agent

Re: Jefferson County, Alabama
Sewer Revenue Capital Improvement Warrants
Series 2002-A

The undersigned is the registered owner of the following Series 2002-A Warrant, which is part of the above-referenced issue of Series 2002-A Warrants:

Certificate Number: _____
Principal Amount: _____

The undersigned hereby elects to have (check one as appropriate, and be certain to designate the principal amount tendered, if less than the entire amount):

_____ the entire principal amount

_____ \$ _____ of the principal amount of such Series 2002-A Warrant
(Note: If such amount is less than the entire principal amount, both the amount to be purchased and the remaining amount must be an Authorized Denomination, as defined in the Indenture)

purchased on the following date (specify a business day that is at least 7 days after notice of tender is delivered to the Tender Agent):

[Optional Tender Date]

THE UNDERSIGNED ACKNOWLEDGES THAT THIS ELECTION IS IRREVOCABLE AND BINDING ON THE UNDERSIGNED AND CANNOT BE WITHDRAWN.

Dated: _____

Print or Type

Name(s) of Warrantholder(s)

Address

Telephone Number

Signature

(The name(s) and signature(s) must correspond exactly to the name appearing on the registration books maintained by the Tender Agent)

Signature Guaranteed:

(Bank or Trust Company)

By

(Authorized Officer)

EXHIBIT B

FORM OF SERIES 2002-A WARRANTS

No. ____

UNITED STATES OF AMERICA

STATE OF ALABAMA

JEFFERSON COUNTY

SEWER REVENUE CAPITAL IMPROVEMENT WARRANT

SERIES 2002-A

MATURITY DATE	DATE OF INITIAL DELIVERY	INTEREST RATE
February 1, 2042		*
BEGINNING OF RATE PERIOD	END OF RATE PERIOD	CUSIP
		472682 ____

JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama (the "County"), for value received, hereby acknowledges itself indebted to and orders and directs the County Treasurer of the County to pay to

or registered assigns, upon presentation and surrender hereof, solely out of the revenues hereinafter referred to, the principal sum of

DOLLARS

on the Maturity Date specified above and to pay interest hereon from the date of initial delivery of this warrant, or the most recent date to which interest has been paid or duly provided for, until the

*The Trustee is to insert one of the following, as appropriate: "Variable Rate", "Flexible Rate - ____%", or "Term Rate - ____%".

principal hereof shall become due and payable at the Variable Rate, the Flexible Rate, or the Term Rate, as hereinafter provided.

Interest at the Variable Rate shall be computed on the basis of a 365 or 366-day year, as the case may be, for the actual number of days elapsed. Interest at the Flexible Rate shall be computed on the basis of a 365-day year for the actual number of days elapsed. Interest at the Term Rate shall be computed on the basis of a 360-day year with 12 months of 30 days each.

Interest shall be payable (but solely out of the revenues hereinafter described) on overdue principal on this warrant and (to the extent legally enforceable) on any overdue installment of interest on this warrant at the rate of interest last applicable to this warrant when such overdue principal or interest became delinquent.

Interest on this warrant shall be payable in arrears on the following dates (each such date being herein called an "Interest Payment Date"):

(1) with respect to interest payable at the Variable Rate, on (i) the first Business Day of each month, and (ii) the effective date of conversion of such Series 2002-A Warrant from the Variable Rate Mode to another Interest Rate Mode (each such date being herein called a "Variable Rate Interest Payment Date");

(2) with respect to interest payable at the Flexible Rate, on the last day of each Flexible Rate Period (each such date being herein called a "Flexible Rate Interest Payment Date"); and

(3) with respect to interest payable at the Term Rate, (i) on February 1 and August 1 in each year, and (ii) on the last day of each Term Rate Period (each such date being herein called a "Term Rate Interest Payment Date").

If any Interest Payment Date is not a Business Day, the interest due on such date shall be payable on the next succeeding Business Day with the same effect as if payment was made on such Interest Payment Date.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture hereinafter referred to, be paid to the person in whose name this warrant is registered at the close of business on the Regular Record Date for such interest, which shall be the day next preceding any Variable Rate Interest Payment Date for Series 2002-A Warrants in the Variable Rate Mode, the date next preceding any Flexible Rate Interest Payment Date for Series 2002-A Warrants in the Flexible Rate Mode, or the 15th day (whether or not a Business Day) of the month next preceding any Term Rate Interest Payment Date for Series 2002-A Warrants in the Term Rate Mode. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered Holder on such Regular Record Date, and shall be paid to the person in whose name this warrant is registered at the close of business on a Special Record Date for the

payment of such defaulted interest to be fixed by the Trustee, notice of such Special Record Date being given to Holders of the Series 2002-A Warrants not less than 10 days prior to such Special Record Date.

Payment of principal, premium (if applicable) and interest on this warrant and payment of the Purchase Price of this warrant due upon Optional or Mandatory Tender shall be made by the applicable method specified in the Indenture. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

This warrant is one of a duly authorized issue or series of warrants authorized to be issued in the aggregate principal amount of \$110,000,000 and designated Sewer Revenue Capital Improvement Warrants, Series 2002-A (the "Series 2002-A Warrants"). The Series 2002-A Warrants have been issued, on a parity with the Outstanding Parity Securities hereinafter referred to, under a Trust Indenture dated as of February 1, 1997 (the "Original Indenture"), between the County and The Bank of New York, Birmingham, Alabama, as Trustee (herein, in such capacity, together with its successors in trust, called the "Trustee"), as supplemented and amended by a First Supplemental Indenture dated as of March 1, 1997 (the "First Supplemental Indenture"), by a Second Supplemental Indenture dated as of March 1, 1999 (the "Second Supplemental Indenture"), by a Third Supplemental Indenture dated as of March 1, 2001 (the "Third Supplemental Indenture"), and by a Fourth Supplemental Indenture dated as of February 1, 2002 (the "Fourth Supplemental Indenture"). The County has heretofore issued under the Original Indenture, as supplemented and amended by the First, Second and Third Supplemental Indentures, \$211,040,000 principal amount of its Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997, \$48,020,000 principal amount of its Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997, \$52,880,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-C, dated February 15, 1997, \$296,395,000 principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997, \$952,695,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999, and \$275,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001 (all of which are herein together called the "Outstanding Parity Securities"). As used herein, the term "Indenture" means the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and the Fourth Supplemental Indenture. Reference is hereby made to the Indenture for a more complete description of the rights of the owners of the Series 2002-A Warrants and of the Trustee and of the County with respect to the County's sanitary sewer system (herein called the "System") and the revenues therefrom, the terms and conditions upon which the Series 2002-A Warrants are issued, and the terms and conditions upon which any Additional Parity Securities may be issued under the Indenture. Each owner of this warrant, by the acceptance hereof, shall be deemed to assent to the provisions of the Indenture.

The County, the Trustee and JPMorgan Chase Bank (the "Bank") have entered into a Standby Warrant Purchase Agreement dated as of February 1, 2002, whereby, subject to the conditions specified therein, the Bank has agreed to purchase any Series 2002-A Warrant that is not remarketed

after a tender of such warrant for purchase pursuant to the optional or mandatory tender provisions of the Fourth Supplemental Indenture. Series 2002-A Warrants purchased by the Bank (referred to in the Fourth Supplemental Indenture as "Bank Warrants") bear interest at a separate interest rate applicable only to Bank Warrants, as provided in the Fourth Supplemental Indenture and said Standby Purchase Agreement. **Upon the occurrence of certain events described in said Standby Purchase Agreement, the Bank's obligation to purchase Series 2002-A Warrants under said Standby Purchase Agreement will be terminated or suspended.** The Fourth Supplemental Indenture provides for delivery of a Substitute Standby Purchase Agreement on the terms and conditions contained in the Indenture. The initial Standby Warrant Purchase Agreement and any substitute therefor delivered to the Trustee pursuant to the Indenture are herein referred to as the "Standby Purchase Agreement".

Copies of the Indenture and the initial Standby Purchase Agreement are on file at the Office of the Trustee, and reference is hereby made to such instruments for a description of the properties pledged and assigned, the nature and extent of the security, the respective rights thereunder of the Holders of the Series 2002-A Warrants, the Trustee, the County and the Bank, and the terms upon which the Series 2002-A Warrants are, and are to be, authenticated and delivered.

J.P. Morgan Securities, Inc. has been appointed as "Remarketing Agent" pursuant to the Indenture. The Indenture permits the County, with the consent of the Bank, to remove such Remarketing Agent and appoint a successor, subject to certain terms and conditions specified in the Indenture. The Indenture also permits the Remarketing Agent to resign without prior notice to Warrantholders.

The Trustee will serve as the initial Tender Agent under the Indenture until a successor is appointed in accordance with the terms of the Indenture.

The Indenture provides that the Trustee shall serve as Trustee with respect to the Series 2002-A Warrants.

Interest Rates

Each Series 2002-A Warrant shall bear interest at the Variable Rate, the Flexible Rate or the Term Rate, as described below. The Trustee shall specify on each warrant certificate, in the space provided, which Interest Rate Mode is in effect with respect to such Series 2002-A Warrant. If a Flexible Rate is in effect with respect to a Series 2002-A Warrant, the Trustee shall also specify on the certificate for such Series 2002-A Warrant the Flexible Rate and the beginning and end of the Flexible Rate Period. If a Term Rate is in effect with respect to such Series 2002-A Warrant, the Trustee shall also specify on the certificate for such Series 2002-A Warrant the Term Rate and the beginning and end of the Term Rate Period.

Variable Rate

The Variable Rate for any Series 2002-A Warrant shall be a fluctuating rate per annum determined periodically by the Remarketing Agent while such Series 2002-A Warrant is in the Variable Rate Mode. The Variable Rate shall be determined on the date of conversion to the Variable Rate Mode and on the last Business Day before each Friday while such Series 2002-A Warrant is in the Variable Rate Mode. Interest accrual at the Variable Rate so determined shall begin on (and shall include) each Thursday or the Conversion Date, and shall end on (but shall not include) the following Thursday (or, if sooner, a Conversion Date); provided, however, that if the Remarketing Agent fails to determine the Variable Rate on any such determination date, the Alternate Rate Index specified by the Indenture shall be deemed to be the rate determined.

The Variable Rate with respect to a Series 2002-A Warrant shall be determined by the Remarketing Agent and shall be the lowest interest rate that would, in the opinion of the Remarketing Agent, result in the market value of such Series 2002-A Warrant being 100% of the principal amount thereof on the date of such determination, taking into account relevant market conditions and credit rating factors as they exist on such date; provided, however, that the Variable Rate may never exceed the Cap Rate. The term "Cap Rate" means (i) with respect to Series 2002-A Warrants other than Bank Warrants, 10% per annum, and (ii) with respect to Bank Warrants, 18% per annum.

Upon the request of any Warrantholder, the Trustee shall confirm (by telephone and in writing, if so requested) the Variable Rate then in effect.

Flexible Rate and Flexible Rate Periods

The Flexible Rate for any Series 2002-A Warrant shall be a fixed rate per annum for each Flexible Rate Period. Flexible Rate Periods and the related Flexible Rate for each such period shall be determined by the Remarketing Agent from time to time while a Series 2002-A Warrant is in the Flexible Rate Mode. The duration of each Flexible Rate Period shall be established by the Remarketing Agent on the first day of each Flexible Rate Period with the advice of the County, unless the County fails to offer such advice in a timely manner, in which case the Remarketing Agent shall establish a Flexible Rate Period of such duration as the Remarketing Agent, in its judgment, estimates is likely to provide the lowest average interest rate on the Series 2002-A Warrant while such Series 2002-A Warrant is in the Flexible Rate Mode, taking into account relevant market conditions and credit rating factors as they exist on the date of determination.

Each Flexible Rate Period may be any number of days from 1 to 270, subject to the terms and conditions contained in the Indenture; provided, however, that if a Flexible Rate Period is in effect when a Series 2002-A Warrant is to be purchased pursuant to the Mandatory Tender provisions relating to notice of an event of default under the Standby Purchase Agreement, the related Flexible Rate Period with respect to such Series 2002-A Warrant shall end on such Mandatory Tender Date.

The Flexible Rate with respect to a Series 2002-A Warrant for the established Flexible Rate Period shall be determined by the Remarketing Agent on the first day of such Flexible Rate Period and shall be the lowest interest rate that would, in the opinion of the Remarketing Agent, result in the market value of such Series 2002-A Warrant being 100% of the principal amount thereof on the date of determination, taking into account relevant market conditions and credit rating factors as they exist on such date; provided, however, that the Flexible Rate may never exceed the Cap Rate.

Term Rate and Term Rate Periods

The Term Rate for any Series 2002-A Warrant shall be a fixed rate per annum determined by the Remarketing Agent for a Term Rate Period specified by the County in the notice of conversion of such Series 2002-A Warrant to the Term Rate Mode. Each Term Rate Period may be any number of days greater than 270, subject to the terms and conditions of the Indenture; provided, however, that if a Term Rate is in effect when a Series 2002-A Warrant is to be purchased pursuant to the Mandatory Tender provisions relating to notice of an event of default under the Standby Purchase Agreement, the related Term Rate Period with respect to such Series 2002-A Warrant shall end on the Mandatory Tender Date.

Not later than the last Business Day prior to the date proposed for conversion of a Series 2002-A Warrant to the Term Rate Mode, the Remarketing Agent shall determine the interest rate for the Term Rate Period, which shall be the lowest interest rate that would, in the opinion of the Remarketing Agent, result in the market value of such Series 2002-A Warrant being 100% of the principal amount thereof on the date of such determination, taking into account relevant market conditions and credit rating factors as they exist on such date, and assuming that the Term Rate Period began on such date; provided, however, that the Term Rate may not exceed the Cap Rate.

Conversion of Interest Rate Modes

The County may effect a conversion of the Interest Rate Mode on a Series 2002-A Warrant at its option, subject to certain terms and conditions contained in the Indenture. No such conversion is permitted during a Flexible Rate Period or a Term Rate Period. On any Conversion Date the Series 2002-A Warrant to be converted must be purchased pursuant to the Mandatory Tender provisions of the Indenture referred to below. If a notice of Mandatory Tender is given by the Tender Agent in connection with a proposed conversion of a Series 2002-A Warrant to a different Interest Rate Mode, such Series 2002-A Warrant shall be subject to a Mandatory Tender on such date notwithstanding the revocation of the election to effect such conversion or the failure to satisfy the conditions for such conversion.

Optional Tender

The Holder of any Series 2002-A Warrant shall have the right to tender such Series 2002-A Warrant to the Tender Agent for purchase in whole or in part (but, if in part, only in an Authorized Denomination) on any Business Day while such Series 2002-A Warrant is in the Variable Rate Mode

(but not while such Series 2002-A Warrant is in the Term Rate Mode or the Flexible Rate Mode), at a Purchase Price equal to 100% of the principal amount of the Series 2002-A Warrant (or portion thereof) tendered plus accrued interest to the specified purchase date (an "Optional Tender Date"). In order to exercise such option with respect to any Series 2002-A Warrant, the Holder thereof must deliver notice thereof to the Tender Agent and the Remarketing Agent, as provided below, at least seven days prior to the proposed Optional Tender Date.

Any such notice of Optional Tender must be duly executed by the Warrantholder and must specify (i) the name of the registered Holder of the Series 2002-A Warrant to be tendered for purchase, (ii) the Optional Tender Date, (iii) the certificate number and principal amount of such Series 2002-A Warrant, and (iv) the principal amount of such Series 2002-A Warrant to be purchased (provided that, if such amount is less than the entire principal amount, both the amount to be purchased and the amount remaining must be in an Authorized Denomination). Such notice may be given to the Tender Agent and the Remarketing Agent in writing or by telephone, but no such telephonic notice shall be effective unless confirmed in writing delivered to the Tender Agent and the Remarketing Agent not more than two Business Days after such telephonic notice. A form of the Optional Tender Notice may be obtained from the Tender Agent upon request.

If any notice of Optional Tender specifies an Optional Tender Date that is not a Business Day, then such notice shall be deemed to specify the next following Business Day as the Optional Tender Date. Unless a notice of Optional Tender indicates that less than the entire principal amount of the Series 2002-A Warrant is being tendered for purchase, the Holder will be deemed to have tendered the Series 2002-A Warrant in its entire principal amount for purchase.

Upon delivery of a written notice of Optional Tender, the election to tender shall be irrevocable and binding upon such Holder and may not be withdrawn.

If a written notice of Optional Tender shall have been duly given with respect to any Series 2002-A Warrant, the Holder of such Series 2002-A Warrant shall deliver such Series 2002-A Warrant to the Office of the Tender Agent on the Optional Tender Date, together with all necessary endorsements for transfer. If only a portion of such Series 2002-A Warrant is to be purchased (as a result of the exercise of the Optional Tender right only with respect to such portion), the County shall execute and the Tender Agent shall authenticate and deliver to the Holder of such Series 2002-A Warrant, without service charge, a new Series 2002-A Warrant or Warrants of the same Maturity and interest rate and of any Authorized Denomination or Denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unpurchased portion of the principal amount of the Series 2002-A Warrant surrendered. Any Series 2002-A Warrant (or portion thereof) that is to be so purchased but that is not so delivered to the Tender Agent (i.e., an Unsurrendered Series 2002-A Warrant) shall nevertheless be deemed to have been tendered by the Holder thereof on the Optional Tender Date.

If there has been irrevocably deposited in the Warrant Purchase Fund an amount sufficient to pay the Purchase Price of any Unsurrendered Series 2002-A Warrant, such Unsurrendered Series

2002-A Warrant shall be deemed to have been tendered for purchase and purchased from the Holder thereof on such Optional Tender Date and the Holder of such Unsurrendered Series 2002-A Warrant shall not be entitled to receive interest on such Unsurrendered Series 2002-A Warrant for any period on and after the Optional Tender Date.

Anything in this warrant or the Indenture to the contrary notwithstanding, Warrantholders may not exercise their Optional Tender rights at any time when the obligation of the Bank to purchase Series 2002-A Warrants pursuant to the Standby Purchase Agreement has been suspended or terminated in accordance with the provisions of such agreement.

Mandatory Tender

The Holder of each Series 2002-A Warrant shall be required to tender such Series 2002-A Warrant to the Tender Agent for purchase on the following dates (each such date being herein called a "Mandatory Tender Date"):

- (1) each Conversion Date with respect to such Series 2002-A Warrant;
- (2) the last day of a Term Rate Period with respect to such Series 2002-A Warrant;
- (3) the last day of a Flexible Rate Period with respect to such Series 2002-A Warrant;
- (4) 15 days after the Trustee receives written notice from the Bank (i) stating that the Bank has elected to terminate the Standby Purchase Agreement, upon notice and otherwise in accordance with the provisions of such agreement, as a consequence of the occurrence under the Standby Purchase Agreement of an Event of Default of a type that provides the Bank with the right to terminate (other than immediately) its purchase commitment under said agreement and (ii) directing that the Series 2002-A Warrants be purchased pursuant to the Mandatory Tender provisions of the Indenture;
- (5) on the Business Day immediately preceding any date proposed by the County for delivery of a Substitute Standby Purchase Agreement;
- (6) five days prior to the Stated Expiration Date of the Standby Purchase Agreement; and
- (7) on the Business Day immediately preceding any date when the County proposes to cancel the Standby Purchase Agreement pursuant to applicable provisions of the Indenture.

If any of such dates is not a Business Day, the Mandatory Tender Date shall be the next succeeding Business Day.

No notice is required for a Mandatory Tender on the last day of a Flexible Rate Period or the last day of a Term Rate Period. Notice of any other Mandatory Tender shall be given by the Trustee by registered or certified mail, mailed to the Holder of the affected Series 2002-A Warrant at the address of such Holder appearing on the Warrant Register not less than 12 days prior to the Mandatory Tender Date. Such notice of Mandatory Tender shall, among other things, specify the Mandatory Tender Date.

Any Series 2002-A Warrant subject to Mandatory Tender shall be tendered by the Holder thereof for purchase on the Mandatory Tender Date, by delivering such Series 2002-A Warrant to the Office of the Tender Agent, together with all necessary endorsements for transfer. If only a portion of such Series 2002-A Warrant is to be purchased (as a result of conversion of only a portion of such Series 2002-A Warrant to another Interest Rate Mode), the County shall execute and the Tender Agent shall authenticate and deliver to the Holder of such Series 2002-A Warrant, without service charge, a new Series 2002-A Warrant or Warrants of the same Maturity and interest rate and of any Authorized Denomination or Denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unpurchased portion of the principal amount of the Series 2002-A Warrant surrendered. Any such Series 2002-A Warrant (or portion thereof) that is to be so purchased but that is not so delivered to the Tender Agent on the Mandatory Tender Date (i.e., an Unsurrendered Series 2002-A Warrant) shall nevertheless be deemed to have been tendered for purchase by the Holder thereof on the Mandatory Tender Date.

If there has been irrevocably deposited in the Warrant Purchase Fund an amount sufficient to pay the Purchase Price of any Unsurrendered Series 2002-A Warrant, such Unsurrendered Series 2002-A Warrant shall be deemed to be tendered for purchase and purchased from the Holder thereof on such Mandatory Tender Date and the Holder of such Unsurrendered Series 2002-A Warrant shall not be entitled to receive interest on such Unsurrendered Series 2002-A Warrant for any period on and after the relevant Mandatory Tender Date.

After notice of a Mandatory Tender has been given by the Tender Agent with respect to any Series 2002-A Warrant, such Series 2002-A Warrant shall be subject to Mandatory Tender notwithstanding the fact that the reasons for giving such notice cease to exist or are no longer applicable.

Redemption

In the manner and with the effect provided in the Indenture, the Series 2002-A Warrants will be subject to redemption prior to Maturity at the option of the County as follows:

- (a) On any Interest Payment Date when a Series 2002-A Warrant is in the Variable Rate Mode, on any Flexible Rate Interest Payment Date with respect to a Series 2002-A Warrant, and on any Conversion Date with respect to a Series 2002-A

Warrant, such Series 2002-A Warrant may be redeemed in whole or in part at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the date of redemption.

(b) Series 2002-A Warrants in the Term Rate Mode are not subject to optional redemption during any Term Rate Period of 5 years or less. During any Term Rate Period of more than 5 years with respect to a Series 2002-A Warrant, such Series 2002-A Warrant may be redeemed in whole or in part on or after the First Optional Call Date (as defined below) at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the date of redemption plus a redemption premium (expressed as a percentage of principal amount redeemed) equal to whichever of the following shall be applicable: 2% if the date of redemption is on or after the First Optional Call Date but prior to the first anniversary of the First Optional Call Date; 1% if the date of redemption is on or after the first anniversary of the First Optional Call Date but prior to the second anniversary of the First Optional Call Date; and without premium if the date of redemption is on or after the second anniversary of the First Optional Call Date. For any Term Rate Period of more than 5 years but not more than 10 years, the First Optional Call Date shall be the fifth anniversary of the beginning of the Term Rate Period. For any Term Rate Period of more than 10 years but not more than 20 years, the First Optional Call Date shall be the anniversary of the beginning of the Term Rate Period that is on or immediately after the midpoint of such Term Rate Period. For any Term Rate Period of more than 20 years, the First Optional Call Date shall be the tenth anniversary of the beginning of the Term Rate Period.

Subject to the provisions of the Indenture requiring the redemption of all Bank Warrants eligible for redemption before any other eligible Series 2002-A Warrants are redeemed, if less than all Series 2002-A Warrants are to be redeemed, the particular Series 2002-A Warrants to be redeemed shall be selected by the Trustee from the outstanding Series 2002-A Warrants then eligible for redemption by lot or by such other method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (in Authorized Denominations) of the principal of Series 2002-A Warrants in a denomination larger than the smallest Authorized Denomination.

Upon any partial redemption of any Series 2002-A Warrant, the same shall, except as otherwise permitted by the Indenture, be surrendered in exchange for one or more new Series 2002-A Warrants in authorized form for the unredeemed portion of principal. Series 2002-A Warrants (or portions thereof as aforesaid) for whose redemption and payment provision is made in accordance with the Indenture shall thereupon cease to be entitled to the lien of the Indenture and shall cease to bear interest from and after the date fixed for redemption.

Any redemption shall be made upon at least 30 days' notice in the manner and upon the terms and conditions provided in the Indenture.

Under the Indenture, the Outstanding Parity Securities and the Series 2002-A Warrants are equally and ratably secured by a pledge of certain revenues from the System that remain after the payment of the expenses of operating and maintaining the System. Upon compliance with certain conditions specified in the Indenture, the County may issue additional securities (without limitation as to principal amount) that are secured by the Indenture on a parity with the Outstanding Parity Securities and the Series 2002-A Warrants with respect to the pledge of the aforesaid revenues from the System.

The Indenture permits the amendment of the Series 2002-A Warrants and the Indenture, and waivers of past defaults under such instruments and the consequences of such defaults, in certain circumstances without consent of Warrantholders and in other circumstances with the consent of all Warrantholders or a specified percentage of Warrantholders. Any such consent or waiver by the Holder of this warrant shall be conclusive and binding upon such Holder and upon all future Holders of this warrant and of any warrant issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this warrant.

The Holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

As provided in the Indenture and subject to certain limitations therein set forth, this warrant is transferable on the Warrant Register maintained at the Office of the Trustee, upon surrender of this warrant for transfer at the Office of the Trustee, together with all necessary endorsements for transfer, and thereupon one or more new Series 2002-A Warrants of the same Maturity and interest rate, of any Authorized Denominations and for a like aggregate principal amount, will be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein set forth, the Series 2002-A Warrants are exchangeable for other Series 2002-A Warrants of the same Maturity and interest rate, of any Authorized Denominations and of a like aggregate principal amount, as requested by the Holder surrendering the same.

No service charge shall be made for any transfer or exchange hereinbefore referred to, but the County may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The County and the Trustee may treat the person in whose name this warrant is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this warrant is overdue, and neither the County nor the Trustee shall be affected by notice to the contrary.

No covenant or agreement contained in this warrant or the Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of the County, and neither any member of the governing body of the County nor any officer executing this warrant shall be liable personally on this warrant or be subject to any personal liability or accountability by reason of the issuance of this warrant.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this warrant do exist, have happened and have been performed in due time, form and manner as required by law.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this warrant shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the County has caused this warrant to be duly executed under its official seal.

JEFFERSON COUNTY, ALABAMA

By _____
President of the County Commission

ATTEST:

Minute Clerk of the County Commission

[S E A L]

CERTIFICATE OF AUTHENTICATION

This is one of the Series 2002-A Warrants referred to in the within-mentioned Indenture.

Date of authentication: _____, 2002.

THE BANK OF NEW YORK,
as Trustee

By _____
Authorized Officer

ASSIGNMENT

For value received, _____ hereby sell(s), assign(s) and transfer(s) unto _____ this warrant and hereby irrevocably constitute(s) and appoint(s) _____ attorney to transfer this warrant on the books of the within named County at the office of the within named Trustee, with full power of substitution in the premises.

Dated: _____

NOTE: The name signed to this assignment must correspond with the name of the payee written on the face of the within warrant in all respects, without alteration, enlargement or change whatsoever.

Signature Guaranteed:

(Bank or Trust Company)

By _____
(Authorized Officer)

340095.8

FIFTH SUPPLEMENTAL INDENTURE

between

JEFFERSON COUNTY, ALABAMA

and

THE BANK OF NEW YORK

Dated as of September 1, 2002

Relating to

\$540,000,000

JEFFERSON COUNTY, ALABAMA

**Sewer Revenue Capital Improvement Warrants
Series 2002-B**

C.1-E

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between
JEFFERSON COUNTY, ALABAMA
and
THE BANK OF NEW YORK

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FIFTH SUPPLEMENTAL INDENTURE between **JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (herein called the "County"), and **THE BANK OF NEW YORK**, a New York banking corporation and the successor to AmSouth Bank of Alabama in its capacity as Trustee under that certain Trust Indenture of the County dated as of February 1, 1997 (said banking corporation in such capacity, as well as any successor trustee under said Trust Indenture, being herein called the "Trustee"),

RECITALS

Under and pursuant to the provisions of the aforesaid Trust Indenture (herein called the "Original Indenture"), the County has heretofore issued \$211,040,000 principal amount of Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997 (herein called the "Series 1997-A Warrants"), \$48,020,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997 (herein called the "Series 1997-B Warrants"), and \$52,880,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-C, dated February 15, 1997 (herein called the "Series 1997-C Warrants"). The Series 1997-A Warrants, the Series 1997-B Warrants and the Series 1997-C Warrants were issued to refund certain indebtedness of the County that had been incurred to pay the costs of certain capital improvements to the County's sanitary sewer system (herein called the "System").

Under the provisions of Article X of the Original Indenture, the County reserved the right to issue, upon compliance with the conditions precedent set forth in said Article X, additional warrants, bonds, notes or other forms of indebtedness (herein called "Additional Parity Securities"), to be secured on a parity with securities previously issued under the Indenture, for the purposes of refunding any outstanding obligations of the County issued to finance capital improvements to the System and of financing the costs of acquiring and constructing capital improvements to the System. The County has heretofore issued as Additional Parity Securities (a) its \$296,395,000 aggregate principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997 (herein called the "Series 1997-D Warrants"), (b) its \$952,695,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999 (herein called the "Series 1999-A Warrants"), (c) its \$275,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-A, dated March 1, 2001 (herein called the "Series 2001-A Warrants"), and (d) its \$110,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-A, dated March 6, 2002 (herein called the "Series 2002-A Warrants"). Such series of Additional Parity Securities have been issued under the Original Indenture, as supplemented and amended by the First Supplemental Indenture dated as of March 1, 1997 (herein called the "First Supplemental Indenture"), the Second Supplemental Indenture dated as of March 1, 1999 (herein called the "Second Supplemental Indenture"), the Third Supplemental Indenture dated as of March 1, 2001 (herein called the "Third Supplemental Indenture"), and the Fourth Supplemental Indenture dated as of February 1, 2002 (herein called the "Fourth Supplemental Indenture"), between the County and the Trustee.

The County proposes to sell and issue the Series 2002-B Warrants hereinafter referred to in order to obtain funds to pay the costs of additional capital improvements to the System. The County has, by proper official action and pursuant to the provisions of the Original Indenture (as heretofore supplemented), duly authorized said Series 2002-B Warrants, which are to be secured by the Original Indenture, as supplemented hereby and by the First, Second, Third and Fourth Supplemental Indentures, on a parity with the outstanding Series 1997-A Warrants, Series 1997-B Warrants, Series 1997-C Warrants, Series 1997-D Warrants, Series 1999-A Warrants, Series 2001-A Warrants and Series 2002-A Warrants (herein together called the "Outstanding Parity Securities"). This Fifth Supplemental Indenture has been executed and delivered in order to specify the details with respect to said Series 2002-B Warrants and to provide for certain other matters set forth herein.

NOW, THEREFORE, THIS

FIFTH SUPPLEMENTAL INDENTURE

WITNESSETH:

It is hereby agreed among the County, the Trustee and the holders at any time of said Series 2002-B Warrants (the holders of said warrants evidencing their consent hereto by the acceptance of said warrants), each with each of the others, as follows:

ARTICLE I

DEFINITIONS, FINDINGS AND USE OF PHRASES

Section 1.1 **New Definitions.** Unless the context clearly indicates a different meaning, the following words and phrases, as used in this Fifth Supplemental Indenture, shall have the following respective meanings:

"Bond Insurer" means Financial Guaranty Insurance Company.

"Fifth Supplemental Indenture" or **"this Fifth Supplemental Indenture"** means this Fifth Supplemental Indenture.

"Series 2002-B Capitalized Interest Account" means the special account with that name established in Section 5.4 hereof.

"Series 2002-B Insurance Policy" means the municipal bond insurance policy issued by the Bond Insurer that guarantees payment of principal of and interest on the Series 2002-B Warrants.

"**Series 2002-B Issuance Costs**" means the reasonable costs and expenses of issuing and selling the Series 2002-B Warrants, including, without limitation, the fees and expenses of Bond Counsel to the County, the acceptance fee of the Trustee, the fees of any Rating Agency rating the Series 2002-B Warrants, bond insurance premiums, accounting fees, financial advisory fees, underwriters' commissions and discounts, the costs of printing the Official Statement for the Series 2002-B Warrants, and other usual and customary expenses.

"**Series 2002-B Warrants**" means the County's Sewer Revenue Capital Improvement Warrants, Series 2002-B, authorized to be issued in the aggregate principal amount of \$540,000,000.

"**2002-B Construction Fund**" means the Jefferson County Sewer System Series 2002-B Construction Fund created in Section 3.2 hereof.

"**2002-B System Improvements**" means the System Improvements, the costs of which are to be financed, in whole or in part, through the issuance of the Series 2002-B Warrants.

Section 1.2 **Findings.** The Governing Body has ascertained and does hereby find and declare as follows:

(a) Purposes for which Additional Parity Securities may be Issued. In the Original Indenture, the County has reserved the right to issue, upon compliance with the conditions precedent set forth therein, additional warrants, bonds, notes or other obligations that are secured on a parity with the Outstanding Parity Securities, as respects the pledge of the revenues derived by the County from the operation of the System, for the purposes of financing the costs of constructing or acquiring any System Improvements and refunding or retiring all or any portion of any one or more series of Parity Securities then outstanding under the Indenture or any other obligations of the County issued to finance System Improvements.

(b) Purpose of the Series 2002-B Warrants. In order to comply with the requirements of the Consent Decree entered in those civil actions consolidated in the United States District Court, Northern District of Alabama, and styled *United States of America v. Jefferson County, Alabama, et al.*, Civil Action No. 94-G-2947-S, and *R. Allen Kipp, Jr., et al. and Cahaba River Society, Inc. v. Jefferson County, Alabama, et al.*, Civil Action No. 93-G-2492-S, and to otherwise provide for the expansion and improvement of the System, it is necessary, desirable and in the public interest for the County to issue the Series 2002-B Warrants to finance the costs of acquiring and constructing various System Improvements.

(c) No Default. No Event of Default and no event which, with the giving of notice or the passage of time or both, would constitute such an Event of Default, has occurred and is continuing.

(d) Parity Securities Previously Issued. No Parity Securities, other than the Outstanding Parity Securities, have heretofore been issued by the County under the Indenture, and the County now has no outstanding obligations payable from the revenues derived by the County from the

operation of the System except the Outstanding Parity Securities and certain related Qualified Swap transactions.

(e) **Revenue Forecast.** The firm of Paul B. Krebs & Associates, Inc., has provided the County and the Trustee with a Revenue Forecast that satisfies the requirements of Section 10.2 of the Original Indenture with respect to the issuance of the Series 2002-B Warrants.

Section 1.3 Use of Phrases. "Herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter" and other equivalent words refer to this Fifth Supplemental Indenture as an entirety and not solely to the particular portion thereof in which any such word is used. The terms used herein include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders.

Section 1.4 Definitions Contained in the Original Indenture. Unless the context clearly indicates a different meaning, any words, terms or phrases that are used in this Fifth Supplemental Indenture as defined terms without being herein defined shall have the meanings respectively given them in the Original Indenture (subject to any amendments thereto made herein or in the First, Second, Third or Fourth Supplemental Indenture).

Section 1.5 References to the Parity Securities and the Indenture. The County and the Trustee acknowledge and agree that, from and after the issuance by the County of the Series 2002 Warrants, any reference in the Original Indenture, in the First Supplemental Indenture, in the Second Supplemental Indenture, in the Third Supplemental Indenture, in the Fourth Supplemental Indenture or in this Fifth Supplemental Indenture to the "Parity Securities" shall, unless the context clearly and unequivocally indicates otherwise, be construed to include the Outstanding Parity Securities, the Series 2002-B Warrants and any Additional Parity Securities hereafter issued.

The County and the Trustee further acknowledge and agree that, from and after the execution and delivery of this Fifth Supplemental Indenture, any reference in the Original Indenture, in the First Supplemental Indenture, in the Second Supplemental Indenture, in the Third Supplemental Indenture, in the Fourth Supplemental Indenture or in this Fifth Supplemental Indenture to the "Indenture" shall, unless the context clearly and unequivocally indicates otherwise, be construed to refer to the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture and this Fifth Supplemental Indenture. The provisions of the Original Indenture, to the extent they are not inconsistent with the provisions hereof, shall also apply to this Fifth Supplemental Indenture.

ARTICLE II

THE SERIES 2002-B WARRANTS

Section 2.1 **Authorization and Description of the Series 2002-B Warrants and Places of Payment.** Pursuant to the applicable provisions of the Act, and for the purposes of (i) providing for the payment of the costs of the 2002-B System Improvements (including certain capitalized interest), (ii) providing for the payment of the premium for the Series 2002-B Insurance Policy, (iii) providing for a deposit to the Reserve Fund established under the Indenture, and (iv) providing for the payment of the expenses of issuing the Series 2002-B Warrants, there are hereby authorized to be issued by the County \$540,000,000 in initial principal amount of its Sewer Revenue Capital Improvement Warrants, Series 2002-B. The Series 2002-B Warrants shall be dated September 1, 2002, shall be numbered from R-1 upwards in the order issued and shall be issued initially in the respective principal amounts of \$5,000 or any greater integral multiple thereof.

The Series 2002-B Warrants shall mature and become payable on the dates and in the amounts set forth below and shall bear interest from their respective dates payable on February 1, 2003, and on each February 1 and August 1 thereafter until maturity or earlier redemption at the per annum rates set forth below:

Series 2002-B Warrants

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
February 1, 2038	\$ 50,000,000	4.75%
February 1, 2041	307,530,000	5.00
February 1, 2042	182,470,000	5.125

The principal of and the interest on any Series 2002-B Warrant shall bear interest after their respective due dates until paid at the rate of interest borne by the principal of such Series 2002-B Warrant prior to maturity. Interest on the Series 2002-B Warrants shall be computed on the basis of a 360-day year of 12 consecutive 30-day months.

The Series 2002-B Warrants shall be initially issued and registered in the names of such Holders as shall be designated by the initial purchasers of the Series 2002-B Warrants. The principal of and the interest and premium (if any) on the Series 2002-B Warrants shall be payable at the principal office of the Trustee in East Syracuse, New York, in accordance with the provisions of Section 3.2 of the Original Indenture. As used in the Indenture with respect to the Series 2002-B Warrants, the term "Paying Agent" means the Trustee.

Section 2.2 **Optional Redemption of Series 2002-B Warrants.** The Series 2002-B Warrants will be subject to redemption and prepayment prior to their stated maturities, at the option of the County, as a whole or in part, on August 1, 2012, and on any date thereafter, at and for a

redemption price equal to 100% of the principal amount of each Series 2002-B Warrant or portion thereof to be redeemed, plus accrued interest to the date fixed for redemption. The Series 2002-B Warrants may be redeemed only in installments of \$5,000 or any integral multiple thereof. In the event that less than all of the Series 2002-B Warrants of a particular maturity are redeemed and prepaid pursuant to this Section 2.2, the Trustee shall select by lot the Series 2002-B Warrants (or portions of the principal thereof) of such maturity to be redeemed and prepaid.

The redemption of Series 2002-B Warrants pursuant to this section shall comply with the applicable provisions of Article VI of the Original Indenture and Section 2.5 hereof, with the provisions of Section 2.5 particularly applicable to the Series 2002-B Warrants to govern in the case of any conflict.

Section 2.3 Scheduled Mandatory Redemption of Series 2002-B Warrants. Those of the Series 2002-B Warrants maturing on February 1, 2041, shall be subject to scheduled mandatory redemption on the following respective dates and in the following respective principal amounts:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2038	\$ 47,490,000
February 1, 2039	102,425,000
February 1, 2040	107,680,000

Series 2002-B Warrants in the aggregate principal amount of \$49,935,000 will remain to be paid at their scheduled maturity on February 1, 2041.

Those of the Series 2002-B Warrants maturing on February 1, 2042, shall be subject to scheduled mandatory redemption on February 1, 2041, in the principal amount of \$63,305,000. Series 2002-B Warrants in the aggregate principal amount of \$119,165,000 will remain to be paid at their scheduled maturity on February 1, 2042.

The Series 2002-B Warrants shall be redeemed pursuant to the provisions of this section at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, and such redemption shall be effected in accordance with the applicable provisions of Article VI of the Original Indenture and Section 2.5 hereof, with the provisions of Section 2.5 particularly applicable to the Series 2002-B Warrants to govern in the case of any conflict.

Not less than forty-five (45) days or more than sixty (60) days prior to each scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, as provided in Section 2.5 hereof, Series 2002-B Warrants (or portions thereof) from the maturity subject to mandatory redemption on such date in an aggregate principal amount equal to the amount required to be

redeemed and shall call such Series 2002-B Warrants (or portions thereof) for redemption on such scheduled mandatory redemption date; provided, however, that the County may, upon direction delivered to the Trustee not less than sixty (60) days prior to any such scheduled mandatory redemption date with respect to Series 2002-B Warrants of a particular maturity, direct that any or all of the following amounts be credited against the principal amount of Series 2002-B Warrants of such maturity scheduled for redemption on such date: (i) the principal amount of Series 2002-B Warrants of such maturity delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of Series 2002-B Warrants of such maturity previously redeemed pursuant to the optional redemption provisions of Section 2.2 hereof and not previously claimed as a credit.

Section 2.4 Purchase of Series 2002-B Warrants for Retirement. The County may at any time and from time to time purchase Series 2002-B Warrants for retirement using funds from any source. Any Series 2002-B Warrants so purchased for retirement shall be delivered by the County to the Trustee, together with a written order of an authorized officer of the County for their cancellation, whereupon such purchased Series 2002-B Warrants shall be cancelled by the Trustee. In the event that the County elects to purchase any Series 2002-B Warrants for retirement, the Trustee may, if requested to do so by the County, solicit for tenders of Series 2002-B Warrants by holders thereof who wish to sell such Series 2002-B Warrants to the County.

Section 2.5 Special Provisions Respecting Partial Redemption of Series 2002-B Warrants. The principal of any Series 2002-B Warrants shall be redeemed only in the amount of \$5,000 or any integral multiple thereof. If less than all the outstanding Series 2002-B Warrants are to be redeemed on any single redemption date pursuant to Section 2.2 hereof, those to be redeemed shall be called for redemption from such maturity or maturities as shall be specified by the County. If less than all the Series 2002-B Warrants of a single maturity are to be called for redemption on any single redemption date, the Trustee shall assign a number or other unique designation to each \$5,000 in principal amount of the Series 2002-B Warrants of such maturity then outstanding and select by lot, from among all such numbers or other unique designations associated with the Series 2002-B Warrants then outstanding, numbers or other unique designations representing an aggregate principal amount equal to the principal amount of the Series 2002-B Warrants of such maturity to be so called for redemption, whereupon there shall be called for redemption an amount of the unpaid principal of each Series 2002-B Warrant of such maturity equal to the principal amount represented by the numbers or other unique designations related thereto that were so selected.

Section 2.6 Form of Series 2002-B Warrants. The Series 2002-B Warrants and the Trustee's authentication certificate and the form of assignment and related signature guaranty applicable thereto shall be in substantially the following forms, respectively, with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof:

[Form of Series 2002-B Warrant]

No. R- _____

\$ _____

UNITED STATES OF AMERICA

STATE OF ALABAMA

JEFFERSON COUNTY, ALABAMA

**SEWER REVENUE CAPITAL IMPROVEMENT WARRANT
Series 2002-B**

Interest Rate

Maturity Date

CUSIP

JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama (herein called the "County"), hereby acknowledges itself indebted to and orders and directs the County Treasurer of the County to pay to _____, or registered assigns, solely out of the revenues hereinafter referred to, the principal sum of

D O L L A R S

on the maturity date specified above, with interest thereon from the date hereof until the maturity hereof at the per annum rate specified above (computed on the basis of a 360-day year of twelve consecutive 30-day months), payable on February 1, 2003, and semiannually thereafter on each February 1 and August 1 until maturity or earlier redemption. The principal of and the premium (if any) on this warrant shall be payable in lawful money of the United States of America at the principal corporate trust office of The Bank of New York in East Syracuse, New York, or its successors as Trustee under the Indenture hereinafter referred to, and the interest payable on this warrant on each interest payment date shall be remitted, by the Trustee hereinafter referred to, by check or draft mailed or otherwise delivered to the registered holder hereof at the address shown on the registry books of the said Trustee. The principal of and the interest and premium (if any) on this warrant shall bear interest after their respective due dates until paid at the per annum rate shown above.

This warrant is one of a duly authorized issue or series of warrants authorized to be issued in the aggregate principal amount of \$540,000,000 and designated Sewer Revenue Capital Improvement Warrants, Series 2002-B (herein called the "Series 2002-B Warrants"). The Series 2002-B Warrants have been issued, on a parity with the Outstanding Parity Securities hereinafter referred to, under a Trust Indenture dated as of February 1, 1997 (herein called the "Original Indenture"), between the County and The Bank of New York, Birmingham, Alabama, as Trustee

(herein, in such capacity, together with its successors in trust, called the "Trustee"), as supplemented and amended by a First Supplemental Indenture dated as of March 1, 1997 (herein called the "First Supplemental Indenture"), by a Second Supplemental Indenture dated as of March 1, 1999 (herein called the "Second Supplemental Indenture"), by a Third Supplemental Indenture dated as of March 1, 2001 (herein called the "Third Supplemental Indenture"), by a Fourth Supplemental Indenture dated as of February 1, 2002 (herein called the "Fourth Supplemental Indenture"), and by a Fifth Supplemental Indenture dated as of September 1, 2002 (herein called the "Fifth Supplemental Indenture"). The County has heretofore issued under the Original Indenture, as supplemented and amended by the First, Second, Third and Fourth Supplemental Indentures, \$211,040,000 principal amount of its Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997, \$48,020,000 principal amount of its Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997, \$52,880,000 principal amount of its Taxable Sewer Revenue Refunding Warrants, Series 1997-C, dated February 15, 1997, \$296,395,000 principal amount of its Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997, \$952,695,000 principal amount of its Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999, \$275,000,000 principal amount of its Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001, and \$110,000,000 principal amount of its Sewer Revenue Capital Improvement Warrants, Series 2002-A, dated March 6, 2002 (all of which are herein together called the "Outstanding Parity Securities"). As used herein, the term "Indenture" means the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture and the Fifth Supplemental Indenture.

The Series 2002-B Warrants are subject to redemption and prepayment prior to maturity, at the option of the County, as a whole or in part, from such maturity or maturities as shall be specified by the County, on August 1, 2012, and on any date thereafter, such redemption to be at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the date fixed for redemption.

The Series 2002-B Warrants having a stated maturity on February 1, 2041, are subject to scheduled mandatory redemption, at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, in the following principal amounts on the following dates:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2038	\$ 47,490,000
February 1, 2039	102,425,000
February 1, 2040	107,680,000

The Series 2002-B Warrants having a stated maturity on February 1, 2042, are subject to scheduled mandatory redemption, at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, in the principal amount of \$63,305,000 on February 1, 2041.

Not less than forty-five (45) days or more than sixty (60) days prior to each scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, by lot, Series 2002-B Warrants (or portions thereof) from the maturity subject to mandatory redemption on such date in an aggregate principal amount equal to the amount required to be redeemed and shall call such Series 2002-B Warrants (or portions thereof) for redemption on such scheduled mandatory redemption date; provided, however, that the County may, upon direction delivered to the Trustee not less than sixty (60) days prior to any such scheduled mandatory redemption date with respect to Series 2002-B Warrants of a particular maturity, direct that any or all of the following amounts be credited against the principal amount of Series 2002-B Warrants of such maturity scheduled for redemption on such date: (i) the principal amount of Series 2002-B Warrants of such maturity delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of Series 2002-B Warrants of such maturity previously redeemed pursuant to the applicable optional redemption provisions and not previously claimed as a credit.

If less than all of the outstanding Series 2002-B Warrants of a particular maturity are to be called for redemption, the Series 2002-B Warrants (or principal portions thereof) to be redeemed shall be selected by the Trustee by lot in the principal amounts designated to the Trustee by the County or otherwise as required by the Indenture. In the event any of the Series 2002-B Warrants are called for redemption, the Trustee shall give notice, in the name of the County, of the redemption of such Warrants, which notice shall state that on the redemption date the Series 2002-B Warrants to be redeemed shall cease to bear interest. Such notice shall be given by mailing a copy thereof by registered or certified mail at least thirty (30) days prior to the date fixed for redemption to the holders of the Series 2002-B Warrants to be redeemed at the addresses shown on the registration books of the Trustee; provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of the redemption of any of the Series 2002-B Warrants for which notice was properly given. Any Series 2002-B Warrants which have been duly selected for redemption and which are deemed to be paid in accordance with the Indenture shall cease to bear interest on the date fixed for redemption and shall thereafter cease to be entitled to any lien, benefit or security under the Indenture.

Under the Indenture, the Outstanding Parity Securities and the Series 2002-B Warrants are equally and ratably secured by a pledge of certain revenues from the sanitary sewer system of the County (herein, as it may at any time exist, called the "System") that remain after the payment of the expenses of operating and maintaining the System. Upon compliance with certain conditions specified in the Indenture, the County may issue additional securities (without limitation as to principal amount) that are secured by the Indenture on a parity with the Outstanding Parity Securities and the Series 2002-B Warrants with respect to the pledge of the aforesaid revenues from the System

(the Outstanding Parity Securities, the Series 2002-B Warrants and all such additional securities being herein together called the "Parity Securities").

The holders of the Parity Securities shall never have the right to demand payment of the Parity Securities out of any funds raised or to be raised by taxation or from any source whatsoever, except the payments and amounts described in this warrant and the Indenture. Except for the revenues from the System and the other moneys that may be held by the Trustee under the Indenture, no property of the County is encumbered by any lien or security interest for the benefit of the holder of this warrant. Neither the faith and credit, nor the taxing power, of the State of Alabama or the County, or any other public corporation, subdivision or agency of the State of Alabama or the County, is pledged to the payment of the principal of or the interest or premium (if any) on this warrant.

The transfer of this warrant shall be registered upon the registration books kept at the principal corporate office of the Trustee, at the written request of the holder hereof or his attorney duly authorized in writing, upon surrender of this warrant at said office, together with a written instrument of transfer satisfactory to the Trustee duly executed by the holder hereof or his duly authorized attorney. Upon payment of any required tax or other governmental charge, this warrant may, upon the surrender hereof at the principal corporate trust office of the Trustee, be exchanged for an equal aggregate principal amount of Series 2002-B Warrants of the same maturity in any other authorized denominations.

The Trustee shall not be required to transfer or exchange this warrant during the period of fifteen days next preceding any interest payment date with respect hereto. In the event that this warrant (or any principal portion hereof) is duly called for redemption and prepayment, the Trustee shall not be required to transfer or exchange this warrant during the period of thirty days next preceding the date fixed for such redemption and prepayment.

Except as provided in the Indenture, the registered holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto.

With certain exceptions as provided therein, the Indenture may be modified or amended only with the consent of the holders of a majority in aggregate principal amount of all Parity Securities outstanding under the Indenture.

Reference is hereby made to the Indenture, a copy of which is on file with the Trustee, for the provisions thereof concerning the nature and extent of the rights, duties and obligations of the County, the Trustee and the holders of the Parity Securities. The registered holder of this warrant, by the acceptance hereof, is deemed to have agreed and consented to the terms and provisions of the Indenture.

The County and the Trustee may deem and treat the person in whose name this warrant is registered as the absolute owner hereof for all purposes, whether or not any principal of or interest on this warrant is overdue, and neither the County nor the Trustee shall be affected by any notice to the contrary.

It is hereby certified, recited and declared that all acts, conditions and things required by the constitution and laws of the State of Alabama to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this warrant, do exist, have happened and have been performed in regular and due form as required by law.

No covenant or agreement contained in this warrant or the Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the County in his individual capacity, and neither the members of the governing body of the County, nor any official executing this warrant, shall be liable personally on this warrant or be subject to any personal liability or accountability by reason of the issuance or sale of this warrant.

This warrant shall not be entitled to any right or benefit under the Indenture, or be valid or become obligatory for any purpose, until this warrant shall have been authenticated by the execution by the Trustee, in its capacity as paying agent for the Series 2002-B Warrants, of the certificate of authentication inscribed hereon.

IN WITNESS WHEREOF, the County has caused this warrant to be executed in its name and behalf by the _____ of its County Commission, has caused its official seal to be hereunto affixed, has caused the signature of the aforesaid _____ to be attested by the Minute Clerk of its County Commission, and has caused this warrant to be dated September 1, 2002.

JEFFERSON COUNTY, ALABAMA

By _____
_____ of the County Commission

ATTEST:

Minute Clerk of the
County Commission

[SEAL]

AUTHENTICATION CERTIFICATE

DATE OF AUTHENTICATION: _____

This warrant is one of the Series 2002-B Warrants described in the within-mentioned Trust Indenture.

THE BANK OF NEW YORK,
as Trustee

By _____
Its Authorized Signatory

[Form for Assignment]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within warrant and hereby irrevocably constitutes and appoints _____ attorney, with full power of substitution in the premises, to transfer the within warrant on the books kept for registration thereof by the within-mentioned Trustee.

Dated this _____ day of _____, _____.

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears upon the face of the within warrant in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

(Bank, Trust Company or Firm)*

By _____
(Authorized Officer)

Medallion Number: _____

*Signature(s) must be guaranteed by an eligible guarantor institution which is a member of a recognized signature guarantee program, i.e., Securities Transfer Agents Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP), or New York Stock Exchange Medallion Signature Program (MSP).

Section 2.7 Execution and Delivery of Series 2002-B Warrants. The Series 2002-B Warrants shall be forthwith executed and delivered to the Trustee and shall be authenticated and delivered by the Trustee from time to time upon receipt by the Trustee of an order signed on behalf of the County by an authorized representative of the Governing Body requesting such authentication and delivery and designating the Person or Persons to receive the same or any part thereof.

Section 2.8 Application of Proceeds from the Sale of Series 2002-B Warrants. The entire proceeds derived from the sale of the Series 2002-B Warrants shall be paid to the Trustee and promptly thereafter applied by the Trustee for the following purposes and in the following order:

- (a) payment of the sum of \$4,516,583.20 to the Bond Insurer as the premium for the Series 2002-B Insurance Policy;
- (b) payment of the sum of \$35,020,641.24 (including the accrued interest on the Series 2002-B Warrants) into the Series 2002-B Capitalized Interest Account;
- (c) payment of the sum of \$54,000,000.00 into the Reserve Fund; and
- (d) payment of the balance into the 2002-B Construction Fund.

ARTICLE III

AGREEMENTS RESPECTING CONSTRUCTION OF 2002-B SYSTEM IMPROVEMENTS AND USE OF MONEYS IN 2002-B CONSTRUCTION FUND

Section 3.1 **Agreement to Construct 2002-B System Improvements.** The County will proceed continuously and with reasonable dispatch with the acquisition, construction and installation of the various System Improvements that constitute part of the County's Sanitary Sewer Capital Improvement Program. The County will complete the acquisition, construction and installation of the 2002-B System Improvements, including the acquisition of such real estate (and interests therein) as may be necessary therefor, as soon as may be practicable, delays incident to strikes, riots, acts of God and the public enemy and similar acts beyond the reasonable control of the County only excepted. The County will promptly pay, as and when due, all expenses incurred in said acquisition, construction and installation.

Section 3.2 **Creation of 2002-B Construction Fund; Purposes for Which Moneys Therein May Be Expended.** There is hereby created a special trust fund, the full name of which shall be the "Jefferson County Sewer System Series 2002-B Construction Fund," for the purpose of providing funds for the acquisition, construction and installation of the 2002-B System Improvements. The Trustee shall be and remain the depository, custodian and disbursing agent for the 2002-B Construction Fund, which shall constitute an Indenture Fund for all purposes of the Indenture. The moneys in the 2002-B Construction Fund (other than income derived from the investment of the moneys initially deposited therein) shall be paid out from time to time by the Trustee for the following purposes only and only upon presentation of requisitions as described in Section 3.3 hereof:

- (a) payment of Series 2002-B Issuance Costs;
- (b) payment of the reasonable expenses and charges of the Trustee in connection with the 2002-B Construction Fund;
- (c) payment for labor, services, materials, supplies and equipment furnished in acquiring, constructing and installing the 2002-B System Improvements;
- (d) payment of the costs of acquiring any real estate (including easements and other interests therein) for the construction or installation thereon of any part or parts of the 2002-B System Improvements; and
- (e) payment of all expenses (including the fees and expenses of engineers and attorneys and recording fees) incurred in connection with matters referred to in the preceding subsections (c) and (d) of this section.

Section 3.3 Payments from the 2002-B Construction Fund. All requisitions for disbursements from the 2002-B Construction Fund shall be signed by an Authorized County Representative and shall (a) state the amount required to be paid and the name and address of the Person to whom payment is to be made, (b) describe in reasonable detail the particular Improvement Cost or issuance expense to be paid, and (c) certify that the purpose for which such payment is to be made is a purpose for which 2002-B Construction Fund moneys are authorized under the Fifth Supplemental Indenture to be expended.

In addition to the documents required by this section the Trustee may require as a condition precedent to any disbursement further evidence with respect thereto or with respect to the application of any moneys previously disbursed or as to the correctness of any statement made in any requisition. Upon the written request of the Holders of at least ten percent (10%) of the aggregate principal amount of the Parity Securities, the Trustee shall require such evidence. The Trustee shall, however, be under no duty to require such evidence unless so requested. The Trustee shall not be liable for any misapplication of moneys in the 2002-B Construction Fund if disbursed pursuant to the provisions of this section and without knowledge or reason to believe that such disbursement constituted a misapplication of funds.

Section 3.4 Security for 2002-B Construction Fund Moneys. The moneys at any time on deposit in the 2002-B Construction Fund shall be and at all times remain public funds impressed with a trust for the purposes specified in Section 3.2 hereof. The Trustee shall at all times keep the moneys on deposit in the 2002-B Construction Fund continuously secured, for the benefit of the County and the Holders of the Parity Securities, either

(a) by holding on deposit, as collateral security, Federal Obligations, or other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency, having a market value (exclusive of accrued interest) not less than the amount of moneys on deposit in the 2002-B Construction Fund, or

(b) if the furnishing of security in the manner provided by the foregoing clause (a) of this section is not permitted by the then applicable law and regulations, then in such other manner as may be required or permitted by the then applicable state and federal laws and regulations respecting the security for, or granting a preference in the case of, the deposit of trust funds;

provided, however, that it shall not be necessary for the Trustee so to secure any portion of the moneys on deposit in the 2002-B Construction Fund (i) that is invested in Federal Obligations or pursuant to an agreement described in clause (v) of the definition of "Eligible Investments" in the Original Indenture, or (ii) that is insured by the Federal Deposit Insurance Corporation or any agency of the United States of America that may succeed to its functions.

Section 3.5 Investment of 2002-B Construction Fund. As promptly as practicable following the execution and delivery of this Fifth Supplemental Indenture and from time to time thereafter, the County will furnish to the Trustee a written certificate stating the approximate dates when the moneys on deposit in the 2002-B Construction Fund will be needed for the various purposes for which such fund is being created. Promptly after receipt of each such certificate, the Trustee will, at the direction of the County and to the extent practicable, cause the 2002-B Construction Fund moneys to be invested in Eligible Investments having stated maturities in such amounts and at such times, prior to or corresponding with the amounts and dates specified in said certificate, as to make available from the 2002-B Construction Fund cash moneys sufficient to meet the needs of the 2002-B Construction Fund as specified in said certificate; provided, however, that the Trustee is hereby directed to invest \$223,623,228.50 of the moneys initially deposited in the 2002-B Construction Fund pursuant to that certain Purchase and Resale Agreement dated as of September 30, 2002, among the County, the Trustee and Wachovia Bank, National Association. Any such certificate may contain either specific or general instructions from the County as to the kind of Eligible Investments in which the presently unneeded moneys in the 2002-B Construction Fund are to be invested, and the Trustee will comply with such instructions to the extent that they are not inconsistent with the applicable provisions hereof; provided that the County shall not direct the Trustee to make any investment of moneys in the 2002-B Construction Fund that would result in any of the Parity Securities being considered "arbitrage bonds" within the meaning of Section 103(b)(2) and Section 148 of the Code and the applicable regulations thereunder. In the event of any such investment, the securities in which such moneys are so invested shall become a part of the 2002-B Construction Fund to the same extent as if they were moneys originally deposited therein, and the income derived from such investments shall be paid when received into the Series 2002-B Capitalized Interest Account. The Trustee may at any time and from time to time sell or otherwise convert into cash any such securities, whereupon the net proceeds therefrom shall become a part of the 2002-B Construction Fund. The Trustee shall be fully protected in making any such investment, sale or conversion in accordance with the provisions of this section. In any determination of the amount of moneys at any time forming a part of the 2002-B Construction Fund, all such securities in which any portion of the 2002-B Construction Fund is at the time so invested shall be included therein at their then market value.

ARTICLE IV

PROVISIONS CONCERNING THE SERIES 2002-B INSURANCE POLICY

Section 4.1 Payments Under the Series 2002-B Insurance Policy. (a) If, on the Business Day preceding any Interest Payment Date for the Series 2002-B Warrants, there is not on deposit with the Trustee sufficient moneys available to pay all principal of and interest on the Series 2002-B Warrants due on such date, the Trustee shall immediately notify the Bond Insurer and State Street Bank and Trust Company, N.A., New York, New York, or its successor as the Bond Insurer's Fiscal Agent (the "Fiscal Agent"), of the amount of such deficiency. If, by said Interest Payment Date, the County has not provided the amount of such deficiency, the Trustee shall simultaneously

make available to the Bond Insurer and to the Fiscal Agent the registration books for the Series 2002-B Warrants maintained by the Trustee. In addition:

(i) the Trustee shall provide the Bond Insurer with a list of the Holders of the Series 2002-B Warrants entitled to receive principal or interest payments from the Bond Insurer under the terms of the Series 2002-B Insurance Policy and shall make arrangements for the Bond Insurer and its Fiscal Agent (1) to mail checks or drafts to the Holders of Series 2002-B Warrants entitled to receive full or partial interest payments from the Bond Insurer and (2) to pay principal of the Series 2002-B Warrants surrendered to the Fiscal Agent by the Holders thereof entitled to receive full or partial principal payments from the Bond Insurer; and

(ii) the Trustee shall, at the time it makes the registration books available to the Bond Insurer, notify Holders entitled to receive payment of principal or interest on the Series 2002-B Warrants from the Bond Insurer (1) as to the fact of such entitlement, (2) that the Bond Insurer will remit to them all or part of the interest payments coming due subject to the terms of the Series 2002-B Insurance Policy, (3) that, except as provided in paragraph (b) below, in the event that any Holder of Series 2002-B Warrants is entitled to receive full payment of principal from the Bond Insurer, such Holder must tender his Series 2002-B Warrant to the Fiscal Agent with the instrument of transfer in the form provided on the Series 2002-B Warrant executed in the name of the Bond Insurer, and (4) that, except as provided in paragraph (b) below, in the event that such Holder is entitled to receive partial payment of principal from the Bond Insurer, such Holder must tender his Series 2002-B Warrant for payment first to the Trustee, which shall note on such Series 2002-B Warrant the portion of principal paid by the Trustee, and then, with an acceptable form of assignment executed in the name of the Bond Insurer, to the Fiscal Agent, which will then pay the unpaid portion of principal to the Holder subject to the terms of the Series 2002-B Insurance Policy.

(b) In the event that the Trustee has notice that any payment of principal or interest on a Series 2002-B Warrant has been recovered from a Holder thereof pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time it provides notice to the Bond Insurer, notify all Holders of Series 2002-B Warrants that, in the event that any such Holder's payment is so recovered, such Holder will be entitled to payment from the Bond Insurer to the extent of such recovery, and the Trustee shall furnish to the Bond Insurer its records evidencing the payments of principal or interest on the Series 2002-B Warrants which have been made by the Trustee and subsequently recovered from Holders, and the dates on which such payments were made.

(c) The Bond Insurer shall, to the extent it makes payment of principal or interest on the Series 2002-B Warrants, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 2002-B Insurance Policy and, to evidence such subrogation,

(1) in the case of subrogation as to claims for past due interest, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books maintained by the Trustee upon receipt from the Bond Insurer of proof of the payment of interest thereon to the Holders of such Series 2002-B Warrants and (2) in the case of subrogation as to claims for past due principal, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books for the Series 2002-B Warrants maintained by the Trustee upon receipt of proof of the payment of principal thereof to the Holders of such Series 2002-B Warrants. Notwithstanding anything in the Indenture or the Series 2002-B Warrants to the contrary, the Trustee shall make payment of such past due interest and past due principal directly to the Bond Insurer to the extent that the Bond Insurer is a subrogee with respect thereto.

Section 4.2 Information to be Provided to the Bond Insurer. The County shall provide the Bond Insurer with the following information:

(a) within 180 days after the end of each Fiscal Year of the County, a copy of the County's budget for the then current Fiscal Year, a copy of the County's annual audited financial statements for the most recently completed Fiscal Year, a statement of the amount on deposit in the Reserve Fund as of the last valuation and, if not presented in the audited financial statements, a statement of the net revenues pledged to payment of the Parity Securities for the most recently completed Fiscal Year;

(b) the Official Statement or other disclosure document, if any, prepared in connection with the issuance of additional debt instruments payable from the System Revenues, whether or not such instruments constitute Additional Parity Securities, within 30 days after the sale thereof;

(c) notice of any draw upon, or any deficiency due to market fluctuation in the amount on deposit in, the Reserve Fund;

(d) notice of the redemption, other than mandatory sinking fund redemption, of any of the Parity Securities, including the principal amount, maturities and CUSIP numbers thereof

(e) simultaneously with the delivery of the County's annual audited financial statements:

(i) the number of System users as of the end of the most recently completed Fiscal Year;

(ii) notification of the withdrawal of any System user responsible for 5% or more of System Revenues since the last reporting date;

(iii) any significant plant retirements or expansions planned or undertaken in the System's service area since the last reporting date;

(iv) maximum and average daily System usage for the most recently completed Fiscal Year;

(v) any updated capital plans for expansion and improvement projects; and

(vi) results of any annual engineering inspections.

(f) such additional information as the Bond Insurer may reasonably request from time to time.

Section 4.3 Miscellaneous Special Provisions Respecting the Bond Insurer and the Series 2002-B Insurance Policy. (a) In determining whether a payment default has occurred or whether a payment on the Series 2002-B Warrants has been made under the Indenture, no effect shall be given to payments made under the Series 2002-B Insurance Policy.

(b) The Bond Insurer shall receive immediate notice of any default in payment of principal of or interest on the Series 2002-B Warrants and notice of any other Event of Default known to the Trustee within 30 days of the Trustee's knowledge thereof.

(c) The Trustee shall, if and to the extent that there are no other available moneys held under the Indenture, use moneys in the 2002-B Construction Fund to pay principal of or interest on the Series 2002-B Warrants.

(d) For all purposes of Article XIII of the Original Indenture, except the giving of notice of default to Holders of Series 2002-B Warrants, the Bond Insurer shall be deemed to be the sole holder of the Series 2002-B Warrants it has insured for so long as it has not failed to comply with its payment obligations under the Series 2002-B Insurance Policy.

(e) No resignation or removal of the Trustee shall become effective until a successor has been appointed and has accepted the duties of Trustee. The Bond Insurer shall be furnished with written notice of the resignation or removal of the Trustee and the appointment of any successor thereto.

(f) The Bond Insurer shall be treated as a party in interest and as a party entitled to (i) notify the Trustee of the occurrence of an Event of Default and (ii) request the Trustee to intervene in judicial proceedings that affect the Series 2002-B Warrants or the security therefor.

(g) Any amendment or supplement to the Indenture shall be subject to the prior written consent of the Bond Insurer. The Bond Insurer shall be deemed to be the holder of all outstanding

Series 2002-B Warrants for the purpose of consenting to any proposed amendment or supplement to the Indenture (except for any such amendment or supplement that, under the provisions of the Indenture, requires the consent of the Holder of each outstanding Series 2002-B Warrant). Any rating agency rating any of the Series 2002-B Warrants must receive notice of each amendment or supplement hereafter executed and a copy thereof at least fifteen days in advance of its execution or adoption.

(h) The Bond Insurer shall be provided with a full transcript of all proceedings relating to the execution of any Supplemental Indenture hereafter executed.

(i) Any notices to the Bond Insurer or the Fiscal Agent pursuant to the Indenture shall be sent to the following addresses (unless and until different addresses are specified in writing to the County and the Trustee):

Financial Guaranty Insurance Company
125 Park Avenue
New York, New York 10017
Attention: General Counsel

State Street Bank and Trust Company, N.A.
61 Broadway
New York, New York 10006
Attention: Corporate Trust Department

ARTICLE V

MISCELLANEOUS

Section 5.1 2002-B System Improvements to Constitute Part of System. The 2002-B System Improvements shall henceforth constitute part of the System referred to in the Indenture and shall be subject to the Indenture as, fully and completely as if they had been in existence at the time the Original Indenture was executed and delivered and had been specifically described therein.

Section 5.2 Confirmation of Indenture. All the terms, covenants and conditions of the Indenture are hereby in all things confirmed, and they shall remain in full force and effect. Further, the County does hereby confirm the pledge made in the Indenture with respect to the revenues derived from all properties now or hereafter constituting a part of the System, including specifically, without limiting the generality of the foregoing, all properties acquired as a part of the System since the execution and delivery of the Original Indenture.

Section 5.3 Pledge of 2002-B Construction Fund. For the purposes specified in Section 2.1 of the Original Indenture, the County does hereby grant, bargain, sell and convey, assign, transfer

and pledge to and with the Trustee the moneys deposited in the 2002-B Construction Fund, together with any investments and reinvestments of such moneys and the income or proceeds thereof; subject, however, to the disbursement of all moneys at any time held in the 2002-B Construction Fund for application in accordance with the provisions of this Fifth Supplemental Indenture.

Section 5.4 Debt Service Fund Deposits Referable to Series 2002-B Warrants. In order to provide funds for the payment of the principal of and the interest on the Series 2002-B Warrants, there shall be transferred or paid into the Debt Service Fund, out of moneys held in the Revenue Account, the following amounts at the following times:

(1) on or before February 1, 2003, and on or before each February 1 and August 1 thereafter until and including February 1, 2042, an amount equal to the interest becoming due with respect to the then outstanding Series 2002-B Warrants on each such Interest Payment Date; and

(2) on or before February 1, 2038, and on or before each February 1 thereafter until and including February 1, 2042, an amount equal to the principal amount of Series 2002-B Warrants maturing or required to be redeemed on each such February 1.

Notwithstanding the foregoing, if the total amount of principal of and interest on the Parity Securities becoming due and payable on any Interest Payment Date is greater than the amount then held in the Reserve Fund (without taking into account the aggregate amount payable under the Reserve Policy and any Additional Reserve Policy then in effect), then the related transfer or payment into the Debt Service Fund shall be made at least one Business Day prior to such Interest Payment Date.

The Debt Service Fund deposits required by this Section 5.4 shall be in addition to the deposits respecting the Outstanding Parity Securities required by the Original Indenture and by earlier Supplemental Indentures.

There is hereby created as part of the Debt Service Fund a new account, namely, the Series 2002-B Capitalized Interest Account. The Trustee shall be and remain the depository, custodian and disbursing agent for such account. Until all moneys deposited in such account have been spent, on each Interest Payment Date moneys from the Series 2002-B Capitalized Interest Account in an amount equal to the lesser of (a) the amount of interest on the Series 2002-B Warrants becoming due on such date and (b) the total amount then held in such account shall be applied for the payment of the interest then due and payable on the Series 2002-B Warrants. The County hereby directs the Trustee (which direction is hereby acknowledged by the Trustee) to invest the moneys deposited in the Series 2002-B Capitalized Interest Account pursuant to that certain Purchase and Resale Agreement dated as of September 30, 2002, among Wachovia Bank, National Association, the County and the Trustee.

Section 5.5 Book-Entry Procedures Applicable to Series 2002-B Warrants. (a) Except as provided in Section 5.5(c) hereof, the registered owner of all of the Series 2002-B Warrants shall be The Depository Trust Company ("DTC") and the Series 2002-B Warrants shall be registered in the name of Cede & Co., as nominee of DTC. Payment of semiannual interest for any Series 2002-B Warrant registered as of a Record Date in the name of Cede & Co. shall be made by wire transfer to the account of Cede & Co. on the Interest Payment Date at the address indicated on the Record Date for Cede & Co. in the registry books of the County kept by the Paying Agent.

(b) The Series 2002-B Warrants shall be initially issued in the form of a separate single authenticated fully registered warrant in the principal amount of each separately stated maturity for each separate series. Upon initial issuance, the ownership of each such Series 2002-B Warrant shall be registered in the registry book of the County kept by the Paying Agent in the name of Cede & Co., as nominee of DTC. The Paying Agent and the County may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2002-B Warrants registered in its name for the purposes of payment of the principal or redemption price of or interest on such Series 2002-B Warrants, selecting such Series 2002-B Warrants or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders of Series 2002-B Warrants under the Indenture, registering the transfer of Series 2002-B Warrants, obtaining any consent or other action to be taken by Holders of Series 2002-B Warrants and for all other purposes whatsoever; and neither the Paying Agent nor the County shall be affected by any notice to the contrary. Neither the Paying Agent nor the County shall have any responsibility or obligation to any DTC participant, any Person claiming a beneficial ownership interest in the Series 2002-B Warrants under or through DTC or any DTC participant, or any other Person which is not shown on the registration books of the County kept by the Paying Agent as being a Holder of Series 2002-B Warrants. The County and the Paying Agent shall have no responsibility with respect to the accuracy of any records maintained by DTC, Cede & Co. or any DTC participant with respect to any ownership interest in the Series 2002-B Warrants; the payment by DTC or any DTC participant to any beneficial owner of any amount in respect of the principal or redemption price of or interest on the Series 2002-B Warrants; the delivery to any DTC participant or any beneficial owner of any notice which is permitted or required to be given to Holders of the Series 2002-B Warrants under the Indenture; the selection by DTC or any DTC participant of any Person to receive payment in the event of a partial redemption of the Series 2002-B Warrants; or the authority for any consent given or other action taken by DTC as the Holder of Series 2002-B Warrants. The Paying Agent shall pay all principal of and premium, if any, and interest on the Series 2002-B Warrants only to Cede & Co., as nominee of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to the principal of and premium, if any, and interest on such Series 2002-B Warrants to the extent of the sum or sums so paid. Upon delivery by DTC to the Paying Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co. and direction to effect such change on the registry books maintained by the Paying Agent, the term "Cede & Co." in the Indenture shall refer to such new nominee of DTC.

(c) In the event the County determines that it is in the best interest of the beneficial owners of the Series 2002-B Warrants that they be able to obtain warrant certificates, the County may

notify DTC and the Paying Agent of the availability through DTC of warrant certificates. In such event, the Paying Agent shall issue, transfer and exchange warrant certificates as requested by DTC and any other Holders of Series 2002-B Warrants in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 2002-B Warrants at any time by giving notice to the County and the Paying Agent and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the County and Paying Agent shall be obligated to deliver warrant certificates as described in the Indenture. In the event warrant certificates are issued to Holders of the Series 2002-B Warrants other than DTC, the provisions of Article V of the Original Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the County and the Paying Agent to do so, the County and the Paying Agent will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2002-B Warrants to any DTC participant having Series 2002-B Warrants credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2002-B Warrants.

(d) Notwithstanding any other provision of the Indenture to the contrary, so long as any Series 2002-B Warrant is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such Series 2002-B Warrant and all notices with respect to such Series 2002-B Warrant shall be made and given to DTC as provided in the Representation Letter to be signed by the County and the Paying Agent on or prior to the date of issuance and delivery of the Series 2002-B Warrants and accepted by DTC. Without limitation of the foregoing, so long as any Series 2002-B Warrant is registered in the name of Cede & Co., as nominee of DTC, the Paying Agent shall send a copy of any notice of redemption by overnight delivery not less than thirty (30) days before the redemption date to DTC, but such mailing shall not be a condition precedent to such redemption and failure to so mail any such notice (or failure of DTC to advise any DTC participant, or any DTC participant to notify the beneficial owner, of any such notice or its content or effect) shall not affect the validity of the proceedings for the redemption of the Series 2002-B Warrants.

(e) In connection with any notice or other communication to be provided to Holders of the Series 2002-B Warrants pursuant to the Indenture by the County or the Paying Agent with respect to any consent or other action to be taken by Holders of the Series 2002-B Warrants, so long as any Series 2002-B Warrant is registered in the name of Cede & Co., as nominee of DTC, the County or the Paying Agent, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

(f) In the event of any inconsistency between the provisions of this Section 5.5 and any other provision of the Indenture or the forms of Series 2002-B Warrants, the provisions of this Section 5.5 shall govern so long as warrant certificates have not been issued to the Holders of the Series 2002-B Warrants other than DTC in accordance with Section 5.5(c) hereof.

Section 5.6 **Amendment of Certain Definitions.** Notwithstanding anything to the contrary contained in the Original Indenture or any of the supplements thereto, the following definitions are hereby amended to read as follows for purposes of the Indenture, with such amendments to be effective immediately upon the delivery of this Fifth Supplemental Indenture and prior to the delivery of the Series 2002-B Warrants:

"Maximum Annual Debt Service" means the maximum amount payable in a Fiscal Year as principal of and interest on the Parity Securities then outstanding and, if applicable, any Additional Parity Securities with respect to which a Revenue Certificate or Revenue Forecast (as those terms are defined and used in Section 10.2 of the Original Indenture) is prepared and delivered, subject to the following assumptions and adjustments:

(1) that the principal amount of any such securities required by the terms thereof to be redeemed or prepaid during any Fiscal Year shall, for purposes of this definition, be considered as maturing in the Fiscal Year during which such redemption or prepayment is required and not in the Fiscal Year in which their stated maturity or due date occurs;

(2) for purposes of determining the amounts of principal and interest due in any Fiscal Year on any Parity Securities that constitute Tender Indebtedness, the options or obligations of the owners of such Parity Securities to tender the same for purchase or payment prior to their stated maturity or maturities shall be treated as a principal maturity occurring on the first date on which owners of such Parity Securities may or are required to tender such Parity Securities for purchase or payment, except that any such option or obligation to tender Parity Securities shall be ignored and not treated as a principal maturity, and such Parity Securities shall be deemed to mature in accordance with their stated maturity schedule, if such Parity Securities are rated in one of the two highest long-term rating categories (without reference to gradations such as "plus" or "minus") by at least two Rating Agencies or such Parity Securities are rated in the highest short-term, note or commercial paper rating categories (without reference to gradations such as "plus" or "minus") by at least two Rating Agencies;

(3) the interest rate on any Variable Rate Securities subsequent to the date of calculation shall be assumed to be the lowest of (A) the maximum rate of interest that may be applicable to such Parity Securities, under the provisions thereof, (B) for so long as any hedging agreement that establishes a cap rate for such Parity Securities is in effect, such cap rate, and (C) the highest of (i) the actual interest rate on the date of calculation, or if the Variable Rate Securities in question are not yet outstanding, the initial rate (if established and binding), (ii) if the Variable Rate Securities in question have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) (x) if interest on the Variable Rate Securities in question is excludable from gross income under the

applicable provisions of the Code, the average of the various rates published as the BMA Municipal Swap Index (or comparable index if no longer published) during the ten year period ending on the last day of the month immediately preceding the date of determination, plus fifty (50) basis points, or (y) if interest on such Variable Rate Securities is not so excludable, the interest rate on direct U.S. Treasury obligations with comparable maturities;

(4) the debt service payable with respect to any Parity Securities for which the County has entered into a Qualified Swap pursuant to which the County has agreed to make payments calculated by reference to a fixed rate of interest shall be calculated as if the Parity Securities bore interest at such fixed rate during the term of such Qualified Swap;

(5) the debt service payable with respect to any Parity Securities for which the County has entered into a Qualified Swap pursuant to which the County has agreed to make payments calculated by reference to variable interest rates shall be calculated as if the Parity Securities in question bore interest, during the term of such Qualified Swap, at a rate equal to the lowest of (A) for so long as any hedging agreement that establishes a cap rate with respect to such Qualified Swap remains in effect, such cap rate, or (B) the highest of (i) the actual rate of such Qualified Swap on the date of calculation, or if such Qualified Swap is not yet in effect, the initial rate (if established and binding), (ii) if the Qualified Swap has been in effect for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) (x) if interest on the Parity Securities to which such Qualified Swap is referable is excludable from gross income under the applicable provisions of the Code, the average of the various rates published as the BMA Municipal Swap Index (or comparable index if no longer published) during the ten year period ending on the last day of the month immediately preceding the date of determination, plus fifty (50) basis points, or (y) if interest on such Parity Securities is not so excludable, the interest rate on direct U.S. Treasury obligations with comparable maturities;

(6) there shall be excluded any principal of or interest on any Parity Securities to the extent there are available and held in escrow or under a trust agreement (i) moneys sufficient to pay such principal or interest, (ii) Permitted Defeasance Obligations which, if the principal thereof and the interest thereon are paid according to their tenor, will produce moneys sufficient to pay such principal of interest, or (iii) both moneys and such Permitted Defeasance Obligations which together will produce funds sufficient to pay such principal or interest; and

(7) the County may assume that all or any portion of outstanding Parity Securities that are subject to optional redemption provisions will be redeemed in one or more installments that are consistent with such provisions and may adjust the

expected payment schedule with respect to such Parity Securities to reflect such assumed redemptions.

In any case where, for purposes of determining Maximum Annual Debt Service, a portion of the principal of any Parity Securities is to be excluded, there shall also be excluded interest on the principal so excluded.

"Net Revenues Available for Debt Service" means, for any period, the difference between (A) the sum of (i) the total amount of System Revenues accrued during such period, and (ii) the amount of interest earned during such period on moneys held in the Indenture Funds (to the extent that such interest is not taken into account pursuant to the preceding clause (i)) and (B) the total amount of Operating Expenses incurred during such period (determined in accordance with generally accepted accounting principles).

Section 5.7 Amendment of Conditions Precedent to Issuance of Additional Parity Securities. Notwithstanding anything to the contrary contained in the Indenture, the County shall not be required to deliver a Revenue Certificate or Revenue Forecast to the Trustee in connection with the issuance of a series of Additional Parity Securities for refunding purposes if, in lieu thereof, the County delivers to the Trustee a certificate signed by the County's Director of Finance or an Independent Investment Advisor stating (i) that the Maximum Annual Debt Service immediately after the issuance of such Additional Parity Securities will not be greater than the Maximum Annual Debt Service immediately prior to the issuance of such Additional Parity Securities and (ii) that the total debt service expected to be due and payable on such Additional Parity Securities will be less than the total debt service that would be due and payable after the issuance date of such Additional Parity Securities on those of the Parity Securities being refunded if such refunding did not occur.

Section 5.8 Subordinate Debt Fund. There is hereby established a special trust fund, the name of which shall be the "Jefferson County Sewer System Subordinate Debt Fund." The Governing Body may at any time and from time to time designate any banking institution or institutions as depository or depositories for the Subordinate Debt Fund, provided that each such depository so designated shall at all times while acting as such be and remain a member of the Federal Deposit Insurance Corporation or of any agency of the United States of America that may succeed to its functions, if there be any such, and shall be and remain duly qualified to do business in the State of Alabama.

On or before each February 15 and each August 15, the County may pay into the Subordinate Debt Fund from the Revenue Account, after there shall have been made from the Revenue Account all payments required to be made on or before such date into the Debt Service Fund and the Reserve Fund (but before any transfers have been made with respect to such date into the Rate Stabilization Fund or the Depreciation Fund), an amount equal to the lesser of (i) one-half (1/2) of twenty-five percent (25%) of the Maximum Annual Debt Service determined as of the date of such deposit, or (ii) the aggregate debt service becoming due and payable during the then next succeeding six months

with respect to obligations secured by a pledge of the Pledged Revenues that is subject and subordinate to the pledge made in the Indenture to secure the payment of Parity Securities.

Section 5.9 Amendment of Section 4.1 of Original Indenture. Section 4.1 of the Original Indenture is hereby amended to read as follows:

Section 4.1 Execution of Parity Securities. The Parity Securities shall be executed by the President or President Pro Tem of the Governing Body (or, in the case of any particular series of Parity Securities, any other member of the Governing Body authorized to do so in the resolution of the Governing Body authorizing the issuance of such series of Parity Securities), and the seal of the County shall be affixed thereto and attested by the Minute Clerk of the Governing Body (or, in the case of any particular series of Parity Securities, any other officer or employee of the County authorized to do so in the resolution of the Governing Body authorizing the issuance of such series of Parity Securities); provided that the signatures of the said officers on the Parity Securities may be facsimiles of their actual signatures; and provided further that a facsimile of the seal of the County may be imprinted on the Parity Securities rather than manually affixed thereto. Signatures on the Parity Securities by persons who were officers of the County at the time such signatures were written or printed shall continue effective although such persons cease to be such officers prior to the authentication of the Parity Securities or the delivery thereof.

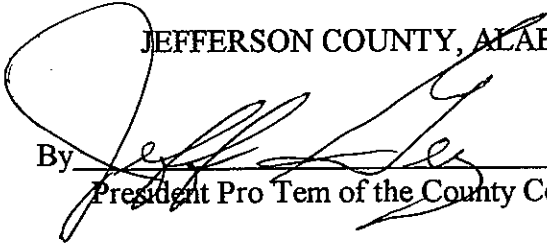
Section 5.10 Tax Covenants. The County recognizes that the Holders of the Series 2002-B Warrants from time to time will have accepted them on, and paid therefor a price which reflects, the understanding that interest on the Series 2002-B Warrants is excluded from gross income for federal income tax purposes under the laws in force at the time the Series 2002-B Warrants shall have been delivered. In this connection the County covenants (i) that it will not take any action or omit to take any action if the taking of such action or the failure to take such action, as the case may be, will result in the interest on any of the Series 2002-B Warrants becoming includable in gross income for purposes of federal income taxation, (ii) that it will use the "proceeds" of the Series 2002-B Warrants and any other funds of the County in such a manner that the use thereof, as reasonably expected by the County at the time of issuance of the Series 2002-B Warrants, will not cause the Series 2002-B Warrants to be "arbitrage bonds" under Section 103(b)(2) and Section 148 of the Code and the regulations thereunder and (iii) that it will satisfy the requirements of Section 148(f) of the Code and the applicable regulations thereunder. The County further covenants and agrees that it will not permit at any time any "proceeds" of the Series 2002-B Warrants or any other funds of the County to be used, directly or indirectly, in a manner which would result in any Series 2002-B Warrant being classified as a "private activity bond" within the meaning of Section 141(a) of the Code. The officers and employees of the County shall execute and deliver from time to time, on behalf of the County, such certificates, instruments and documents as shall be deemed necessary or advisable to evidence compliance by the County with said Section 103(b)(2) and Section 148 and the regulations thereunder with respect to the use of the proceeds of the Series 2002-B Warrants. Such certificates, instruments and documents may contain such stipulations as shall be necessary or advisable in connection with

the stated purpose of this section and the foregoing provisions hereof, and the County hereby covenants and agrees to comply with the provisions of any such stipulations throughout the term of the Series 2002-B Warrants.


Section 5.11 Article and Section Captions. The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

IN WITNESS WHEREOF, the County has caused this Fifth Supplemental Indenture to be executed in its name and behalf by the President Pro Tem of the Governing Body, has caused its official seal to be hereunto affixed and has caused this Fifth Supplemental Indenture to be attested by the Minute Clerk of the Governing Body, and the Trustee has caused this Fifth Supplemental Indenture to be executed in its corporate name and behalf, has caused its corporate seal to be hereunto affixed and has caused this Fifth Supplemental Indenture to be attested, by its duly authorized officers, all in ten (10) counterparts, each of which shall be deemed an original, and the County and the Trustee have caused this Fifth Supplemental Indenture to be dated as of September 1, 2002, although actually executed and delivered on September 30, 2002.

JEFFERSON COUNTY, ALABAMA

By 
President Pro Tem of the County Commission

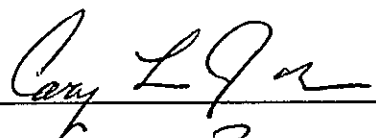
ATTEST:


Minute Clerk of the
County Commission

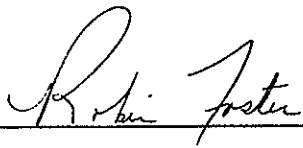
[SEAL]

THE BANK OF NEW YORK, as Successor Trustee
under the Trust Indenture of Jefferson County,
Alabama, dated as of February 1, 1997

By: The Bank of New York Trust Company
of Florida, N.A., Its Agent

By 
Its VICE PRESIDENT

ATTEST:


Its ASSISTANT TREASURER

[SEAL]

STATE OF ALABAMA)
 :
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that Jeff Germany, whose name as President Pro Tem of the County Commission of JEFFERSON COUNTY, ALABAMA, a political subdivision 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 county.

GIVEN under my hand and official seal of office, this 27th day of September, 2002.

[NOTARIAL SEAL]

Maurice P. McDermott
Notary Public

My Commission Expires: 1-24-04

STATE OF ALABAMA)
 :
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that Cary L. Sears, whose name as Vice President of THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A., a national banking association acting as agent for THE BANK OF NEW YORK, a New York banking corporation acting in its capacity as Trustee under the Trust Indenture of Jefferson County, Alabama, dated as of February 1, 1997, 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 banking association in its capacity as the agent of the Trustee as aforesaid.

GIVEN under my hand and official seal of office, this 27th day of September, 2002.

[NOTARIAL SEAL]

Maurice P. McDermott
Notary Public

My Commission Expires: 2-24-04

354584.3

SIXTH SUPPLEMENTAL INDENTURE

between

JEFFERSON COUNTY, ALABAMA

and

THE BANK OF NEW YORK

Dated as of October 1, 2002

Relating to

\$839,500,000

JEFFERSON COUNTY, ALABAMA

**Sewer Revenue Refunding Warrants
Series 2002-C**

C.1-F

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between
JEFFERSON COUNTY, ALABAMA
and
THE BANK OF NEW YORK**

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Appendix I - Form of Series 2002-C Warrants

- Exhibit A – Notice of Change to a _____ Rate
- Exhibit B-1 – Certificate Pursuant to Section 4.1(c)(i)(2) or 4.2(c)(i)(2) of the Sixth Supplemental Indenture
- Exhibit B-2 – Certificate Pursuant to Section 4.1(c)(ii) of the Sixth Supplemental Indenture
- Exhibit B-3 – Notice Regarding Establishment of New Adjustable Rate
- Exhibit B-4 – Notice of Proposed Change in Percentages Used to Determine the All Hold Rate and the Maximum Auction Rate
- Exhibit C – Notice of Failure of Conditions
- Exhibit D – Notice of Proposed Conversion to Fixed Rate
- Exhibit E – Certificate Pursuant to Section 4.2(c)(ii)(2) of the Indenture
- Exhibit F – Notice of Failure of Conditions to Fixed Rate Conversion
- Exhibit G – Notice of Election to Tender
- Exhibit H – Notice of Mandatory Tender Upon Expiration, Termination, Substitution or Amendment of Liquidity Facility or Failure to Maintain Rating

SIXTH SUPPLEMENTAL INDENTURE between **JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (herein called the "County"), and **THE BANK OF NEW YORK**, a New York banking corporation, in its capacity as successor to AmSouth Bank of Alabama as Trustee under that certain Trust Indenture of the County dated as of February 1, 1997 (said banking corporation in such capacity, as well as any successor trustee under said Trust Indenture, being herein called the "Trustee"),

RECITALS

Under and pursuant to the provisions of the aforesaid Trust Indenture (herein called the "Original Indenture"), the County has heretofore issued \$211,040,000 principal amount of Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997 (herein called the "Series 1997-A Warrants"), \$48,020,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997 (herein called the "Series 1997-B Warrants"), and \$52,880,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-C, dated February 15, 1997 (herein called the "Series 1997-C Warrants"). The Series 1997-A Warrants, the Series 1997-B Warrants and the Series 1997-C Warrants were issued to refund certain indebtedness of the County that had been incurred to pay the costs of certain capital improvements to the County's sanitary sewer system (herein called the "System").

Under the provisions of Article X of the Original Indenture, the County reserved the right to issue, upon compliance with the conditions precedent set forth in said Article X, additional warrants, bonds, notes or other forms of indebtedness (herein called "Additional Parity Securities"), to be secured on a parity with securities previously issued under the Indenture, for the purposes of refunding any outstanding obligations of the County issued to finance capital improvements to the System and of financing the costs of acquiring and constructing capital improvements to the System. The County has heretofore issued as Additional Parity Securities its (a) its \$296,395,000 aggregate principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997 (herein called the "Series 1997-D Warrants"), (b) its \$952,695,000 aggregate principal amount of Sewer Revenue Warrants, Series 1999-A, dated March 1, 1999 (herein called the "Series 1999-A Warrants"), (c) its \$275,000,000 aggregate principal amount of Sewer Revenue Warrants, Series 2001-A, dated March 1, 2001 (herein called the "Series 2001-A Warrants"), (d) its \$110,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-A, dated March 6, 2002 (herein called the "Series 2002-A Warrants"), and (e) its \$540,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-B, dated September 1, 2002 (herein called the "Series 2002-B Warrants"). The Series 1997-D Warrants, the Series 1999-A Warrants, the Series 2001-A Warrants, the Series 2002-A Warrants and the Series 2002-B Warrants were issued under the Original Indenture, as supplemented and amended by the First Supplemental Indenture dated as of March 1, 1997 (herein called the "First Supplemental Indenture"), the Second Supplemental Indenture dated as of March 1, 1999 (herein called the "Second Supplemental Indenture"), the Third Supplemental Indenture dated as of March 1, 2001 (herein called the "Third

Supplemental Indenture"), the Fourth Supplemental Indenture dated as of February 1, 2002 (herein called the "Fourth Supplemental Indenture"), and the Fifth Supplemental Indenture dated as of September 1, 2002 (herein called the "Fifth Supplemental Indenture"), between the County and the Trustee.

The County proposes to sell and issue the Series 2002-C Warrants hereinafter referred to in order to refund certain of its previously issued sewer revenue warrants. The County has, by proper official action and pursuant to the provisions of the Original Indenture (as heretofore supplemented), duly authorized said Series 2002-C Warrants, which are to be secured by the Original Indenture, as supplemented hereby and by the First, Second, Third, Fourth and Fifth Supplemental Indentures, on a parity with the outstanding Series 1997-A Warrants, Series 1997-B Warrants, Series 1997-C Warrants, Series 1997-D Warrants, Series 1999-A Warrants, Series 2001-A Warrants, Series 2002-A Warrants and Series 2002-B Warrants (herein together called the "Outstanding Parity Securities"). This Sixth Supplemental Indenture has been executed and delivered in order to specify the details with respect to said Series 2002-C Warrants and to provide for certain other matters set forth herein.

NOW, THEREFORE, THIS

SIXTH SUPPLEMENTAL INDENTURE

WITNESSETH:

It is hereby agreed among the County, the Trustee and the holders at any time of said Series 2002-C Warrants (the holders of said Series 2002-C Warrants evidencing their consent hereto by the acceptance of said Series 2002-C Warrants), each with each of the others, as follows:

ARTICLE I

DEFINITIONS, FINDINGS AND USE OF PHRASES

Section 1.1 **New Definitions.** Unless the context clearly indicates a different meaning, the following words and phrases, as used in this Sixth Supplemental Indenture, shall have the following respective meanings:

"Adjustable Rate" means a Commercial Paper Rate, an Auction Rate, a Daily Rate, a Weekly Rate or a Term Rate.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control", when used with respect to any specified Person, means the power to

direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"After-Tax Equivalent Rate" means, on any date of determination with respect to Auction Rate Warrants during an Auction Rate Period, the interest rate per annum equal to the product of (x) the Commercial Paper/Treasury Rate on such date and (y) 1.00 minus the Statutory Corporate Tax Rate on such date.

"Agent Member" means a member of, or participant in, the Securities Depository.

"All Hold Rate" means, on any date of determination with respect to Auction Rate Warrants, the rate per annum equal to 65% (as such percentage may be adjusted pursuant to Section 3.10) of the lesser of (i) the Index on such date and (ii) the After-Tax Equivalent Rate on such date; provided, however, that in no event shall such All Hold Rate exceed the maximum rate, if any, permitted by applicable law.

"Alternate Credit Facility" means any Credit Facility obtained pursuant to the provisions of Section 6.3 in substitution for or in addition to an existing Credit Facility or Facilities. An Alternate Credit Facility shall be an insurance policy or instrument that provides for the payment when due of principal and interest on the Series 2002-C Warrants to substantially the same extent as the initial Policy.

"Alternate Liquidity Facility" means any Liquidity Facility obtained pursuant to the provisions of Section 6.2 in replacement of an existing Liquidity Facility.

"Applicable Percentage" means, on any date of determination, the percentage determined as set forth below (as such percentage may be adjusted for Auction Rate Warrants pursuant to Section 3.10) based on the prevailing long-term rating of the Auction Rate Warrants in effect at the close of business on the Business Day immediately preceding such date of determination:

<u>Prevailing Rating</u>	<u>Applicable Percentage</u>
AAA/Aaa	125%
AA/Aa	150%
A/A	200%
BBB/Baa	250%
Below BBB/Baa	275%

For purposes of this definition, the "prevailing long-term rating" of the Auction Rate Warrants will be (a) AAA/Aaa if the Auction Rate Warrants have a rating of AAA by S&P and a rating of Aaa by Moody's, or the equivalent of such ratings by a substitute rating agency or agencies selected as

provided below, (b) if not AAA/Aaa, then AA/Aa if the Auction Rate Warrants have a rating of AA- or better by S&P and a rating of Aa3 or better by Moody's, or the equivalent of such ratings by a substitute rating agency or agencies selected as provided below, (c) if not AAA/Aaa or AA/Aa, then A/A if the Auction Rate Warrants have a rating of A- or better by S&P and a rating of A3 or better by Moody's, or the equivalent of such ratings by a substitute rating agency or agencies selected as provided below, (d) if not AAA/Aaa, AA/Aa or A/A, then BBB/Baa if the Auction Rate Warrants have a rating of BBB- or better by S&P and a rating of Baa3 or better by Moody's, or the equivalent of such ratings by a substitute rating agency or agencies selected as provided below, and (e) if not AAA/Aaa, AA/Aa, A/A or BBB/Baa, then below BBB/Baa, whether or not the Auction Rate Warrants are rated by any securities rating agency.

If (x) the Auction Rate Warrants are rated by a rating agency or agencies other than Moody's or S&P and (y) the County has delivered to the Trustee and the Auction Agent an instrument designating one or two of such rating agencies to replace Moody's or S&P, or both, then for purposes of the definition of "prevailing rating" Moody's or S&P, or both, will be deemed to have been replaced in accordance with such instrument; provided, however, that such instrument must be accompanied by the consent of the Remarketing Agent. For purposes of this definition, S&P's rating categories of AAA, AA-, A- and BBB-, and Moody's rating categories of Aaa, Aa3, A3 and Baa3, refer to and include the respective rating categories correlative thereto in the event that either or both of such rating agencies have changed or modified their generic rating categories. If the prevailing ratings for the Series 2002-C Warrants are split between the categories set forth above, the lower rating will determine the prevailing rating.

"Auction" means each periodic implementation of the Auction Procedures for Auction Rate Warrants.

"Auction Agency Agreement" means the Auction Agency Agreement dated October 25, 2002, entered into between the County and the Auction Agent with respect to the Auction Rate Warrants, as from time to time amended and supplemented.

"Auction Agent" means any entity appointed as such pursuant to Section 10.7 and its successors and assigns.

"Auction Date" means, with respect to each Auction Period, the last Monday of the immediately preceding Auction Period (or such other day that the Remarketing Agent shall establish as the Auction Date therefor pursuant to Section 3.5); provided that, if such day is not a Business Day, the Auction Date shall be the next succeeding Business Day.

"Auction Period" means a Standard Auction Period applicable to the Series 2002-C Warrants, provided that each Auction Period shall begin on an Interest Payment Date and end on, but exclude, the next succeeding Interest Payment Date.

"Auction Procedures" means with respect to Auction Rate Warrants the procedures set forth in Sections 3.6 through 3.9.

"Auction Rate" means, with respect to Auction Rate Warrants and each Auction Period for such Auction Rate Warrants, the rate of interest per annum determined for the Warrants pursuant to Article III, which shall not in any case exceed the Maximum Auction Rate.

"Auction Rate Period" means any period during which Series 2002-C Warrants bear interest at an Auction Rate determined pursuant to the implementation of Auction Procedures established under Article III, which period shall commence on the effective date of a Change in the Interest Rate Mode to an Auction Rate and shall extend through the day immediately preceding the earlier of (a) the effective date of a Change in the Interest Rate Mode, (b) the Fixed Rate Conversion Date or (c) the Stated Maturity.

"Auction Rate Period Record Date" means, with respect to each Interest Payment Date during an Auction Rate Period, the Business Day next preceding such Interest Payment Date.

"Auction Rate Warrants" means, with respect to an Auction Rate Period, any Series 2002-C Warrants or subseries of Series 2002-C Warrants which bear the Auction Rate determined pursuant to Article III.

"Authorized Denominations" means (i) for Series 2002-C Warrants bearing interest at the Weekly Rate, the Daily Rate or the Commercial Paper Rate, \$100,000 or any larger amount that is a multiple of \$5,000, (ii) for Series 2002-C Warrants bearing interest at the Auction Rate, \$25,000 or any integral multiple thereof, and (iii) for Series 2002-C Warrants bearing interest at a Term Rate or a Fixed Rate, \$5,000 or any multiple thereof.

"Available Auction Rate Warrants" means, with respect to Auction Rate Warrants, Available Auction Rate Warrants as defined in Section 3.8.

"Bank Warrant" or **"Bank Warrants"** means any Series 2002-C Warrant or Warrants purchased by a Liquidity Provider (or any permitted assignee) pursuant to any Liquidity Facility (other than a surety bond or another instrument issued by a municipal bond or financial guarantee insurance company) for so long as it remains a Bank Warrant pursuant to such facility.

"Bank Warrant Interest Rate" or **"Bank Rate"**, at any date of determination, has the meaning ascribed thereto in any Liquidity Facility (other than a surety bond or another instrument issued by a municipal bond or financial guarantee insurance company), provided that the Bank Warrant Interest Rate shall in no event exceed 18% per annum.

"Beneficial Owner" means, with respect to Auction Rate Warrants, a customer of a Broker-Dealer who is listed on the records of that Broker Dealer as a holder of the Auction Rate Warrants.

"Bid" means, with respect to Auction Rate Warrants, Bid as defined in Section 3.6.

"Bidder" means, with respect to Auction Rate Warrants, Bidder as defined in Section 3.6.

"Bond Insurer" or **"XLCA"** means XL Capital Assurance Inc., a New York stock insurance company, the issuer of the initial Policy, its successor as such issuer, or any other issuer of a municipal bond or financial guarantee insurance policy obtained on the Series 2002-C Warrants that is recognized by the County as a Bond Insurer.

"Broker-Dealer" means any broker-dealer (as defined in the Securities Exchange Act of 1934, as amended), commercial bank or other entity permitted by law to perform the functions required of a Broker-Dealer set forth in the Auction Procedures (i) that is an Agent Member (or an affiliate of an Agent Member), (ii) that has been selected by the Auction Agent with the consent of the Remarketing Agent, and (iii) that has entered into a Broker-Dealer Agreement with the Auction Agent that remains effective.

"Broker-Dealer Agreement" means each agreement applicable to Auction Rate Warrants between a Broker-Dealer and the Auction Agent pursuant to which such Broker-Dealer, among other things, agrees to participate in Auctions as set forth in the Auction Procedures, as from time to time amended and supplemented.

"Calculation Period" means (a) during any Commercial Paper Rate Period, the period from and including the effective date of the Change in the Interest Rate Mode to a Commercial Paper Rate Period to but not including any day not more than 270 days thereafter which is a day immediately preceding a Business Day established by the Remarketing Agent pursuant to Section 3.2; (b) during any Daily Rate Period, the period from and including a Business Day to but not including the next succeeding Business Day; (c) during any Weekly Rate Period, initially the period from and including the effective date of the Change in the Interest Rate Mode to a Weekly Period to and including the following Wednesday (but not less than two days) and, thereafter, the period from and including the Thursday of each week to and including the following Wednesday; provided, however, that, if such Thursday is not a Business Day, the next succeeding Calculation Period shall begin on the Business Day next succeeding such Thursday and shall end on the day before the next succeeding Calculation Period; and (d) during any Term Rate Period, any period of not less than 270 days from and including a Business Day to and including any day (established by the County pursuant to Section 4.1(a)) not later than the day prior to the Stated Maturity of the Series 2002-C Warrants.

"Change in the Interest Rate Mode" means any change in the method of determining the interest rate borne by Series 2002-C Warrants pursuant to Section 4.1 or 4.2.

"Change of Preference Law" means any amendment to the Code or other statute enacted by the Congress of the United States or any temporary, proposed or final regulation promulgated by the United States Treasury, after the date hereof which (a) changes or would change any deduction, credit or other allowance allowable in computing liability for any federal tax with respect to, or (b)

imposes, or would impose, reduces or would reduce, or increases or would increase any federal tax (including, but not limited to, preference or excise taxes) upon, any interest earned by any Holder of warrants of the same character as the Series 2002-C Warrants the interest on which is excluded from federal gross income under Section 103 of the Code.

"Closing Date" means the date on which the Series 2002-C Warrants are paid for by and delivered to the Underwriters.

"Commercial Paper Dealers" means J.P. Morgan Securities, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, or their respective affiliates or successors, provided that any such entity is a commercial paper dealer and, if not, as replaced by a Substitute Commercial Paper Dealer.

"Commercial Paper Period Record Date" means, with respect to each Interest Payment Date for a Commercial Paper Rate Period, the Business Day next preceding such Interest Payment Date.

"Commercial Paper Rate" means, with respect to each Calculation Period during a Commercial Paper Rate Period, a rate of interest equal to the rate of interest per annum, established and certified to the Trustee (with a copy to the County and the Tender Agent) by the Remarketing Agent no later than 9:30 a.m. (New York City time) on and as of the first day of such Calculation Period as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such day to remarket the Series 2002-C Warrants in a secondary market transaction at a price equal to the principal amount thereof; provided that such rate of interest shall not exceed 10% per annum.

"Commercial Paper Rate Period" means any period of not more than 270 days during which Series 2002-C Warrants bear interest at one or more Commercial Paper Rates, which period shall commence on the effective date of a Change in the Interest Rate Mode to a Commercial Paper Rate mode and extend through the day immediately preceding the earliest of (a) the effective date of another Change in the Interest Rate Mode, (b) the Fixed Rate Conversion Date or (c) the Stated Maturity of Series 2002-C Warrants.

"Commercial Paper/Treasury Rate" means, on any date of determination with respect to Auction Rate Warrants, (i) in the case of any Auction Period of less than 49 days, the interest equivalent of the 30-day rate, (ii) in the case of any Auction Period of 49 days or more but less than 70 days, the interest equivalent of the 60-day rate, (iii) in the case of any Auction Period of 70 days or more but less than 85 days, the arithmetic average of the interest equivalent of the 60-day and 90-day rates, (iv) in the case of any Auction Period of 85 days or more but less than 99 days, the interest equivalent of the 90-day rate, (v) in the case of any Auction Period of 99 days or more but less than 120 days, the arithmetic average of the interest equivalent of the 90-day and 120-day rates, (vi) in the case of any Auction Period of 120 days or more but less than 141 days, the interest equivalent of the 120-day rate, (vii) in the case of any Auction Period of 141 days or more but less than 162 days, the arithmetic average of the interest equivalent of the 120-day and 180-day rates,

(viii) in the case of any Auction Period of 162 days or more but less than 183 days, the interest equivalent of the 180-day rate, and (ix) in the case of any Auction Period of 183 days or more, the Treasury Rate for such Auction Period. The foregoing rates shall in all cases, except with respect to the Treasury Rate, be rates on commercial paper placed on behalf of issuers whose corporate bonds are rated "AA" by S&P, or the equivalent of such rating by S&P, as made available on a discount basis or otherwise by the Federal Reserve Bank of New York for the Business Day immediately preceding such date of determination, or in the event that the Federal Reserve Bank of New York does not make available any such rate, then the arithmetic average of such rates, as quoted on a discount basis or otherwise, by the Commercial Paper Dealers, to the Auction Agent for the close of business on the Business Day immediately preceding such date of determination.

If any Commercial Paper Dealer does not quote a commercial paper rate required to determine the Commercial Paper/Treasury Rate, the Commercial Paper/Treasury Rate shall be determined on the basis of a commercial paper quotation or quotations furnished by the remaining Commercial Paper Dealer or Dealers and any Substitute Commercial Paper Dealer or Dealers selected by the County to provide such quotation or quotations not being supplied by any Commercial Paper Dealer or Dealers, as the case may be, or if the County does not select any such Substitute Commercial Paper Dealer or Dealers, by the remaining Commercial Paper Dealer or Dealers. For purposes of this definition, the "interest equivalent" of a rate stated on a discount basis (a "discount rate") for commercial paper of a given day's maturity shall be equal to the product of (A) 100 times (B) the quotient (rounded upwards to the next higher one-thousandth (.001) of 1%) of (x) the discount rate (expressed in decimals) divided by (y) the difference between (1) 1.00 and (2) a fraction the numerator of which shall be the product of the discount rate (expressed in decimals) times the number of days in which such commercial paper matures and the denominator of which shall be 360.

"Commission" means the Securities and Exchange Commission.

"Computation Date" means each date which is one Business Day prior to any Determination Date.

"Credit Facility" means initially the initial Policy, and any other Policy or instrument satisfactory to the County and administratively acceptable to the Trustee which provides for the payment when due of principal and interest on the Series 2002-C Warrants to substantially the same extent as the initial Policy.

"Current Adjustable Rate" means the interest rate or rates borne by Series 2002-C Warrants immediately prior to a Change in the Interest Rate Mode or the establishment of the Fixed Rate.

"Daily Period Record Date" means, with respect to each Interest Payment Date for a Daily Rate Period, the Business Day next preceding such Interest Payment Date.

"Daily Rate" means, with respect to each Calculation Period during a Daily Rate Period, a rate of interest equal to the rate of interest per annum established and certified to the Trustee (with

a copy to the County and the Tender Agent) by the Remarketing Agent no later than 9:30 a.m. (New York City time) on and as of the first day of such Calculation Period as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such day to remarket Series 2002-C Warrants in a secondary market transaction at a price equal to the principal amount thereof plus accrued interest thereon; provided that such rate of interest shall not exceed 10% per annum.

"Daily Rate Period" means any period during which the Series 2002-C Warrants bear interest at a Daily Rate, which period shall commence on the effective date of the Change in the Interest Rate Mode to a Daily Rate and extend through the day immediately preceding the earlier of (a) the effective date of another Change in the Interest Rate Mode, (b) the Fixed Rate Conversion Date, and (c) the Stated Maturity of Series 2002-C Warrants.

"Determination Date" or **"date of determination"** means, for any Calculation Period (other than the Calculation Period or Periods commencing on and including the Closing Date), the first Business Day occurring during such Calculation Period.

"Existing Holder" means, with respect to Auction Rate Warrants, a Broker-Dealer that is listed as a holder of Auction Rate Warrants in the records of the Auction Agent.

"Failure to Deposit" means any failure to deposit into the Debt Service Fund on or before an Interest Payment Date for Auction Rate Warrants an amount sufficient to pay in full the interest and principal (if any) becoming due and payable on such warrants on such date.

"Fixed Rate" means, with respect to the Fixed Rate Conversion Date for any Series 2002-C Warrants, the rate of interest per annum established and certified to the Trustee (with a copy to the County and the Tender Agent) by the Remarketing Agent no later than 9:30 a.m. (New York City time) on and as of such date as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such date to remarket the Series 2002-C Warrants in a secondary market transaction at a price equal to the principal amount thereof; provided that such rate of interest shall not exceed 12% per annum.

"Fixed Rate Conversion Date" shall have the meaning set forth in Section 4.2.

"Fixed Rate Period" means the period, if any, during which Series 2002-C Warrants bear interest at a Fixed Rate, which period shall commence on the Fixed Rate Conversion Date therefor and extend to the Stated Maturity therefor.

"Fixed Rate Record Date" means, with respect to each Interest Payment Date for the Fixed Rate Period, the fifteenth day of the calendar month next preceding such Interest Payment Date.

"Hold Order" means, with respect to the Auction Rate Warrants, Hold Order as defined in Section 3.6.

"Index" means (i) with respect to Auction Rate Warrants in any Auction Period of thirty-five (35) days or less, the One Month LIBOR Rate, and (ii) with respect to any Auction Rate Warrants in an Auction Period greater than thirty-five (35) days, the Treasury Rate for securities having a maturity which most closely approximates the length of the Auction Period. If either rate is unavailable, the Index for the Auction Rate Warrants shall be an index or rate agreed to by all Broker-Dealers and consented to by the County.

"Initial Banks" means JPMorgan Chase Bank; Bank of America, N.A.; The Bank of Nova Scotia; Bayerische Hypo-und Vereinsbank AG, New York Branch; Société Générale, New York Branch; and Regions Bank.

"Initial Liquidity Facility" means any one of the Standby Warrant Purchase Agreements dated as of October 1, 2002, among the County, the Trustee, JPMorgan Chase Bank, as Liquidity Agent, and one of the Initial Banks, including any extensions thereof or amendments or supplements thereto.

"Interest Payment Date," for any particular Series 2002-C Warrant, means:

(a) for each Commercial Paper Rate Period, the Business Day immediately succeeding any Calculation Period, and for any Calculation Period of more than 180 days, also the Business Day immediately following the 180th day of such Calculation Period;

(b) during an Auction Rate Period (i) for an Auction Period of 91 days or less, the Business Day immediately succeeding such Auction Period and (ii) for an Auction Period of more than 91 days, each 13th Tuesday after the first day of such Auction Period and the Business Day immediately succeeding such Auction Period;

(c) for each Daily Rate Period, the first Business Day of each month;

(d) for each Weekly Rate Period, the first Business Day of each month;

(e) for each Term Rate Period, (i) the first day of the sixth calendar month following the month in which the first day of such Term Rate Period occurred, (ii) each anniversary of the date so determined, (iii) each anniversary of the first day of the first month of such Term Rate Period, and (iv) the Business Day immediately succeeding such Term Rate Period;

(f) for the Fixed Rate Period, the February 1 or August 1 next succeeding the Fixed Rate Conversion Date and each February 1 and August 1 thereafter; but if the February 1 or August 1 next succeeding the Fixed Rate Conversion Date occurs less than 21 days after the Fixed Rate Conversion Date, the first Interest Payment Date shall be the second such date following the Fixed Rate Conversion Date;

- (g) the Fixed Rate Conversion Date;
- (h) any day on which Series 2002-C Warrants are subject to mandatory tender for purchase pursuant to Section 5.3 or 5.4 or redemption pursuant to Section 5.1;
- (i) the Stated Maturity of the Series 2002-C Warrants; and
- (j) with respect to Bank Warrants, the first Business Day of each month and the date on which such Bank Warrants are remarketed and cease to be Bank Warrants;

but if any such date, other than a date specified in clause (e), (f) or (i) above, determined in any of the foregoing clauses is not a Business Day, the Interest Payment Date shall be the next succeeding day which is a Business Day. If a date specified in clause (e), (f) or (i) above is not a Business Day, the Interest Payment Date shall be the next succeeding day which is a Business Day and the payment on such postponed Interest Payment Date shall include interest accrued only to the originally scheduled Interest Payment Date.

"Interest Rate Mode" means the method of determining the interest rate applicable to Series 2002-C Warrants as provided in this Sixth Supplemental Indenture.

"Issuance Costs" means the costs and expenses of issuing and selling the Series 2002-C Warrants, including, without limitation, the fees and expenses of Bond Counsel to the County, the acceptance fee of the Trustee, the fees of any Rating Agency rating the Series 2002-C Warrants, bond insurance premiums, fees of Liquidity Providers, accounting fees, financial advisory fees, underwriters' commissions and discounts, the costs of printing the Official Statement for the Series 2002-C Warrants, and other usual and customary expenses.

"Liquidity Facility" means any Initial Liquidity Facility and each Alternate Liquidity Facility.

"Liquidity Facility Amendment" shall have the meaning set forth in Section 6.2(a).

"Liquidity Provider" means each provider of a Liquidity Facility.

"Maximum Auction Rate" means on any Auction Date the lesser of 18% or the following: (i) in all cases other than as provided in (ii) or (iii) below, the interest rate per annum equal to the Applicable Percentage of the higher of the After-Tax Equivalent Rate and the Index, as each is determined on such date with respect to a Standard Auction Period; (ii) with respect to any change in an Auction Period and/or the Standard Auction Period pursuant to Section 3.4, including any automatic reversion to a Standard Auction Period pursuant to Section 3.3, the interest rate per annum equal to the highest of (a) the Applicable Percentage of the higher of the After-Tax Equivalent Rate and the Index, as each is determined on such date with respect to a Standard Auction Period, (b) the

Applicable Percentage of the higher of the After-Tax Equivalent Rate and the Index, as each is determined on such date with respect to the Auction Period which is proposed to be established and (c) the Applicable Percentage of the higher of the After-Tax Equivalent Rate and the Index, as each is determined on such date with respect to the Auction Period in effect immediately prior to such proposed change in the Auction Period; or (iii) with respect to any Change in the Interest Rate Mode from an Auction Rate pursuant to Section 4.1 or any change from an Auction Rate to a Fixed Rate pursuant to Section 4.2, the interest rate per annum equal to the higher of (a) the Applicable Percentage of the higher of the After-Tax Equivalent Rate and the Index, as each is determined on such date with respect to a Standard Auction Period and (b) the Applicable Percentage of the higher of the After-Tax Equivalent Rate and the Index, as each is determined on such date with respect to the Auction Period in effect immediately prior to such proposed change.

"Notice of Election to Tender" means the notice given by a Holder of Series 2002-C Warrants pursuant to Section 5.2.

"Notice of Fee Rate Change" means a notice of a change in the Auction Agent Fee Rate (as defined in the Auction Agency Agreement) or the Broker-Dealer Fee Rate (as defined in the Auction Agency Agreement) given to the Auction Agent and the Trustee at the time of any Change in the Interest Rate Mode to an Auction Rate.

"One Month LIBOR Rate" means, as of any date of determination, the offered rate for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 a.m., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

"Option to Convert" means the County's right and option to convert the rate of interest payable on Series 2002-C Warrants from an Adjustable Rate to a Fixed Rate as provided in Section 4.2.

"Order" means, with respect to Auction Rate Warrants, an Order as defined in Section 3.6.

"Overdue Rate" means on any date of determination 300% of the Index on such date of determination; provided that in no event shall the Overdue Rate exceed the maximum rate, if any, permitted by applicable law.

"Policy" or "Insurance Policy" means initially the municipal bond insurance policy issued by the Bond Insurer on the Closing Date insuring the payment when due of the principal of and interest on the Series 2002-C Warrants as provided therein, and shall include any other municipal bond insurance policy or financial guarantee relating to the Series 2002-C Warrants issued by a Bond Insurer.

"Potential Beneficial Owner" means, with respect to any Auction Rate Warrants, a customer of a Broker-Dealer that is not a Beneficial Owner of Auction Rate Warrants but that wishes

to purchase Auction Rate Warrants, or that is a Beneficial Owner of Auction Rate Warrants that wishes to purchase an additional principal amount of Auction Rate Warrants:

"Potential Holder" means a Broker-Dealer that is not an Existing Holder or that is an Existing Holder that wishes to become an Existing Holder of an additional principal amount of Auction Rate Warrants.

"Purchase Price" means the purchase price of Series 2002-C Warrants tendered or deemed tendered for purchase pursuant to Section 5.2, 5.3 or 5.4 of this Sixth Supplemental Indenture, consisting of the principal amount of such Series 2002-C Warrants plus accrued and unpaid interest, if any, and premium, if any.

"Record Date" means each Commercial Paper Period Record Date during a Commercial Paper Rate Period, each Auction Rate Period Record Date during an Auction Rate Period, each Daily Period Record Date during a Daily Rate Period, each Weekly Period Record Date during a Weekly Rate Period, each Term Period Record Date during a Term Rate Period and each Fixed Rate Record Date during the Fixed Rate Period.

"Remarketing Agent" means any remarketing agent or remarketing agents appointed pursuant to Section 10.5, and its or their successors or assigns, including, without limitation, any "market agent" or "broker-dealer" appointed in connection with Auction Rate Warrants.

"Remarketing Agreement" means each remarketing agreement with a Remarketing Agent, as from time to time amended and supplemented.

"Securities Depository" means The Depository Trust Company and its nominees, successors and assigns or if (i) the then Securities Depository resigns from its functions as depository of the Series 2002-C Warrants or (ii) the County discontinues use of the then Securities Depository pursuant to Section 10.3, any other securities depository (and its nominees), which agrees to follow the procedures required to be followed by a Securities Depository in connection with the Series 2002-C Warrants and which is selected by the County, with the consent of the Trustee, the Auction Agent and the Remarketing Agent.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Sell Order" means, with respect to Auction Rate Warrants, a Sell Order as defined in Section 3.6.

"Series 2002-C Warrants" means the County's Sewer Revenue Refunding Warrants, Series 2002-C, authorized to be issued in the aggregate principal amount of \$839,500,000.

"Sixth Supplemental Indenture" or **"this Sixth Supplemental Indenture"** means this Sixth Supplemental Indenture.

"Standard Auction Period" initially means an Auction Period of thirty-five (35) days, and, after the establishment of a different Standard Auction Period pursuant to Section 3.4, shall mean such different Standard Auction Period; provided that, so long as the Standard Auction Period is 35 days and ends initially on a Tuesday, in the event the last Tuesday of the Auction Period is not a Business Day, with the result that the Auction Date is the next succeeding Business Day, the Standard Auction Period following such Auction Date shall be reduced to a shorter number of days so that the last day of the Auction Period following such Auction Date is the fifth Tuesday following such Auction Date.

"Stated Maturity" means, with respect to the Series 2002-C Warrants, February 1, 2040.

"Statutory Corporate Tax Rate" means, as of any date of determination, the highest tax rate bracket (expressed in decimals) now or thereafter applicable in each taxable year on the taxable income of every corporation as set forth in Section 11 of the Code or any successor section without regard to any minimum additional tax provision or provisions regarding changes in rates during a taxable year, which on the date hereof is 35%. Any change in the Statutory Corporate Tax Rate shall be evidenced by a certificate of an Authorized County Representative and delivered to the Trustee.

"Submission Deadline" means 1:00 p.m., New York City time, on the applicable Auction Date or such other time on the Auction Date by which Broker-Dealers are required to submit Orders to the Auction Agent as specified by the Auction Agent from time to time.

"Submitted Bid" means, with respect to Auction Rate Warrants, a Submitted Bid as defined in Section 3.8.

"Submitted Hold Order" means, with respect to Auction Rate Warrants, a Submitted Hold Order as defined in Section 3.8.

"Submitted Order" means, with respect to Auction Rate Warrants, a Submitted Order as defined in Section 3.8.

"Submitted Sell Order" means, with respect to Auction Rate Warrants, a Submitted Sell Order as defined in Section 3.8.

"Substitute Commercial Paper Dealer" means Lehman Brothers Inc., or its affiliates or successors, if such person is a commercial paper dealer, provided that no such person nor any of its affiliates or successors shall be the same entity as the initial Commercial Paper Dealer.

"Substitute U.S. Government Securities Dealer" means the dealer or dealers in U.S. government securities specified by the County at any time when the initial U.S. Government Securities Dealer is unable or unwilling to perform in such capacity hereunder, provided that any such substitute shall be a dealer in U.S. government securities and shall not be the same entity as the initial U.S. Government Securities Dealer.

"Sufficient Clearing Bids" means, with respect to Auction Rate Warrants, Sufficient Clearing Bids as defined in Section 3.8.

"Support Facility" means each Credit Facility and each Liquidity Facility in effect at the time of determination.

"Support Facility Issuer" means the provider of any Support Facility.

"Tender Agent" means The Bank of New York, in its separate capacity as Tender Agent for the Series 2002-C Warrants, or its successors or assigns in such capacity.

"Tender Date" means an Optional Tender Date or a Mandatory Tender Date, as the case may be.

"Tendered Warrants" means Series 2002-C Warrants tendered for purchase pursuant to the Optional or Mandatory Tender provisions of this Indenture.

"Term Period Record Date" means, with respect to each Interest Payment Date for a Term Rate Period, the fifteenth day of the calendar month next preceding such Interest Payment Date.

"Term Rate" means, with respect to each Calculation Period for a Term Rate Period, a rate of interest equal to the rate of interest per annum established and certified to the Trustee (with a copy to the County and the Tender Agent) by the Remarketing Agent no later than 9:30 a.m. (New York City time) on and as of the first day of such Calculation Period as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such day to remarket Series 2002-C Warrants in a secondary market transaction at a price equal to the principal amount thereof; provided that such rate of interest shall not exceed 12% per annum.

"Term Rate Period" means any period during which Series 2002-C Warrants bear interest at a Term Rate which period shall commence with the effective date of the Change in the Interest Rate Mode to a Term Rate and shall extend through the day immediately preceding the earlier of (a) the effective date of a succeeding Change in the Interest Rate Mode and (b) the Stated Maturity of the Series 2002-C Warrants.

"Terminating Event" means any event or events under the terms of a Support Facility or any agreement providing for the issuance of such Support Facility (provided such Support Facility is not a financial guaranty insurance policy) which would cause the termination or expiration of such Support Facility but would specifically allow for the mandatory tender of Series 2002-C Warrants pursuant to Section 5.4 with a draw on or borrowing or payment under such Support Facility prior to such termination or expiration.

"Treasury Rate" means, on any date, (i) the yield, calculated in accordance with prevailing industry convention, of the rate on the most recently auctioned direct obligations of the U.S.

Government having a maturity at the time of issuance of 364 days or less with a remaining maturity closest to the length of the applicable Auction Period, as quoted in The Wall Street Journal on such date for the Business Day next preceding such date; or (ii) in the event that any such rate is not published in The Wall Street Journal, then the bond equivalent yield, calculated in accordance with prevailing industry convention, as calculated by reference to the arithmetic average of the bid price quotations of the most recently auctioned direct obligation of the U.S. Government having a maturity at the time of issuance of 364 days or less with a remaining maturity closest to the length of such Auction Period, based on bid price quotations on such date obtained by the Auction Agent from at least three U.S. Government Securities Dealers. If any U.S. Government Securities Dealer does not quote a rate required to determine the Treasury Rate, the Treasury Rate shall be determined on the basis of the quotation or quotations furnished by the remaining U.S. Government Securities Dealer or Dealers and any Substitute U.S. Government Securities Dealer or Dealers selected by the County to provide such rate or rates not being supplied by any U.S. Government Securities Dealer or Dealers, as the case may be, or, if the County does not select any such Substitute U.S. Government Securities Dealer or Dealers, by the remaining U.S. Government Securities Dealer or Dealers.

"Underwriters" means J. P. Morgan Securities, Inc., Morgan Keegan & Company, Inc., and UBS PaineWebber, Inc..

"U.S. Government Securities Dealer" means J. P. Morgan Securities, Inc., or, in lieu thereof, its affiliates or successors, provided that any such entity is a U.S. Government securities dealer.

"Warrant Purchase Fund" means the fund established pursuant to Section 8.1.

"Weekly Period Record Date" means, with respect to each Interest Payment Date for a Weekly Rate Period, the Business Day next preceding such Interest Payment Date.

"Weekly Rate" means, with respect to each Calculation Period during a Weekly Rate Period, a rate of interest equal to the rate of interest per annum established and certified to the Trustee (with a copy to the County and the Tender Agent) by the Remarketing Agent no later than 9:30 a.m. (New York City time) on and as of the first day of such Calculation Period as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such day to remarket Series 2002-C Warrants in a secondary market transaction at a price equal to the principal amount thereof plus accrued interest thereon; provided that such rate of interest shall not exceed 10% per annum.

"Weekly Rate Period" means any period during which Series 2002-C Warrants bear interest at a Weekly Rate, which period shall commence with the effective date of a Change in the Interest Rate Mode to the Weekly Rate and shall extend through the day immediately preceding the earlier of (a) the effective date of another Change in the Interest Rate Mode and (b) the Stated Maturity of Series 2002-C Warrants.

"Winning Bid Rate" means, with respect to Auction Rate Warrants, the Winning Bid Rate as defined in Section 3.8.

Section 1.2 Findings. The Governing Body has ascertained and does hereby find and declare as follows:

(a) Purposes for which Additional Parity Securities may be Issued. In the Original Indenture, the County has reserved the right to issue, upon compliance with the conditions precedent set forth therein, additional warrants, bonds, notes or other obligations that are secured on a parity with the Outstanding Parity Securities, as respects the pledge of the revenues derived by the County from the operation of the System, for the purposes of financing the costs of constructing or acquiring any System Improvements and refunding or retiring all or any portion of any one or more series of Parity Securities then outstanding under the Indenture or any other obligations of the County issued to finance System Improvements.

(b) Purpose of the Series 2002-C Warrants. It is desirable and in the public interest for the County to issue the Series 2002-C Warrants to refund certain of its previously issued Parity Securities, namely, those of the Series 1997-D Warrants that become due after February 1, 2001, those of the Series 1999-A Warrants that were issued as term warrants that mature on February 1, 2036, and February 1, 2038, those of the Series 2001-A Warrants that become due in the years 2029, 2030 and 2031 and those of the Series 2001-A Warrants that were issued as term warrants that mature on February 1, 2040 (herein together called the "Outstanding Refundable Warrants").

(c) No Default. No Event of Default and no event which, with the giving of notice or the passage of time or both, would constitute such an Event of Default, has occurred and is continuing.

(d) Additional Parity Securities Previously Issued. No Parity Securities, other than the Outstanding Parity Securities, have heretofore been issued by the County under the Indenture, and the County now has no outstanding obligations payable from the revenues derived by the County from the operation of the System except the Outstanding Parity Securities and certain related Qualified Swap transactions.

Section 1.3 Use of Phrases. "Herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter" and other equivalent words refer to this Sixth Supplemental Indenture as an entirety and not solely to the particular portion thereof in which any such word is used. The terms used herein include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders.

Section 1.4 Definitions Contained in the Original Indenture. Unless the context clearly indicates a different meaning, any words, terms or phrases that are used in this Sixth Supplemental Indenture as defined terms without being herein defined shall have the meanings respectively given them in the Original Indenture (subject to any amendments thereto made in the First, Second, Third, Fourth or Fifth Supplemental Indenture).

Section 1.5 **References to the Parity Securities and the Indenture.** The County and the Trustee acknowledge and agree that, from and after the issuance by the County of the Series 2002-C Warrants, any reference in the Original Indenture or in this Sixth Supplemental Indenture to the "Parity Securities" shall, unless the context clearly and unequivocally indicates otherwise, be construed to include the Outstanding Parity Securities, the Series 2002-C Warrants and any Additional Parity Securities hereafter issued.

The County and the Trustee further acknowledge and agree that, from and after the execution and delivery of this Sixth Supplemental Indenture, any reference in the Original Indenture or in this Sixth Supplemental Indenture to the "Indenture" shall, unless the context clearly and unequivocally indicates otherwise, be construed to refer to the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture and this Sixth Supplemental Indenture. The provisions of the Original Indenture (as heretofore supplemented and amended), to the extent they are not inconsistent with the provisions hereof, shall also apply to this Sixth Supplemental Indenture.

ARTICLE II

AUTHORIZATION OF SERIES 2002-C WARRANTS

Section 2.1 **Authorization of Series 2002-C Warrants.** (a) There is hereby created and established under the Indenture a series of Parity Securities of the County, which shall be issued and designated as "Sewer Revenue Refunding Warrants, Series 2002-C" in the principal amount of \$839,500,000. In order to distinguish between Series 2002-C Warrants which are subject to different interest rate determination methods and other features or covered by different Liquidity Facilities and to distinguish the portion of the Series 2002-C Warrants to be remarketed by any particular Remarketing Agent, the Series 2002-C Warrants may be designated and redesignated from time to time by the County in such a way as to identify one or more subseries of the Series 2002-C Warrants. Such subseries may be designated as subseries C-1, subseries C-2, or may be further redesignated as subseries C-1-A, subseries C-1-B, and so forth. Each Series 2002-C Warrant shall bear upon the face thereof such designation or redesignation, if any. In the event any portion of the Series 2002-C Warrants is designated as one or more subseries, unless the context otherwise requires, any reference to the Series 2002-C Warrants in this Sixth Supplemental Indenture shall be deemed (to the extent applicable) to refer to each such subseries and any reference to the Liquidity Facility or the Liquidity Provider shall be deemed (to the extent applicable) to refer to the Liquidity Facility or Liquidity Provider pertaining to each such subseries.

(b) The Series 2002-C Warrants shall be issued under this Sixth Supplemental Indenture for the purpose of refunding the Outstanding Refundable Warrants.

(c) Series 2002-C Warrants bearing a Commercial Paper Rate, a Daily Rate or a Weekly Rate shall be fully registered warrants in the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof. Series 2002-C Warrants bearing an Auction Rate shall be fully registered warrants in the denomination of \$25,000 or any integral multiple thereof. Series 2002-C Warrants bearing a Term Rate or a Fixed Rate shall be fully registered warrants in the denomination of \$5,000 or any integral multiple thereof.

(d) The Series 2002-C Warrants shall be numbered consecutively from R-1 upwards as issued or as otherwise provided by the Trustee. If the Series 2002-C Warrants are redesignated to identify one or more subseries, the Series 2002-C Warrants may be numbered in accordance with such subseries designations, i.e., R-1-1, R-2-1 and so forth. The Series 2002-C Warrants shall mature on February 1, 2042. The Series 2002-C Warrants shall be initially issued in fully registered form, without coupons, and dated their date of first authentication and delivery, and thereafter shall be dated their date of authentication.

(e) The County hereby appoints the Trustee as Paying Agent with respect to the Series 2002-C Warrants, and the Trustee hereby accepts such appointment. In so acting, the Trustee shall continue to be entitled to the benefits and protections of Article XIV of the Original Indenture, regardless of whether acting in its role as Trustee or as Paying Agent. In its execution of this Sixth Supplemental Indenture and other documents related to the Series 2002-C Warrants, the Trustee shall be deemed to be acting in the capacity of both Trustee and Paying Agent, regardless of whether or not expressly so stated.

Section 2.2 Form of Series 2002-C Warrants. The Series 2002-C Warrants and the certificate of authentication shall be substantially as set forth in Appendix I, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Sixth Supplemental Indenture.

Section 2.3 Execution, Authentication, Delivery and Dating. (a) The Series 2002-C Warrants shall be executed on behalf of the County by the President or the President Pro Tem of the Governing Body under its official seal reproduced thereon and attested by the Minute Clerk of the Governing Body. The signature of any of these officers on the Series 2002-C Warrants may be manual or, to the extent permitted by law, facsimile. Series 2002-C Warrants bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the County shall bind the County, notwithstanding that such individuals or any of them shall have ceased to hold such offices prior to the authentication and delivery of such Series 2002-C Warrants or shall not have held such offices at the date of such Series 2002-C Warrants.

(b) At any time and from time to time after the execution and delivery of this Sixth Supplemental Indenture, the County may deliver Series 2002-C Warrants executed by the County to the Trustee for authentication and the Trustee shall authenticate and deliver such Series 2002-C Warrants as in this Sixth Supplemental Indenture provided and not otherwise.

(c) No Series 2002-C Warrant shall be secured by, or be entitled to any lien, right or benefit under, the Indenture or be valid or obligatory for any purpose, unless there appears on such Series 2002-C Warrant a certificate of authentication substantially in the form provided for herein, executed by the Trustee by manual signature, and such certificate upon any Series 2002-C Warrant shall be conclusive evidence, and the only evidence, that such Series 2002-C Warrant has been duly authenticated and delivered hereunder.

Section 2.4 Authentication and Delivery of Series 2002-C Warrants to Original Purchasers. Upon the execution and delivery of this Sixth Supplemental Indenture, Series 2002-C Warrants in the aggregate principal amount authorized in this article may be executed by the County and delivered to the Trustee for authentication, and such Series 2002-C Warrants shall thereupon be authenticated and delivered by the Trustee to the original purchaser or purchasers thereof, upon order executed by an Authorized County Representative.

ARTICLE III

INTEREST ON SERIES 2002-C WARRANTS

Section 3.1 Interest on Series 2002-C Warrants – General. (a) While Series 2002-C Warrants bear interest at a Commercial Paper Rate, a Daily Rate or a Weekly Rate, interest accrued on such warrants shall be computed on the basis of a 365 or 366-day year, as applicable, for the number of days actually elapsed. While Series 2002-C Warrants bear interest at a Term Rate or the Fixed Rate, interest accrued on such warrants shall be computed on the basis of a 360-day year, consisting of twelve 30-day months. While Series 2002-C Warrants bear interest at an Auction Rate, interest accrued on such warrants shall be computed on the basis of a 360-day year for the number of days actually elapsed. The Series 2002-C Warrants shall bear interest from the date of initial issuance thereof payable on each Interest Payment Date. The Series 2002-C Warrants issued upon transfers or exchanges of Series 2002-C Warrants shall bear interest from such date of initial issuance or from the Interest Payment Date next preceding their date of authentication, unless the date of authentication is an Interest Payment Date in which case such warrants shall bear interest from such date, or unless the date of authentication is after the Record Date next preceding the next succeeding Interest Payment Date, in which case such warrants shall bear interest from such next succeeding Interest Payment Date.

(b) The Series 2002-C Warrants designated as subseries C-1-A, C-1-B, C-1-C and C-1-D shall initially bear interest at the Auction Rate and shall be issued in the following initial principal amounts:

<u>Subseries</u>	<u>Initial Principal Amount</u>
C-1-A	\$ 74,450,000
C-1-B	74,450,000

C-1-C	74,450,000
C-1-D	75,450,000

The remainder of the Series 2002-C Warrants shall initially bear interest at the Weekly Rate, shall have the following subseries designations, shall be issued in the following initial principal amounts and shall have the following initial Liquidity Providers:

<u>Subseries</u>	<u>Principal Amount</u>	<u>Liquidity Provider</u>
C-2	\$ 73,700,000	JPMorgan Chase Bank
C-3	98,300,000	Bank of America, N.A.
C-4	73,700,000	The Bank of Nova Scotia
C-5	98,300,000	Bayerische Hypo-und Vereinsbank AG, New York Branch
C-6	147,600,000	Société Générale, New York Branch
C-7	49,100,000	Regions Bank

From and after any Change in the Interest Rate Mode pursuant to Section 4.1 or 4.2, the Series 2002-C Warrants or any subseries thereof shall bear interest determined in accordance with the provisions of this Sixth Supplemental Indenture pertaining to the new Adjustable Rate or at the Fixed Rate, as the case may be. Series 2002-C Warrants shall bear interest for each Calculation Period, Auction Period or Fixed Rate Period at the rate of interest per annum for such Calculation Period, Auction Period or Fixed Rate Period established in accordance with this Sixth Supplemental Indenture. From and after a Fixed Rate Conversion Date, the affected Warrants shall bear interest at the Fixed Rate until their Stated Maturity. Interest shall be payable on each Interest Payment Date by check mailed to the registered owner at his or her address as it appears on the registration books kept by the Trustee pursuant to the Indenture at the close of business on the applicable Record Date; provided, that (i) while the Securities Depository or its nominee is the registered owner of any Series 2002-C Warrants, all payments of principal of, premium, if any, and interest on such warrants shall be paid to the Securities Depository or its nominee by wire transfer, (ii) if the Securities Depository, or its nominee, is no longer the registered owner of any Series 2002-C Warrants, prior to and including the Fixed Rate Conversion Date, interest on such warrants shall be payable to any registered owner of at least one million dollars (\$1,000,000) in aggregate principal amount of such warrants, by wire transfer, upon written notice received by the Trustee at least five Business Days prior to the applicable Record Date, from such registered owner containing the wire transfer address (which shall be in the continental United States) to which such registered owner wishes to have such wire directed and (iii) during a Commercial Paper Rate Period, interest shall be payable on the Series 2002-C Warrants bearing interest at a Commercial Paper Rate only upon presentation and surrender thereof to the Tender Agent upon purchase thereof pursuant to Section 5.3(b) and if such presentation and surrender are made by 2:00 p.m. (New York City time) such payment shall be by wire transfer. If and to the extent that there shall be a default in the payment of the interest due on any Interest Payment Date, such interest shall cease to be payable to the person in whose name each Series 2002-C Warrant

was registered on such applicable Record Date and shall be payable, when and if paid, to the person in whose name each Series 2002-C Warrant is registered at the close of business on the record date fixed therefor by the Trustee, which shall be the fifth Business Day next preceding the date of the proposed payment, which also shall be a Business Day. Except as provided above, payment of the principal of, and premium, if any, on all Series 2002-C Warrants shall be made upon the presentation and surrender of such warrants at the principal office of the Trustee as the same shall become due and payable. The principal of and premium, if any, and interest on the Series 2002-C Warrants shall be payable in lawful money of the United States of America.

(c) At or prior to 9:30 a.m. (New York City time) on the Determination Date for each Calculation Period or at or prior to 3:00 p.m. (New York City time) on each Auction Date, the applicable Remarketing Agent or the Auction Agent, as the case may be, shall determine the interest rate for such Calculation Period or Auction Period and shall make available to the County, the Trustee, the Tender Agent and each issuer of a Support Facility the interest rate determined on such Determination Date or Auction Date.

(d) If for any reason on any Determination Date (A) any rate of interest or a Calculation Period and related Commercial Paper Rate is not determined by the applicable Remarketing Agent, (B) no Remarketing Agent is serving as such hereunder or (C) the rate so determined is held to be invalid or unenforceable by a final judgment of a court of competent jurisdiction, (i) during any Daily Rate Period, the interest rate for the Calculation Period with respect to such Determination Date shall be the last interest rate in effect, or, if a Daily Rate is not determined by the Remarketing Agent hereunder for five or more consecutive Business Days, on the next and each succeeding Determination Date, the Daily Rate shall be a rate per annum equal to 80% of the latest 30-day dealer taxable commercial paper rate published by the Federal Reserve Bank of New York on or immediately before such Determination Date, (ii) during any Weekly Rate Period, the interest rate for the Calculation Period with respect to such Determination Date shall be the last interest rate in effect, or, if a Weekly Rate is not determined by the Remarketing Agent for two or more consecutive Calculation Periods, the Weekly Rate shall be equal to 85% of the latest 30-day dealer taxable commercial paper rate published by the Federal Reserve Bank of New York on or before the day next preceding such Determination Date, (iii) during any Term Rate Period, the interest rate per annum for the Calculation Period with respect to such Determination Date shall be equal to 85% of the rate listed in the table most recently circulated by the United States Treasury Department known as "Table [applicable dates shown on the most recent Table], Maximum Interest Rate Payable on United States Treasury Certificates of Indebtedness, Notes and Bonds – State and Local Government Series Subscribed for During Period [applicable dates shown on the most recent Table]" or any substantially equivalent table circulated by the United States Treasury Department for the maturity most closely approximating the Calculation Period, and (iv) during any Commercial Paper Rate Period, the Calculation Period with respect to such Determination Date and related Commercial Paper Rate shall be (A) a Calculation Period which shall consist of the period from and including the prior Interest Payment Date to, but excluding the first Business Day of the following calendar month, and thereafter each period from and including the first Business Day of the calendar month to but excluding the first Business Day of the following calendar month, and (B) a Commercial Paper Rate equal to 85% of

the interest rate applicable to 90-day United States Treasury Bills determined on the basis of the average per annum discount rate at which such 90-day Treasury Bills shall have been sold at the most recent Treasury auction within the 30 days next preceding such Calculation Period, or if there shall have been no such auction within the 30 days next preceding such Calculation Period, a Commercial Paper Rate equal to the rate of interest during the immediately preceding Calculation Period. The rate of interest or Calculation Period and related Commercial Paper Rate shall be established pursuant to this subsection (e) until the Remarketing Agent again determines the rate of interest or Calculation Period and related Commercial Paper Rate in accordance with this Sixth Supplemental Indenture. The County shall select any person otherwise meeting the qualifications of Section 10.5 to obtain, calculate and prepare any of the information required by, and to notify the Trustee of any of the determinations made pursuant to, this subsection (e).

(e) The determination of any rate of interest by the Remarketing Agent in accordance with this Sixth Supplemental Indenture or by the Auction Agent in accordance with the Auction Procedures applicable to Auction Rate Warrants or the establishment of Calculation Periods or Auction Periods by the Remarketing Agent as provided in this Sixth Supplemental Indenture shall be conclusive and binding upon the County, the Trustee, the Tender Agent, the Remarketing Agent, the Auction Agent, each issuer of a Support Facility, and the registered and beneficial owners of the Series 2002-C Warrants. Failure of the Remarketing Agent, the Trustee, the Tender Agent, the Auction Agent, or the Securities Depository or any Securities Depository participant to give any of the notices described in this Sixth Supplemental Indenture, or any defect therein, shall not affect the interest rate to be borne by any of the Series 2002-C Warrants or the applicable Calculation Period or Auction Period nor in any way change the rights of the registered owners of the Series 2002-C Warrants to tender their Warrants for purchase or to have them redeemed in accordance with this Sixth Supplemental Indenture. The Trustee shall be fully protected in relying on the most recent rate in effect if it has not received timely notice of any interest rate change.

(f) Except as otherwise set forth above, interest on the Series 2002-C Warrants shall be paid to the registered owner thereof at his or her address as it appears on the registration books kept by the Trustee pursuant to the Indenture at the close of business on the applicable Record Date. No transfer or exchange of Series 2002-C Warrants shall be required to be made by the Trustee after a Record Date until the next succeeding Interest Payment Date.

(g) Except as otherwise provided in this subsection (g), the Trustee shall calculate and notify the Tender Agent of the amount of interest due and payable on each Interest Payment Date or other date on which interest is payable and on each purchase date by 10:00 a.m. (1:00 p.m. during a Daily Rate Period) on the Business Day next preceding such Interest Payment Date or other date or purchase date, as the case may be. In preparing such calculation the Trustee may rely on calculations or other services provided by the Remarketing Agent, the Auction Agent or any person or persons selected by the Trustee in its discretion, or by the County pursuant to subsection (e). During a Commercial Paper Rate Period, the Remarketing Agent shall notify the Trustee, the Tender Agent and the County of the amount of interest due and payable on each Interest Payment Date by 10:00 a.m. on the Business Day next preceding such Interest Payment Date. During an Auction Rate

Period, the Auction Agent shall notify the Trustee at least seven days prior to each Interest Payment Date of the Auction Rate and the aggregate amount of interest payable on such Interest Payment Date.

(h) Anything herein to the contrary notwithstanding, in no event shall the interest rate borne by any Series 2002-C Warrant exceed the maximum rate allowable by applicable law.

Section 3.2 Commercial Paper Rate. During any Commercial Paper Rate Period, at or prior to 9:30 a.m. (New York City time) on the Determination Date for each Calculation Period, the Remarketing Agent shall determine the Calculation Period and related Commercial Paper Rate, and shall notify the Trustee and the County of the Calculation Period. In determining each such Calculation Period, the Remarketing Agent shall take the following factors into account: (i) existing short-term taxable and tax-exempt market rates and indices of such short-term rates, (ii) the existing market supply and demand for short-term tax-exempt securities, (iii) existing yield curves for short-term and long-term tax-exempt securities or obligations having a credit rating that is comparable to the Series 2002-C Warrants, (iv) general economic conditions, (v) economic and financial factors present in the securities industry that may affect or that may be relevant to the Series 2002-C Warrants, and (vi) any information available to the Remarketing Agent pertaining to the County regarding any events or anticipated events which could have a direct impact on the marketability of or interest rate on the Series 2002-C Warrants. The Remarketing Agent shall select the Calculation Period and the applicable Commercial Paper Rate that, together with all other Calculation Periods and related Commercial Paper Rates, in the sole judgment of the Remarketing Agent, will result in the lowest overall borrowing cost on the Series 2002-C Warrants or are otherwise in the best financial interests of the County, as determined in consultation with the County. Any Calculation Period established hereunder for any Series 2002-C Warrants may not extend beyond the Fixed Rate Conversion Date, the expiration date of the Liquidity Facility securing such warrants or the day prior to the Stated Maturity of such warrants.

The County may place such limitations upon the establishment of Calculation Periods as may be set forth in a written direction from the County, which direction must be received by the Trustee and the Remarketing Agent prior to 10:00 a.m. (New York City time) on the day prior to any Determination Date to be effective on such date, but only if the Trustee receives an Opinion of Bond Counsel to the effect that such action is authorized by this Sixth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Series 2002-C Warrants from gross income for federal income tax purposes.

Section 3.3 Auction Rate Period – Auction Rate: Auction Period – General. (a) During any Auction Rate Period, the Series 2002-C Warrants shall bear interest at the Auction Rate determined as set forth in this Section 3.3 and Sections 3.4 through 3.10. The Auction Rate for any initial Auction Period immediately after any Change in the Interest Rate Mode to an Auction Rate for an Auction Rate Period shall be the rate of interest per annum determined and certified to the Trustee (with a copy to the County) by the Remarketing Agent on a date not later than the effective date of such Change in the Interest Rate Mode as the minimum rate of interest which, in the opinion of the

Remarketing Agent, would be necessary as of such date to market Auction Rate Warrants in a secondary market transaction at a price equal to the principal amount thereof; provided that such interest rate shall not exceed 110% of the sum of the Index and .50% per annum. For any other Auction Period, the Auction Rate shall be the rate of interest per annum that results from implementation of the Auction Procedures. If on any Auction Date, the Auction Agent shall fail to take any action necessary to determine, or any action which effectively prevents the determination of, a rate of interest pursuant to the Auction Procedures, the Auction Rate for the next succeeding Auction Period shall equal the Maximum Auction Rate as provided in clause (i) of the definition thereof on and as of such Auction Date. Determination of the Auction Rate pursuant to the Auction Procedures shall be suspended upon a Change in the Interest Rate Mode, the occurrence of a Failure to Deposit or the occurrence of an Event of Default. Upon the occurrence of a Failure to Deposit on any Auction Date, no Auction will be held, all Submitted Bids and Submitted Sell Orders shall be rejected, the existence of Sufficient Clearing Bids shall be of no effect and the Auction Rate for the next succeeding Auction Period shall equal the Maximum Auction Rate on and as of such Auction Date. The Auction Rate for any Auction Period or remaining portion thereof following the occurrence of an Event of Default shall be equal to the Overdue Rate as determined on and as of the immediately preceding Auction Date. The Overdue Rate shall be redetermined by the Remarketing Agent on each Auction Date.

(b) Auction Periods may be established pursuant to Section 3.4 at any time unless a Failure to Deposit or an Event of Default has occurred and has not been cured or waived. Each Auction Period shall be a Standard Auction Period unless a different Auction Period is established pursuant to Section 3.4 and each Auction Period which immediately succeeds a non-Standard Auction Period shall be a Standard Auction Period unless a different Auction Period is established pursuant to Section 3.4.

Section 3.4 Auction Rate Period – Auction Rate Warrants: Change of Auction Period by County. (a) During an Auction Rate Period, the County may change the length of a single Auction Period or the Standard Auction Period for any series by means of a written notice delivered at least 10 days prior to the Auction Date for such Auction Period to the Trustee, the Remarketing Agent, the Auction Agent and the Securities Depository in substantially the form furnished to the Trustee and the Auction Agent at the time of a Change in the Interest Rate Mode to an Auction Rate. Any Auction Period or Standard Auction Period established by the County pursuant to this Section 3.4 may not exceed 365 days in duration. If such Auction Period will be of less than 35 days, such notice shall be effective only if it is accompanied by a written statement of the Trustee, the Remarketing Agent, the Auction Agent and the Securities Depository to the effect that they are capable of performing their duties hereunder and under the Remarketing Agreement and the Auction Agency Agreement with respect to such Auction Period. If such notice specifies a change in the length of the Standard Auction Period, such notice shall be effective only if it is accompanied by the written consent of the Remarketing Agent to such change. The length of an Auction Period or the Standard Auction Period may not be changed pursuant to this Section 3.4 unless Sufficient Clearing Bids existed at both the Auction immediately preceding the date the notice of such change was given and the Auction immediately preceding such changed Auction Period.

(b) The change in length of an Auction Period or the Standard Auction Period shall take effect only if (A) the Trustee and the Auction Agent receive, by 11:00 a.m. (New York City time) on the Business Day immediately preceding the Auction Date for such Auction Period, a certificate from the County by telecopy, facsimile, or similar means in substantially the form furnished to the Trustee and the Auction Agent at the time of a Change in the Interest Rate Mode to an Auction Rate authorizing the change in the Auction Period or the Standard Auction Period, which shall be specified in such certificate, and confirming that Bond Counsel expects to be able to give an Opinion of Bond Counsel referred to in (D) below on the first day of such Auction Period, (B) the Trustee shall not have delivered to the Auction Agent by 12:00 noon (New York City time) on the Auction Date for such Auction Period notice that a Failure to Deposit has occurred, (C) Sufficient Clearing Bids exist at the Auction on the Auction Date for such Auction Period, and (D) the Trustee and the Auction Agent receive by 9:30 a.m. (New York City time) on the first day of such Auction Period, an opinion of Bond Counsel to the effect that the change in the Auction Period or the Standard Auction Period is authorized by this Sixth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on such Series 2002-C Warrants from gross income for federal income tax purposes. If the condition referred to in (A) above is not met, the Auction Rate for the next succeeding Auction Period shall be determined pursuant to the Auction Procedures and the next succeeding Auction Period shall be a Standard Auction Period. If any of the conditions referred to in (B), (C) or (D) above is not met, the Auction Rate for the next succeeding Auction Period shall equal the Maximum Auction Rate as determined as of such Auction Date.

Section 3.5 Auction Rate Period – Auction Rate Warrants: Change of Auction Date by Remarketing Agent. During an Auction Rate Period, the Remarketing Agent, with the written consent of the County, may change, in order to conform with then-current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date, the Auction Date for all future Auction Periods to a different day, so long as the first such Auction Date will be a Business Day in the calendar week in which the next succeeding Auction Date is then scheduled to occur. If a change in an Auction Date is undertaken in conjunction with a change in an Auction Period and the conditions for the establishment of such change in Auction Period are not met, the Auction Date may be, and the next succeeding Auction Period may be adjusted to end on, a Business Day in the calendar week in which such Auction Date was scheduled to occur and such Auction Period was scheduled to end to accommodate the change in the Auction Date. The Remarketing Agent shall deliver a written notice of its determination to change an Auction Date at least 10 days prior to the Auction Date immediately preceding such Auction Date to the County, the Trustee, the Auction Agent and the Securities Depository which shall state (i) the determination of the Remarketing Agent to change the Auction Date, (ii) the new Auction Date and (iii) the date on which such Auction Date shall be changed. If, as a result of any proposed change in the Auction Date, any Auction Period would be less than 28 days in duration, such notice shall be effective only if it is accompanied by a written statement of the Auction Agent, the Trustee, the Remarketing Agent and the Securities Depository to the effect that they are capable of performing their duties hereunder and under the Remarketing Agreement and Auction Agency Agreement with respect to any such Auction Period. In no event shall any Standard Auction Period be less than seven days.

Section 3.6 Auction Rate Period – Auction Rate Warrants: Orders by Beneficial Owners and Potential Beneficial Owners. (a) Prior to the Submission Deadline on each Auction Date during the Auction Rate Period, the following orders may be submitted:

(i) each Beneficial Owner of Auction Rate Warrants may submit to the Broker-Dealer by telephone or otherwise information as to:

(1) the principal amount of Outstanding Auction Rate Warrants, if any, held by such Beneficial Owner which such Beneficial Owner desires to continue to hold without regard to the Auction Rate for the next succeeding Auction Period;

(2) the principal amount of Outstanding Auction Rate Warrants, if any, held by such Beneficial Owner which such Beneficial Owner offers to sell if the Auction Rate for the next succeeding Auction Period shall be less than the rate per annum specified by such Beneficial Owner; and/or

(3) the principal amount of Outstanding Auction Rate Warrants, if any, held by such Beneficial Owner which such Beneficial Owner offers to sell without regard to the Auction Rate for the next succeeding Auction Period;

(ii) one or more Broker-Dealers may contact Potential Beneficial Owners by telephone or otherwise to determine the principal amount of Auction Rate Warrants which each such Potential Beneficial Owner offers to purchase if the Auction Rate for the next succeeding Auction Period shall not be less than the interest rate per annum specified by such Potential Beneficial Owner.

For the purposes hereof, the communication to a Broker-Dealer of information referred to in clause (i)(1), (i)(2) or (i)(3) or clause (ii) above is hereinafter referred to as an "Order" and collectively as "Orders" and each Beneficial Owner and each Potential Beneficial Owner placing an Order is hereinafter referred to as a "Bidder" and collectively as "Bidders"; an Order containing the information referred to in clause (i)(1) above is hereinafter referred to as a "Hold Order" and collectively as "Hold Orders"; an Order containing the information referred to in clause (i)(2) or clause (ii) above is hereinafter referred to as a "Bid" and collectively as "Bids"; and an Order containing the information referred to in clause (i)(3) above is hereinafter referred to as a "Sell Order" and collectively as "Sell Orders". The submission by a Broker-Dealer of an Order to the Auction Agent shall likewise be referred to herein as an "Order" and collectively as "Orders" and an Existing Holder or Potential Holder who places an Order with the Auction Agent or on whose behalf an Order is placed with the Auction Agent shall likewise be referred to herein as a "Bidder" and collectively as "Bidders."

(b) (i) Subject to the provisions of Section 3.7, a Bid by a Beneficial Owner or an Existing Holder shall constitute an irrevocable offer to sell:

(1) the principal amount of Outstanding Auction Rate Warrants specified in such Bid if the Auction Rate determined on such Auction Date shall be less than the interest rate per annum specified therein; or

(2) such principal amount or a lesser principal amount of Outstanding Auction Rate Warrants to be determined as set forth in subsection (a)(iv) of Section 3.9 if the Auction Rate determined on such Auction Date shall be equal to the interest rate per annum specified therein; or

(3) such principal amount of Outstanding Auction Rate Warrants if the interest rate per annum specified therein shall be higher than the Maximum Auction Rate, or such principal amount or a lesser principal amount of Outstanding Auction Rate Warrants to be determined as set forth in subsection (b)(iii) of Section 3.9 if such specified rate shall be higher than the Maximum Auction Rate and Sufficient Clearing Bids do not exist.

(ii) Subject to the provisions of Section 3.7, a Sell Order by a Beneficial Owner or an Existing Holder shall constitute an irrevocable offer to sell:

(1) the principal amount of Outstanding Auction Rate Warrants specified in such Sell Order; or

(2) such principal amount or a lesser principal amount of Outstanding Auction Rate Warrants as set forth in subsection (b)(iii) of Section 3.9 if Sufficient Clearing Bids do not exist.

(iii) Subject to the provisions of Section 3.7, a Bid by a Potential Beneficial Owner or a Potential Holder shall constitute an irrevocable offer to purchase:

(1) the principal amount of Outstanding Auction Rate Warrants specified in such Bid if the Auction Rate determined on such Auction Date shall be higher than the rate specified therein; or

(2) such principal amount or a lesser principal amount of Outstanding Auction Rate Warrants as set forth in subsection (a)(v) of Section 3.9 if the Auction Rate determined on such Auction Date shall be equal to such specified rate.

Section 3.7 Auction Rate Period – Auction Rate Warrants: Submission of Orders by Broker-Dealers to Auction Agent. (a) During an Auction Rate Period each Broker-Dealer shall

submit in writing to the Auction Agent prior to the Submission Deadline on each Auction Date, all Orders obtained by such Broker-Dealer, designating itself (unless otherwise permitted by the County) as an Existing Holder in respect of the principal amount of Auction Rate Warrants subject to Orders submitted or deemed submitted to it by Potential Beneficial Owners, and shall specify with respect to each such Order:

(i) the name of the Bidder placing such Order (which shall be the Broker-Dealer (unless otherwise permitted by the County));

(ii) the aggregate principal amount of Auction Rate Warrants that are subject to such Order;

(iii) to the extent that such Bidder is an Existing Holder:

(1) the principal amount of Auction Rate Warrants, if any, subject to any Hold Order placed by such Existing Holder;

(2) the principal amount of Auction Rate Warrants, if any, subject to any Bid placed by such Existing Holder and the rate specified in such Bid; and

(3) the principal amount of Auction Rate Warrants, if any, subject to any Sell Order placed by such Existing Holder; and

(iv) to the extent such Bidder is a Potential Holder, the principal amount of Auction Rate Warrants subject to any Bid by such Potential Holder and the rate specified in such Bid.

(b) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest one thousandth (.001) of 1%.

(c) If an Order or Orders covering all or a portion of Outstanding Auction Rate Warrants held by an Existing Holder is not submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Holder covering the principal amount of Outstanding Auction Rate Warrants held by such Existing Holder and not subject to Orders submitted to the Auction Agent.

(d) Neither the County, the Trustee nor the Auction Agent shall be responsible for any failure of a Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Holder, Beneficial Owner, Potential Holder or Potential Beneficial Owner.

(e) If any Existing Holder submits through a Broker-Dealer to the Auction Agent one or more Orders covering in the aggregate more than the principal amount of Outstanding Auction Rate Warrants held by such Existing Holder, such Orders shall be considered valid as follows and in the following order of priority:

(i) all Hold Orders shall be considered valid, but only up to and including the principal amount of Auction Rate Warrants held by such Existing Holder, and, if the aggregate principal amount of Auction Rate Warrants subject to such Hold Orders exceeds the aggregate principal amount of Outstanding Auction Rate Warrants held by such Existing Holder, the aggregate principal amount of Auction Rate Warrants subject to each such Hold Order shall be reduced pro rata to cover the aggregate principal amount of Outstanding Auction Rate Warrants held by such Existing Holder;

(ii) (1) any Bid shall be considered valid up to and including the excess of the principal amount of Outstanding Auction Rate Warrants held by such Existing Holder over the aggregate principal amount of Auction Rate Warrants subject to any Hold Orders referred to in paragraph (i) above;

(2) subject to clause (1) above, if more than one Bid with the same rate is submitted on behalf of such Existing Holder and the aggregate principal amount of Outstanding Auction Rate Warrants subject to such Bids is greater than such excess, such Bids shall be considered valid up to and including the amount of such excess, and, the principal amount of Auction Rate Warrants subject to each Bid with the same rate shall be reduced pro rata to cover the principal amount of Auction Rate Warrants equal to such excess;

(3) subject to clauses (1) and (2) above, if more than one Bid with different rates is submitted on behalf of such Existing Holder, such Bids shall be considered valid in the ascending order of their respective rates until the highest rate is reached at which such excess exists and then at such rate up to and including the amount of such excess; and

(4) in any such event, the aggregate principal amount of Outstanding Auction Rate Warrants, if any, subject to any portion of Bids not valid under this paragraph (ii) shall be treated as the subject of a Bid by a Potential Holder at the rate therein specified; and

(iii) all Sell Orders shall be considered valid up to and including the excess of the principal amount of Outstanding Auction Rate Warrants held by such Existing Holder over the aggregate principal amount of Auction Rate Warrants subject to valid

Hold Orders referred to in paragraph (i) of this subsection (e) and valid Bids referred to in paragraph (ii) of this subsection (e).

(f) If more than one Bid for Auction Rate Warrants is submitted on behalf of any Potential Holder, each Bid submitted shall be a separate Bid for Auction Rate Warrants with the rate and principal amount therein specified.

(g) Any Bid or Sell Order submitted by an Existing Holder covering an aggregate principal amount of Auction Rate Warrants not equal to \$25,000 or an integral multiple thereof shall be rejected and shall be deemed a Hold Order. Any Bid submitted by a Potential Holder covering an aggregate principal amount of Auction Rate Warrants not equal to \$25,000 or an integral multiple thereof shall be rejected.

(h) Any Bid submitted by an Existing Holder or a Beneficial Owner specifying a rate lower than the All Hold Rate shall be treated as a Bid specifying the All Hold Rate and will not be accepted if submitted by a Potential Beneficial Owner or a Potential Holder.

Section 3.8 Auction Rate Period – Auction Rate Warrants: Determination of Sufficient Clearing Bids, Winning Bid Rate and Auction Rate. (a) During an Auction Rate Period not earlier than the Submission Deadline on each Auction Date, the Auction Agent shall assemble all valid Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to as a "Submitted Hold Order," a "Submitted Bid" or a "Submitted Sell Order," as the case may be, or as a "Submitted Order") and shall determine:

(i) the excess of the total principal amount of Outstanding Auction Rate Warrants over the aggregate principal amount of Outstanding Auction Rate Warrants subject to Submitted Hold Orders (such excess being hereinafter referred to as the "Available Auction Rate Warrants"); and

(ii) from the Submitted Orders whether the aggregate principal amount of Outstanding Auction Rate Warrants subject to Submitted Bids by Potential Holders specifying one or more rates equal to or lower than the Maximum Auction Rate exceeds or is equal to the sum of:

(1) the aggregate principal amount of Outstanding Auction Rate Warrants subject to Submitted Bids by Existing Holders specifying one or more rates higher than the Maximum Auction Rate; and

(2) the aggregate principal amount of Outstanding Auction Rate Warrants subject to Submitted Sell Orders

(in the event of such excess or such equality (other than because the sum of the principal amounts of Auction Rate Warrants in clauses (A) and (B) above is zero because all of the Outstanding Auction Rate Warrants are subject to Submitted Hold Orders), such Submitted Bids by Potential Holders are hereinafter referred to collectively as "Sufficient Clearing Bids"); and

(iii) if Sufficient Clearing Bids exist, the lowest rate specified in the Submitted Bids (the "Winning Bid Rate") which if:

(1) (a) each Submitted Bid from Existing Holders specifying such lowest rate and (b) all other Submitted Bids from Existing Holders specifying lower rates were rejected, thus entitling such Existing Holders to continue to hold the principal amount of Auction Rate Warrants that are the subject of such Submitted Bids; and

(2) (a) each Submitted Bid from Potential Holders specifying such lowest rate and (b) all other Submitted Bids from Potential Holders specifying lower rates were accepted,

would result in such Existing Holders described in clause (1) above continuing to hold an aggregate principal amount of Outstanding Auction Rate Warrants which, when added to the aggregate principal amount of Outstanding Auction Rate Warrants to be purchased by such Potential Holders described in clause (2) above, would equal not less than the Available Auction Rate Warrants.

(b) Promptly after the Auction Agent has made the determinations pursuant to subsection (a) of this Section 3.8, the Auction Agent, by telecopy or facsimile shall advise the County, the Trustee and the Broker-Dealers of the Maximum Auction Rate and the components thereof on the Auction Date and, based on such determinations, the Auction Rate for the next succeeding Auction Period as follows:

(i) if Sufficient Clearing Bids exist, the Auction Rate for the next succeeding Auction Period therefor shall be equal to the Winning Bid Rate so determined;

(ii) if Sufficient Clearing Bids do not exist (other than because all of the Outstanding Auction Rate Warrants are the subject of Submitted Hold Orders), the Auction Rate for the next succeeding Auction Period therefor shall be equal to the Maximum Auction Rate; and

(iii) if all of the Auction Rate Warrants are subject to Submitted Hold Orders, the Auction Rate for the next succeeding Auction Period therefor shall be equal to the All Hold Rate.

Section 3.9 Auction Rate Period – Auction Rate Warrants: Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocation of Auction Rate Warrants.

During an Auction Rate Period, Existing Holders shall continue to hold the principal amounts of Auction Rate Warrants that are subject to Submitted Hold Orders, and, based on the determinations made pursuant to subsection (a) of this Section 3.9, the Submitted Bids and Submitted Sell Orders shall be accepted or rejected, and the Auction Agent shall take such other actions as are set forth below:

(a) If Sufficient Clearing Bids exist, all Submitted Sell Orders shall be accepted and, subject to the provisions of paragraphs (e) and (f) of this Section 3.9, Submitted Bids shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(i) Existing Holders' Submitted Bids specifying any rate that is higher than the Winning Bid Rate shall be accepted, thus requiring each such Existing Holder to sell the aggregate principal amount of Auction Rate Warrants subject to such Submitted Bids;

(ii) Existing Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be rejected, entitling each such Existing Holder to continue to hold the aggregate principal amount of Auction Rate Warrants subject to such Submitted Bids;

(iii) Potential Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Potential Holder to purchase the aggregate principal amount of Auction Rate Warrants subject to such Submitted Bids;

(iv) each Existing Holder's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be rejected, thus entitling such Existing Holder to continue to hold the aggregate principal amount of Auction Rate Warrants subject to such Submitted Bid, unless the aggregate principal amount of Outstanding Auction Rate Warrants subject to all such Submitted Bids shall be greater than the principal amount of Auction Rate Warrants (the "remaining principal amount") equal to the excess of Available Auction Rate Warrants over the aggregate principal amount of the Auction Rate Warrants subject to Submitted Bids described in paragraphs (ii) and (iii) of this subsection (a), in which event such Submitted Bid of such Existing Holder shall be rejected in part, and such Existing Holder shall be entitled to continue to hold the principal amount of Auction Rate Warrants subject to such Submitted Bid, but only in an amount equal to the principal amount of Auction Rate Warrants obtained by multiplying the remaining principal amount by a fraction, the numerator of which shall be the principal amount of Outstanding Auction Rate Warrants held by such Existing Holder subject to such Submitted Bid and the denominator of which shall be the sum of the principal amounts of Auction Rate Warrants subject to such Submitted Bids

made by all such Existing Holders that specified a rate equal to the Winning Bid Rate; and

(v) each Potential Holder's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be accepted but only in an amount equal to the principal amount of Auction Rate Warrants obtained by multiplying the excess of the Available Auction Rate Warrants over the aggregate principal amount of Auction Rate Warrants subject to Submitted Bids described in paragraphs (ii), (iii) and (iv) of this subsection (a) by a fraction the numerator of which shall be the aggregate principal amount of Auction Rate Warrants subject to such Submitted Bid of such Potential Holder and the denominator of which shall be the sum of the principal amount of Outstanding Auction Rate Warrants subject to Submitted Bids made by all such Potential Holders that specified a rate equal to the Winning Bid Rate.

(b) If Sufficient Clearing Bids do not exist (other than because all of the Outstanding Auction Rate Warrants are subject to Submitted Hold Orders), subject to the provisions of subsection (e) of this Section 3.9, Submitted Orders shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(i) Existing Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Auction Rate shall be rejected, thus entitling each such Existing Holder to continue to hold the aggregate principal amount of Auction Rate Warrants subject to such Submitted Bids;

(ii) Potential Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Auction Rate shall be accepted, thus requiring each such Potential Holder to purchase the aggregate principal amount of Auction Rate Warrants subject to such Submitted Bids; and

(iii) each Existing Holder's Submitted Bid specifying any rate that is higher than the Maximum Auction Rate and the Submitted Sell Order of each Existing Holder shall be accepted, thus entitling each Existing Holder that submitted any such Submitted Bid or Submitted Sell Order to sell the Auction Rate Warrants subject to such Submitted Bid or Submitted Sell Order, but in both cases only in an amount equal to the aggregate principal amount of Auction Rate Warrants obtained by multiplying the aggregate principal amount of Auction Rate Warrants subject to Submitted Bids described in paragraph (ii) of this subsection (b) by a fraction, the numerator of which shall be the aggregate principal amount of Outstanding Auction Rate Warrants held by such Existing Holder subject to such Submitted Bid or Submitted Sell Order and the denominator of which shall be the aggregate principal amount of Outstanding Auction Rate Warrants subject to all such Submitted Bids and Submitted Sell Orders.

(c) If all Outstanding Auction Rate Warrants are subject to Submitted Hold Orders, all Submitted Bids shall be rejected.

(d) If (i) the Auction Agent shall fail to take any action necessary to determine, or shall take any action which effectively prevents the determination of, an interest rate pursuant to the Auction Procedures or (ii) the conditions set forth in subsection (b) of Section 3.4 to effect a change in the Auction Period are not met, all Submitted Bids and Submitted Sell Orders shall be rejected and the existence of Sufficient Clearing Bids shall be of no effect.

(e) If, as a result of the procedures described in subsection (a) or (b) of this Section 3.9, any Existing Holder would be entitled or required to sell, or any Potential Holder would be required to purchase, a principal amount of Auction Rate Warrants that is not equal to \$25,000 or an integral multiple thereof, the Auction Agent shall, in such manner as, in its sole discretion, it shall determine, round up or down the principal amount of such Auction Rate Warrants to be purchased or sold by any Existing Holder or Potential Holder so that the principal amount purchased or sold by each Existing Holder or Potential Holder shall be equal to \$25,000 or an integral multiple thereof.

(f) If, as a result of the procedures described in subsection (a) of this Section 3.9, any Potential Holder would be entitled or required to purchase less than \$25,000 in aggregate principal amount of Auction Rate Warrants, the Auction Agent shall, in such manner as, in its sole discretion, it shall determine, allocate Auction Rate Warrants for purchase among Potential Holders so that only Auction Rate Warrants in principal amounts of \$25,000 or an integral multiple thereof are purchased by any Potential Holder, even if such allocation results in one or more of such Potential Holders not purchasing any Auction Rate Warrants.

(g) Based on the results of each Auction, the Auction Agent shall determine the aggregate principal amount of Auction Rate Warrants to be purchased and the aggregate principal amount of Auction Rate Warrants to be sold by Potential Holders and Existing Holders and, with respect to each Potential Holder and Existing Holder, to the extent that such aggregate principal amount of Auction Rate Warrants to be sold differs from such aggregate principal amount of Auction Rate Warrants to be purchased, determine to which other Potential Holder(s) or Existing Holder(s) they shall deliver, or from which other Potential Holder(s) or Existing Holder(s) they shall receive, as the case may be, Auction Rate Warrants.

(h) The County may not submit an Order in any Auction.

Section 3.10 Auction Rate Period – Auction Rate Warrants: Adjustment in Percentage. (a) During an Auction Rate Period, the Remarketing Agent may adjust the percentage used in determining the All Hold Rate and the Applicable Percentages used in determining the Maximum Auction Rate if any such adjustment is necessary, in the judgment of the Remarketing Agent, to reflect any Change of Preference Law such that the All Hold Rate and Maximum Auction Rate shall have substantially equal market values before and after such Change of Preference Law. In making any such adjustment, the Remarketing Agent shall take the following factors, as in existence both

before and after such Change of Preference Law, into account: (i) short-term taxable and tax-exempt market rates and indices of such short-term rates, (ii) the market supply and demand for short-term tax-exempt securities, (iii) yield curves for tax-exempt securities or obligations having a credit rating that is comparable to the Series 2002-C Warrants, (iv) general economic conditions and (v) economic and financial factors present in the securities industry that may affect or that may be relevant to the Series 2002-C Warrants.

(b) The Remarketing Agent shall communicate its determination to adjust the percentage used in determining the All Hold Rate and the Applicable Percentages used in determining the Maximum Auction Rate pursuant to subsection (a) hereof by means of a written notice delivered at least 5 days prior to the Auction Date on which the Remarketing Agent desires to effect the change to the County, the Trustee and the Auction Agent in substantially the form attached hereto as **Exhibit B-4**. Such notice is required to state the determination of the Remarketing Agent to change such percentages and the date such adjustment is proposed to take effect (which date shall be an Auction Date). Prior to delivery of the notice described in this section, the Remarketing Agent shall have received written approval of the County (which approval shall not be unreasonably withheld) to such change. The notice described in this section shall be effective only if it is accompanied by the form of opinion that Bond Counsel expects to be able to give on such Auction Date to the effect that such adjustment is authorized by this Sixth Supplemental Indenture and will not have an adverse effect on the exclusion of interest on the Auction Rate Warrants from gross income for federal income tax purposes. The Auction Agent is required to mail notice thereof to the Existing Holders within two Business Days of receipt thereof.

(c) An adjustment in the percentage used in determining the All Hold Rate and the Applicable Percentages used in determining the Maximum Auction Rate shall take effect on an Auction Date only if (A) the Trustee and the Auction Agent receive, by 11:00 a.m. (New York City time) on the Business Day immediately preceding such Auction Date, a certificate from the Remarketing Agent by telecopy, facsimile or similar means, (i) authorizing the adjustment of the percentage used in determining the All Hold Rate and the Applicable Percentages used in determining the Maximum Auction Rate which shall be specified in such authorization, and (ii) confirming that Bond Counsel expects to be able to give an opinion on such Auction Date to the effect that the adjustment in the percentage used in determining the All Hold Rate and the Applicable Percentages used in determining the Maximum Auction Rate is authorized by this Sixth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Auction Rate Warrants from gross income for federal income tax purposes, and (B) the Trustee and the Auction Agent receive by 9:30 a.m. (New York City time) on such Auction Date, an Opinion of Bond Counsel to the effect that the adjustment in the percentage used in determining the All Hold Rate and the Applicable Percentages used in determining the Maximum Auction Rate is authorized by this Sixth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Auction Rate Warrants from gross income for federal income tax purposes. If the condition referred to in (A) above is not met, the existing percentage used in determining the All Hold Rate and the Applicable Percentages used in determining the Maximum Auction Rate shall remain in effect and the Auction Rate for the next succeeding Auction Period shall

be determined pursuant to the Auction Procedures. If the condition referred to in (B) above is not met, the existing percentage used in determining the All Hold Rate and the Applicable Percentages used in determining the Maximum Auction Rate shall remain in effect and the Auction Rate for the next succeeding Auction Period shall equal the Maximum Auction Rate as determined on such Auction Date.

ARTICLE IV

CHANGES IN THE ADJUSTABLE RATE

Section 4.1 **Optional Conversion by County.** (a) Prior to the Fixed Rate Conversion Date, at the times specified below, the Series 2002-C Warrants, in whole or in part, shall cease to bear interest at the Adjustable Rate then borne by the Series 2002-C Warrants and shall bear interest at such different Adjustable Rate as shall be specified by the County in a written notice delivered at least 30 days prior to the proposed effective date of the Change in the Interest Rate Mode to the Trustee, the Remarketing Agent, any Securities Depository, the Bond Insurer and the Tender Agent (and to the Auction Agent if such Change in the Interest Rate Mode is to or from an Auction Rate) in substantially the form attached hereto as, or containing substantially the information contained in, the applicable version of Exhibit A. A Change in the Interest Rate Mode to a different Adjustable Rate may only be effected on the last Interest Payment Date for a Daily Rate Period, a Weekly Rate Period, an Auction Rate Period, or a Term Rate Period, and a Change in the Interest Rate Mode from a Commercial Paper Rate to a different Adjustable Rate may only take effect on the Interest Payment Date immediately following the last day of a Calculation Period. A notice of a Change in the Interest Rate Mode pursuant to this Section 4.1(a) shall be effective only if it is accompanied by the form of opinion that Bond Counsel expects to be able to give on the proposed effective date of such Change in the Interest Rate Mode to the effect that such Change in the Interest Rate Mode is authorized by this Sixth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on such Series 2002-C Warrants from gross income for federal income tax purposes.

In the case of any Change in the Interest Rate Mode to a Term Rate, the notice required by this section shall specify the length of the Calculation Period and, unless otherwise specified, such Calculation Period shall thereafter apply to the Series 2002-C Warrants as to which such change is occurring until the earliest to occur of (i) the Fixed Rate Conversion Date pursuant to Section 4.2, or (ii) a Change in the Interest Rate Mode effected pursuant to this Section 4.1 or (iii) the Stated Maturity of the Series 2002-C Warrants. Any change in the Calculation Period during a Term Rate Period shall be deemed a Change in the Interest Rate Mode pursuant to this Section 4.1 and may not be made unless all the requirements of a Change in the Interest Rate Mode pursuant to this Section 4.1 are met.

(b) The Trustee shall mail, or cause the Tender Agent to mail, the notice received pursuant to subsection (a) of this Section 4.1 on or before the third Business Day after receipt thereof to the Holders of the Series 2002-C Warrants.

(c) A Change in the Interest Rate Mode to another Adjustable Rate shall be effective pursuant to subsection (a) of this Section 4.1 only if

(i) with respect to any Change in the Interest Rate Mode from an Auction Rate to another Adjustable Rate, the Trustee and the Auction Agent shall receive:

(1) a certificate of an Authorized County Representative by no later than the seventh day prior to the effective date of such Change in the Interest Rate Mode stating (A) that a written agreement between the County and the Remarketing Agent to remarket such Series 2002-C Warrants on such effective date at a price of 100% of the principal amount thereof has been entered into, which agreement (i) may be subject to such reasonable terms and conditions agreed to by the Remarketing Agent which in the judgment of the Remarketing Agent reflect the current market standards regarding investment banking risk and (ii) must include a provision requiring payment by the Remarketing Agent in same-day funds for any Auction Rate Warrant, tendered or deemed tendered; and (B) that a Liquidity Facility is in effect or has been obtained by the County with respect to those of the Series 2002-C Warrants to be converted from an Auction Rate to another Adjustable Rate and shall be in effect on or prior to the date of such Change in the Interest Rate Mode and thereafter for a period of at least 364 days;

(2) by 11:00 a.m. (New York City time) on the second Business Day prior to the effective date of such Change in the Interest Rate Mode by telecopy, facsimile or other similar means, a certificate in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit B-1 hereto, from the County (x) authorizing the establishment of the new Adjustable Rate, (y) confirming that Bond Counsel expects to be able to give an opinion on the effective date of such Change in the Interest Rate Mode to the effect that such Change in the Interest Rate Mode is authorized by this Sixth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Series 2002-C Warrants from gross income for federal income tax purposes and (z) confirming that any necessary amendment to this Sixth Supplemental Indenture necessary to provide for the application of moneys available under the Liquidity Facility have been agreed to by the parties hereto and will be in effect prior to the Change in the Interest Rate Mode; and

(3) by 4:00 p.m. (New York City time) on the effective date of such Change in the Interest Rate Mode by telecopy, facsimile or other similar means, a certificate in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit B-3 hereto, from the County that all of the Auction Rate Warrants during an Auction Rate Period tendered or deemed tendered have been purchased at a price equal to the principal amount thereof with funds provided from the remarketing of such Series 2002-C Warrants in accordance with the Remarketing Agreement, and that accrued and unpaid interest, if any, and premium, if any, on the Series 2002-C Warrants shall have been paid pursuant to the Indenture from funds deposited with the Trustee;

(ii) with respect to any Change in the Interest Rate Mode to a Commercial Paper Rate, an Auction Rate or a Term Rate, the Trustee (and the Auction Agent in the case of any Change in the Interest Rate Mode to an Auction Rate) shall receive by 4:00 p.m., New York City time, on the effective date of such Change in the Interest Rate Mode, a certificate in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit B-2, from an Authorized County Representative that all of the Series 2002-C Warrants tendered or deemed tendered have been purchased at a price equal to the principal amount thereof, with funds provided from the remarketing of such Series 2002-C Warrants in accordance with the Remarketing Agreement or from other funds deposited with the Tender Agent (other than proceeds from a draw on a Liquidity Facility), and that accrued and unpaid interest, if any, and premium, if any, have been paid in accordance with the Indenture from funds deposited with the Trustee;

(iii) with respect to any Change in the Interest Rate Mode, the Trustee (and the Auction Agent in the case of any Change in the Interest Rate Mode to an Auction Rate) shall receive, by 10:30 a.m. (New York City time) on the effective date of such Change in the Interest Rate Mode, an Opinion of Bond Counsel to the effect that such Change in the Interest Rate Mode is authorized by this Sixth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Series 2002-C Warrants from gross income for federal income tax purposes;

(iv) with respect to any Change in the Interest Rate Mode to an Adjustable Rate (other than to an Auction Rate or, unless the County elects to provide a Liquidity Facility, a Term Rate), a Liquidity Facility that applies to all Series 2002-C Warrants subject to such change and that meets the requirements of this Sixth Supplemental Indenture has been delivered to the Trustee not less than one Business Day prior to the effective date of such Change in the Interest Rate Mode and is, by its terms, in effect prior to such effective date; and

(v) with respect to any Change in the Interest Rate Mode, the Trustee shall receive written confirmation from S&P, if the Series 2002-C Warrants are then rated by S&P, and from Moody's, if the Series 2002-C Warrants are then rated by Moody's, to the effect that such Change in Interest Rate Mode will not result in a reduction or withdrawal of its long- or short-term rating of the Series 2002-C Warrants below the rating of S&P or Moody's, as the case may be, then in effect with respect to the Series 2002-C Warrants.

If any of the conditions referred to in (c)(i)(1) or (c)(i)(2) above is not met with respect to any Change in the Interest Rate Mode for any Series 2002-C Warrants from an Auction Rate, the Auction Rate for the next succeeding Auction Period shall be determined pursuant to the Auction Procedures applicable to Auction Rate Warrants. If the condition referred to in (c)(i)(3) above is not met with respect to any Change in the Interest Rate Mode for any Series 2002-C Warrants from an Auction Rate, the Auction Rate for the next succeeding Auction Period for such Series 2002-C Warrants shall be equal to the Maximum Auction Rate as determined on the date the condition is not met, or the Auction Date for the current Auction Period for such Series 2002-C Warrants, if later. If any of the conditions referred to in (iii), (iv) or (v) above is not met with respect to any Change in the Interest Rate Mode for any Series 2002-C Warrants from an Auction Rate, the Auction Rate for the next succeeding Auction Period for such Series 2002-C Warrants shall equal the Maximum Auction Rate as determined on the date the condition is not met, or the Auction Date for the current Auction Period for such Series 2002-C Warrants, if later. If any of the conditions referred to in (ii), (iii), (iv) or (v) above is not met with respect to any other Change in the Interest Rate Mode for any Series 2002-C Warrants, such warrants shall continue to bear interest at the Current Adjustable Rate and be subject to the provisions of this Sixth Supplemental Indenture applicable thereto while such Series 2002-C Warrants bear interest at such Current Adjustable Rate. If any of the foregoing conditions for a Change in the Interest Rate Mode is not met (other than with respect to any contemplated change from an Auction Rate), the Trustee shall mail, or cause the Tender Agent to mail to the County and the Holders notice thereof in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit C within three Business Days after the failure to meet any of such conditions.

Section 4.2 Optional Conversion to Fixed Rate. (a) The rate of interest per annum which Series 2002-C Warrants will bear, in whole or in part, may be fixed, at the option of the County, for the balance of the term thereof. In the event the County exercises its Option to Convert, the selected Series 2002-C Warrants shall cease to bear interest at the Adjustable Rate then borne by the Series 2002-C Warrants and shall bear interest at the Fixed Rate until maturity, subject to the terms and conditions hereof (the date on which the Fixed Rate shall take effect being herein called the "Fixed Rate Conversion Date"). The Option to Convert may be exercised at any time through a written notice given by the County at least 30 days prior to the proposed Fixed Rate Conversion Date to the Trustee, any Securities Depository, the Tender Agent, the Bond Insurer and the Remarketing Agent (and to the Auction Agent if such Change in Interest Rate Mode to a Fixed Rate is from an Auction Rate) in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit D. The Fixed Rate Conversion Date may only be the last Interest

Payment Date for a Daily Rate Period, a Weekly Rate Period, an Auction Rate Period or a Term Rate Period, as applicable, and a Change in the Interest Rate Mode from a Commercial Paper Rate to the Fixed Rate may only take effect on the Interest Payment Date immediately following the last day of a Calculation Period. A notice of conversion to a Fixed Rate shall be effective only if it is accompanied by the form of opinion that Bond Counsel expects to give on the Fixed Rate Conversion Date to the effect that the establishment of the Fixed Rate is authorized by this Sixth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on such Series 2002-C Warrants from gross income for federal income tax purposes.

(b) The Trustee shall mail, or cause the Tender Agent to mail, the notice received pursuant to subsection (a) of this Section 4.2 on or before the third Business Day after receipt thereof to the Holders.

(c) The Fixed Rate shall take effect only if

(i) with respect to a change to the Fixed Rate from an Auction Rate, the Trustee and the Auction Agent shall receive:

(1) a certificate of an Authorized County Representative by no later than the tenth day prior to the Fixed Rate Conversion Date stating that a written agreement has been entered into by the County and the Remarketing Agent to remarket the Series 2002-C Warrants affected on the Fixed Rate Conversion Date at a price of not less than 100% of the principal amount thereof, which written agreement (i) may be subject to reasonable terms and conditions imposed by the Remarketing Agent which in the judgment of the Remarketing Agent reflect current market standards regarding investment banking risk and (ii) must include a provision requiring payment by the Remarketing Agent in same-day funds for any Auction Rate Warrants tendered or deemed tendered; and

(2) by 11:00 a.m. (New York City time) on the second Business Day prior to the Fixed Rate Conversion Date, by telecopy, facsimile or other similar means, a certificate in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit B-1 hereto, from the County (y) authorizing the establishment of the Fixed Rate and (z) confirming that Bond Counsel expects to be able to give an opinion on the Fixed Rate Conversion Date to the effect that the change to the Fixed Rate is authorized by this Sixth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Series 2002-C Warrants from gross income for federal income tax purposes; and

(ii) with respect to any change to a Fixed Rate, the Trustee (and the Auction Agent in the case of any change to a Fixed Rate from an Auction Rate) receives on the Fixed Rate Conversion Date:

(1) by 10:30 a.m. (New York City time) an Opinion of Bond Counsel to the effect that the conversion to the Fixed Rate is authorized by this Sixth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Series 2002-C Warrants from gross income for federal income tax purposes; and

(2) by 4:00 p.m. (New York City time) a certificate in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit E from an Authorized County Representative that all of the Series 2002-C Warrants tendered or deemed tendered have been purchased at a price equal to the principal amount thereof with funds provided from the remarketing of such Series 2002-C Warrants in accordance with the Remarketing Agreement or from other funds deposited with the Tender Agent (other than proceeds from a draw on a Liquidity Facility), and that accrued and unpaid interest, if any, has been or shall be paid in accordance with the Indenture from funds deposited with the Trustee (other than proceeds from a draw on a Liquidity Facility), and that the premium, if any, has been paid from funds deposited with the Trustee on terms permitting payment of such premium when due.

(iii) If any of the conditions referred to in (i) above are not met with respect to any change to a Fixed Rate for any Series 2002-C Warrants from an Auction Rate, the Auction Rate for the next succeeding Auction Period shall be determined pursuant to the Auction Procedures applicable to the Auction Rate Warrants. If the conditions referred to in (ii) above are not met with respect to any change to a Fixed Rate for any Series 2002-C Warrants from an Auction Rate, the Auction Rate for the next succeeding Auction Period shall be equal to the Maximum Auction Rate on the date the condition is not met or the Auction Date for the current Auction Period for such Series 2002-C Warrants, if later. If the conditions referred to in (ii) above are not met with respect to any change from any other Adjustable Rate to a Fixed Rate for any Series 2002-C Warrants, the Series 2002-C Warrants shall continue to bear interest at the Current Adjustable Rate and be subject to the provisions of this Sixth Supplemental Indenture applicable thereto while the Series 2002-C Warrants bear interest at such Current Adjustable Rate. If any of the foregoing conditions to the establishment of the Fixed Rate (other than with respect to any attempted change from an Auction Rate to a Fixed Rate) are not met, the Trustee shall mail, or cause the Tender Agent to mail, to the County and the Holders, notice thereof in substantially the form attached hereto as, or containing substantially

the information contained in, Exhibit F within three Business Days after the failure to meet any of said conditions.

(d) If the Series 2002-C Warrants commence to bear interest at the Fixed Rate as provided in this Section 4.2, the interest rate on such Series 2002-C Warrants may not thereafter be changed to an Adjustable Rate.

Section 4.3 Conversion Generally. (a) In the event of a Change in the Interest Rate Mode on less than all the Series 2002-C Warrants to or from an Auction Rate, the minimum aggregate principal amount of Series 2002-C Warrants that continue to bear, or are adjusted to bear, interest at an Auction Rate for an Auction Rate Period, shall not be less than \$10,000,000.

(b) Upon any Change in the Interest Rate Mode or upon any change to a new Calculation Period or Periods during a Commercial Paper Rate Period, the Remarketing Agent and the Trustee shall take all steps necessary to comply with any agreement entered into with a Securities Depository or its nominee with respect to such Change in the Interest Rate Mode or such change to a new Calculation Period or Periods during a Commercial Paper Rate Period, including, without limitation, the purchase (at the expense of the County) and designation of sufficient CUSIP numbers to comply with the requirements of such Securities Depository following any such Change in the Interest Rate Mode or such change to a new Calculation Period or Periods during a Commercial Paper Rate Period.

(c) If the interest rate on less than all Series 2002-C Warrants of a particular subseries is to be converted to a new Adjustable Rate pursuant to Section 4.1 or to a Fixed Rate pursuant to Section 4.2, the particular Series 2002-C Warrants of such subseries to be converted shall be chosen by the Trustee, or the Trustee shall direct the Tender Agent to so choose, in such manner as the Trustee or Tender Agent in its discretion may deem proper; provided, however, that the portion of any Series 2002-C Warrant to be converted shall be in an Authorized Denomination for the Interest Rate Mode to which such Series 2002-C Warrant is being converted (and the portion of any such Series 2002-C Warrants that is not being converted shall be in an Authorized Denomination for the Interest Rate Mode then applicable thereto). If it is determined that a portion, but not all, of any Series 2002-C Warrant is to be converted, then upon notice of such conversion pursuant to the Indenture, the Holders of such Series 2002-C Warrants shall forthwith surrender such Series 2002-C Warrants to the Tender Agent for (1) payment of the purchase price (including the premium, if any, and accrued and unpaid interest to the date fixed for conversion) of the portions thereof chosen for conversion and (2) exchange for a new Series 2002-C Warrant or Warrants in the aggregate principal amount of the balance of the principal of such Series 2002-C Warrants not subject to conversion. If the Holder of any such Series 2002-C Warrant shall fail to present such Series 2002-C Warrant to the Tender Agent, for payment and exchange as aforesaid, such Series 2002-C Warrant shall, nevertheless, become due and payable on the date fixed for conversion to the extent of the portion thereof chosen for such conversion (and to that extent only).

ARTICLE V

REDEMPTION AND PURCHASE OF SERIES 2002-C WARRANTS

Section 5.1 Redemption.

Optional Redemption. The Series 2002-C Warrants shall be subject to redemption, in whole or in part, at the option of the County, upon its written request delivered to the Trustee not less than forty-five (45) days (thirty (30) days for Series 2002-C Warrants bearing interest at an Adjustable Rate) prior to the date selected for redemption, from the proceeds of a draw on or payment under a Support Facility (if available for such purpose), and any other money held by the Trustee and available to be applied to the redemption of Series 2002-C Warrants as provided in this Section 5.1:

(a) For any Commercial Paper Rate Period, such Series 2002-C Warrants shall be subject to redemption (i) on each Interest Payment Date for such Commercial Paper Rate Period, as a whole or in part, at the principal amount thereof, and (ii) on any Business Day, as a whole or in part, at the principal amount thereof plus accrued interest, if any, to the date fixed for redemption.

(b) For any Auction Rate Period, such Series 2002-C Warrants shall be subject to redemption on the Business Day immediately preceding each Auction Date, as a whole or in part, at the principal amount thereof plus accrued interest, if any, to the date fixed for redemption.

(c) For any Daily Rate Period, such Series 2002-C Warrants shall be subject to redemption on any Business Day, as a whole or in part, at the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

(d) For any Weekly Rate Period, such Series 2002-C Warrants shall be subject to redemption on any Business Day, as a whole or in part, at the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

(e) For any Term Rate Period and after the Fixed Rate Conversion Date, such Series 2002-C Warrants shall be subject to redemption in whole on any Business Day or in part on any Interest Payment Date after the period shown in the column entitled "No Call Period" shown below (the "No Call Period"), which shall begin on the first day of the Calculation Period applicable to such Series 2002-C Warrants or on the Fixed Rate Conversion Date, as the case may be. The redemption price shall be equal to the principal amount thereof, plus the applicable premium, if any, determined as hereinafter provided, plus accrued interest, if any, to the date fixed for redemption. Such premium shall be equal, initially, to the percentage of the principal amount to be redeemed shown in the Initial Premium column. The premium

percentage shall decline by the percentage shown in the Reduction in Premium column on each anniversary of the date on which such Series 2002-C Warrants are first redeemable, if the Calculation Period or period remaining to Stated Maturity after the Fixed Rate Conversion Date is equal to or greater than five years, and on each Interest Payment Date if the Calculation Period or period remaining to Stated Maturity after the Fixed Rate Conversion Date is less than five years, until the Series 2002-C Warrants shall be redeemable without premium.

Calculation Period or Period to Maturity

<u>Equal to or Greater Than</u>	<u>But Less Than</u>	<u>No Call Period</u>	<u>Initial Premium</u>	<u>Reduction in Premium</u>
18 Years	N/A	10 Years	2%	1%
12 Years	18 Years	8 Years	1½	¾
7 Years	12 Years	6 Years	1	½
5 Years	7 Years	4 Years	½	½
4 Years	5 Years	3 Years	½	½
3 Years	4 Years	2 Years	½	½
0 Years	3 Years	Not Callable		

If upon establishment of a Term Rate Period, or on the Fixed Rate Conversion Date, as the case may be, the Remarketing Agent certifies to the Trustee, Bond Counsel and the County in writing that the foregoing schedule is not consistent with then-prevailing market conditions, the County may revise the foregoing Initial Premiums, Reductions in Premium and No-Call Periods without the approval of the Holders to reflect then-prevailing market conditions, upon receipt of an Opinion of Bond Counsel to the effect that any revisions pursuant to this paragraph, either by themselves or in conjunction with the establishment of a Calculation Period or the Fixed Rate, as the case may be, are made in accordance with this Sixth Supplemental Indenture, are permitted under the Act and will not adversely affect the exclusion of interest on the Series 2002-C Warrants from gross income for federal income tax purposes.

Scheduled Mandatory Redemption. The Series 2002-C Warrants shall be redeemed at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on February 1 (or, in the case of Auction Rate Warrants, if any such February 1 is not an Interest Payment Date, then on the first Interest Payment Date subsequent thereto) in years and principal amounts (after credit as provided below) as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2007	\$ 2,700,000	2024	\$ 33,250,000
2008	2,800,000	2025	34,800,000
2009	3,000,000	2026	36,300,000
2010	3,100,000	2027	37,900,000
2011	3,200,000	2028	3,600,000
2012	3,400,000	2029	6,100,000
2013	3,600,000	2030	6,400,000
2014	3,700,000	2031	6,700,000
2015	3,900,000	2032	4,200,000
2016	4,000,000	2033	4,300,000
2017	4,200,000	2034	83,800,000
2018	4,400,000	2035	90,900,000
2019	4,600,000	2036	94,600,000
2020	4,700,000	2037	98,750,000
2021	5,000,000	2038	103,000,000
2022	33,200,000	2039	2,950,000
2023	32,100,000		

\$70,350,000 of the Series 2002-C Warrants
will be retired at Maturity

Not less than 60 days prior to each such scheduled mandatory redemption date, the County may specify the particular subseries from which Series 2002-C Warrants are to be called for such redemption and (if more than one subseries is so specified) the respective principal amounts to be called for redemption from each thereof. In any such case, the particular Series 2002-C Warrants (or portions thereof) within a given subseries to be called for redemption shall be selected by the Trustee by lot. If the County fails to make such a specification with respect to any scheduled mandatory redemption date, not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, as provided in Section 5.6 hereof, Series 2002-C Warrants or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such Series 2002-C Warrants or portions thereof for redemption on such scheduled mandatory redemption date. In any event the County may, upon direction delivered to the Trustee not less than 60 days prior to such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of Series 2002-C Warrants scheduled for redemption on such date: (i) the principal amount of Series 2002-C Warrants delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount

of Series 2002-C Warrants previously redeemed (other than Series 2002-C Warrants redeemed pursuant to this paragraph) and not previously claimed as a credit.

Series 2002-C Warrants shall be redeemed in accordance with the foregoing mandatory redemption provisions without any requirement of consent by the County.

Section 5.2 Tender for and Purchase upon Election of Holder. (a) During any Daily Rate Period or Weekly Rate Period, any Series 2002-C Warrant or portion thereof (other than a Bank Warrant) in a principal amount equal to an Authorized Denomination (so long as the principal amount not purchased is an Authorized Denomination) shall be purchased on the demand of the Holder thereof on any Business Day at a price equal to the principal amount thereof plus accrued interest, if any, to (but not including) the date of purchase, upon delivery to the Tender Agent and the Remarketing Agent at their respective principal offices, by the close of business on any Business Day of a Notice of Election to Tender in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit G; provided, however, that the substance of such Notice of Election to Tender must also be given telephonically to the Remarketing Agent prior to or simultaneously with delivery of such written Notice of Election to Tender to the Remarketing Agent. The date on which such Series 2002-C Warrant shall be purchased shall, at the request of the Holder thereof, (i) if the Series 2002-C Warrant then bears interest at a Daily Rate, be the date of delivery of such Notice of Election to Tender if such Notice of Election to Tender is delivered to the Tender Agent and the Remarketing Agent by 11:00 a.m. (New York City time) on such date or may be any Business Day thereafter, and (ii) if the Series 2002-C Warrant then bears interest at a Weekly Rate, shall be a Business Day not prior to the 7th day next succeeding the date of the delivery of such Notice of Election to Tender to the Tender Agent and the Remarketing Agent.

(b) Immediately upon receipt of a Notice of Election to Tender delivered pursuant to the provisions of this Section 5.2, the Tender Agent shall notify, or cause to be notified, the Trustee, the Remarketing Agent and, upon request, the County, by telephone, promptly confirmed in writing, of such receipt, specifying the contents thereof.

(c) Any Notice of Election to Tender shall be irrevocable.

(d) The right of a Holder to tender a Series 2002-C Warrant to the Tender Agent pursuant to this Section 5.2 shall terminate after conversion of the Interest Rate Mode to a Commercial Paper Rate, an Auction Rate, a Term Rate or a Fixed Rate with respect to such Series 2002-C Warrant. Furthermore, any Series 2002-C Warrant tendered for purchase pursuant to the terms of Section 5.2 after the date notice of redemption or mandatory tender is given shall not be remarketed except to a purchaser who agrees at the time of such purchase to tender such Series 2002-C Warrant for redemption or purchase on the applicable redemption or mandatory tender date.

Section 5.3 Mandatory Tender for Purchase upon Change in the Interest Rate Mode and on a Business Day Following Certain Calculations. (a) Upon a Change in the Interest Rate Mode (including any change to the Fixed Rate on the Fixed Rate Conversion Date), the Series

2002-C Warrants bearing an Auction Rate, a Daily Rate, a Weekly Rate, a Term Rate or a Commercial Paper Rate shall be subject to mandatory tender for purchase in accordance with the terms hereof, on the effective date of such Change in the Interest Rate Mode at a price equal to the principal amount thereof.

(b) For any Term Rate Period or Commercial Paper Rate Period, the Series 2002-C Warrants shall be subject to mandatory tender for purchase in accordance with the terms hereof on the Business Day immediately following each Calculation Period, at a price equal to the principal amount thereof.

(c) Notice of mandatory tender for purchase upon a Change in the Interest Rate Mode to an Adjustable Rate shall be in substantially the form attached hereto as, or contain substantially the information contained in, the applicable form of Exhibit A. Notice of mandatory tender for purchase upon a Change in the Interest Rate Mode to the Fixed Rate shall be in substantially the form attached hereto as, or contain substantially the information contained in, Exhibit D.

(d) Any such notice of mandatory tender for purchase required by this Section 5.3 shall be given by the Trustee in the name of the County, or the Trustee shall cause the Tender Agent to give such notice in the name of the County (with copies thereof to be given to the Remarketing Agent, the County, the Tender Agent and, in the case of Auction Rate Warrants, the Auction Agent), by first-class mail to the Holders of the Series 2002-C Warrants subject to purchase at their addresses shown on the books of registry.

(e) Bank Warrants are not subject to mandatory tender for purchase pursuant to this Section 5.3.

(f) In the event the conditions to a change in the Interest Rate Mode set forth in Sections 4.1 or 4.2 are not met prior to the applicable mandatory tender date, such mandatory tender shall not take place with respect to the Series 2002-C Warrants for which notice of mandatory tender has been given, and such Series 2002-C Warrants will continue to bear interest as set forth in the last paragraph of Section 4.1(c) or in Section 4.2(c)(iii), as applicable. The Trustee shall send notice in the form of Exhibits C or F, as applicable to the Holders of such Series 2002-C Warrants.

Section 5.4 Mandatory Tender for Purchase Upon Expiration, Termination, Substitution or Amendment of any Liquidity Facility. (a) Except as otherwise set forth in the last sentence of this subsection (a), the Series 2002-C Warrants shall be subject to mandatory tender for purchase at a price equal to the principal amount thereof, (i) on the second Business Day immediately preceding the substitution of an Alternate Liquidity Facility for an existing Liquidity Facility or the effective date of a Liquidity Facility Amendment which results in either case in a reduction or withdrawal of the short-term or long-term rating assigned to such Series 2002-C Warrants, as further described in Section 6.2(b), (ii) on the first anniversary of the initial failure by the Liquidity Provider to maintain its short-term ratings (unless sooner restored) as specified in Section 6.2(c), and (iii) on the second Business Day immediately preceding the date of expiration or termination of any Liquidity

Facility (other than a termination that results from an event that permits termination of such Liquidity Facility without notice), unless on or prior to the 45th day prior to such date of expiration or termination or the effective date of such Liquidity Facility Amendment or such first anniversary of the initial failure of the Liquidity Provider to maintain its short-term ratings the County has furnished to the Trustee (a) an agreement by the Liquidity Provider to extend such Liquidity Facility in the case of an expiration, or (b) an Alternate Liquidity Facility in replacement of the expiring, terminating or amended Liquidity Facility or the Liquidity Facility whose Liquidity Provider has so failed to maintain its short-term ratings together with the confirmation of ratings referred to in Section 6.2(a). No tender for purchase of any Series 2002-C Warrants shall be required pursuant to this Section 5.4 if the Fixed Rate Conversion Date shall have occurred on a date prior to such date of expiration, termination, substitution or the effective date of a Liquidity Facility Amendment.

(b) Notice of the mandatory tender for purchase pursuant to this Section 5.4 shall be given on or prior to the 30th day (or, in the case of any termination, such lesser number of days as may be practicable under the terms of the Liquidity Facility then in effect) before the expiration, termination, substitution or amendment date or the 30th day prior to the date of the first anniversary referred to in clause (ii) of subsection (a) of this Section 5.4 by the Trustee in the name of the County (with copies thereof given to the County, the Remarketing Agent, each issuer of a Support Facility and the Tender Agent) by first-class mail to the Holders of the Series 2002-C Warrants subject to mandatory tender for purchase at their addresses shown on the books of registry. Such notice shall be in substantially the form attached hereto as, or contain substantially the information contained in, Exhibit H. Such notice may also state, if applicable, that such mandatory tender will not occur if the Trustee receives, on or before the date that is five (5) days preceding the mandatory tender date, an Alternate Liquidity Facility in replacement of the expiring, terminating or amended Liquidity Facility or of the Liquidity Facility whose Liquidity Provider failed to maintain the ratings required hereby, together with the confirmation of ratings referred to in Section 6.2(a).

(c) Bank Warrants or Series 2002-C Warrants held by or for the account of the County are not subject to mandatory tender for purchase pursuant to this Section 5.4.

Section 5.5 General Provisions Applicable to Mandatory and Optional Tenders for Purchase of Series 2002-C Warrants. (a) If interest has been paid on the Series 2002-C Warrants, or an amount sufficient to pay interest thereon has been deposited in the Debt Service Fund, or an amount sufficient to pay accrued interest thereon, if any, has been set aside in the Warrant Purchase Fund, and the purchase price equal to the principal of, and premium, if any, on the Series 2002-C Warrants shall be available in the Warrant Purchase Fund for payment of Series 2002-C Warrants subject to tender for purchase pursuant to Section 5.2, 5.3 or 5.4, and if any Holder fails to deliver or does not properly deliver the Series 2002-C Warrants to the Tender Agent for which a Notice of Election to Tender has been properly filed or which are subject to mandatory tender for purchase on the purchase date therefor, such Series 2002-C Warrants shall nevertheless be deemed tendered and purchased on the date established for the purchase thereof, interest on such Series 2002-C Warrants shall cease to be payable to the former Holders thereof from and after the date of purchase and such former Holders shall have no rights hereunder as the registered owners of such Series 2002-C

Warrants, except the right to receive the purchase price of and interest to the purchase date, if any, on such Series 2002-C Warrants upon delivery thereof to the Tender Agent in accordance with the provisions hereof.

The purchaser of any Series 2002-C Warrants remarketed by the Remarketing Agent shall be the registered owner of such Series 2002-C Warrants; or, if the Series 2002-C Warrants are registered in the name of the Securities Depository or its nominee, any such purchaser shall be the beneficial owner of such Series 2002-C Warrants. To the extent Series 2002-C Warrants are purchased with the proceeds of a payment under a Liquidity Facility, the issuer of such Liquidity Facility shall be treated as the owner of such Series 2002-C Warrants. While Series 2002-C Warrants are held by or for the benefit of a Liquidity Provider, the Trustee shall not effect payment under such Liquidity Facility to pay principal, interest or premium on such Series 2002-C Warrants.

The payment of Series 2002-C Warrants pursuant to Section 5.2, 5.3 or 5.4 shall be subject to delivery of such Series 2002-C Warrants duly endorsed in blank for transfer or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent executed in blank for transfer at the principal office of the Tender Agent at or prior to 10:00 a.m. (11:30 a.m. for Series 2002-C Warrants bearing interest at a Weekly Rate and 12:00 noon for Series 2002-C Warrants bearing interest at a Daily Rate and being purchased pursuant to Section 5.2) (New York City time), on a specified purchase date. The Tender Agent may refuse to make payment with respect to any Series 2002-C Warrants tendered for purchase pursuant to Section 5.2, 5.3 or 5.4 not endorsed in blank or for which an instrument of transfer satisfactory to the Tender Agent has not been provided.

(b) The purchase price of Series 2002-C Warrants subject to tender for purchase pursuant to Section 5.2; 5.3 or 5.4 in an aggregate principal amount of at least one million dollars (\$1,000,000) shall be payable in immediately available funds or by wire transfer upon written notice from the Holder thereof containing the wire transfer address (which shall be in the continental United States) to which such Holder wishes to have such wire directed, if such written notice is received by the Tender Agent not less than five Business Days prior to the related purchase date.

(c) To the extent that a Liquidity Facility is required to be in effect, Series 2002-C Warrants tendered for purchase may not be purchased by the County from the Remarketing Agent upon a remarketing of Series 2002-C Warrants pursuant to the Remarketing Agreement.

(d) If a Liquidity Facility is in effect with respect to any Series 2002-C Warrants, the Trustee shall, in accordance with the provisions of this Section 5.5, request a payment under the Liquidity Facility in accordance with its terms to enable the Trustee to effect a deposit of the proceeds of the Liquidity Facility into the Warrant Purchase Fund in an amount necessary to effect full and timely payment of the Purchase Price of all Series 2002-C Warrants for which such Liquidity Facility is in effect and for which remarketing proceeds are not available. The Remarketing Agent shall notify the Tender Agent and the Trustee, at or prior to 11:00 a.m. (New York City time) on a specified purchase date, of the amount of the proceeds of the related remarketing, and shall specify whether remarketing proceeds (excluding any such proceeds from the County) equal to the full amount of the

Purchase Price payable on such purchase date will be available on such purchase date for the payment of such Purchase Price, and, if the amount of such remarketing proceeds that will be available on such purchase date for the payment of such Purchase Price shall not be equal to the full amount of the Purchase Price payable on such purchase date, such notice shall specify the amount of the deficiency. By 11:15 a.m. (New York City time) on such purchase date, the Remarketing Agent shall pay to the Tender Agent, for deposit in the Warrant Purchase Fund, an aggregate amount of such remarketing proceeds equal to the amount stated in such notice to be available on such purchase date for the payment of such Purchase Price. If the Remarketing Agent fails to provide such notice to the Tender Agent and Trustee prior to 11:00 a.m. (New York City time), or fails to make such payment to the Tender Agent prior to 11:15 a.m. (New York City time), the Trustee shall be required to request a draw or payment under the Liquidity Facility for the difference between the amount received from the Remarketing Agent and the Purchase Price of Series 2002-C Warrants to be purchased.

Section 5.6 Selection of Series 2002-C Warrants to be Redeemed. A redemption of Series 2002-C Warrants shall be a redemption of the whole or of any part of the Series 2002-C Warrants from any funds available for that purpose in a principal amount equal to an Authorized Denomination (so long as the principal amount not redeemed is an Authorized Denomination). If less than all Series 2002-C Warrants shall be redeemed, the particular Series 2002-C Warrants to be redeemed shall be chosen by the Trustee, or the Trustee shall direct the Tender Agent to so choose, as hereinafter provided. If less than all the Series 2002-C Warrants shall be called for redemption under any provision of this Sixth Supplemental Indenture permitting such partial redemption, the particular Series 2002-C Warrants or portions of Series 2002-C Warrants to be redeemed shall be selected (a) first, from Bank Warrants, (b) second, from Series 2002-C Warrants for which the Tender Agent has received, prior to such selection, a Notice of Election to Tender requiring the Tender Agent to purchase such Series 2002-C Warrants on the date on which the Series 2002-C Warrants being selected are to be redeemed and (c) third, from all other Series 2002-C Warrants then Outstanding, by lot or pro rata by the Trustee or, upon direction of the Trustee, the Tender Agent, in such manner as the Trustee or Tender Agent in its discretion may deem proper; provided, however, that (i) the portion of the principal amount of any Series 2002-C Warrant to be outstanding shall be in a principal amount equal to an Authorized Denomination for the type of interest rate to be borne by the Series 2002-C Warrants, and (ii) in selecting Series 2002-C Warrants for redemption, the Trustee or Tender Agent may treat each Series 2002-C Warrant as representing the number of Series 2002-C Warrants obtained by dividing the principal amount of such Series 2002-C Warrant into units based on the Authorized Denominations for the type of interest rate then borne by the Series 2002-C Warrants and the type of interest rate to be borne by the Series 2002-C Warrants following such redemption, in such manner as the Trustee or Tender Agent in its discretion may deem proper. If it is determined that part, but not all, of the principal amount of any Series 2002-C Warrant is to be redeemed, then upon notice of redemption of such part, the holder of such Series 2002-C Warrant shall forthwith surrender such Series 2002-C Warrant to the Trustee for (i) payment of the redemption price (including the premium, if any, and accrued and unpaid interest, if any, to the date fixed for redemption) of such part so called for redemption and (ii) exchange for a new Series 2002-C Warrant or Warrants in aggregate principal amount equal to the aggregate principal amount of the balance of the principal of such Series 2002-C Warrant not subject to redemption. If the holder of any such

Series 2002-C Warrant of a denomination greater than the applicable minimum Authorized Denomination for the type of interest rate then borne by the Series 2002-C Warrants shall fail to present such Series 2002-C Warrant, such Series 2002-C Warrant shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the portion thereof subject to such redemption (and to that extent only). Notwithstanding the foregoing, so long as the Series 2002-C Warrants are maintained in book-entry form, selection of Series 2002-C Warrants for redemption shall be made by the Securities Depository in accordance with the procedures established by the Securities Depository.

Section 5.7 Notice of Redemption. (a) Except as otherwise provided in this Sixth Supplemental Indenture, notice of redemption shall be given by mailing a copy of the redemption notice by first-class mail at least 30 days (15 days for Series 2002-C Warrants bearing interest at an Adjustable Rate) prior to the date fixed for redemption to the Auction Agent during the Auction Rate Period and to the Holders of the Series 2002-C Warrants to be redeemed at the addresses shown on the registration books maintained by the Trustee.

(b) The Trustee shall not be required to transfer or exchange Series 2002-C Warrants during any period beginning at the opening of business 15 days before the day of mailing of a notice of redemption and ending at the close of business on the day fixed for redemption; provided, however, that the foregoing shall not apply during a Daily Rate Period, a Weekly Rate Period, a Commercial Paper Rate Period or an Auction Rate Period.

(c) Each notice of redemption shall state: (i) the full title of the Series 2002-C Warrants to be redeemed, the redemption date, the place of redemption and the redemption price payable upon such redemption; (ii) that the interest on the Series 2002-C Warrants, or on the principal amount thereof to be redeemed, shall cease to accrue from and after such redemption date and (iii) that on said date there will become due and payable on the Series 2002-C Warrants the principal amount thereof to be redeemed and the interest accrued on such principal amount to the redemption date, if any, and the premium, if any, thereon. Each notice of redemption mailed to a Holder of the Series 2002-C Warrants shall, if less than the entire principal amount thereof is to be redeemed, also state the principal amount thereof and the distinctive numbers of the Series 2002-C Warrants to be redeemed and that such Series 2002-C Warrants must be surrendered to the Trustee in exchange for the payment of the principal amount thereof to be redeemed, premium, if any, and accrued interest, if any, and the issuance of a new Series 2002-C Warrant equaling in principal amount that portion of the principal amount not to be redeemed of the Series 2002-C Warrants to be surrendered. The failure to give notice to any Holder of a Series 2002-C Warrant or any defects in such notice shall not affect the proceedings for the redemption of the Series 2002-C Warrants for which notice has been given.

In the event notice of redemption is given by the Trustee with respect to Auction Rate Warrants, the Trustee shall include in such notice of redemption delivered to the Securities Depository an instruction to the Securities Depository prepared by the County to (x) determine on the Publication Date (which shall be the date that is three Business Days after the Auction Date next preceding such

redemption date) the Securities Depository participants whose Securities Depository positions will be redeemed and the principal amount of such Auction Rate Warrants to be redeemed from each such position (the "Securities Depository Redemption Information") and (y) notify the Auction Agent immediately after such determination of the positions of the Securities Depository participants in such Auction Rate Warrants immediately prior to such Auction settlement, the position of the Securities Depository participants in such Auction Rate Warrants immediately following such Auction settlement, and the Securities Depository Redemption Information.

(d) If at any time of mailing of notice of an optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Series 2002-C Warrants called for redemption, such notice shall state that it is conditional, that is, subject to the deposit of moneys sufficient for the redemption with the Trustee on or prior the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Section 5.8 Effect of Redemption. If the Series 2002-C Warrants have been duly called for redemption and notice of the redemption thereof has been duly given or provided for as hereinbefore provided and if money for the payment of the Series 2002-C Warrants (or of the principal amount thereof to be redeemed) and the interest to the redemption date on the Series 2002-C Warrants (or on the principal amount thereof to be redeemed), if any, and the premium, if any, thereon are held for the purpose of such payment by the Trustee, then the Series 2002-C Warrants (or the principal amount thereof to be redeemed) shall on the redemption date designated in such notice, become due and payable and interest on the Series 2002-C Warrants (or the principal amount thereof to be redeemed) so called for redemption shall cease to accrue from the redemption date and the Holder thereof shall thereafter have no rights hereunder as the Holder of such Series 2002-C Warrants (or the principal amount thereof to be redeemed) except to receive the principal amount thereof, premium, if any, thereon and interest, if any, to the redemption date.

Section 5.9 Cancellation of Redeemed Warrants. Any Series 2002-C Warrants surrendered or redeemed pursuant to the provisions of this Article V shall be cancelled by the Trustee.

Section 5.10 Series 2002-C Warrants Purchased by Liquidity Provider. Series 2002-C Warrants subject to purchase pursuant to Sections 5.2, 5.3 and 5.4 shall be deemed purchased by the Liquidity Provider in a principal amount equal to the amount of a draw on, or borrowing or payment under, the Liquidity Facility for the payment of Series 2002-C Warrants subject to purchase, upon the deposit with the Trustee or the Tender Agent, as applicable, of the proceeds of such draw on, or borrowing or payment under, the Liquidity Facility in an amount sufficient to pay the purchase price of such Series 2002-C Warrants equal to the principal amount of such Series 2002-C Warrants plus accrued and unpaid interest thereon, if any, to the date of purchase, and such Series 2002-C Warrants shall not be deemed paid and shall remain Outstanding hereunder as Bank Warrants until the Liquidity Provider has been reimbursed for such draws on, or borrowings or payments under, the Liquidity Facility to pay such purchase price. Any Series 2002-C Warrants purchased by the Liquidity Provider other than a municipal bond or financial guarantee insurance company shall become Bank Warrants, shall bear interest at the Bank Warrant Interest Rate and shall be subject to the terms and provisions

of, and have all rights with respect to Bank Warrants under the applicable Liquidity Facility. Unless the Liquidity Provider shall otherwise direct, any Series 2002-C Warrants purchased by the Liquidity Provider shall be immediately registered in the name of the Liquidity Provider as a Holder (unless held through a Securities Depository, in which case the Series 2002-C Warrants shall be transferred in accordance with the procedures established by the Securities Depository) and the Liquidity Provider shall have all rights of a Holder of Series 2002-C Warrants except that such Series 2002-C Warrants purchased by a Liquidity Provider other than a municipal bond or financial guarantee insurance company will bear interest at the Bank Rate. Pending the delivery of any such Series 2002-C Warrants to, or pursuant to the instructions of, the related purchasing Liquidity Provider, such Series 2002-C Warrants shall be held in trust by the Tender Agent. Under no circumstances shall any such Series 2002-C Warrants be released by the Tender Agent to any Person other than the purchasing Liquidity Provider unless such provider has delivered to the Tender Agent written instructions to do so, which instructions shall specify that the Liquidity Facility in question has been reinstated in an amount corresponding to the Series 2002-C Warrant in question. In no event shall money be drawn under a Liquidity Facility to provide for the purchase of Bank Warrants or warrants owned by the County.

ARTICLE VI

SUPPORT FACILITIES

Section 6.1 Support Facilities – General. The County hereby agrees to maintain a Liquidity Facility meeting the requirements of this Sixth Supplemental Indenture with respect to the Series 2002-C Warrants at all times except during any Auction Rate Period, Term Rate Period or Fixed Rate Period. A Liquidity Facility meeting the criteria set forth in this Sixth Supplemental Indenture may be provided during a Term Rate Period, at the option of the County. Each time the County obtains a Liquidity Facility with respect to Series 2002-C Warrants, the County shall submit such Liquidity Facility to Moody's, if the Series 2002-C Warrants are then rated by Moody's, and to S&P, if the Series 2002-C Warrants are then rated by S&P, and to another rating agency, if the Series 2002-C Warrants are then rated by such rating agency for the purposes of obtaining a rating on such Series 2002-C Warrants. The Trustee shall be furnished with any Liquidity Facility obtained pursuant to this Section 6.1 together with evidence of any rating or ratings obtained on the Series 2002-C Warrants in connection therewith.

Section 6.2 Liquidity Facility. (a) At any time that Series 2002-C Warrants bear interest at an Adjustable Rate (other than an Auction Rate or a Term Rate), the County shall, and at any time that Series 2002-C Warrants bear interest at a Term Rate, the County may, provide for the delivery to the Trustee of a Liquidity Facility that is issued by (1) a financial institution with ratings that are equivalent to or higher than the ratings of the provider of the Liquidity Facility being replaced or (2) a financial institution with a long term debt rating of at least A from S&P or Moody's and that supports ratings at least the equivalent of A-1 from S&P and V-MIG1 from Moody's. The form of such Liquidity Facility shall be approved in writing by the Bond Insurer so long as the Bond Insurer

has not denied in writing its obligations under the Policy and is not in default under the Policy. The Liquidity Facility shall satisfy the definition of "Liquidity Facility" herein and shall be, in case of an Alternate Liquidity Facility, the same as the Liquidity Facility it replaces in all respects material to the security for the Series 2002-C Warrants; provided that (i) the expiration date of such Liquidity Facility shall be a date not earlier than 364 days from its date of issuance (or the length of the Calculation Period with respect to any Series 2002-C Warrant bearing interest at a Term Rate to which such Liquidity Facility applies, if longer), subject to earlier termination upon the occurrence of (a) a Terminating Event or another event of default under the Liquidity Facility or the related reimbursement agreement or other corresponding agreement pursuant to which such Liquidity Facility is issued, (b) the issuance of an Alternate Liquidity Facility, (c) payment in full of the Outstanding Series 2002-C Warrants which are secured by such Liquidity Facility or (d) a Change in the Interest Rate Mode to an Auction Rate, a Commercial Paper Rate, a Term Rate or a Fixed Rate; and (ii) if, between the effective date of a Liquidity Facility and the effective date of an Alternate Liquidity Facility, there occurs a Change in the Interest Rate Mode with respect to some or all of the Series 2002-C Warrants, such Alternate Liquidity Facility shall comply with the requirements applicable to a Liquidity Facility in effect with respect to the new Interest Rate Mode with respect to the Series 2002-C Warrants so affected. On or prior to the date of the delivery of an Alternate Liquidity Facility or an amendment to a Liquidity Facility (other than an amendment which only extends the expiration date of an existing Liquidity Facility) (a "Liquidity Facility Amendment") to the Trustee, the County shall furnish to the Trustee (a) an opinion of Bond Counsel stating that the delivery of such Alternate Liquidity Facility or Liquidity Facility Amendment to the Trustee is authorized under this Sixth Supplemental Indenture and complies with the terms hereof and (b) written confirmation from S&P, if the Series 2002-C Warrants are then rated by S&P, and from Moody's, if the Series 2002-C Warrants are then rated by Moody's, and from another rating agency, if the Series 2002-C Warrants are then rated by such rating agency, to the effect that such rating agency has reviewed the proposed Alternate Liquidity Facility or Liquidity Facility Amendment and that the substitution of the proposed Alternate Liquidity Facility for the existing Liquidity Facility or the delivery of the Liquidity Facility Amendment will not result in a reduction or withdrawal of its long- or short-term rating of the Series 2002-C Warrants below the rating of S&P or Moody's or such other rating agency, as the case may be, then in effect with respect to the Series 2002-C Warrants.

(b) If the County delivers an Alternate Liquidity Facility in substitution for a Liquidity Facility or a Liquidity Facility Amendment which will result in a reduction in or withdrawal of the short-term or long-term rating (or both) assigned to such Series 2002-C Warrants by Moody's or S&P or such other rating agency as a result of the Alternate Liquidity Facility or Liquidity Facility Amendment, all Series 2002-C Warrants (unless the Series 2002-C Warrants bear interest at an Auction Rate or Fixed Rate) shall be subject to mandatory tender for purchase pursuant to Section 5.4. It shall be a condition to the delivery of such an Alternate Liquidity Facility or Liquidity Facility Amendment that the Opinion of Bond Counsel referred to in the preceding paragraph be obtained. The County shall deliver notice to the Trustee of the substitution of an Alternate Liquidity Facility or the delivery of a Liquidity Facility Amendment which will result in a reduction or withdrawal in the short-term or long-term ratings assigned to the Series 2002-C Warrants pursuant to this Section 6.2 at least 45 days before the date of substitution or amendment.

(c) If the Liquidity Provider of a Liquidity Facility should fail to maintain short-term ratings equivalent to A-1 from S&P and P-1 from Moody's, and such Liquidity Provider is not replaced within 12 months, all Series 2002-C Warrants secured by such Liquidity Facility shall be subject to mandatory tender for purchase pursuant to Section 5.4. The County shall require the Liquidity Provider to promptly notify the Trustee that the short-term ratings of the Liquidity Provider have been reduced below the levels described in the preceding sentence.

(d) In any instance in which the Trustee accepts a new Liquidity Facility, or an amendment to an existing Liquidity Facility, under such circumstances that a mandatory tender of the Series 2002-C Warrants covered or to be covered by such Liquidity Facility is not required, the Trustee shall mail a written notice (including the provider, amount and expected effective date) of such Liquidity Facility (and the related substitution), or such amendment, to the Holders of the affected Series 2002-C Warrants at least 15 days prior to the effective date of such new Liquidity Facility or such amendment.

Section 6.3 Alternate Credit Facility. The County may, at its option and consistent with this section, obtain an Alternate Credit Facility in substitution for or in addition to the initial Policy or other Alternate Credit Facility. On or prior to the date of delivery of such Alternate Credit Facility, the County shall deliver to the Trustee (a) an opinion of Bond Counsel stating that the delivery of such Alternate Credit Facility to the Trustee is authorized under this Sixth Supplemental Indenture and complies with the terms hereof and (b) in the case of a substitution or addition of a Credit Facility, written confirmation from S&P, if the Series 2002-C Warrants are then rated by S&P, and from Moody's, if the Series 2002-C Warrants are then rated by Moody's, and from another rating agency, if the Series 2002-C Warrants are then rated by such rating agency, to the effect that such rating agency has reviewed the proposed Alternate Credit Facility and that the substitution of the proposed Alternate Credit Facility for the existing Credit Facility (or proposed addition of a Credit Facility) will not, by itself, result in a reduction or withdrawal of its long- or short-term rating of the Series 2002-C Warrants below the rating of S&P or Moody's or such other rating agency, as the case may be, then in effect with respect to the Series 2002-C Warrants. If any such substitution or addition occurs, or any Credit Facility is surrendered, cancelled, terminated, amended or modified in any material respect, when there is a Liquidity Facility in effect with respect to the Series 2002-C Warrants or any Bank Warrants are outstanding, or prior to the conversion of the interest rate for all of the Series 2002-C Warrants to the Fixed Rate, the prior written consent of the Liquidity Facility Provider shall be required with respect to the substitution of the Policy or Alternate Credit Facility with such Alternate Credit Facility, or for the addition of a new Credit Facility, or for any such surrender, cancellation, termination, amendment or modification of such Credit Facility. In any instance in which an Alternate Credit Facility is delivered to the Trustee or any Credit Facility is surrendered, cancelled, terminated, amended or modified in any material respect, the Trustee shall mail a written notice of such action to the Holders of the affected Series 2002-C Warrants, with such notice to be mailed (a) at least 15 days prior to the effective date of any such Alternate Credit Facility or (b) as soon as practicable in the case of any surrender, cancellation, termination, amendment or modification in any material respect of any existing Credit Facility.

Section 6.4 **Maintenance and Performance of Credit Facilities.** The County covenants (i) to maintain at all times a Credit Facility for Series 2002-C Warrants with respect to which a Liquidity Facility is in effect and (ii) to use its best efforts to cause each issuer of a Credit Facility to comply at all times with its obligations thereunder.

ARTICLE VII

APPLICATION OF PROCEEDS

Section 7.1 **Proceeds From Sale of Series 2002-C Warrants.** The proceeds from the sale of the Series 2002-C Warrants to the original purchaser or purchasers thereof (net of underwriter's discount) shall be applied as follows:

(i) the sum of \$8,277,304.92 shall be paid to the Bond Insurer as the premium for the Policy;

(ii) the sum of \$95,000.00 shall be paid to the Initial Banks as the aggregate commitment fee for the Initial Liquidity Facilities;

(iii) the sum of \$825,919,397.00 shall be paid into the escrow fund established by the County with the Trustee to provide for the payment and redemption of those Parity Securities being refunded; and

(iv) the balance shall be deposited in the Issuance Cost Account.

Section 7.2 **Issuance Cost Account.** There is hereby created a special account the full name of which shall be the "Series 2002-C Warrants Issuance Cost Account." The Issuance Cost Account shall be maintained as a separate account until the moneys in said account shall have been fully expended as hereinafter provided. The Trustee shall be the depository and disbursing agent for the Issuance Cost Account.

The County will apply the moneys in the Issuance Cost Account solely for payment of the Issuance Costs, as and when such costs become due and payable. The President of the Governing Body or any Authorized County Representative is hereby authorized and directed to cause the said costs to be paid, as promptly as may be feasible following the issuance of the Series 2002-C Warrants, by submitting to the Trustee requisitions signed by any one of said officers directing the payment of the costs specified in said requisition.

In the event the moneys deposited in or transferred to the Issuance Cost Account are not sufficient to pay all Issuance Costs, the President of the Governing Body is hereby authorized and directed to pay, out of any other funds of the County available therefor, the remainder of such costs. If any moneys remain in the Issuance Cost Account after the payment of all costs of issuing the Series

2002-C Warrants, the Trustee shall transfer such moneys to the County upon receipt of a certificate signed by the President of the Governing Body or any Authorized County Representative stating that all expenses of issuing the Series 2002-C Warrants, to the extent known to or anticipated by the County, have been paid in full, in which event the moneys so transferred to the County shall be applied for payment of the costs of capital improvements to the System.

ARTICLE VIII

WARRANT PURCHASE FUND

Section 8.1 Warrant Purchase Fund. (a) There is hereby established a special trust fund which shall be designated the "Jefferson County Sewer System Series 2002-C Warrant Purchase Fund". The Tender Agent shall be the depository, custodian and disbursing agent for the Warrant Purchase Fund. Separate accounts shall be maintained within the Warrant Purchase Fund for each subseries of the Series 2002-C Warrants. So long as separate subseries exist, references in this Article VIII to deposits into and disbursements from the Warrant Purchase Fund shall be deemed to refer to each of the particular subseries accounts and the particular Liquidity Facility, remarketing efforts and Series 2002-C Warrants related thereto.

(b) There shall be deposited in the Warrant Purchase Fund, as and when received:

(1) the proceeds of any remarketing of Series 2002-C Warrants by the Remarketing Agent,

(2) money received by the Tender Agent from the Liquidity Provider pursuant to the Liquidity Facility with respect to the Purchase Price of Series 2002-C Warrants payable on the related purchase date,

(3) all other money required to be deposited in the Warrant Purchase Fund pursuant to this Sixth Supplemental Indenture, and

(4) all other money received by the Tender Agent when accompanied by directions that such money is to be deposited in the Warrant Purchase Fund.

(c) The Tender Agent is hereby authorized and directed to withdraw sufficient money from the Warrant Purchase Fund to pay the Purchase Price of Series 2002-C Warrants due on any purchase date.

(d) Funds for the payment of the Purchase Price of Series 2002-C Warrants shall be derived from the following sources in the order of priority indicated:

(1) **First**, proceeds from the remarketing of Series 2002-C Warrants.

- (2) **Second**, money advanced under the Liquidity Facility.
- (3) **Third**, any other money on deposit in the Warrant Purchase Fund.

Any money advanced under the Liquidity Facility shall be held in a separate, segregated account in the Warrant Purchase Fund and shall not be commingled with other money in the Warrant Purchase Fund. Such money shall be used only to pay the Purchase Price of Series 2002-C Warrants.

(e) On each purchase date money in the Warrant Purchase Fund from any source other than the Liquidity Facility remaining after payment of the Purchase Price of all Series 2002-C Warrants (or after segregating money for such purpose as provided in Section 8.2) shall be applied by the Tender Agent for the following purposes in the order of priority indicated:

(1) **First**, the Tender Agent shall reimburse the Liquidity Provider, prior to the close of business on such date, for the amount advanced under the Liquidity Facility for payment of the Purchase Price of Series 2002-C Warrants.

(2) **Second**, the balance, if any, shall be paid to the County.

(f) If proceeds from the remarketing of the Series 2002-C Warrants are deposited in the Warrant Purchase Fund after such purchase date, such proceeds shall be applied as provided in subsection (e) of this section.

(g) Any moneys held in the Warrant Purchase Fund may be invested only in Federal Obligations (other than Treasury Receipts) that mature not later than the earlier of (i) thirty (30) days after the date of making such investment or (ii) the date on which such moneys will be needed to pay the Purchase Price of any Series 2002-C Warrants.

Section 8.2 Money for Warrant Purchases to be Held in Trust; Repayment of Unclaimed Money. (a) If money is on deposit in the Warrant Purchase Fund on any purchase date sufficient to pay the Purchase Price of the Series 2002-C Warrants to be paid on such date, but the Holder of any Series 2002-C Warrant fails to deliver such warrant to the Tender Agent for payment of such Purchase Price on such date, the Tender Agent shall segregate and hold in trust for the benefit of the person entitled thereto money sufficient to pay such Purchase Price due and payable on such Series 2002-C Warrant on such purchase date. Money so segregated and held in trust shall not be a part of the Trust Estate and shall not be invested, but shall constitute a separate trust fund for the benefit of the persons entitled to such Purchase Price.

(b) Any money held in trust by the Tender Agent for the payment of the Purchase Price of any Series 2002-C Warrant pursuant to subsection (a) of this section and remaining unclaimed for three years after such Purchase Price has become due and payable shall be paid to the County upon request of an Authorized County Representative; and the Holder of such Series 2002-C Warrant shall thereafter, as an unsecured general creditor, look only to the County for payment thereof, and all

liability of the Tender Agent with respect to such trust money, and all liability of the County with respect thereto, shall thereupon cease; provided, however, that the Tender Agent, before being required to make any such payment to the County, may at the expense of the County cause to be published once, in a newspaper of general circulation in the city where the Office of the Tender Agent is located, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be paid to the County.

ARTICLE IX

PROVISIONS CONCERNING THE POLICY

Section 9.1 Payment Provisions. If, on the third Business Day prior to the related scheduled Interest Payment Date or principal payment date ("Payment Date"), there is not on deposit in the Debt Service Fund, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of, and interest on, Series 2002-C Warrants due on such Payment Date, the Trustee shall give notice to XLCA and to its designated agent (if any) (the "Insurer's Fiscal Agent"), by telephone or telecopy, of the amount of such deficiency by 10:00 a.m., New York City time, on such Business Day. If, on the Business Day prior to the related Payment Date, there is not on deposit with the Trustee moneys sufficient to pay the principal of, and interest on, the Series 2002-C Warrants due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to XLCA and the Insurer's Fiscal Agent (if any) by telephone of the amount of any deficiency in the amount available to pay principal and interest, and the allocation of such deficiency between the amount required to pay interest on the Series 2002-C Warrants and the amount required to pay principal of the Series 2002-C Warrants, confirming in writing to the related Insurer and the Insurer's Fiscal Agent by 10:00 a.m., New York City time, on such Business Day, by delivering the Notice of Nonpayment and Certificate.

For the purposes of the preceding paragraph, "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from the Trustee to XLCA, which notice shall specify (a) the name of the entity making the claim, (b) the policy number, (c) the claimed amount and (d) the date such claimed amount will become Due for Payment. "Nonpayment" means the failure of the County to have provided sufficient funds to the Trustee for payment in full of all principal of, and interest on, the Series 2002-C Warrants that are Due for Payment. "Due for Payment," when referring to the principal of Series 2002-C Warrants, means when the stated maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity, unless XLCA shall elect, in its sole discretion, to pay such principal due upon such acceleration; and, when referring to interest on Series 2002-C Warrants, means when the stated date for payment of interest has been reached. "Certificate"

means a certificate in form and substance satisfactory to XLCA as to the Trustee's right to receive payment under Insurance Policy.

The Trustee shall designate any portion of payment of principal of Series 2002-C Warrants paid by XLCA at maturity on its books as a reduction in the principal amount of Series 2002-C Warrants registered to the then current Warrantholder, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2002-C Warrant to XLCA, registered in the name of XLCA, in a principal amount equal to the amount of principal so paid (without regard to Authorized Denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Series 2002-C Warrant shall have no effect on the amount of principal or interest payable by the County on any Series 2002-C Warrant or the subrogation rights of XLCA.

The Trustee shall keep a complete and accurate record of all funds deposited by XLCA into the Policy Payments Account (as hereinafter defined) and the allocation of such funds to payment of interest on and principal paid with respect to any Series 2002-C Warrant. XLCA shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of holders of Series 2002-C Warrant referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under Insurance Policy in trust on behalf of holders of Series 2002-C Warrants and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to holders of Series 2002-C Warrants in the same manner as principal and interest payments are to be made with respect to the Series 2002-C Warrants under the sections hereof regarding payment of Series 2002-C Warrants. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee.

Any funds remaining in the Policy Payments Account following a Series 2002-C Warrant payment date shall promptly be remitted to XLCA.

Section 9.2 Miscellaneous Special Provisions Respecting XLCA. (a) XLCA shall receive immediate notice of any default in payment of principal of or interest on the Series 2002-C Warrants and notice of any other Event of Default known to the Trustee within 30 days of the Trustee's knowledge thereof.

(b) For all purposes of Article XIII of the Original Indenture, except the giving of notice of default to Holders of Series 2002-C Warrants, XLCA shall be deemed to be the sole holder of the

Series 2002-C Warrants it has insured for so long as it has not failed to comply with its payment obligations under the Policy.

(c) XLCA shall be treated as a party in interest and as a party entitled to (i) notify the Trustee of the occurrence of an Event of Default and (ii) request the Trustee to intervene in judicial proceedings that affect the Series 2002-C Warrants or the security therefor.

(d) Any amendment or supplement to the Indenture shall be subject to the prior written consent of XLCA. XLCA shall be deemed to be the holder of all outstanding Series 2002-C Warrants for the purpose of consenting to any proposed amendment or supplement to the Indenture (except for any such amendment or supplement that, under the provisions of the Indenture, requires the consent of the Holder of each outstanding Series 2002-C Warrant).

(e) Any notices to XLCA pursuant to the Indenture shall be sent to the following address (unless and until a different address is specified in writing to the County and the Trustee):

XL Capital Assurance, Inc.
250 Park Avenue, 19th Floor
New York, New York 10177
Attention: Surveillance

ARTICLE X

MISCELLANEOUS

Section 10.1 Confirmation of Indenture. All the terms, covenants and conditions of the Indenture are hereby in all things confirmed, and they shall remain in full force and effect. Further, the County does hereby confirm the pledge made in the Indenture with respect to the revenues derived from all properties now or hereafter constituting a part of the System, including specifically, without limiting the generality of the foregoing, all properties acquired as a part of the System since the execution and delivery of the Original Indenture.

Section 10.2 Debt Service Fund Deposits Referable to Series 2002-C Warrants. In order to provide funds for the payment of the principal of and the interest on the Series 2002-C Warrants, there shall be transferred or paid into the Debt Service Fund, out of moneys held in the Revenue Account, the following amounts at the following times:

(1) on or before each Interest Payment Date with respect to the Series 2002-C Warrants, an amount equal to the interest becoming due with respect to the then outstanding Series 2002-C Warrants on such Interest Payment Date; and

(2) on or before February 1, 2007, and on or before each February 1 thereafter until and including February 1, 2040, an amount equal to the principal amount of Series 2002-C Warrants maturing or subject to mandatory redemption on each such date.

The Debt Service Fund deposits required by this Section 10.2 shall be in addition to the deposits respecting the Outstanding Parity Securities required by the Original Indenture and by the First, Second, Third, Fourth, Fifth and Sixth Supplemental Indentures.

Section 10.3 Book-Entry Procedures Applicable to Series 2002-C Warrants. (a) Except as provided in Section 10.3(c) hereof, the registered owner of all of the Series 2002-C Warrants shall be The Depository Trust Company ("DTC") and the Series 2002-C Warrants shall be registered in the name of Cede & Co., as nominee of DTC. Payment of interest for any Series 2002-C Warrant registered as of a Record Date in the name of Cede & Co. shall be made by wire transfer to the account of Cede & Co. on the Interest Payment Date at the address indicated on the Record Date for Cede & Co. in the registry books of the County kept by the Trustee.

(b) The Series 2002-C Warrants shall be initially issued in the form of a single authenticated fully registered warrant for each separate subseries, each with a stated maturity of February 1, 2040. Upon initial issuance, the ownership of such Series 2002-C Warrant shall be registered in the registry book of the County kept by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee and the County may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2002-C Warrants registered in its name for the purposes of payment of the principal or redemption price of or interest on such Series 2002-C Warrants, selecting such Series 2002-C Warrants or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders of Series 2002-C Warrants under the Indenture, registering the transfer of Series 2002-C Warrants, obtaining any consent or other action to be taken by Holders of Series 2002-C Warrants and for all other purposes whatsoever; and neither the Trustee nor the County shall be affected by any notice to the contrary. Neither the Trustee nor the County shall have any responsibility or obligation to any DTC participant, any Person claiming a beneficial ownership interest in the Series 2002-C Warrants under or through DTC or any DTC participant, or any other Person which is not shown on the registration books of the County kept by the Trustee as being a Holder of Series 2002-C Warrants. The County and the Trustee shall have no responsibility with respect to the accuracy of any records maintained by DTC, Cede & Co. or any DTC participant with respect to any ownership interest in the Series 2002-C Warrants; the payment by DTC or any DTC participant to any beneficial owner of any amount in respect of the principal or redemption price of or interest on the Series 2002-C Warrants; the delivery to any DTC participant or any beneficial owner of any notice which is permitted or required to be given to Holders of the Series 2002-C Warrants under the Indenture; the selection by DTC or any DTC participant of any Person to receive payment in the event of a partial redemption of the Series 2002-C Warrants; or the authority for any consent given or other action taken by DTC as the Holder of Series 2002-C Warrants. The Trustee shall pay all principal of and premium, if any, and interest on the Series 2002-C Warrants only to Cede & Co., as nominee of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the County's

obligations with respect to the principal of and premium, if any, and interest on such Series 2002-C Warrants to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co. and direction to effect such change on the registry books maintained by the Trustee, the term "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(c) In the event the County determines that it is in the best interest of the beneficial owners of the Series 2002-C Warrants that they be able to obtain warrant certificates, the County may notify DTC and the Trustee of the availability through DTC of warrant certificates. In such event, the Trustee shall issue, transfer and exchange warrant certificates as requested by DTC and any other Holders of Series 2002-C Warrants in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 2002-C Warrants at any time by giving notice to the County and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the County and Trustee shall be obligated to deliver warrant certificates as described in the Indenture. In the event warrant certificates are issued to Holders of the Series 2002-C Warrants other than DTC, the provisions of Article V of the Original Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the County and the Trustee to do so, the County and the Trustee will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2002-C Warrants to any DTC participant having Series 2002-C Warrants credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2002-C Warrants.

(d) Notwithstanding any other provision of the Indenture to the contrary, so long as any Series 2002-C Warrant is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such Series 2002-C Warrant and all notices with respect to such Series 2002-C Warrant shall be made and given to DTC as provided in the Representation Letter to be signed by the County and the Trustee on or prior to the date of issuance and delivery of the Series 2002-C Warrants and accepted by DTC. Without limitation of the foregoing, so long as any Series 2002-C Warrant is registered in the name of Cede & Co., as nominee of DTC, the Trustee shall send a copy of any notice of redemption by overnight delivery not less than thirty (30) days before the redemption date to DTC, but such mailing shall not be a condition precedent to such redemption and failure to so mail any such notice (or failure of DTC to advise any DTC participant, or any DTC participant to notify the beneficial owner, of any such notice or its content or effect) shall not affect the validity of the proceedings for the redemption of the Series 2002-C Warrants.

(e) In connection with any notice or other communication to be provided to Holders of the Series 2002-C Warrants pursuant to the Indenture by the County or the Trustee with respect to any consent or other action to be taken by Holders of the Series 2002-C Warrants, so long as any Series 2002-C Warrant is registered in the name of Cede & Co., as nominee of DTC, the County or the Trustee, as the case may be, shall establish a record date for such consent or other action and give

DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

(f) In the event of any inconsistency between the provisions of this Section 10.3 and any other provision of the Indenture or the forms of Series 2002-C Warrants, the provisions of this Section 10.3 shall govern so long as warrant certificates have not been issued to the Holders of the Series 2002-C Warrants other than DTC in accordance with Section 10.3(c) hereof.

Section 10.4 Tax Covenants. The County recognizes that the Holders of the Series 2002-C Warrants from time to time will have accepted them on, and paid therefor a price which reflects, the understanding that interest on the Series 2002-C Warrants is excluded from gross income for federal income tax purposes under the laws in force at the time the Series 2002-C Warrants shall have been delivered. In this connection the County covenants (i) that it will not take any action or omit to take any action if the taking of such action or the failure to take such action, as the case may be, will result in the interest on any of the Series 2002-C Warrants becoming includable in gross income for purposes of federal income taxation, (ii) that it will use the "proceeds" of the Series 2002-C Warrants and any other funds of the County in such a manner that the use thereof, as reasonably expected by the County at the time of issuance of the Series 2002-C Warrants, will not cause the Series 2002-C Warrants to be "arbitrage bonds" under Section 103(b)(2) and Section 148 of the Code and the regulations thereunder and (iii) that it will satisfy the requirements of Section 148(f) of the Code and the applicable regulations thereunder. The County further covenants and agrees that it will not permit at any time any "proceeds" of the Series 2002-C Warrants or any other funds of the County to be used, directly or indirectly, in a manner which would result in any Series 2002-C Warrant being classified as a "private activity bond" within the meaning of Section 141(a) of the Code. The officers and employees of the County shall execute and deliver from time to time, on behalf of the County, such certificates, instruments and documents as shall be deemed necessary or advisable to evidence compliance by the County with said Section 103(b)(2) and Section 148 and the regulations thereunder with respect to the use of the proceeds of the Series 2002-C Warrants. Such certificates, instruments and documents may contain such stipulations as shall be necessary or advisable in connection with the stated purpose of this section and the foregoing provisions hereof, and the County hereby covenants and agrees to comply with the provisions of any such stipulations throughout the term of the Series 2002-C Warrants.

Section 10.5 Remarketing Agents. UBS PaineWebber, Inc. is hereby appointed as the initial Remarketing Agent for the Series 2002 C-2 Warrants, Series 2002 C-3 Warrants and Series 2002 C-4 Warrants. Morgan Keegan & Company, Inc. is hereby appointed as the initial Remarketing Agent for the Series 2002 C-5 Warrants, Series 2002 C-6 Warrants and Series 2002 C-7 Warrants. Such initial Remarketing Agents shall serve as such under the terms and provisions hereof and of the respective Remarketing Agreements for the Series 2002-C Warrants. The County may appoint additional Remarketing Agents and successors to any thereof to serve as such under the provisions hereof and of a Remarketing Agreement. The Remarketing Agent for the Series 2002-C Warrants or any subseries of Series 2002-C Warrants, including any successor appointed pursuant thereto, shall be a member of the National Association of Securities Dealers, Inc., having a capitalization of at least

\$25,000,000 and shall be authorized by law to perform all the duties imposed upon it by this Sixth Supplemental Indenture and the applicable Remarketing Agreement. Any additional or successor Remarketing Agent shall be appointed by the County. Any such additional or successor Remarketing Agent shall execute an instrument wherein it agrees to be bound by the provisions of the applicable Remarketing Agreement. Each Remarketing Agent shall be qualified as provided in the third sentence of this paragraph, and shall be rated at least Baa3 and/or P-3 or an equivalent rating by Moody's or otherwise be acceptable to Moody's.

Any Remarketing Agent for the Series 2002-C Warrants or any subseries of Series 2002-C Warrants may be removed (i) at any time by the Trustee acting at the direction of the owners of at least 66-2/3% of the aggregate principal amount of the Series 2002-C Warrants outstanding at the time or (ii) upon 30 days' notice, by an instrument signed by the County and filed with such Remarketing Agent, the Trustee, the Tender Agent and the issuer of any Support Facility; provided that, if there shall not be more than one Remarketing Agent serving as such for the Series 2002-C Warrants or any subseries of Series 2002-C Warrants, no such removal referred to in clause (i) or (ii) shall take effect until the appointment of a successor Remarketing Agent for the Series 2002-C Warrants or subseries of Series 2002-C Warrants. The Remarketing Agent for the Series 2002-C Warrants or any subseries of Series 2002-C Warrants may resign upon 30 days' written notice delivered to the County, the Trustee, the Tender Agent and the issuer of any Support Facility; provided that if there is only one Remarketing Agent, the resignation of the Remarketing Agent shall not be effective until a successor Remarketing Agent has been appointed and accepted such appointment.

If there shall be more than one Remarketing Agent serving as such, the County may designate one such Remarketing Agent as "Remarketing Representative" to act on behalf of all Remarketing Agents for the Series 2002-C Warrants or any subseries of Series 2002-C Warrants, and each other Remarketing Agent shall agree in writing to accept the determinations of such Remarketing Representative.

Section 10.6 Concerning the Tender Agent. (a) The County has appointed the Trustee to serve as the initial Tender Agent. The Trustee shall signify its acceptance of such appointment and its assumption of the duties and obligations imposed on it as Tender Agent by its execution and delivery of this Sixth Supplemental Indenture.

(b) Any successor Tender Agent shall signify its acceptance of such appointment and its assumption of the duties and obligations imposed upon it by the Indenture by execution and delivery of an agreement satisfactory to the Trustee, the County and the Bank.

(c) The Tender Agent may resign at any time by giving 30 days' notice to the County, the Trustee and the Bank, provided, however, that no such resignation shall become effective until a successor Tender Agent has been appointed and has accepted its duties and obligations hereunder.

(d) The County may, with the consent of the Trustee (if the existing Tender Agent is other than the Trustee) and the Bank, remove the Tender Agent by giving 30 days' notice to the Tender Agent; provided, however, that no such removal shall be effective until a successor Tender Agent has been appointed and has accepted its duties and obligations hereunder.

(e) If the Tender Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Tender Agent for any cause, the County shall, with the consent of the Trustee and the Bank, appoint a successor Tender Agent.

(f) Any successor Tender Agent shall (i) be a commercial bank with trust powers or a trust company, (ii) have a combined capital and surplus of at least \$50,000,000, and (iii) be subject to supervision and examination by federal or state authority.

(g) Compensation of the Tender Agent shall be paid directly by the County.

(h) The provisions of the Indenture shall be applicable to any Tender Agent.

Section 10.7 Appointment of Auction Agent; Qualifications of Auction Agent, Resignation; Removal. The Bank of New York is hereby appointed Auction Agent for the Series 2002-C Warrants. The Auction Agent shall evidence its acceptance of such appointment by entering into the Auction Agency Agreement with the County. The Auction Agent shall be (a) a bank or trust company duly organized under the laws of the United States of America or any state or territory thereof having its principal place of business in the Borough of Manhattan, in the City of New York and having a combined capital stock, surplus and undivided profits of at least \$25,000,000 or (b) a member of the National Association of Securities Dealers, Inc., having a capitalization of at least \$25,000,000 and, in either case, authorized by law to perform all the duties imposed upon it under the Auction Agency Agreement. The Auction Agent may at any time resign and be discharged of the duties and obligations created by this Sixth Supplemental Indenture by giving at least 90 days notice to the Trustee, the County and the Remarketing Agent. During the Auction Rate Period, the Auction Agent may be removed at any time by the County by an instrument signed by the County and filed with the Auction Agent, the Remarketing Agent and the Trustee upon at least 90 days notice; provided that, if required by the Remarketing Agent, an agreement in substantially the form of the Auction Agency Agreement shall be entered into with a successor Auction Agent.

Section 10.8 Several Capacities. Anything in this Sixth Supplemental Indenture to the contrary notwithstanding, the same entity may serve as Trustee, Support Facility Issuer, Tender Agent, Auction Agent and Remarketing Agent hereunder, and in any other combination of such capacities, to the extent permitted by law.

Section 10.9 Concerning Defeasance of Series 2002-C Warrants. For all purposes of the Indenture (including Section 16.1 of the Original Indenture), Series 2002-C Warrants bearing interest at a Commercial Paper Rate, a Daily Rate Mode or a Weekly Rate will be considered as fully paid only if the cash or Permitted Defeasance Obligations (or the combination thereof) held by the

Trustee for the payment thereof will be sufficient to provide for the full payment of the principal of such Series 2002-C Warrants and interest thereon at the maximum rate applicable thereto until the earlier of the maturity date for such Series 2002-C Warrants or any date on which said Series 2002-C Warrants have been called for redemption or tender in accordance with their terms.

Section 10.10 Concerning Successors to Trustee. In addition to any other requirements contained in the Indenture, any successor Trustee appointed pursuant to Section 14.8 of the Original Indenture shall (i) be a commercial bank with trust powers or a trust company, (ii) have a combined capital and surplus of at least \$50,000,000, and (iii) be subject to supervision and examination by federal or state authority.

Section 10.11 Notices to Rating Agencies. The Trustee shall promptly furnish to each Rating Agency that maintains a rating with respect to the Series 2002-C Warrants notice of (i) receipt of any notice from the County proposing delivery of an Alternate Liquidity Facility, (ii) any change of the Trustee, the Remarketing Agent or the Tender Agent, (iii) any change or amendment of the Indenture, (iv) the expiration, termination, extension or renewal of the term of the Liquidity Facility, (v) the redemption by the County of any Series 2002-C Warrants prior to maturity, (vi) any event resulting in a mandatory tender of the Series 2002-C Warrants, (vii) any acceleration of the maturity of the Series 2002-C Warrants, or (viii) receipt of notice of the County's intent to establish a trust for the payment of the Series 2002-C Warrants in accordance with the defeasance provisions of the Original Indenture. The Rating Agencies maintaining ratings on the Series 2002-C Warrants on the date of initial delivery of the Series 2002-C Warrants and the addresses for notices to such Rating Agencies are as follows:

Moody's Investors Service
99 Church Street
New York, New York 10007

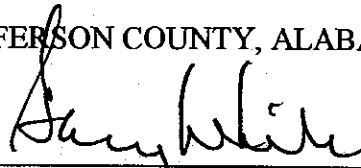
Standard & Poor's Ratings Services
55 Water Street
New York, New York 10041-0003
Attention: Municipal Structured Surveillance

Section 10.12 Article and Section Captions. The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

IN WITNESS WHEREOF, the County has caused this Sixth Supplemental Indenture to be executed in its name and behalf by the President of the Governing Body, has caused its official seal to be hereunto affixed and has caused this Sixth Supplemental Indenture to be attested by the Minute Clerk of the Governing Body, and the Trustee has caused this Sixth Supplemental Indenture to be executed in its corporate name and behalf, has caused its corporate seal to be hereunto affixed and has caused this Sixth Supplemental Indenture to be attested, by its duly authorized officers, all in eight(8) counterparts, each of which shall be deemed an original, and the County and the Trustee have caused this Sixth Supplemental Indenture to be dated as of October 1, 2002, although actually executed and delivered on October 25, 2002.

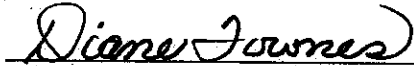
JEFFERSON COUNTY, ALABAMA

By



President of the County Commission

ATTEST:



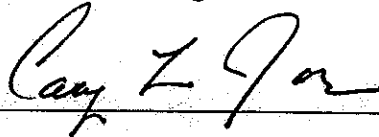
Minute Clerk of the
County Commission

[SEAL]

THE BANK OF NEW YORK, as Successor Trustee
under the Trust Indenture of Jefferson County,
Alabama, dated as of February 1, 1997

By: The Bank of New York Trust Company
of Florida, N.A., its Agent

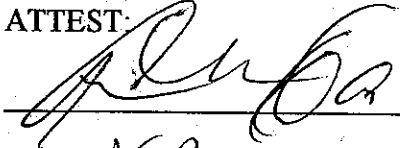
By



Its

VP

ATTEST:



Its

VP

[SEAL]

STATE OF ALABAMA)
:
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that GARY WHITE, whose name as President of the County Commission of JEFFERSON COUNTY, ALABAMA, a political subdivision 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 county.

GIVEN under my hand and official seal of office, this 24th day of October, 2002.

[NOTARIAL SEAL]

Maura McDermott
Notary Public

My Commission Expires: 7-24-04

STATE OF ALABAMA)
:
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that CARY L JONES, whose name as VP of THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A., a national banking association acting as agent for THE BANK OF NEW YORK, a New York banking corporation acting in its capacity as Trustee under the Trust Indenture of Jefferson County, Alabama, dated as of February 1, 1997, 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 banking association in its capacity as Trustee as aforesaid.

GIVEN under my hand and official seal of office, this 24th day of October, 2002.

[NOTARIAL SEAL]

Maura McDermott
Notary Public

My Commission Expires: 7-24-04

APPENDIX I

FORM OF SERIES 2002-C WARRANTS
OTHER THAN SERIES 2002-C WARRANTS
IN AUCTION RATE MODE

No. _____

UNITED STATES OF AMERICA

STATE OF ALABAMA

JEFFERSON COUNTY

SEWER REVENUE REFUNDING WARRANT

SERIES 2002-C

SUBSERIES DESIGNATION
[insert if applicable]

MATURITY DATE	DATE OF INITIAL DELIVERY	INTEREST RATE
February 1, 2040		*
BEGINNING OF RATE PERIOD	END OF RATE PERIOD	CUSIP
		472682 _____

JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama (the "County"), for value received, hereby acknowledges itself indebted to and orders and directs the County Treasurer of the County to pay to

or registered assigns, upon presentation and surrender hereof, solely out of the revenues hereinafter referred to, the principal sum of

DOLLARS

*The Trustee is to insert one of the following, as appropriate: "Daily Rate", "Weekly Rate", "Commercial Paper Rate – ___%", "Term Rate – ___%" or "Fixed Rate – ___%".

on the Maturity Date specified above and to pay interest hereon from the date of initial delivery of this warrant, or the most recent date to which interest has been paid or duly provided for, until the principal hereof shall become due and payable at the Daily Rate, the Weekly Rate, the Commercial Paper Rate, the Term Rate, the Fixed Rate or the Auction Rate, as hereinafter provided. Series 2002-C Warrants bearing interest at an Auction Rate shall be evidenced by a different warrant form containing certain terms and provisions specifically applicable to such warrants (which special terms and provisions are not contained herein).

Interest at the Daily Rate or the Weekly Rate shall be computed on the basis of a 365 or 366-day year, as the case may be, for the actual number of days elapsed. Interest at the Commercial Paper Rate shall be computed on the basis of a 365-day year for the actual number of days elapsed. Interest at the Term Rate or the Fixed Rate shall be computed on the basis of a 360-day year with 12 months of 30 days each.

Interest shall be payable (but solely out of the revenues hereinafter described) on overdue principal on this warrant and (to the extent legally enforceable) on any overdue installment of interest on this warrant at the rate of interest last applicable to this warrant when such overdue principal or interest became delinquent.

Interest on this warrant shall be payable in arrears on the following dates (each such date being herein called an "Interest Payment Date"):

- (1) for each Commercial Paper Rate Period, the Business Day immediately succeeding any Calculation Period, and for any Calculation Period of more than 180 days, also the Business Day immediately following the 180th day of such Calculation Period;
- (2) during an Auction Rate Period (i) for an Auction Period of 91 days or less, the Business Day immediately succeeding such Auction Period and (ii) for an Auction Period of more than 91 days, each 13th Tuesday after the first day of such Auction Period and the Business Day immediately succeeding such Auction Period;
- (3) for each Daily Rate Period, the first Business Day of each month thereof;
- (4) for each Weekly Rate Period, the first Business Day of each month thereof;
- (5) for each Term Rate Period, (i) the first day of the sixth calendar month following the month in which the first day of such Term Rate Period occurred, (ii) each anniversary of the date so determined, (iii) each anniversary of the first day of the first month of such Term Rate Period, and (iv) the Business Day immediately succeeding such Term Rate Period;

(6) for the Fixed Rate Period, the February 1 or August 1 next succeeding the Fixed Rate Conversion Date and each February 1 and August 1 thereafter; but if the February 1 or August 1 next succeeding the Fixed Rate Conversion Date occurs less than 21 days after the Fixed Rate Conversion Date, the first Interest Payment Date shall be the second such date following the Fixed Rate Conversion Date;

(7) the Fixed Rate Conversion Date;

(8) any day on which Series 2002-C Warrants are subject to mandatory tender for purchase pursuant to Section 5.3 or 5.4 of the Sixth Supplemental Indenture or redemption pursuant to Section 5.1 of the Sixth Supplemental Indenture;

(9) the Stated Maturity of the Series 2002-C Warrants; and

(10) with respect to Bank Warrants, the first Business Day of each month and the date on which such Bank Warrants are remarketed and cease to be Bank Warrants.

If any Interest Payment Date is not a Business Day, the interest due on such date shall be payable on the next succeeding Business Day with the same effect as if payment was made on such Interest Payment Date.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture hereinafter referred to, be paid to the person in whose name this warrant is registered at the close of business on the Regular Record Date for such interest, which shall be the Business Day next preceding any Interest Payment Date for Series 2002-C Warrants in the Daily Rate Mode, the Weekly Rate Mode or the Commercial Paper Rate Mode, or the 15th day (whether or not a Business Day) of the month next preceding any Interest Payment Date for Series 2002-C Warrants in the Term Rate Mode or Fixed Rate Mode. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered Holder on such Regular Record Date, and shall be paid to the person in whose name this warrant is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice of such Special Record Date being given to Holders of the Series 2002-C Warrants not less than 10 days prior to such Special Record Date.

Payment of principal, premium (if applicable) and interest on this warrant and payment of the Purchase Price of this warrant due upon optional or mandatory tender shall be made by the applicable method specified in the Indenture. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

This warrant is one of a duly authorized issue or series of warrants authorized to be issued in the aggregate principal amount of \$839,500,000 and designated Sewer Revenue Refunding War-

rants, Series 2002-C (the "Series 2002-C Warrants"). The Series 2002-C Warrants have been issued, on a parity with the Outstanding Parity Securities hereinafter referred to, under a Trust Indenture dated as of February 1, 1997 (the "Original Indenture"), between the County and The Bank of New York, Birmingham, Alabama, as Trustee (herein, in such capacity, together with its successors in trust, called the "Trustee"), as supplemented and amended by a First Supplemental Indenture dated as of March 1, 1997 (the "First Supplemental Indenture"), by a Second Supplemental Indenture dated as of March 1, 1999 (the "Second Supplemental Indenture"), by a Third Supplemental Indenture dated as of March 1, 2001 (the "Third Supplemental Indenture"), by a Fourth Supplemental Indenture dated as of February 1, 2002 (the "Fourth Supplemental Indenture"), by a Fifth Supplemental Indenture dated as of September 1, 2002 (the "Fifth Supplemental Indenture"), and by a Sixth Supplemental Indenture dated as of October 1, 2002 (the "Sixth Supplemental Indenture"). The County has heretofore issued under the Original Indenture, as supplemented and amended by the First, Second, Third, Fourth and Fifth Supplemental Indentures, (i) \$211,040,000 principal amount of its Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997, (ii) \$48,020,000 principal amount of its Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997, (iii) \$52,880,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-C, dated February 15, 1997, (iv) \$296,395,000 principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997, (v) \$952,695,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999, (vi) \$275,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001, (vii) \$110,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-A, dated March 6, 2002, and (viii) \$540,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-B, dated September 1, 2002 (all of which are herein together called the "Outstanding Parity Securities"). As used herein, the term "Indenture" means the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture and the Sixth Supplemental Indenture. Reference is hereby made to the Indenture for a more complete description of the rights of the owners of the Series 2002-C Warrants and of the Trustee and of the County with respect to the County's sanitary sewer system (herein called the "System") and the revenues therefrom, the terms and conditions upon which the Series 2002-C Warrants are issued, and the terms and conditions upon which any Additional Parity Securities may be issued under the Indenture. Each owner of this warrant, by the acceptance hereof, shall be deemed to assent to the provisions of the Indenture.

The County, the Trustee, JPMorgan Chase Bank, as Liquidity Agent, and _____ (the "Bank") have entered into a Standby Warrant Purchase Agreement dated as of October 1, 2002, whereby, subject to the conditions specified therein, the Bank has agreed to purchase any Series 2002-C Warrant of the subseries of which this warrant is a part that is not remarketed after a tender of such warrant for purchase pursuant to the optional or mandatory tender provisions of the Sixth Supplemental Indenture. Series 2002-C Warrants purchased by the Bank (referred to in the Sixth Supplemental Indenture as "Bank Warrants") bear interest at a separate interest rate applicable only to Bank Warrants, as provided in said Standby Purchase Agreement. **Upon the occurrence of certain events described in said Standby Purchase Agreement, the**

Bank's obligation to purchase Series 2002-C Warrants under said Standby Purchase Agreement will be terminated or suspended. The Sixth Supplemental Indenture provides for delivery of an Alternate Liquidity Facility on the terms and conditions contained in the Indenture. The initial Standby Warrant Purchase Agreement and any Alternate Liquidity Facility delivered to the Trustee pursuant to the Indenture are herein referred to as the "Liquidity Facility".

Copies of the Indenture and the initial Standby Purchase Agreement are on file at the Office of the Trustee, and reference is hereby made to such instruments for a description of the revenues pledged and assigned, the nature and extent of the security, the respective rights thereunder of the Holders of the Series 2002-C Warrants, the Trustee, the County and the Bank, and the terms upon which the Series 2002-C Warrants are, and are to be, authenticated and delivered.

_____ has been appointed pursuant to the Indenture as the initial Remarketing Agent for the subseries of the Series 2002-C Warrants of which this warrant is a part. The Indenture permits the County, with the consent of the Bank, to remove such Remarketing Agent and appoint a successor, subject to certain terms and conditions specified in the Indenture. The Indenture also permits the Remarketing Agent to resign without prior notice to Warrantholders.

The Trustee will serve as the initial Tender Agent under the Indenture until a successor is appointed in accordance with the terms of the Indenture.

Interest Rates

Each Series 2002-C Warrant will bear interest to but not including the Fixed Rate Conversion Date at one of the following interest rates (each, an "Adjustable Rate"): a Commercial Paper Rate, an Auction Rate, a Daily Rate, a Weekly Rate or a Term Rate. Each Adjustable Rate (other than an Auction Rate) for each Calculation Period applicable to such Adjustable Rate shall be equal to the lesser of (i) 10% per annum (12% per annum in the case of the Term Rate) and (ii) the rate of interest per annum established and certified to the Trustee by the Remarketing Agent no later than 9:30 a.m. (New York City time) on and as of the first day of such Calculation Period as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such first day to remarket the Series 2002-C Warrants in a secondary market transaction at a price equal to the principal amount thereof plus accrued interest thereon, if any, except as otherwise provided in the Indenture. Anything in the Indenture to the contrary notwithstanding, in no event shall the interest rate borne by any Series 2002-C Warrant exceed the maximum rate allowable by applicable law. The term "Business Day" means any day other than a Saturday, Sunday or other day on which the New York Stock Exchange or banks are authorized or obligated by law or executive order to close in New York, New York, or any city in which is located the principal corporate trust office of the Trustee or the office of a Liquidity Provider at which demands for a payment under the Liquidity Facility will be made.

Commercial Paper Rate Periods

During any Commercial Paper Rate Period, at or prior to 9:30 a.m. (New York City time) on the Determination Date for each Calculation Period, the Remarketing Agent shall determine the Calculation Period and related Commercial Paper Rate. In determining each such Calculation Period, the Remarketing Agent shall take into account factors set forth in the Indenture. The Remarketing Agent shall select the Calculation Period and the applicable Commercial Paper Rate that, together with all other Calculation Periods and related Commercial Paper Rates, in the sole judgment of the Remarketing Agent, will result in the lowest overall borrowing cost on the Series 2002-C Warrants being remarketed or are otherwise in the best financial interests of the County, as determined in consultation with the County. Any Calculation Period established under the Sixth Supplemental Indenture may not extend beyond the Fixed Rate Conversion Date, the expiration date of the then effective Liquidity Facility or the day prior to the maturity date of the Series 2002-C Warrants. The County may place limitations upon the establishment of such Calculation Periods in accordance with the Sixth Supplemental Indenture.

Calculation Periods

As used in connection with the Series 2002-C Warrants, the term "Calculation Period" means (a) upon a Change in the Interest Rate Mode to the Commercial Paper Rate Mode, any period or periods during a Commercial Paper Rate Period, from and including a Business Day to and including any day not more than 270 days thereafter which is a day immediately preceding a Business Day established by the Remarketing Agent pursuant to the Indenture; (b) during any Daily Rate Period, the period from and including a Business Day to but not including the next succeeding Business Day; (c) during any Weekly Rate Period, the period from and including the effective date of the Change in the Interest Rate Mode to and including the following Wednesday (but not less than two days) and, thereafter, the period from and including the Thursday of each week to and including the following Wednesday; provided, however, that, if such Thursday is not a Business Day, the next succeeding Calculation Period shall begin on the Business Day next succeeding such Thursday and shall end on the day before the next succeeding Calculation Period; and (d) during any Term Rate Period, any period of not less than 270 days from and including a Business Day to and including any day (established by the County pursuant to the Indenture) not later than the day prior to the maturity date of the Series 2002-C Warrants.

Conversion of Interest Rate Modes

Prior to the Fixed Rate Conversion Date, all or any portion of Series 2002-C Warrants shall cease to bear interest at the Adjustable Rate then borne by such warrants and shall bear interest at such different Adjustable Rate as shall be specified by the County, or, if so specified by the County, the interest rate applicable to all Series 2002-C Warrants may be converted to a Fixed Rate specified in accordance with the terms and subject to the conditions set forth in the Sixth Supplemental Indenture.

If any condition to the establishment of a different Adjustable Rate or Rates is not met on any date, then the mandatory tender that is scheduled to occur in connection with such conversion shall not take place, and this Series 2002-C Warrant shall continue to bear interest at the Adjustable Rate then borne by this Series 2002-C Warrant and be subject to all provisions of the Indenture applicable thereto while this Series 2002-C Warrant bears interest at such Adjustable Rate.

Fixed Rate

On a Fixed Rate Conversion Date, the affected Series 2002-C Warrants shall cease to bear interest at the Adjustable Rate then borne by such Series 2002-C Warrants and shall bear interest at the Fixed Rate until maturity, upon the election by the County, to exercise its Option to Convert (as defined in the Sixth Supplemental Indenture). The Fixed Rate means the rate of interest per annum established and certified to the Trustee by the Remarketing Agent no later than 12:00 noon (New York City time) on and as of the Fixed Rate Conversion Date as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such date to remarket the affected Series 2002-C Warrants in a secondary market transaction at a price equal to the principal amount thereof, not to exceed 12% per annum. The Fixed Rate shall be established in accordance with the terms and subject to the conditions set forth in the Sixth Supplemental Indenture. Anything in the Indenture to the contrary notwithstanding, in no event shall the interest rate borne by any Series 2002-C Warrant exceed the maximum rate allowable by applicable law.

If any condition to the establishment of the Fixed Rate is not met on the proposed Fixed Rate Conversion Date, the mandatory tender that is scheduled to occur in connection with such conversion shall not take place, and this Series 2002-C Warrant shall continue to bear interest at the Adjustable Rate then borne by this warrant and be subject to the provisions of the Indenture applicable while this Series 2002-C Warrant bears interest at such Adjustable Rate.

If Series 2002-C Warrants begin to bear interest at the Fixed Rate as provided above, the interest rate on such Series 2002-C Warrants may not thereafter be changed to an Adjustable Rate.

Optional Tender

During any Daily Rate Period or Weekly Rate Period, any Series 2002-C Warrant or portion thereof in a principal amount equal to an authorized denomination (so long as the principal amount not purchased is an authorized denomination) shall be purchased upon the demand of the registered owner thereof, on any Business Day at a price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase, upon delivery to the Tender Agent and the Remarketing Agent at their respective principal offices, by the close of business on any Business Day of a Notice of Election to Tender (the substance of which notice must also be given telephonically to the Remarketing Agent prior to or simultaneously with the delivery of such written notice). The date on which such Series 2002-C Warrant shall be purchased shall, at the request of the registered owner, (i) if the Series 2002-C Warrant then bears interest at a Daily Rate, be the date of delivery of such notice if such notice is delivered to the Tender Agent and the Remarketing Agent by 11:00 a.m. (New

York City time) on such date or may be any Business Day thereafter, and (ii) if the Series 2002-C Warrant then bears interest at a Weekly Rate, shall be a Business Day not prior to the 7th day next succeeding the date of the delivery of such notice to the Tender Agent and the Remarketing Agent.

Mandatory Tenders

Change in the Interest Rate Mode. Upon a Change in the Interest Rate Mode (including, without limitation, a change to the Fixed Rate on the Fixed Rate Conversion Date), the Series 2002-C Warrants shall be subject to mandatory tender for purchase in accordance with the Sixth Supplemental Indenture on the effective date of such Change in the Interest Rate Mode, at a price equal to the principal amount thereof.

Business Day Following Calculation Periods. Series 2002-C Warrants bearing a Commercial Paper Rate or a Term Rate shall be subject to mandatory tender for purchase in accordance with the Sixth Supplemental Indenture on the Business Day immediately following each Calculation Period at a price equal to the principal amount thereof.

Expiration, Termination, Substitution or Amendment of any Liquidity Facility. Except as otherwise set forth in the last sentence of this paragraph, the Series 2002-C Warrants shall be subject to mandatory tender for purchase at a price equal to the principal amount thereof, (i) on the second Business Day immediately preceding the substitution of an Alternate Liquidity Facility for an existing Liquidity Facility or the effective date of a Liquidity Facility Amendment which results in a reduction or withdrawal of the short-term or long-term rating assigned to the Series 2002-C Warrants, as further described in Section 6.2(b) of the Sixth Supplemental Indenture, (ii) on the first anniversary of the Liquidity Provider's initial failure to maintain its rating (unless sooner restored) as specified in Section 6.2(c) of the Sixth Supplemental Indenture, and (iii) on the second Business Day immediately preceding the date of expiration or termination of any Liquidity Facility (other than a termination that results from an event that permits termination of such Liquidity Facility without notice), unless on or prior to the 45th day prior to such date of expiration or termination or the effective date of such Liquidity Facility Amendment or such first anniversary of the initial failure of the Liquidity Provider to maintain its short-term ratings the County has furnished to the Trustee (a) an agreement by the Liquidity Provider to extend such Liquidity Facility in the case of an expiration or (b) an Alternate Liquidity Facility in replacement of the expiring or terminating Liquidity Facility or the Liquidity Facility whose Liquidity Provider has so failed to maintain its short-term ratings, together with confirmation of ratings of the Series 2002-C Warrants in accordance with the Sixth Supplemental Indenture. No tender for purchase of any Series 2002-C Warrant as a result of the expiration, termination, substitution or amendment of the Liquidity Facility shall be required pursuant to the Sixth Supplemental Indenture if the Fixed Rate Conversion Date shall have occurred with respect to such Series 2002-C Warrants on a date prior to such date of expiration, termination or substitution, or the effective date of a Liquidity Facility Amendment.

General Tender Provisions

If interest has been paid on the Series 2002-C Warrants, or an amount sufficient to pay interest thereon has been deposited in the Debt Service Fund, or an amount sufficient to pay accrued interest thereon, if any, has been set aside in the Warrant Purchase Fund and the purchase price equal to the principal of, and premium, if any, on the Series 2002-C Warrants shall be available in the Warrant Purchase Fund for payment of Series 2002-C Warrants subject to tender for purchase pursuant to the Sixth Supplemental Indenture, and if a registered owner fails to deliver or does not properly deliver the Series 2002-C Warrants to the Tender Agent for which a Notice of Election to Tender has been properly filed or which are subject to mandatory tender for purchase on the purchase date therefor, such Series 2002-C Warrants shall nevertheless be deemed tendered and purchased on the date established for the purchase thereof, interest on such Series 2002-C Warrants shall cease to be payable to the former registered owners thereof from and after the date of purchase and such former registered owners shall have no rights under the Indenture as the registered owners of such Series 2002-C Warrants, except the right to receive the purchase price of and interest to the purchase date, if any, on such Series 2002-C Warrants upon delivery thereof to the Tender Agent in accordance with the provisions of the Sixth Supplemental Indenture. The payment of Series 2002-C Warrants tendered upon the election of the registered owner shall be subject to delivery of such Series 2002-C Warrants duly endorsed in blank for transfer or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent executed in blank for transfer at the principal office of the Tender Agent at or prior to 11:30 a.m. for Series 2002-C Warrants bearing interest at a Weekly Rate and 12:00 noon for Series 2002-C Warrants bearing interest at a Daily Rate (New York City time), on a specified purchase date. The Tender Agent may refuse to make payment with respect to any Series 2002-C Warrants tendered for purchase pursuant to the Sixth Supplemental Indenture not endorsed in blank or for which an instrument of transfer satisfactory to the Tender Agent has not been provided.

Redemption

In the manner and with the effect provided in the Indenture, the Series 2002-C Warrants will be subject to redemption prior to Maturity as follows:

Optional Redemption. The Series 2002-C Warrants shall be subject to redemption at the option of the County:

(a) For any Commercial Paper Rate Period applicable to Series 2002-C Warrants, such warrants shall be subject to redemption (i) on each Interest Payment Date for such Commercial Paper Rate Period, as a whole or in part, at the principal amount thereof, and (ii) on any Business Day, as a whole or in part, at the principal amount thereof plus accrued interest, if any, to the date fixed for redemption.

(b) For any Daily Rate Period applicable to Series 2002-C Warrants, such warrants shall be subject to redemption on any Business Day, as a whole or in part, at the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

(c) For any Weekly Rate Period applicable to Series 2002-C Warrants, such warrants shall be subject to redemption on any Business Day, as a whole or in part, at the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

(d) For any Term Rate Period and after the Fixed Rate Conversion Date applicable to Series 2002-C Warrants, such warrants shall be subject to redemption in whole at any time on any Business Day or in part on any Interest Payment Date for such Term Rate Period or after the Fixed Rate Conversion Date, after the period shown in the column entitled "No Call Period" shown below (the "No Call Period"), which shall begin on the first day of the Calculation Period applicable to the Series 2002-C Warrants or on the Fixed Rate Conversion Date, as the case may be. The redemption price shall be equal to the principal amount thereof, plus the applicable premium, if any, determined as hereinafter provided, plus accrued interest, if any, to the date fixed for redemption. Such premium shall be equal, initially, to the percentage of the principal amount to be redeemed shown in the Initial Premium column. The premium percentage shall decline by the percentage shown in the Reduction in Premium column on each anniversary of the date on which such Series 2002-C Warrants are first redeemable, if the Calculation Period or period remaining to its Stated Maturity after the Fixed Rate Conversion Date is equal to or greater than five years, and on each Interest Payment Date if the Calculation Period or period remaining to its Stated Maturity after the Fixed Rate Conversion Date is less than five years, until the Series 2002-C Warrants shall be redeemable without premium.

Calculation Period or Period to Maturity

<u>Equal to or Greater Than</u>	<u>But Less Than</u>	<u>No Call Period</u>	<u>Initial Premium</u>	<u>Reduction in Premium</u>
18 Years	N/A	10 Years	2%	1%
12 Years	18 Years	8 Years	1½	¾
7 Years	12 Years	6 Years	1	½
5 Years	7 Years	4 Years	½	½
4 Years	5 Years	3 Years	½	½
3 Years	4 Years	2 Years	½	½
0 Years	3 Years	Not Callable		

The foregoing schedule may be revised without the approval of the Holders of the Series 2002-C Warrants upon the terms and subject to the conditions provided in the Sixth Supplemental Indenture.

Scheduled Mandatory Redemption. The Series 2002-C Warrants shall be redeemed at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on February 1 (or, in the case of Auction Rate Warrants, if any such February 1 is not an Interest Payment Date, then on the first Interest Payment Date subsequent thereto) in years and principal amounts (after credit as provided below) as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2007	\$ 2,700,000	2024	\$ 33,250,000
2008	2,800,000	2025	34,800,000
2009	3,000,000	2026	36,300,000
2010	3,100,000	2027	37,900,000
2011	3,200,000	2028	3,600,000
2012	3,400,000	2029	6,100,000
2013	3,600,000	2030	6,400,000
2014	3,700,000	2031	6,700,000
2015	3,900,000	2032	4,200,000
2016	4,000,000	2033	4,300,000
2017	4,200,000	2034	83,800,000
2018	4,400,000	2035	90,900,000
2019	4,600,000	2036	94,600,000
2020	4,700,000	2037	98,750,000
2021	5,000,000	2038	103,000,000
2022	33,200,000	2039	2,950,000
2023	32,100,000		

\$70,350,000 of the Series 2002-C Warrants
will be retired at Maturity

Not less than 60 days prior to each such scheduled mandatory redemption date, the County may specify the particular subseries from which Series 2002-C Warrants are to be called for such redemption and (if more than one subseries is so specified) the respective principal amounts to be called for redemption from each thereof. In any such case, the particular Series 2002-C Warrants (or portions thereof) within a given subseries to be called for redemption shall be selected by the Trustee by lot. If the County fails to make such a specification with respect to any scheduled mandatory redemption date, not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, as provided in Section 5.6 hereof, Series 2002-C Warrants or portions thereof in an aggregate principal amount equal to the

amount required to be redeemed and shall call such Series 2002-C Warrants or portions thereof for redemption on such scheduled mandatory redemption date. In any event the County may, upon direction delivered to the Trustee not less than 60 days prior to such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of Series 2002-C Warrants scheduled for redemption on such date: (i) the principal amount of Series 2002-C Warrants delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of Series 2002-C Warrants previously redeemed (other than Series 2002-C Warrants redeemed pursuant to this paragraph) and not previously claimed as a credit.

Procedure for Redemption. In the event any of the Series 2002-C Warrants are called for redemption, the Trustee shall give notice of the redemption of such warrants, which notice shall specify the full title, including the subseries, if any, of the Series 2002-C Warrants, the redemption date, the place of redemption and the redemption price payable upon such redemption; that the interest on the Series 2002-C Warrants, or on the principal amount thereof to be redeemed, shall cease to accrue from and after such redemption date; and that on such date there will become due and payable on the Series 2002-C Warrants, the principal amount thereof to be redeemed and the interest accrued on such principal amount to the redemption date, if any, and the premium, if any, thereon. Each notice of redemption mailed to the Holder of a Series 2002-C Warrant to be redeemed shall, if less than the entire principal amount thereof is to be redeemed, also state the principal amount thereof and the distinctive numbers of the Series 2002-C Warrants to be redeemed and that such warrant must be surrendered to the Trustee in exchange for the payment of the principal amount thereof to be redeemed, premium, if any, thereon, and accrued interest, if any, thereon, and the issuance of a new Series 2002-C Warrant equaling in principal amount that portion of the principal amount not to be redeemed of the Series 2002-C Warrant to be surrendered.

Except as otherwise provided in the Sixth Supplemental Indenture, notice of redemption shall be given by mailing a copy of the redemption notice by first-class mail at least 30 days (15 days for Series 2002-C Warrants bearing interest at an Adjustable Rate) prior to the date fixed for redemption to the registered owners of the Series 2002-C Warrants to be redeemed at the addresses shown on the registration books maintained by the Trustee; provided, however, that failure to give notice to any Holder of a Series 2002-C Warrant, or any defects in such notice, shall not affect the proceedings for the redemption of the Series 2002-C Warrants for which notice has been given.

If at any time of mailing of notice of an optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Series 2002-C Warrants called for redemption, such notice may state that it is conditional, that is, subject to the deposit of moneys sufficient for the redemption with the Trustee on or prior the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Under the Indenture, the Outstanding Parity Securities and the Series 2002-C Warrants are equally and ratably secured by a pledge of certain revenues from the System that remain after the payment of the expenses of operating and maintaining the System. Upon compliance with certain conditions specified in the Indenture, the County may issue additional securities (without limitation

as to principal amount) that are secured by the Indenture on a parity with the Outstanding Parity Securities and the Series 2002-C Warrants with respect to the pledge of the aforesaid revenues from the System.

The Indenture permits the amendment of the Series 2002-C Warrants and the Indenture, and waivers of past defaults under such instruments and the consequences of such defaults, in certain circumstances without consent of Warrantholders and in other circumstances with the consent of all Warrantholders or a specified percentage of Warrantholders. Any such consent or waiver by the Holder of this warrant shall be conclusive and binding upon such Holder and upon all future Holders of this warrant and of any warrant issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this warrant.

The Holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

As provided in the Indenture and subject to certain limitations therein set forth, this warrant is transferable on the Warrant Register maintained at the Office of the Trustee, upon surrender of this warrant for transfer at the Office of the Trustee, together with all necessary endorsements for transfer, and thereupon one or more new Series 2002-C Warrants of the same Maturity, subseries and interest rate, of any Authorized Denominations and for a like aggregate principal amount, will be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein set forth, the Series 2002-C Warrants are exchangeable for other Series 2002-C Warrants of the same Maturity, subseries and interest rate, of any Authorized Denominations and of a like aggregate principal amount, as requested by the Holder surrendering the same.

No service charge shall be made for any transfer or exchange hereinbefore referred to, but the County may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The County and the Trustee may treat the person in whose name this warrant is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this warrant is overdue, and neither the County nor the Trustee shall be affected by notice to the contrary.

No covenant or agreement contained in this warrant or the Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of the County, and neither any member of the governing body of the County nor any officer executing this warrant shall be liable personally on this warrant or be subject to any personal liability or accountability by reason of the issuance of this warrant.

Any terms used herein which are defined in the Indenture shall have the respective meanings set forth in the Indenture.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this warrant do exist, have happened and have been performed in due time, form and manner as required by law.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this warrant shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the County has caused this warrant to be duly executed under its official seal.

JEFFERSON COUNTY, ALABAMA

By _____
_____ of the County Commission

ATTEST:

Minute Clerk of the County Commission

[S E A L]

CERTIFICATE OF AUTHENTICATION

This is one of the Series 2002-C Warrants referred to in the within-mentioned Indenture.

Date of authentication: _____, 2002.

THE BANK OF NEW YORK,
as Trustee

By _____
Authorized Officer

ASSIGNMENT

For value received, _____ hereby sell(s), assign(s) and transfer(s) unto _____ this warrant and hereby irrevocably constitute(s) and appoint(s) _____ attorney to transfer this warrant on the books of the within named County at the office of the within named Trustee, with full power of substitution in the premises.

Dated: _____

NOTE: The name signed to this assignment must correspond with the name of the payee written on the face of the within warrant in all respects, without alteration, enlargement or change whatsoever.

Signature Guaranteed:

(Bank or Trust Company)

By _____
(Authorized Officer)

**FORM OF SERIES 2002-C WARRANTS
IN AUCTION RATE MODE**

No. _____

UNITED STATES OF AMERICA

STATE OF ALABAMA

JEFFERSON COUNTY

SEWER REVENUE REFUNDING WARRANT

SERIES 2002-C

SUBSERIES DESIGNATION

[insert if applicable]

MATURITY DATE

February 1, 2040

DATE OF INITIAL DELIVERY

INTEREST RATE

Auction Rate

CUSIP

472682 _____

JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama (the "County"), for value received, hereby acknowledges itself indebted to and orders and directs the County Treasurer of the County to pay to

or registered assigns, upon presentation and surrender hereof, solely out of the revenues hereinafter referred to, the principal sum of

DOLLARS

on the Maturity Date specified above and to pay interest hereon from the date of initial delivery of this warrant, or the most recent date to which interest has been paid or duly provided for, until the principal hereof shall become due and payable at the Auction Rate, as hereinafter provided. Series 2002-C Warrants bearing interest at an interest rate other than the Auction Rate shall be evidenced by a different warrant form containing certain terms and provisions specifically applicable to such warrants (which special terms and provisions are not contained herein).

Interest at the Auction Rate shall be computed on the basis of a 360-day year for the actual number of days elapsed.

Interest shall be payable (but solely out of the revenues hereinafter described) on overdue principal on this warrant and (to the extent legally enforceable) on any overdue installment of interest on this warrant at the rate of interest last applicable to this warrant when such overdue principal or interest became delinquent.

Interest on this warrant shall be payable in arrears on the following dates (each such date being herein called an "Interest Payment Date"): (i) for an Auction Period of 91 days or less, the Business Day immediately succeeding such Auction Period and (ii) for an Auction Period of more than 91 days, each 13th Tuesday after the first day of such Auction Period and the Business Day immediately succeeding such Auction Period.

If any Interest Payment Date is not a Business Day, the interest due on such date shall be payable on the next succeeding Business Day with the same effect as if payment was made on such Interest Payment Date.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture hereinafter referred to, be paid to the person in whose name this warrant is registered at the close of business on the Regular Record Date for such interest, which shall be the Business Day next preceding any Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered Holder on such Regular Record Date, and shall be paid to the person in whose name this warrant is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice of such Special Record Date being given to Holders of the Series 2002-C Warrants not less than 10 days prior to such Special Record Date.

Payment of principal, premium (if applicable) and interest on this warrant and payment of the Purchase Price of this warrant due upon mandatory tender shall be made by the applicable method specified in the Indenture. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

This warrant is one of a duly authorized issue or series of warrants authorized to be issued in the aggregate principal amount of \$839,500,000 and designated Sewer Revenue Refunding Warrants, Series 2002-C (the "Series 2002-C Warrants"). The Series 2002-C Warrants have been issued, on a parity with the Outstanding Parity Securities hereinafter referred to, under a Trust Indenture dated as of February 1, 1997 (the "Original Indenture"), between the County and The Bank of New York, Birmingham, Alabama, as Trustee (herein, in such capacity, together with its successors in trust, called the "Trustee"), as supplemented and amended by a First Supplemental Indenture dated as of March 1, 1997 (the "First Supplemental Indenture"), by a Second Supplemental Indenture dated as of March 1, 1999 (the "Second Supplemental Indenture"), by a Third Supplemental Indenture

dated as of March 1, 2001 (the "Third Supplemental Indenture"), by a Fourth Supplemental Indenture dated as of February 1, 2002 (the "Fourth Supplemental Indenture"), by a Fifth Supplemental Indenture dated as of September 1, 2002 (the "Fifth Supplemental Indenture"), and by a Sixth Supplemental Indenture dated as of October 1, 2002 (the "Sixth Supplemental Indenture"). The County has heretofore issued under the Original Indenture, as supplemented and amended by the First, Second, Third, Fourth and Fifth Supplemental Indentures, (i) \$211,040,000 principal amount of its Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997, (ii) \$48,020,000 principal amount of its Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997, (iii) \$52,880,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-C, dated February 15, 1997, (iv) \$296,395,000 principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997, (v) \$952,695,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999, (vi) \$275,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001, (vii) \$110,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-A, dated March 6, 2002, and (viii) \$540,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-B, dated September 1, 2002 (all of which are herein together called the "Outstanding Parity Securities"). As used herein, the term "Indenture" means the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture and the Sixth Supplemental Indenture. Reference is hereby made to the Indenture for a more complete description of the rights of the owners of the Series 2002-C Warrants and of the Trustee and of the County with respect to the County's sanitary sewer system (herein called the "System") and the revenues therefrom, the terms and conditions upon which the Series 2002-C Warrants are issued, and the terms and conditions upon which any Additional Parity Securities may be issued under the Indenture. Each owner of this warrant, by the acceptance hereof, shall be deemed to assent to the provisions of the Indenture. A copy of the Indenture is on file at the Office of the Trustee.

The Trustee will serve as the initial Tender Agent under the Indenture until a successor is appointed in accordance with the terms of the Indenture.

Interest Rate Provisions

THE AUCTION PERIOD, THE AUCTION RATE, THE SELECTION OF THE METHOD OF DETERMINING THE RATE AND DATES OF PAYMENT OF INTEREST ON THE SERIES 2002-C WARRANTS BEARING THE AUCTION RATE AND THE AUCTION PROCEDURES RELATED THERETO WILL BE DETERMINED UPON THE TERMS AND CONDITIONS, INCLUDING REQUIRED NOTICES THEREOF TO THE OWNERS, DESCRIBED IN THE INDENTURE, TO WHICH PROVISIONS SPECIFIC REFERENCE IS HEREBY MADE AND ALL OF WHICH PROVISIONS ARE HEREBY SPECIFICALLY INCORPORATED HEREIN BY REFERENCE.

During any Auction Rate Period, the affected Series 2002-C Warrants shall bear interest at an Auction Rate. The initial Auction Rate for the initial Auction Period for each affected subseries of the Series 2002-C Warrants shall be as set forth in the Indenture. After the expiration of the initial Auction Period for each such subseries of Series 2002-C Warrants, each Auction Period immediately succeeding such initial Auction Period shall be a Standard Auction Period. The Auction Rate for any initial Auction Period immediately after any Change in the Interest Rate Mode to an Auction Rate for an Auction Rate Period, shall be the rate of interest per annum certified to the Trustee by the Remarketing Agent on a date not later than the effective date of such Change in the Interest Rate Mode as the minimum rate of interest which, in the opinion of the Remarketing Agent, would be necessary as of such date to market Auction Rate Bonds in a secondary market transaction at a price equal to the principal amount thereof. For any other Auction Period, the Auction Rate shall be the rate of interest per annum that results from implementation of the Auction Procedures. The Auction Procedures are set forth in Article III of the Sixth Supplemental Indenture.

Series 2002-C Warrants may also bear interest to but not including the Fixed Rate Conversion Date at one of the following interest rates (each, an "Adjustable Rate") at the times and in the manner set forth in the Indenture: a Commercial Paper Rate, a Daily Rate, a Weekly Rate or a Term Rate.

Conversion of Interest Rate Modes

Prior to the Fixed Rate Conversion Date, all or any portion of Series 2002-C Warrants shall cease to bear interest at the Adjustable Rate then borne by such warrants and shall bear interest at such different Adjustable Rate as shall be specified by the County, or, if so specified by the County, the interest rate applicable to all Series 2002-C Warrants may be converted to a Fixed Rate specified in accordance with the terms and subject to the conditions set forth in the Sixth Supplemental Indenture.

If any condition to the establishment of a different Adjustable Rate or Rates is not met on any date, then the mandatory tender that is scheduled to occur in connection with such conversion shall not take place, and this Series 2002-C Warrant shall continue to bear interest at the Adjustable Rate then borne by this Series 2002-C Warrant and be subject to all provisions of the Indenture applicable thereto while this Series 2002-C Warrant bears interest at such Adjustable Rate.

Fixed Rate

On a Fixed Rate Conversion Date, the affected Series 2002-C Warrants shall cease to bear interest at the Adjustable Rate then borne by such Series 2002-C Warrants and shall bear interest at the Fixed Rate until maturity, upon the election by the County, to exercise its Option to Convert (as defined in the Sixth Supplemental Indenture). The Fixed Rate means the rate of interest per annum established and certified to the Trustee by the Remarketing Agent no later than 12:00 noon (New York City time) on and as of the Fixed Rate Conversion Date as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such date to remarket the affected Series 2002-C Warrants in a secondary market transaction at a price equal

to the principal amount thereof, not to exceed 12% per annum. The Fixed Rate shall be established in accordance with the terms and subject to the conditions set forth in the Sixth Supplemental Indenture. Anything in the Indenture to the contrary notwithstanding, in no event shall the interest rate borne by any Series 2002-C Warrant exceed the maximum rate allowable by applicable law.

If any condition to the establishment of the Fixed Rate is not met on the proposed Fixed Rate Conversion Date, the mandatory tender that is scheduled to occur in connection with such conversion shall not take place, and this Series 2002-C Warrant shall continue to bear interest at the Adjustable Rate then borne by this warrant and be subject to the provisions of the Indenture applicable while this Series 2002-C Warrant bears interest at such Adjustable Rate.

If Series 2002-C Warrants begin to bear interest at the Fixed Rate as provided above, the interest rate on such Series 2002-C Warrants may not thereafter be changed to an Adjustable Rate.

Mandatory Tenders

Change in the Interest Rate Mode. Upon a Change in the Interest Rate Mode (including, without limitation, a change to the Fixed Rate on the Fixed Rate Conversion Date), the Series 2002-C Warrants shall be subject to mandatory tender for purchase in accordance with the Sixth Supplemental Indenture on the effective date of such Change in the Interest Rate Mode, at a price equal to the principal amount thereof.

General Tender Provisions

If interest has been paid on the Series 2002-C Warrants, or an amount sufficient to pay interest thereon has been deposited in the Debt Service Fund, or an amount sufficient to pay accrued interest thereon, if any, has been set aside in the Warrant Purchase Fund and the purchase price equal to the principal of, and premium, if any, on the Series 2002-C Warrants shall be available in the Warrant Purchase Fund for payment of Series 2002-C Warrants subject to tender for purchase pursuant to the Sixth Supplemental Indenture, and if a registered owner fails to deliver or does not properly deliver the Series 2002-C Warrants to the Tender Agent for which a Notice of Election to Tender has been properly filed or which are subject to mandatory tender for purchase on the purchase date therefor, such Series 2002-C Warrants shall nevertheless be deemed tendered and purchased on the date established for the purchase thereof, interest on such Series 2002-C Warrants shall cease to be payable to the former registered owners thereof from and after the date of purchase and such former registered owners shall have no rights under the Indenture as the registered owners of such Series 2002-C Warrants, except the right to receive the purchase price of and interest to the purchase date, if any, on such Series 2002-C Warrants upon delivery thereof to the Tender Agent in accordance with the provisions of the Sixth Supplemental Indenture. The payment of Series 2002-C Warrants tendered upon the election of the registered owner shall be subject to delivery of such Series 2002-C Warrants duly endorsed in blank for transfer or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent executed in blank for transfer at the principal office of the Tender Agent at or prior to 11:30 a.m. for Series 2002-C Warrants bearing interest at a Weekly

Rate and 12:00 noon for Series 2002-C Warrants bearing interest at a Daily Rate (New York City time), on a specified purchase date. The Tender Agent may refuse to make payment with respect to any Series 2002-C Warrants tendered for purchase pursuant to the Sixth Supplemental Indenture not endorsed in blank or for which an instrument of transfer satisfactory to the Tender Agent has not been provided.

Redemption

In the manner and with the effect provided in the Indenture, the Series 2002-C Warrants will be subject to redemption prior to Maturity as follows:

Optional Redemption. For any Auction Rate Period, the affected Series 2002-C Warrants shall be subject to redemption at the option of the County on the Business Day immediately preceding each Auction Date, as a whole or in part, at the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

Scheduled Mandatory Redemption. The Series 2002-C Warrants shall be redeemed at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on February 1 (or, in the case of Auction Rate Warrants, if any such February 1 is not an Interest Payment Date, then on the first Interest Payment Date subsequent thereto) in years and principal amounts (after credit as provided below) as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2007	\$ 2,700,000	2024	\$ 33,250,000
2008	2,800,000	2025	34,800,000
2009	3,000,000	2026	36,300,000
2010	3,100,000	2027	37,900,000
2011	3,200,000	2028	3,600,000
2012	3,400,000	2029	6,100,000
2013	3,600,000	2030	6,400,000
2014	3,700,000	2031	6,700,000
2015	3,900,000	2032	4,200,000
2016	4,000,000	2033	4,300,000
2017	4,200,000	2034	83,800,000
2018	4,400,000	2035	90,900,000
2019	4,600,000	2036	94,600,000
2020	4,700,000	2037	98,750,000
2021	5,000,000	2038	103,000,000
2022	33,200,000	2039	2,950,000
2023	32,100,000		

\$70,350,000 of the Series 2002-C Warrants
will be retired at Maturity

Not less than 60 days prior to each such scheduled mandatory redemption date, the County may specify the particular subseries from which Series 2002-C Warrants are to be called for such redemption and (if more than one subseries is so specified) the respective principal amounts to be called for redemption from each thereof. In any such case, the particular Series 2002-C Warrants (or portions thereof) within a given subseries to be called for redemption shall be selected by the Trustee by lot. If the County fails to make such a specification with respect to any scheduled mandatory redemption date, not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, as provided in Section 5.6 hereof, Series 2002-C Warrants or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such Series 2002-C Warrants or portions thereof for redemption on such scheduled mandatory redemption date. In any event the County may, upon direction delivered to the Trustee not less than 60 days prior to such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of Series 2002-C Warrants scheduled for redemption on such date: (i) the principal amount of Series 2002-C Warrants delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of Series 2002-C Warrants previously redeemed (other than Series 2002-C Warrants redeemed pursuant to this paragraph) and not previously claimed as a credit.

Procedure for Redemption. In the event any of the Series 2002-C Warrants are called for redemption, the Trustee shall give notice of the redemption of such warrants, which notice shall specify the full title, including the subseries, if any, of the Series 2002-C Warrants, the redemption date, the place of redemption and the redemption price payable upon such redemption; that the interest on the Series 2002-C Warrants, or on the principal amount thereof to be redeemed, shall cease to accrue from and after such redemption date; and that on such date there will become due and payable on the Series 2002-C Warrants, the principal amount thereof to be redeemed and the interest accrued on such principal amount to the redemption date, if any, and the premium, if any, thereon. Each notice of redemption mailed to the Holder of a Series 2002-C Warrant to be redeemed shall, if less than the entire principal amount thereof is to be redeemed, also state the principal amount thereof and the distinctive numbers of the Series 2002-C Warrants to be redeemed and that such warrant must be surrendered to the Trustee in exchange for the payment of the principal amount thereof to be redeemed, premium, if any, thereon, and accrued interest, if any, thereon, and the issuance of a new Series 2002-C Warrant equaling in principal amount that portion of the principal amount not to be redeemed of the Series 2002-C Warrant to be surrendered.

Except as otherwise provided in the Sixth Supplemental Indenture, notice of redemption shall be given by mailing a copy of the redemption notice by first-class mail at least 30 days (15 days for Series 2002-C Warrants bearing interest at an Adjustable Rate) prior to the date fixed for redemption to the registered owners of the Series 2002-C Warrants to be redeemed at the addresses shown on the registration books maintained by the Trustee; provided, however, that failure to give notice to any Holder of a Series 2002-C Warrant, or any defects in such notice, shall not affect the proceedings for the redemption of the Series 2002-C Warrants for which notice has been given.

If at any time of mailing of notice of an optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Series 2002-C Warrants called for redemption, such notice may state that it is conditional, that is, subject to the deposit of moneys sufficient for the redemption with the Trustee on or prior the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Under the Indenture, the Outstanding Parity Securities and the Series 2002-C Warrants are equally and ratably secured by a pledge of certain revenues from the System that remain after the payment of the expenses of operating and maintaining the System. Upon compliance with certain conditions specified in the Indenture, the County may issue additional securities (without limitation as to principal amount) that are secured by the Indenture on a parity with the Outstanding Parity Securities and the Series 2002-C Warrants with respect to the pledge of the aforesaid revenues from the System.

The Indenture permits the amendment of the Series 2002-C Warrants and the Indenture, and waivers of past defaults under such instruments and the consequences of such defaults, in certain circumstances without consent of Warrantholders and in other circumstances with the consent of all Warrantholders or a specified percentage of Warrantholders. Any such consent or waiver by the Holder of this warrant shall be conclusive and binding upon such Holder and upon all future Holders

of this warrant and of any warrant issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this warrant.

The Holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

As provided in the Indenture and subject to certain limitations therein set forth, this warrant is transferable on the Warrant Register maintained at the Office of the Trustee, upon surrender of this warrant for transfer at the Office of the Trustee, together with all necessary endorsements for transfer, and thereupon one or more new Series 2002-C Warrants of the same Maturity, subseries and interest rate, of any Authorized Denominations and for a like aggregate principal amount, will be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein set forth, the Series 2002-C Warrants are exchangeable for other Series 2002-C Warrants of the same Maturity, subseries and interest rate, of any Authorized Denominations and of a like aggregate principal amount, as requested by the Holder surrendering the same.

No service charge shall be made for any transfer or exchange hereinbefore referred to, but the County may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The County and the Trustee may treat the person in whose name this warrant is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this warrant is overdue, and neither the County nor the Trustee shall be affected by notice to the contrary.

No covenant or agreement contained in this warrant or the Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of the County, and neither any member of the governing body of the County nor any officer executing this warrant shall be liable personally on this warrant or be subject to any personal liability or accountability by reason of the issuance of this warrant.

Any terms used herein which are defined in the Indenture shall have the respective meanings set forth in the Indenture.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this warrant do exist, have happened and have been performed in due time, form and manner as required by law.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this warrant shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the County has caused this warrant to be duly executed under its official seal.

JEFFERSON COUNTY, ALABAMA

By _____
_____ of the County Commission

ATTEST:

Minute Clerk of the County Commission

[S E A L]

CERTIFICATE OF AUTHENTICATION

This is one of the Series 2002-C Warrants referred to in the within-mentioned Indenture.

Date of authentication: _____, 2002.

THE BANK OF NEW YORK,
as Trustee

By _____
Authorized Officer

ASSIGNMENT

For value received, _____ hereby sell(s), assign(s) and transfer(s) unto _____ this warrant and hereby irrevocably constitute(s) and appoint(s) _____ attorney to transfer this warrant on the books of the within named County at the office of the within named Trustee, with full power of substitution in the premises.

Dated: _____

NOTE: The name signed to this assignment must correspond with the name of the payee written on the face of the within warrant in all respects, without alteration, enlargement or change whatsoever.

Signature Guaranteed:

(Bank or Trust Company)

By _____
(Authorized Officer)

357674.4

JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2002-C
CUSIP NO. _____

NOTICE OF CHANGE TO A _____ RATE

Notice is hereby given to the registered owners of \$ _____ of the above-captioned issue (the "Warrants") of Jefferson County, Alabama (the "County") that:

1. In accordance with the Sixth Supplemental Indenture relating to the Warrants (the "Indenture"), dated as of October 1, 2002, between the County and The Bank of New York (the "Trustee"), subject to the conditions hereinafter set forth, if any, the interest rate on the Warrants (or such lesser principal amount thereof as may be specified in an attachment hereto) will be changed to a _____ Rate. Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Indenture. The following statements are summaries of certain provisions of the Indenture which do not purport to be complete and are qualified in their entirety by reference to the Indenture.

2. The _____ Rate will be effective from and after _____ (the "Effective Date").

3. The Warrants are subject to mandatory tender on the Effective Date at a purchase price equal to the principal amount thereof.

4. The proposed Change in the Interest Rate Mode shall take effect only if the applicable conditions set forth in Article IV of the Indenture have been satisfied.

5. Registered owners of Warrants are required to deliver their Warrants to the Tender Agent at The Bank of New York, _____, New York, New York _____ no later than [Tender Agent to insert proper time], New York City time, on the Effective Date endorsed in blank by the registered owner thereof or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent executed for transfer in blank by the registered owner thereof (the Tender Agent being able to refuse to make payment with respect to any such Warrant not endorsed in blank or for which an instrument of transfer satisfactory to it has not been provided).

6. Each registered owner of Warrants who has properly tendered such Warrants in accordance with the above provisions will be paid the purchase price therefor on the Effective Date and, if such purchase price is paid, such registered owner shall have no further rights with respect to said Warrants.

7. Holders of Warrants subject to mandatory tender shall have no right to retain such Warrants and shall be required to tender such Warrants on the date established for the mandatory tender for purchase thereof.

8. With respect to any registered owner of Warrants who has not properly tendered such Warrants in accordance with the above provisions of this notice, (A) such registered owner's Warrants will be deemed tendered and purchased on the Effective Date at a purchase price equal to the principal amount thereof, (B) such registered owner will be paid interest on such Warrants on the Effective Date as provided in the Indenture and will be paid such purchase price for such Warrants upon the tender of such Warrants to the Tender Agent and (C) interest on such Warrants shall cease to be payable to such registered owner from and after the Effective Date, and after the Effective Date such registered owner will have no rights with respect to such Warrants except to receive payment of the purchase price equal to the principal amount thereof upon tender of such Warrants to the Tender Agent.

Dated: _____

JEFFERSON COUNTY, ALABAMA

By: THE BANK OF NEW YORK, as Trustee

By _____
Authorized Representative

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2002-C
CUSIP NO. ____**

**CERTIFICATE PURSUANT TO
SECTION [4.1(c)(i)(2) or 4.2(c)(i)(2)] OF THE
SIXTH SUPPLEMENTAL INDENTURE**

NOTICE IS HEREBY GIVEN to The Bank of New York, as Trustee for the above-captioned issue (the "Warrants") [and to The Bank of New York as Auction Agent, if applicable] that Jefferson County, Alabama (the "County") hereby authorizes the establishment of a _____ Rate.

Notice is also hereby given that the County has obtained confirmation that (a) Bond Counsel expects to be able to give its opinion on the effective date of the Change in the Interest Rate Mode to the effect that the change to the _____ Rate is authorized by the Sixth Supplemental Indenture referred to below, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Warrants from gross income for federal income tax purposes, and (b) any amendments to the Sixth Supplemental Indenture referred to below necessary to provide for the application of moneys available under the Liquidity Facility have been agreed to by the parties hereto and will be in effect prior to the Change in the Interest Rate Mode.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Sixth Supplemental Indenture relating to the above-captioned Warrants, dated as of October 1, 2002, by and between the County and The Bank of New York, as trustee.

JEFFERSON COUNTY, ALABAMA

By _____
Authorized County Representative

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2002-C
CUSIP NO. ____**

**CERTIFICATE PURSUANT TO
SECTION [4.1(c)(ii)] OF THE
SIXTH SUPPLEMENTAL INDENTURE**

NOTICE IS HEREBY GIVEN to The Bank of New York, as Trustee for the above-captioned issue (the "Warrants") [and to The Bank of New York, as Auction Agent, if applicable] that with respect to a Change in the Interest Rate Mode pursuant to Section 4.1 of the Sixth Supplemental Indenture referred to below all of the Warrants tendered or deemed tendered have been purchased at a price equal to the principal amount thereof with funds provided from the remarketing of such Warrants in accordance with the Remarketing Agreement or from other funds deposited with the Tender Agent, and that accrued and unpaid interest, if any, and premium, if any, have been paid from money deposited with the Trustee.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Sixth Supplemental Indenture, dated as of October 1, 2002, by and between Jefferson County, Alabama and The Bank of New York, as trustee.

JEFFERSON COUNTY, ALABAMA

By _____
Authorized County Representative

B-2-1

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2002-C
CUSIP NO. _____**

**NOTICE REGARDING ESTABLISHMENT OF
NEW ADJUSTABLE RATE**

NOTICE IS HEREBY GIVEN to The Bank of New York, as Trustee for the above-captioned issue (the "Warrants") [and to The Bank of New York, as Auction Agent, if applicable] that with respect to a Change in the Interest Rate Mode pursuant to Section 4.1 of the Sixth Supplemental Indenture referred to below all of the Auction Rate Warrants during an Auction Rate Period tendered or deemed tendered have been purchased at a price equal to the principal amount thereof with funds provided from the remarketing of such Auction Rate Warrants in accordance with the Remarketing Agreement, and that accrued and unpaid interest, if any, and premium, if any, on the Warrants have been paid pursuant to the Indenture from funds deposited with the Trustee.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Sixth Supplemental Indenture, dated as of October 1, 2002, by and between Jefferson County, Alabama, and The Bank of New York, as trustee.

JEFFERSON COUNTY, ALABAMA

By _____
Authorized County Representative

B-3-1

JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2002-C

NOTICE OF PROPOSED CHANGE IN PERCENTAGES
USED TO DETERMINE THE
ALL HOLD RATE AND THE MAXIMUM AUCTION RATE

NOTICE IS HEREBY GIVEN THAT [Name of Remarketing Agent], as Remarketing Agent for the above-referenced issue, proposes to change the percentage used to determine the All Hold Rate and the Applicable Percentage used to determine the Maximum Auction Rate to reflect a Change in Preference Law in accordance with the Sixth Supplemental Indenture relating to the Warrants (the "Indenture"), dated as of October 1, 2002, between the County and The Bank of New York (the "Trustee"). Assuming the conditions set forth below are met, such change will be effective on _____ (the "Effective Date").

[Insert a description of the changes in the percentages.]

An adjustment in such percentages shall take effect only if:

(i) the Trustee and the Auction Agent receive by 11:00 a.m., New York City time, on the Business Day immediately preceding the Effective Date, a certificate from the Remarketing Agent by telecopy, facsimile or similar means (A) authorizing the adjustment in the percentages, which shall be specified in such authorization, and (B) confirming that Bond Counsel expects to be able to give an opinion on the Effective Date to the effect that the adjustment in the percentages is authorized by Section 3.10 of the Indenture and will not have an adverse effect on the exclusion of interest on the Auction Rate Warrants from gross income for federal income tax purposes; and

(ii) the Trustee and the Auction Agent receive by 9:30 a.m., New York City time, on the Effective Date, an Opinion of Bond Counsel to the effect that the adjustment in the percentages is authorized by Section 3.10 of the Indenture and will not have an adverse effect on the exclusion of interest on the Auction Rate Warrants from gross income for federal income tax purposes.

If any of the conditions referred to in subparagraph (i) above is not met, the existing percentage used to determine the All Hold Rate and the existing Applicable Percentage used to determine the Maximum Auction Rate shall remain in effect and the rate of interest on the Auction Rate Warrants for the next succeeding Interest Period shall be determined in accordance with the Auction

Procedures. If any of the conditions referred to in subparagraph (ii) above is not met, the existing percentage used to determine the All Hold Rate and the existing Applicable Percentage used to determine the Maximum Auction Rate shall remain in effect and the rate of interest on the Auction Rate Warrants for the next succeeding Interest Period shall equal the Maximum Auction Rate on the Effective Date.

Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Indenture.

[NAME OF REMARKETING AGENT],
as Remarketing Agent

By _____
Authorized Officer

Dated: _____

B-4-2

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2002-C
CUSIP NO. _____**

NOTICE OF FAILURE OF CONDITIONS

NOTICE IS HEREBY GIVEN that the conditions for effecting a Change in the Interest Rate Mode to a _____ Rate have not been met.

The above-captioned warrants (the "Warrants") will not be subject to mandatory tender for purchase on [DATE] and will therefore continue to bear interest at the Current Adjustable Rate and be subject to the provisions of the Sixth Supplemental Indenture referred to below applicable while such Warrants bear interest at the Current Adjustable Rate.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Sixth Supplemental Indenture, dated as of October 1, 2002, by and between Jefferson County, Alabama and The Bank of New York, as trustee.

THE BANK OF NEW YORK, as Trustee

By _____
Title

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2002-C**

NOTICE OF PROPOSED CONVERSION TO FIXED RATE

Notice is hereby given to the registered owners of the above-captioned issue (the "Warrants") of Jefferson County, Alabama (the "County") that:

1. The County is proposing to convert the interest rate on the Warrants to a fixed interest rate (the "Fixed Rate") on _____ (the "Fixed Rate Conversion Date"). Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Sixth Supplemental Indenture dated as of October 1, 2002, between the County and The Bank of New York, as Trustee (the "Indenture"). The following statements are summaries of certain provisions of the Indenture which do not purport to be complete and are qualified in their entirety by reference to the Indenture.

2. All Warrants are subject to mandatory tender for purchase on the Fixed Rate Conversion Date at a purchase price equal to the principal amount thereof plus, in the case of a Change in the Interest Rate Mode from a Term Rate, premium, if any.

3. The Fixed Rate shall take effect only if the conditions set forth in Section 4.2 of the Indenture have been satisfied.

4. There is no right of election to retain Warrants.

5. Registered owners of Warrants are required to deliver their Warrants to the Tender Agent by no later than [Tender Agent shall insert appropriate time], New York City time, on the proposed Fixed Rate Conversion Date at the office of the Tender Agent located at _____, endorsed in blank for transfer by the registered owner thereof or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent executed in blank for transfer by the registered owner thereof (the Tender Agent being able to refuse payment with respect to any such Warrant not endorsed in blank or for which an instrument of transfer satisfactory to it has not been provided).

6. Each registered owner of Warrants who has properly tendered such Warrants in accordance with the above provisions will be paid the purchase price plus, in the case of a Change in the Interest Rate Mode from a Term Rate, premium, if any, therefor on the Fixed Rate Conversion Date and if such purchase price plus premium, if any, plus interest accrued to the Fixed Rate

Conversion Date (which interest will be paid in accordance with the Indenture) is paid, such registered owner shall have no further rights with respect to said Warrants.

7. With respect to any registered owner of Warrants who has not properly tendered such Warrants in accordance with the above provisions of this notice, (A) such registered owner's Warrants will be deemed tendered and purchased on such Fixed Rate Conversion Date at a purchase price equal to the principal amount thereof plus, in the case of a Change in the Interest Rate Mode from a Term Rate, premium, if any, (B) such registered owner will be paid interest on such Warrants on the proposed Fixed Rate Conversion Date as provided in the Indenture and will be paid such purchase price plus premium, if any, for such Warrants upon the tender of such Warrants to the Tender Agent and (C) interest on such Warrants shall cease to be payable to such registered owner from and after the proposed Fixed Rate Conversion Date, and after the proposed Fixed Rate Conversion Date such registered owner will have no rights with respect to such Warrants except to receive payment of the purchase price plus, in the case of a Change in the Interest Rate Mode from a Term Rate, premium, if any, upon tender of such Warrants to the Tender Agent.

Dated: _____

JEFFERSON COUNTY, ALABAMA

By: THE BANK OF NEW YORK, as Trustee

By _____
Authorized Representative

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2002-C**

**CERTIFICATE PURSUANT TO
SECTION 4.2(c)(ii)(2) OF THE INDENTURE**

NOTICE IS HEREBY GIVEN that, with respect to a Change in the Interest Rate Mode pursuant to Section 4.2 of the Sixth Supplemental Indenture referred to below, all of the Warrants tendered or deemed tendered have been purchased at a price equal to the principal amount thereof, with funds provided from the remarketing of such Warrants in accordance with the Remarketing Agreement or from other funds deposited with the Tender Agent, and accrued and unpaid interest, if any, plus, in the case of a Change in the Interest Rate Mode from a Term Rate, premium, if any, have been paid from money deposited with the Trustee on terms permitting the payment of such premium when due.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Sixth Supplemental Indenture, dated as of October 1, 2002, by and between Jefferson County, Alabama and The Bank of New York, as trustee.

JEFFERSON COUNTY, ALABAMA

By _____
Authorized County Representative

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2002-C**

**NOTICE OF FAILURE OF CONDITIONS
TO FIXED RATE CONVERSION**

NOTICE IS HEREBY GIVEN that the conditions for effecting a Change in the Interest Rate Mode to a Fixed Rate have not been met.

The above-captioned Warrants will therefore not be subject to mandatory tender for purchase on [DATE] and will continue to bear interest at the Current Adjustable Rate and be subject to the provisions of the Sixth Supplemental Indenture referred to below applicable while such Warrants bear interest at the Current Adjustable Rate.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Sixth Supplemental Indenture, dated as of October 1, 2002, by and between Jefferson County, Alabama and The Bank of New York, as trustee.

THE BANK OF NEW YORK, as Trustee

By _____
Title

JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2002-C

NOTICE OF ELECTION TO TENDER

Note: The substance of this Notice must be given to the Remarketing Agent by telephone at or prior to the time this Notice must be delivered.

1. The undersigned, _____, owner of the following Warrants:

Cusip Number**	Principal Amount
----------------	------------------

hereby notifies you of its election to tender such Warrants for purchase on [_____, ____], (which date shall be a Business Day) and (a) if this Warrant bears interest at a Daily Rate as defined in the Sixth Supplemental Indenture referred to below, the date of purchase shall be the date of delivery of this Notice to the Tender Agent and the Remarketing Agent if received by 11:00 a.m., New York City time, or may be any Business Day thereafter; and (b) if this Warrant bears interest at a Weekly Rate as defined in said Sixth Supplemental Indenture, the date of purchase shall be a Business Day not prior to the seventh day immediately following the date of delivery of this Notice to the Tender Agent and the Remarketing Agent.

2. If only a portion of a Warrant is being tendered, both the tendered portion and untendered portion must be authorized denominations (\$100,000 or any integral multiple of \$5,000 in excess of such amount) for Warrants bearing a Daily Rate or Weekly Rate.

3. After its execution and delivery by the undersigned, this notice will be irrevocable.

4. The person or persons to whom or to whose order the proceeds of the purchase of the above-referenced Warrants are to be paid, such person's or persons' taxpayer identification number or numbers and the address or addresses of such payee or payees is _____

**Warrant Number, if Warrants are no longer held by Securities Depository.

_____;
which information the undersigned, under the penalties of perjury, certifies to be true, correct and complete.

5. The undersigned hereby undertakes to deliver the Warrants to The Bank of New York (the "Tender Agent") no later than 11:30 a.m., New York City time, for Warrants bearing interest at the Weekly Rate, and 12:00 noon, New York City time, for Warrants bearing interest at a Daily Rate, on the date of purchase at the office of the Tender Agent located _____, endorsed in blank for transfer or accompanied by an instrument of transfer executed in blank for transfer, and acknowledges that any instrument of transfer must be in a form satisfactory to the Tender Agent and that the Tender Agent may refuse to make payment with respect to any Warrant not endorsed in blank or for which an instrument of transfer satisfactory to the Tender Agent has not been provided.

6. The undersigned hereby also assigns and transfers and directs the Tender Agent to transfer the Warrants delivered in connection herewith to the appropriate party under the terms and conditions contained in said Sixth Supplemental Indenture.

7. The undersigned acknowledges that, in the event of a failure to deliver the Warrants or in the event such Warrants are not properly delivered, such Warrants shall nevertheless be deemed tendered and purchased on the date referred to in (1) above, no interest shall accrue thereon to the undersigned from and after such date of purchase and that the undersigned shall have no rights under the Warrants or under said Sixth Supplemental Indenture except the right to receive the purchase price of the Warrants.

8. Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Sixth Supplemental Indenture, dated as of October 1, 2002, by and between Jefferson County, Alabama and The Bank of New York, as Trustee. The statements contained herein are summaries of certain provisions of said Sixth Supplemental Indenture, which summaries do not purport to be complete and are qualified in their entirety by reference to such document.

Dated: _____

Name of Owner as it is written on the face of the above-listed Warrants in every particular, without alteration, enlargement or any change whatsoever

Witness

JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2002-C

NOTICE OF MANDATORY TENDER UPON EXPIRATION,
TERMINATION, SUBSTITUTION OR AMENDMENT
OF LIQUIDITY FACILITY
OR FAILURE TO MAINTAIN RATING

Notice is hereby given to the registered owners of the above-captioned issue (the "Warrants") of Jefferson County, Alabama (the "County") that:

1. In accordance with the Sixth Supplemental Indenture (the "Indenture") dated as of October 1, 2002, between the County and The Bank of New York, notice is hereby given that [the Liquidity Facility issued by _____ with respect to the Warrants (the "Liquidity Facility") will expire, terminate, or be amended, or an Alternate Liquidity Facility will be substituted therefor, which expiration, termination, amendment or substitution will result in a reduction in or withdrawal of the short-term or long-term rating or both assigned to the affected Warrants by Moody's or S&P, on _____] [_____, the provider of a Liquidity Facility (the "Liquidity Facility") with respect to certain of the Warrants, has failed to maintain its ratings as specified in the Indenture] and that all Warrants covered by the Liquidity Facility, other than Bank Warrants and Warrants held by or for the account of the County, are subject to mandatory tender under the circumstances set forth in Section 5.4 of the Indenture as hereinafter set forth at a purchase price equal to the principal amount thereof.

2. Those of the Warrants covered by the Liquidity Facility are subject to mandatory tender for purchase on _____ (the "Mandatory Tender Date").

3. Holders of Warrants subject to mandatory tender for purchase on the Mandatory Tender Date shall have no right to retain their Warrants and shall be required to tender such Warrants no later than the Mandatory Tender Date as provided herein.

4. On and after the Mandatory Tender Date, the [short-term] [long term] rating on the Warrants covered by the Liquidity Facility by [insert, as appropriate: (i) Moody's and/or S&P will be _____ and/or (ii) Moody's and/or S&P may be reduced or withdrawn].

5. Registered owners of Warrants are required to deliver their Warrants to the Tender Agent on the Mandatory Tender Date at the office of the Tender Agent located at _____, endorsed in blank by the registered owner thereof or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent

executed in blank by the registered owner thereof (the Tender Agent being able to refuse to make payment with respect to any such Warrant not endorsed in blank or for which an instrument of transfer satisfactory to it has not been provided).

6. Each registered owner of Warrants who has properly tendered such Warrants in accordance with the above provisions will be paid the purchase price therefor, plus interest accrued to the Mandatory Tender Date, which interest will be paid to such registered owner in accordance with the Indenture, and if such purchase price and interest is paid, such registered owner shall have no further rights with respect to said Warrants.

7. With respect to any registered owner of Warrants who has not properly tendered such Warrants in accordance with the above provisions of this notice (A) such registered owner's Warrants will nevertheless be deemed tendered and purchased on the Mandatory Tender Date at a purchase price equal to the principal amount thereof, (B) such registered owner will be paid interest on such Warrants on the Mandatory Tender Date as provided in the Indenture and will be paid such purchase price for such Warrants upon the tender of such Warrants to the Tender Agent and (C) interest on such Warrants shall cease to be payable to such registered owner from and after the Mandatory Tender Date, and after the Mandatory Tender Date such registered owner will have no rights with respect to such Warrants except to receive payment of the purchase price upon tender of such Warrants to the Tender Agent.

8. Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Indenture. The statements contained herein are summaries of certain provisions of the Indenture which do not purport to be complete and are qualified in their entirety by reference to the Indenture.

Dated: _____

JEFFERSON COUNTY, ALABAMA

By: THE BANK OF NEW YORK, as Trustee

By _____
Authorized Officer

357674.4

SEVENTH SUPPLEMENTAL INDENTURE

between

JEFFERSON COUNTY, ALABAMA

and

THE BANK OF NEW YORK

Dated as of November 1, 2002

Relating to

\$475,000,000

JEFFERSON COUNTY, ALABAMA

**Sewer Revenue Capital Improvement Warrants
Series 2002-D**

C.1-G

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between
JEFFERSON COUNTY, ALABAMA
and
THE BANK OF NEW YORK

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SEVENTH SUPPLEMENTAL INDENTURE between **JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (herein called the "County"), and **THE BANK OF NEW YORK**, a New York banking corporation and the successor to AmSouth Bank of Alabama in its capacity as Trustee under that certain Trust Indenture of the County dated as of February 1, 1997 (said banking corporation in such capacity, as well as any successor trustee under said Trust Indenture, being herein called the "Trustee"),

RECITALS

Under and pursuant to the provisions of the aforesaid Trust Indenture (herein called the "Original Indenture"), the County has heretofore issued \$211,040,000 principal amount of Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997 (herein called the "Series 1997-A Warrants"), \$48,020,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997 (herein called the "Series 1997-B Warrants"), which are now outstanding in the principal amount of \$10,805,000, and \$52,880,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-C, dated February 15, 1997 (herein called the "Series 1997-C Warrants"), which are now outstanding in the principal amount of \$41,820,000. The Series 1997-A Warrants, the Series 1997-B Warrants and the Series 1997-C Warrants were issued to refund certain indebtedness of the County that had been incurred to pay the costs of certain capital improvements to the County's sanitary sewer system (herein called the "System").

Under the provisions of Article X of the Original Indenture, the County reserved the right to issue, upon compliance with the conditions precedent set forth in said Article X, additional warrants, bonds, notes or other forms of indebtedness (herein called "Additional Parity Securities"), to be secured on a parity with securities previously issued under the Indenture, for the purposes of refunding any outstanding obligations of the County issued to finance capital improvements to the System and of financing the costs of acquiring and constructing capital improvements to the System. The County has heretofore issued as Additional Parity Securities (a) its \$296,395,000 aggregate principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997 (herein called the "Series 1997-D Warrants"), which are now outstanding in the principal amount of \$115,740,000, (b) its \$952,695,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999 (herein called the "Series 1999-A Warrants"), which are now outstanding in the principal amount of \$506,910,000, (c) its \$275,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001 (herein called the "Series 2001-A Warrants"), which are now outstanding in the principal amount of \$176,840,000, (d) its \$110,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-A, dated March 6, 2002 (herein called the "Series 2002-A Warrants"), (e) its \$540,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-B, dated September 1, 2002 (herein called the "Series 2002-B Warrants"), and (f) its \$839,500,000 aggregate principal amount of Sewer Revenue Refunding Warrants, Series 2002-C, dated October 25, 2002 (herein called the "Series 2002-C Warrants"). Such series of

Additional Parity Securities have been issued under the Original Indenture, as supplemented and amended by the First Supplemental Indenture dated as of March 1, 1997 (herein called the "First Supplemental Indenture"), the Second Supplemental Indenture dated as of March 1, 1999 (herein called the "Second Supplemental Indenture"), the Third Supplemental Indenture dated as of March 1, 2001 (herein called the "Third Supplemental Indenture"), the Fourth Supplemental Indenture dated as of February 1, 2002 (herein called the "Fourth Supplemental Indenture"), the Fifth Supplemental Indenture dated as of September 1, 2002 (herein called the "Fifth Supplemental Indenture"), and the Sixth Supplemental Indenture dated as of October 1, 2002 (herein called the "Sixth Supplemental Indenture"), between the County and the Trustee.

The County proposes to sell and issue the Series 2002-D Warrants hereinafter referred to in order to obtain funds to pay the costs of additional capital improvements to the System. The County has, by proper official action and pursuant to the provisions of the Original Indenture (as heretofore supplemented), duly authorized said Series 2002-D Warrants, which are to be secured by the Original Indenture, as supplemented hereby and by the First, Second, Third, Fourth, Fifth and Sixth Supplemental Indentures, on a parity with the outstanding Series 1997-A Warrants, Series 1997-B Warrants, Series 1997-C Warrants, Series 1997-D Warrants, Series 1999-A Warrants, Series 2001-A Warrants, Series 2002-A Warrants, Series 2002-B Warrants and Series 2002-C Warrants (herein together called the "Outstanding Parity Securities"). This Seventh Supplemental Indenture has been executed and delivered in order to specify the details with respect to said Series 2002-D Warrants and to provide for certain other matters set forth herein.

NOW, THEREFORE, THIS

SEVENTH SUPPLEMENTAL INDENTURE

WITNESSETH:

It is hereby agreed among the County, the Trustee and the holders at any time of said Series 2002-D Warrants (the holders of said warrants evidencing their consent hereto by the acceptance of said warrants), each with each of the others, as follows:

ARTICLE I

DEFINITIONS, FINDINGS AND USE OF PHRASES

Section 1.1 **New Definitions.** Unless the context clearly indicates a different meaning, the following words and phrases, as used in this Seventh Supplemental Indenture, shall have the following respective meanings:

"Bond Insurer" means Financial Guaranty Insurance Company.

"Series 2002-D Capitalized Interest Account" means the special account with that name established in Section 5.4 hereof.

"Series 2002-D Insurance Policy" means the municipal bond insurance policy issued by the Bond Insurer that guarantees payment of principal of and interest on the Series 2002-D Warrants.

"Series 2002-D Issuance Costs" means the reasonable costs and expenses of issuing and selling the Series 2002-D Warrants, including, without limitation, the fees and expenses of Bond Counsel to the County, the acceptance fee of the Trustee, the fees of any Rating Agency rating the Series 2002-D Warrants, bond insurance premiums, accounting fees, financial advisory fees, underwriters' commissions and discounts, the costs of printing the Official Statement for the Series 2002-D Warrants, and other usual and customary expenses.

"Series 2002-D Warrants" means the County's Sewer Revenue Capital Improvement Warrants, Series 2002-D, authorized to be issued in the aggregate principal amount of \$475,000,000.

"Seventh Supplemental Indenture" or **"this Seventh Supplemental Indenture"** means this Seventh Supplemental Indenture.

"2002-D Construction Fund" means the Jefferson County Sewer System Series 2002-D Construction Fund created in Section 3.2 hereof.

"2002-D System Improvements" means the System Improvements, the costs of which are to be financed, in whole or in part, through the issuance of the Series 2002-D Warrants.

Section 1.2 **Findings.** The Governing Body has ascertained and does hereby find and declare as follows:

(a) Purposes for which Additional Parity Securities may be Issued. In the Original Indenture, the County has reserved the right to issue, upon compliance with the conditions precedent set forth therein, additional warrants, bonds, notes or other obligations that are secured on a parity with the Outstanding Parity Securities, as respects the pledge of the revenues derived by the County from the operation of the System, for the purposes of financing the costs of constructing or acquiring any System Improvements and refunding or retiring all or any portion of any one or more series of Parity Securities then outstanding under the Indenture or any other obligations of the County issued to finance System Improvements.

(b) Purpose of the Series 2002-D Warrants. In order to comply with the requirements of the Consent Decree entered in those civil actions consolidated in the United States District Court, Northern District of Alabama, and styled *United States of America v. Jefferson County, Alabama, et al.*, Civil Action No. 94-G-2947-S, and *R. Allen Kipp, Jr., et al. and Cahaba River Society, Inc.*

v. *Jefferson County, Alabama, et al.*, Civil Action No. 93-G-2492-S, and to otherwise provide for the expansion and improvement of the System, it is necessary, desirable and in the public interest for the County to issue the Series 2002-D Warrants to finance the costs of acquiring and constructing various System Improvements.

(c) No Default. No Event of Default and no event which, with the giving of notice or the passage of time or both, would constitute such an Event of Default, has occurred and is continuing.

(d) Parity Securities Previously Issued. No Parity Securities, other than the Outstanding Parity Securities, have heretofore been issued by the County under the Indenture, and the County now has no outstanding obligations payable from the revenues derived by the County from the operation of the System except the Outstanding Parity Securities and certain related Qualified Swap transactions.

(e) Revenue Forecast. The firm of Paul B. Krebs & Associates, Inc., has provided the County and the Trustee with a Revenue Forecast that satisfies the requirements of Section 10.2 of the Original Indenture with respect to the issuance of the Series 2002-D Warrants.

Section 1.3 Use of Phrases. "Herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter" and other equivalent words refer to this Seventh Supplemental Indenture as an entirety and not solely to the particular portion thereof in which any such word is used. The terms used herein include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders.

Section 1.4 Definitions Contained in the Original Indenture. Unless the context clearly indicates a different meaning, any words, terms or phrases that are used in this Seventh Supplemental Indenture as defined terms without being herein defined shall have the meanings respectively given them in the Original Indenture (subject to any amendments thereto made herein or in the First, Second, Third, Fourth, Fifth or Sixth Supplemental Indenture).

Section 1.5 References to the Parity Securities and the Indenture. The County and the Trustee acknowledge and agree that, from and after the issuance by the County of the Series 2002-D Warrants, any reference in the Original Indenture, in the First Supplemental Indenture, in the Second Supplemental Indenture, in the Third Supplemental Indenture, in the Fourth Supplemental Indenture, in the Fifth Supplemental Indenture, in the Sixth Supplemental Indenture or in this Seventh Supplemental Indenture to the "Parity Securities" shall, unless the context clearly and unequivocally indicates otherwise, be construed to include the Outstanding Parity Securities, the Series 2002-D Warrants and any Additional Parity Securities hereafter issued.

The County and the Trustee further acknowledge and agree that, from and after the execution and delivery of this Seventh Supplemental Indenture, any reference in the Original Indenture, in the First Supplemental Indenture, in the Second Supplemental Indenture, in the Third Supplemental Indenture, in the Fourth Supplemental Indenture, in the Fifth Supplemental Indenture, in the Sixth

Supplemental Indenture or in this Seventh Supplemental Indenture to the "Indenture" shall, unless the context clearly and unequivocally indicates otherwise, be construed to refer to the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture and this Seventh Supplemental Indenture. The provisions of the Original Indenture, to the extent they are not inconsistent with the provisions hereof, shall also apply to this Seventh Supplemental Indenture.

ARTICLE II

THE SERIES 2002-D WARRANTS

Section 2.1 **Authorization and Description of the Series 2002-D Warrants and Places of Payment.** Pursuant to the applicable provisions of the Act, and for the purposes of (i) providing for the payment of the costs of the 2002-D System Improvements (including certain capitalized interest), (ii) providing for the payment of the premium for the Series 2002-D Insurance Policy, (iii) providing for a deposit to the Reserve Fund established under the Indenture, and (iv) providing for the payment of the expenses of issuing the Series 2002-D Warrants, there are hereby authorized to be issued by the County \$475,000,000 in initial principal amount of its Sewer Revenue Capital Improvement Warrants, Series 2002-D. The Series 2002-D Warrants shall be dated November 1, 2002, shall be numbered from R-1 upwards in the order issued and shall be issued initially in the respective principal amounts of \$5,000 or any greater integral multiple thereof.

The Series 2002-D Warrants shall mature and become payable on the dates and in the amounts set forth below and shall bear interest from their respective dates payable on February 1, 2003, and on each February 1 and August 1 thereafter until maturity or earlier redemption at the per annum rates set forth below:

Series 2002-D Warrants

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
February 1, 2022	\$ 12,975,000	5.25%
February 1, 2023	13,675,000	5.25
February 1, 2024	14,410,000	5.25
February 1, 2025	15,190,000	5.25
February 1, 2026	16,005,000	5.25
February 1, 2027	16,850,000	5.00
February 1, 2032	98,120,000	5.00
February 1, 2038	155,200,000	5.00
February 1, 2042	132,575,000	5.00

The principal of and the interest on any Series 2002-D Warrant shall bear interest after their respective due dates until paid at the rate of interest borne by the principal of such Series 2002-D Warrant prior to maturity. Interest on the Series 2002-D Warrants shall be computed on the basis of a 360-day year of 12 consecutive 30-day months.

The Series 2002-D Warrants shall be initially issued and registered in the names of such Holders as shall be designated by the initial purchasers of the Series 2002-D Warrants. The principal of and the interest and premium (if any) on the Series 2002-D Warrants shall be payable at the principal office of the Trustee in East Syracuse, New York, in accordance with the provisions of Section 3.2 of the Original Indenture. The County hereby appoints the Trustee as Paying Agent with respect to the Series 2002-D Warrants, and the Trustee hereby accepts such appointment. In so acting, the Trustee shall continue to be entitled to the benefits and protections of Article XIV of the Original Indenture, regardless of whether acting in its role as Trustee or as Paying Agent. In its execution of this Seventh Supplemental Indenture and other documents related to the Series 2002-D Warrants, the Trustee shall be deemed to be acting in the capacity of both Trustee and Paying Agent, regardless of whether or not expressly so stated.

Section 2.2 Optional Redemption of Series 2002-D Warrants. The Series 2002-D Warrants will be subject to redemption and prepayment prior to their stated maturities, at the option of the County, as a whole or in part, on August 1, 2012, and on any date thereafter, at and for a redemption price equal to 100% of the principal amount of each Series 2002-D Warrant or portion thereof to be redeemed, plus accrued interest to the date fixed for redemption. The Series 2002-D Warrants may be redeemed only in installments of \$5,000 or any integral multiple thereof. In the event that less than all of the Series 2002-D Warrants of a particular maturity are redeemed and prepaid pursuant to this Section 2.2, the Trustee shall select by lot the Series 2002-D Warrants (or portions of the principal thereof) of such maturity to be redeemed and prepaid.

The redemption of Series 2002-D Warrants pursuant to this section shall comply with the applicable provisions of Article VI of the Original Indenture and Section 2.5 hereof, with the provisions of Section 2.5 particularly applicable to the Series 2002-D Warrants to govern in the case of any conflict.

Section 2.3 Scheduled Mandatory Redemption of Series 2002-D Warrants. Those of the Series 2002-D Warrants maturing on February 1, 2032, shall be subject to scheduled mandatory redemption on the following respective dates and in the following respective principal amounts:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2028	\$ 17,710,000
February 1, 2029	18,620,000
February 1, 2030	19,575,000
February 1, 2031	20,580,000

Series 2002-D Warrants in the aggregate principal amount of \$21,635,000 will remain to be paid at their scheduled maturity on February 1, 2032.

Those of the Series 2002-D Warrants maturing on February 1, 2038, shall be subject to scheduled mandatory redemption on the following respective dates and in the following respective principal amounts:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2033	\$ 22,745,000
February 1, 2034	23,910,000
February 1, 2035	25,135,000
February 1, 2036	26,425,000
February 1, 2037	27,780,000

Series 2002-D Warrants in the aggregate principal amount of \$29,205,000 will remain to be paid at their scheduled maturity on February 1, 2038.

Those of the Series 2002-D Warrants maturing on February 1, 2042, shall be subject to scheduled mandatory redemption on the following respective dates and in the following respective principal amounts:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2039	\$ 30,700,000
February 1, 2040	32,275,000
February 1, 2041	33,930,000

Series 2002-D Warrants in the aggregate principal amount of \$35,670,000 will remain to be paid at their scheduled maturity on February 1, 2042.

The Series 2002-D Warrants shall be redeemed pursuant to the provisions of this section at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to

be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, and such redemption shall be effected in accordance with the applicable provisions of Article VI of the Original Indenture and Section 2.5 hereof, with the provisions of Section 2.5 particularly applicable to the Series 2002-D Warrants to govern in the case of any conflict.

Not less than forty-five (45) days or more than sixty (60) days prior to each scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, as provided in Section 2.5 hereof, Series 2002-D Warrants (or portions thereof) from the maturity subject to mandatory redemption on such date in an aggregate principal amount equal to the amount required to be redeemed and shall call such Series 2002-D Warrants (or portions thereof) for redemption on such scheduled mandatory redemption date; provided, however, that the County may, upon direction delivered to the Trustee not less than sixty (60) days prior to any such scheduled mandatory redemption date with respect to Series 2002-D Warrants of a particular maturity, direct that any or all of the following amounts be credited against the principal amount of Series 2002-D Warrants of such maturity scheduled for redemption on such date: (i) the principal amount of Series 2002-D Warrants of such maturity delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of Series 2002-D Warrants of such maturity previously redeemed pursuant to the optional redemption provisions of Section 2.2 hereof and not previously claimed as a credit.

Section 2.4 Purchase of Series 2002-D Warrants for Retirement. The County may at any time and from time to time purchase Series 2002-D Warrants for retirement using funds from any source. Any Series 2002-D Warrants so purchased for retirement shall be delivered by the County to the Trustee, together with a written order of an authorized officer of the County for their cancellation, whereupon such purchased Series 2002-D Warrants shall be cancelled by the Trustee. In the event that the County elects to purchase any Series 2002-D Warrants for retirement, the Trustee may, if requested to do so by the County, solicit for tenders of Series 2002-D Warrants by holders thereof who wish to sell such Series 2002-D Warrants to the County.

Section 2.5 Special Provisions Respecting Partial Redemption of Series 2002-D Warrants. The principal of any Series 2002-D Warrants shall be redeemed only in the amount of \$5,000 or any integral multiple thereof. If less than all the outstanding Series 2002-D Warrants are to be redeemed on any single redemption date pursuant to Section 2.2 hereof, those to be redeemed shall be called for redemption from such maturity or maturities as shall be specified by the County. If less than all the Series 2002-D Warrants of a single maturity are to be called for redemption on any single redemption date, the Trustee shall assign a number or other unique designation to each \$5,000 in principal amount of the Series 2002-D Warrants of such maturity then outstanding and select by lot, from among all such numbers or other unique designations associated with the Series 2002-D Warrants then outstanding, numbers or other unique designations representing an aggregate principal amount equal to the principal amount of the Series 2002-D Warrants of such maturity to be so called for redemption, whereupon there shall be called for redemption an amount of the unpaid principal of

each Series 2002-D Warrant of such maturity equal to the principal amount represented by the numbers or other unique designations related thereto that were so selected.

Section 2.6 **Form of Series 2002-D Warrants.** The Series 2002-D Warrants and the Trustee's authentication certificate and the form of assignment and related signature guaranty applicable thereto shall be in substantially the following forms, respectively, with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof:

[Form of Series 2002-D Warrant]

No. R- _____

\$ _____

UNITED STATES OF AMERICA

STATE OF ALABAMA

JEFFERSON COUNTY, ALABAMA

**SEWER REVENUE CAPITAL IMPROVEMENT WARRANT
Series 2002-D**

Interest Rate

Maturity Date

CUSIP

JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama (herein called the "County"), hereby acknowledges itself indebted to and orders and directs the County Treasurer of the County to pay to _____, or registered assigns, solely out of the revenues hereinafter referred to, the principal sum of

D O L L A R S

on the maturity date specified above, with interest thereon from the date hereof until the maturity hereof at the per annum rate specified above (computed on the basis of a 360-day year of twelve consecutive 30-day months), payable on February 1, 2003, and semiannually thereafter on each February 1 and August 1 until maturity or earlier redemption. The principal of and the premium (if any) on this warrant shall be payable in lawful money of the United States of America at the principal corporate trust office of The Bank of New York in East Syracuse, New York, or its successors as Trustee under the Indenture hereinafter referred to, and the interest payable on this warrant on each interest payment date shall be remitted, by the Trustee hereinafter referred to, by check or draft mailed or otherwise delivered to the registered holder hereof at the address shown on the registry

books of the said Trustee. The principal of and the interest and premium (if any) on this warrant shall bear interest after their respective due dates until paid at the per annum rate shown above.

This warrant is one of a duly authorized issue or series of warrants authorized to be issued in the aggregate principal amount of \$475,000,000 and designated Sewer Revenue Capital Improvement Warrants, Series 2002-D (herein called the "Series 2002-D Warrants"). The Series 2002-D Warrants have been issued, on a parity with the Outstanding Parity Securities hereinafter referred to, under a Trust Indenture dated as of February 1, 1997 (herein called the "Original Indenture"), between the County and The Bank of New York, Birmingham, Alabama, as Trustee (herein, in such capacity, together with its successors in trust, called the "Trustee"), as supplemented and amended by a First Supplemental Indenture dated as of March 1, 1997 (herein called the "First Supplemental Indenture"), by a Second Supplemental Indenture dated as of March 1, 1999 (herein called the "Second Supplemental Indenture"), by a Third Supplemental Indenture dated as of March 1, 2001 (herein called the "Third Supplemental Indenture"), by a Fourth Supplemental Indenture dated as of February 1, 2002 (herein called the "Fourth Supplemental Indenture"), by a Fifth Supplemental Indenture dated as of September 1, 2002 (herein called the "Fifth Supplemental Indenture"), by a Sixth Supplemental Indenture dated as of October 1, 2002 (herein called the "Sixth Supplemental Indenture"), and by a Seventh Supplemental Indenture dated as of November 1, 2002 (herein called the "Seventh Supplemental Indenture"). The County has heretofore issued under the Original Indenture, as supplemented and amended by the First, Second, Third, Fourth, Fifth and Sixth Supplemental Indentures, (i) \$211,040,000 principal amount of its Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997, (ii) \$48,020,000 principal amount of its Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997, (iii) \$52,880,000 principal amount of its Taxable Sewer Revenue Refunding Warrants, Series 1997-C, dated February 15, 1997, (iv) \$296,395,000 principal amount of its Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997, (v) \$952,695,000 principal amount of its Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999, (vi) \$275,000,000 principal amount of its Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001, (vii) \$110,000,000 principal amount of its Sewer Revenue Capital Improvement Warrants, Series 2002-A, dated March 6, 2002, (viii) \$540,000,000 principal amount of its Sewer Revenue Capital Improvement Warrants, Series 2002-B, dated September 1, 2002, and (ix) \$839,500,000 principal amount of its Sewer Revenue Refunding Warrants, Series 2002-C, dated October 25, 2002 (all of which warrants that are outstanding being herein together called the "Outstanding Parity Securities"). As used herein, the term "Indenture" means the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture and the Seventh Supplemental Indenture.

The Series 2002-D Warrants are subject to redemption and prepayment prior to maturity, at the option of the County, as a whole or in part, from such maturity or maturities as shall be specified by the County, on August 1, 2012, and on any date thereafter, such redemption to be at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the date fixed for redemption.

The Series 2002-D Warrants having a stated maturity on February 1, 2032, are subject to scheduled mandatory redemption, at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, in the following principal amounts on the following dates:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2028	\$ 17,710,000
February 1, 2029	18,620,000
February 1, 2030	19,575,000
February 1, 2031	20,580,000

The Series 2002-D Warrants having a stated maturity on February 1, 2038, are subject to scheduled mandatory redemption, at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, in the following principal amounts on the following dates:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2033	\$ 22,745,000
February 1, 2034	23,910,000
February 1, 2035	25,135,000
February 1, 2036	26,425,000
February 1, 2037	27,780,000

The Series 2002-D Warrants having a stated maturity on February 1, 2042, are subject to scheduled mandatory redemption, at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, in the following principal amounts on the following dates:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2039	\$ 30,700,000
February 1, 2040	32,275,000
February 1, 2041	33,930,000

Not less than forty-five (45) days or more than sixty (60) days prior to each scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, by lot, Series 2002-D Warrants (or portions thereof) from the maturity subject to mandatory redemption on such date in an aggregate principal amount equal to the amount required to be redeemed and shall call such Series 2002-D Warrants (or portions thereof) for redemption on such scheduled mandatory redemption date; provided, however, that the County may, upon direction delivered to the Trustee not less than sixty (60) days prior to any such scheduled mandatory redemption date with respect to Series 2002-D Warrants of a particular maturity, direct that any or all of the following amounts be credited against the principal amount of Series 2002-D Warrants of such maturity scheduled for redemption on such date: (i) the principal amount of Series 2002-D Warrants of such maturity delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of Series 2002-D Warrants of such maturity previously redeemed pursuant to the applicable optional redemption provisions and not previously claimed as a credit.

If less than all of the outstanding Series 2002-D Warrants of a particular maturity are to be called for redemption, the Series 2002-D Warrants (or principal portions thereof) to be redeemed shall be selected by the Trustee by lot in the principal amounts designated to the Trustee by the County or otherwise as required by the Indenture. In the event any of the Series 2002-D Warrants are called for redemption, the Trustee shall give notice, in the name of the County, of the redemption of such Warrants, which notice shall state that on the redemption date the Series 2002-D Warrants to be redeemed shall cease to bear interest. Such notice shall be given by mailing a copy thereof by registered or certified mail at least thirty (30) days prior to the date fixed for redemption to the holders of the Series 2002-D Warrants to be redeemed at the addresses shown on the registration books of the Trustee; provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of the redemption of any of the Series 2002-D Warrants for which notice was properly given. Any Series 2002-D Warrants which have been duly selected for redemption and which are deemed to be paid in accordance with the Indenture shall cease to bear interest on the date fixed for redemption and shall thereafter cease to be entitled to any lien, benefit or security under the Indenture.

Under the Indenture, the Outstanding Parity Securities and the Series 2002-D Warrants are equally and ratably secured by a pledge of certain revenues from the sanitary sewer system of the County (herein, as it may at any time exist, called the "System") that remain after the payment of the expenses of operating and maintaining the System. Upon compliance with certain conditions specified in the Indenture, the County may issue additional securities (without limitation as to principal amount) that are secured by the Indenture on a parity with the Outstanding Parity Securities and the Series 2002-D Warrants with respect to the pledge of the aforesaid revenues from the System (the Outstanding Parity Securities, the Series 2002-D Warrants and all such additional securities being herein together called the "Parity Securities").

The holders of the Parity Securities shall never have the right to demand payment of the Parity Securities out of any funds raised or to be raised by taxation or from any source whatsoever, except the payments and amounts described in this warrant and the Indenture. Except for the revenues from

the System and the other moneys that may be held by the Trustee under the Indenture, no property of the County is encumbered by any lien or security interest for the benefit of the holder of this warrant. Neither the faith and credit, nor the taxing power, of the State of Alabama or the County, or any other public corporation, subdivision or agency of the State of Alabama or the County, is pledged to the payment of the principal of or the interest or premium (if any) on this warrant.

The transfer of this warrant shall be registered upon the registration books kept at the principal corporate office of the Trustee, at the written request of the holder hereof or his attorney duly authorized in writing, upon surrender of this warrant at said office, together with a written instrument of transfer satisfactory to the Trustee duly executed by the holder hereof or his duly authorized attorney. Upon payment of any required tax or other governmental charge, this warrant may, upon the surrender hereof at the principal corporate trust office of the Trustee, be exchanged for an equal aggregate principal amount of Series 2002-D Warrants of the same maturity in any other authorized denominations.

The Trustee shall not be required to transfer or exchange this warrant during the period of fifteen days next preceding any interest payment date with respect hereto. In the event that this warrant (or any principal portion hereof) is duly called for redemption and prepayment, the Trustee shall not be required to transfer or exchange this warrant during the period of thirty days next preceding the date fixed for such redemption and prepayment.

Except as provided in the Indenture, the registered holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto.

With certain exceptions as provided therein, the Indenture may be modified or amended only with the consent of the holders of a majority in aggregate principal amount of all Parity Securities outstanding under the Indenture.

Reference is hereby made to the Indenture, a copy of which is on file with the Trustee, for the provisions thereof concerning the nature and extent of the rights, duties and obligations of the County, the Trustee and the holders of the Parity Securities. The registered holder of this warrant, by the acceptance hereof, is deemed to have agreed and consented to the terms and provisions of the Indenture.

The County and the Trustee may deem and treat the person in whose name this warrant is registered as the absolute owner hereof for all purposes, whether or not any principal of or interest on this warrant is overdue, and neither the County nor the Trustee shall be affected by any notice to the contrary.

It is hereby certified, recited and declared that all acts, conditions and things required by the constitution and laws of the State of Alabama to exist, to have happened and to have been performed,

precedent to and in the execution and delivery of the Indenture and the issuance of this warrant, do exist, have happened and have been performed in regular and due form as required by law.

No covenant or agreement contained in this warrant or the Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the County in his individual capacity, and neither the members of the governing body of the County, nor any official executing this warrant, shall be liable personally on this warrant or be subject to any personal liability or accountability by reason of the issuance or sale of this warrant.

This warrant shall not be entitled to any right or benefit under the Indenture, or be valid or become obligatory for any purpose, until this warrant shall have been authenticated by the execution by the Trustee, in its capacity as paying agent for the Series 2002-D Warrants, of the certificate of authentication inscribed hereon.

IN WITNESS WHEREOF, the County has caused this warrant to be executed in its name and behalf by the _____ of its County Commission, has caused its official seal to be hereunto affixed, has caused the signature of the aforesaid _____ to be attested by the Minute Clerk of its County Commission, and has caused this warrant to be dated November 1, 2002.

JEFFERSON COUNTY, ALABAMA

By _____
_____ of the County Commission

ATTEST:

Minute Clerk of the
County Commission

[SEAL]

AUTHENTICATION CERTIFICATE

DATE OF AUTHENTICATION: _____

This warrant is one of the Series 2002-D Warrants described in the within-mentioned Trust Indenture.

THE BANK OF NEW YORK,
as Trustee

By _____
Its Authorized Signatory

[Form for Assignment]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within warrant and hereby irrevocably constitutes and appoints _____ attorney, with full power of substitution in the premises, to transfer the within warrant on the books kept for registration thereof by the within-mentioned Trustee.

Dated this _____ day of _____, _____.

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears upon the face of the within warrant in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

(Bank, Trust Company or Firm)*

By _____
(Authorized Officer)

Medallion Number: _____

*Signature(s) must be guaranteed by an eligible guarantor institution which is a member of a recognized signature guarantee program, i.e., Securities Transfer Agents Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP), or New York Stock Exchange Medallion Signature Program (MSP).

Section 2.7 Execution and Delivery of Series 2002-D Warrants. The Series 2002-D Warrants shall be forthwith executed and delivered to the Trustee and shall be authenticated and delivered by the Trustee from time to time upon receipt by the Trustee of an order signed on behalf of the County by an authorized representative of the Governing Body requesting such authentication and delivery and designating the Person or Persons to receive the same or any part thereof.

Section 2.8 Application of Proceeds from the Sale of Series 2002-D Warrants. The entire proceeds derived from the sale of the Series 2002-D Warrants shall be paid to the Trustee and promptly thereafter applied by the Trustee for the following purposes and in the following order:

- (a) payment of the sum of \$6,082,681.17 to the Bond Insurer as the premium for the Series 2002-D Insurance Policy;
- (b) payment of the sum of \$38,419,060.42 (including the accrued interest on the Series 2002-D Warrants) into the Series 2002-D Capitalized Interest Account;
- (c) payment of the sum of \$35,171,934.49 into the Reserve Fund; and
- (d) payment of the balance into the 2002-D Construction Fund.

ARTICLE III

AGREEMENTS RESPECTING CONSTRUCTION OF 2002-D SYSTEM IMPROVEMENTS AND USE OF MONEYS IN 2002-D CONSTRUCTION FUND

Section 3.1 **Agreement to Construct 2002-D System Improvements.** The County will proceed continuously and with reasonable dispatch with the acquisition, construction and installation of the various System Improvements that constitute part of the County's Sanitary Sewer Capital Improvement Program. The County will complete the acquisition, construction and installation of the 2002-D System Improvements, including the acquisition of such real estate (and interests therein) as may be necessary therefor, as soon as may be practicable, delays incident to strikes, riots, acts of God and the public enemy and similar acts beyond the reasonable control of the County only excepted. The County will promptly pay, as and when due, all expenses incurred in said acquisition, construction and installation.

Section 3.2 **Creation of 2002-D Construction Fund; Purposes for Which Moneys Therein May Be Expended.** There is hereby created a special trust fund, the full name of which shall be the "Jefferson County Sewer System Series 2002-D Construction Fund," for the purpose of providing funds for the acquisition, construction and installation of the 2002-D System Improvements. The Trustee shall be and remain the depository, custodian and disbursing agent for the 2002-D Construction Fund, which shall constitute an Indenture Fund for all purposes of the Indenture. The moneys in the 2002-D Construction Fund (other than income derived from the investment of the moneys initially deposited therein) shall be paid out from time to time by the Trustee for the following purposes only and only upon presentation of requisitions as described in Section 3.3 hereof:

- (a) payment of Series 2002-D Issuance Costs;
- (b) payment of the reasonable expenses and charges of the Trustee in connection with the 2002-D Construction Fund;
- (c) payment for labor, services, materials, supplies and equipment furnished in acquiring, constructing and installing the 2002-D System Improvements;
- (d) payment of the costs of acquiring any real estate (including easements and other interests therein) for the construction or installation thereon of any part or parts of the 2002-D System Improvements; and
- (e) payment of all expenses (including the fees and expenses of engineers and attorneys and recording fees) incurred in connection with matters referred to in the preceding subsections (c) and (d) of this section.

Section 3.3 Payments from the 2002-D Construction Fund. All requisitions for disbursements from the 2002-D Construction Fund shall be signed by an Authorized County Representative and shall (a) state the amount required to be paid and the name and address of the Person to whom payment is to be made, (b) describe in reasonable detail the particular Improvement Cost or issuance expense to be paid, and (c) certify that the purpose for which such payment is to be made is a purpose for which 2002-D Construction Fund moneys are authorized under the Seventh Supplemental Indenture to be expended.

In addition to the documents required by this section the Trustee may require as a condition precedent to any disbursement further evidence with respect thereto or with respect to the application of any moneys previously disbursed or as to the correctness of any statement made in any requisition. Upon the written request of the Holders of at least ten percent (10%) of the aggregate principal amount of the Parity Securities, the Trustee shall require such evidence. The Trustee shall, however, be under no duty to require such evidence unless so requested. The Trustee shall not be liable for any misapplication of moneys in the 2002-D Construction Fund if disbursed pursuant to the provisions of this section and without knowledge that such disbursement constituted a misapplication of funds.

Section 3.4 Security for 2002-D Construction Fund Moneys. The moneys at any time on deposit in the 2002-D Construction Fund shall be and at all times remain public funds impressed with a trust for the purposes specified in Section 3.2 hereof. The Trustee shall at all times keep the moneys on deposit in the 2002-D Construction Fund continuously secured, for the benefit of the County and the Holders of the Parity Securities, either

(a) by holding on deposit, as collateral security, Federal Obligations, or other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency, having a market value (exclusive of accrued interest) not less than the amount of moneys on deposit in the 2002-D Construction Fund, or

(b) if the furnishing of security in the manner provided by the foregoing clause (a) of this section is not permitted by the then applicable law and regulations, then in such other manner as may be required or permitted by the then applicable state and federal laws and regulations respecting the security for, or granting a preference in the case of, the deposit of trust funds;

provided, however, that it shall not be necessary for the Trustee so to secure any portion of the moneys on deposit in the 2002-D Construction Fund (i) that is invested in Federal Obligations or pursuant to an agreement described in clause (v) of the definition of "Eligible Investments" in the Original Indenture, or (ii) that is insured by the Federal Deposit Insurance Corporation or any agency of the United States of America that may succeed to its functions.

Section 3.5 Investment of 2002-D Construction Fund. As promptly as practicable following the execution and delivery of this Seventh Supplemental Indenture and from time to time

thereafter, the County will furnish to the Trustee a written certificate stating the approximate dates when the moneys on deposit in the 2002-D Construction Fund will be needed for the various purposes for which such fund is being created. Promptly after receipt of each such certificate, the Trustee will, at the direction of the County and to the extent practicable, cause the 2002-D Construction Fund moneys to be invested in Eligible Investments having stated maturities in such amounts and at such times, prior to or corresponding with the amounts and dates specified in said certificate, as to make available from the 2002-D Construction Fund cash moneys sufficient to meet the needs of the 2002-D Construction Fund as specified in said certificate; provided, however, that the Trustee is hereby directed to invest \$192,411,776.05 of the moneys initially deposited in the 2002-D Construction Fund pursuant to that certain Master Repurchase Agreement dated as of November 8, 2002, between the Trustee and Bayerische Hypo-und Vereinsbank AG, New York Branch. Any such certificate may contain either specific or general instructions from the County as to the kind of Eligible Investments in which the presently unneeded moneys in the 2002-D Construction Fund are to be invested, and the Trustee will comply with such instructions; provided that the County shall not direct the Trustee to make any investment of moneys in the 2002-D Construction Fund that would result in any of the Parity Securities being considered "arbitrage bonds" within the meaning of Section 103(b)(2) and Section 148 of the Code and the applicable regulations thereunder. In the event of any such investment, the securities in which such moneys are so invested shall become a part of the 2002-D Construction Fund to the same extent as if they were moneys originally deposited therein, and the income derived from such investments shall be paid when received into the Series 2002-D Capitalized Interest Account. The Trustee may at any time and from time to time sell or otherwise convert into cash any such securities, whereupon the net proceeds therefrom shall become a part of the 2002-D Construction Fund. The Trustee shall be fully protected in making any such investment, sale or conversion in accordance with the provisions of this section. In any determination of the amount of moneys at any time forming a part of the 2002-D Construction Fund, all such securities in which any portion of the 2002-D Construction Fund is at the time so invested shall be included therein at their then market value.

ARTICLE IV

PROVISIONS CONCERNING THE SERIES 2002-D INSURANCE POLICY

Section 4.1 Payments Under the Series 2002-D Insurance Policy. (a) If, on the Business Day preceding any Interest Payment Date for the Series 2002-D Warrants, there is not on deposit with the Trustee sufficient moneys available to pay all principal of and interest on the Series 2002-D Warrants due on such date, the Trustee shall immediately notify the Bond Insurer and State Street Bank and Trust Company, N.A., New York, New York, or its successor as the Bond Insurer's Fiscal Agent (the "Fiscal Agent"), of the amount of such deficiency. If, by said Interest Payment Date, the County has not provided the amount of such deficiency, the Trustee shall simultaneously make available to the Bond Insurer and to the Fiscal Agent the registration books for the Series 2002-D Warrants maintained by the Trustee. In addition:

(i) the Trustee shall provide the Bond Insurer with a list of the Holders of the Series 2002-D Warrants entitled to receive principal or interest payments from the Bond Insurer under the terms of the Series 2002-D Insurance Policy and shall make arrangements for the Bond Insurer and its Fiscal Agent (1) to mail checks or drafts to the Holders of Series 2002-D Warrants entitled to receive full or partial interest payments from the Bond Insurer and (2) to pay principal of the Series 2002-D Warrants surrendered to the Fiscal Agent by the Holders thereof entitled to receive full or partial principal payments from the Bond Insurer; and

(ii) the Trustee shall, at the time it makes the registration books available to the Bond Insurer, notify Holders entitled to receive payment of principal of or interest on the Series 2002-D Warrants from the Bond Insurer (1) as to the fact of such entitlement, (2) that the Bond Insurer will remit to them all or part of the interest payments coming due subject to the terms of the Series 2002-D Insurance Policy, (3) that, except as provided in paragraph (b) below, in the event that any Holder of Series 2002-D Warrants is entitled to receive full payment of principal from the Bond Insurer, such Holder must tender his Series 2002-D Warrant to the Fiscal Agent with the instrument of transfer in the form provided on the Series 2002-D Warrant executed in the name of the Bond Insurer, and (4) that, except as provided in paragraph (b) below, in the event that such Holder is entitled to receive partial payment of principal from the Bond Insurer, such Holder must tender his Series 2002-D Warrant for payment first to the Trustee, which shall note on such Series 2002-D Warrant the portion of principal paid by the Trustee, and then, with an acceptable form of assignment executed in the name of the Bond Insurer, to the Fiscal Agent, which will then pay the unpaid portion of principal to the Holder subject to the terms of the Series 2002-D Insurance Policy.

(b) In the event that the Trustee has notice that any payment of principal of or interest on a Series 2002-D Warrant has been recovered from a Holder thereof pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time it provides notice to the Bond Insurer, notify all Holders of Series 2002-D Warrants that, in the event that any such Holder's payment is so recovered, such Holder will be entitled to payment from the Bond Insurer to the extent of such recovery, and the Trustee shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the Series 2002-D Warrants which have been made by the Trustee and subsequently recovered from Holders, and the dates on which such payments were made.

(c) The Bond Insurer shall, to the extent it makes payment of principal of or interest on the Series 2002-D Warrants, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 2002-D Insurance Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books maintained by the Trustee upon receipt from the Bond Insurer of proof of the payment of interest thereon to the Holders of such Series 2002-D

Warrants and (2) in the case of subrogation as to claims for past due principal, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books for the Series 2002-D Warrants maintained by the Trustee upon receipt of proof of the payment of principal thereof to the Holders of such Series 2002-D Warrants. Notwithstanding anything in the Indenture or the Series 2002-D Warrants to the contrary, the Trustee shall make payment of such past due interest and past due principal directly to the Bond Insurer to the extent that the Bond Insurer is a subrogee with respect thereto.

Section 4.2 Information to be Provided to the Bond Insurer. The County shall provide the Bond Insurer with the following information:

(a) within 180 days after the end of each Fiscal Year of the County, a copy of the County's budget for the then current Fiscal Year, a copy of the County's annual audited financial statements for the most recently completed Fiscal Year, a statement of the amount on deposit in the Reserve Fund as of the last valuation and, if not presented in the audited financial statements, a statement of the net revenues pledged to payment of the Parity Securities for the most recently completed Fiscal Year;

(b) the Official Statement or other disclosure document, if any, prepared in connection with the issuance of additional debt instruments payable from the System Revenues, whether or not such instruments constitute Additional Parity Securities, within 30 days after the sale thereof;

(c) notice of any draw upon, or any deficiency due to market fluctuation in the amount on deposit in, the Reserve Fund;

(d) notice of the redemption, other than mandatory sinking fund redemption, of any of the Parity Securities, including the principal amount, maturities and CUSIP numbers thereof

(e) simultaneously with the delivery of the County's annual audited financial statements:

(i) the number of System users as of the end of the most recently completed Fiscal Year;

(ii) notification of the withdrawal of any System user responsible for 5% or more of System Revenues since the last reporting date;

(iii) any significant plant retirements or expansions planned or undertaken in the System's service area since the last reporting date;

- (iv) maximum and average daily System usage for the most recently completed Fiscal Year;
 - (v) any updated capital plans for expansion and improvement projects; and
 - (vi) results of any annual engineering inspections.
- (f) such additional information as the Bond Insurer may reasonably request from time to time.

Section 4.3 Miscellaneous Special Provisions Respecting the Bond Insurer and the Series 2002-D Insurance Policy. (a) In determining whether a payment default has occurred or whether a payment on the Series 2002-D Warrants has been made under the Indenture, no effect shall be given to payments made under the Series 2002-D Insurance Policy.

(b) The Bond Insurer shall receive immediate notice of any default in payment of principal of or interest on the Series 2002-D Warrants and notice of any other Event of Default known to the Trustee within 30 days of the Trustee's knowledge thereof.

(c) The Trustee shall, if and to the extent that there are no other available moneys held under the Indenture, use moneys in the 2002-D Construction Fund to pay principal of or interest on the Series 2002-D Warrants.

(d) For all purposes of Article XIII of the Original Indenture, except the giving of notice of default to Holders of Series 2002-D Warrants, the Bond Insurer shall be deemed to be the sole holder of the Series 2002-D Warrants it has insured for so long as it has not failed to comply with its payment obligations under the Series 2002-D Insurance Policy.

(e) No resignation or removal of the Trustee shall become effective until a successor has been appointed and has accepted the duties of Trustee. The Bond Insurer shall be furnished with written notice of the resignation or removal of the Trustee and the appointment of any successor thereto.

(f) The Bond Insurer shall be treated as a party in interest and as a party entitled to (i) notify the Trustee of the occurrence of an Event of Default and (ii) request the Trustee to intervene in judicial proceedings that affect the Series 2002-D Warrants or the security therefor.

(g) Any amendment or supplement to the Indenture shall be subject to the prior written consent of the Bond Insurer. The Bond Insurer shall be deemed to be the holder of all outstanding Series 2002-D Warrants for the purpose of consenting to any proposed amendment or supplement to the Indenture (except for any such amendment or supplement that, under the provisions of the Indenture, requires the consent of the Holder of each outstanding Series 2002-D Warrant). Any

rating agency rating any of the Series 2002-D Warrants must receive notice of each amendment or supplement hereafter executed and a copy thereof at least fifteen days in advance of its execution or adoption.

(h) The Bond Insurer shall be provided with a full transcript of all proceedings relating to the execution of any Supplemental Indenture hereafter executed.

(i) Any notices to the Bond Insurer or the Fiscal Agent pursuant to the Indenture shall be sent to the following addresses (unless and until different addresses are specified in writing to the County and the Trustee):

Financial Guaranty Insurance Company
125 Park Avenue
New York, New York 10017
Attention: General Counsel

State Street Bank and Trust Company, N.A.
61 Broadway
New York, New York 10006
Attention: Corporate Trust Department

ARTICLE V

MISCELLANEOUS

Section 5.1 2002-D System Improvements to Constitute Part of System. The 2002-D System Improvements shall henceforth constitute part of the System referred to in the Indenture and shall be subject to the Indenture as fully and completely as if they had been in existence at the time the Original Indenture was executed and delivered and had been specifically described therein.

Section 5.2 Confirmation of Indenture. All the terms, covenants and conditions of the Indenture are hereby in all things confirmed, and they shall remain in full force and effect. Further, the County does hereby confirm the pledge made in the Indenture with respect to the revenues derived from all properties now or hereafter constituting a part of the System, including specifically, without limiting the generality of the foregoing, all properties acquired as a part of the System since the execution and delivery of the Original Indenture.

Section 5.3 Pledge of 2002-D Construction Fund. For the purposes specified in Section 2.1 of the Original Indenture, the County does hereby grant, bargain, sell and convey, assign, transfer and pledge to and with the Trustee the moneys deposited in the 2002-D Construction Fund, together with any investments and reinvestments of such moneys and the income or proceeds thereof; subject,

however, to the disbursement of all moneys at any time held in the 2002-D Construction Fund for application in accordance with the provisions of this Seventh Supplemental Indenture.

Section 5.4 Debt Service Fund Deposits Referable to Series 2002-D Warrants. In order to provide funds for the payment of the principal of and the interest on the Series 2002-D Warrants, there shall be transferred or paid into the Debt Service Fund, out of moneys held in the Revenue Account (subject to the effect of the provisions of the last paragraph of this section), the following amounts at the following times:

(1) on or before February 1, 2003, and on or before each February 1 and August 1 thereafter until and including February 1, 2042, an amount equal to the interest becoming due with respect to the then outstanding Series 2002-D Warrants on each such Interest Payment Date; and

(2) on or before February 1, 2022, and on or before each February 1 thereafter until and including February 1, 2042, an amount equal to the principal amount of Series 2002-D Warrants maturing or required to be redeemed on each such February 1.

Notwithstanding the foregoing, if the total amount of principal of and interest on the Parity Securities becoming due and payable on any Interest Payment Date is greater than the amount then held in the Reserve Fund (without taking into account the aggregate amount payable under the Reserve Policy and any Additional Reserve Policy then in effect), then the related transfer or payment into the Debt Service Fund shall be made at least one Business Day prior to such Interest Payment Date.

The Debt Service Fund deposits required by this Section 5.4 shall be in addition to the deposits respecting the Outstanding Parity Securities required by the Original Indenture and by earlier Supplemental Indentures.

There is hereby created as part of the Debt Service Fund a new account, namely, the Series 2002-D Capitalized Interest Account. The Trustee shall be and remain the depository, custodian and disbursing agent for such account. Until all moneys deposited in such account have been spent, on each Interest Payment Date moneys from the Series 2002-D Capitalized Interest Account in an amount equal to the lesser of (a) the amount of interest on the Series 2002-D Warrants becoming due on such date and (b) the total amount then held in such account shall be applied for the payment of the interest then due and payable on the Series 2002-D Warrants. The County hereby directs the Trustee (which direction is hereby acknowledged by the Trustee) to invest the moneys deposited in the Series 2002-D Capitalized Interest Account pursuant to that certain Purchase and Resale Agreement dated as of November 8, 2002, among Wachovia Bank, National Association, the County and the Trustee.

Section 5.5 Book-Entry Procedures Applicable to Series 2002-D Warrants. (a) Except as provided in Section 5.5(c) hereof, the registered owner of all of the Series 2002-D Warrants shall

be The Depository Trust Company ("DTC") and the Series 2002-D Warrants shall be registered in the name of Cede & Co., as nominee of DTC. Payment of semiannual interest for any Series 2002-D Warrant registered as of a Record Date in the name of Cede & Co. shall be made by wire transfer to the account of Cede & Co. on the Interest Payment Date at the address indicated on the Record Date for Cede & Co. in the registry books of the County kept by the Paying Agent.

(b) The Series 2002-D Warrants shall be initially issued in the form of a separate single authenticated fully registered warrant in the principal amount of each separately stated maturity for each separate series. Upon initial issuance, the ownership of each such Series 2002-D Warrant shall be registered in the registry book of the County kept by the Paying Agent in the name of Cede & Co., as nominee of DTC. The Paying Agent and the County may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2002-D Warrants registered in its name for the purposes of payment of the principal or redemption price of or interest on such Series 2002-D Warrants, selecting such Series 2002-D Warrants or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders of Series 2002-D Warrants under the Indenture, registering the transfer of Series 2002-D Warrants, obtaining any consent or other action to be taken by Holders of Series 2002-D Warrants and for all other purposes whatsoever; and neither the Paying Agent nor the County shall be affected by any notice to the contrary. Neither the Paying Agent nor the County shall have any responsibility or obligation to any DTC participant, any Person claiming a beneficial ownership interest in the Series 2002-D Warrants under or through DTC or any DTC participant, or any other Person which is not shown on the registration books of the County kept by the Paying Agent as being a Holder of Series 2002-D Warrants. The County and the Paying Agent shall have no responsibility with respect to the accuracy of any records maintained by DTC, Cede & Co. or any DTC participant with respect to any ownership interest in the Series 2002-D Warrants; the payment by DTC or any DTC participant to any beneficial owner of any amount in respect of the principal or redemption price of or interest on the Series 2002-D Warrants; the delivery to any DTC participant or any beneficial owner of any notice which is permitted or required to be given to Holders of the Series 2002-D Warrants under the Indenture; the selection by DTC or any DTC participant of any Person to receive payment in the event of a partial redemption of the Series 2002-D Warrants; or the authority for any consent given or other action taken by DTC as the Holder of Series 2002-D Warrants. The Paying Agent shall pay all principal of and premium, if any, and interest on the Series 2002-D Warrants only to Cede & Co., as nominee of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to the principal of and premium, if any, and interest on such Series 2002-D Warrants to the extent of the sum or sums so paid. Upon delivery by DTC to the Paying Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co. and direction to effect such change on the registry books maintained by the Paying Agent, the term "Cede & Co." in the Indenture shall refer to such new nominee of DTC.

(c) In the event the County determines that it is in the best interest of the beneficial owners of the Series 2002-D Warrants that they be able to obtain warrant certificates, the County may notify DTC and the Paying Agent of the availability through DTC of warrant certificates. In such event, the Paying Agent shall issue, transfer and exchange warrant certificates as requested by

DTC and any other Holders of Series 2002-D Warrants in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 2002-D Warrants at any time by giving notice to the County and the Paying Agent and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the County and Paying Agent shall be obligated to deliver warrant certificates as described in the Indenture. In the event warrant certificates are issued to Holders of the Series 2002-D Warrants other than DTC, the provisions of Article V of the Original Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the County and the Paying Agent to do so, the County and the Paying Agent will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2002-D Warrants to any DTC participant having Series 2002-D Warrants credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2002-D Warrants.

(d) Notwithstanding any other provision of the Indenture to the contrary, so long as any Series 2002-D Warrant is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such Series 2002-D Warrant and all notices with respect to such Series 2002-D Warrant shall be made and given to DTC as provided in the Representation Letter to be signed by the County and the Paying Agent on or prior to the date of issuance and delivery of the Series 2002-D Warrants and accepted by DTC. Without limitation of the foregoing, so long as any Series 2002-D Warrant is registered in the name of Cede & Co., as nominee of DTC, the Paying Agent shall send a copy of any notice of redemption by overnight delivery not less than thirty (30) days before the redemption date to DTC, but such mailing shall not be a condition precedent to such redemption and failure to so mail any such notice (or failure of DTC to advise any DTC participant, or any DTC participant to notify the beneficial owner, of any such notice or its content or effect) shall not affect the validity of the proceedings for the redemption of the Series 2002-D Warrants.

(e) In connection with any notice or other communication to be provided to Holders of the Series 2002-D Warrants pursuant to the Indenture by the County or the Paying Agent with respect to any consent or other action to be taken by Holders of the Series 2002-D Warrants, so long as any Series 2002-D Warrant is registered in the name of Cede & Co., as nominee of DTC, the County or the Paying Agent, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

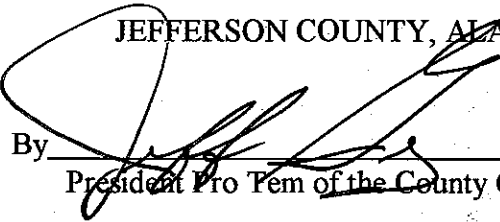
(f) In the event of any inconsistency between the provisions of this Section 5.5 and any other provision of the Indenture or the forms of Series 2002-D Warrants, the provisions of this Section 5.5 shall govern so long as warrant certificates have not been issued to the Holders of the Series 2002-D Warrants other than DTC in accordance with Section 5.5(c) hereof.

Section 5.6 Tax Covenants. The County recognizes that the Holders of the Series 2002-D Warrants from time to time will have accepted them on, and paid therefor a price which reflects, the understanding that interest on the Series 2002-D Warrants is excluded from gross income for federal income tax purposes under the laws in force at the time the Series 2002-D Warrants shall have been delivered. In this connection the County covenants (i) that it will not take any action or omit to take any action if the taking of such action or the failure to take such action, as the case may be, will result in the interest on any of the Series 2002-D Warrants becoming includable in gross income for purposes of federal income taxation, (ii) that it will use the "proceeds" of the Series 2002-D Warrants and any other funds of the County in such a manner that the use thereof, as reasonably expected by the County at the time of issuance of the Series 2002-D Warrants, will not cause the Series 2002-D Warrants to be "arbitrage bonds" under Section 103(b)(2) and Section 148 of the Code and the regulations thereunder and (iii) that it will satisfy the requirements of Section 148(f) of the Code and the applicable regulations thereunder. The County further covenants and agrees that it will not permit at any time any "proceeds" of the Series 2002-D Warrants or any other funds of the County to be used, directly or indirectly, in a manner which would result in any Series 2002-D Warrant being classified as a "private activity bond" within the meaning of Section 141(a) of the Code. The officers and employees of the County shall execute and deliver from time to time, on behalf of the County, such certificates, instruments and documents as shall be deemed necessary or advisable to evidence compliance by the County with said Section 103(b)(2) and Section 148 and the regulations thereunder with respect to the use of the proceeds of the Series 2002-D Warrants. Such certificates, instruments and documents may contain such stipulations as shall be necessary or advisable in connection with the stated purpose of this section and the foregoing provisions hereof, and the County hereby covenants and agrees to comply with the provisions of any such stipulations throughout the term of the Series 2002-D Warrants.


Section 5.7 Article and Section Captions. The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

IN WITNESS WHEREOF, the County has caused this Seventh Supplemental Indenture to be executed in its name and behalf by the President Pro Tem of the Governing Body, has caused its official seal to be hereunto affixed and has caused this Seventh Supplemental Indenture to be attested by the Minute Clerk of the Governing Body, and the Trustee has caused this Seventh Supplemental Indenture to be executed in its corporate name and behalf, has caused its corporate seal to be hereunto affixed and has caused this Seventh Supplemental Indenture to be attested, by its duly authorized officers, all in ten (10) counterparts, each of which shall be deemed an original; and the County and the Trustee have caused this Seventh Supplemental Indenture to be dated as of November 1, 2002, although actually executed and delivered on November 8, 2002.

JEFFERSON COUNTY, ALABAMA

By  _____
President Pro Tem of the County Commission

ATTEST:

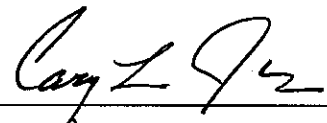


Minute Clerk of the
County Commission


[SEAL]

THE BANK OF NEW YORK, as Successor Trustee
under the Trust Indenture of Jefferson County,
Alabama, dated as of February 1, 1997

By: The Bank of New York Trust Company
of Florida, N.A., Its Agent

By  _____
Its VICE PRESIDENT

ATTEST:



Its ASSISTANT TREASURER

[SEAL]

STATE OF ALABAMA)
:
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that Jeff Germany, whose name as President Pro Tem of the County Commission of JEFFERSON COUNTY, ALABAMA, a political subdivision 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 county.

GIVEN under my hand and official seal of office, this 8th day of November, 2002.

[NOTARIAL SEAL]

Maureen McDeremott

Notary Public

My Commission Expires: 7-24-04

STATE OF ALABAMA)
:
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that CARY L JONES, whose name as VICE PRESIDENT of THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A., a national banking association acting as agent for THE BANK OF NEW YORK, a New York banking corporation acting in its capacity as Trustee under the Trust Indenture of Jefferson County, Alabama, dated as of February 1, 1997, 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 banking association in its capacity as the agent of the Trustee as aforesaid.

GIVEN under my hand and official seal of office, this 8th day of November, 2002.

[NOTARIAL SEAL]

Maureen McDeremott

Notary Public

My Commission Expires: 7-24-04

358329.3

2 0 0 3 0 1 / 7 4 7 5

EIGHTH SUPPLEMENTAL INDENTURE

between

JEFFERSON COUNTY, ALABAMA

and

THE BANK OF NEW YORK

Dated as of January 1, 2003

Relating to

\$41,820,000

JEFFERSON COUNTY, ALABAMA

**Sewer Revenue Refunding Warrant
Series 2003-A**

C.1-H

614707

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to
EIGHTH SUPPLEMENTAL INDENTURE
between
JEFFERSON COUNTY, ALABAMA
and
THE BANK OF NEW YORK

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EIGHTH SUPPLEMENTAL INDENTURE between **JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (herein called the "County"), and **THE BANK OF NEW YORK**, a New York banking corporation and the successor to AmSouth Bank of Alabama in the capacity of trustee under that certain Trust Indenture of the County dated as of February 1, 1997 (said banking corporation in such capacity, as well as any successor trustee under said Trust Indenture, being herein called the "Indenture Trustee"),

RECITALS

Under and pursuant to the provisions of the aforesaid Trust Indenture (herein called the "Original Indenture"), the County has heretofore issued \$211,040,000 principal amount of Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997 (herein called the "Series 1997-A Warrants"), \$48,020,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997 (herein called the "Series 1997-B Warrants"), which are now outstanding in the principal amount of \$10,805,000, and \$52,880,000 principal amount of the Taxable Sewer Revenue Refunding Warrant, Series 1997-C, dated February 15, 1997 (herein called the "Series 1997-C Warrant"), which is now outstanding in the principal amount of \$41,820,000. The Series 1997-A Warrants, the Series 1997-B Warrants and the Series 1997-C Warrant were issued to refund certain indebtedness of the County that had been incurred to pay the costs of certain capital improvements to the County's sanitary sewer system (herein called the "System").

Under the provisions of Article X of the Original Indenture, the County reserved the right to issue, upon compliance with the conditions precedent set forth in said Article X, additional warrants, bonds, notes or other forms of indebtedness (herein called "Additional Parity Securities"), to be secured on a parity with securities previously issued under the Original Indenture, for the purposes of refunding any outstanding obligations of the County issued to finance capital improvements to the System and for financing the costs of acquiring and constructing capital improvements to the System. The County has heretofore issued as Additional Parity Securities (a) its \$296,395,000 aggregate principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997 (herein called the "Series 1997-D Warrants"), which are now outstanding in the principal amount of \$115,740,000, (b) its \$952,695,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999 (herein called the "Series 1999-A Warrants"), which are now outstanding in the principal amount of \$506,910,000, (c) its \$275,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001 (herein called the "Series 2001-A Warrants"), which are now outstanding in the principal amount of \$176,840,000, (d) its \$110,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-A, dated March 6, 2002 (herein called the "Series 2002-A Warrants"), (e) its \$540,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-B, dated September 1, 2002 (herein called the "Series 2002-B Warrants"), (f) its \$839,500,000 aggregate principal amount of Sewer Revenue Refunding Warrants, Series 2002-C, dated October 25, 2002 (herein called the "Series 2002-C Warrants") and (g) its \$475,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-D, dated November 1, 2002 (herein called the "Series 2002-D Warrants") (collectively, the "Prior Additional Parity Securities"). Such series of Additional Parity

Securities have been issued under the Original Indenture, as supplemented and amended by the First Supplemental Indenture dated as of March 1, 1997 (herein called the "First Supplemental Indenture"), the Second Supplemental Indenture dated as of March 1, 1999 (herein called the "Second Supplemental Indenture"), the Third Supplemental Indenture dated as of March 1, 2001 (herein called the "Third Supplemental Indenture"), the Fourth Supplemental Indenture dated as of February 1, 2002 (herein called the "Fourth Supplemental Indenture"), the Fifth Supplemental Indenture dated as of September 1, 2002 (herein called the "Fifth Supplemental Indenture"), the Sixth Supplemental Indenture dated as of October 1, 2002 (herein called the "Sixth Supplemental Indenture") and the Seventh Supplemental Indenture dated November 1, 2002 (herein called the "Seventh Supplemental Indenture"), between the County and the Trustee.

The County proposes to sell and issue the Series 2003-A Warrant hereinafter referred to in connection with the refinancing of a portion of the County's outstanding indebtedness and the cancellation of the Series 1997-C Warrant. The County has, by proper official action and pursuant to the provisions of the Original Indenture (as heretofore supplemented), duly authorized said Series 2003-A Warrant, which is to be secured by the Original Indenture, as supplemented hereby and by the First, Second, Third, Fourth, Fifth, Sixth and Seventh Supplemental Indentures (collectively, the "Indenture"), on a parity with the outstanding Series 1997-A Warrants, Series 1997-B Warrants, Series 1997-C Warrant (which is to be purchased for cancellation with the proceeds of the Series 2003-A Warrant), Series 1997-D Warrants, Series 1999-A Warrants, Series 2001-A Warrants, Series 2002-A Warrants, Series 2002-B Warrants, Series 2002-C Warrants, and the Series 2002-D Warrants (herein together called the "Outstanding Parity Securities"). This Eighth Supplemental Indenture has been executed and delivered in order to specify the details with respect to said Series 2003-A Warrant and to provide for certain other matters set forth herein.

NOW, THEREFORE, THIS

EIGHTH SUPPLEMENTAL INDENTURE

WITNESSETH:

It is hereby agreed among the County, the Indenture Trustee and the holders at any time of said Series 2003-A Warrant (the holders of said warrant evidencing their consent hereto by the acceptance of said warrant), each with each of the others, as follows:

ARTICLE I

DEFINITIONS, FINDINGS AND USE OF PHRASES

Section 1.1 New Definitions. Unless the context clearly indicates a different meaning, the following words and phrases, as used in this Eighth Supplemental Indenture, shall have the following respective meanings:

“ADEM” means Alabama Department of Environmental Management, a department of government of the State of Alabama created pursuant to Title 22, Chapter 22A of the Code of Alabama 1975.

“Authority” means Alabama Water Pollution Control Authority, a public corporation organized and existing under the laws of the State of Alabama.

“Authority Bonds” means the Authority’s Revolving Fund Loan Refunding Bonds, Series 2003-B, dated January 1, 2003 and originally issued in the aggregate principal amount of \$52,650,000.

“Authority Indenture” means the Trust Indenture from the Authority to the Authority Trustee dated as of January 1, 2003, pursuant to which the Authority Bonds were issued.

“Authority Loan” means the loan made to the County by the Authority, the repayment of which is evidenced by the Series 2003-A Warrant.

“Authority Trustee” means J.P. Morgan Trust Company, National Association, Birmingham, Alabama, in its capacity as registrar, transfer agent and paying agent with respect to the Authority Bonds, and any successor thereto.

“Authority Trustee Prime Rate” means the rate of interest established (whether or not charged) from time to time by JPMorgan Chase Bank as its general reference rate of interest, after taking into account such factors as JPMorgan Chase Bank may from time to time deem appropriate in its sole discretion (it being understood, however, that JPMorgan Chase Bank may from time to time make various loans at rates of interest having no relationship to such general reference rate of interest).

“County” means Jefferson County, Alabama, a political subdivision of the State of Alabama, and includes its successors and assigns.

“County Commission” means the governing body of the County.

“Eighth Supplemental Indenture” means this Eighth Supplemental Indenture.

“Fiscal Year” means a fiscal year of the County, being an annual period beginning on October 1 of each calendar year and ending on September 30 of each ensuing calendar year.

“Holder” means the person in whose name the Series 2003-A Warrant is registered on the registry book of the Indenture Trustee pertaining to the Series 2003-A Warrant.

“Interest Payment Date” means each February 15 and August 15, commencing February 15, 2003.

“Loan Amount” has the meaning given in the Special Conditions Agreement.

“Minute Clerk” means the Minute Clerk of the County.

“President” means the President of the County Commission.

“Redemption Date” means any date designated by the County for redemption of the Series 2003-A Warrant, in whole or in part, in accordance with Section 2.3 hereof.

“Redemption Price” means the price at which the Series 2003-A Warrant may be redeemed.

“Resolution” means a resolution adopted by the County Commission.

“Series 1997-C Warrant” means the County's Taxable Sewer Revenue Refunding Warrant, Series 1997-C, dated February 15, 1997 and originally issued in the aggregate principal amount of \$52,880,000.

“Series 2003-A Warrant” means the County's Sewer Revenue Refunding Warrant, Series 2003-A, authorized to be issued in the aggregate principal amount of \$41,820,000.

“Special Conditions Agreement” means the Special Authority Loan Conditions Agreement among the County, the Authority and ADEM, dated as of January 1, 2003.

Section 1.2 Findings. The County Commission has ascertained and does hereby find and declare as follows:

(a) Purposes for which Additional Parity Securities may be Issued. In the Original Indenture, the County has reserved the right to issue, upon compliance with the conditions precedent set forth therein, additional warrants, bonds, notes or other obligations that are secured on a parity with the Outstanding Parity Securities, as respects the pledge of the revenues derived by the County from the operation of the System, for the purposes of financing the costs of constructing or acquiring any System Improvements and refunding or retiring all or any portion of any one or more series of Parity Securities then outstanding under the Indenture or any other obligations of the County issued to finance System Improvements.

(b) Purpose of the Series 2003-A Warrant. The County Commission deems it necessary, desirable and in the public interest that the County obtain the Authority Loan for the purpose of providing funds to purchase the County's Series 1997-C Warrant for cancellation. In order to evidence the repayment of the Authority Loan by the County to the Authority, the County deems it necessary, desirable and in the public interest that the Series 2003-A Warrant hereinafter authorized be issued for the purpose of evidencing the debt of the County to the Authority.

(c) No Default. No Event of Default and no event which, with the giving of notice or the passage of time or both, would constitute such an Event of Default, has occurred and is continuing.

(d) Parity Securities Previously Issued. No Additional Parity Securities, other than the Prior Additional Parity Securities, have heretofore been issued by the County under the Indenture, and the County now has no outstanding obligations payable from the revenues derived by the County

from the operation of the System except the Outstanding Parity Securities and certain related Qualified Swap transactions.

(e) Revenue Certificate. The County's Director of Finance has provided the County and the Indenture Trustee with a certificate (the "Certificate") that satisfies the requirements of Section 5.7 of the Fifth Supplemental Indenture with respect to the issuance of the Series 2003-A Warrant.

Section 1.3 Use of Phrases. "Herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter" and other equivalent words refer to this Eighth Supplemental Indenture as an entirety and not solely to the particular portion thereof in which any such word is used. The terms used herein include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders.

Section 1.4 Definitions Contained in the Original Indenture. Unless the context clearly indicates a different meaning, any words, terms or phrases that are used in this Eighth Supplemental Indenture as defined terms without being herein defined shall have the meanings respectively given them in the Original Indenture (subject to any amendments thereto made herein or in the First, Second, Third, Fourth, Fifth, Sixth or Seventh Supplemental Indenture).

Section 1.5 References to the Parity Securities and the Indenture. The County and the Indenture Trustee acknowledge and agree that, from and after the issuance by the County of the Series 2003-A Warrant, any reference in the Original Indenture, in the First Supplemental Indenture, in the Second Supplemental Indenture, in the Third Supplemental Indenture, in the Fourth Supplemental Indenture, in the Fifth Supplemental Indenture, in the Sixth Supplemental Indenture, in the Seventh Supplemental Indenture or in this Eighth Supplemental to the "Parity Securities" shall, unless the context clearly and unequivocally indicates otherwise, be construed to include the Outstanding Parity Securities, the Series 2003-A Warrant and any Additional Parity Securities hereafter issued.

The County and the Indenture Trustee further acknowledge and agree that, from and after the execution and delivery of this Eighth Supplemental Indenture, any reference in the Original Indenture, in the First Supplemental Indenture, in the Second Supplemental Indenture, in the Third Supplemental Indenture, in the Fourth Supplemental Indenture, in the Fifth Supplemental Indenture, in the Sixth Supplemental Indenture, in the Seventh Supplemental Indenture or in this Eighth Supplemental Indenture to the "Indenture" shall, unless the context clearly and unequivocally indicates otherwise, be construed to refer to the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture and this Eighth Supplemental Indenture. The provisions of the Original Indenture, to the extent they are not inconsistent with the provisions hereof, shall also apply to this Eighth Supplemental Indenture.

ARTICLE II

THE SERIES 2003-A WARRANT

Section 2.1 Authority Loan and Issuance of Series 2003-A Warrant. (a) Authority Loan Made and Accepted. In consideration of the mutual promises made in the Special Conditions Agreement, in this Eighth Supplemental Indenture and in the Series 2003-A Warrant, and subject to the terms and conditions of each thereof, the County, by the delivery of the Series 2003-A Warrant, accepts the Authority Loan that the Authority has, upon delivery to it of the Series 2003-A Warrant, made available in the Loan Amount, in the manner and to the extent specified in the Special Conditions Agreement.

(b) Authorization and Description of the Series 2003-A Warrant. For the purpose of evidencing repayment of the Authority Loan made to the County by the Authority, there is hereby authorized to be issued under the Indenture one fully registered Sewer Revenue Refunding Warrant, Series 2003-A, in the aggregate principal amount of \$41,820,000. The Series 2003-A Warrant shall be dated January 8, 2003 and shall mature and become payable on February 15 in the following principal installments in the following years:

Year (February 15)	Principal
2003	\$2,495,000
2004	2,595,000
2005	2,705,000
2006	2,815,000
2007	2,935,000
2008	3,055,000
2009	3,180,000
2010	3,310,000
2011	3,450,000
2012	3,590,000
2013	3,740,000
2014	3,895,000
2015	4,055,000

The Series 2003-A Warrant shall be issued pursuant to the Constitution and laws of the State of Alabama, including particularly Chapter 28 of Title 11 of the Code of Alabama 1975, as amended. The Series 2003-A Warrant shall be initially issued as a single warrant in an authorized denomination (\$5,000 or any integral multiple thereof) and registered in the name of the Authority.

(c) Appointment of Paying Agent for the Series 2003-A Warrant. The County hereby appoints the Indenture Trustee as Paying Agent with respect to the Series 2003-A Warrant, and the Indenture Trustee hereby accepts such appointment. In so acting, the Indenture Trustee shall continue to be entitled to the benefits and protections of Article XIV of the Original Indenture, regardless of whether acting in its role as Indenture Trustee or as Paying Agent. In its execution of this Eighth Supplemental Indenture and other documents related to the Series 2003-A Warrant, the

Indenture Trustee shall be deemed to be acting in the capacity of both Indenture Trustee and Paying Agent, regardless of whether or not expressly so stated.

Section 2.2 (a) Interest Rate and Method of Payment of Principal and Interest. The Series 2003-A Warrant shall bear interest from August 15, 2002 until the respective maturities of the installments of principal at the rate of 3.10% per annum (computed on the basis of a 360 day year of twelve consecutive 30-day months). Such interest shall be payable semiannually on each February 15 and August 15, commencing February 15, 2003 until and at the final maturity of the Series 2003-A Warrant. Payment of the principal of and interest on the Series 2003-A Warrant shall be payable in lawful money of the United States of America by check or draft mailed by the Indenture Trustee to the lawful Holder of the Series 2003-A Warrant at the address shown on the registry books of the Indenture Trustee pertaining to the Series 2003-A Warrant; provided, that so long as the Authority is the registered Holder of the Series 2003-A Warrant, payment of the principal of and the interest on the Series 2003-A Warrant shall be made by the Indenture Trustee to the Authority in accordance with directions given to the Indenture Trustee by the Authority. The final principal payment shall be made by the Indenture Trustee only upon presentation of the original Series 2003-A Warrant to the Indenture Trustee for cancellation. Interest on the Series 2003-A Warrant shall be deemed timely paid if mailed to then registered holder on or before the interest payment date with respect to which such payment is made or, if such interest payment date is not a business day, then on or before the first business day following such interest payment date. All payments by the County or the Indenture Trustee to the person in whose name the Series 2003-A Warrant is registered shall to the extent thereof fully discharge and satisfy all liability for the same. Any transferee of the Series 2003-A Warrant shall take said warrant subject to all payments of principal and interest in fact made with respect thereto.

(b) Interest Rate and Loan Amount after Maturity. Each installment of principal and interest on the Series 2003-A Warrant shall bear interest from its due date until paid at a per annum rate of interest equal to 2% above the Authority Trustee Prime Rate, such interest to be computed daily. In addition, in the event that it shall be necessary for the Authority to withdraw moneys on deposit in the Bond Proceeds Account of the Debt Service Reserve Fund created (and as defined) in the Authority Indenture in order to prevent a default in the payment of the Authority Bonds as a result of the default on the part of the County in the payment of any amount due hereunder, the amount so withdrawn by the Authority from the Bond Proceeds Account of the Debt Service Reserve Fund shall be added to the amount of the Authority Loan and shall bear interest until paid at the Authority Trustee Prime Rate or the maximum rate permitted by law, whichever is less.

Section 2.3 Redemption Provisions. The principal installments of the Series 2003-A Warrant shall be subject to redemption and prepayment at the option of the County, prior to their respective maturities, as a whole or in part, on any date, in inverse order of the maturities of the principal installments, at and for a redemption price equal to the principal amount redeemed plus accrued interest thereon to the redemption date selected by the County. Any redemption or prepayment of the Series 2003-A Warrant shall be effected in the manner provided in Article VI of the Original Indenture.

Section 2.4 Form of Series 2003-A Warrant. The Series 2003-A Warrant and the Indenture Trustee's Authentication Certificate applicable thereto shall be in substantially the

following form, with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof.

UNITED STATES OF AMERICA
STATE OF ALABAMA

JEFFERSON COUNTY, ALABAMA

SEWER REVENUE REFUNDING WARRANT, SERIES 2003-A

Jefferson County, Alabama, a political subdivision of the State of Alabama (the "Issuer"), for value received, hereby acknowledges that it is indebted to, and hereby orders the County Treasurer to pay to, Alabama Water Pollution Control Authority (the "Authority"), or registered assigns, solely out of the revenues hereinafter referred to, in the principal sum of

FORTY-ONE MILLION EIGHT HUNDRED TWENTY THOUSAND DOLLARS
(\$41,820,000)

in principal installments on February 15 in the following respective years and principal amounts:

Year (February 15)	Principal
2003	\$2,495,000
2004	2,595,000
2005	2,705,000
2006	2,815,000
2007	2,935,000
2008	3,055,000
2009	3,180,000
2010	3,310,000
2011	3,450,000
2012	3,590,000
2013	3,740,000
2014	3,895,000
2015	4,055,000

with interest on the then unpaid principal balance hereof from August 15, 2002 at the rate of 3.10% per annum, first payable on February 15, 2003, and on each August 15 and February 15 thereafter.

Principal and interest on this Warrant are payable in lawful money of the United States of America by check or draft mailed by The Bank of New York (the "Trustee"), to the then registered holder hereof at the address shown on the registry books of the Trustee pertaining to this Warrant; provided, that so long as the Authority is the registered holder of this Warrant, the payments of principal of and interest on this Warrant shall be made in accordance with directions given to the Trustee by the Authority. Notwithstanding anything to the contrary herein, the final payment of principal with respect to this Warrant shall be made by the Trustee only upon presentation of this Warrant to the Trustee for cancellation. Interest on this Warrant shall be deemed timely paid if mailed to the then registered holder on or before the interest payment date with respect to which such payment is made or, if such interest payment date is not a business day, then on or before the first business day following such interest payment date. The Eighth Supplemental Indenture provides that all payments by the Issuer or the Trustee to the person in whose name this Warrant is registered shall to the extent thereof fully discharge and satisfy all liability for the same. Any transferee of this Warrant takes it subject to all payments of principal and interest in fact made with respect hereto.

This warrant is one of a duly authorized issue or series of warrants authorized to be issued in the aggregate principal amount of \$41,820,000 and designated Sewer Revenue Refunding Warrant, Series 2003-A (herein called the "Warrant"). The Warrant has been issued, on a parity with the Outstanding Parity Securities hereinafter referred to, under a Trust Indenture dated as of February 1, 1997 (herein called the "Original Indenture"), between the Issuer and The Bank of New York, Birmingham, Alabama, as Trustee (herein, in such capacity, together with its successors in trust, called the "Trustee"), as supplemented and amended by a First Supplemental Indenture dated as of March 1, 1997 (herein called the "First Supplemental Indenture"), by a Second Supplemental Indenture dated as of March 1, 1999 (herein called the "Second Supplemental Indenture"), by a Third Supplemental Indenture dated as of March 1, 2001 (herein called the "Third Supplemental Indenture"), by a Fourth Supplemental Indenture dated as of February 1, 2002 (herein called the "Fourth Supplemental Indenture"), by a Fifth Supplemental Indenture dated as of September 1, 2002 (herein called the "Fifth Supplemental Indenture"), by a Sixth Supplemental Indenture dated as of October 1, 2002 (herein called the "Sixth Supplemental Indenture"), by a Seventh Supplemental Indenture dated as of November 1, 2002 (herein called the "Seventh Supplemental Indenture") and by an Eighth Supplemental Indenture between the Issuer and the Trustee dated as of January 1, 2003 (herein called the "Eighth Supplemental Indenture"). The Issuer has heretofore issued under the Original Indenture, as supplemented and amended by the First, Second, Third, Fourth, Fifth, Sixth and Seventh Supplemental Indentures, (i) \$211,040,000 principal amount of its Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997, (ii) \$48,020,000 principal amount of its Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997, (iii) \$52,880,000 principal amount of its Taxable Sewer Revenue Refunding Warrant, Series 1997-C (which is to be purchased for cancellation with the proceeds of the Warrant), dated February 15, 1997, (iv) \$296,395,000 principal amount of its Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997, (v) \$952,695,000 principal amount of its Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999, (vi) \$275,000,000 principal amount of its Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001, (vii) \$110,000,000

principal amount of its Sewer Revenue Capital Improvement Warrants, Series 2002-A, dated March 6, 2002, (viii) \$540,000,000 principal amount of its Sewer Revenue Capital Improvement Warrants, Series 2002-B, dated September 1, 2002, (ix) \$839,500,000 principal amount of its Sewer Revenue Refunding Warrants, Series 2002-C, dated October 25, 2002, and (x) \$475,000,000 principal amount of its Sewer Revenue Capital Improvement Warrants, Series 2002-D, dated November 1, 2002 (all of which warrants that are outstanding being herein together called the "Outstanding Parity Securities"). As used herein, the term "Indenture" means the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture and the Eighth Supplemental Indenture.

The principal installments of the Warrant shall be subject to redemption and prepayment at the option of the Issuer, prior to their respective maturities, as a whole or in part, on any date, in inverse order of the maturities of the principal installments, at and for a redemption price equal to the principal amount redeemed plus accrued interest thereon to the date fixed for redemption. Any redemption or prepayment of the Warrant shall be effected in the manner provided in the Original Indenture.

Under the Indenture, the Outstanding Parity Securities and the Warrant are equally and ratably secured by a pledge of certain revenues from the sanitary sewer system of the Issuer (herein, as it may at any time exist, called the "System") that remain after the payment of the expenses of operating and maintaining the System. Upon compliance with certain conditions specified in the Indenture, the Issuer may issue additional securities (without limitation as to principal amount) that are secured by the Indenture on a parity with the Outstanding Parity Securities and the Warrant with respect to the pledge of the aforesaid revenues from the System (the Outstanding Parity Securities, the Warrant and all such additional securities being herein together called the "Parity Securities").

The holders of the Parity Securities shall never have the right to demand payment of the Parity Securities out of any funds raised or to be raised by taxation or from any source whatsoever, except the payments and amounts described in this warrant and the Indenture. Except for the revenues from the System and the other moneys that may be held by the Trustee under the Indenture, no property of the Issuer is encumbered by any lien or security interest for the benefit of the holder of this warrant. Neither the faith and credit, nor the taxing power, of the State of Alabama or the Issuer, or any other public corporation, subdivision or agency of the State of Alabama or the Issuer, is pledged to the payment of the principal of or the interest or premium (if any) on this warrant.

Except as provided in the Indenture, the registered holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute an action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto.

With certain exceptions as provided therein, the Indenture may be modified or amended only with the consent of the holders of a majority in aggregate principal amount of all Parity Securities outstanding under the Indenture.

Reference is hereby made to the Indenture, a copy of which is on file with the Trustee, for the provisions thereof concerning the nature and extent of the rights, duties and obligations of the Issuer, the Trustee and the holders of the Parity Securities. The registered holder of this warrant, by the acceptance hereof, is deemed to have agreed and consented to the terms and provisions of the Indenture.

The Issuer and the Trustee may deem and treat the person in whose name this warrant is registered as the absolute owner hereof for all purposes, whether or not any principal of or interest on this warrant is overdue, and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

It is hereby certified and recited that the indebtedness evidenced and ordered paid by this warrant is lawfully due without condition, abatement or offset of any description; that this warrant has been registered in the manner provided by law; that all conditions, actions and things required by the constitution and laws of the State of Alabama to exist, be performed or happen precedent to and in the execution and delivery of the Indenture and in the issuance of this warrant do exist, have been performed and have happened; and that the indebtedness evidenced and ordered paid by this warrant, together with all other indebtedness of the Issuer, was at the time the same was created and is now within every debt and other limitation prescribed by the constitution and laws of the State of Alabama.

The transfer of this warrant shall be registered upon the registration books kept at the principal corporate office of the Trustee, at the written request of the holder hereof or his attorney duly authorized in writing, upon surrender of this warrant at said office, together with a written instrument of transfer satisfactory to the Trustee duly executed by the holder hereof or his duly authorized attorney. Upon payment of any required tax or other governmental charge, this warrant may, upon the surrender hereof at the principal corporate trust office of the Trustee, be exchanged for an equal aggregate principal amount of Warrant of the same maturity in any other authorized denominations.

The Trustee shall not be required to transfer or exchange this warrant during the period of fifteen days next preceding any interest payment date with respect hereto. In the event that this warrant (or any principal portion hereof) is duly called for redemption and prepayment, the Trustee shall not be required to transfer or exchange this warrant during the period of thirty days next preceding the date fixed for such redemption and prepayment.

No covenant or agreement contained in this warrant or the Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the Issuer in his individual capacity, and neither the members of the governing body of the Issuer, nor any official executing this warrant, shall be liable personally on this warrant or be subject to any personal liability or accountability by reason of the issuance or sale of this warrant.

This warrant shall not be entitled to any right or benefit under the Indenture, or be valid or become obligatory for any purpose, until this warrant shall have been authenticated by the execution by the Trustee, in its capacity as paying agent for the Warrant, of the certificate of authentication inscribed hereon.

IN WITNESS WHEREOF, the Issuer has caused this Warrant to be executed in its name and on its behalf by the President of its County Commission, has caused its official seal to be hereunto affixed and attested by the Minute Clerk of the County Commission, each of said officers being hereunto duly authorized, and has caused this Warrant to be dated January 8, 2003.

JEFFERSON COUNTY, ALABAMA

By: _____
President of the County Commission

[SEAL]

ATTEST:

By: _____
Minute Clerk of the County Commission

Registration Certificate

This warrant is the Warrant described in the within mentioned Indenture and was registered in the name of the above-registered owner this ____ day of _____, 2003.

THE BANK OF NEW YORK

By: _____
Its Authorized Officer

Assignment

For value received, _____ hereby sell(s), assign(s) and transfer(s) unto _____ the within warrant and hereby irrevocably constitute(s) and appoints _____ attorney, with full power of substitution in the premises, to transfer this warrant on the books of the within-mentioned Trustee.

DATED this ___ day of _____, _____.

NOTE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within bond in every particular, without alteration, enlargement or change whatsoever.

Signature
guaranteed: _____

(Bank, Trust Company, or Firm*)

By: _____
(Authorized Officer)

Its Medallion Number:

* Signature(s) must be guaranteed by an eligible guarantor institution which is a member of a recognized signature guarantee program, i.e., Securities Transfer Agents Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP), or New York Stock Exchange Medallion Signature Program (MSP).

Section 2.5 Execution and Delivery of the Series 2003-A Warrant. The Series 2003-A Warrant shall be executed on behalf of the County by the President of the County Commission and attested by the Minute Clerk of the County Commission, and the seal of the County shall be impressed on the Series 2003-A Warrant. Signatures on the Series 2003-A Warrant by persons who are officers or officials of the County at the times such signatures were written or printed shall continue to be effective although such persons cease to be such officers or officials prior to the delivery of the Series 2003-A Warrant. After execution and attestation of the Series 2003-A Warrant, the Series 2003-A Warrant shall forthwith be delivered to the Indenture Trustee and shall be authenticated and delivered by the Indenture Trustee from time to time upon receipt by the Indenture Trustee of instructions from the County.

Section 2.6 Application of Proceeds from Sale of the Series 2003-A Warrant. The entire proceeds derived by the County from the Authority Loan (evidenced by the Series 2003-A Warrant) shall be applied to effect the purchase for cancellation of the Series 1997-C Warrant.

ARTICLE III

CONCERNING THE RESERVE FUND

Section 3.1 Series 2003-A Warrant Not Secured by Reserve Fund. The Series 2003-A Warrant shall not be secured by the Reserve Fund created pursuant to Section 11.3 of the Original Indenture.

ARTICLE IV

MISCELLANEOUS

Section 4.1 Confirmation of Indenture. All the terms, covenants and conditions of the Indenture are hereby in all things confirmed, and they shall remain in full force and effect. Further, the County does hereby confirm the lien of the Indenture on all revenues, properties and rights now constituting part of the Trust Estate, including specifically, without limiting the generality of the foregoing, all revenues derived from properties acquired as a part of the System since the execution and delivery of the Original Indenture.

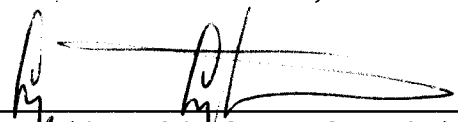
Section 4.2 Debt Service Fund Deposits Referable to the Series 2003-A Warrant. In order to provide funds for the payment of the principal of and the interest on the Series 2003-A Warrant, there shall be created the "Series 2003-A Sewer Revenue Refunding Warrant Account" within the Debt Service Fund to provide for payment of the principal of and interest on the Series 2003-A Warrant when due. There shall be transferred or paid into the Series 2003-A Sewer Revenue Refunding Warrant Account, out of moneys held in the Revenue Account, on or before February 15, 2003, and on or before each August 15 and February 15 thereafter, until the principal of and interest on the Series 2003-A Warrant shall have been paid in full, the sum of (i) the interest that will mature on the Series 2003-A Warrant on such February 15 or August 15, as the case may be, plus (ii) the principal installment that will mature on the Series 2003-A Warrant on such February 15.

The Debt Service Fund deposits required by this Section 4.2 shall be in addition to the deposits respecting the Outstanding Parity Securities required by the Original Indenture and by earlier Supplemental Indentures.

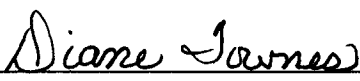
Section 4.3 Article and Section Captions. The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

IN WITNESS WHEREOF, the County has caused this Eighth Supplemental Indenture to be executed in its name and on its behalf by the President of its County Commission, has caused its official seal to be hereunto affixed and has caused this Eighth Supplemental Indenture to be attested by the Minute Clerk of its County Commission, and the Indenture Trustee has caused this Eighth Supplemental Indenture to be executed in its corporate name and behalf, has caused its corporate seal to be hereunto affixed and has caused this Eighth Supplemental Indenture to be attested, by its duly authorized officers, all in counterparts, each of which shall be deemed an original, and the County and the Indenture Trustee have caused this Eighth Supplemental Indenture to be dated as of January 1, 2003, although actually executed and delivered on January 10, 2003.

JEFFERSON COUNTY, ALABAMA

By 
President of the County Commission

ATTEST:


Minute Clerk of the
County Commission

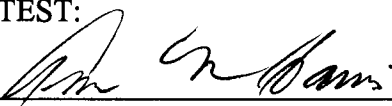
[SEAL]

THE BANK OF NEW YORK, as Successor Trustee
under the Trust Indenture of Jefferson County,
Alabama, dated as of February 1, 1997

By: The Bank of New York Trust Company
of Florida, N.A., Its Agent

By 
Its VICE PRESIDENT

ATTEST:


Its vice President

[SEAL]

STATE OF ALABAMA)
:
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that Larry Langford, whose name as President of the County Commission of JEFFERSON COUNTY, ALABAMA, a political subdivision 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 county.

GIVEN under my hand and official seal of office, this 10th day of January, 2003.

[NOTARIAL SEAL]

Maureen K. Sherriff
Notary Public

My Commission Expires: 9/26/03

STATE OF ALABAMA)
:
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that Cary L. Jones, whose name as Vice President of THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A., a national banking association acting as agent for THE BANK OF NEW YORK, a New York banking corporation acting in its capacity as Trustee under the Trust Indenture of Jefferson County, Alabama, dated as of February 1, 1997, 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 banking association in its capacity as the agent of the Trustee as aforesaid.

GIVEN under my hand and official seal of office, this 10th day of January, 2003.

[NOTARIAL SEAL]

Maureen K. Sherriff
Notary Public

My Commission Expires: 9/26/03

State of Alabama - Jefferson County
I certify this instrument filed on:

2003 JAN 17 A.M. 11:38

Recorded and \$ Mtg. Tax

and \$ Deed Tax and Fee Amt.
\$ 55.50 Total \$ 55.50
MICHAEL F. BOLIN, Judge of Probate



200301/7475

STATE OF ALABAMA-JEFFERSON COUNTY
I hereby certify that no mortgage tax or deed tax has
been collected on this instrument.
Michael F. Bolin
Judge of Probate
"No Tax Collected"

NINTH SUPPLEMENTAL INDENTURE

between

JEFFERSON COUNTY, ALABAMA

and

THE BANK OF NEW YORK

Dated as of April 1, 2003

Relating to

\$1,155,765,000

JEFFERSON COUNTY, ALABAMA

**Sewer Revenue Refunding Warrants
Series 2003-B**

C.1-I

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to

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between

JEFFERSON COUNTY, ALABAMA

and

THE BANK OF NEW YORK

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Appendix I – Form of Series 2003-B Warrants

- Exhibit A – Notice of Change to a _____ Rate
- Exhibit B-1 – Certificate Pursuant to Section 4.1(c)(i)(2) or 4.2(c)(i)(2) of the Ninth Supplemental Indenture
- Exhibit B-2 – Certificate Pursuant to Section 4.1(c)(ii) of the Ninth Supplemental Indenture
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- Exhibit C – Notice of Failure of Conditions
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- Exhibit E – Certificate Pursuant to Section 4.2(c)(ii)(2) of the Indenture
- Exhibit F – Notice of Failure of Conditions to Fixed Rate Conversion
- Exhibit G – Notice of Election to Tender
- Exhibit H – Notice of Mandatory Tender Upon Expiration, Termination, Substitution or Amendment of Liquidity Facility or Failure to Maintain Rating

NINTH SUPPLEMENTAL INDENTURE between **JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (herein called the "County"), and **THE BANK OF NEW YORK**, a New York banking corporation, in its capacity as successor to AmSouth Bank of Alabama as Trustee under that certain Trust Indenture of the County dated as of February 1, 1997 (said banking corporation in such capacity, as well as any successor trustee under said Trust Indenture, being herein called the "Trustee"),

RECITALS

Under and pursuant to the provisions of the aforesaid Trust Indenture (herein called the "Original Indenture"), the County has heretofore issued \$211,040,000 principal amount of Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997 (herein called the "Series 1997-A Warrants"), \$48,020,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997 (herein called the "Series 1997-B Warrants"), and \$52,880,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-C, dated February 15, 1997 (herein called the "Series 1997-C Warrants"). The Series 1997-A Warrants, the Series 1997-B Warrants and the Series 1997-C Warrants were issued to refund certain indebtedness of the County that had been incurred to pay the costs of certain capital improvements to the County's sanitary sewer system (herein called the "System"). The Series 1997-B Warrants and Series 1997-C Warrants are no longer outstanding.

Under the provisions of Article X of the Original Indenture, the County reserved the right to issue, upon compliance with the conditions precedent set forth in said Article X, additional warrants, bonds, notes or other forms of indebtedness (herein called "Additional Parity Securities"), to be secured on a parity with securities previously issued under the Indenture, for the purposes of refunding any outstanding obligations of the County issued to finance capital improvements to the System and of financing the costs of acquiring and constructing capital improvements to the System. The County has heretofore issued as Additional Parity Securities its (a) its \$296,395,000 aggregate principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997 (herein called the "Series 1997-D Warrants"), which are now outstanding in the principal amount of \$115,740,000, (b) its \$952,695,000 aggregate principal amount of Sewer Revenue Warrants, Series 1999-A, dated March 1, 1999 (herein called the "Series 1999-A Warrants"), which are now outstanding in the principal amount of \$506,910,000, (c) its \$275,000,000 aggregate principal amount of Sewer Revenue Warrants, Series 2001-A, dated March 1, 2001 (herein called the "Series 2001-A Warrants"), which are now outstanding in the principal amount of \$176,840,000, (d) its \$110,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-A, dated March 6, 2002 (herein called the "Series 2002-A Warrants"), (e) its \$540,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-B, dated September 1, 2002 (herein called the "Series 2002-B Warrants"), (f) its \$839,500,000 aggregate principal amount of Sewer Revenue Refunding Warrants, Series 2002-C, dated October 25, 2002 (herein called the "Series 2002-C Warrants"), (g) its \$475,000,000 aggregate principal amount of Sewer Revenue Capital

Improvement Warrants, Series 2002-D, dated November 1, 2002 (herein called the "Series 2002-D Warrants), and (h) its \$39,325,000 principal amount Sewer Revenue Refunding Warrant, Series 2003-A (herein called the "Series 2003-A Warrant"). The Series 1997-D Warrants, the Series 1999-A Warrants, the Series 2001-A Warrants, the Series 2002-A Warrants, the Series 2002-B Warrants, the Series 2002-C Warrants, the Series 2002-D Warrants and the Series 2003-A Warrant were issued under the Original Indenture, as supplemented and amended by the First Supplemental Indenture dated as of March 1, 1997 (herein called the "First Supplemental Indenture"), the Second Supplemental Indenture dated as of March 1, 1999 (herein called the "Second Supplemental Indenture"), the Third Supplemental Indenture dated as of March 1, 2001 (herein called the "Third Supplemental Indenture"), the Fourth Supplemental Indenture dated as of February 1, 2002 (herein called the "Fourth Supplemental Indenture"), the Fifth Supplemental Indenture dated as of September 1, 2002 (herein called the "Fifth Supplemental Indenture"), the Sixth Supplemental Indenture dated as of October 1, 2002 (herein called the "Sixth Supplemental Indenture"), the Seventh Supplemental Indenture dated as of November 1, 2002 (herein called the "Seventh Supplemental Indenture"), and the Eighth Supplemental Indenture dated as of January 1, 2003 (herein called the "Eighth Supplemental Indenture"), between the County and the Trustee.

The County proposes to sell and issue the Series 2003-B Warrants hereinafter referred to in order to refund certain of its previously issued sewer revenue warrants and to refund a portion of the interest on certain other sewer revenue warrants. The County has, by proper official action and pursuant to the provisions of the Original Indenture (as heretofore supplemented), duly authorized said Series 2003-B Warrants, which are to be secured by the Original Indenture, as supplemented hereby and by the First, Second, Third, Fourth, Fifth, Sixth, Seventh and Eighth Supplemental Indentures, on a parity with the outstanding Series 1997-A Warrants, Series 1997-D Warrants, Series 1999-A Warrants, Series 2001-A Warrants, Series 2002-A Warrants, Series 2002-B Warrants, Series 2002-C Warrants, Series 2002-D Warrants and Series 2003-A Warrant (herein together called the "Outstanding Parity Securities"). This Ninth Supplemental Indenture has been executed and delivered in order to specify the details with respect to said Series 2003-B Warrants and to provide for certain other matters set forth herein.

NOW, THEREFORE, THIS

NINTH SUPPLEMENTAL INDENTURE

W I T N E S S E T H:

It is hereby agreed among the County, the Trustee and the holders at any time of said Series 2003-B Warrants (the holders of said Series 2003-B Warrants evidencing their consent hereto by the acceptance of said Series 2003-B Warrants), each with each of the others, as follows:

ARTICLE I

DEFINITIONS, FINDINGS AND USE OF PHRASES

Section 1.1 **New Definitions.** Unless the context clearly indicates a different meaning, the following words and phrases, as used in this Ninth Supplemental Indenture, shall have the following respective meanings:

"Adjustable Rate" means a Commercial Paper Rate, an Auction Rate, a Daily Rate, a Weekly Rate or a Term Rate.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control", when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"After-Tax Equivalent Rate" means, on any date of determination with respect to Auction Rate Warrants during an Auction Rate Period, the interest rate per annum equal to the product of (x) the Commercial Paper/Treasury Rate on such date and (y) 1.00 minus the Statutory Corporate Tax Rate on such date.

"Agent Member" means a member of, or participant in, the Securities Depository.

"All Hold Rate" means, on any date of determination with respect to Auction Rate Warrants, the rate per annum equal to 65% (as such percentage may be adjusted pursuant to Section 3.10) of the lesser of (i) the Index on such date and (ii) the After-Tax Equivalent Rate on such date; provided, however, that in no event shall such All Hold Rate exceed the maximum rate, if any, permitted by applicable law.

"Alternate Credit Facility" means any Credit Facility obtained pursuant to the provisions of Section 6.3 in substitution for or in addition to an existing Credit Facility or Facilities. An Alternate Credit Facility shall be an insurance policy or instrument that provides for the payment when due of principal and interest on the Series 2003-B Warrants to substantially the same extent as the initial Policy.

"Alternate Liquidity Facility" means any Liquidity Facility obtained pursuant to the provisions of Section 6.2 in replacement of an existing Liquidity Facility.

"Applicable Percentage" means, on any date of determination, the percentage determined as set forth below (as such percentage may be adjusted for Auction Rate Warrants pursuant to

Section 3.10) based on the prevailing long-term rating of the Auction Rate Warrants in effect at the close of business on the Business Day immediately preceding such date of determination:

<u>Prevailing Rating</u>	<u>Applicable Percentage</u>
AAA/Aaa	125%
AA/Aa	150%
A/A	200%
BBB/Baa	250%
Below BBB/Baa	275%

For purposes of this definition, the "prevailing long-term rating" of the Auction Rate Warrants will be (a) AAA/Aaa if the Auction Rate Warrants have a rating of AAA by S&P and a rating of Aaa by Moody's, or the equivalent of such ratings by a substitute rating agency or agencies selected as provided below, (b) if not AAA/Aaa, then AA/Aa if the Auction Rate Warrants have a rating of AA- or better by S&P and a rating of Aa3 or better by Moody's, or the equivalent of such ratings by a substitute rating agency or agencies selected as provided below, (c) if not AAA/Aaa or AA/Aa, then A/A if the Auction Rate Warrants have a rating of A- or better by S&P and a rating of A3 or better by Moody's, or the equivalent of such ratings by a substitute rating agency or agencies selected as provided below, (d) if not AAA/Aaa, AA/Aa or A/A, then BBB/Baa if the Auction Rate Warrants have a rating of BBB- or better by S&P and a rating of Baa3 or better by Moody's, or the equivalent of such ratings by a substitute rating agency or agencies selected as provided below, and (e) if not AAA/Aaa, AA/Aa, A/A or BBB/Baa, then below BBB/Baa, whether or not the Auction Rate Warrants are rated by any securities rating agency.

If (x) the Auction Rate Warrants are rated by a rating agency or agencies other than Moody's or S&P and (y) the County has delivered to the Trustee and the Auction Agent an instrument designating one or two of such rating agencies to replace Moody's or S&P, or both, then for purposes of the definition of "prevailing rating" Moody's or S&P, or both, will be deemed to have been replaced in accordance with such instrument; provided, however, that such instrument must be accompanied by the consent of the Remarketing Agent. For purposes of this definition, S&P's rating categories of AAA, AA-, A- and BBB-, and Moody's rating categories of Aaa, Aa3, A3 and Baa3, refer to and include the respective rating categories correlative thereto in the event that either or both of such rating agencies have changed or modified their generic rating categories. If the prevailing ratings for the Series 2003-B Warrants are split between the categories set forth above, the lower rating will determine the prevailing rating.

"Auction" means each periodic implementation of the Auction Procedures for Auction Rate Warrants.

"Auction Agency Agreement" means the Auction Agency Agreement dated May 1, 2003, entered into between the County and the Auction Agent with respect to the Auction Rate Warrants, as from time to time amended and supplemented.

"Auction Agent" means any entity appointed as such pursuant to Section 10.7 and its successors and assigns.

"Auction Date" means, with respect to each Auction Period, the last Thursday of the immediately preceding Auction Period (or such other day that the Remarketing Agent shall establish as the Auction Date therefor pursuant to Section 3.5); provided that, if such day is not a Business Day, the Auction Date shall be the next succeeding Business Day.

"Auction Period" means a Standard Auction Period applicable to the Series 2003-B Warrants, provided that each Auction Period shall begin on an Interest Payment Date and end on, but exclude, the next succeeding Interest Payment Date.

"Auction Procedures" means with respect to Auction Rate Warrants the procedures set forth in Sections 3.6 through 3.9.

"Auction Rate" means, with respect to Auction Rate Warrants and each Auction Period for such Auction Rate Warrants, the rate of interest per annum determined for the Warrants pursuant to Article III, which shall not in any case exceed the Maximum Auction Rate.

"Auction Rate Period" means any period during which Series 2003-B Warrants bear interest at an Auction Rate determined pursuant to the implementation of Auction Procedures established under Article III, which period shall commence on the effective date of a Change in the Interest Rate Mode to an Auction Rate and shall extend through the day immediately preceding the earlier of (a) the effective date of a Change in the Interest Rate Mode, (b) the Fixed Rate Conversion Date or (c) the Stated Maturity.

"Auction Rate Period Record Date" means, with respect to each Interest Payment Date during an Auction Rate Period, the Business Day next preceding such Interest Payment Date.

"Auction Rate Warrants" means, with respect to an Auction Rate Period, any Series 2003-B Warrants or subseries of Series 2003-B Warrants which bear the Auction Rate determined pursuant to Article III.

"Authorized Denominations" means (i) for Series 2003-B Warrants bearing interest at the Weekly Rate, the Daily Rate or the Commercial Paper Rate, \$100,000 or any larger amount that is a multiple of \$5,000, (ii) for Series 2003-B Warrants bearing interest at the Auction Rate, \$25,000 or any integral multiple thereof, and (iii) for Series 2003-B Warrants bearing interest at a Term Rate or a Fixed Rate, \$5,000 or any multiple thereof.

"Available Auction Rate Warrants" means, with respect to Auction Rate Warrants, Available Auction Rate Warrants as defined in Section 3.8.

"Bank Warrant" or **"Bank Warrants"** means any Series 2003-B Warrant or Warrants purchased by a Liquidity Provider (or any permitted assignee) pursuant to any Liquidity Facility (other than a surety bond or another instrument issued by a municipal bond or financial guarantee insurance company) for so long as it remains a Bank Warrant pursuant to such facility.

"Bank Warrant Interest Rate" or **"Bank Rate"**, at any date of determination, has the meaning ascribed thereto in any Liquidity Facility (other than a surety bond or another instrument issued by a municipal bond or financial guarantee insurance company), provided that the Bank Warrant Interest Rate shall in no event exceed 18% per annum.

"Beneficial Owner" means, with respect to Auction Rate Warrants, a customer of a Broker-Dealer who is listed on the records of that Broker Dealer as a holder of the Auction Rate Warrants.

"Bid" means, with respect to Auction Rate Warrants, Bid as defined in Section 3.6.

"Bidder" means, with respect to Auction Rate Warrants, Bidder as defined in Section 3.6.

"Bond Insurer" means Financial Guaranty, XL Capital or FSA, as in the context may be appropriate.

"Broker-Dealer" means any broker-dealer (as defined in the Securities Exchange Act of 1934, as amended), commercial bank or other entity permitted by law to perform the functions required of a Broker-Dealer set forth in the Auction Procedures (i) that is an Agent Member (or an affiliate of an Agent Member), (ii) that has been selected by the Auction Agent with the consent of the Remarketing Agent, and (iii) that has entered into a Broker-Dealer Agreement with the Auction Agent that remains effective.

"Broker-Dealer Agreement" means each agreement applicable to Auction Rate Warrants between a Broker-Dealer and the Auction Agent pursuant to which such Broker-Dealer, among other things, agrees to participate in Auctions as set forth in the Auction Procedures, as from time to time amended and supplemented.

"Calculation Period" means (a) during any Commercial Paper Rate Period, the period from and including the effective date of the Change in the Interest Rate Mode to a Commercial Paper Rate Period to but not including any day not more than 270 days thereafter which is a day immediately preceding a Business Day established by the Remarketing Agent pursuant to Section 3.2; (b) during any Daily Rate Period, the period from and including a Business Day to but not including the next succeeding Business Day; (c) during any Weekly Rate Period, initially the period from and including the effective date of the Change in the Interest Rate Mode to a Weekly Period to and including the following Wednesday (but not less than two days) and, thereafter, the period from and including the

Thursday of each week to and including the following Wednesday; provided, however, that, if such Thursday is not a Business Day, the next succeeding Calculation Period shall begin on the Business Day next succeeding such Thursday and shall end on the day before the next succeeding Calculation Period; and (d) during any Term Rate Period, any period of not less than 270 days from and including a Business Day to and including any day (established by the County pursuant to Section 4.1(a)) not later than the day prior to the Stated Maturity of the Series 2003-B Warrants.

"Change in the Interest Rate Mode" means any change in the method of determining the interest rate borne by Series 2003-B Warrants pursuant to Section 4.1 or 4.2.

"Change of Preference Law" means any amendment to the Code or other statute enacted by the Congress of the United States or any temporary, proposed or final regulation promulgated by the United States Treasury, after the date hereof which (a) changes or would change any deduction, credit or other allowance allowable in computing liability for any federal tax with respect to, or (b) imposes, or would impose, reduces or would reduce, or increases or would increase any federal tax (including, but not limited to, preference or excise taxes) upon, any interest earned by any Holder of warrants of the same character as the Series 2003-B Warrants the interest on which is excluded from federal gross income under Section 103 of the Code.

"Closing Date" means the date on which the Series 2003-B Warrants are paid for by and delivered to the Underwriters.

"Commercial Paper Dealers" means J.P. Morgan Securities, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, or their respective affiliates or successors, provided that any such entity is a commercial paper dealer and, if not, as replaced by a Substitute Commercial Paper Dealer.

"Commercial Paper Period Record Date" means, with respect to each Interest Payment Date for a Commercial Paper Rate Period, the Business Day next preceding such Interest Payment Date.

"Commercial Paper Rate" means, with respect to each Calculation Period during a Commercial Paper Rate Period, a rate of interest equal to the rate of interest per annum, established and certified to the Trustee (with a copy to the County and the Tender Agent) by the Remarketing Agent no later than 9:30 a.m. (New York City time) on and as of the first day of such Calculation Period as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such day to remarket the Series 2003-B Warrants in a secondary market transaction at a price equal to the principal amount thereof; provided that such rate of interest shall not exceed 10% per annum.

"Commercial Paper Rate Period" means any period of not more than 270 days during which Series 2003-B Warrants bear interest at one or more Commercial Paper Rates, which period shall commence on the effective date of a Change in the Interest Rate Mode to a Commercial Paper Rate mode and extend through the day immediately preceding the earliest of (a) the effective date of

another Change in the Interest Rate Mode, (b) the Fixed Rate Conversion Date or (c) the Stated Maturity of Series 2003-B Warrants.

"Commercial Paper/Treasury Rate" means, on any date of determination with respect to Auction Rate Warrants, (i) in the case of any Auction Period of less than 49 days, the interest equivalent of the 30-day rate, (ii) in the case of any Auction Period of 49 days or more but less than 70 days, the interest equivalent of the 60-day rate, (iii) in the case of any Auction Period of 70 days or more but less than 85 days, the arithmetic average of the interest equivalent of the 60-day and 90-day rates, (iv) in the case of any Auction Period of 85 days or more but less than 99 days, the interest equivalent of the 90-day rate; (v) in the case of any Auction Period of 99 days or more but less than 120 days, the arithmetic average of the interest equivalent of the 90-day and 120-day rates, (vi) in the case of any Auction Period of 120 days or more but less than 141 days, the interest equivalent of the 120-day rate, (vii) in the case of any Auction Period of 141 days or more but less than 162 days, the arithmetic average of the interest equivalent of the 120-day and 180-day rates, (viii) in the case of any Auction Period of 162 days or more but less than 183 days, the interest equivalent of the 180-day rate, and (ix) in the case of any Auction Period of 183 days or more, the Treasury Rate for such Auction Period. The foregoing rates shall in all cases, except with respect to the Treasury Rate, be rates on commercial paper placed on behalf of issuers whose corporate bonds are rated "AA" by S&P, or the equivalent of such rating by S&P, as made available on a discount basis or otherwise by the Federal Reserve Bank of New York for the Business Day immediately preceding such date of determination, or in the event that the Federal Reserve Bank of New York does not make available any such rate, then the arithmetic average of such rates, as quoted on a discount basis or otherwise, by the Commercial Paper Dealers, to the Auction Agent for the close of business on the Business Day immediately preceding such date of determination.

If any Commercial Paper Dealer does not quote a commercial paper rate required to determine the Commercial Paper/Treasury Rate, the Commercial Paper/Treasury Rate shall be determined on the basis of a commercial paper quotation or quotations furnished by the remaining Commercial Paper Dealer or Dealers and any Substitute Commercial Paper Dealer or Dealers selected by the County to provide such quotation or quotations not being supplied by any Commercial Paper Dealer or Dealers, as the case may be, or if the County does not select any such Substitute Commercial Paper Dealer or Dealers, by the remaining Commercial Paper Dealer or Dealers. For purposes of this definition, the "interest equivalent" of a rate stated on a discount basis (a "discount rate") for commercial paper of a given day's maturity shall be equal to the product of (A) 100 times (B) the quotient (rounded upwards to the next higher one-thousandth (.001) of 1%) of (x) the discount rate (expressed in decimals) divided by (y) the difference between (1) 1.00 and (2) a fraction the numerator of which shall be the product of the discount rate (expressed in decimals) times the number of days in which such commercial paper matures and the denominator of which shall be 360.

"Commission" means the Securities and Exchange Commission.

"Computation Date" means each date which is one Business Day prior to any Determination Date.

"Credit Facility" means any bond insurance policy or other instrument that provides for the payment when due of principal and interest on the Series 2003-B Warrants or any subseries thereof.

"Current Adjustable Rate" means the interest rate or rates borne by Series 2003-B Warrants immediately prior to a Change in the Interest Rate Mode or the establishment of the Fixed Rate.

"Daily Period Record Date" means, with respect to each Interest Payment Date for a Daily Rate Period, the Business Day next preceding such Interest Payment Date.

"Daily Rate" means, with respect to each Calculation Period during a Daily Rate Period, a rate of interest equal to the rate of interest per annum established and certified to the Trustee (with a copy to the County and the Tender Agent) by the Remarketing Agent no later than 9:30 a.m. (New York City time) on and as of the first day of such Calculation Period as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such day to remarket Series 2003-B Warrants in a secondary market transaction at a price equal to the principal amount thereof plus accrued interest thereon; provided that such rate of interest shall not exceed 10% per annum.

"Daily Rate Period" means any period during which the Series 2003-B Warrants bear interest at a Daily Rate, which period shall commence on the effective date of the Change in the Interest Rate Mode to a Daily Rate and extend through the day immediately preceding the earlier of (a) the effective date of another Change in the Interest Rate Mode, (b) the Fixed Rate Conversion Date, and (c) the Stated Maturity of Series 2003-B Warrants.

"Determination Date" or **"date of determination"** means, for any Calculation Period (other than the Calculation Period or Periods commencing on and including the Closing Date), the first Business Day occurring during such Calculation Period.

"Existing Holder" means, with respect to Auction Rate Warrants, a Broker-Dealer that is listed as a holder of Auction Rate Warrants in the records of the Auction Agent.

"Failure to Deposit" means any failure to deposit into the Debt Service Fund on or before an Interest Payment Date for Auction Rate Warrants an amount sufficient to pay in full the interest and principal (if any) becoming due and payable on such warrants on such date.

"FGIC Policy" means the municipal bond insurance policy issued by Financial Guaranty on the Closing Date insuring the payment when due of the principal of and interest on the Series 2003-B-1 Warrants as provided therein.

"Financial Guaranty" means Financial Guaranty Insurance Company, or any successor thereto or assignee thereof.

"Fixed Rate" means, with respect to the Fixed Rate Conversion Date for any Series 2003-B Warrants, the rate of interest per annum established and certified to the Trustee (with a copy to the County and the Tender Agent) by the Remarketing Agent no later than 9:30 a.m. (New York City time) on and as of such date as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such date to remarket the Series 2003-B Warrants in a secondary market transaction at a price equal to the principal amount thereof; provided that such rate of interest shall not exceed 12% per annum.

"Fixed Rate Conversion Date" shall have the meaning set forth in Section 4.2.

"Fixed Rate Period" means the period, if any, during which Series 2003-B Warrants bear interest at a Fixed Rate, which period shall commence on the Fixed Rate Conversion Date therefor and extend to the Stated Maturity therefor.

"Fixed Rate Record Date" means, with respect to each Interest Payment Date for the Fixed Rate Period, the fifteenth day of the calendar month next preceding such Interest Payment Date.

"FSA" means Financial Security Assurance, Inc., a New York stock insurance company, or any successor thereto or assignee thereof.

"FSA Policy" means the municipal bond insurance policy issued by FSA on the Closing Date insuring the payment when due of the principal of and interest on the Series-B-8 Warrants as provided therein.

"Hold Order" means, with respect to the Auction Rate Warrants, Hold Order as defined in Section 3.6.

"Index" means (i) with respect to Auction Rate Warrants in any Auction Period of thirty-five (35) days or less, the One Month LIBOR Rate, and (ii) with respect to any Auction Rate Warrants in an Auction Period greater than thirty-five (35) days, the Treasury Rate for securities having a maturity which most closely approximates the length of the Auction Period. If either rate is unavailable, the Index for the Auction Rate Warrants shall be an index or rate agreed to by all Broker-Dealers and consented to by the County.

"Initial Banks" means Societe Generale, New York Branch, The Bank of New York, State Street Bank and Trust Company and Lloyds TSB Bank plc.

"Initial Liquidity Facility" means any one of the Standby Warrant Purchase Agreements dated as of April 1, 2003, among the County, the Trustee, JPMorgan Chase Bank, as Liquidity Agent, and one of the Initial Banks, including any extensions thereof or amendments or supplements thereto.

"Interest Payment Date," for any particular Series 2003-B Warrant, means:

(a) for each Commercial Paper Rate Period, the Business Day immediately succeeding any Calculation Period, and for any Calculation Period of more than 180 days, also the Business Day immediately following the 180th day of such Calculation Period;

(b) during an Auction Rate Period (i) for an Auction Period of 91 days or less, the Business Day immediately succeeding such Auction Period and (ii) for an Auction Period of more than 91 days, each 13th Friday after the first day of such Auction Period and the Business Day immediately succeeding such Auction Period;

(c) for each Daily Rate Period, the first Business Day of each month;

(d) for each Weekly Rate Period, the first Business Day of each month;

(e) for each Term Rate Period, (i) the first day of the sixth calendar month following the month in which the first day of such Term Rate Period occurred, (ii) each anniversary of the date so determined, (iii) each anniversary of the first day of the first month of such Term Rate Period, and (iv) the Business Day immediately succeeding such Term Rate Period;

(f) for the Fixed Rate Period, the February 1 or August 1 next succeeding the Fixed Rate Conversion Date and each February 1 and August 1 thereafter; but if the February 1 or August 1 next succeeding the Fixed Rate Conversion Date occurs less than 21 days after the Fixed Rate Conversion Date, the first Interest Payment Date shall be the second such date following the Fixed Rate Conversion Date;

(g) the Fixed Rate Conversion Date;

(h) any day on which Series 2003-B Warrants are subject to mandatory tender for purchase pursuant to Section 5.3 or 5.4 or redemption pursuant to Section 5.1;

(i) the Stated Maturity of the Series 2003-B Warrants; and

(j) with respect to Bank Warrants, the first Business Day of each month and the date on which such Bank Warrants are remarketed and cease to be Bank Warrants;

but if any such date, other than a date specified in clause (e), (f) or (i) above, determined in any of the foregoing clauses is not a Business Day, the Interest Payment Date shall be the next succeeding day which is a Business Day. If a date specified in clause (e), (f) or (i) above is not a Business Day,

the Interest Payment Date shall be the next succeeding day which is a Business Day and the payment on such postponed Interest Payment Date shall include interest accrued only to the originally scheduled Interest Payment Date.

"Interest Rate Mode" means the method of determining the interest rate applicable to Series 2003-B Warrants as provided in this Ninth Supplemental Indenture.

"Issuance Costs" means the costs and expenses of issuing and selling the Series 2003-B Warrants, including, without limitation, the fees and expenses of Bond Counsel to the County, the acceptance fee of the Trustee, the fees of any Rating Agency rating the Series 2003-B Warrants, bond insurance premiums, fees of Liquidity Providers, accounting fees, financial advisory fees, underwriters' commissions and discounts, the costs of printing the Official Statement for the Series 2003-B Warrants, and other usual and customary expenses.

"Liquidity Facility" means any Initial Liquidity Facility and each Alternate Liquidity Facility.

"Liquidity Facility Amendment" shall have the meaning set forth in Section 6.2(a).

"Liquidity Provider" means each provider of a Liquidity Facility.

"Maximum Auction Rate" means on any Auction Date the lesser of 18% or the following: (i) in all cases other than as provided in (ii) or (iii) below, the interest rate per annum equal to the Applicable Percentage of the higher of the After-Tax Equivalent Rate and the Index, as each is determined on such date with respect to a Standard Auction Period; (ii) with respect to any change in an Auction Period and/or the Standard Auction Period pursuant to Section 3.4, including any automatic reversion to a Standard Auction Period pursuant to Section 3.3, the interest rate per annum equal to the highest of (a) the Applicable Percentage of the higher of the After-Tax Equivalent Rate and the Index, as each is determined on such date with respect to a Standard Auction Period, (b) the Applicable Percentage of the higher of the After-Tax Equivalent Rate and the Index, as each is determined on such date with respect to the Auction Period which is proposed to be established and (c) the Applicable Percentage of the higher of the After-Tax Equivalent Rate and the Index, as each is determined on such date with respect to the Auction Period in effect immediately prior to such proposed change in the Auction Period; or (iii) with respect to any Change in the Interest Rate Mode from an Auction Rate pursuant to Section 4.1 or any change from an Auction Rate to a Fixed Rate pursuant to Section 4.2, the interest rate per annum equal to the higher of (a) the Applicable Percentage of the higher of the After-Tax Equivalent Rate and the Index, as each is determined on such date with respect to a Standard Auction Period and (b) the Applicable Percentage of the higher of the After-Tax Equivalent Rate and the Index, as each is determined on such date with respect to the Auction Period in effect immediately prior to such proposed change.

"Ninth Supplemental Indenture" or **"this Ninth Supplemental Indenture"** means this Ninth Supplemental Indenture.

"Notice of Election to Tender" means the notice given by a Holder of Series 2003-B Warrants pursuant to Section 5.2.

"Notice of Fee Rate Change" means a notice of a change in the Auction Agent Fee Rate (as defined in the Auction Agency Agreement) or the Broker-Dealer Fee Rate (as defined in the Auction Agency Agreement) given to the Auction Agent and the Trustee at the time of any Change in the Interest Rate Mode to an Auction Rate.

"One Month LIBOR Rate" means, as of any date of determination, the offered rate for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 a.m., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

"Option to Convert" means the County's right and option to convert the rate of interest payable on Series 2003-B Warrants from an Adjustable Rate to a Fixed Rate as provided in Section 4.2.

"Order" means, with respect to Auction Rate Warrants, an Order as defined in Section 3.6.

"Overdue Rate" means on any date of determination 300% of the Index on such date of determination; provided that in no event shall the Overdue Rate exceed the maximum rate, if any, permitted by applicable law.

"Potential Beneficial Owner" means, with respect to any Auction Rate Warrants, a customer of a Broker-Dealer that is not a Beneficial Owner of Auction Rate Warrants but that wishes to purchase Auction Rate Warrants, or that is a Beneficial Owner of Auction Rate Warrants that wishes to purchase an additional principal amount of Auction Rate Warrants.

"Potential Holder" means a Broker-Dealer that is not an Existing Holder or that is an Existing Holder that wishes to become an Existing Holder of an additional principal amount of Auction Rate Warrants.

"Purchase Price" means the purchase price of Series 2003-B Warrants tendered or deemed tendered for purchase pursuant to Section 5.2, 5.3 or 5.4 of this Ninth Supplemental Indenture, consisting of the principal amount of such Series 2003-B Warrants plus accrued and unpaid interest, if any, and premium, if any.

"Record Date" means each Commercial Paper Period Record Date during a Commercial Paper Rate Period, each AuctionRatePeriod Record Date during an Auction Rate Period, each Daily Period Record Date during a Daily Rate Period, each Weekly Period Record Date during a Weekly Rate Period, each Term Period Record Date during a Term Rate Period and each Fixed Rate Record Date during the Fixed Rate Period.

"Remarketing Agent" means any remarketing agent or remarketing agents appointed pursuant to Section 10.5, and its or their successors or assigns, including, without limitation, any "market agent" or "broker-dealer" appointed in connection with Auction Rate Warrants.

"Remarketing Agreement" means each remarketing agreement with a Remarketing Agent, as from time to time amended and supplemented.

"Securities Depository" means The Depository Trust Company and its nominees, successors and assigns or if (i) the then Securities Depository resigns from its functions as depository of the Series 2003-B Warrants or (ii) the County discontinues use of the then Securities Depository pursuant to Section 10.3, any other securities depository (and its nominees), which agrees to follow the procedures required to be followed by a Securities Depository in connection with the Series 2003-B Warrants and which is selected by the County, with the consent of the Trustee, the Auction Agent and the Remarketing Agent.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Sell Order" means, with respect to Auction Rate Warrants, a Sell Order as defined in Section 3.6.

"Series 2003-B Warrants" means the County's Sewer Revenue Refunding Warrants, Series 2003-B, authorized to be issued in the aggregate principal amount of \$1,155,765,000.

"Standard Auction Period" initially means an Auction Period of thirty-five (35) days, and, after the establishment of a different Standard Auction Period pursuant to Section 3.4, shall mean such different Standard Auction Period; provided that, so long as the Standard Auction Period is 35 days and ends initially on a Thursday, in the event the last Thursday of the Auction Period is not a Business Day, with the result that the Auction Date is the next succeeding Business Day, the Standard Auction Period following such Auction Date shall be reduced to a shorter number of days so that the last day of the Auction Period following such Auction Date is the fifth Thursday following such Auction Date.

"Stated Maturity" means, with respect to the Series 2003-B Warrants (other than the Series 2003-B-8 Warrants), February 1, 2042.

"Statutory Corporate Tax Rate" means, as of any date of determination, the highest tax rate bracket (expressed in decimals) now or thereafter applicable in each taxable year on the taxable income of every corporation as set forth in Section 11 of the Code or any successor section without regard to any minimum additional tax provision or provisions regarding changes in rates during a taxable year, which on the date hereof is 35%. Any change in the Statutory Corporate Tax Rate shall be evidenced by a certificate of an Authorized County Representative and delivered to the Trustee.

"Submission Deadline" means 1:00 p.m., New York City time, on the applicable Auction Date or such other time on the Auction Date by which Broker-Dealers are required to submit Orders to the Auction Agent as specified by the Auction Agent from time to time.

"Submitted Bid" means, with respect to Auction Rate Warrants, a Submitted Bid as defined in Section 3.8.

"Submitted Hold Order" means, with respect to Auction Rate Warrants, a Submitted Hold Order as defined in Section 3.8.

"Submitted Order" means, with respect to Auction Rate Warrants, a Submitted Order as defined in Section 3.8.

"Submitted Sell Order" means, with respect to Auction Rate Warrants, a Submitted Sell Order as defined in Section 3.8.

"Substitute Commercial Paper Dealer" means Lehman Brothers Inc., or its affiliates or successors, if such person is a commercial paper dealer, provided that no such person nor any of its affiliates or successors shall be the same entity as the initial Commercial Paper Dealer.

"Substitute U.S. Government Securities Dealer" means the dealer or dealers in U.S. government securities specified by the County at any time when the initial U.S. Government Securities Dealer is unable or unwilling to perform in such capacity hereunder, provided that any such substitute shall be a dealer in U.S. government securities and shall not be the same entity as the initial U.S. Government Securities Dealer.

"Sufficient Clearing Bids" means, with respect to Auction Rate Warrants, Sufficient Clearing Bids as defined in Section 3.8.

"Support Facility" means each Credit Facility and each Liquidity Facility in effect at the time of determination.

"Support Facility Issuer" means the provider of any Support Facility.

"Tender Agent" means The Bank of New York, in its separate capacity as Tender Agent for the Series 2003-B Warrants, or its successors or assigns in such capacity.

"Tender Date" means an Optional Tender Date or a Mandatory Tender Date, as the case may be.

"Tendered Warrants" means Series 2003-B Warrants tendered for purchase pursuant to the Optional or Mandatory Tender provisions of this Indenture.

"Term Period Record Date" means, with respect to each Interest Payment Date for a Term Rate Period, the fifteenth day of the calendar month next preceding such Interest Payment Date.

"Term Rate" means, with respect to each Calculation Period for a Term Rate Period, a rate of interest equal to the rate of interest per annum established and certified to the Trustee (with a copy to the County and the Tender Agent) by the Remarketing Agent no later than 9:30 a.m. (New York City time) on and as of the first day of such Calculation Period as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such day to remarket Series 2003-B Warrants in a secondary market transaction at a price equal to the principal amount thereof; provided that such rate of interest shall not exceed 12% per annum.

"Term Rate Period" means any period during which Series 2003-B Warrants bear interest at a Term Rate which period shall commence with the effective date of the Change in the Interest Rate Mode to a Term Rate and shall extend through the day immediately preceding the earlier of (a) the effective date of a succeeding Change in the Interest Rate Mode and (b) the Stated Maturity of the Series 2003-B Warrants.

"Terminating Event" means any event or events under the terms of a Support Facility or any agreement providing for the issuance of such Support Facility (provided such Support Facility is not a financial guaranty insurance policy) which would cause the termination or expiration of such Support Facility but would specifically allow for the mandatory tender of Series 2003-B Warrants pursuant to Section 5.4 with a draw on or borrowing or payment under such Support Facility prior to such termination or expiration.

"Treasury Rate" means, on any date, (i) the yield, calculated in accordance with prevailing industry convention, of the rate on the most recently auctioned direct obligations of the U.S. Government having a maturity at the time of issuance of 364 days or less with a remaining maturity closest to the length of the applicable Auction Period, as quoted in The Wall Street Journal on such date for the Business Day next preceding such date; or (ii) in the event that any such rate is not published in The Wall Street Journal, then the bond equivalent yield, calculated in accordance with prevailing industry convention, as calculated by reference to the arithmetic average of the bid price quotations of the most recently auctioned direct obligation of the U.S. Government having a maturity at the time of issuance of 364 days or less with a remaining maturity closest to the length of such Auction Period, based on bid price quotations on such date obtained by the Auction Agent from at least three U.S. Government Securities Dealers. If any U.S. Government Securities Dealer does not quote a rate required to determine the Treasury Rate, the Treasury Rate shall be determined on the basis of the quotation or quotations furnished by the remaining U.S. Government Securities Dealer or Dealers and any Substitute U.S. Government Securities Dealer or Dealers selected by the County to provide such rate or rates not being supplied by any U.S. Government Securities Dealer or Dealers, as the case may be, or, if the County does not select any such Substitute U.S. Government Securities Dealer or Dealers, by the remaining U.S. Government Securities Dealer or Dealers.

"Underwriter" means J. P. Morgan Securities, Inc.

"U.S. Government Securities Dealer" means J. P. Morgan Securities, Inc., or, in lieu thereof, its affiliates or successors, provided that any such entity is a U.S. Government securities dealer.

"Warrant Purchase Fund" means the fund established pursuant to Section 8.1.

"Weekly Period Record Date" means, with respect to each Interest Payment Date for a Weekly Rate Period, the Business Day next preceding such Interest Payment Date.

"Weekly Rate" means, with respect to each Calculation Period during a Weekly Rate Period, a rate of interest equal to the rate of interest per annum established and certified to the Trustee (with a copy to the County and the Tender Agent) by the Remarketing Agent no later than 9:30 a.m. (New York City time) on and as of the first day of such Calculation Period as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such day to remarket Series 2003-B Warrants in a secondary market transaction at a price equal to the principal amount thereof plus accrued interest thereon; provided that such rate of interest shall not exceed 10% per annum.

"Weekly Rate Period" means any period during which Series 2003-B Warrants bear interest at a Weekly Rate, which period shall commence with the effective date of a Change in the Interest Rate Mode to the Weekly Rate and shall extend through the day immediately preceding the earlier of (a) the effective date of another Change in the Interest Rate Mode and (b) the Stated Maturity of Series 2003-B Warrants.

"Winning Bid Rate" means, with respect to Auction Rate Warrants, the Winning Bid Rate as defined in Section 3.8.

"XL Capital" or **"XLCA"** means XL Capital Assurance Inc., a New York stock insurance company, or any successor thereto or assignee thereof.

"XLCA Policy" means the municipal bond insurance policy issued by XL Capital on the Closing Date insuring the payment when due of the principal of and interest on the Series 2003-B-2 through 2003-B-7 Warrants as provided therein.

Section 1.2 **Findings.** The Governing Body has ascertained and does hereby find and declare as follows:

(a) Purposes for which Additional Parity Securities may be Issued. In the Original Indenture, the County has reserved the right to issue, upon compliance with the conditions precedent set forth therein, additional warrants, bonds, notes or other obligations that are secured on a parity with the Outstanding Parity Securities, as respects the pledge of the revenues derived by the County from the operation of the System, for the purposes of financing the costs of constructing or acquiring any System Improvements and refunding or retiring all or any portion of any one or more series of Parity

Securities then outstanding under the Indenture or any other obligations of the County issued to finance System Improvements.

(b) Purpose of the Series 2003-B Warrants. It is desirable and in the public interest for the County to issue the Series 2003-B Warrants to refund certain of its previously issued Parity Securities, namely, (i) \$29,855,000 principal amount of those of the Series 1997-A Warrants that mature on February 1, 2022, and \$98,915,000 principal amount of those of the Series 1997-A Warrants that mature on February 1, 2027, (ii) those of the Series 1997-D Warrants that mature on February 1, 2019, and February 1, 2020, and \$23,000,000 principal amount of those of the Series 1997-D Warrants that mature on February 1, 2022, (iii) those of the Series 1999-A Warrants that mature on February 1, 2029, and February 1, 2039, and \$147,650,000 principal amount of those of the Series 1999-A Warrants that mature on February 1, 2033, (iv) \$6,490,000 principal amount of those of the Series 2001-A Warrants that mature on February 1, 2031, and \$107,375,000 principal amount of those of the Series 2001-A Warrants that mature on February 1, 2041, (v) \$115,680,000 principal amount of those of the Series 2002-B Warrants that mature on February 1, 2041, and \$91,240,000 principal amount of those of the Series 2002-B Warrants that mature on February 1, 2042, and (vi) \$27,780,000 principal amount of those of the Series 2002-D Warrants that mature on February 1, 2038 (herein together called the "Refunded Warrants") and to refund certain interest on certain of the Outstanding Parity Securities other than the Refunded Warrants (the interest payments to be so refunded being herein called the "Refunded Interest").

(c) No Default. No Event of Default and no event which, with the giving of notice or the passage of time or both, would constitute such an Event of Default, has occurred and is continuing.

(d) Additional Parity Securities Previously Issued. No Parity Securities, other than the Outstanding Parity Securities, have heretofore been issued by the County under the Indenture, and the County now has no outstanding obligations payable from the revenues derived by the County from the operation of the System except the Outstanding Parity Securities and certain related Qualified Swap transactions.

Section 1.3 **Use of Phrases.** "Herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter" and other equivalent words refer to this Ninth Supplemental Indenture as an entirety and not solely to the particular portion thereof in which any such word is used. The terms used herein include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders.

Section 1.4 **Definitions Contained in the Original Indenture.** Unless the context clearly indicates a different meaning, any words, terms or phrases that are used in this Ninth Supplemental Indenture as defined terms without being herein defined shall have the meanings respectively given them in the Original Indenture (subject to any amendments thereto made in the First, Second, Third, Fourth, Fifth, Sixth, Seventh or Eighth Supplemental Indenture).

Section 1.5 **References to the Parity Securities and the Indenture.** The County and the Trustee acknowledge and agree that, from and after the issuance by the County of the Series 2003-B Warrants, any reference in the Original Indenture or in this Ninth Supplemental Indenture to the "Parity Securities" shall, unless the context clearly and unequivocally indicates otherwise, be construed to include the Outstanding Parity Securities, the Series 2003-B Warrants and any Additional Parity Securities hereafter issued.

The County and the Trustee further acknowledge and agree that, from and after the execution and delivery of this Ninth Supplemental Indenture, any reference in the Original Indenture or in this Ninth Supplemental Indenture to the "Indenture" shall, unless the context clearly and unequivocally indicates otherwise, be construed to refer to the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture and this Ninth Supplemental Indenture. The provisions of the Original Indenture (as heretofore supplemented and amended), to the extent they are not inconsistent with the provisions hereof, shall also apply to this Ninth Supplemental Indenture.

ARTICLE II

AUTHORIZATION OF SERIES 2003-B WARRANTS

Section 2.1 **Authorization of Series 2003-B Warrants.** (a) There is hereby created and established under the Indenture a series of Parity Securities of the County, which shall be issued and designated as "Sewer Revenue Refunding Warrants, Series 2003-B" in the principal amount of \$1,155,765,000. In order to distinguish between Series 2003-B Warrants which are subject to different interest rate determination methods and other features or covered by different Liquidity Facilities and to distinguish the portion of the Series 2003-B Warrants to be remarketed by any particular Remarketing Agent, the Series 2003-B Warrants may be designated and redesignated from time to time by the County in such a way as to identify one or more subseries of the Series 2003-B Warrants. Such subseries may be designated as subseries B-1, subseries B-2, or may be further redesignated as subseries B-1-A, subseries B-1-B, and so forth. Each Series 2003-B Warrant shall bear upon the face thereof such designation or redesignation, if any. In the event any portion of the Series 2003-B Warrants is designated as one or more subseries, unless the context otherwise requires, any reference to the Series 2003-B Warrants in this Ninth Supplemental Indenture shall be deemed (to the extent applicable) to refer to each such subseries and any reference to the Liquidity Facility or the Liquidity Provider shall be deemed (to the extent applicable) to refer to the Liquidity Facility or Liquidity Provider pertaining to each such subseries.

(b) The Series 2003-B Warrants shall be issued under this Ninth Supplemental Indenture for the purpose of refunding the Outstanding Refundable Warrants.

(c) Series 2003-B Warrants bearing a Commercial Paper Rate, a Daily Rate or a Weekly Rate shall be fully registered warrants in the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof. Series 2003-B Warrants bearing an Auction Rate shall be fully registered warrants in the denomination of \$25,000 or any integral multiple thereof. Series 2003-B Warrants bearing a Term Rate or a Fixed Rate shall be fully registered warrants in the denomination of \$5,000 or any integral multiple thereof.

(d) The Series 2003-B Warrants shall be numbered consecutively from R-1 upwards as issued or as otherwise provided by the Trustee. If the Series 2003-B Warrants are redesignated to identify one or more subseries, the Series 2003-B Warrants may be numbered in accordance with such subseries designations, i.e., R-1-1, R-2-1 and so forth. The Series 2003-B Warrants shall mature on February 1, 2042, except that the Series 2003-B-8 Warrants shall mature on February 1 in the following years and in the following respective principal amounts:

<u>Year</u>	<u>Principal Amount Maturing</u>
2010	\$ 8,250,000
2011	15,870,000
2012	16,500,000
2013	17,225,000
2014	18,285,000
2015	19,255,000
2016	24,580,000

The Series 2003-B Warrants shall be initially issued in fully registered form, without coupons, and dated their date of first authentication and delivery, and thereafter shall be dated their date of authentication, except that the Series 2003-B-8 Warrants shall be dated April 1, 2003.

(e) The County hereby appoints the Trustee as Paying Agent with respect to the Series 2003-B Warrants, and the Trustee hereby accepts such appointment. In so acting, the Trustee shall continue to be entitled to the benefits and protections of Article XIV of the Original Indenture, regardless of whether acting in its role as Trustee or as Paying Agent. In its execution of this Ninth Supplemental Indenture and other documents related to the Series 2003-B Warrants, the Trustee shall be deemed to be acting in the capacity of both Trustee and Paying Agent, regardless of whether or not expressly so stated.

Section 2.2 Form of Series 2003-B Warrants. The Series 2003-B Warrants and the certificate of authentication shall be substantially as set forth in Appendix I, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Ninth Supplemental Indenture.

Section 2.3 **Execution, Authentication, Delivery and Dating.** (a) The Series 2003-B Warrants shall be executed on behalf of the County by the President or the President Pro Tem of the Governing Body under its official seal reproduced thereon and attested by the Minute Clerk of the Governing Body. The signature of any of these officers on the Series 2003-B Warrants may be manual or, to the extent permitted by law, facsimile. Series 2003-B Warrants bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the County shall bind the County, notwithstanding that such individuals or any of them shall have ceased to hold such offices prior to the authentication and delivery of such Series 2003-B Warrants or shall not have held such offices at the date of such Series 2003-B Warrants.

(b) At any time and from time to time after the execution and delivery of this Ninth Supplemental Indenture, the County may deliver Series 2003-B Warrants executed by the County to the Trustee for authentication and the Trustee shall authenticate and deliver such Series 2003-B Warrants as in this Ninth Supplemental Indenture provided and not otherwise.

(c) No Series 2003-B Warrant shall be secured by, or be entitled to any lien, right or benefit under, the Indenture or be valid or obligatory for any purpose, unless there appears on such Series 2003-B Warrant a certificate of authentication substantially in the form provided for herein, executed by the Trustee by manual signature, and such certificate upon any Series 2003-B Warrant shall be conclusive evidence, and the only evidence, that such Series 2003-B Warrant has been duly authenticated and delivered hereunder.

Section 2.4 **Authentication and Delivery of Series 2003-B Warrants to Original Purchasers.** Upon the execution and delivery of this Ninth Supplemental Indenture, Series 2003-B Warrants in the aggregate principal amount authorized in this article may be executed by the County and delivered to the Trustee for authentication, and such Series 2003-B Warrants shall thereupon be authenticated and delivered by the Trustee to the original purchaser or purchasers thereof, upon order executed by an Authorized County Representative.

ARTICLE III

INTEREST ON SERIES 2003-B WARRANTS

Section 3.1 **Interest on Series 2003-B Warrants – General.** (a) While Series 2003-B Warrants bear interest at a Commercial Paper Rate, a Daily Rate or a Weekly Rate, interest accrued on such warrants shall be computed on the basis of a 365 or 366-day year, as applicable, for the number of days actually elapsed. While Series 2003-B Warrants bear interest at a Term Rate or the Fixed Rate, interest accrued on such warrants shall be computed on the basis of a 360-day year, consisting of twelve 30-day months. While Series 2003-B Warrants bear interest at an Auction Rate, interest accrued on such warrants shall be computed on the basis of a 360-day year for the number of days actually elapsed. The Series 2003-B Warrants shall bear interest from the date of initial issuance thereof (or, in the case of the Series 2003-B-8 Warrants, from April 1, 2003) payable on

each Interest Payment Date. The Series 2003-B Warrants issued upon transfers or exchanges of Series 2003-B Warrants shall bear interest from such date of initial issuance or from the Interest Payment Date next preceding their date of authentication, unless the date of authentication is an Interest Payment Date in which case such warrants shall bear interest from such date, or unless the date of authentication is after the Record Date next preceding the next succeeding Interest Payment Date, in which case such warrants shall bear interest from such next succeeding Interest Payment Date.

(b) The Series 2003-B Warrants designated as subseries B-8 shall be issued in the aggregate principal amount of \$119,965,000 and shall bear interest at Fixed Rates from the issuance thereof until maturity or redemption. Notwithstanding any other provisions of the Indenture, the Series 2003-B-8 Warrants may not be converted to a different Interest Rate Mode. The Series 2003-B-8 Warrants with the following respective maturity dates shall bear interest at the following per annum rates:

<u>Maturity Date</u>	<u>Interest Rate</u>
February 1, 2010	5.25%
February 1, 2011	5.25
February 1, 2012	5.25
February 1, 2013	5.25
February 1, 2014	5.25
February 1, 2015	5.25
February 1, 2016	5.25

The Series 2003-B Warrants designated as subseries B-1-A, B-1-B, B-1-C, B-1-D and B-1-E shall initially bear interest at the Auction Rate (with the following respective initial rates) and shall be issued in the following initial principal amounts:

<u>Subseries</u>	<u>Initial Principal Amount</u>	<u>Initial Interest Rates</u>
B-1-A	\$ 147,200,000	1.35%
B-1-B	147,200,000	1.35
B-1-C	147,200,000	1.30
B-1-D	147,200,000	1.30
B-1-E	147,000,000	1.30

The remainder of the Series 2003-B Warrants shall initially bear interest at the Weekly Rate, shall have the following subseries designations, shall be issued in the following initial principal amounts and shall have the following initial Liquidity Providers:

<u>Subseries</u>	<u>Principal Amount</u>	<u>Liquidity Provider</u>
B-2	\$ 55,000,000	Societe Generale, New York Branch
B-3	25,000,000	The Bank of New York
B-4	25,000,000	The Bank of New York
B-5	75,000,000	State Street Bank and Trust Company
B-6	15,000,000	State Street Bank and Trust Company
B-7	105,000,000	Lloyds TSB Bank plc.

From and after any Change in the Interest Rate Mode pursuant to Section 4.1 or 4.2, the Series 2003-B Warrants or any subseries thereof shall bear interest determined in accordance with the provisions of this Ninth Supplemental Indenture pertaining to the new Adjustable Rate or at the Fixed Rate, as the case may be. Series 2003-B Warrants shall bear interest for each Calculation Period, Auction Period or Fixed Rate Period at the rate of interest per annum for such Calculation Period, Auction Period or Fixed Rate Period established in accordance with this Ninth Supplemental Indenture. From and after a Fixed Rate Conversion Date, the affected Warrants shall bear interest at the Fixed Rate until their Stated Maturity. Interest shall be payable on each Interest Payment Date by check mailed to the registered owner at his or her address as it appears on the registration books kept by the Trustee pursuant to the Indenture at the close of business on the applicable Record Date; provided, that (i) while the Securities Depository or its nominee is the registered owner of any Series 2003-B Warrants, all payments of principal of, premium, if any, and interest on such warrants shall be paid to the Securities Depository or its nominee by wire transfer, (ii) if the Securities Depository, or its nominee, is no longer the registered owner of any Series 2003-B Warrants, prior to and including the Fixed Rate Conversion Date, interest on such warrants shall be payable to any registered owner of at least one million dollars (\$1,000,000) in aggregate principal amount of such warrants, by wire transfer, upon written notice received by the Trustee at least five Business Days prior to the applicable Record Date, from such registered owner containing the wire transfer address (which shall be in the continental United States) to which such registered owner wishes to have such wire directed and (iii) during a Commercial Paper Rate Period, interest shall be payable on the Series 2003-B Warrants bearing interest at a Commercial Paper Rate only upon presentation and surrender thereof to the Tender Agent upon purchase thereof pursuant to Section 5.3(b) and if such presentation and surrender are made by 2:00 p.m. (New York City time) such payment shall be by wire transfer. If and to the extent that there shall be a default in the payment of the interest due on any Interest Payment Date, such interest shall cease to be payable to the person in whose name each Series 2003-B Warrant was registered on such applicable Record Date and shall be payable, when and if paid, to the person in whose name each Series 2003-B Warrant is registered at the close of business on the record date fixed therefor by the Trustee, which shall be the fifth Business Day next preceding the date of the proposed payment, which also shall be a Business Day. Except as provided above, payment of the principal of, and premium, if any, on all Series 2003-B Warrants shall be made upon the presentation and surrender of such warrants at the principal office of the Trustee as the same shall become due and payable. The principal of and premium, if any, and interest on the Series 2003-B Warrants shall be payable in lawful money of the United States of America.

(c) At or prior to 9:30 a.m. (New York City time) on the Determination Date for each Calculation Period or at or prior to 3:00 p.m. (New York City time) on each Auction Date, the applicable Remarketing Agent or the Auction Agent, as the case may be, shall determine the interest rate for such Calculation Period or Auction Period and shall make available to the County, the Trustee, the Tender Agent and each issuer of a Support Facility the interest rate determined on such Determination Date or Auction Date.

(d) If for any reason on any Determination Date (A) any rate of interest or a Calculation Period and related Commercial Paper Rate is not determined by the applicable Remarketing Agent, (B) no Remarketing Agent is serving as such hereunder or (C) the rate so determined is held to be invalid or unenforceable by a final judgment of a court of competent jurisdiction, (i) during any Daily Rate Period, the interest rate for the Calculation Period with respect to such Determination Date shall be the last interest rate in effect, or, if a Daily Rate is not determined by the Remarketing Agent hereunder for five or more consecutive Business Days, on the next and each succeeding Determination Date, the Daily Rate shall be a rate per annum equal to 80% of the latest 30-day dealer taxable commercial paper rate published by the Federal Reserve Bank of New York on or immediately before such Determination Date, (ii) during any Weekly Rate Period, the interest rate for the Calculation Period with respect to such Determination Date shall be the last interest rate in effect, or, if a Weekly Rate is not determined by the Remarketing Agent for two or more consecutive Calculation Periods, the Weekly Rate shall be equal to 85% of the latest 30-day dealer taxable commercial paper rate published by the Federal Reserve Bank of New York on or before the day next preceding such Determination Date, (iii) during any Term Rate Period, the interest rate per annum for the Calculation Period with respect to such Determination Date shall be equal to 85% of the rate listed in the table most recently circulated by the United States Treasury Department known as "Table [applicable dates shown on the most recent Table], Maximum Interest Rate Payable on United States Treasury Certificates of Indebtedness, Notes and Bonds – State and Local Government Series Subscribed for During Period [applicable dates shown on the most recent Table]" or any substantially equivalent table circulated by the United States Treasury Department for the maturity most closely approximating the Calculation Period, and (iv) during any Commercial Paper Rate Period, the Calculation Period with respect to such Determination Date and related Commercial Paper Rate shall be (A) a Calculation Period which shall consist of the period from and including the prior Interest Payment Date to, but excluding the first Business Day of the following calendar month, and thereafter each period from and including the first Business Day of the calendar month to but excluding the first Business Day of the following calendar month, and (B) a Commercial Paper Rate equal to 85% of the interest rate applicable to 90-day United States Treasury Bills determined on the basis of the average per annum discount rate at which such 90-day Treasury Bills shall have been sold at the most recent Treasury auction within the 30 days next preceding such Calculation Period, or if there shall have been no such auction within the 30 days next preceding such Calculation Period, a Commercial Paper Rate equal to the rate of interest during the immediately preceding Calculation Period. The rate of interest or Calculation Period and related Commercial Paper Rate shall be established pursuant to this subsection (e) until the Remarketing Agent again determines the rate of interest or Calculation Period and related Commercial Paper Rate in accordance with this Ninth Supplemental Indenture. The County shall select any person otherwise meeting the qualifications of Section 10.5 to obtain,

calculate and prepare any of the information required by, and to notify the Trustee of any of the determinations made pursuant to, this subsection (e).

(e) The determination of any rate of interest by the Remarketing Agent in accordance with this Ninth Supplemental Indenture or by the Auction Agent in accordance with the Auction Procedures applicable to Auction Rate Warrants or the establishment of Calculation Periods or Auction Periods by the Remarketing Agent as provided in this Ninth Supplemental Indenture shall be conclusive and binding upon the County, the Trustee, the Tender Agent, the Remarketing Agent, the Auction Agent, each issuer of a Support Facility, and the registered and beneficial owners of the Series 2003-B Warrants. Failure of the Remarketing Agent, the Trustee, the Tender Agent, the Auction Agent, or the Securities Depository or any Securities Depository participant to give any of the notices described in this Ninth Supplemental Indenture, or any defect therein, shall not affect the interest rate to be borne by any of the Series 2003-B Warrants or the applicable Calculation Period or Auction Period nor in any way change the rights of the registered owners of the Series 2003-B Warrants to tender their Warrants for purchase or to have them redeemed in accordance with this Ninth Supplemental Indenture. The Trustee shall be fully protected in relying on the most recent rate in effect if it has not received timely notice of any interest rate change.

(f) Except as otherwise set forth above, interest on the Series 2003-B Warrants shall be paid to the registered owner thereof at his or her address as it appears on the registration books kept by the Trustee pursuant to the Indenture at the close of business on the applicable Record Date. No transfer or exchange of Series 2003-B Warrants shall be required to be made by the Trustee after a Record Date until the next succeeding Interest Payment Date.

(g) Except as otherwise provided in this subsection (g), the Trustee shall calculate and notify the Tender Agent of the amount of interest due and payable on each Interest Payment Date or other date on which interest is payable and on each purchase date by 10:00 a.m. (1:00 p.m. during a Daily Rate Period) on the Business Day next preceding such Interest Payment Date or other date or purchase date, as the case may be. In preparing such calculation the Trustee may rely on calculations or other services provided by the Remarketing Agent, the Auction Agent or any person or persons selected by the Trustee in its discretion, or by the County pursuant to subsection (e). During a Commercial Paper Rate Period, the Remarketing Agent shall notify the Trustee, the Tender Agent and the County of the amount of interest due and payable on each Interest Payment Date by 10:00 a.m. on the Business Day next preceding such Interest Payment Date. During an Auction Rate Period, the Auction Agent shall notify the Trustee at least seven days prior to each Interest Payment Date of the Auction Rate and the aggregate amount of interest payable on such Interest Payment Date.

(h) Anything herein to the contrary notwithstanding, in no event shall the interest rate borne by any Series 2003-B Warrant exceed the maximum rate allowable by applicable law.

Section 3.2 Commercial Paper Rate. During any Commercial Paper Rate Period, at or prior to 9:30 a.m. (New York City time) on the Determination Date for each Calculation Period, the

Remarketing Agent shall determine the Calculation Period and related Commercial Paper Rate, and shall notify the Trustee and the County of the Calculation Period. In determining each such Calculation Period, the Remarketing Agent shall take the following factors into account: (i) existing short-term taxable and tax-exempt market rates and indices of such short-term rates, (ii) the existing market supply and demand for short-term tax-exempt securities, (iii) existing yield curves for short-term and long-term tax-exempt securities or obligations having a credit rating that is comparable to the Series 2003-B Warrants, (iv) general economic conditions, (v) economic and financial factors present in the securities industry that may affect or that may be relevant to the Series 2003-B Warrants, and (vi) any information available to the Remarketing Agent pertaining to the County regarding any events or anticipated events which could have a direct impact on the marketability of or interest rate on the Series 2003-B Warrants. The Remarketing Agent shall select the Calculation Period and the applicable Commercial Paper Rate that, together with all other Calculation Periods and related Commercial Paper Rates, in the sole judgment of the Remarketing Agent, will result in the lowest overall borrowing cost on the Series 2003-B Warrants or are otherwise in the best financial interests of the County, as determined in consultation with the County. Any Calculation Period established hereunder for any Series 2003-B Warrants may not extend beyond the Fixed Rate Conversion Date, the expiration date of the Liquidity Facility securing such warrants or the day prior to the Stated Maturity of such warrants.

The County may place such limitations upon the establishment of Calculation Periods as may be set forth in a written direction from the County, which direction must be received by the Trustee and the Remarketing Agent prior to 10:00 a.m. (New York City time) on the day prior to any Determination Date to be effective on such date, but only if the Trustee receives an Opinion of Bond Counsel to the effect that such action is authorized by this Ninth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Series 2003-B Warrants from gross income for federal income tax purposes.

Section 3.3 Auction Rate Period – Auction Rate: Auction Period – General. (a) During any Auction Rate Period, the Series 2003-B Warrants shall bear interest at the Auction Rate determined as set forth in this Section 3.3 and Sections 3.4 through 3.10. The Auction Rate for any initial Auction Period immediately after any Change in the Interest Rate Mode to an Auction Rate for an Auction Rate Period shall be the rate of interest per annum determined and certified to the Trustee (with a copy to the County) by the Remarketing Agent on a date not later than the effective date of such Change in the Interest Rate Mode as the minimum rate of interest which, in the opinion of the Remarketing Agent, would be necessary as of such date to market Auction Rate Warrants in a secondary market transaction at a price equal to the principal amount thereof; provided that such interest rate shall not exceed 110% of the sum of the Index and .50% per annum. For any other Auction Period, the Auction Rate shall be the rate of interest per annum that results from implementation of the Auction Procedures. If on any Auction Date, the Auction Agent shall fail to take any action necessary to determine, or any action which effectively prevents the determination of, a rate of interest pursuant to the Auction Procedures, the Auction Rate for the next succeeding Auction Period shall equal the Maximum Auction Rate as provided in clause (i) of the definition thereof on and as of such Auction Date. Determination of the Auction Rate pursuant to the Auction Procedures

shall be suspended upon a Change in the Interest Rate Mode, the occurrence of a Failure to Deposit or the occurrence of an Event of Default. Upon the occurrence of a Failure to Deposit on any Auction Date, no Auction will be held, all Submitted Bids and Submitted Sell Orders shall be rejected, the existence of Sufficient Clearing Bids shall be of no effect and the Auction Rate for the next succeeding Auction Period shall equal the Maximum Auction Rate on and as of such Auction Date. The Auction Rate for any Auction Period or remaining portion thereof following the occurrence of an Event of Default shall be equal to the Overdue Rate as determined on and as of the immediately preceding Auction Date. The Overdue Rate shall be redetermined by the Remarketing Agent on each Auction Date.

(b) Auction Periods may be established pursuant to Section 3.4 at any time unless a Failure to Deposit or an Event of Default has occurred and has not been cured or waived. Each Auction Period shall be a Standard Auction Period unless a different Auction Period is established pursuant to Section 3.4 and each Auction Period which immediately succeeds a non-Standard Auction Period shall be a Standard Auction Period unless a different Auction Period is established pursuant to Section 3.4.

Section 3.4 Auction Rate Period – Auction Rate Warrants: Change of Auction Period by County. (a) During an Auction Rate Period, the County may change the length of a single Auction Period or the Standard Auction Period for any series by means of a written notice delivered at least 10 days prior to the Auction Date for such Auction Period to the Trustee, the Remarketing Agent, the Auction Agent and the Securities Depository in substantially the form furnished to the Trustee and the Auction Agent at the time of a Change in the Interest Rate Mode to an Auction Rate. Any Auction Period or Standard Auction Period established by the County pursuant to this Section 3.4 may not exceed 365 days in duration. If such Auction Period will be of less than 35 days, such notice shall be effective only if it is accompanied by a written statement of the Trustee, the Remarketing Agent, the Auction Agent and the Securities Depository to the effect that they are capable of performing their duties hereunder and under the Remarketing Agreement and the Auction Agency Agreement with respect to such Auction Period. If such notice specifies a change in the length of the Standard Auction Period, such notice shall be effective only if it is accompanied by the written consent of the Remarketing Agent to such change. The length of an Auction Period or the Standard Auction Period may not be changed pursuant to this Section 3.4 unless Sufficient Clearing Bids existed at both the Auction immediately preceding the date the notice of such change was given and the Auction immediately preceding such changed Auction Period.

(b) The change in length of an Auction Period or the Standard Auction Period shall take effect only if (A) the Trustee and the Auction Agent receive, by 11:00 a.m. (New York City time) on the Business Day immediately preceding the Auction Date for such Auction Period, a certificate from the County by telecopy, facsimile, or similar means in substantially the form furnished to the Trustee and the Auction Agent at the time of a Change in the Interest Rate Mode to an Auction Rate authorizing the change in the Auction Period or the Standard Auction Period, which shall be specified in such certificate, and confirming that Bond Counsel expects to be able to give an Opinion of Bond Counsel referred to in (D) below on the first day of such Auction Period, (B) the Trustee shall not

have delivered to the Auction Agent by 12:00 noon (New York City time) on the Auction Date for such Auction Period notice that a Failure to Deposit has occurred, (C) Sufficient Clearing Bids exist at the Auction on the Auction Date for such Auction Period, and (D) the Trustee and the Auction Agent receive by 9:30 a.m. (New York City time) on the first day of such Auction Period, an opinion of Bond Counsel to the effect that the change in the Auction Period or the Standard Auction Period is authorized by this Ninth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on such Series 2003-B Warrants from gross income for federal income tax purposes. If the condition referred to in (A) above is not met, the Auction Rate for the next succeeding Auction Period shall be determined pursuant to the Auction Procedures and the next succeeding Auction Period shall be a Standard Auction Period. If any of the conditions referred to in (B), (C) or (D) above is not met, the Auction Rate for the next succeeding Auction Period shall equal the Maximum Auction Rate as determined as of such Auction Date.

Section 3.5 Auction Rate Period – Auction Rate Warrants: Change of Auction Date by Remarketing Agent. During an Auction Rate Period, the Remarketing Agent, with the written consent of the County, may change, in order to conform with then-current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date, the Auction Date for all future Auction Periods to a different day, so long as the first such Auction Date will be a Business Day in the calendar week in which the next succeeding Auction Date is then scheduled to occur. If a change in an Auction Date is undertaken in conjunction with a change in an Auction Period and the conditions for the establishment of such change in Auction Period are not met, the Auction Date may be, and the next succeeding Auction Period may be adjusted to end on, a Business Day in the calendar week in which such Auction Date was scheduled to occur and such Auction Period was scheduled to end to accommodate the change in the Auction Date. The Remarketing Agent shall deliver a written notice of its determination to change an Auction Date at least 10 days prior to the Auction Date immediately preceding such Auction Date to the County, the Trustee, the Auction Agent and the Securities Depository which shall state (i) the determination of the Remarketing Agent to change the Auction Date, (ii) the new Auction Date and (iii) the date on which such Auction Date shall be changed. If, as a result of any proposed change in the Auction Date, any Auction Period would be less than 28 days in duration, such notice shall be effective only if it is accompanied by a written statement of the Auction Agent, the Trustee, the Remarketing Agent and the Securities Depository to the effect that they are capable of performing their duties hereunder and under the Remarketing Agreement and Auction Agency Agreement with respect to any such Auction Period. In no event shall any Standard Auction Period be less than seven days.

Section 3.6 Auction Rate Period – Auction Rate Warrants: Orders by Beneficial Owners and Potential Beneficial Owners. (a) Prior to the Submission Deadline on each Auction Date during the Auction Rate Period, the following orders may be submitted:

- (i) each Beneficial Owner of Auction Rate Warrants may submit to the Broker-Dealer by telephone or otherwise information as to:

(1) the principal amount of Outstanding Auction Rate Warrants, if any, held by such Beneficial Owner which such Beneficial Owner desires to continue to hold without regard to the Auction Rate for the next succeeding Auction Period;

(2) the principal amount of Outstanding Auction Rate Warrants, if any, held by such Beneficial Owner which such Beneficial Owner offers to sell if the Auction Rate for the next succeeding Auction Period shall be less than the rate per annum specified by such Beneficial Owner; and/or

(3) the principal amount of Outstanding Auction Rate Warrants, if any, held by such Beneficial Owner which such Beneficial Owner offers to sell without regard to the Auction Rate for the next succeeding Auction Period;

(ii) one or more Broker-Dealers may contact Potential Beneficial Owners by telephone or otherwise to determine the principal amount of Auction Rate Warrants which each such Potential Beneficial Owner offers to purchase if the Auction Rate for the next succeeding Auction Period shall not be less than the interest rate per annum specified by such Potential Beneficial Owner.

For the purposes hereof, the communication to a Broker-Dealer of information referred to in clause (i)(1), (i)(2) or (i)(3) or clause (ii) above is hereinafter referred to as an "Order" and collectively as "Orders" and each Beneficial Owner and each Potential Beneficial Owner placing an Order is hereinafter referred to as a "Bidder" and collectively as "Bidders"; an Order containing the information referred to in clause (i)(1) above is hereinafter referred to as a "Hold Order" and collectively as "Hold Orders"; an Order containing the information referred to in clause (i)(2) or clause (ii) above is hereinafter referred to as a "Bid" and collectively as "Bids"; and an Order containing the information referred to in clause (i)(3) above is hereinafter referred to as a "Sell Order" and collectively as "Sell Orders". The submission by a Broker-Dealer of an Order to the Auction Agent shall likewise be referred to herein as an "Order" and collectively as "Orders" and an Existing Holder or Potential Holder who places an Order with the Auction Agent or on whose behalf an Order is placed with the Auction Agent shall likewise be referred to herein as a "Bidder" and collectively as "Bidders."

(b) (i) Subject to the provisions of Section 3.7, a Bid by a Beneficial Owner or an Existing Holder shall constitute an irrevocable offer to sell:

(1) the principal amount of Outstanding Auction Rate Warrants specified in such Bid if the Auction Rate determined on such Auction Date shall be less than the interest rate per annum specified therein; or

(2) such principal amount or a lesser principal amount of Outstanding Auction Rate Warrants to be determined as set forth in subsection (a)(iv) of Section 3.9 if the Auction Rate determined on such Auction Date shall be equal to the interest rate per annum specified therein; or

(3) such principal amount of Outstanding Auction Rate Warrants if the interest rate per annum specified therein shall be higher than the Maximum Auction Rate, or such principal amount or a lesser principal amount of Outstanding Auction Rate Warrants to be determined as set forth in subsection (b)(iii) of Section 3.9 if such specified rate shall be higher than the Maximum Auction Rate and Sufficient Clearing Bids do not exist.

(ii) Subject to the provisions of Section 3.7, a Sell Order by a Beneficial Owner or an Existing Holder shall constitute an irrevocable offer to sell:

(1) the principal amount of Outstanding Auction Rate Warrants specified in such Sell Order; or

(2) such principal amount or a lesser principal amount of Outstanding Auction Rate Warrants as set forth in subsection (b)(iii) of Section 3.9 if Sufficient Clearing Bids do not exist.

(iii) Subject to the provisions of Section 3.7, a Bid by a Potential Beneficial Owner or a Potential Holder shall constitute an irrevocable offer to purchase:

(1) the principal amount of Outstanding Auction Rate Warrants specified in such Bid if the Auction Rate determined on such Auction Date shall be higher than the rate specified therein; or

(2) such principal amount or a lesser principal amount of Outstanding Auction Rate Warrants as set forth in subsection (a)(v) of Section 3.9 if the Auction Rate determined on such Auction Date shall be equal to such specified rate.

Section 3.7 Auction Rate Period – Auction Rate Warrants: Submission of Orders by Broker-Dealers to Auction Agent. (a) During an Auction Rate Period each Broker-Dealer shall submit in writing to the Auction Agent prior to the Submission Deadline on each Auction Date, all Orders obtained by such Broker-Dealer, designating itself (unless otherwise permitted by the County) as an Existing Holder in respect of the principal amount of Auction Rate Warrants subject to Orders submitted or deemed submitted to it by Potential Beneficial Owners, and shall specify with respect to each such Order:

(i) the name of the Bidder placing such Order (which shall be the Broker-Dealer (unless otherwise permitted by the County));

(ii) the aggregate principal amount of Auction Rate Warrants that are subject to such Order;

(iii) to the extent that such Bidder is an Existing Holder:

(1) the principal amount of Auction Rate Warrants, if any, subject to any Hold Order placed by such Existing Holder;

(2) the principal amount of Auction Rate Warrants, if any, subject to any Bid placed by such Existing Holder and the rate specified in such Bid; and

(3) the principal amount of Auction Rate Warrants, if any, subject to any Sell Order placed by such Existing Holder; and

(iv) to the extent such Bidder is a Potential Holder, the principal amount of Auction Rate Warrants subject to any Bid by such Potential Holder and the rate specified in such Bid.

(b) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest one thousandth (.001) of 1%.

(c) If an Order or Orders covering all or a portion of Outstanding Auction Rate Warrants held by an Existing Holder is not submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Holder covering the principal amount of Outstanding Auction Rate Warrants held by such Existing Holder and not subject to Orders submitted to the Auction Agent.

(d) Neither the County, the Trustee nor the Auction Agent shall be responsible for any failure of a Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Holder, Beneficial Owner, Potential Holder or Potential Beneficial Owner.

(e) If any Existing Holder submits through a Broker-Dealer to the Auction Agent one or more Orders covering in the aggregate more than the principal amount of Outstanding Auction Rate Warrants held by such Existing Holder, such Orders shall be considered valid as follows and in the following order of priority:

(i) all Hold Orders shall be considered valid, but only up to and including the principal amount of Auction Rate Warrants held by such Existing Holder, and, if

the aggregate principal amount of Auction Rate Warrants subject to such Hold Orders exceeds the aggregate principal amount of Outstanding Auction Rate Warrants held by such Existing Holder, the aggregate principal amount of Auction Rate Warrants subject to each such Hold Order shall be reduced pro rata to cover the aggregate principal amount of Outstanding Auction Rate Warrants held by such Existing Holder;

(ii) (1) any Bid shall be considered valid up to and including the excess of the principal amount of Outstanding Auction Rate Warrants held by such Existing Holder over the aggregate principal amount of Auction Rate Warrants subject to any Hold Orders referred to in paragraph (i) above;

(2) subject to clause (1) above, if more than one Bid with the same rate is submitted on behalf of such Existing Holder and the aggregate principal amount of Outstanding Auction Rate Warrants subject to such Bids is greater than such excess, such Bids shall be considered valid up to and including the amount of such excess, and, the principal amount of Auction Rate Warrants subject to each Bid with the same rate shall be reduced pro rata to cover the principal amount of Auction Rate Warrants equal to such excess;

(3) subject to clauses (1) and (2) above, if more than one Bid with different rates is submitted on behalf of such Existing Holder, such Bids shall be considered valid in the ascending order of their respective rates until the highest rate is reached at which such excess exists and then at such rate up to and including the amount of such excess; and

(4) in any such event, the aggregate principal amount of Outstanding Auction Rate Warrants, if any, subject to any portion of Bids not valid under this paragraph (ii) shall be treated as the subject of a Bid by a Potential Holder at the rate therein specified; and

(iii) all Sell Orders shall be considered valid up to and including the excess of the principal amount of Outstanding Auction Rate Warrants held by such Existing Holder over the aggregate principal amount of Auction Rate Warrants subject to valid Hold Orders referred to in paragraph (i) of this subsection (e) and valid Bids referred to in paragraph (ii) of this subsection (e).

(f) If more than one Bid for Auction Rate Warrants is submitted on behalf of any Potential Holder, each Bid submitted shall be a separate Bid for Auction Rate Warrants with the rate and principal amount therein specified.

(g) Any Bid or Sell Order submitted by an Existing Holder covering an aggregate principal amount of Auction Rate Warrants not equal to \$25,000 or an integral multiple thereof shall be rejected and shall be deemed a Hold Order. Any Bid submitted by a Potential Holder covering an aggregate principal amount of Auction Rate Warrants not equal to \$25,000 or an integral multiple thereof shall be rejected.

(h) Any Bid submitted by an Existing Holder or a Beneficial Owner specifying a rate lower than the All Hold Rate shall be treated as a Bid specifying the All Hold Rate and will not be accepted if submitted by a Potential Beneficial Owner or a Potential Holder.

Section 3.8 Auction Rate Period – Auction Rate Warrants: Determination of Sufficient Clearing Bids, Winning Bid Rate and Auction Rate. (a) During an Auction Rate Period not earlier than the Submission Deadline on each Auction Date, the Auction Agent shall assemble all valid Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to as a "Submitted Hold Order," a "Submitted Bid" or a "Submitted Sell Order," as the case may be, or as a "Submitted Order") and shall determine:

(i) the excess of the total principal amount of Outstanding Auction Rate Warrants over the aggregate principal amount of Outstanding Auction Rate Warrants subject to Submitted Hold Orders (such excess being hereinafter referred to as the "Available Auction Rate Warrants"); and

(ii) from the Submitted Orders whether the aggregate principal amount of Outstanding Auction Rate Warrants subject to Submitted Bids by Potential Holders specifying one or more rates equal to or lower than the Maximum Auction Rate exceeds or is equal to the sum of:

(1) the aggregate principal amount of Outstanding Auction Rate Warrants subject to Submitted Bids by Existing Holders specifying one or more rates higher than the Maximum Auction Rate; and

(2) the aggregate principal amount of Outstanding Auction Rate Warrants subject to Submitted Sell Orders

(in the event of such excess or such equality (other than because the sum of the principal amounts of Auction Rate Warrants in clauses (A) and (B) above is zero because all of the Outstanding Auction Rate Warrants are subject to Submitted Hold Orders), such Submitted Bids by Potential Holders are hereinafter referred to collectively as "Sufficient Clearing Bids"); and

(iii) if Sufficient Clearing Bids exist, the lowest rate specified in the Submitted Bids (the "Winning Bid Rate") which if:

(1) (a) each Submitted Bid from Existing Holders specifying such lowest rate and (b) all other Submitted Bids from Existing Holders specifying lower rates were rejected, thus entitling such Existing Holders to continue to hold the principal amount of Auction Rate Warrants that are the subject of such Submitted Bids; and

(2) (a) each Submitted Bid from Potential Holders specifying such lowest rate and (b) all other Submitted Bids from Potential Holders specifying lower rates were accepted,

would result in such Existing Holders described in clause (1) above continuing to hold an aggregate principal amount of Outstanding Auction Rate Warrants which, when added to the aggregate principal amount of Outstanding Auction Rate Warrants to be purchased by such Potential Holders described in clause (2) above, would equal not less than the Available Auction Rate Warrants.

(b) Promptly after the Auction Agent has made the determinations pursuant to subsection (a) of this Section 3.8, the Auction Agent, by telecopy or facsimile shall advise the County, the Trustee and the Broker-Dealers of the Maximum Auction Rate and the components thereof on the Auction Date and, based on such determinations, the Auction Rate for the next succeeding Auction Period as follows:

(i) if Sufficient Clearing Bids exist, the Auction Rate for the next succeeding Auction Period therefor shall be equal to the Winning Bid Rate so determined;

(ii) if Sufficient Clearing Bids do not exist (other than because all of the Outstanding Auction Rate Warrants are the subject of Submitted Hold Orders), the Auction Rate for the next succeeding Auction Period therefor shall be equal to the Maximum Auction Rate; and

(iii) if all of the Auction Rate Warrants are subject to Submitted Hold Orders, the Auction Rate for the next succeeding Auction Period therefor shall be equal to the All Hold Rate.

Section 3.9 Auction Rate Period – Auction Rate Warrants: Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocation of Auction Rate Warrants. During an Auction Rate Period, Existing Holders shall continue to hold the principal amounts of Auction Rate Warrants that are subject to Submitted Hold Orders, and, based on the determinations made pursuant to subsection (a) of this Section 3.9, the Submitted Bids and Submitted Sell Orders shall be accepted or rejected, and the Auction Agent shall take such other actions as are set forth below:

(a) If Sufficient Clearing Bids exist, all Submitted Sell Orders shall be accepted and, subject to the provisions of paragraphs (e) and (f) of this Section 3.9, Submitted Bids shall be

accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(i) Existing Holders' Submitted Bids specifying any rate that is higher than the Winning Bid Rate shall be accepted, thus requiring each such Existing Holder to sell the aggregate principal amount of Auction Rate Warrants subject to such Submitted Bids;

(ii) Existing Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be rejected, entitling each such Existing Holder to continue to hold the aggregate principal amount of Auction Rate Warrants subject to such Submitted Bids;

(iii) Potential Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Potential Holder to purchase the aggregate principal amount of Auction Rate Warrants subject to such Submitted Bids;

(iv) each Existing Holder's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be rejected, thus entitling such Existing Holder to continue to hold the aggregate principal amount of Auction Rate Warrants subject to such Submitted Bid, unless the aggregate principal amount of Outstanding Auction Rate Warrants subject to all such Submitted Bids shall be greater than the principal amount of Auction Rate Warrants (the "remaining principal amount") equal to the excess of Available Auction Rate Warrants over the aggregate principal amount of the Auction Rate Warrants subject to Submitted Bids described in paragraphs (ii) and (iii) of this subsection (a), in which event such Submitted Bid of such Existing Holder shall be rejected in part, and such Existing Holder shall be entitled to continue to hold the principal amount of Auction Rate Warrants subject to such Submitted Bid, but only in an amount equal to the principal amount of Auction Rate Warrants obtained by multiplying the remaining principal amount by a fraction, the numerator of which shall be the principal amount of Outstanding Auction Rate Warrants held by such Existing Holder subject to such Submitted Bid and the denominator of which shall be the sum of the principal amounts of Auction Rate Warrants subject to such Submitted Bids made by all such Existing Holders that specified a rate equal to the Winning Bid Rate; and

(v) each Potential Holder's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be accepted but only in an amount equal to the principal amount of Auction Rate Warrants obtained by multiplying the excess of the Available Auction Rate Warrants over the aggregate principal amount of Auction Rate Warrants subject to Submitted Bids described in paragraphs (ii), (iii) and (iv) of this subsection (a) by a fraction the numerator of which shall be the aggregate principal

amount of Auction Rate Warrants subject to such Submitted Bid of such Potential Holder and the denominator of which shall be the sum of the principal amount of Outstanding Auction Rate Warrants subject to Submitted Bids made by all such Potential Holders that specified a rate equal to the Winning Bid Rate.

(b) If Sufficient Clearing Bids do not exist (other than because all of the Outstanding Auction Rate Warrants are subject to Submitted Hold Orders), subject to the provisions of subsection (e) of this Section 3.9, Submitted Orders shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(i) Existing Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Auction Rate shall be rejected, thus entitling each such Existing Holder to continue to hold the aggregate principal amount of Auction Rate Warrants subject to such Submitted Bids;

(ii) Potential Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Auction Rate shall be accepted, thus requiring each such Potential Holder to purchase the aggregate principal amount of Auction Rate Warrants subject to such Submitted Bids; and

(iii) each Existing Holder's Submitted Bid specifying any rate that is higher than the Maximum Auction Rate and the Submitted Sell Order of each Existing Holder shall be accepted, thus entitling each Existing Holder that submitted any such Submitted Bid or Submitted Sell Order to sell the Auction Rate Warrants subject to such Submitted Bid or Submitted Sell Order, but in both cases only in an amount equal to the aggregate principal amount of Auction Rate Warrants obtained by multiplying the aggregate principal amount of Auction Rate Warrants subject to Submitted Bids described in paragraph (ii) of this subsection (b) by a fraction, the numerator of which shall be the aggregate principal amount of Outstanding Auction Rate Warrants held by such Existing Holder subject to such Submitted Bid or Submitted Sell Order and the denominator of which shall be the aggregate principal amount of Outstanding Auction Rate Warrants subject to all such Submitted Bids and Submitted Sell Orders.

(c) If all Outstanding Auction Rate Warrants are subject to Submitted Hold Orders, all Submitted Bids shall be rejected.

(d) If (i) the Auction Agent shall fail to take any action necessary to determine, or shall take any action which effectively prevents the determination of, an interest rate pursuant to the Auction Procedures or (ii) the conditions set forth in subsection (b) of Section 3.4 to effect a change in the Auction Period are not met, all Submitted Bids and Submitted Sell Orders shall be rejected and the existence of Sufficient Clearing Bids shall be of no effect.

(e) If, as a result of the procedures described in subsection (a) or (b) of this Section 3.9, any Existing Holder would be entitled or required to sell, or any Potential Holder would be required to purchase, a principal amount of Auction Rate Warrants that is not equal to \$25,000 or an integral multiple thereof, the Auction Agent shall, in such manner as, in its sole discretion, it shall determine, round up or down the principal amount of such Auction Rate Warrants to be purchased or sold by any Existing Holder or Potential Holder so that the principal amount purchased or sold by each Existing Holder or Potential Holder shall be equal to \$25,000 or an integral multiple thereof.

(f) If, as a result of the procedures described in subsection (a) of this Section 3.9, any Potential Holder would be entitled or required to purchase less than \$25,000 in aggregate principal amount of Auction Rate Warrants, the Auction Agent shall, in such manner as, in its sole discretion, it shall determine, allocate Auction Rate Warrants for purchase among Potential Holders so that only Auction Rate Warrants in principal amounts of \$25,000 or an integral multiple thereof are purchased by any Potential Holder, even if such allocation results in one or more of such Potential Holders not purchasing any Auction Rate Warrants.

(g) Based on the results of each Auction, the Auction Agent shall determine the aggregate principal amount of Auction Rate Warrants to be purchased and the aggregate principal amount of Auction Rate Warrants to be sold by Potential Holders and Existing Holders and, with respect to each Potential Holder and Existing Holder, to the extent that such aggregate principal amount of Auction Rate Warrants to be sold differs from such aggregate principal amount of Auction Rate Warrants to be purchased, determine to which other Potential Holder(s) or Existing Holder(s) they shall deliver, or from which other Potential Holder(s) or Existing Holder(s) they shall receive, as the case may be, Auction Rate Warrants.

(h) The County may not submit an Order in any Auction.

Section 3.10 Auction Rate Period – Auction Rate Warrants: Adjustment in Percentage. (a) During an Auction Rate Period, the Remarketing Agent may adjust the percentage used in determining the All Hold Rate and the Applicable Percentages used in determining the Maximum Auction Rate if any such adjustment is necessary, in the judgment of the Remarketing Agent, to reflect any Change of Preference Law such that the All Hold Rate and Maximum Auction Rate shall have substantially equal market values before and after such Change of Preference Law. In making any such adjustment, the Remarketing Agent shall take the following factors, as in existence both before and after such Change of Preference Law, into account: (i) short-term taxable and tax-exempt market rates and indices of such short-term rates, (ii) the market supply and demand for short-term tax-exempt securities, (iii) yield curves for tax-exempt securities or obligations having a credit rating that is comparable to the Series 2003-B Warrants, (iv) general economic conditions and (v) economic and financial factors present in the securities industry that may affect or that may be relevant to the Series 2003-B Warrants.

(b) The Remarketing Agent shall communicate its determination to adjust the percentage used in determining the All Hold Rate and the Applicable Percentages used in determining the

Maximum Auction Rate pursuant to subsection (a) hereof by means of a written notice delivered at least 5 days prior to the Auction Date on which the Remarketing Agent desires to effect the change to the County, the Trustee and the Auction Agent in substantially the form attached hereto as Exhibit B-4. Such notice is required to state the determination of the Remarketing Agent to change such percentages and the date such adjustment is proposed to take effect (which date shall be an Auction Date). Prior to delivery of the notice described in this section, the Remarketing Agent shall have received written approval of the County (which approval shall not be unreasonably withheld) to such change. The notice described in this section shall be effective only if it is accompanied by the form of opinion that Bond Counsel expects to be able to give on such Auction Date to the effect that such adjustment is authorized by this Ninth Supplemental Indenture and will not have an adverse effect on the exclusion of interest on the Auction Rate Warrants from gross income for federal income tax purposes. The Auction Agent is required to mail notice thereof to the Existing Holders within two Business Days of receipt thereof.

(c) An adjustment in the percentage used in determining the All Hold Rate and the Applicable Percentages used in determining the Maximum Auction Rate shall take effect on an Auction Date only if (A) the Trustee and the Auction Agent receive, by 11:00 a.m. (New York City time) on the Business Day immediately preceding such Auction Date, a certificate from the Remarketing Agent by telecopy, facsimile or similar means, (i) authorizing the adjustment of the percentage used in determining the All Hold Rate and the Applicable Percentages used in determining the Maximum Auction Rate which shall be specified in such authorization, and (ii) confirming that Bond Counsel expects to be able to give an opinion on such Auction Date to the effect that the adjustment in the percentage used in determining the All Hold Rate and the Applicable Percentages used in determining the Maximum Auction Rate is authorized by this Ninth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Auction Rate Warrants from gross income for federal income tax purposes, and (B) the Trustee and the Auction Agent receive by 9:30 a.m. (New York City time) on such Auction Date, an Opinion of Bond Counsel to the effect that the adjustment in the percentage used in determining the All Hold Rate and the Applicable Percentages used in determining the Maximum Auction Rate is authorized by this Ninth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Auction Rate Warrants from gross income for federal income tax purposes. If the condition referred to in (A) above is not met, the existing percentage used in determining the All Hold Rate and the Applicable Percentages used in determining the Maximum Auction Rate shall remain in effect and the Auction Rate for the next succeeding Auction Period shall be determined pursuant to the Auction Procedures. If the condition referred to in (B) above is not met, the existing percentage used in determining the All Hold Rate and the Applicable Percentages used in determining the Maximum Auction Rate shall remain in effect and the Auction Rate for the next succeeding Auction Period shall equal the Maximum Auction Rate as determined on such Auction Date.

ARTICLE IV

CHANGES IN THE ADJUSTABLE RATE

Section 4.1 **Optional Conversion by County.** (a) Prior to the Fixed Rate Conversion Date, at the times specified below, the Series 2003-B Warrants (other than the Series 2003-B-8 Warrants), in whole or in part, shall cease to bear interest at the Adjustable Rate then borne by the Series 2003-B Warrants and shall bear interest at such different Adjustable Rate as shall be specified by the County in a written notice delivered at least 30 days prior to the proposed effective date of the Change in the Interest Rate Mode to the Trustee, the Remarketing Agent, any Securities Depository, the Bond Insurer and the Tender Agent (and to the Auction Agent if such Change in the Interest Rate Mode is to or from an Auction Rate) in substantially the form attached hereto as, or containing substantially the information contained in, the applicable version of Exhibit A. A Change in the Interest Rate Mode to a different Adjustable Rate may only be effected on the last Interest Payment Date for a Daily Rate Period, a Weekly Rate Period, an Auction Rate Period, or a Term Rate Period, and a Change in the Interest Rate Mode from a Commercial Paper Rate to a different Adjustable Rate may only take effect on the Interest Payment Date immediately following the last day of a Calculation Period. A notice of a Change in the Interest Rate Mode pursuant to this Section 4.1(a) shall be effective only if it is accompanied by the form of opinion that Bond Counsel expects to be able to give on the proposed effective date of such Change in the Interest Rate Mode to the effect that such Change in the Interest Rate Mode is authorized by this Ninth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on such Series 2003-B Warrants from gross income for federal income tax purposes.

In the case of any Change in the Interest Rate Mode to a Term Rate, the notice required by this section shall specify the length of the Calculation Period and, unless otherwise specified, such Calculation Period shall thereafter apply to the Series 2003-B Warrants as to which such change is occurring until the earliest to occur of (i) the Fixed Rate Conversion Date pursuant to Section 4.2, or (ii) a Change in the Interest Rate Mode effected pursuant to this Section 4.1 or (iii) the Stated Maturity of the Series 2003-B Warrants. Any change in the Calculation Period during a Term Rate Period shall be deemed a Change in the Interest Rate Mode pursuant to this Section 4.1 and may not be made unless all the requirements of a Change in the Interest Rate Mode pursuant to this Section 4.1 are met.

(b) The Trustee shall mail, or cause the Tender Agent to mail, the notice received pursuant to subsection (a) of this Section 4.1 on or before the third Business Day after receipt thereof to the Holders of the Series 2003-B Warrants.

(c) A Change in the Interest Rate Mode to another Adjustable Rate shall be effective pursuant to subsection (a) of this Section 4.1 only if

(i) with respect to any Change in the Interest Rate Mode from an Auction Rate to another Adjustable Rate, the Trustee and the Auction Agent shall receive:

(1) a certificate of an Authorized County Representative by no later than the seventh day prior to the effective date of such Change in the Interest Rate Mode stating (A) that a written agreement between the County and the Remarketing Agent to remarket such Series 2003-B Warrants on such effective date at a price of 100% of the principal amount thereof has been entered into, which agreement (i) may be subject to such reasonable terms and conditions agreed to by the Remarketing Agent which in the judgment of the Remarketing Agent reflect the current market standards regarding investment banking risk and (ii) must include a provision requiring payment by the Remarketing Agent in same-day funds for any Auction Rate Warrant, tendered or deemed tendered; and (B) that a Liquidity Facility is in effect or has been obtained by the County with respect to those of the Series 2003-B Warrants to be converted from an Auction Rate to another Adjustable Rate and shall be in effect on or prior to the date of such Change in the Interest Rate Mode and thereafter for a period of at least 364 days;

(2) by 11:00 a.m. (New York City time) on the second Business Day prior to the effective date of such Change in the Interest Rate Mode by telecopy, facsimile or other similar means, a certificate in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit B-1 hereto, from the County (x) authorizing the establishment of the new Adjustable Rate, (y) confirming that Bond Counsel expects to be able to give an opinion on the effective date of such Change in the Interest Rate Mode to the effect that such Change in the Interest Rate Mode is authorized by this Ninth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Series 2003-B Warrants from gross income for federal income tax purposes and (z) confirming that any necessary amendment to this Ninth Supplemental Indenture necessary to provide for the application of moneys available under the Liquidity Facility have been agreed to by the parties hereto and will be in effect prior to the Change in the Interest Rate Mode; and

(3) by 4:00 p.m. (New York City time) on the effective date of such Change in the Interest Rate Mode by telecopy, facsimile or other similar means, a certificate in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit B-3 hereto, from the County that all of the Auction Rate Warrants during an Auction Rate Period tendered or deemed tendered have been purchased at a price equal to the principal amount thereof with funds provided from the remarketing of such Series 2003-B Warrants in accordance with the Remarketing Agreement, and that accrued and unpaid interest, if any, and

premium, if any, on the Series 2003-B Warrants shall have been paid pursuant to the Indenture from funds deposited with the Trustee;

(ii) with respect to any Change in the Interest Rate Mode to a Commercial Paper Rate, an Auction Rate or a Term Rate, the Trustee (and the Auction Agent in the case of any Change in the Interest Rate Mode to an Auction Rate) shall receive by 4:00 p.m., New York City time, on the effective date of such Change in the Interest Rate Mode, a certificate in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit B-2, from an Authorized County Representative that all of the Series 2003-B Warrants tendered or deemed tendered have been purchased at a price equal to the principal amount thereof, with funds provided from the remarketing of such Series 2003-B Warrants in accordance with the Remarketing Agreement or from other funds deposited with the Tender Agent (other than proceeds from a draw on a Liquidity Facility), and that accrued and unpaid interest, if any, and premium, if any, have been paid in accordance with the Indenture from funds deposited with the Trustee;

(iii) with respect to any Change in the Interest Rate Mode, the Trustee (and the Auction Agent in the case of any Change in the Interest Rate Mode to an Auction Rate) shall receive, by 10:30 a.m. (New York City time) on the effective date of such Change in the Interest Rate Mode, an Opinion of Bond Counsel to the effect that such Change in the Interest Rate Mode is authorized by this Ninth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Series 2003-B Warrants from gross income for federal income tax purposes;

(iv) with respect to any Change in the Interest Rate Mode to an Adjustable Rate (other than to an Auction Rate or, unless the County elects to provide a Liquidity Facility, a Term Rate), a Liquidity Facility that applies to all Series 2003-B Warrants subject to such change and that meets the requirements of this Ninth Supplemental Indenture has been delivered to the Trustee not less than one Business Day prior to the effective date of such Change in the Interest Rate Mode and is, by its terms, in effect prior to such effective date; and

(v) with respect to any Change in the Interest Rate Mode, the Trustee shall receive written confirmation from S&P, if the Series 2003-B Warrants are then rated by S&P, and from Moody's, if the Series 2003-B Warrants are then rated by Moody's, to the effect that such Change in Interest Rate Mode will not result in a reduction or withdrawal of its long- or short-term rating of the Series 2003-B Warrants below the rating of S&P or Moody's, as the case may be, then in effect with respect to the Series 2003-B Warrants.

If any of the conditions referred to in (c)(i)(1) or (c)(i)(2) above is not met with respect to any Change in the Interest Rate Mode for any Series 2003-B Warrants from an Auction Rate, the Auction Rate for the next succeeding Auction Period shall be determined pursuant to the Auction Procedures applicable to Auction Rate Warrants. If the condition referred to in (c)(i)(3) above is not met with respect to any Change in the Interest Rate Mode for any Series 2003-B Warrants from an Auction Rate, the Auction Rate for the next succeeding Auction Period for such Series 2003-B Warrants shall be equal to the Maximum Auction Rate as determined on the date the condition is not met, or the Auction Date for the current Auction Period for such Series 2003-B Warrants, if later. If any of the conditions referred to in (iii), (iv) or (v) above is not met with respect to any Change in the Interest Rate Mode for any Series 2003-B Warrants from an Auction Rate, the Auction Rate for the next succeeding Auction Period for such Series 2003-B Warrants shall equal the Maximum Auction Rate as determined on the date the condition is not met, or the Auction Date for the current Auction Period for such Series 2003-B Warrants, if later. If any of the conditions referred to in (ii), (iii), (iv) or (v) above is not met with respect to any other Change in the Interest Rate Mode for any Series 2003-B Warrants, such warrants shall continue to bear interest at the Current Adjustable Rate and be subject to the provisions of this Ninth Supplemental Indenture applicable thereto while such Series 2003-B Warrants bear interest at such Current Adjustable Rate. If any of the foregoing conditions for a Change in the Interest Rate Mode is not met (other than with respect to any contemplated change from an Auction Rate), the Trustee shall mail, or cause the Tender Agent to mail to the County and the Holders notice thereof in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit C within three Business Days after the failure to meet any of such conditions.

Section 4.2 Optional Conversion to Fixed Rate. (a) The rate of interest per annum which Series 2003-B Warrants will bear, in whole or in part, may be fixed, at the option of the County, for the balance of the term thereof. In the event the County exercises its Option to Convert, the selected Series 2003-B Warrants shall cease to bear interest at the Adjustable Rate then borne by the Series 2003-B Warrants and shall bear interest at the Fixed Rate until maturity, subject to the terms and conditions hereof (the date on which the Fixed Rate shall take effect being herein called the "Fixed Rate Conversion Date"). The Option to Convert may be exercised at any time through a written notice given by the County at least 30 days prior to the proposed Fixed Rate Conversion Date to the Trustee, any Securities Depository, the Tender Agent, the Bond Insurer and the Remarketing Agent (and to the Auction Agent if such Change in Interest Rate Mode to a Fixed Rate is from an Auction Rate) in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit D. The Fixed Rate Conversion Date may only be the last Interest Payment Date for a Daily Rate Period, a Weekly Rate Period, an Auction Rate Period or a Term Rate Period, as applicable, and a Change in the Interest Rate Mode from a Commercial Paper Rate to the Fixed Rate may only take effect on the Interest Payment Date immediately following the last day of a Calculation Period. A notice of conversion to a Fixed Rate shall be effective only if it is accompanied by the form of opinion that Bond Counsel expects to give on the Fixed Rate Conversion Date to the effect that the establishment of the Fixed Rate is authorized by this Ninth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on such Series 2003-B Warrants from gross income for federal income tax purposes.

(b) The Trustee shall mail, or cause the Tender Agent to mail, the notice received pursuant to subsection (a) of this Section 4.2 on or before the third Business Day after receipt thereof to the Holders.

(c) The Fixed Rate shall take effect only if

(i) with respect to a change to the Fixed Rate from an Auction Rate, the Trustee and the Auction Agent shall receive:

(1) a certificate of an Authorized County Representative by no later than the tenth day prior to the Fixed Rate Conversion Date stating that a written agreement has been entered into by the County and the Remarketing Agent to remarket the Series 2003-B Warrants affected on the Fixed Rate Conversion Date at a price of not less than 100% of the principal amount thereof, which written agreement (i) may be subject to reasonable terms and conditions imposed by the Remarketing Agent which in the judgment of the Remarketing Agent reflect current market standards regarding investment banking risk and (ii) must include a provision requiring payment by the Remarketing Agent in same-day funds for any Auction Rate Warrants tendered or deemed tendered; and

(2) by 11:00 a.m. (New York City time) on the second Business Day prior to the Fixed Rate Conversion Date, by telecopy, facsimile or other similar means, a certificate in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit B-1 hereto, from the County (y) authorizing the establishment of the Fixed Rate and (z) confirming that Bond Counsel expects to be able to give an opinion on the Fixed Rate Conversion Date to the effect that the change to the Fixed Rate is authorized by this Ninth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Series 2003-B Warrants from gross income for federal income tax purposes; and

(ii) with respect to any change to a Fixed Rate, the Trustee (and the Auction Agent in the case of any change to a Fixed Rate from an Auction Rate) receives on the Fixed Rate Conversion Date:

(1) by 10:30 a.m. (New York City time) an Opinion of Bond Counsel to the effect that the conversion to the Fixed Rate is authorized by this Ninth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Series 2003-B Warrants from gross income for federal income tax purposes; and

(2) by 4:00 p.m. (New York City time) a certificate in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit E from an Authorized County Representative that all of the Series 2003-B Warrants tendered or deemed tendered have been purchased at a price equal to the principal amount thereof with funds provided from the remarketing of such Series 2003-B Warrants in accordance with the Remarketing Agreement or from other funds deposited with the Tender Agent (other than proceeds from a draw on a Liquidity Facility), and that accrued and unpaid interest, if any, has been or shall be paid in accordance with the Indenture from funds deposited with the Trustee (other than proceeds from a draw on a Liquidity Facility), and that the premium, if any, has been paid from funds deposited with the Trustee on terms permitting payment of such premium when due.

(iii) If any of the conditions referred to in (i) above are not met with respect to any change to a Fixed Rate for any Series 2003-B Warrants from an Auction Rate, the Auction Rate for the next succeeding Auction Period shall be determined pursuant to the Auction Procedures applicable to the Auction Rate Warrants. If the conditions referred to in (ii) above are not met with respect to any change to a Fixed Rate for any Series 2003-B Warrants from an Auction Rate, the Auction Rate for the next succeeding Auction Period shall be equal to the Maximum Auction Rate on the date the condition is not met or the Auction Date for the current Auction Period for such Series 2003-B Warrants, if later. If the conditions referred to in (ii) above are not met with respect to any change from any other Adjustable Rate to a Fixed Rate for any Series 2003-B Warrants, the Series 2003-B Warrants shall continue to bear interest at the Current Adjustable Rate and be subject to the provisions of this Ninth Supplemental Indenture applicable thereto while the Series 2003-B Warrants bear interest at such Current Adjustable Rate. If any of the foregoing conditions to the establishment of the Fixed Rate (other than with respect to any attempted change from an Auction Rate to a Fixed Rate) are not met, the Trustee shall mail, or cause the Tender Agent to mail, to the County and the Holders, notice thereof in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit F within three Business Days after the failure to meet any of said conditions.

(d) If the Series 2003-B Warrants commence to bear interest at the Fixed Rate as provided in this Section 4.2, the interest rate on such Series 2003-B Warrants may not thereafter be changed to an Adjustable Rate.

Section 4.3 Conversion Generally. (a) In the event of a Change in the Interest Rate Mode on less than all the Series 2003-B Warrants to or from an Auction Rate, the minimum aggregate principal amount of Series 2003-B Warrants that continue to bear, or are adjusted to bear, interest at an Auction Rate for an Auction Rate Period, shall not be less than \$10,000,000.

(b) Upon any Change in the Interest Rate Mode or upon any change to a new Calculation Period or Periods during a Commercial Paper Rate Period, the Remarketing Agent and the Trustee shall take all steps necessary to comply with any agreement entered into with a Securities Depository or its nominee with respect to such Change in the Interest Rate Mode or such change to a new Calculation Period or Periods during a Commercial Paper Rate Period, including, without limitation, the purchase (at the expense of the County) and designation of sufficient CUSIP numbers to comply with the requirements of such Securities Depository following any such Change in the Interest Rate Mode or such change to a new Calculation Period or Periods during a Commercial Paper Rate Period.

(c) If the interest rate on less than all Series 2003-B Warrants of a particular subseries is to be converted to a new Adjustable Rate pursuant to Section 4.1 or to a Fixed Rate pursuant to Section 4.2, the particular Series 2003-B Warrants of such subseries to be converted shall be chosen by the Trustee, or the Trustee shall direct the Tender Agent to so choose, in such manner as the Trustee or Tender Agent in its discretion may deem proper; provided, however, that the portion of any Series 2003-B Warrant to be converted shall be in an Authorized Denomination for the Interest Rate Mode to which such Series 2003-B Warrant is being converted (and the portion of any such Series 2003-B Warrants that is not being converted shall be in an Authorized Denomination for the Interest Rate Mode then applicable thereto). If it is determined that a portion, but not all, of any Series 2003-B Warrant is to be converted, then upon notice of such conversion pursuant to the Indenture, the Holders of such Series 2003-B Warrants shall forthwith surrender such Series 2003-B Warrants to the Tender Agent for (1) payment of the purchase price (including the premium, if any, and accrued and unpaid interest to the date fixed for conversion) of the portions thereof chosen for conversion and (2) exchange for a new Series 2003-B Warrant or Warrants in the aggregate principal amount of the balance of the principal of such Series 2003-B Warrants not subject to conversion. If the Holder of any such Series 2003-B Warrant shall fail to present such Series 2003-B Warrant to the Tender Agent, for payment and exchange as aforesaid, such Series 2003-B Warrant shall, nevertheless, become due and payable on the date fixed for conversion to the extent of the portion thereof chosen for such conversion (and to that extent only).

ARTICLE V

REDEMPTION AND PURCHASE OF SERIES 2003-B WARRANTS

Section 5.1 **Redemption.**

Optional Redemption. The Series 2003-B Warrants shall be subject to redemption, in whole or in part, at the option of the County, upon its written request delivered to the Trustee not less than forty-five (45) days (thirty (30) days for Series 2003-B Warrants bearing interest at an Adjustable Rate) prior to the date selected for redemption, from the proceeds of a draw on or payment under

a Support Facility (if available for such purpose), and any other money held by the Trustee and available to be applied to the redemption of Series 2003-B Warrants as provided in this Section 5.1:

(a) For any Commercial Paper Rate Period, such Series 2003-B Warrants shall be subject to redemption (i) on each Interest Payment Date for such Commercial Paper Rate Period, as a whole or in part, at the principal amount thereof, and (ii) on any Business Day, as a whole or in part, at the principal amount thereof plus accrued interest, if any, to the date fixed for redemption.

(b) For any Auction Rate Period, such Series 2003-B Warrants shall be subject to redemption on the Business Day immediately preceding each Auction Date, as a whole or in part, at the principal amount thereof plus accrued interest, if any, to the date fixed for redemption.

(c) For any Daily Rate Period, such Series 2003-B Warrants shall be subject to redemption on any Business Day, as a whole or in part, at the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

(d) For any Weekly Rate Period, such Series 2003-B Warrants shall be subject to redemption on any Business Day, as a whole or in part, at the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

(e) For any Term Rate Period and after the Fixed Rate Conversion Date, such Series 2003-B Warrants shall be subject to redemption in whole or in part on any Business Day on or after the tenth anniversary of the commencement of such Term Rate Period or the Fixed Rate Conversion Date, as the case may be. The redemption price shall be equal to the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

(f) The Series 2003-B-8 Warrants shall be subject to redemption, in whole or in part, from such maturity or maturities as shall be specified by the County, on February 1, 2010, and on any date thereafter, at the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

Scheduled Mandatory Redemption. The Series 2003-B Warrants (other than the Series 2003-B-8 Warrants) shall be redeemed at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on February 1 (or, in the case of Auction Rate Warrants, if any such February 1 is not an Interest Payment Date, then on the first Interest Payment Date subsequent thereto) in years and principal amounts (after credit as provided below) as follows:

<u>FGIC-Insured Warrants</u>		<u>XLCA-Insured Warrants</u>	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2009	\$ 3,875,000	2009	\$ 1,525,000
2010	4,025,000	2010	1,575,000
2011	4,175,000	2011	1,650,000
2012	4,350,000	2012	1,700,000
2013	4,525,000	2013	1,750,000
2014	4,675,000	2014	1,825,000
2015	4,850,000	2015	1,900,000
2016	5,025,000	2016	1,975,000
2017	5,250,000	2017	2,025,000
2018	5,450,000	2018	2,100,000
2019	21,125,000	2019	8,225,000
2020	27,200,000	2020	10,575,000
2021	26,675,000	2021	10,375,000
2022	12,725,000	2022	4,975,000
2023	14,250,000	2023	5,550,000
2024	15,900,000	2024	6,200,000
2025	7,750,000	2025	16,900,000
2026	21,100,000	2026	8,225,000
2027	23,400,000	2027	9,100,000
2028	44,700,000	2028	17,400,000
2029	44,825,000	2029	17,425,000
2030	3,950,000	2030	1,525,000
2031	4,100,000	2031	1,575,000
2032	51,300,000	2032	19,925,000
2033	53,225,000	2033	20,675,000
2034	3,225,000	2034	1,250,000
2035	3,350,000	2035	1,300,000
2036	3,475,000	2036	1,350,000
2037	21,750,000	2037	8,450,000
2038	19,025,000	2038	7,375,000
2039	88,700,000	2039	34,475,000
2040	37,475,000	2040	14,550,000
2041	100,900,000	2041	39,225,000

\$39,475,000 of the
FGIC-Insured Warrants will be
retired at Maturity

\$15,350,000 of the
XLCA-Insured Warrants will be
retired at Maturity

Not less than 60 days prior to each such scheduled mandatory redemption date, the County may specify the particular subseries from which Series 2003-B Warrants referable to each Bond Insurer are to be called for such redemption and (if more than one subseries is so specified) the respective principal amounts to be called for redemption from each thereof. In any such case, the particular Series 2003-B Warrants (or portions thereof) within a given subseries to be called for redemption shall be selected by the Trustee by lot. If the County fails to make such a specification with respect to any scheduled mandatory redemption date, not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, as provided in Section 5.6 hereof, Series 2003-B Warrants or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such Series 2003-B Warrants or portions thereof for redemption on such scheduled mandatory redemption date. In any event the County may, upon direction delivered to the Trustee not less than 60 days prior to such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of Series 2003-B Warrants scheduled for redemption on such date: (i) the principal amount of Series 2003-B Warrants delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of Series 2003-B Warrants previously redeemed (other than Series 2003-B Warrants redeemed pursuant to this paragraph) and not previously claimed as a credit.

Series 2003-B Warrants shall be redeemed in accordance with the foregoing mandatory redemption provisions without any requirement of consent by the County.

Section 5.2 Tender for and Purchase upon Election of Holder. (a) During any Daily Rate Period or Weekly Rate Period, any Series 2003-B Warrant bearing interest at a Daily Rate or Weekly Rate (other than a Bank Warrant), or portion thereof in a principal amount equal to an Authorized Denomination (so long as the principal amount not purchased is an Authorized Denomination), shall be purchased on the demand of the Holder thereof on any Business Day at a price equal to the principal amount thereof plus accrued interest, if any, to (but not including) the date of purchase, upon delivery to the Tender Agent and the Remarketing Agent at their respective principal offices, by the close of business on any Business Day of a Notice of Election to Tender in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit G; provided, however, that the substance of such Notice of Election to Tender must also be given telephonically to the Remarketing Agent prior to or simultaneously with delivery of such written Notice of Election to Tender to the Remarketing Agent. The date on which such Series 2003-B Warrant shall be purchased shall, at the request of the Holder thereof, (i) if the Series 2003-B Warrant then bears interest at a Daily Rate, be the date of delivery of such Notice of Election to Tender if such Notice of Election to Tender is delivered to the Tender Agent and the Remarketing Agent by 11:00 a.m. (New York City time) on such date or may be any Business Day thereafter, and (ii) if the Series 2003-B Warrant then bears interest at a Weekly Rate, shall be a Business Day not prior to the 7th day next succeeding the date of the delivery of such Notice of Election to Tender to the Tender Agent and the Remarketing Agent.

(b) Immediately upon receipt of a Notice of Election to Tender delivered pursuant to the provisions of this Section 5.2, the Tender Agent shall notify, or cause to be notified, the Trustee, the Remarketing Agent and, upon request, the County, by telephone, promptly confirmed in writing, of such receipt, specifying the contents thereof.

(c) Any Notice of Election to Tender shall be irrevocable.

(d) The right of a Holder to tender a Series 2003-B Warrant to the Tender Agent pursuant to this Section 5.2 shall terminate after conversion of the Interest Rate Mode to a Commercial Paper Rate, an Auction Rate, a Term Rate or a Fixed Rate with respect to such Series 2003-B Warrant. Furthermore, any Series 2003-B Warrant tendered for purchase pursuant to the terms of Section 5.2 after the date notice of redemption or mandatory tender is given shall not be remarketed except to a purchaser who agrees at the time of such purchase to tender such Series 2003-B Warrant for redemption or purchase on the applicable redemption or mandatory tender date.

Section 5.3 Mandatory Tender for Purchase upon Change in the Interest Rate Mode and on a Business Day Following Certain Calculations. (a) Upon a Change in the Interest Rate Mode (including any change to the Fixed Rate on the Fixed Rate Conversion Date), the Series 2003-B Warrants bearing an Auction Rate, a Daily Rate, a Weekly Rate, a Term Rate or a Commercial Paper Rate shall be subject to mandatory tender for purchase in accordance with the terms hereof, on the effective date of such Change in the Interest Rate Mode at a price equal to the principal amount thereof.

(b) For any Term Rate Period or Commercial Paper Rate Period, the Series 2003-B Warrants shall be subject to mandatory tender for purchase in accordance with the terms hereof on the Business Day immediately following each Calculation Period, at a price equal to the principal amount thereof.

(c) Notice of mandatory tender for purchase upon a Change in the Interest Rate Mode to an Adjustable Rate shall be in substantially the form attached hereto as, or contain substantially the information contained in, the applicable form of Exhibit A. Notice of mandatory tender for purchase upon a Change in the Interest Rate Mode to the Fixed Rate shall be in substantially the form attached hereto as, or contain substantially the information contained in, Exhibit D.

(d) Any such notice of mandatory tender for purchase required by this Section 5.3 shall be given by the Trustee in the name of the County, or the Trustee shall cause the Tender Agent to give such notice in the name of the County (with copies thereof to be given to the Remarketing Agent, the County, the Tender Agent and, in the case of Auction Rate Warrants, the Auction Agent), by first-class mail to the Holders of the Series 2003-B Warrants subject to purchase at their addresses shown on the books of registry.

(e) Bank Warrants are not subject to mandatory tender for purchase pursuant to this Section 5.3.

(f) In the event the conditions to a change in the Interest Rate Mode set forth in Sections 4.1 or 4.2 are not met prior to the applicable mandatory tender date, such mandatory tender shall not take place with respect to the Series 2003-B Warrants for which notice of mandatory tender has been given, and such Series 2003-B Warrants will continue to bear interest as set forth in the last paragraph of Section 4.1(c) or in Section 4.2(c)(iii), as applicable. The Trustee shall send notice in the form of Exhibits C or F, as applicable to the Holders of such Series 2003-B Warrants.

Section 5.4 Mandatory Tender for Purchase Upon Expiration, Termination, Substitution or Amendment of any Liquidity Facility. (a) Except as otherwise set forth in the last sentence of this subsection (a), the Series 2003-B Warrants shall be subject to mandatory tender for purchase at a price equal to the principal amount thereof, (i) on the second Business Day immediately preceding the substitution of an Alternate Liquidity Facility for an existing Liquidity Facility or the effective date of a Liquidity Facility Amendment which results in either case in a reduction or withdrawal of the short-term or long-term rating assigned to such Series 2003-B Warrants, as further described in Section 6.2(b), (ii) on the first anniversary of the initial failure by the Liquidity Provider to maintain its short-term ratings (unless sooner restored) as specified in Section 6.2(c), and (iii) on the second Business Day immediately preceding the date of expiration or termination of any Liquidity Facility (other than a termination that results from an event that permits termination of such Liquidity Facility without notice), unless on or prior to the 45th day prior to such date of expiration or termination or the effective date of such Liquidity Facility Amendment or such first anniversary of the initial failure of the Liquidity Provider to maintain its short-term ratings the County has furnished to the Trustee (a) an agreement by the Liquidity Provider to extend such Liquidity Facility in the case of an expiration, or (b) an Alternate Liquidity Facility in replacement of the expiring, terminating or amended Liquidity Facility or the Liquidity Facility whose Liquidity Provider has so failed to maintain its short-term ratings together with the confirmation of ratings referred to in Section 6.2(a). No tender for purchase of any Series 2003-B Warrants shall be required pursuant to this Section 5.4 if the Fixed Rate Conversion Date shall have occurred on a date prior to such date of expiration, termination, substitution or the effective date of a Liquidity Facility Amendment.

(b) Notice of the mandatory tender for purchase pursuant to this Section 5.4 shall be given on or prior to the 30th day (or, in the case of any termination, such lesser number of days as may be practicable under the terms of the Liquidity Facility then in effect) before the expiration, termination, substitution or amendment date or the 30th day prior to the date of the first anniversary referred to in clause (ii) of subsection (a) of this Section 5.4 by the Trustee in the name of the County (with copies thereof given to the County, the Remarketing Agent, each issuer of a Support Facility and the Tender Agent) by first-class mail to the Holders of the Series 2003-B Warrants subject to mandatory tender for purchase at their addresses shown on the books of registry. Such notice shall be in substantially the form attached hereto as, or contain substantially the information contained in, Exhibit H. Such notice may also state, if applicable, that such mandatory tender will not occur if the Trustee receives, on or before the date that is five (5) days preceding the mandatory tender date, an Alternate Liquidity Facility in replacement of the expiring, terminating or amended Liquidity Facility or of the Liquidity Facility whose Liquidity Provider failed to maintain the ratings required hereby, together with the confirmation of ratings referred to in Section 6.2(a).

(c) Bank Warrants or Series 2003-B Warrants held by or for the account of the County are not subject to mandatory tender for purchase pursuant to this Section 5.4.

Section 5.5 General Provisions Applicable to Mandatory and Optional Tenders for Purchase of Series 2003-B Warrants. (a) If interest has been paid on the Series 2003-B Warrants, or an amount sufficient to pay interest thereon has been deposited in the Debt Service Fund, or an amount sufficient to pay accrued interest thereon, if any, has been set aside in the Warrant Purchase Fund, and the purchase price equal to the principal of, and premium, if any, on the Series 2003-B Warrants shall be available in the Warrant Purchase Fund for payment of Series 2003-B Warrants subject to tender for purchase pursuant to Section 5.2, 5.3 or 5.4, and if any Holder fails to deliver or does not properly deliver the Series 2003-B Warrants to the Tender Agent for which a Notice of Election to Tender has been properly filed or which are subject to mandatory tender for purchase on the purchase date therefor, such Series 2003-B Warrants shall nevertheless be deemed tendered and purchased on the date established for the purchase thereof, interest on such Series 2003-B Warrants shall cease to be payable to the former Holders thereof from and after the date of purchase and such former Holders shall have no rights hereunder as the registered owners of such Series 2003-B Warrants, except the right to receive the purchase price of and interest to the purchase date, if any, on such Series 2003-B Warrants upon delivery thereof to the Tender Agent in accordance with the provisions hereof.

The purchaser of any Series 2003-B Warrants remarketed by the Remarketing Agent shall be the registered owner of such Series 2003-B Warrants; or, if the Series 2003-B Warrants are registered in the name of the Securities Depository or its nominee, any such purchaser shall be the beneficial owner of such Series 2003-B Warrants. To the extent Series 2003-B Warrants are purchased with the proceeds of a payment under a Liquidity Facility, the issuer of such Liquidity Facility shall be treated as the owner of such Series 2003-B Warrants. While Series 2003-B Warrants are held by or for the benefit of a Liquidity Provider, the Trustee shall not effect payment under such Liquidity Facility to pay principal, interest or premium on such Series 2003-B Warrants.

The payment of Series 2003-B Warrants pursuant to Section 5.2, 5.3 or 5.4 shall be subject to delivery of such Series 2003-B Warrants duly endorsed in blank for transfer or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent executed in blank for transfer at the principal office of the Tender Agent at or prior to 10:00 a.m. (11:30 a.m. for Series 2003-B Warrants bearing interest at a Weekly Rate and 12:00 noon for Series 2003-B Warrants bearing interest at a Daily Rate and being purchased pursuant to Section 5.2) (New York City time), on a specified purchase date. The Tender Agent may refuse to make payment with respect to any Series 2003-B Warrants tendered for purchase pursuant to Section 5.2, 5.3 or 5.4 not endorsed in blank or for which an instrument of transfer satisfactory to the Tender Agent has not been provided.

(b) The purchase price of Series 2003-B Warrants subject to tender for purchase pursuant to Section 5.2, 5.3 or 5.4 in an aggregate principal amount of at least one million dollars (\$1,000,000) shall be payable in immediately available funds or by wire transfer upon written notice from the Holder thereof containing the wire transfer address (which shall be in the continental United States)

to which such Holder wishes to have such wire directed, if such written notice is received by the Tender Agent not less than five Business Days prior to the related purchase date.

(c) To the extent that a Liquidity Facility is required to be in effect, Series 2003-B Warrants tendered for purchase may not be purchased by the County from the Remarketing Agent upon a remarketing of Series 2003-B Warrants pursuant to the Remarketing Agreement.

(d) If a Liquidity Facility is in effect with respect to any Series 2003-B Warrants, the Trustee shall, in accordance with the provisions of this Section 5.5, request a payment under the Liquidity Facility in accordance with its terms to enable the Trustee to effect a deposit of the proceeds of the Liquidity Facility into the Warrant Purchase Fund in an amount necessary to effect full and timely payment of the Purchase Price of all Series 2003-B Warrants for which such Liquidity Facility is in effect and for which remarketing proceeds are not available. The Remarketing Agent shall notify the Tender Agent and the Trustee, at or prior to 11:00 a.m. (New York City time) on a specified purchase date, of the amount of the proceeds of the related remarketing, and shall specify whether remarketing proceeds (excluding any such proceeds from the County) equal to the full amount of the Purchase Price payable on such purchase date will be available on such purchase date for the payment of such Purchase Price, and, if the amount of such remarketing proceeds that will be available on such purchase date for the payment of such Purchase Price shall not be equal to the full amount of the Purchase Price payable on such purchase date, such notice shall specify the amount of the deficiency. By 11:15 a.m. (New York City time) on such purchase date, the Remarketing Agent shall pay to the Tender Agent, for deposit in the Warrant Purchase Fund, an aggregate amount of such remarketing proceeds equal to the amount stated in such notice to be available on such purchase date for the payment of such Purchase Price. If the Remarketing Agent fails to provide such notice to the Tender Agent and Trustee prior to 11:00 a.m. (New York City time), or fails to make such payment to the Tender Agent prior to 11:15 a.m. (New York City time), the Trustee shall be required to request a draw or payment under the Liquidity Facility for the difference between the amount received from the Remarketing Agent and the Purchase Price of Series 2003-B Warrants to be purchased. In no event shall the Trustee request a draw or payment under a Liquidity Facility to provide for the purchase of Series 2003-B Warrants other than those to which such facility is applicable.

Section 5.6 Selection of Series 2003-B Warrants to be Redeemed. A redemption of Series 2003-B Warrants shall be a redemption of the whole or of any part of the Series 2003-B Warrants from any funds available for that purpose in a principal amount equal to an Authorized Denomination (so long as the principal amount not redeemed is an Authorized Denomination). If less than all Series 2003-B Warrants shall be redeemed, the particular Series 2003-B Warrants to be redeemed shall be chosen by the Trustee, or the Trustee shall direct the Tender Agent to so choose, as hereinafter provided. If less than all the Series 2003-B Warrants shall be called for redemption under any provision of this Ninth Supplemental Indenture permitting such partial redemption, the particular Series 2003-B Warrants or portions of Series 2003-B Warrants to be redeemed shall be selected (a) first, from Bank Warrants, (b) second, from Series 2003-B Warrants for which the Tender Agent has received, prior to such selection, a Notice of Election to Tender requiring the Tender Agent to purchase such Series 2003-B Warrants on the date on which the Series 2003-B

Warrants being selected are to be redeemed and (c) third, from all other Series 2003-B Warrants then Outstanding, by lot or pro rata by the Trustee or, upon direction of the Trustee, the Tender Agent, in such manner as the Trustee or Tender Agent in its discretion may deem proper; provided, however, that (i) the portion of the principal amount of any Series 2003-B Warrant to be outstanding shall be in a principal amount equal to an Authorized Denomination for the type of interest rate to be borne by the Series 2003-B Warrants, and (ii) in selecting Series 2003-B Warrants for redemption, the Trustee or Tender Agent may treat each Series 2003-B Warrant as representing the number of Series 2003-B Warrants obtained by dividing the principal amount of such Series 2003-B Warrant into units based on the Authorized Denominations for the type of interest rate then borne by the Series 2003-B Warrants and the type of interest rate to be borne by the Series 2003-B Warrants following such redemption, in such manner as the Trustee or Tender Agent in its discretion may deem proper. If it is determined that part, but not all, of the principal amount of any Series 2003-B Warrant is to be redeemed, then upon notice of redemption of such part, the holder of such Series 2003-B Warrant shall forthwith surrender such Series 2003-B Warrant to the Trustee for (i) payment of the redemption price (including the premium, if any, and accrued and unpaid interest, if any, to the date fixed for redemption) of such part so called for redemption and (ii) exchange for a new Series 2003-B Warrant or Warrants in aggregate principal amount equal to the aggregate principal amount of the balance of the principal of such Series 2003-B Warrant not subject to redemption. If the holder of any such Series 2003-B Warrant of a denomination greater than the applicable minimum Authorized Denomination for the type of interest rate then borne by the Series 2003-B Warrants shall fail to present such Series 2003-B Warrant, such Series 2003-B Warrant shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the portion thereof subject to such redemption (and to that extent only). Notwithstanding the foregoing, so long as the Series 2003-B Warrants are maintained in book-entry form, selection of Series 2003-B Warrants for redemption shall be made by the Securities Depository in accordance with the procedures established by the Securities Depository.

Section 5.7 Notice of Redemption. (a) Except as otherwise provided in this Ninth Supplemental Indenture, notice of redemption shall be given by mailing a copy of the redemption notice by first-class mail at least 30 days (15 days for Series 2003-B Warrants bearing interest at an Adjustable Rate) prior to the date fixed for redemption to the Auction Agent during the Auction Rate Period and to the Holders of the Series 2003-B Warrants to be redeemed at the addresses shown on the registration books maintained by the Trustee.

(b) The Trustee shall not be required to transfer or exchange Series 2003-B Warrants during any period beginning at the opening of business 15 days before the day of mailing of a notice of redemption and ending at the close of business on the day fixed for redemption; provided, however, that the foregoing shall not apply during a Daily Rate Period, a Weekly Rate Period, a Commercial Paper Rate Period or an Auction Rate Period.

(c) Each notice of redemption shall state: (i) the full title of the Series 2003-B Warrants to be redeemed, the redemption date, the place of redemption and the redemption price payable upon such redemption; (ii) that the interest on the Series 2003-B Warrants, or on the principal amount

thereof to be redeemed, shall cease to accrue from and after such redemption date and (iii) that on said date there will become due and payable on the Series 2003-B Warrants the principal amount thereof to be redeemed and the interest accrued on such principal amount to the redemption date, if any, and the premium, if any, thereon. Each notice of redemption mailed to a Holder of the Series 2003-B Warrants shall, if less than the entire principal amount thereof is to be redeemed, also state the principal amount thereof and the distinctive numbers of the Series 2003-B Warrants to be redeemed and that such Series 2003-B Warrants must be surrendered to the Trustee in exchange for the payment of the principal amount thereof to be redeemed, premium, if any, and accrued interest, if any, and the issuance of a new Series 2003-B Warrant equaling in principal amount that portion of the principal amount not to be redeemed of the Series 2003-B Warrants to be surrendered. The failure to give notice to any Holder of a Series 2003-B Warrant or any defects in such notice shall not affect the proceedings for the redemption of the Series 2003-B Warrants for which notice has been given.

In the event notice of redemption is given by the Trustee with respect to Auction Rate Warrants, the Trustee shall include in such notice of redemption delivered to the Securities Depository an instruction to the Securities Depository prepared by the County to (x) determine on the Publication Date (which shall be the date that is three Business Days after the Auction Date next preceding such redemption date) the Securities Depository participants whose Securities Depository positions will be redeemed and the principal amount of such Auction Rate Warrants to be redeemed from each such position (the "Securities Depository Redemption Information") and (y) notify the Auction Agent immediately after such determination of the positions of the Securities Depository participants in such Auction Rate Warrants immediately prior to such Auction settlement, the position of the Securities Depository participants in such Auction Rate Warrants immediately following such Auction settlement, and the Securities Depository Redemption Information.

(d) If at any time of mailing of notice of an optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Series 2003-B Warrants called for redemption, such notice shall state that it is conditional, that is, subject to the deposit of moneys sufficient for the redemption with the Trustee on or prior the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Section 5.8 Effect of Redemption. If the Series 2003-B Warrants have been duly called for redemption and notice of the redemption thereof has been duly given or provided for as hereinbefore provided and if money for the payment of the Series 2003-B Warrants (or of the principal amount thereof to be redeemed) and the interest to the redemption date on the Series 2003-B Warrants (or on the principal amount thereof to be redeemed), if any, and the premium, if any, thereon are held for the purpose of such payment by the Trustee, then the Series 2003-B Warrants (or the principal amount thereof to be redeemed) shall on the redemption date designated in such notice, become due and payable and interest on the Series 2003-B Warrants (or the principal amount thereof to be redeemed) so called for redemption shall cease to accrue from the redemption date and the Holder thereof shall thereafter have no rights hereunder as the Holder of such Series 2003-B

Warrants (or the principal amount thereof to be redeemed) except to receive the principal amount thereof, premium, if any, thereon and interest, if any, to the redemption date.

Section 5.9 Cancellation of Redeemed Warrants. Any Series 2003-B Warrants surrendered or redeemed pursuant to the provisions of this Article V shall be cancelled by the Trustee.

Section 5.10 Series 2003-B Warrants Purchased by Liquidity Provider. Series 2003-B Warrants subject to purchase pursuant to Sections 5.2, 5.3 and 5.4 shall be deemed purchased by the Liquidity Provider in a principal amount equal to the amount of a draw on, or borrowing or payment under, the Liquidity Facility for the payment of Series 2003-B Warrants subject to purchase, upon the deposit with the Trustee or the Tender Agent, as applicable, of the proceeds of such draw on, or borrowing or payment under, the Liquidity Facility in an amount sufficient to pay the purchase price of such Series 2003-B Warrants equal to the principal amount of such Series 2003-B Warrants plus accrued and unpaid interest thereon, if any, to the date of purchase, and such Series 2003-B Warrants shall not be deemed paid and shall remain Outstanding hereunder as Bank Warrants until the Liquidity Provider has been reimbursed for such draws on, or borrowings or payments under, the Liquidity Facility to pay such purchase price. Any Series 2003-B Warrants purchased by the Liquidity Provider other than a municipal bond or financial guarantee insurance company shall become Bank Warrants, shall bear interest at the Bank Warrant Interest Rate and shall be subject to the terms and provisions of, and have all rights with respect to Bank Warrants under the applicable Liquidity Facility. Unless the Liquidity Provider shall otherwise direct, any Series 2003-B Warrants purchased by the Liquidity Provider shall be immediately registered in the name of the Liquidity Provider as a Holder (unless held through a Securities Depository, in which case the Series 2003-B Warrants shall be transferred in accordance with the procedures established by the Securities Depository) and the Liquidity Provider shall have all rights of a Holder of Series 2003-B Warrants except that such Series 2003-B Warrants purchased by a Liquidity Provider other than a municipal bond or financial guarantee insurance company will bear interest at the Bank Rate. Pending the delivery of any such Series 2003-B Warrants to, or pursuant to the instructions of, the related purchasing Liquidity Provider, such Series 2003-B Warrants shall be held in trust by the Tender Agent. Under no circumstances shall any such Series 2003-B Warrants be released by the Tender Agent to any Person other than the purchasing Liquidity Provider unless such provider has delivered to the Tender Agent written instructions to do so, which instructions shall specify that the Liquidity Facility in question has been reinstated in an amount corresponding to the Series 2003-B Warrant in question. In no event shall money be drawn under a Liquidity Facility to provide for the purchase of Bank Warrants or warrants owned by the County.

ARTICLE VI

SUPPORT FACILITIES

Section 6.1 Support Facilities – General. The County hereby agrees to maintain a Liquidity Facility meeting the requirements of this Ninth Supplemental Indenture with respect to the

Series 2003-B Warrants at all times except during any Auction Rate Period, Term Rate Period or Fixed Rate Period. A Liquidity Facility meeting the criteria set forth in this Ninth Supplemental Indenture may be provided during a Term Rate Period, at the option of the County. Each time the County obtains a Liquidity Facility with respect to Series 2003-B Warrants, the County shall submit such Liquidity Facility to Moody's, if the Series 2003-B Warrants are then rated by Moody's, and to S&P, if the Series 2003-B Warrants are then rated by S&P, and to another rating agency, if the Series 2003-B Warrants are then rated by such rating agency for the purposes of obtaining a rating on such Series 2003-B Warrants. The Trustee shall be furnished with any Liquidity Facility obtained pursuant to this Section 6.1 together with evidence of any rating or ratings obtained on the Series 2003-B Warrants in connection therewith.

Section 6.2 Liquidity Facility. (a) At any time that Series 2003-B Warrants bear interest at an Adjustable Rate (other than an Auction Rate or a Term Rate), the County shall, and at any time that Series 2003-B Warrants bear interest at a Term Rate, the County may, provide for the delivery to the Trustee of a Liquidity Facility that is issued by (1) a financial institution with ratings that are equivalent to or higher than the ratings of the provider of the Liquidity Facility being replaced or (2) a financial institution with a long term debt rating of at least A from S&P or Moody's and that supports ratings at least the equivalent of A-1 from S&P and V-MIG1 from Moody's. The form of such Liquidity Facility shall be approved in writing by the Bond Insurer so long as the Bond Insurer has not denied in writing its obligations under the Policy and is not in default under the Policy. The Liquidity Facility shall satisfy the definition of "Liquidity Facility" herein and shall be, in case of an Alternate Liquidity Facility, the same as the Liquidity Facility it replaces in all respects material to the security for the Series 2003-B Warrants; provided that (i) the expiration date of such Liquidity Facility shall be a date not earlier than 364 days from its date of issuance (or the length of the Calculation Period with respect to any Series 2003-B Warrant bearing interest at a Term Rate to which such Liquidity Facility applies, if longer), subject to earlier termination upon the occurrence of (a) a Terminating Event or another event of default under the Liquidity Facility or the related reimbursement agreement or other corresponding agreement pursuant to which such Liquidity Facility is issued, (b) the issuance of an Alternate Liquidity Facility, (c) payment in full of the Outstanding Series 2003-B Warrants which are secured by such Liquidity Facility or (d) a Change in the Interest Rate Mode to an Auction Rate, a Commercial Paper Rate, a Term Rate or a Fixed Rate; and (ii) if, between the effective date of a Liquidity Facility and the effective date of an Alternate Liquidity Facility, there occurs a Change in the Interest Rate Mode with respect to some or all of the Series 2003-B Warrants, such Alternate Liquidity Facility shall comply with the requirements applicable to a Liquidity Facility in effect with respect to the new Interest Rate Mode with respect to the Series 2003-B Warrants so affected. On or prior to the date of the delivery of an Alternate Liquidity Facility or an amendment to a Liquidity Facility (other than an amendment which only extends the expiration date of an existing Liquidity Facility) (a "Liquidity Facility Amendment") to the Trustee, the County shall furnish to the Trustee (a) an opinion of Bond Counsel stating that the delivery of such Alternate Liquidity Facility or Liquidity Facility Amendment to the Trustee is authorized under this Ninth Supplemental Indenture and complies with the terms hereof and (b) written confirmation from S&P, if the Series 2003-B Warrants are then rated by S&P, and from Moody's, if the Series 2003-B Warrants are then rated by Moody's, and from another rating agency, if the Series 2003-B Warrants

are then rated by such rating agency, to the effect that such rating agency has reviewed the proposed Alternate Liquidity Facility or Liquidity Facility Amendment and that the substitution of the proposed Alternate Liquidity Facility for the existing Liquidity Facility or the delivery of the Liquidity Facility Amendment will not result in a reduction or withdrawal of its long- or short-term rating of the Series 2003-B Warrants below the rating of S&P or Moody's or such other rating agency, as the case may be, then in effect with respect to the Series 2003-B Warrants.

(b) If the County delivers an Alternate Liquidity Facility in substitution for a Liquidity Facility or a Liquidity Facility Amendment which will result in a reduction in or withdrawal of the short-term or long-term rating (or both) assigned to such Series 2003-B Warrants by Moody's or S&P or such other rating agency as a result of the Alternate Liquidity Facility or Liquidity Facility Amendment, all Series 2003-B Warrants (unless the Series 2003-B Warrants bear interest at an Auction Rate or Fixed Rate) shall be subject to mandatory tender for purchase pursuant to Section 5.4. It shall be a condition to the delivery of such an Alternate Liquidity Facility or Liquidity Facility Amendment that the Opinion of Bond Counsel referred to in the preceding paragraph be obtained. The County shall deliver notice to the Trustee of the substitution of an Alternate Liquidity Facility or the delivery of a Liquidity Facility Amendment which will result in a reduction or withdrawal in the short-term or long-term ratings assigned to the Series 2003-B Warrants pursuant to this Section 6.2 at least 45 days before the date of substitution or amendment.

(c) If the Liquidity Provider of a Liquidity Facility should fail to maintain short-term ratings equivalent to A-1 from S&P and P-1 from Moody's, and such Liquidity Provider is not replaced within 12 months, all Series 2003-B Warrants secured by such Liquidity Facility shall be subject to mandatory tender for purchase pursuant to Section 5.4. The County shall require the Liquidity Provider to promptly notify the Trustee that the short-term ratings of the Liquidity Provider have been reduced below the levels described in the preceding sentence.

(d) In any instance in which the Trustee accepts a new Liquidity Facility, or an amendment to an existing Liquidity Facility, under such circumstances that a mandatory tender of the Series 2003-B Warrants covered or to be covered by such Liquidity Facility is not required, the Trustee shall mail a written notice (including the provider, amount and expected effective date) of such Liquidity Facility (and the related substitution), or such amendment, to the Holders of the affected Series 2003-B Warrants at least 15 days prior to the effective date of such new Liquidity Facility or such amendment.

Section 6.3 Alternate Credit Facility. The County may, at its option and consistent with this section, obtain an Alternate Credit Facility in substitution for or in addition to the initial Policy or other Alternate Credit Facility. On or prior to the date of delivery of such Alternate Credit Facility, the County shall deliver to the Trustee (a) an opinion of Bond Counsel stating that the delivery of such Alternate Credit Facility to the Trustee is authorized under this Ninth Supplemental Indenture and complies with the terms hereof and (b) in the case of a substitution or addition of a Credit Facility, written confirmation from S&P, if the Series 2003-B Warrants are then rated by S&P, and from Moody's, if the Series 2003-B Warrants are then rated by Moody's, and from another rating

agency, if the Series 2003-B Warrants are then rated by such rating agency, to the effect that such rating agency has reviewed the proposed Alternate Credit Facility and that the substitution of the proposed Alternate Credit Facility for the existing Credit Facility (or proposed addition of a Credit Facility) will not, by itself, result in a reduction or withdrawal of its long- or short-term rating of the Series 2003-B Warrants below the rating of S&P or Moody's or such other rating agency, as the case may be, then in effect with respect to the Series 2003-B Warrants. If any such substitution or addition occurs, or any Credit Facility is surrendered, cancelled, terminated, amended or modified in any material respect, when there is a Liquidity Facility in effect with respect to the Series 2003-B Warrants or any Bank Warrants are outstanding, or prior to the conversion of the interest rate for all of the Series 2003-B Warrants to the Fixed Rate, the prior written consents of the Liquidity Facility Provider and the related liquidity agent (if any institution is then serving in that capacity) shall be required with respect to the substitution of the Policy or Alternate Credit Facility with such Alternate Credit Facility, or for the addition of a new Credit Facility, or for any such surrender, cancellation, termination, amendment or modification of such Credit Facility. In any instance in which an Alternate Credit Facility is delivered to the Trustee or any Credit Facility is surrendered, cancelled, terminated, amended or modified in any material respect, the Trustee shall mail a written notice of such action to the Holders of the affected Series 2003-B Warrants, with such notice to be mailed (a) at least 15 days prior to the effective date of any such Alternate Credit Facility or (b) as soon as practicable in the case of any surrender, cancellation, termination, amendment or modification in any material respect of any existing Credit Facility.

Section 6.4 **Maintenance and Performance of Credit Facilities.** The County covenants (i) to maintain at all times a Credit Facility for Series 2003-B Warrants with respect to which a Liquidity Facility is in effect and (ii) to use its best efforts to cause each issuer of a Credit Facility to comply at all times with its obligations thereunder.

ARTICLE VII

APPLICATION OF PROCEEDS

Section 7.1 **Proceeds From Sale of Series 2003-B Warrants.** The proceeds from the sale of the Series 2003-B Warrants to the original purchaser or purchasers thereof shall be applied as follows:

- (i) the sum of \$9,036,650.20 shall be paid to Financial Guaranty as the premium for the FGIC Policy;
- (ii) the sum of \$4,136,743.23 shall be paid to XL Capital as the premium for the XLCA Policy;
- (iii) the sum of \$1,109,508.26 shall be paid to FSA as the premium for the FSA Policy;

(iv) the sum of \$1,016,178,509.73 shall be paid into the escrow fund established by the County to provide for the payment and redemption of the Refunded Warrants;

(v) the sum of \$128,740,000.00 shall be paid into the escrow fund established by the County to provide for the payment of the Refunded Interest; and

(vi) the balance shall be deposited in the Issuance Cost Account.

Section 7.2 Issuance Cost Account. There is hereby created a special account the full name of which shall be the "Series 2003-B Warrants Issuance Cost Account." The Issuance Cost Account shall be maintained as a separate account until the moneys in said account shall have been fully expended as hereinafter provided. The Trustee shall be the depository and disbursing agent for the Issuance Cost Account.

The County will apply the moneys in the Issuance Cost Account solely for payment of the Issuance Costs, as and when such costs become due and payable. The President of the Governing Body or any Authorized County Representative is hereby authorized and directed to cause the said costs to be paid, as promptly as may be feasible following the issuance of the Series 2003-B Warrants, by submitting to the Trustee requisitions signed by any one of said officers directing the payment of the costs specified in said requisition.

In the event the moneys deposited in or transferred to the Issuance Cost Account are not sufficient to pay all Issuance Costs, the President of the Governing Body is hereby authorized and directed to pay, out of any other funds of the County available therefor, the remainder of such costs. If any moneys remain in the Issuance Cost Account after the payment of all costs of issuing the Series 2003-B Warrants, the Trustee shall transfer such moneys to the County upon receipt of a certificate signed by the President of the Governing Body or any Authorized County Representative stating that all expenses of issuing the Series 2003-B Warrants, to the extent known to or anticipated by the County, have been paid in full, in which event the moneys so transferred to the County shall be applied for payment of the costs of capital improvements to the System.

ARTICLE VIII

WARRANT PURCHASE FUND

Section 8.1 Warrant Purchase Fund. (a) There is hereby established a special trust fund which shall be designated the "Jefferson County Sewer System Series 2003-B Warrant Purchase Fund". The Tender Agent shall be the depository, custodian and disbursing agent for the Warrant Purchase Fund. Separate accounts shall be maintained within the Warrant Purchase Fund for each

subseries of the Series 2003-B Warrants. So long as separate subseries exist, references in this Article VIII to deposits into and disbursements from the Warrant Purchase Fund shall be deemed to refer to each of the particular subseries accounts and the particular Liquidity Facility, remarketing efforts and Series 2003-B Warrants related thereto. In no event shall moneys derived from a Liquidity Facility applicable to a particular subseries be deposited into an account referable to a different subseries.

(b) There shall be deposited in the Warrant Purchase Fund, as and when received:

(1) the proceeds of any remarketing of Series 2003-B Warrants by the Remarketing Agent,

(2) money received by the Tender Agent from the Liquidity Provider pursuant to the Liquidity Facility with respect to the Purchase Price of Series 2003-B Warrants payable on the related purchase date,

(3) all other money required to be deposited in the Warrant Purchase Fund pursuant to this Ninth Supplemental Indenture, and

(4) all other money received by the Tender Agent when accompanied by directions that such money is to be deposited in the Warrant Purchase Fund.

(c) The Tender Agent is hereby authorized and directed to withdraw sufficient money from the Warrant Purchase Fund to pay the Purchase Price of Series 2003-B Warrants due on any purchase date.

(d) Funds for the payment of the Purchase Price of Series 2003-B Warrants shall be derived from the following sources in the order of priority indicated:

(1) **First**, proceeds from the remarketing of Series 2003-B Warrants.

(2) **Second**, money advanced under the Liquidity Facility.

(3) **Third**, any other money on deposit in the Warrant Purchase Fund.

Any money advanced under the Liquidity Facility shall be held in a separate, segregated account in the Warrant Purchase Fund and shall not be commingled with other money in the Warrant Purchase Fund. Such money shall be used only to pay the Purchase Price of Series 2003-B Warrants.

(e) On each purchase date money in the Warrant Purchase Fund from any source other than the Liquidity Facility remaining after payment of the Purchase Price of all Series 2003-B Warrants (or after segregating money for such purpose as provided in Section 8.2) shall be applied by the Tender Agent for the following purposes in the order of priority indicated:

(1) **First**, the Tender Agent shall reimburse the Liquidity Provider, prior to the close of business on such date, for the amount advanced under the Liquidity Facility for payment of the Purchase Price of Series 2003-B Warrants.

(2) **Second**, the balance, if any, shall be paid to the County.

(f) If proceeds from the remarketing of the Series 2003-B Warrants are deposited in the Warrant Purchase Fund after such purchase date, such proceeds shall be applied as provided in subsection (e) of this section.

(g) Any moneys held in the Warrant Purchase Fund may be invested only in Federal Obligations (other than Treasury Receipts) that mature not later than the earlier of (i) thirty (30) days after the date of making such investment or (ii) the date on which such moneys will be needed to pay the Purchase Price of any Series 2003-B Warrants.

Section 8.2 Money for Warrant Purchases to be Held in Trust; Repayment of Unclaimed Money. (a) If money is on deposit in the Warrant Purchase Fund on any purchase date sufficient to pay the Purchase Price of the Series 2003-B Warrants to be paid on such date, but the Holder of any Series 2003-B Warrant fails to deliver such warrant to the Tender Agent for payment of such Purchase Price on such date, the Tender Agent shall segregate and hold in trust for the benefit of the person entitled thereto money sufficient to pay such Purchase Price due and payable on such Series 2003-B Warrant on such purchase date. Money so segregated and held in trust shall not be a part of the Trust Estate and shall not be invested, but shall constitute a separate trust fund for the benefit of the persons entitled to such Purchase Price.

(b) Any money held in trust by the Tender Agent for the payment of the Purchase Price of any Series 2003-B Warrant pursuant to subsection (a) of this section and remaining unclaimed for three years after such Purchase Price has become due and payable shall be paid to the County upon request of an Authorized County Representative; and the Holder of such Series 2003-B Warrant shall thereafter, as an unsecured general creditor, look only to the County for payment thereof, and all liability of the Tender Agent with respect to such trust money, and all liability of the County with respect thereto, shall thereupon cease; provided, however, that the Tender Agent, before being required to make any such payment to the County, may at the expense of the County cause to be published once, in a newspaper of general circulation in the city where the Office of the Tender Agent is located, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be paid to the County.

ARTICLE IX

PROVISIONS CONCERNING BOND INSURANCE

Section 9.1 **Payments Under the FGIC Policy.** (a) If, on the Business Day preceding any Interest Payment Date for the Series 2003-B-1 Warrants, there is not on deposit with the Trustee sufficient moneys available to pay all principal of and interest on the Series 2003-B-1 Warrants due on such date, the Trustee shall immediately notify Financial Guaranty and State Street Bank and Trust Company, N.A., New York, New York, or its successor as Financial Guaranty's Fiscal Agent (the "Fiscal Agent"), of the amount of such deficiency. If, by said Interest Payment Date, the County has not provided the amount of such deficiency, the Trustee shall simultaneously make available to Financial Guaranty and to the Fiscal Agent the registration books for the Series 2003-B-1 Warrants maintained by the Trustee. In addition:

(i) the Trustee shall provide Financial Guaranty with a list of the Holders of the Series 2003-B-1 Warrants entitled to receive principal or interest payments from Financial Guaranty under the terms of the FGIC Policy and shall make arrangements for Financial Guaranty and its Fiscal Agent (1) to mail checks or drafts to the Holders of Series 2003-B-1 Warrants entitled to receive full or partial interest payments from Financial Guaranty and (2) to pay principal of the Series 2003-B-1 Warrants surrendered to the Fiscal Agent by the Holders thereof entitled to receive full or partial principal payments from Financial Guaranty; and

(ii) the Trustee shall, at the time it makes the registration books available to Financial Guaranty, notify Holders entitled to receive payment of principal or interest on the Series 2003-B-1 Warrants from Financial Guaranty (1) as to the fact of such entitlement, (2) that Financial Guaranty will remit to them all or part of the interest payments coming due subject to the terms of the FGIC Policy, (3) that, except as provided in paragraph (b) below, in the event that any Holder of Series 2003-B-1 Warrants is entitled to receive full payment of principal from Financial Guaranty, such Holder must tender his Series 2003-B-1 Warrant to the Fiscal Agent with the instrument of transfer in the form provided on the Series 2003-B-1 Warrant executed in the name of Financial Guaranty, and (4) that, except as provided in paragraph (b) below, in the event that such Holder is entitled to receive partial payment of principal from Financial Guaranty, such Holder must tender his Series 2003-B-1 Warrant for payment first to the Trustee, which shall note on such Series 2003-B-1 Warrant the portion of principal paid by the Trustee, and then, with an acceptable form of assignment executed in the name of Financial Guaranty, to the Fiscal Agent, which will then pay the unpaid portion of principal to the Holder subject to the terms of the FGIC Policy.

(b) In the event that the Trustee has notice that any payment of principal or interest on a Series 2003-B-1 Warrant has been recovered from a Holder thereof pursuant to the United States

Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time it provides notice to Financial Guaranty, notify all Holders of Series 2003-B-1 Warrants that, in the event that any such Holder's payment is so recovered, such Holder will be entitled to payment from Financial Guaranty to the extent of such recovery, and the Trustee shall furnish to Financial Guaranty its records evidencing the payments of principal of and interest on the Series 2003-B-1 Warrants which have been made by the Trustee and subsequently recovered from Holders, and the dates on which such payments were made.

(c) Financial Guaranty shall, to the extent it makes payment of principal of or interest on the Series 2003-B-1 Warrants, become subrogated to the rights of the recipients of such payments in accordance with the terms of the FGIC Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Trustee shall note Financial Guaranty's rights as subrogee on the registration books maintained by the Trustee upon receipt from Financial Guaranty of proof of the payment of interest thereon to the Holders of such Series 2003-B-1 Warrants and (2) in the case of subrogation as to claims for past due principal, the Trustee shall note Financial Guaranty's rights as subrogee on the registration books for the Series 2003-B-1 Warrants maintained by the Trustee upon receipt of proof of the payment of principal thereof to the Holders of such Series 2003-B-1 Warrants. Notwithstanding anything in the Indenture or the Series 2003-B-1 Warrants to the contrary, the Trustee shall make payment of such past due interest and past due principal directly to Financial Guaranty to the extent that Financial Guaranty is a subrogee with respect thereto.

Section 9.2 Information to be Provided to Financial Guaranty. The County shall provide Financial Guaranty with the following information:

(a) within 180 days after the end of each Fiscal Year of the County, a copy of the County's budget for the then current Fiscal Year, a copy of the County's annual audited financial statements for the most recently completed Fiscal Year, a statement of the amount on deposit in the Reserve Fund as of the last valuation and, if not presented in the audited financial statements, a statement of the net revenues pledged to payment of the Parity Securities for the most recently completed Fiscal Year;

(b) the Official Statement or other disclosure document, if any, prepared in connection with the issuance of additional debt instruments payable from the System Revenues, whether or not such instruments constitute Additional Parity Securities, within 30 days after the sale thereof;

(c) notice of any draw upon, or any deficiency due to market fluctuation in the amount on deposit in, the Reserve Fund;

(d) notice of the redemption, other than mandatory sinking fund redemption, of any of the Parity Securities, including the principal amount, maturities and CUSIP numbers thereof

(e) simultaneously with the delivery of the County's annual audited financial statements:

(i) the number of System users as of the end of the most recently completed Fiscal Year;

(ii) notification of the withdrawal of any System user responsible for 5% or more of System Revenues since the last reporting date;

(iii) any significant plant retirements or expansions planned or undertaken in the System's service area since the last reporting date;

(iv) maximum and average daily System usage for the most recently completed Fiscal Year;

(v) any updated capital plans for expansion and improvement projects; and

(vi) results of any annual engineering inspections.

(f) such additional information as Financial Guaranty may reasonably request from time to time.

Section 9.3 Miscellaneous Special Provisions Respecting Financial Guaranty and the FGIC Policy. (a) In determining whether a payment default has occurred or whether a payment on the Series 2003-B-1 Warrants has been made under the Indenture, no effect shall be given to payments made under the FGIC Policy.

(b) Financial Guaranty shall receive immediate notice of any default in payment of principal of or interest on the Series 2003-B-1 Warrants and notice of any other Event of Default known to the Trustee within 30 days of the Trustee's knowledge thereof.

(c) For all purposes of Article XIII of the Original Indenture, except the giving of notice of default to Holders of Series 2003-B-1 Warrants, Financial Guaranty shall be deemed to be the sole holder of the Series 2003-B-1 Warrants it has insured for so long as it has not failed to comply with its payment obligations under the FGIC Policy.

(d) No resignation or removal of the Trustee shall become effective until a successor has been appointed and has accepted the duties of Trustee. Financial Guaranty shall be furnished with written notice of the resignation or removal of the Trustee and the appointment of any successor thereto.

(e) Financial Guaranty shall be treated as a party in interest and as a party entitled to (i) notify the Trustee of the occurrence of an Event of Default and (ii) request the Trustee to intervene in judicial proceedings that affect the Series 2003-B-1 Warrants or the security therefor.

(f) Any amendment or supplement to the Indenture (other than a supplement that provides solely for the issuance of Additional Parity Securities and makes no other substantive amendments) shall be subject to the prior written consent of Financial Guaranty. Financial Guaranty shall be deemed to be the holder of all outstanding Series 2003-B-1 Warrants for the purpose of consenting to any proposed amendment or supplement to the Indenture (except for any such amendment or supplement that, under the provisions of the Indenture, requires the consent of the Holder of each outstanding Series 2003-B-1 Warrant). Any rating agency rating any of the Series 2003-B-1 Warrants must receive notice of each amendment or supplement hereafter executed and a copy thereof at least fifteen days in advance of its execution or adoption.

(g) Financial Guaranty shall be provided with a full transcript of all proceedings relating to the execution of any Supplemental Indenture hereafter executed.

(h) Any notices to Financial Guaranty or the Fiscal Agent pursuant to the Indenture shall be sent to the following addresses (unless and until different addresses are specified in writing to the County and the Trustee):

Financial Guaranty Insurance Company
125 Park Avenue
New York, New York 10017
Attention: General Counsel

State Street Bank and Trust Company, N.A.
61 Broadway
New York, New York 10006
Attention: Corporate Trust Department

Section 9.4 Payment Provisions under XLCA Policy. If, on the third Business Day prior to the related scheduled Interest Payment Date or principal payment date ("Payment Date"), there is not on deposit in the Debt Service Fund, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of, and interest on, XLCA-Insured Warrants due on such Payment Date, the Trustee shall give notice to XLCA and to its designated agent (if any) (the "XLCA's Fiscal Agent"), by telephone or telecopy, of the amount of such deficiency by 10:00 a.m., New York City time, on such Business Day. If, on the Business Day prior to the related Payment Date, there is not on deposit with the Trustee moneys sufficient to pay the principal of, and interest on, the XLCA-Insured Warrants due on such Payment Date, the Trustee shall make a claim under the XLCA Policy and give notice to XLCA and the XLCA's Fiscal Agent (if any) by telephone of the amount of any deficiency in the amount available to pay principal and interest, and the allocation of such deficiency between the amount required to pay interest on the XLCA-Insured Warrants and the

amount required to pay principal of the XLCA-Insured Warrants, confirming in writing to the related XLCA and the XLCA's Fiscal Agent by 10:00 a.m., New York City time, on such Business Day, by delivering the Notice of Nonpayment and Certificate.

For the purposes of the preceding paragraph, "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from the Trustee to XLCA, which notice shall specify (a) the name of the entity making the claim, (b) the policy number, (c) the claimed amount and (d) the date such claimed amount will become Due for Payment. "Nonpayment" means the failure of the County to have provided sufficient funds to the Trustee for payment in full of all principal of, and interest on, the XLCA-Insured Warrants that are Due for Payment. "Due for Payment," when referring to the principal of XLCA-Insured Warrants, means when the stated maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity, unless XLCA shall elect, in its sole discretion, to pay such principal due upon such acceleration; and, when referring to interest on XLCA-Insured Warrants, means when the stated date for payment of interest has been reached. "Certificate" means a certificate in form and substance satisfactory to XLCA as to the Trustee's right to receive payment under XLCA Policy.

The Trustee shall designate any portion of payment of principal of XLCA-Insured Warrants paid by XLCA at maturity on its books as a reduction in the principal amount of XLCA-Insured Warrants registered to the then current Warrantholder, whether DTC or its nominee or otherwise, and shall issue a replacement XLCA-Insured Warrant to XLCA, registered in the name of XLCA, in a principal amount equal to the amount of principal so paid (without regard to Authorized Denominations); provided that the Trustee's failure to so designate any payment or issue any replacement XLCA-Insured Warrant shall have no effect on the amount of principal or interest payable by the County on any XLCA-Insured Warrant or the subrogation rights of XLCA.

The Trustee shall keep a complete and accurate record of all funds deposited by XLCA into the Policy Payments Account (as hereinafter defined) and the allocation of such funds to payment of interest on and principal paid with respect to any XLCA-Insured Warrant. XLCA shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the XLCA Policy, the Trustee shall establish a separate special purpose trust account for the benefit of holders of XLCA-Insured Warrants referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under XLCA Policy in trust on behalf of holders of XLCA-Insured Warrants and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to holders of XLCA-Insured Warrants in the same manner as principal and interest payments are to be made with respect to the Series 2002-C Warrants under the sections hereof regarding payment of XLCA-Insured Warrants. It shall not be

necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee.

Any funds remaining in the Policy Payments Account following a XLCA-Insured Warrant payment date shall promptly be remitted to XLCA.

Section 9.5 Miscellaneous Special Provisions Respecting XLCA. (a) XLCA shall receive immediate notice of any default in payment of principal of or interest on the XLCA-Insured Warrants and notice of any other Event of Default known to the Trustee within 30 days of the Trustee's knowledge thereof.

(b) For all purposes of Article XIII of the Original Indenture, except the giving of notice of default to Holders of XLCA-Insured Warrants, XLCA shall be deemed to be the sole holder of the XLCA-Insured Warrants it has insured for so long as it has not failed to comply with its payment obligations under the XLCA Policy.

(c) XLCA shall be treated as a party in interest and as a party entitled to (i) notify the Trustee of the occurrence of an Event of Default and (ii) request the Trustee to intervene in judicial proceedings that affect the XLCA-Insured Warrants or the security therefor.

(d) Any amendment or supplement to the Indenture (other than a supplement that provides solely for the issuance of Additional Parity Securities and makes no other substantive amendments) shall be subject to the prior written consent of XLCA. XLCA shall be deemed to be the holder of all outstanding XLCA-Insured Warrants for the purpose of consenting to any proposed amendment or supplement to the Indenture (except for any such amendment or supplement that, under the provisions of the Indenture, requires the consent of the Holder of each outstanding XLCA-Insured Warrant).

(e) Any notices to XLCA pursuant to the Indenture shall be sent to the following address (unless and until a different address is specified in writing to the County and the Trustee):

XL Capital Assurance, Inc.
250 Park Avenue, 19th Floor
New York, New York 10177
Attention: Surveillance

Section 9.6 Claims Upon the FSA Policy and Payments by and to FSA. If, on the third business day prior to the related scheduled interest payment date or principal payment date ("Payment Date"), there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the Series 2002-B-8 Warrants

due on such Payment Date, the Trustee shall give notice to FSA and to its designated agent (if any) ("FSA's Fiscal Agent") by telephone or teletype of the amount of such deficiency by 12:00 noon, New York City time, on such business day. If, on the second business day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series 2002-B-8 Warrants due on such Payment Date, the Trustee shall make a claim under the FSA Policy and give notice to FSA and FSA's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 2002-B-8 Warrants and the amount required to pay principal of the Series 2002-B-8 Warrants, confirmed in writing to FSA and FSA's Fiscal Agent by 12:00 noon, New York City time, on such second business day by filling in the form of Notice of Claim and Certificate delivered with the FSA Policy.

In the event the claim to be made is for a mandatory sinking fund redemption installment, upon receipt of the moneys due, the Trustee shall authenticate and deliver to affected Warrantheolders who surrender their Series 2002-B-8 Warrants a new Series 2002-B-8 Warrant or Warrants in an aggregate principal amount equal to the unredeemed portion of the Series 2002-B-8 Warrants surrendered. The Trustee shall designate any portion of payment of principal on Series 2002-B-8 Warrants paid by FSA, whether by virtue of mandatory sinking fund redemption, maturity or the advancement of maturity, on its books as a reduction in the principal amount of Series 2002-B-8 Warrants registered to the then current Warrantheolder, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2002-B-8 Warrant to FSA, registered in the name of Financial Security Assurance Inc., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Series 2002-B-8 Warrant shall have no effect on the amount of principal or interest payable by the County on any Series 2002-B-8 Warrant or the subrogation rights of FSA.

The Trustee shall keep a complete and accurate record of all funds deposited by FSA into the Policy Payments Account and the allocation of such funds to payment of interest on and principal paid in respect of any Series 2002-B-8 Warrant. FSA shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the FSA Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Warrantheolders referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the FSA Policy in trust on behalf of Warrantheolders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Warrantheolders in the same manner as principal and interest payments are to be made with respect to the Series 2002-B-8 Warrants under the sections hereof regarding payment of Warrants. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee.

Any funds remaining in the Policy Payments Account following a Payment Date shall promptly be remitted to FSA.

Section 9.7 Miscellaneous Special Provisions Respecting FSA and the FSA Policy.

(a) The succeeding provisions of this Section 9.7 shall be applicable and govern so long and only so long as the FSA Policy remains in effect, notwithstanding anything to the contrary set forth in other sections of the Indenture.

(b) FSA shall be deemed to be the sole Holder of the Series 2002-B-8 Warrants insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Holders of the Series 2002-B-8 Warrants insured by it are entitled to take pursuant to the article of the Indenture pertaining to defaults and remedies and the article of the Indenture pertaining to the duties and obligations of the Trustee.

(c) The maturity of Series 2002-B-8 Warrants shall not be accelerated without the consent of FSA, and in the event the maturity of the Series 2002-B-8 Warrants is accelerated, FSA may elect, in its sole discretion, to pay accelerated principal and interest accrued on such principal to the date of acceleration (to the extent unpaid by the County) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, FSA's obligations under the FSA Policy with respect to such Series 2002-B-8 Warrants shall be fully discharged.

(d) No grace period for a covenant default shall exceed 30 days, nor be extended for more than 60 days, without prior written consent of FSA. No grace period shall be permitted for payment defaults.

(e) FSA shall be included as a third party beneficiary to the Indenture.

(f) Upon the occurrence of an extraordinary optional or special mandatory redemption in part, the selection of Series 2002-B-8 Warrants to be redeemed shall be subject to the approval of FSA.

(g) No modification or amendment to the Indenture (other than a supplement that provides solely for the issuance of Additional Parity Securities and makes no other substantive amendments) may become effective except upon obtaining the prior written consent of FSA. FSA shall be deemed to be the Holder of all outstanding Series 2002-B-8 Warrants for the purpose of consenting to any proposed modification, amendment or supplement to the Indenture (except for any such modification, amendment or supplement that, under the provisions of the Indenture, requires the consent of the Holder of each outstanding Series 2002-B-8 Warrant). Copies of any modification or

amendment to the Indenture shall be sent to Moody's Investors Service, Inc. at least ten days prior to the effective date thereof.

(h) The rights granted to FSA under the Indenture to request, consent to or direct any action are rights granted to FSA in consideration of its issuance of the FSA Policy. Any exercise by FSA of such rights is merely an exercise of FSA's contractual rights and shall not be construed or deemed to be taken for the benefit or on behalf of the Warranholders nor does such action evidence any position of FSA, positive or negative, as to whether Warranholder consent is required in addition to consent of FSA.

(i) Rights of FSA to direct or consent to County, Trustee or Warranholder actions under the Indenture shall be suspended during any period in which FSA is in default in its payment obligations under the FSA Policy (except to the extent of amounts previously paid by FSA and due and owing to FSA) and shall be of no force or effect in the event the FSA Policy is no longer in effect or FSA asserts that the FSA Policy is not in effect or FSA shall have provided written notice that it waives such rights.

(j) Amounts paid by FSA under the FSA Policy shall not be deemed paid for purposes of the Indenture and shall remain outstanding and continue to be due and owing until paid by the County in accordance with the Indenture.

(k) The Indenture shall not be discharged unless all amounts due or to become due to FSA have been paid in full or duly provided for.

(l) The County and the Trustee shall take such action as is required from time to time under applicable law to perfect or otherwise preserve the priority of the pledge of the trust estate.

(m) FSA shall, to the extent it makes any payment of principal or interest on the Series 2002-B-8 Warrants, become subrogated to the rights of the recipients of such payments in accordance with the terms of the FSA Policy.

(n) The County shall pay or reimburse FSA any and all charges, fees, costs and expenses which FSA may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in the Indenture, (ii) the pursuit of any remedies under the Indenture or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture whether or not executed or completed, (iv) the violation by the County of any law, rule or regulation, or any judgment, order or decree applicable to it or (v) any litigation or other dispute in connection with the Indenture or the transactions contemplated thereby, other than amounts resulting from the failure of FSA to honor its obligations under the FSA Policy. FSA reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture.

(o) Payments required to be made to FSA shall be payable solely from the trust estate and shall be paid (i) prior to an Event of Default, to the extent not paid from the Debt Service Fund, after required deposits to the Reserve Fund and (ii) after an Event of Default, with respect to amounts other than principal and interest on the Series 2002-B-8 Warrants, on the same priority as payments to the Trustee for expenses. The obligations to FSA shall survive discharge or termination of the Indenture.

(p) The County hereby covenants that, until the payment of all Series 2003-B-8 Warrants, the sum of

(i) the aggregate principal amount of all then outstanding Variable Rate Securities (other than any Variable Rate Securities for which a then-effective floating-to-fixed Qualified Swap has been designated), and

(ii) the aggregate principal amount of Parity Securities for which then-effective fixed-to-floating Qualified Swaps have been designated,

will not exceed 30% of the aggregate principal amount of all then outstanding Parity Securities.

(q) The County covenants, for so long as the Series 2003-B-8 Warrants remain outstanding, not to dispose of any part of the System with a value in excess of \$10,000,000 unless the following conditions are satisfied: (i) FSA shall have received an opinion of an independent engineer that the property to be disposed of is not necessary to the operation of the System and that the Net Revenues Available For Debt Service in the prior year, on a pro forma basis after giving effect to such disposition, would have been sufficient to satisfy the rate covenant in such prior Fiscal Year, (ii) the unenhanced ratings of the System's indebtedness would not be reduced as a result of such disposition, and (iii) if the property to be disposed of in any one year would exceed 10% of the total depreciated value of the System, FSA shall have consented thereto.

(r) FSA shall be entitled to pay principal or interest on the Series 2002-B-8 Warrants that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the County (as such terms are defined in the FSA Policy) and any amounts due on the Series 2002-B-8 Warrants as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not FSA has received a Notice of Nonpayment (as such terms are defined in the FSA Policy) or a claim upon the FSA Policy.

(s) The notice address of FSA is: Financial Security Assurance Inc., 350 Park Avenue, New York, New York 10022-6022, Attention: Managing Director -- Surveillance; Re: Policy No. 28550-N, Telephone: (212) 826-0100; Telecopier: (212) 339-3556. In each case in which a notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

- (t) FSA shall be provided with the following information:
 - (i) Annual audited financial statements within 150 days after the end of the County's fiscal year and the County's annual budget within 30 days after the approval thereof;
 - (ii) Notice of any draw upon the Reserve Fund within two business days after knowledge thereof other than (i) withdrawals of amounts in excess of the debt service reserve requirement and (ii) withdrawals in connection with a refunding of Warrants;
 - (iii) Notice of any default known to the Trustee or the County within five business days after knowledge thereof;
 - (iv) Prior notice of the advance refunding or redemption of any of the Series 2002-B-8 Warrants, including the principal amount, maturities and CUSIP numbers thereof;
 - (v) Notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto;
 - (vi) Notice of the commencement of any proceeding by or against the County commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");
 - (vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 2002-B-8 Warrants;
 - (viii) A full original transcript of all proceedings relating to the execution of any amendment or supplement to the Indenture; and
 - (ix) All reports, notices and correspondence to be delivered under the terms of the Indenture.

- (u) No contract shall be entered into nor any action taken by which the rights of FSA or security for or sources of payment of the Series 2002-B-8 Warrants may be impaired or prejudiced except upon obtaining the prior written consent of FSA.

ARTICLE X

MISCELLANEOUS

Section 10.1 **Confirmation of Indenture.** All the terms, covenants and conditions of the Indenture are hereby in all things confirmed, and they shall remain in full force and effect. Further, the County does hereby confirm the pledge made in the Indenture with respect to the revenues derived from all properties now or hereafter constituting a part of the System, including specifically, without limiting the generality of the foregoing, all properties acquired as a part of the System since the execution and delivery of the Original Indenture.

Section 10.2 **Debt Service Fund Deposits Referable to Series 2003-B Warrants.** In order to provide funds for the payment of the principal of and the interest on the Series 2003-B Warrants, there shall be transferred or paid into the Debt Service Fund, out of moneys held in the Revenue Account, the following amounts at the following times:

(1) on or before each Interest Payment Date with respect to the Series 2003-B Warrants, an amount equal to the interest becoming due with respect to the then outstanding Series 2003-B Warrants on such Interest Payment Date; and

(2) on or before February 1, 2009, and on or before each February 1 thereafter until and including February 1, 2042, an amount equal to the principal amount of Series 2003-B Warrants maturing or subject to mandatory redemption on each such date; and

(3) with respect to any Auction Rate Warrants for which the Standard Auction Period is long than thirty-five (35) days, on or before the first Business Day of each month, the amount of accrued, but unpaid, interest on such warrants for the immediately preceding month.

The Debt Service Fund deposits required by this Section 10.2 shall be in addition to the deposits respecting the Outstanding Parity Securities required by the Original Indenture and by the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth and Ninth Supplemental Indentures.

Section 10.3 **Book-Entry Procedures Applicable to Series 2003-B Warrants.** (a) Except as provided in Section 10.3(c) hereof, the registered owner of all of the Series 2003-B Warrants shall be The Depository Trust Company ("DTC") and the Series 2003-B Warrants shall be registered in the name of Cede & Co., as nominee of DTC. Payment of interest for any Series 2003-B Warrant registered as of a Record Date in the name of Cede & Co. shall be made by wire transfer to the account of Cede & Co. on the Interest Payment Date at the address indicated on the Record Date for Cede & Co. in the registry books of the County kept by the Trustee.

(b) The Series 2003-B Warrants shall be initially issued in the form of a single authenticated fully registered warrant for each separate subseries, each with a stated maturity of February 1, 2042 (except that a separate single warrant will be issued for each maturity of the Series 2003-B-8 Warrants). Upon initial issuance, the ownership of such Series 2003-B Warrant shall be registered in the registry book of the County kept by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee and the County may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2003-B Warrants registered in its name for the purposes of payment of the principal or redemption price of or interest on such Series 2003-B Warrants, selecting such Series 2003-B Warrants or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders of Series 2003-B Warrants under the Indenture, registering the transfer of Series 2003-B Warrants, obtaining any consent or other action to be taken by Holders of Series 2003-B Warrants and for all other purposes whatsoever; and neither the Trustee nor the County shall be affected by any notice to the contrary. Neither the Trustee nor the County shall have any responsibility or obligation to any DTC participant, any Person claiming a beneficial ownership interest in the Series 2003-B Warrants under or through DTC or any DTC participant, or any other Person which is not shown on the registration books of the County kept by the Trustee as being a Holder of Series 2003-B Warrants. The County and the Trustee shall have no responsibility with respect to the accuracy of any records maintained by DTC, Cede & Co. or any DTC participant with respect to any ownership interest in the Series 2003-B Warrants; the payment by DTC or any DTC participant to any beneficial owner of any amount in respect of the principal or redemption price of or interest on the Series 2003-B Warrants; the delivery to any DTC participant or any beneficial owner of any notice which is permitted or required to be given to Holders of the Series 2003-B Warrants under the Indenture; the selection by DTC or any DTC participant of any Person to receive payment in the event of a partial redemption of the Series 2003-B Warrants; or the authority for any consent given or other action taken by DTC as the Holder of Series 2003-B Warrants. The Trustee shall pay all principal of and premium, if any, and interest on the Series 2003-B Warrants only to Cede & Co., as nominee of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to the principal of and premium, if any, and interest on such Series 2003-B Warrants to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co. and direction to effect such change on the registry books maintained by the Trustee, the term "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(c) In the event the County determines that it is in the best interest of the beneficial owners of the Series 2003-B Warrants that they be able to obtain warrant certificates, the County may notify DTC and the Trustee of the availability through DTC of warrant certificates. In such event, the Trustee shall issue, transfer and exchange warrant certificates as requested by DTC and any other Holders of Series 2003-B Warrants in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 2003-B Warrants at any time by giving notice to the County and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the County and Trustee shall be obligated to deliver warrant certificates as described in the Indenture. In the event warrant certificates are issued to Holders of the Series 2003-B Warrants other than DTC, the provisions of

Article V of the Original Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the County and the Trustee to do so, the County and the Trustee will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2003-B Warrants to any DTC participant having Series 2003-B Warrants credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2003-B Warrants.

(d) Notwithstanding any other provision of the Indenture to the contrary, so long as any Series 2003-B Warrant is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such Series 2003-B Warrant and all notices with respect to such Series 2003-B Warrant shall be made and given to DTC as provided in the Representation Letter to be signed by the County and the Trustee on or prior to the date of issuance and delivery of the Series 2003-B Warrants and accepted by DTC. Without limitation of the foregoing, so long as any Series 2003-B Warrant is registered in the name of Cede & Co., as nominee of DTC, the Trustee shall send a copy of any notice of redemption by overnight delivery not less than thirty (30) days before the redemption date to DTC, but such mailing shall not be a condition precedent to such redemption and failure to so mail any such notice (or failure of DTC to advise any DTC participant, or any DTC participant to notify the beneficial owner, of any such notice or its content or effect) shall not affect the validity of the proceedings for the redemption of the Series 2003-B Warrants.

(e) In connection with any notice or other communication to be provided to Holders of the Series 2003-B Warrants pursuant to the Indenture by the County or the Trustee with respect to any consent or other action to be taken by Holders of the Series 2003-B Warrants, so long as any Series 2003-B Warrant is registered in the name of Cede & Co., as nominee of DTC, the County or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

(f) In the event of any inconsistency between the provisions of this Section 10.3 and any other provision of the Indenture or the forms of Series 2003-B Warrants, the provisions of this Section 10.3 shall govern so long as warrant certificates have not been issued to the Holders of the Series 2003-B Warrants other than DTC in accordance with Section 10.3(c) hereof.

Section 10.4 Tax Covenants. The County recognizes that the Holders of the Series 2003-B Warrants from time to time will have accepted them on, and paid therefor a price which reflects, the understanding that interest on the Series 2003-B Warrants is excluded from gross income for federal income tax purposes under the laws in force at the time the Series 2003-B Warrants shall have been delivered. In this connection the County covenants (i) that it will not take any action or omit to take any action if the taking of such action or the failure to take such action, as the case may be, will result in the interest on any of the Series 2003-B Warrants becoming includable in gross income for purposes of federal income taxation, (ii) that it will use the "proceeds" of the Series 2003-B Warrants

and any other funds of the County in such a manner that the use thereof, as reasonably expected by the County at the time of issuance of the Series 2003-B Warrants, will not cause the Series 2003-B Warrants to be "arbitrage bonds" under Section 103(b)(2) and Section 148 of the Code and the regulations thereunder and (iii) that it will satisfy the requirements of Section 148(f) of the Code and the applicable regulations thereunder. The County further covenants and agrees that it will not permit at any time any "proceeds" of the Series 2003-B Warrants or any other funds of the County to be used, directly or indirectly, in a manner which would result in any Series 2003-B Warrant being classified as a "private activity bond" within the meaning of Section 141(a) of the Code. The officers and employees of the County shall execute and deliver from time to time, on behalf of the County, such certificates, instruments and documents as shall be deemed necessary or advisable to evidence compliance by the County with said Section 103(b)(2) and Section 148 and the regulations thereunder with respect to the use of the proceeds of the Series 2003-B Warrants. Such certificates, instruments and documents may contain such stipulations as shall be necessary or advisable in connection with the stated purpose of this section and the foregoing provisions hereof, and the County hereby covenants and agrees to comply with the provisions of any such stipulations throughout the term of the Series 2003-B Warrants.

Section 10.5 **Amendments Pertaining to Basis Swaps.** Notwithstanding anything to the contrary contained in the Original Indenture or any of the supplements thereto, in order to enable the County to treat basis swaps as Qualified Swaps for all purposes of the Indenture, the following amendments are hereby made, with such amendments to be effective immediately upon the delivery of this Ninth Supplemental Indenture and prior to the delivery of the Series 2003-B Warrants.

(a) **New Definitions.** As used in the Indenture, the following terms shall have the following respective meanings:

"Basis Swap" means an interest rate swap or exchange agreement or comparable transaction between the County and another entity in which each party to the transaction agrees to make periodic payments to the other party to such transaction, with the amount of each such periodic payment determined by multiplying a specified notional amount by a rate derived from a specified variable rate of interest or fluctuating interest rate index that is published or otherwise announced on a regular basis by one or more financial publications or financial information services; provided (a) that any such periodic payment amount may be adjusted by adding thereto or subtracting therefrom an incremental amount determined by multiplying said notional amount by a specified percentage rate and (b) that any such transaction may also include agreements by one or both of the parties to make one or more payments in addition to the periodic payments previously described.

"Basis Swap Adjustment" means, with respect to any Qualified Basis Swap that is in effect at the time of any determination of Maximum Annual Debt Service, the amount determined by an Independent Swap Consultant, based on the terms of such swap transaction and the then current market conditions (including the highest marginal tax rate in effect at the time of such calculation for purposes of determining the amount of United States federal income taxes owed by individuals), as the average net amount to be paid or received, as the case may be, by the County during each twelve-

month period in the then remaining term of such transaction (with proportionate adjustments made for any partial twelve-month period); provided that, in making any such determination, any extraordinary non-periodic payments to be made by either party to the transaction in question shall be disregarded. If the average net amount so determined is to be paid by the County, then such Basis Swap Adjustment will effect an increase in the amount of Maximum Annual Debt Service. If the average net amount so determined is to be received by the County, then such Basis Swap Adjustment will effect a reduction in the amount of Maximum Annual Debt Service.

"Independent Swap Consultant" means an individual or firm that has knowledge and experience with respect to the documentation, structure and pricing of municipal interest rate swap transactions and that has no continuing employment or business relationship or other connection with the County which, in the opinion of the Trustee, might compromise or interfere with the independent judgment of such individual or firm in the performance of any services to be performed hereunder as an Independent Swap Consultant.

"Qualified Basis Swap" means a Basis Swap that has been designated as, and that otherwise qualifies as, a Qualified Swap.

(b) Amendment of Existing Definitions. The definitions of the following terms are hereby amended to read as follows:

"Maximum Annual Debt Service" means the maximum amount payable in a Fiscal Year as principal of and interest on the Parity Securities then outstanding and, if applicable, any Additional Parity Securities with respect to which a Revenue Certificate or Revenue Forecast (as those terms are defined and used in Section 10.2 of the Original Indenture) is prepared and delivered, subject to the following assumptions and adjustments:

(a) that the principal amount of any such securities required by the terms thereof to be redeemed or prepaid during any Fiscal Year shall, for purposes of this definition, be considered as maturing in the Fiscal Year during which such redemption or prepayment is required and not in the Fiscal Year in which their stated maturity or due date occurs;

(b) for purposes of determining the amounts of principal and interest due in any Fiscal Year on any Parity Securities that constitute Tender Indebtedness, the options or obligations of the owners of such Parity Securities to tender the same for purchase or payment prior to their stated maturity or maturities shall be treated as a principal maturity occurring on the first date on which owners of such Parity Securities may or are required to tender such Parity Securities for purchase or payment, except that any such option or obligation to tender Parity Securities shall be ignored and not treated as a principal maturity, and such Parity Securities shall be deemed to mature in accordance with their stated maturity schedule, if such Parity Securities are rated in one of the two highest long-term rating categories (without

reference to gradations such as "plus" or "minus") by at least two Rating Agencies or such Parity Securities are rated in the highest short-term, note or commercial paper rating categories (without reference to gradations such as "plus" or "minus") by at least two Rating Agencies;

(c) the interest rate on any Variable Rate Securities subsequent to the date of calculation shall be assumed to be the lowest of (A) the maximum rate of interest that may be applicable to such Parity Securities, under the provisions thereof, (B) for so long as any hedging agreement that establishes a cap rate for such Parity Securities is in effect, such cap rate, and (C) the highest of (i) the actual interest rate on the date of calculation, or if the Variable Rate Securities in question are not yet outstanding, the initial rate (if established and binding), (ii) if the Variable Rate Securities in question have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) (x) if interest on the Variable Rate Securities in question is excludable from gross income under the applicable provisions of the Code, the average of the various rates published as the BMA Municipal Swap Index (or comparable index if no longer published) during the ten year period ending on the last day of the month immediately preceding the date of determination, plus fifty (50) basis points, or (y) if interest on such Variable Rate Securities is not so excludable, the interest rate on direct U.S. Treasury obligations with comparable maturities;

(d) the debt service payable with respect to any Parity Securities for which the County has entered into a Qualified Swap pursuant to which the County has agreed to make payments calculated by reference to a fixed rate of interest shall be calculated as if the Parity Securities bore interest at such fixed rate during the term of such Qualified Swap;

(e) the debt service payable with respect to any Parity Securities for which the County has entered into a Qualified Swap pursuant to which the County has agreed to make payments calculated by reference to variable interest rates shall be calculated as if the Parity Securities in question bore interest, during the term of such Qualified Swap, at a rate equal to the lowest of (A) for so long as any hedging agreement that establishes a cap rate with respect to such Qualified Swap remains in effect, such cap rate, or (B) the highest of (i) the actual rate of such Qualified Swap on the date of calculation, or if such Qualified Swap is not yet in effect, the initial rate (if established and binding), (ii) if the Qualified Swap has been in effect for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) (x) if interest on the Parity Securities to which such Qualified Swap is referable is excludable from gross income under the applicable provisions of the Code, the average of the various rates published as the BMA Municipal Swap Index (or comparable index if no longer published) during the ten year period ending on the last day of the month immediately preceding the date of

determination, plus fifty (50) basis points, or (y) if interest on such Parity Securities is not so excludable, the interest rate on direct U.S. Treasury obligations with comparable maturities;

(f) if, at the time that such calculation is made, the County has entered into any Qualified Basis Swaps (other than any such swaps that have been previously terminated), then the annual debt service for any Fiscal Year during which one or more of such Qualified Basis Swaps is scheduled to be in effect shall (in addition to the adjustments described in other provisions of this definition) be increased or decreased, as the case may be, by the amount derived from aggregating the respective Basis Swap Adjustments for all of the Qualified Basis Swaps that are scheduled to be in effect at any time during such Fiscal Year;

(g) there shall be excluded any principal of or interest on any Parity Securities to the extent there are available and held in escrow or under a trust agreement (i) moneys sufficient to pay such principal or interest, (ii) Permitted Defeasance Obligations which, if the principal thereof and the interest thereon are paid according to their tenor, will produce moneys sufficient to pay such principal of interest, or (iii) both moneys and such Permitted Defeasance Obligations which together will produce funds sufficient to pay such principal or interest; and

(h) the County may assume that all or any portion of outstanding Parity Securities that are subject to optional redemption provisions will be redeemed in one or more installments that are consistent with such provisions and may adjust the expected payment schedule with respect to such Parity Securities to reflect such assumed redemptions.

In any case where, for purposes of determining Maximum Annual Debt Service, a portion of the principal of any Parity Securities is to be excluded, there shall also be excluded interest on the principal so excluded.

"Qualified Swap" means (A) with respect to a series of Parity Securities or any portion thereof, any financial arrangement (i) that is entered into by the County with an entity that is a Qualified Swap Provider at the time of the execution and delivery of the documents governing such arrangement; (ii) that provides (a) that the County shall pay to such entity an amount based on the interest accruing at a fixed rate on a notional amount equal to all or a portion of the principal amount of the outstanding Parity Securities of such series, and that such entity shall pay to the County an amount based on the interest accruing on the same notional amount, at either a variable rate of interest or a fixed rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by the Parity Securities), or that one shall pay to the other any net amount due under such arrangement, or (b) that the County shall pay to such entity an amount based on the interest accruing on a notional amount equal to all or a portion of the principal amount of the outstanding Parity Securities of such series at a variable rate of interest

as set forth in the arrangement and that such entity shall pay to the County an amount based on interest accruing on the same notional amount at an agreed fixed rate, or that one shall pay to the other any net amount due under such arrangement; and (iii) which has been designated in writing to the Trustee by the County as a Qualified Swap with respect to any of the Parity Securities or (B) any Basis Swap (x) that is entered into by the County with an entity that is a Qualified Swap Provider at the time of execution and delivery of the documents governing such transaction and (y) that has been designated in writing to the Trustee by the County as a Qualified Swap (provided, however, that any such designation may be made and deemed effective only if, immediately following the making of such designation, the aggregate notional amount for all Qualified Basis Swaps is not greater than 50% of the aggregate principal amount of all Parity Securities then outstanding).

(c) Treatment of Non-Periodic Payments. Notwithstanding anything to the contrary contained in the Original Indenture or any of the supplements thereto, any extraordinary non-periodic payments received by the County pursuant to Qualified Swaps shall not be taken into account as reductions to debt service in applying the Rate Covenant contained in Section 12.5 of the Original Indenture.

Section 10.6 Modification of Indenture Provisions Respecting Variable Rate Obligations. In order to provide a more comprehensive and meaningful limit on the extent to which obligations payable from System Revenues may be subject to interest rate fluctuations, the following amendments to the Indenture are hereby made, with such amendments to be effective immediately upon the delivery of this Ninth Supplemental Indenture and prior to the delivery of the Series 2003-B Warrants:

(a) subsection (d) of Section 10.2 of the Original Indenture is hereby deleted; and

(b) the County hereby covenants that at all times, until the payment of all Indenture Indebtedness, the sum of

(i) the aggregate principal amount of all then outstanding Variable Rate Securities (other than any Variable Rate Securities for which a then-effective floating-to-fixed Qualified Swap has been designated), and

(ii) the aggregate principal amount of Parity Securities for which then-effective fixed-to-floating Qualified Swaps have been designated,

will not exceed 50% of the aggregate principal amount of all then outstanding Parity Securities.

Section 10.7 Remarketing Agent. Blount Parrish, Inc., is hereby appointed as the initial Remarketing Agent for the Series 2003-B-2 Warrants. Raymond James & Associates, Inc., is hereby appointed as the initial Remarketing Agent for the Series 2003-B-3 Warrants. J.P. Morgan

Securities, Inc. is hereby appointed as the initial Remarketing Agent for the Series 2003-B-4 Warrants, Series 2003-B-6 Warrants and Series 2003-B-7 Warrants. SouthTrust Securities, Inc., is hereby appointed as the initial Remarketing Agent for the Series 2003-B-5 Warrants. Such initial Remarketing Agents shall serve as such under the terms and provisions hereof and of the respective Remarketing Agreements for the Series 2003-B Warrants. The County may appoint additional Remarketing Agents and successors to any thereof to serve as such under the provisions hereof and of a Remarketing Agreement. The Remarketing Agent for the Series 2003-B Warrants or any subseries of Series 2003-B Warrants, including any successor appointed pursuant thereto, shall be a member of the National Association of Securities Dealers, Inc., having a capitalization of at least \$25,000,000 and shall be authorized by law to perform all the duties imposed upon it by this Ninth Supplemental Indenture and the applicable Remarketing Agreement. Any additional or successor Remarketing Agent shall be appointed by the County. Any such additional or successor Remarketing Agent shall execute an instrument wherein it agrees to be bound by the provisions of the applicable Remarketing Agreement. Each Remarketing Agent shall be qualified as provided in the third sentence of this paragraph, and shall be rated at least Baa3 and/or P-3 or an equivalent rating by Moody's or otherwise be acceptable to Moody's.

Any Remarketing Agent for the Series 2003-B Warrants or any subseries of Series 2003-B Warrants may be removed (i) at any time by the Trustee acting at the direction of the owners of at least 66-2/3% of the aggregate principal amount of the Series 2003-B Warrants outstanding at the time or (ii) upon 30 days' notice, by an instrument signed by the County and filed with such Remarketing Agent, the Trustee, the Tender Agent and the issuer of any Support Facility; provided that, if there shall not be more than one Remarketing Agent serving as such for the Series 2003-B Warrants or any subseries of Series 2003-B Warrants, no such removal referred to in clause (i) or (ii) shall take effect until the appointment of a successor Remarketing Agent for the Series 2003-B Warrants or subseries of Series 2003-B Warrants. The Remarketing Agent for the Series 2003-B Warrants or any subseries of Series 2003-B Warrants may resign upon 30 days' written notice delivered to the County, the Trustee, the Tender Agent and the issuer of any Support Facility; provided that if there is only one Remarketing Agent, the resignation of the Remarketing Agent shall not be effective until a successor Remarketing Agent has been appointed and accepted such appointment.

If there shall be more than one Remarketing Agent serving as such, the County may designate one such Remarketing Agent as "Remarketing Representative" to act on behalf of all Remarketing Agents for the Series 2003-B Warrants or any subseries of Series 2003-B Warrants, and each other Remarketing Agent shall agree in writing to accept the determinations of such Remarketing Representative.

Section 10.8 Concerning the Tender Agent. (a) The County has appointed the Trustee to serve as the initial Tender Agent. The Trustee shall signify its acceptance of such appointment and its assumption of the duties and obligations imposed on it as Tender Agent by its execution and delivery of this Ninth Supplemental Indenture.

(b) Any successor Tender Agent shall signify its acceptance of such appointment and its assumption of the duties and obligations imposed upon it by the Indenture by execution and delivery of an agreement satisfactory to the Trustee, the County and the Bank.

(c) The Tender Agent may resign at any time by giving 30 days' notice to the County, the Trustee and the Bank; provided, however, that no such resignation shall become effective until a successor Tender Agent has been appointed and has accepted its duties and obligations hereunder.

(d) The County may, with the consent of the Trustee (if the existing Tender Agent is other than the Trustee) and the Bank, remove the Tender Agent by giving 30 days' notice to the Tender Agent; provided, however, that no such removal shall be effective until a successor Tender Agent has been appointed and has accepted its duties and obligations hereunder.

(e) If the Tender Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Tender Agent for any cause, the County shall, with the consent of the Trustee and the Bank, appoint a successor Tender Agent.

(f) Any successor Tender Agent shall (i) be a commercial bank with trust powers or a trust company, (ii) have a combined capital and surplus of at least \$50,000,000, and (iii) be subject to supervision and examination by federal or state authority.

(g) Compensation of the Tender Agent shall be paid directly by the County.

(h) The provisions of the Indenture shall be applicable to any Tender Agent.

Section 10.9 Appointment of Auction Agent; Qualifications of Auction Agent, Resignation; Removal. The Bank of New York is hereby appointed Auction Agent for the Series 2003-B Warrants. The Auction Agent shall evidence its acceptance of such appointment by entering into the Auction Agency Agreement with the County. The Auction Agent shall be (a) a bank or trust company duly organized under the laws of the United States of America or any state or territory thereof having its principal place of business in the Borough of Manhattan, in the City of New York and having a combined capital stock, surplus and undivided profits of at least \$25,000,000 or (b) a member of the National Association of Securities Dealers, Inc., having a capitalization of at least \$25,000,000 and, in either case, authorized by law to perform all the duties imposed upon it under the Auction Agency Agreement. The Auction Agent may at any time resign and be discharged of the duties and obligations created by this Ninth Supplemental Indenture by giving at least 90 days notice to the Trustee, the County and the Remarketing Agent. During the Auction Rate Period, the Auction Agent may be removed at any time by the County by an instrument signed by the County and filed with the Auction Agent, the Remarketing Agent and the Trustee upon at least 90 days notice; provided that, if required by the Remarketing Agent, an agreement in substantially the form of the Auction Agency Agreement shall be entered into with a successor Auction Agent.

Section 10.10 **Several Capacities.** Anything in this Ninth Supplemental Indenture to the contrary notwithstanding, the same entity may serve as Trustee, Support Facility Issuer, Tender Agent, Auction Agent and Remarketing Agent hereunder, and in any other combination of such capacities, to the extent permitted by law.

Section 10.11 **Concerning Defeasance of Series 2003-B Warrants.** For all purposes of the Indenture (including Section 16.1 of the Original Indenture), Series 2003-B Warrants bearing interest at a Commercial Paper Rate, a Daily Rate Mode or a Weekly Rate will be considered as fully paid only if the cash or Permitted Defeasance Obligations (or the combination thereof) held by the Trustee for the payment thereof will be sufficient to provide for the full payment of the principal of such Series 2003-B Warrants and interest thereon at the maximum rate applicable thereto until the earlier of the maturity date for such Series 2003-B Warrants or any date on which said Series 2003-B Warrants have been called for redemption or tender in accordance with their terms.

Section 10.12 **Concerning Successors to Trustee.** In addition to any other requirements contained in the Indenture, any successor Trustee appointed pursuant to Section 14.8 of the Original Indenture shall (i) be a commercial bank with trust powers or a trust company, (ii) have a combined capital and surplus of at least \$50,000,000, and (iii) be subject to supervision and examination by federal or state authority.

Section 10.13 **Notices to Rating Agencies.** The Trustee shall promptly furnish to each Rating Agency that maintains a rating with respect to the Series 2003-B Warrants notice of (i) receipt of any notice from the County proposing delivery of an Alternate Liquidity Facility, (ii) any change of the Trustee, the Remarketing Agent or the Tender Agent, (iii) any change or amendment of the Indenture, (iv) the expiration, termination, extension or renewal of the term of the Liquidity Facility, (v) the redemption by the County of any Series 2003-B Warrants prior to maturity, (vi) any event resulting in a mandatory tender of the Series 2003-B Warrants, (vii) any acceleration of the maturity of the Series 2003-B Warrants, or (viii) receipt of notice of the County's intent to establish a trust for the payment of the Series 2003-B Warrants in accordance with the defeasance provisions of the Original Indenture. The Rating Agencies maintaining ratings on the Series 2003-B Warrants on the date of initial delivery of the Series 2003-B Warrants and the addresses for notices to such Rating Agencies are as follows:

Moody's Investors Service
99 Church Street
New York, New York 10007

Standard & Poor's Ratings Services
55 Water Street
New York, New York 10041-0003
Attention: Municipal Structured Surveillance

Section 10.14 **Article and Section Captions.** The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

IN WITNESS WHEREOF, the County has caused this Ninth Supplemental Indenture to be executed in its name and behalf by the President of the Governing Body, has caused its official seal to be hereunto affixed and has caused this Ninth Supplemental Indenture to be attested by the Minute Clerk of the Governing Body, and the Trustee has caused this Ninth Supplemental Indenture to be executed in its corporate name and behalf, has caused its corporate seal to be hereunto affixed and has caused this Ninth Supplemental Indenture to be attested, by its duly authorized officers, all in eight(8) counterparts, each of which shall be deemed an original, and the County and the Trustee have caused this Ninth Supplemental Indenture to be dated as of April 1, 2003, although actually executed and delivered on May 1, 2003.

JEFFERSON COUNTY, ALABAMA

By *Perry Bradford*
President of the County Commission

ATTEST:

Diane Jones
Minute Clerk of the
County Commission

[SEAL]

THE BANK OF NEW YORK, as Successor Trustee
under the Trust Indenture of Jefferson County,
Alabama, dated as of February 1, 1997

By: The Bank of New York Trust Company
of Florida, N.A., its Agent

By *Corey Zgor*
Its VICE PRESIDENT

ATTEST:

[Signature]
Its VICE PRESIDENT

[SEAL]

STATE OF ALABAMA)
 :
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that LARRY LANGFORD, whose name as President of the County Commission of JEFFERSON COUNTY, ALABAMA, a political subdivision 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 county.

GIVEN under my hand and official seal of office, this 1st day of May, 2003.

[NOTARIAL SEAL]

Maureen McDermott
Notary Public

My Commission Expires: 7.24.04

STATE OF ALABAMA)
 :
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that Cary L. Jones, whose name as V.P. of THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A., a national banking association acting as agent for THE BANK OF NEW YORK, a New York banking corporation acting in its capacity as Trustee under the Trust Indenture of Jefferson County, Alabama, dated as of February 1, 1997, 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 banking association in its capacity as Trustee as aforesaid.

GIVEN under my hand and official seal of office, this 1st day of May, 2003.

[NOTARIAL SEAL]

Maureen McDermott
Notary Public

My Commission Expires: 7.24.04

APPENDIX I

**FORM OF SERIES 2003-B WARRANTS
OTHER THAN SERIES 2003-B WARRANTS
IN AUCTION RATE MODE**

No. ____

UNITED STATES OF AMERICA

STATE OF ALABAMA

JEFFERSON COUNTY

SEWER REVENUE REFUNDING WARRANT

SERIES 2003-B

SUBSERIES DESIGNATION

[insert if applicable]

MATURITY DATE

DATE OF INITIAL DELIVERY

INTEREST RATE

February 1, 2042

*

**BEGINNING OF
RATE PERIOD**

END OF RATE PERIOD

CUSIP

472682 ____

JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama (the "County"), for value received, hereby acknowledges itself indebted to and orders and directs the County Treasurer of the County to pay to

_____ ,

or registered assigns, upon presentation and surrender hereof, solely out of the revenues hereinafter referred to, the principal sum of

D O L L A R S

*The Trustee is to insert one of the following, as appropriate: "Daily Rate", "Weekly Rate", "Commercial Paper Rate – ____%," "Term Rate – ____%" or "Fixed Rate – ____%".

on the Maturity Date specified above and to pay interest hereon from the date of initial delivery of this warrant, or the most recent date to which interest has been paid or duly provided for, until the principal hereof shall become due and payable at the Daily Rate, the Weekly Rate, the Commercial Paper Rate, the Term Rate, the Fixed Rate or the Auction Rate, as hereinafter provided. Series 2003-B Warrants bearing interest at an Auction Rate shall be evidenced by a different warrant form containing certain terms and provisions specifically applicable to such warrants (which special terms and provisions are not contained herein).

Interest at the Daily Rate or the Weekly Rate shall be computed on the basis of a 365 or 366-day year, as the case may be, for the actual number of days elapsed. Interest at the Commercial Paper Rate shall be computed on the basis of a 365-day year for the actual number of days elapsed. Interest at the Term Rate or the Fixed Rate shall be computed on the basis of a 360-day year with 12 months of 30 days each.

Interest shall be payable (but solely out of the revenues hereinafter described) on overdue principal on this warrant and (to the extent legally enforceable) on any overdue installment of interest on this warrant at the rate of interest last applicable to this warrant when such overdue principal or interest became delinquent.

Interest on this warrant shall be payable in arrears on the following dates (each such date being herein called an "Interest Payment Date"):

- (1) for each Commercial Paper Rate Period, the Business Day immediately succeeding any Calculation Period, and for any Calculation Period of more than 180 days, also the Business Day immediately following the 180th day of such Calculation Period;
- (2) during an Auction Rate Period (i) for an Auction Period of 91 days or less, the Business Day immediately succeeding such Auction Period and (ii) for an Auction Period of more than 91 days, each 13th Friday after the first day of such Auction Period and the Business Day immediately succeeding such Auction Period;
- (3) for each Daily Rate Period, the first Business Day of each month thereof;
- (4) for each Weekly Rate Period, the first Business Day of each month thereof;
- (5) for each Term Rate Period, (i) the first day of the sixth calendar month following the month in which the first day of such Term Rate Period occurred, (ii) each anniversary of the date so determined, (iii) each anniversary of the first day of the first month of such Term Rate Period, and (iv) the Business Day immediately succeeding such Term Rate Period;

(6) for the Fixed Rate Period, the February 1 or August 1 next succeeding the Fixed Rate Conversion Date and each February 1 and August 1 thereafter; but if the February 1 or August 1 next succeeding the Fixed Rate Conversion Date occurs less than 21 days after the Fixed Rate Conversion Date, the first Interest Payment Date shall be the second such date following the Fixed Rate Conversion Date;

(7) the Fixed Rate Conversion Date;

(8) any day on which Series 2003-B Warrants are subject to mandatory tender for purchase pursuant to Section 5.3 or 5.4 of the Ninth Supplemental Indenture or redemption pursuant to Section 5.1 of the Ninth Supplemental Indenture;

(9) the Stated Maturity of the Series 2003-B Warrants; and

(10) with respect to Bank Warrants, the first Business Day of each month and the date on which such Bank Warrants are remarketed and cease to be Bank Warrants.

If any Interest Payment Date is not a Business Day, the interest due on such date shall be payable on the next succeeding Business Day with the same effect as if payment was made on such Interest Payment Date.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture hereinafter referred to, be paid to the person in whose name this warrant is registered at the close of business on the Regular Record Date for such interest, which shall be the Business Day next preceding any Interest Payment Date for Series 2003-B Warrants in the Daily Rate Mode, the Weekly Rate Mode or the Commercial Paper Rate Mode, or the 15th day (whether or not a Business Day) of the month next preceding any Interest Payment Date for Series 2003-B Warrants in the Term Rate Mode or Fixed Rate Mode. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered Holder on such Regular Record Date, and shall be paid to the person in whose name this warrant is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice of such Special Record Date being given to Holders of the Series 2003-B Warrants not less than 10 days prior to such Special Record Date.

Payment of principal, premium (if applicable) and interest on this warrant and payment of the Purchase Price of this warrant due upon optional or mandatory tender shall be made by the applicable method specified in the Indenture. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

This warrant is one of a duly authorized issue or series of warrants authorized to be issued in the aggregate principal amount of \$1,155,765,000 and designated Sewer Revenue Refunding War-

rants, Series 2003-B (the "Series 2003-B Warrants"). The Series 2003-B Warrants have been issued, on a parity with the Outstanding Parity Securities hereinafter referred to, under a Trust Indenture dated as of February 1, 1997 (the "Original Indenture"), between the County and The Bank of New York, Birmingham, Alabama, as Trustee (herein, in such capacity, together with its successors in trust, called the "Trustee"), as supplemented and amended by a First Supplemental Indenture dated as of March 1, 1997 (the "First Supplemental Indenture"), by a Second Supplemental Indenture dated as of March 1, 1999 (the "Second Supplemental Indenture"), by a Third Supplemental Indenture dated as of March 1, 2001 (the "Third Supplemental Indenture"), by a Fourth Supplemental Indenture dated as of February 1, 2002 (the "Fourth Supplemental Indenture"), by a Fifth Supplemental Indenture dated as of September 1, 2002 (the "Fifth Supplemental Indenture"), by a Sixth Supplemental Indenture dated as of October 1, 2002 (the "Sixth Supplemental Indenture"), by a Seventh Supplemental Indenture dated as of November 1, 2002 (the "Seventh Supplemental Indenture"), by an Eighth Supplemental Indenture dated as of January 1, 2003 (the "Eighth Supplemental Indenture"), and by a Ninth Supplemental Indenture dated as of April 1, 2003 (the "Ninth Supplemental Indenture"). The County has heretofore issued under the Original Indenture, as supplemented and amended by the First, Second, Third, Fourth, Fifth, Sixth, Seventh and Eighth Supplemental Indentures, (i) \$211,040,000 principal amount of its Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997, (ii) \$296,395,000 principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997, (iii) \$952,695,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999, (iv) \$275,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001, (v) \$110,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-A, dated March 6, 2002, (vi) \$540,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-B, dated September 1, 2002, (vii) \$839,500,000 principal amount of Sewer Revenue Refunding Warrants, Series 2002-C, dated October 25, 2002, (viii) \$475,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-D, dated November 1, 2002, and (ix) \$41,820,000 principal amount Sewer Revenue Refunding Warrant, Series 2003-A, dated January 9, 2003 (all of said warrants which are now outstanding being herein together called the "Outstanding Parity Securities"). As used herein, the term "Indenture" means the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture and the Ninth Supplemental Indenture. Reference is hereby made to the Indenture for a more complete description of the rights of the owners of the Series 2003-B Warrants and of the Trustee and of the County with respect to the County's sanitary sewer system (herein called the "System") and the revenues therefrom, the terms and conditions upon which the Series 2003-B Warrants are issued, and the terms and conditions upon which any Additional Parity Securities may be issued under the Indenture. Each owner of this warrant, by the acceptance hereof, shall be deemed to assent to the provisions of the Indenture.

The County, the Trustee, JPMorgan Chase Bank, as Liquidity Agent, and _____
_____ (the "Bank") have entered into a Standby Warrant Purchase Agreement dated as of April 1, 2003, whereby, subject to the conditions specified therein, the Bank has agreed to

purchase any Series 2003-B Warrant of the subseries of which this warrant is a part that is not remarketed after a tender of such warrant for purchase pursuant to the optional or mandatory tender provisions of the Ninth Supplemental Indenture. Series 2003-B Warrants purchased by the Bank (referred to in the Ninth Supplemental Indenture as "Bank Warrants") bear interest at a separate interest rate applicable only to Bank Warrants, as provided in said Standby Purchase Agreement. **Upon the occurrence of certain events described in said Standby Purchase Agreement, the Bank's obligation to purchase Series 2003-B Warrants under said Standby Purchase Agreement will be terminated or suspended.** The Ninth Supplemental Indenture provides for delivery of an Alternate Liquidity Facility on the terms and conditions contained in the Indenture. The initial Standby Warrant Purchase Agreement and any Alternate Liquidity Facility delivered to the Trustee pursuant to the Indenture are herein referred to as the "Liquidity Facility".

Copies of the Indenture and the initial Standby Purchase Agreement are on file at the Office of the Trustee, and reference is hereby made to such instruments for a description of the revenues pledged and assigned, the nature and extent of the security, the respective rights thereunder of the Holders of the Series 2003-B Warrants, the Trustee, the County and the Bank, and the terms upon which the Series 2003-B Warrants are, and are to be, authenticated and delivered.

_____ has been appointed pursuant to the Indenture as the initial Remarketing Agent for the subseries of the Series 2003-B Warrants of which this warrant is a part. The Indenture permits the County, with the consent of the Bank, to remove such Remarketing Agent and appoint a successor, subject to certain terms and conditions specified in the Indenture. The Indenture also permits the Remarketing Agent to resign without prior notice to Warrantholders.

The Trustee will serve as the initial Tender Agent under the Indenture until a successor is appointed in accordance with the terms of the Indenture.

Interest Rates

Each Series 2003-B Warrant will bear interest to but not including the Fixed Rate Conversion Date at one of the following interest rates (each, an "Adjustable Rate"): a Commercial Paper Rate, an Auction Rate, a Daily Rate, a Weekly Rate or a Term Rate. Each Adjustable Rate (other than an Auction Rate) for each Calculation Period applicable to such Adjustable Rate shall be equal to the lesser of (i) 10% per annum (12% per annum in the case of the Term Rate) and (ii) the rate of interest per annum established and certified to the Trustee by the Remarketing Agent no later than 9:30 a.m. (New York City time) on and as of the first day of such Calculation Period as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such first day to remarket the Series 2003-B Warrants in a secondary market transaction at a price equal to the principal amount thereof plus accrued interest thereon, if any, except as otherwise provided in the Indenture. Anything in the Indenture to the contrary notwithstanding, in no event shall the interest rate borne by any Series 2003-B Warrant exceed the maximum rate allowable by applicable law. The term "Business Day" means any day other than a Saturday, Sunday or other day on which the New York Stock Exchange or banks are authorized or obligated by law or executive

order to close in New York, New York, or any city in which is located the principal corporate trust office of the Trustee or the office of a Liquidity Provider at which demands for a payment under the Liquidity Facility will be made.

Commercial Paper Rate Periods

During any Commercial Paper Rate Period, at or prior to 9:30 a.m. (New York City time) on the Determination Date for each Calculation Period, the Remarketing Agent shall determine the Calculation Period and related Commercial Paper Rate. In determining each such Calculation Period, the Remarketing Agent shall take into account factors set forth in the Indenture. The Remarketing Agent shall select the Calculation Period and the applicable Commercial Paper Rate that, together with all other Calculation Periods and related Commercial Paper Rates, in the sole judgment of the Remarketing Agent, will result in the lowest overall borrowing cost on the Series 2003-B Warrants being remarketed or are otherwise in the best financial interests of the County, as determined in consultation with the County. Any Calculation Period established under the Ninth Supplemental Indenture may not extend beyond the Fixed Rate Conversion Date, the expiration date of the then effective Liquidity Facility or the day prior to the maturity date of the Series 2003-B Warrants. The County may place limitations upon the establishment of such Calculation Periods in accordance with the Ninth Supplemental Indenture.

Calculation Periods

As used in connection with the Series 2003-B Warrants, the term "Calculation Period" means (a) upon a Change in the Interest Rate Mode to the Commercial Paper Rate Mode, any period or periods during a Commercial Paper Rate Period, from and including a Business Day to and including any day not more than 270 days thereafter which is a day immediately preceding a Business Day established by the Remarketing Agent pursuant to the Indenture; (b) during any Daily Rate Period, the period from and including a Business Day to but not including the next succeeding Business Day; (c) during any Weekly Rate Period, the period from and including the effective date of the Change in the Interest Rate Mode to and including the following Wednesday (but not less than two days) and, thereafter, the period from and including the Thursday of each week to and including the following Wednesday; provided, however, that, if such Thursday is not a Business Day, the next succeeding Calculation Period shall begin on the Business Day next succeeding such Thursday and shall end on the day before the next succeeding Calculation Period; and (d) during any Term Rate Period, any period of not less than 270 days from and including a Business Day to and including any day (established by the County pursuant to the Indenture) not later than the day prior to the maturity date of the Series 2003-B Warrants.

Conversion of Interest Rate Modes

Prior to the Fixed Rate Conversion Date, all or any portion of Series 2003-B Warrants shall cease to bear interest at the Adjustable Rate then borne by such warrants and shall bear interest at such different Adjustable Rate as shall be specified by the County, or, if so specified by the County,

the interest rate applicable to all Series 2003-B Warrants may be converted to a Fixed Rate specified in accordance with the terms and subject to the conditions set forth in the Ninth Supplemental Indenture.

If any condition to the establishment of a different Adjustable Rate or Rates is not met on any date, then the mandatory tender that is scheduled to occur in connection with such conversion shall not take place, and this Series 2003-B Warrant shall continue to bear interest at the Adjustable Rate then borne by this Series 2003-B Warrant and be subject to all provisions of the Indenture applicable thereto while this Series 2003-B Warrant bears interest at such Adjustable Rate.

Fixed Rate

On a Fixed Rate Conversion Date, the affected Series 2003-B Warrants shall cease to bear interest at the Adjustable Rate then borne by such Series 2003-B Warrants and shall bear interest at the Fixed Rate until maturity, upon the election by the County, to exercise its Option to Convert (as defined in the Ninth Supplemental Indenture). The Fixed Rate means the rate of interest per annum established and certified to the Trustee by the Remarketing Agent no later than 12:00 noon (New York City time) on and as of the Fixed Rate Conversion Date as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such date to remarket the affected Series 2003-B Warrants in a secondary market transaction at a price equal to the principal amount thereof, not to exceed 12% per annum. The Fixed Rate shall be established in accordance with the terms and subject to the conditions set forth in the Ninth Supplemental Indenture. Anything in the Indenture to the contrary notwithstanding, in no event shall the interest rate borne by any Series 2003-B Warrant exceed the maximum rate allowable by applicable law.

If any condition to the establishment of the Fixed Rate is not met on the proposed Fixed Rate Conversion Date, the mandatory tender that is scheduled to occur in connection with such conversion shall not take place, and this Series 2003-B Warrant shall continue to bear interest at the Adjustable Rate then borne by this warrant and be subject to the provisions of the Indenture applicable while this Series 2003-B Warrant bears interest at such Adjustable Rate.

If Series 2003-B Warrants begin to bear interest at the Fixed Rate as provided above, the interest rate on such Series 2003-B Warrants may not thereafter be changed to an Adjustable Rate.

Optional Tender

During any Daily Rate Period or Weekly Rate Period, any Series 2003-B Warrant or portion thereof in a principal amount equal to an authorized denomination (so long as the principal amount not purchased is an authorized denomination) shall be purchased upon the demand of the registered owner thereof, on any Business Day at a price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase, upon delivery to the Tender Agent and the Remarketing Agent at their respective principal offices, by the close of business on any Business Day of a Notice of Election to Tender (the substance of which notice must also be given telephonically to the

Remarketing Agent prior to or simultaneously with the delivery of such written notice). The date on which such Series 2003-B Warrant shall be purchased shall, at the request of the registered owner, (i) if the Series 2003-B Warrant then bears interest at a Daily Rate, be the date of delivery of such notice if such notice is delivered to the Tender Agent and the Remarketing Agent by 11:00 a.m. (New York City time) on such date or may be any Business Day thereafter, and (ii) if the Series 2003-B Warrant then bears interest at a Weekly Rate, shall be a Business Day not prior to the 7th day next succeeding the date of the delivery of such notice to the Tender Agent and the Remarketing Agent.

Mandatory Tenders

Change in the Interest Rate Mode. Upon a Change in the Interest Rate Mode (including, without limitation, a change to the Fixed Rate on the Fixed Rate Conversion Date), the Series 2003-B Warrants shall be subject to mandatory tender for purchase in accordance with the Ninth Supplemental Indenture on the effective date of such Change in the Interest Rate Mode, at a price equal to the principal amount thereof.

Business Day Following Calculation Periods. Series 2003-B Warrants bearing a Commercial Paper Rate or a Term Rate shall be subject to mandatory tender for purchase in accordance with the Ninth Supplemental Indenture on the Business Day immediately following each Calculation Period at a price equal to the principal amount thereof.

Expiration, Termination, Substitution or Amendment of any Liquidity Facility. Except as otherwise set forth in the last sentence of this paragraph, the Series 2003-B Warrants shall be subject to mandatory tender for purchase at a price equal to the principal amount thereof, (i) on the second Business Day immediately preceding the substitution of an Alternate Liquidity Facility for an existing Liquidity Facility or the effective date of a Liquidity Facility Amendment which results in a reduction or withdrawal of the short-term or long-term rating assigned to the Series 2003-B Warrants, as further described in Section 6.2(b) of the Ninth Supplemental Indenture, (ii) on the first anniversary of the Liquidity Provider's initial failure to maintain its rating (unless sooner restored) as specified in Section 6.2(c) of the Ninth Supplemental Indenture, and (iii) on the second Business Day immediately preceding the date of expiration or termination of any Liquidity Facility (other than a termination that results from an event that permits termination of such Liquidity Facility without notice), unless on or prior to the 45th day prior to such date of expiration or termination or the effective date of such Liquidity Facility Amendment or such first anniversary of the initial failure of the Liquidity Provider to maintain its short-term ratings the County has furnished to the Trustee (a) an agreement by the Liquidity Provider to extend such Liquidity Facility in the case of an expiration or (b) an Alternate Liquidity Facility in replacement of the expiring or terminating Liquidity Facility or the Liquidity Facility whose Liquidity Provider has so failed to maintain its short-term ratings, together with confirmation of ratings of the Series 2003-B Warrants in accordance with the Ninth Supplemental Indenture. No tender for purchase of any Series 2003-B Warrant as a result of the expiration, termination, substitution or amendment of the Liquidity Facility shall be required pursuant to the Ninth Supplemental Indenture if the Fixed Rate Conversion Date shall have occurred with respect

to such Series 2003-B Warrants on a date prior to such date of expiration, termination or substitution, or the effective date of a Liquidity Facility Amendment.

General Tender Provisions

If interest has been paid on the Series 2003-B Warrants, or an amount sufficient to pay interest thereon has been deposited in the Debt Service Fund, or an amount sufficient to pay accrued interest thereon, if any, has been set aside in the Warrant Purchase Fund and the purchase price equal to the principal of, and premium, if any, on the Series 2003-B Warrants shall be available in the Warrant Purchase Fund for payment of Series 2003-B Warrants subject to tender for purchase pursuant to the Ninth Supplemental Indenture, and if a registered owner fails to deliver or does not properly deliver the Series 2003-B Warrants to the Tender Agent for which a Notice of Election to Tender has been properly filed or which are subject to mandatory tender for purchase on the purchase date therefor, such Series 2003-B Warrants shall nevertheless be deemed tendered and purchased on the date established for the purchase thereof, interest on such Series 2003-B Warrants shall cease to be payable to the former registered owners thereof from and after the date of purchase and such former registered owners shall have no rights under the Indenture as the registered owners of such Series 2003-B Warrants, except the right to receive the purchase price of and interest to the purchase date, if any, on such Series 2003-B Warrants upon delivery thereof to the Tender Agent in accordance with the provisions of the Ninth Supplemental Indenture. The payment of Series 2003-B Warrants tendered up on the election of the registered owner shall be subject to delivery of such Series 2003-B Warrants duly endorsed in blank for transfer or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent executed in blank for transfer at the principal office of the Tender Agent at or prior to 11:30 a.m. for Series 2003-B Warrants bearing interest at a Weekly Rate and 12:00 noon for Series 2003-B Warrants bearing interest at a Daily Rate (New York City time), on a specified purchase date. The Tender Agent may refuse to make payment with respect to any Series 2003-B Warrants tendered for purchase pursuant to the Ninth Supplemental Indenture not endorsed in blank or for which an instrument of transfer satisfactory to the Tender Agent has not been provided.

Redemption

In the manner and with the effect provided in the Indenture, the Series 2003-B Warrants will be subject to redemption prior to Maturity as follows:

Optional Redemption. The Series 2003-B Warrants shall be subject to redemption at the option of the County:

(a) For any Commercial Paper Rate Period applicable to Series 2003-B Warrants, such warrants shall be subject to redemption (i) on each Interest Payment Date for such Commercial Paper Rate Period, as a whole or in part, at the principal amount thereof, and (ii) on any Business Day, as a whole or in part, at the principal amount thereof plus accrued interest, if any, to the date fixed for redemption.

(b) For any Daily Rate Period applicable to Series 2003-B Warrants, such warrants shall be subject to redemption on any Business Day, as a whole or in part, at the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

(c) For any Weekly Rate Period applicable to Series 2003-B Warrants, such warrants shall be subject to redemption on any Business Day, as a whole or in part, at the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

(d) For any Term Rate Period and after the Fixed Rate Conversion Date applicable to Series 2003-B Warrants, such warrants shall be subject to redemption in whole or in part on any Business Day on or after the tenth anniversary of the commencement of such Term Rate Period or the Fixed Rate Conversion Date, as the case may be. The redemption price shall be equal to the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

(e) The Series 2003-B-8 Warrants shall be subject to redemption, in whole or in part, from such maturity or maturities as shall be specified by the County, on February 1, 2010, and on any date thereafter, at the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

Scheduled Mandatory Redemption. The Series 2003-B-1 Warrants shall be redeemed at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on February 1 (or, in the case of Auction Rate Warrants, if any such February 1 is not an Interest Payment Date, then on the first Interest Payment Date subsequent thereto) in years and principal amounts (after credit as provided below) as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2009	\$ 3,875,000	2026	\$ 21,100,000
2010	4,025,000	2027	23,400,000
2011	4,175,000	2028	44,700,000
2012	4,350,000	2029	44,825,000
2013	4,525,000	2030	3,950,000
2014	4,675,000	2031	4,100,000
2015	4,850,000	2032	51,300,000
2016	5,025,000	2033	53,225,000
2017	5,250,000	2034	3,225,000
2018	5,450,000	2035	3,350,000
2019	21,125,000	2036	3,475,000
2020	27,200,000	2037	21,750,000
2021	26,675,000	2038	19,025,000
2022	12,725,000	2039	88,700,000
2023	14,250,000	2049	37,475,000
2024	15,900,000	2041	100,900,000
2025	7,750,000		

\$39,475,000 of the Series 2003-B-1 Warrants
will be retired at Maturity

Not less than 60 days prior to each such scheduled mandatory redemption date, the County may specify the particular subseries from which Series 2003-B-1 Warrants are to be called for such redemption and (if more than one subseries is so specified) the respective principal amounts to be called for redemption from each thereof. In any such case, the particular Series 2003-B-1 Warrants (or portions thereof) within a given subseries to be called for redemption shall be selected by the Trustee by lot. If the County fails to make such a specification with respect to any scheduled mandatory redemption date, not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, as provided in the Ninth Supplemental Indenture, Series 2003-B-1 Warrants or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such Series 2003-B-1 Warrants or portions thereof for redemption on such scheduled mandatory redemption date. In any event the County may, upon direction delivered to the Trustee not less than 60 days prior to such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of Series 2003-B-1 Warrants scheduled for redemption on such date: (i) the principal amount of Series 2003-B-1 Warrants delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of Series 2003-B-1 Warrants previously redeemed (other than Series 2003-B-1 Warrants redeemed pursuant to this paragraph) and not previously claimed as a credit.

The Series 2003-B-2 through 2003-B-7 Warrants (herein called the "XLCA-Insured Warrants") shall be redeemed at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on February 1 (or, in the case of Auction Rate Warrants, if any such February 1 is not an Interest Payment Date, then on the first Interest Payment Date subsequent thereto) in years and principal amounts (after credit as provided below) as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2009	\$ 1,525,000	2026	\$ 8,225,000
2010	1,575,000	2027	9,100,000
2011	1,650,000	2028	17,400,000
2012	1,700,000	2029	17,425,000
2013	1,750,000	2030	1,525,000
2014	1,825,000	2031	1,575,000
2015	1,900,000	2032	19,925,000
2016	1,975,000	2033	20,675,000
2017	2,025,000	2034	1,250,000
2018	2,100,000	2035	1,300,000
2019	8,225,000	2036	1,350,000
2020	10,575,000	2037	8,450,000
2021	10,375,000	2038	7,375,000
2022	4,975,000	2039	34,475,000
2023	5,550,000	2040	14,550,000
2024	6,200,000	2041	39,225,000
2025	16,900,000		

\$15,350,000 of the XLCA-Insured Warrants
will be retired at Maturity

Not less than 60 days prior to each such scheduled mandatory redemption date, the County may specify the particular subseries from which XLCA-Insured Warrants are to be called for such redemption and (if more than one subseries is so specified) the respective principal amounts to be called for redemption from each thereof. In any such case, the particular XLCA-Insured Warrants (or portions thereof) within a given subseries to be called for redemption shall be selected by the Trustee by lot. If the County fails to make such a specification with respect to any scheduled mandatory redemption date, not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, as provided in the Ninth Supplemental Indenture, XLCA-Insured Warrants or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such XLCA-Insured Warrants or portions thereof for redemption on such scheduled mandatory redemption date. In any event the

County may, upon direction delivered to the Trustee not less than 60 days prior to such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of XLCA-Insured Warrants scheduled for redemption on such date: (i) the principal amount of XLCA-Insured Warrants delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of XLCA-Insured Warrants previously redeemed (other than XLCA-Insured Warrants redeemed pursuant to this paragraph) and not previously claimed as a credit.

Procedure for Redemption. In the event any of the Series 2003-B Warrants are called for redemption, the Trustee shall give notice of the redemption of such warrants, which notice shall specify the full title, including the subseries, if any, of the Series 2003-B Warrants, the redemption date, the place of redemption and the redemption price payable upon such redemption; that the interest on the Series 2003-B Warrants, or on the principal amount thereof to be redeemed, shall cease to accrue from and after such redemption date; and that on such date there will become due and payable on the Series 2003-B Warrants, the principal amount thereof to be redeemed and the interest accrued on such principal amount to the redemption date, if any, and the premium, if any, thereon. Each notice of redemption mailed to the Holder of a Series 2003-B Warrant to be redeemed shall, if less than the entire principal amount thereof is to be redeemed, also state the principal amount thereof and the distinctive numbers of the Series 2003-B Warrants to be redeemed and that such warrant must be surrendered to the Trustee in exchange for the payment of the principal amount thereof to be redeemed, premium, if any, thereon, and accrued interest, if any, thereon, and the issuance of a new Series 2003-B Warrant equaling in principal amount that portion of the principal amount not to be redeemed of the Series 2003-B Warrant to be surrendered.

Except as otherwise provided in the Ninth Supplemental Indenture, notice of redemption shall be given by mailing a copy of the redemption notice by first-class mail at least 30 days (15 days for Series 2003-B Warrants bearing interest at an Adjustable Rate) prior to the date fixed for redemption to the registered owners of the Series 2003-B Warrants to be redeemed at the addresses shown on the registration books maintained by the Trustee; provided, however, that failure to give notice to any Holder of a Series 2003-B Warrant, or any defects in such notice, shall not affect the proceedings for the redemption of the Series 2003-B Warrants for which notice has been given.

If at any time of mailing of notice of an optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Series 2003-B Warrants called for redemption, such notice may state that it is conditional, that is, subject to the deposit of moneys sufficient for the redemption with the Trustee on or prior the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Under the Indenture, the Outstanding Parity Securities and the Series 2003-B Warrants are equally and ratably secured by a pledge of certain revenues from the System that remain after the payment of the expenses of operating and maintaining the System. Upon compliance with certain conditions specified in the Indenture, the County may issue additional securities (without limitation as to principal amount) that are secured by the Indenture on a parity with the Outstanding Parity

Securities and the Series 2003-B Warrants with respect to the pledge of the aforesaid revenues from the System.

The Indenture permits the amendment of the Series 2003-B Warrants and the Indenture, and waivers of past defaults under such instruments and the consequences of such defaults, in certain circumstances without consent of Warrantholders and in other circumstances with the consent of all Warrantholders or a specified percentage of Warrantholders. Any such consent or waiver by the Holder of this warrant shall be conclusive and binding upon such Holder and upon all future Holders of this warrant and of any warrant issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this warrant.

The Holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

As provided in the Indenture and subject to certain limitations therein set forth, this warrant is transferable on the Warrant Register maintained at the Office of the Trustee, upon surrender of this warrant for transfer at the Office of the Trustee, together with all necessary endorsements for transfer, and thereupon one or more new Series 2003-B Warrants of the same Maturity, subseries and interest rate, of any Authorized Denominations and for a like aggregate principal amount, will be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein set forth, the Series 2003-B Warrants are exchangeable for other Series 2003-B Warrants of the same Maturity, subseries and interest rate, of any Authorized Denominations and of a like aggregate principal amount, as requested by the Holder surrendering the same.

No service charge shall be made for any transfer or exchange hereinbefore referred to, but the County may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The County and the Trustee may treat the person in whose name this warrant is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this warrant is overdue, and neither the County nor the Trustee shall be affected by notice to the contrary.

No covenant or agreement contained in this warrant or the Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of the County, and neither any member of the governing body of the County nor any officer executing this warrant shall be liable personally on this warrant or be subject to any personal liability or accountability by reason of the issuance of this warrant.

Any terms used herein which are defined in the Indenture shall have the respective meanings set forth in the Indenture.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this warrant do exist, have happened and have been performed in due time, form and manner as required by law.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this warrant shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the County has caused this warrant to be duly executed under its official seal.

JEFFERSON COUNTY, ALABAMA

By _____
President of the County Commission

ATTEST:

Minute Clerk of the County Commission

[S E A L]

CERTIFICATE OF AUTHENTICATION

This is one of the Series 2003-B Warrants referred to in the within-mentioned Indenture.

Date of authentication: _____, _____.

THE BANK OF NEW YORK,
as Trustee

By _____
Authorized Officer

ASSIGNMENT

For value received, _____ hereby sell(s), assign(s) and transfer(s) unto _____ this warrant and hereby irrevocably constitute(s) and appoint(s) _____ attorney to transfer this warrant on the books of the within named County at the office of the within named Trustee, with full power of substitution in the premises.

Dated: _____

NOTE: The name signed to this assignment must correspond with the name of the payee written on the face of the within warrant in all respects, without alteration, enlargement or change whatsoever.

Signature Guaranteed:

(Bank or Trust Company)

By _____
(Authorized Officer)

**FORM OF SERIES 2003-B WARRANTS
IN AUCTION RATE MODE**

No. ____

UNITED STATES OF AMERICA

STATE OF ALABAMA

JEFFERSON COUNTY

SEWER REVENUE REFUNDING WARRANT

SERIES 2003-B

SUBSERIES DESIGNATION
[insert if applicable]

MATURITY DATE

DATE OF INITIAL DELIVERY

INTEREST RATE

February 1, ____

Auction Rate

CUSIP

472682 ____

JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama (the "County"), for value received, hereby acknowledges itself indebted to and orders and directs the County Treasurer of the County to pay to

_____,

or registered assigns, upon presentation and surrender hereof, solely out of the revenues hereinafter referred to, the principal sum of

D O L L A R S

on the Maturity Date specified above and to pay interest hereon from the date of initial delivery of this warrant, or the most recent date to which interest has been paid or duly provided for, until the principal hereof shall become due and payable at the Auction Rate, as hereinafter provided. Series 2003-B Warrants bearing interest at an interest rate other than the Auction Rate shall be evidenced by a different warrant form containing certain terms and provisions specifically applicable to such warrants (which special terms and provisions are not contained herein).

Interest at the Auction Rate shall be computed on the basis of a 360-day year for the actual number of days elapsed.

Interest shall be payable (but solely out of the revenues hereinafter described) on overdue principal on this warrant and (to the extent legally enforceable) on any overdue installment of interest on this warrant at the rate of interest last applicable to this warrant when such overdue principal or interest became delinquent.

Interest on this warrant shall be payable in arrears on the following dates (each such date being herein called an "Interest Payment Date"): (i) for an Auction Period of 91 days or less, the Business Day immediately succeeding such Auction Period and (ii) for an Auction Period of more than 91 days, each 13th Friday after the first day of such Auction Period and the Business Day immediately succeeding such Auction Period.

If any Interest Payment Date is not a Business Day, the interest due on such date shall be payable on the next succeeding Business Day with the same effect as if payment was made on such Interest Payment Date.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture hereinafter referred to, be paid to the person in whose name this warrant is registered at the close of business on the Regular Record Date for such interest, which shall be the Business Day next preceding any Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered Holder on such Regular Record Date, and shall be paid to the person in whose name this warrant is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice of such Special Record Date being given to Holders of the Series 2003-B Warrants not less than 10 days prior to such Special Record Date.

Payment of principal, premium (if applicable) and interest on this warrant and payment of the Purchase Price of this warrant due upon mandatory tender shall be made by the applicable method specified in the Indenture. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

This warrant is one of a duly authorized issue or series of warrants authorized to be issued in the aggregate principal amount of \$1,155,765,000 and designated Sewer Revenue Refunding Warrants, Series 2003-B (the "Series 2003-B Warrants"). The Series 2003-B Warrants have been issued, on a parity with the Outstanding Parity Securities hereinafter referred to, under a Trust Indenture dated as of February 1, 1997 (the "Original Indenture"), between the County and The Bank of New York, Birmingham, Alabama, as Trustee (herein, in such capacity, together with its successors in trust, called the "Trustee"), as supplemented and amended by a First Supplemental Indenture dated as of March 1, 1997 (the "First Supplemental Indenture"), by a Second Supplemental Indenture dated as of March 1, 1999 (the "Second Supplemental Indenture"), by a Third Supplemental Indenture

dated as of March 1, 2001 (the "Third Supplemental Indenture"), by a Fourth Supplemental Indenture dated as of February 1, 2002 (the "Fourth Supplemental Indenture"), by a Fifth Supplemental Indenture dated as of September 1, 2002 (the "Fifth Supplemental Indenture"), by a Sixth Supplemental Indenture dated as of October 1, 2002 (the "Sixth Supplemental Indenture"), by a Seventh Supplemental Indenture dated as of November 1, 2002 (the "Seventh Supplemental Indenture"), by an Eighth Supplemental Indenture dated as of January 1, 2003 (the "Eighth Supplemental Indenture"), and by a Ninth Supplemental Indenture dated as of April 1, 2003 (the "Ninth Supplemental Indenture"). The County has heretofore issued under the Original Indenture, as supplemented and amended by the First, Second, Third, Fourth, Fifth, Sixth, Seventh and Eighth Supplemental Indentures, (i) \$211,040,000 principal amount of its Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997, (ii) \$296,395,000 principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997, (iii) \$952,695,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999, (iv) \$275,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001, (v) \$110,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-A, dated March 6, 2002, (vi) \$540,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-B, dated September 1, 2002, (vii) \$839,500,000 principal amount of Sewer Revenue Refunding Warrants, Series 2002-C, dated October 25, 2002, (viii) \$475,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-D, dated November 1, 2002, and (ix) \$41,820,000 principal amount Sewer Revenue Refunding Warrant, Series 2003-A, dated January 9, 2003 (all of said warrants which are now outstanding being herein together called the "Outstanding Parity Securities"). As used herein, the term "Indenture" means the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture and the Ninth Supplemental Indenture. Reference is hereby made to the Indenture for a more complete description of the rights of the owners of the Series 2003-B Warrants and of the Trustee and of the County with respect to the County's sanitary sewer system (herein called the "System") and the revenues therefrom, the terms and conditions upon which the Series 2003-B Warrants are issued, and the terms and conditions upon which any Additional Parity Securities may be issued under the Indenture. Each owner of this warrant, by the acceptance hereof, shall be deemed to assent to the provisions of the Indenture. A copy of the Indenture is on file at the Office of the Trustee.

The Trustee will serve as the initial Tender Agent under the Indenture until a successor is appointed in accordance with the terms of the Indenture.

Interest Rate Provisions

THE AUCTION PERIOD, THE AUCTION RATE, THE SELECTION OF THE METHOD OF DETERMINING THE RATE AND DATES OF PAYMENT OF INTEREST ON THE SERIES 2003-B WARRANTS BEARING THE AUCTION RATE AND THE AUCTION PROCEDURES RELATED THERETO WILL BE DETERMINED UPON THE

TERMS AND CONDITIONS, INCLUDING REQUIRED NOTICES THEREOF TO THE OWNERS, DESCRIBED IN THE INDENTURE, TO WHICH PROVISIONS SPECIFIC REFERENCE IS HEREBY MADE AND ALL OF WHICH PROVISIONS ARE HEREBY SPECIFICALLY INCORPORATED HEREIN BY REFERENCE.

During any Auction Rate Period, the affected Series 2003-B Warrants shall bear interest at an Auction Rate. The initial Auction Rate for the initial Auction Period for each affected subseries of the Series 2003-B Warrants shall be as set forth in the Indenture. After the expiration of the initial Auction Period for each such subseries of Series 2003-B Warrants, each Auction Period immediately succeeding such initial Auction Period shall be a Standard Auction Period. The Auction Rate for any initial Auction Period immediately after any Change in the Interest Rate Mode to an Auction Rate for an Auction Rate Period, shall be the rate of interest per annum certified to the Trustee by the Remarketing Agent on a date not later than the effective date of such Change in the Interest Rate Mode as the minimum rate of interest which, in the opinion of the Remarketing Agent, would be necessary as of such date to market Auction Rate Warrants in a secondary market transaction at a price equal to the principal amount thereof. For any other Auction Period, the Auction Rate shall be the rate of interest per annum that results from implementation of the Auction Procedures. The Auction Procedures are set forth in Article III of the Ninth Supplemental Indenture.

Series 2003-B Warrants may also bear interest to but not including the Fixed Rate Conversion Date at one of the following interest rates (each, an "Adjustable Rate") at the times and in the manner set forth in the Indenture: a Commercial Paper Rate, a Daily Rate, a Weekly Rate or a Term Rate.

Conversion of Interest Rate Modes

Prior to the Fixed Rate Conversion Date, all or any portion of Series 2003-B Warrants shall cease to bear interest at the Adjustable Rate then borne by such warrants and shall bear interest at such different Adjustable Rate as shall be specified by the County, or, if so specified by the County, the interest rate applicable to all Series 2003-B Warrants may be converted to a Fixed Rate specified in accordance with the terms and subject to the conditions set forth in the Ninth Supplemental Indenture.

If any condition to the establishment of a different Adjustable Rate or Rates is not met on any date, then the mandatory tender that is scheduled to occur in connection with such conversion shall not take place, and this Series 2003-B Warrant shall continue to bear interest at the Adjustable Rate then borne by this Series 2003-B Warrant and be subject to all provisions of the Indenture applicable thereto while this Series 2003-B Warrant bears interest at such Adjustable Rate.

Fixed Rate

On a Fixed Rate Conversion Date, the affected Series 2003-B Warrants shall cease to bear interest at the Adjustable Rate then borne by such Series 2003-B Warrants and shall bear interest at the Fixed Rate until maturity, upon the election by the County, to exercise its Option to Convert (as

defined in the Ninth Supplemental Indenture). The Fixed Rate means the rate of interest per annum established and certified to the Trustee by the Remarketing Agent no later than 12:00 noon (New York City time) on and as of the Fixed Rate Conversion Date as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such date to remarket the affected Series 2003-B Warrants in a secondary market transaction at a price equal to the principal amount thereof, not to exceed 12% per annum. The Fixed Rate shall be established in accordance with the terms and subject to the conditions set forth in the Ninth Supplemental Indenture. Anything in the Indenture to the contrary notwithstanding, in no event shall the interest rate borne by any Series 2003-B Warrant exceed the maximum rate allowable by applicable law.

If any condition to the establishment of the Fixed Rate is not met on the proposed Fixed Rate Conversion Date, the mandatory tender that is scheduled to occur in connection with such conversion shall not take place, and this Series 2003-B Warrant shall continue to bear interest at the Adjustable Rate then borne by this warrant and be subject to the provisions of the Indenture applicable while this Series 2003-B Warrant bears interest at such Adjustable Rate.

If Series 2003-B Warrants begin to bear interest at the Fixed Rate as provided above, the interest rate on such Series 2003-B Warrants may not thereafter be changed to an Adjustable Rate.

Mandatory Tenders

Upon a Change in the Interest Rate Mode (including, without limitation, a change to the Fixed Rate on the Fixed Rate Conversion Date), the Series 2003-B Warrants shall be subject to mandatory tender for purchase in accordance with the Ninth Supplemental Indenture on the effective date of such Change in the Interest Rate Mode, at a price equal to the principal amount thereof.

General Tender Provisions

If interest has been paid on the Series 2003-B Warrants, or an amount sufficient to pay interest thereon has been deposited in the Debt Service Fund, or an amount sufficient to pay accrued interest thereon, if any, has been set aside in the Warrant Purchase Fund and the purchase price equal to the principal of, and premium, if any, on the Series 2003-B Warrants shall be available in the Warrant Purchase Fund for payment of Series 2003-B Warrants subject to tender for purchase pursuant to the Ninth Supplemental Indenture, and if a registered owner fails to deliver or does not properly deliver the Series 2003-B Warrants to the Tender Agent for which a Notice of Election to Tender has been properly filed or which are subject to mandatory tender for purchase on the purchase date therefor, such Series 2003-B Warrants shall nevertheless be deemed tendered and purchased on the date established for the purchase thereof, interest on such Series 2003-B Warrants shall cease to be payable to the former registered owners thereof from and after the date of purchase and such former registered owners shall have no rights under the Indenture as the registered owners of such Series 2003-B Warrants, except the right to receive the purchase price of and interest to the purchase date, if any, on such Series 2003-B Warrants upon delivery thereof to the Tender Agent in accordance with the provisions of the Ninth Supplemental Indenture. The payment of Series 2003-B

Warrants tendered upon the election of the registered owner shall be subject to delivery of such Series 2003-B Warrants duly endorsed in blank for transfer or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent executed in blank for transfer at the principal office of the Tender Agent at or prior to 11:30 a.m. for Series 2003-B Warrants bearing interest at a Weekly Rate and 12:00 noon for Series 2003-B Warrants bearing interest at a Daily Rate (New York City time), on a specified purchase date. The Tender Agent may refuse to make payment with respect to any Series 2003-B Warrants tendered for purchase pursuant to the Ninth Supplemental Indenture not endorsed in blank or for which an instrument of transfer satisfactory to the Tender Agent has not been provided.

Redemption

In the manner and with the effect provided in the Indenture, the Series 2003-B Warrants will be subject to redemption prior to Maturity as follows:

Optional Redemption. For any Auction Rate Period, the affected Series 2003-B Warrants shall be subject to redemption at the option of the County on the Business Day immediately preceding each Auction Date, as a whole or in part, at the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

Scheduled Mandatory Redemption. The Series 2003-B-1 Warrants shall be redeemed at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on February 1 (or, in the case of Auction Rate Warrants, if any such February 1 is not an Interest Payment Date, then on the first Interest Payment Date subsequent thereto) in years and principal amounts (after credit as provided below) as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2009	\$ 3,875,000	2026	\$ 21,100,000
2010	4,025,000	2027	23,400,000
2011	4,175,000	2028	44,700,000
2012	4,350,000	2029	44,825,000
2013	4,525,000	2030	3,950,000
2014	4,675,000	2031	4,100,000
2015	4,850,000	2032	51,300,000
2016	5,025,000	2033	53,225,000
2017	5,250,000	2034	3,225,000
2018	5,450,000	2035	3,350,000
2019	21,125,000	2036	3,475,000
2020	27,200,000	2037	21,750,000
2021	26,675,000	2038	19,025,000
2022	12,725,000	2039	88,700,000
2023	14,250,000	2040	37,475,000
2024	15,900,000	2041	100,900,000
2025	7,750,000		

\$39,475,000 of the Series 2003-B-1 Warrants
will be retired at Maturity

Not less than 60 days prior to each such scheduled mandatory redemption date, the County may specify the particular subseries from which Series 2003-B-1 Warrants are to be called for such redemption and (if more than one subseries is so specified) the respective principal amounts to be called for redemption from each thereof. In any such case, the particular Series 2003-B-1 Warrants (or portions thereof) within a given subseries to be called for redemption shall be selected by the Trustee by lot. If the County fails to make such a specification with respect to any scheduled mandatory redemption date, not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, as provided in the Ninth Supplemental Indenture, Series 2003-B-1 Warrants or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such Series 2003-B-1 Warrants or portions thereof for redemption on such scheduled mandatory redemption date. In any event the County may, upon direction delivered to the Trustee not less than 60 days prior to such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of Series 2003-B-1 Warrants scheduled for redemption on such date: (i) the principal amount of Series 2003-B-1 Warrants delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of Series 2003-B-1 Warrants previously redeemed (other than Series 2003-B-1 Warrants redeemed pursuant to this paragraph) and not previously claimed as a credit.

The Series 2003-B-2 through 2003-B-7 Warrants (herein called the "XLCA-Insured Warrants") shall be redeemed at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on February 1 (or, in the case of Auction Rate Warrants, if any such February 1 is not an Interest Payment Date, then on the first Interest Payment Date subsequent thereto) in years and principal amounts (after credit as provided below) as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2009	\$ 1,525,000	2026	\$ 8,225,000
2010	1,575,000	2027	9,100,000
2011	1,650,000	2028	17,400,000
2012	1,700,000	2029	17,425,000
2013	1,750,000	2030	1,525,000
2014	1,825,000	2031	1,575,000
2015	1,900,000	2032	19,925,000
2016	1,975,000	2033	20,675,000
2017	2,025,000	2034	1,250,000
2018	2,100,000	2035	1,300,000
2019	8,225,000	2036	1,350,000
2020	10,575,000	2037	8,450,000
2021	10,375,000	2038	7,375,000
2022	4,975,000	2039	34,475,000
2023	5,550,000	2040	14,550,000
2024	6,200,000	2041	39,225,000
2025	16,900,000		

\$15,350,000 of the XLCA-Insured Warrants
will be retired at Maturity

Not less than 60 days prior to each such scheduled mandatory redemption date, the County may specify the particular subseries from which XLCA-Insured Warrants are to be called for such redemption and (if more than one subseries is so specified) the respective principal amounts to be called for redemption from each thereof. In any such case, the particular XLCA-Insured Warrants (or portions thereof) within a given subseries to be called for redemption shall be selected by the Trustee by lot. If the County fails to make such a specification with respect to any scheduled mandatory redemption date, not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, as provided in the Ninth Supplemental Indenture, XLCA-Insured Warrants or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such XLCA-Insured Warrants or portions thereof for redemption on such scheduled mandatory redemption date. In any event the

County may, upon direction delivered to the Trustee not less than 60 days prior to such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of XLCA-Insured Warrants scheduled for redemption on such date: (i) the principal amount of XLCA-Insured Warrants delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of XLCA-Insured Warrants previously redeemed (other than XLCA-Insured Warrants redeemed pursuant to this paragraph) and not previously claimed as a credit.

Procedure for Redemption. In the event any of the Series 2003-B Warrants are called for redemption, the Trustee shall give notice of the redemption of such warrants, which notice shall specify the full title, including the subseries, if any, of the Series 2003-B Warrants, the redemption date, the place of redemption and the redemption price payable upon such redemption; that the interest on the Series 2003-B Warrants, or on the principal amount thereof to be redeemed, shall cease to accrue from and after such redemption date; and that on such date there will become due and payable on the Series 2003-B Warrants, the principal amount thereof to be redeemed and the interest accrued on such principal amount to the redemption date, if any, and the premium, if any, thereon. Each notice of redemption mailed to the Holder of a Series 2003-B Warrant to be redeemed shall, if less than the entire principal amount thereof is to be redeemed, also state the principal amount thereof and the distinctive numbers of the Series 2003-B Warrants to be redeemed and that such warrant must be surrendered to the Trustee in exchange for the payment of the principal amount thereof to be redeemed, premium, if any, thereon, and accrued interest, if any, thereon, and the issuance of a new Series 2003-B Warrant equaling in principal amount that portion of the principal amount not to be redeemed of the Series 2003-B Warrant to be surrendered.

Except as otherwise provided in the Ninth Supplemental Indenture, notice of redemption shall be given by mailing a copy of the redemption notice by first-class mail at least 30 days (15 days for Series 2003-B Warrants bearing interest at an Adjustable Rate) prior to the date fixed for redemption to the registered owners of the Series 2003-B Warrants to be redeemed at the addresses shown on the registration books maintained by the Trustee; provided, however, that failure to give notice to any Holder of a Series 2003-B Warrant, or any defects in such notice, shall not affect the proceedings for the redemption of the Series 2003-B Warrants for which notice has been given.

If at any time of mailing of notice of an optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Series 2003-B Warrants called for redemption, such notice may state that it is conditional, that is, subject to the deposit of moneys sufficient for the redemption with the Trustee on or prior the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Under the Indenture, the Outstanding Parity Securities and the Series 2003-B Warrants are equally and ratably secured by a pledge of certain revenues from the System that remain after the payment of the expenses of operating and maintaining the System. Upon compliance with certain conditions specified in the Indenture, the County may issue additional securities (without limitation as to principal amount) that are secured by the Indenture on a parity with the Outstanding Parity

Securities and the Series 2003-B Warrants with respect to the pledge of the aforesaid revenues from the System.

The Indenture permits the amendment of the Series 2003-B Warrants and the Indenture, and waivers of past defaults under such instruments and the consequences of such defaults, in certain circumstances without consent of Warrantholders and in other circumstances with the consent of all Warrantholders or a specified percentage of Warrantholders. Any such consent or waiver by the Holder of this warrant shall be conclusive and binding upon such Holder and upon all future Holders of this warrant and of any warrant issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this warrant.

The Holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

As provided in the Indenture and subject to certain limitations therein set forth, this warrant is transferable on the Warrant Register maintained at the Office of the Trustee, upon surrender of this warrant for transfer at the Office of the Trustee, together with all necessary endorsements for transfer, and thereupon one or more new Series 2003-B Warrants of the same Maturity, subseries and interest rate, of any Authorized Denominations and for a like aggregate principal amount, will be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein set forth, the Series 2003-B Warrants are exchangeable for other Series 2003-B Warrants of the same Maturity, subseries and interest rate, of any Authorized Denominations and of a like aggregate principal amount, as requested by the Holder surrendering the same.

No service charge shall be made for any transfer or exchange hereinbefore referred to, but the County may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The County and the Trustee may treat the person in whose name this warrant is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this warrant is overdue, and neither the County nor the Trustee shall be affected by notice to the contrary.

No covenant or agreement contained in this warrant or the Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of the County, and neither any member of the governing body of the County nor any officer executing this warrant shall be liable personally on this warrant or be subject to any personal liability or accountability by reason of the issuance of this warrant.

Any terms used herein which are defined in the Indenture shall have the respective meanings set forth in the Indenture.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this warrant do exist, have happened and have been performed in due time, form and manner as required by law.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this warrant shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the County has caused this warrant to be duly executed under its official seal.

JEFFERSON COUNTY, ALABAMA

By _____
President of the County Commission

ATTEST:

Minute Clerk of the County Commission

[S E A L]

CERTIFICATE OF AUTHENTICATION

This is one of the Series 2003-B Warrants referred to in the within-mentioned Indenture.

Date of authentication: _____, _____.

THE BANK OF NEW YORK,
as Trustee

By _____
Authorized Officer

ASSIGNMENT

For value received, _____ hereby sell(s), assign(s) and transfer(s) unto _____ this warrant and hereby irrevocably constitute(s) and appoint(s) _____ attorney to transfer this warrant on the books of the within named County at the office of the within named Trustee, with full power of substitution in the premises.

Dated: _____

NOTE: The name signed to this assignment must correspond with the name of the payee written on the face of the within warrant in all respects, without alteration, enlargement or change whatsoever.

Signature Guaranteed:

(Bank or Trust Company)

By _____
(Authorized Officer)

**FORM OF SERIES 2003-B
WARRANTS IN FIXED RATE MODE**

No. R-_____

\$_____

UNITED STATES OF AMERICA

STATE OF ALABAMA

JEFFERSON COUNTY, ALABAMA

**SEWER REVENUE REFUNDING WARRANT
Series 2003-B**

Interest Rate
_____ %

Maturity Date
February 1, _____

CUSIP
472682 _____

JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama (herein called the "County"), hereby acknowledges itself indebted to and orders and directs the County Treasurer of the County to pay to Cede & Co., or registered assigns, solely out of the revenues hereinafter referred to, the principal sum of

_____ DOLLARS

on the maturity date specified above, with interest thereon from the date hereof until the maturity hereof at the per annum rate specified above (computed on the basis of a 360-day year of twelve consecutive 30-day months), payable on August 1, 2003, and semiannually thereafter on each February 1 and August 1 until maturity or earlier redemption. The principal of and the premium (if any) on this warrant shall be payable in lawful money of the United States of America at the principal corporate trust office of The Bank of New York in East Syracuse, New York, or its successors as Trustee under the Indenture hereinafter referred to, and the interest payable on this warrant on each interest payment date shall be remitted, by the Trustee hereinafter referred to, by check or draft mailed or otherwise delivered to the registered holder hereof at the address shown on the registry books of the said Trustee. The principal of and the interest and premium (if any) on this warrant shall bear interest after their respective due dates until paid at the per annum rate shown above.

This warrant is one of a duly authorized issue or series of warrants authorized to be issued in the aggregate principal amount of \$1,155,765,000 and designated Sewer Revenue Refunding Warrants, Series 2003-B (herein called the "Series 2003-B Warrants"). The Series 2003-B Warrants

have been issued, on a parity with the Outstanding Parity Securities hereinafter referred to, under a Trust Indenture dated as of February 1, 1997 (herein called the "Original Indenture"), between the County and The Bank of New York, Birmingham, Alabama, as Trustee (herein, in such capacity, together with its successors in trust, called the "Trustee"), as supplemented and amended by a First Supplemental Indenture dated as of March 1, 1997 (herein called the "First Supplemental Indenture"), by a Second Supplemental Indenture dated as of March 1, 1999 (herein called the "Second Supplemental Indenture"), by a Third Supplemental Indenture dated as of March 1, 2001 (herein called the "Third Supplemental Indenture"), by a Fourth Supplemental Indenture dated as of February 1, 2002 (herein called the "Fourth Supplemental Indenture"), by a Fifth Supplemental Indenture dated as of September 1, 2002 (herein called the "Fifth Supplemental Indenture"), by a Sixth Supplemental Indenture dated as of October 1, 2002 (herein called the "Sixth Supplemental Indenture"), by a Seventh Supplemental Indenture dated as of November 1, 2002 (herein called the "Seventh Supplemental Indenture"), by an Eighth Supplemental Indenture dated as of January 1, 2003 (herein called the "Eighth Supplemental Indenture"), and by a Ninth Supplemental Indenture dated as of April 1, 2003 (herein called the "Ninth Supplemental Indenture"). The County has heretofore issued under the Original Indenture, as supplemented and amended by the First, Second, Third, Fourth, Fifth, Sixth, Seventh and Eighth Supplemental Indentures, (i) \$211,040,000 principal amount of its Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997, (ii) \$48,020,000 principal amount of its Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997, (iii) \$52,880,000 principal amount of its Taxable Sewer Revenue Refunding Warrants, Series 1997-C, dated February 15, 1997, (iv) \$296,395,000 principal amount of its Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997, (v) \$952,695,000 principal amount of its Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999, (vi) \$275,000,000 principal amount of its Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001, (vii) \$110,000,000 principal amount of its Sewer Revenue Capital Improvement Warrants, Series 2002-A, dated March 6, 2002, (viii) \$540,000,000 principal amount of its Sewer Revenue Capital Improvement Warrants, Series 2002-B, dated September 1, 2002, (ix) \$839,500,000 principal amount of its Sewer Revenue Refunding Warrants, Series 2002-C, dated October 25, 2002, (x) \$475,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-D, dated November 1, 2002, and (xi) \$41,820,000 principal amount Sewer Revenue Refunding Warrant, Series 2003-A, dated January 9, 2003 (all of said warrants which are now outstanding being herein together called the "Outstanding Parity Securities"). As used herein, the term "Indenture" means the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture and the Ninth Supplemental Indenture.

The Series 2003-B-8 Warrants are subject to redemption and prepayment prior to maturity, at the option of the County, as a whole or in part, from such maturity or maturities as shall be specified by the County, on February 1, 2010, and on any date thereafter, such redemption to be at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the date fixed for redemption.

If less than all of the outstanding Series 2003-B Warrants of a particular maturity within a particular subseries are to be called for redemption, the Series 2003-B Warrants (or principal portions thereof) to be redeemed shall be selected by the Trustee by lot in the principal amounts designated to the Trustee by the County or otherwise as required by the Indenture. In the event any of the Series 2003-B Warrants are called for redemption, the Trustee shall give notice, in the name of the County, of the redemption of such Warrants, which notice shall state that on the redemption date the Series 2003-B Warrants to be redeemed shall cease to bear interest. Such notice shall be given by mailing a copy thereof by registered or certified mail at least thirty (30) days prior to the date fixed for redemption to the holders of the Series 2003-B Warrants to be redeemed at the addresses shown on the registration books of the Trustee; provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of the redemption of any of the Series 2003-B Warrants for which notice was properly given. Any Series 2003-B Warrants which have been duly selected for redemption and which are deemed to be paid in accordance with the Indenture shall cease to bear interest on the date fixed for redemption and shall thereafter cease to be entitled to any lien, benefit or security under the Indenture.

Under the Indenture, the Outstanding Parity Securities and the Series 2003-B Warrants are equally and ratably secured by a pledge of certain revenues from the sanitary sewer system of the County (herein, as it may at any time exist, called the "System") that remain after the payment of the expenses of operating and maintaining the System. Upon compliance with certain conditions specified in the Indenture, the County may issue additional securities (without limitation as to principal amount) that are secured by the Indenture on a parity with the Outstanding Parity Securities and the Series 2003-B Warrants with respect to the pledge of the aforesaid revenues from the System (the Outstanding Parity Securities, the Series 2003-B Warrants and all such additional securities being herein together called the "Parity Securities").

The holders of the Parity Securities shall never have the right to demand payment of the Parity Securities out of any funds raised or to be raised by taxation or from any source whatsoever, except the payments and amounts described in this warrant and the Indenture. Except for the revenues from the System and the other moneys that may be held by the Trustee under the Indenture, no property of the County is encumbered by any lien or security interest for the benefit of the holder of this warrant. Neither the faith and credit, nor the taxing power, of the State of Alabama or the County, or any other public corporation, subdivision or agency of the State of Alabama or the County, is pledged to the payment of the principal of or the interest or premium (if any) on this warrant.

The transfer of this warrant shall be registered upon the registration books kept at the principal corporate office of the Trustee, at the written request of the holder hereof or his attorney duly authorized in writing, upon surrender of this warrant at said office, together with a written instrument of transfer satisfactory to the Trustee duly executed by the holder hereof or his duly authorized attorney. Upon payment of any required tax or other governmental charge, this warrant may, upon the surrender hereof at the principal corporate trust office of the Trustee, be exchanged for an equal aggregate principal amount of Series 2003-B Warrants of the same maturity in any other authorized denominations.

The Trustee shall not be required to transfer or exchange this warrant during the period of fifteen days next preceding any interest payment date with respect hereto. In the event that this warrant (or any principal portion hereof) is duly called for redemption and prepayment, the Trustee shall not be required to transfer or exchange this warrant during the period of thirty days next preceding the date fixed for such redemption and prepayment.

Except as provided in the Indenture, the registered holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto.

With certain exceptions as provided therein, the Indenture may be modified or amended only with the consent of the holders of a majority in aggregate principal amount of all Parity Securities outstanding under the Indenture.

Reference is hereby made to the Indenture, a copy of which is on file with the Trustee, for the provisions thereof concerning the nature and extent of the rights, duties and obligations of the County, the Trustee and the holders of the Parity Securities. The registered holder of this warrant, by the acceptance hereof, is deemed to have agreed and consented to the terms and provisions of the Indenture.

The County and the Trustee may deem and treat the person in whose name this warrant is registered as the absolute owner hereof for all purposes, whether or not any principal of or interest on this warrant is overdue, and neither the County nor the Trustee shall be affected by any notice to the contrary.

It is hereby certified, recited and declared that all acts, conditions and things required by the constitution and laws of the State of Alabama to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this warrant, do exist, have happened and have been performed in regular and due form as required by law.

No covenant or agreement contained in this warrant or the Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the County in his individual capacity, and neither the members of the governing body of the County, nor any official executing this warrant, shall be liable personally on this warrant or be subject to any personal liability or accountability by reason of the issuance or sale of this warrant.

This warrant shall not be entitled to any right or benefit under the Indenture, or be valid or become obligatory for any purpose, until this warrant shall have been authenticated by the execution by the Trustee, in its capacity as paying agent for the Series 2003-B Warrants, of the certificate of authentication inscribed hereon.

IN WITNESS WHEREOF, the County has caused this warrant to be executed in its name and behalf by the President of its County Commission, has caused its official seal to be hereunto affixed, has caused the signature of the aforesaid President to be attested by the Minute Clerk of its County Commission, and has caused this warrant to be dated April 1, 2003.

JEFFERSON COUNTY, ALABAMA

By _____
President of the County Commission

ATTEST:

Minute Clerk of the
County Commission

[S E A L]

AUTHENTICATION CERTIFICATE

DATE OF AUTHENTICATION: _____

This warrant is one of the Series 2003-B Warrants described in the within-mentioned Trust Indenture.

THE BANK OF NEW YORK,
as Trustee

By _____
Its Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within warrant and hereby irrevocably constitutes and

appoints _____ attorney, with full power of substitution in the premises, to transfer the within warrant on the books kept for registration thereof by the within-mentioned Trustee.

Dated this _____ day of _____, _____.

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears upon the face of the within warrant in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

(Bank, Trust Company or Firm)*

By _____
(Authorized Officer)

Medallion Number: _____

*Signature(s) must be guaranteed by an eligible guarantor institution which is a member of a recognized signature guarantee program, i.e., Securities Transfer Agents Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP), or New York Stock Exchange Medallion Signature Program (MSP).

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2003-B
CUSIP NO. _____**

NOTICE OF CHANGE TO A _____ RATE

Notice is hereby given to the registered owners of \$_____ of the above-captioned issue (the "Warrants") of Jefferson County, Alabama (the "County") that:

1. In accordance with the Ninth Supplemental Indenture relating to the Warrants (the "Indenture"), dated as of April 1, 2003, between the County and The Bank of New York (the "Trustee"), subject to the conditions hereinafter set forth, if any, the interest rate on the Warrants (or such lesser principal amount thereof as may be specified in an attachment hereto) will be changed to a _____ Rate. Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Indenture. The following statements are summaries of certain provisions of the Indenture which do not purport to be complete and are qualified in their entirety by reference to the Indenture.

2. The _____ Rate will be effective from and after _____ (the "Effective Date").

3. The Warrants are subject to mandatory tender on the Effective Date at a purchase price equal to the principal amount thereof.

4. The proposed Change in the Interest Rate Mode shall take effect only if the applicable conditions set forth in Article IV of the Indenture have been satisfied.

5. Registered owners of Warrants are required to deliver their Warrants to the Tender Agent at The Bank of New York, _____, New York, New York _____ no later than [Tender Agent to insert proper time], New York City time, on the Effective Date endorsed in blank by the registered owner thereof or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent executed for transfer in blank by the registered owner thereof (the Tender Agent being able to refuse to make payment with respect to any such Warrant not endorsed in blank or for which an instrument of transfer satisfactory to it has not been provided).

6. Each registered owner of Warrants who has properly tendered such Warrants in accordance with the above provisions will be paid the purchase price therefor on the Effective Date and, if such purchase price is paid, such registered owner shall have no further rights with respect to said Warrants.

7. Holders of Warrants subject to mandatory tender shall have no right to retain such Warrants and shall be required to tender such Warrants on the date established for the mandatory tender for purchase thereof.

8. With respect to any registered owner of Warrants who has not properly tendered such Warrants in accordance with the above provisions of this notice, (A) such registered owner's Warrants will be deemed tendered and purchased on the Effective Date at a purchase price equal to the principal amount thereof, (B) such registered owner will be paid interest on such Warrants on the Effective Date as provided in the Indenture and will be paid such purchase price for such Warrants upon the tender of such Warrants to the Tender Agent and (C) interest on such Warrants shall cease to be payable to such registered owner from and after the Effective Date, and after the Effective Date such registered owner will have no rights with respect to such Warrants except to receive payment of the purchase price equal to the principal amount thereof upon tender of such Warrants to the Tender Agent.

Dated: _____

JEFFERSON COUNTY, ALABAMA

By: THE BANK OF NEW YORK, as Trustee

By _____
Authorized Representative

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2003-B
CUSIP NO. ____**

**CERTIFICATE PURSUANT TO
SECTION [4.1(c)(i)(2) or 4.2(c)(i)(2)] OF THE
NINTH SUPPLEMENTAL INDENTURE**

NOTICE IS HEREBY GIVEN to The Bank of New York, as Trustee for the above-captioned issue (the "Warrants") [and to The Bank of New York as Auction Agent, if applicable] that Jefferson County, Alabama (the "County") hereby authorizes the establishment of a _____ Rate.

Notice is also hereby given that the County has obtained confirmation that (a) Bond Counsel expects to be able to give its opinion on the effective date of the Change in the Interest Rate Mode to the effect that the change to the _____ Rate is authorized by the Ninth Supplemental Indenture referred to below, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Warrants from gross income for federal income tax purposes, and (b) any amendments to the Ninth Supplemental Indenture referred to below necessary to provide for the application of moneys available under the Liquidity Facility have been agreed to by the parties hereto and will be in effect prior to the Change in the Interest Rate Mode.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Ninth Supplemental Indenture relating to the above-captioned Warrants, dated as of April 1, 2003, by and between the County and The Bank of New York, as trustee.

JEFFERSON COUNTY, ALABAMA

By _____
Authorized County Representative

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2003-B
CUSIP NO. ____**

**CERTIFICATE PURSUANT TO
SECTION [4.1(c)(ii)] OF THE
NINTH SUPPLEMENTAL INDENTURE**

NOTICE IS HEREBY GIVEN to The Bank of New York, as Trustee for the above-captioned issue (the "Warrants") [and to The Bank of New York, as Auction Agent, if applicable] that with respect to a Change in the Interest Rate Mode pursuant to Section 4.1 of the Ninth Supplemental Indenture referred to below all of the Warrants tendered or deemed tendered have been purchased at a price equal to the principal amount thereof with funds provided from the remarketing of such Warrants in accordance with the Remarketing Agreement or from other funds deposited with the Tender Agent, and that accrued and unpaid interest, if any, and premium, if any, have been paid from money deposited with the Trustee.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Ninth Supplemental Indenture, dated as of April 1, 2003, by and between Jefferson County, Alabama and The Bank of New York, as trustee.

JEFFERSON COUNTY, ALABAMA

By _____
Authorized County Representative

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2003-B
CUSIP NO. _____**

**NOTICE REGARDING ESTABLISHMENT OF
NEW ADJUSTABLE RATE**

NOTICE IS HEREBY GIVEN to The Bank of New York, as Trustee for the above-captioned issue (the "Warrants") [and to The Bank of New York, as Auction Agent, if applicable] that with respect to a Change in the Interest Rate Mode pursuant to Section 4.1 of the Ninth Supplemental Indenture referred to below all of the Auction Rate Warrants during an Auction Rate Period tendered or deemed tendered have been purchased at a price equal to the principal amount thereof with funds provided from the remarketing of such Auction Rate Warrants in accordance with the Remarketing Agreement, and that accrued and unpaid interest, if any, and premium, if any, on the Warrants have been paid pursuant to the Indenture from funds deposited with the Trustee.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Ninth Supplemental Indenture, dated as of April 1, 2003, by and between Jefferson County, Alabama, and The Bank of New York, as trustee.

JEFFERSON COUNTY, ALABAMA

By _____
Authorized County Representative

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2003-B**

**NOTICE OF PROPOSED CHANGE IN PERCENTAGES
USED TO DETERMINE THE
ALL HOLD RATE AND THE MAXIMUM AUCTION RATE**

NOTICE IS HEREBY GIVEN THAT [Name of Remarketing Agent], as Remarketing Agent for the above-referenced issue, proposes to change the percentage used to determine the All Hold Rate and the Applicable Percentage used to determine the Maximum Auction Rate to reflect a Change in Preference Law in accordance with the Ninth Supplemental Indenture relating to the Warrants (the "Indenture"), dated as of April 1, 2003, between the County and The Bank of New York (the "Trustee"). Assuming the conditions set forth below are met, such change will be effective on _____ (the "Effective Date").

[Insert a description of the changes in the percentages.]

An adjustment in such percentages shall take effect only if:

(i) the Trustee and the Auction Agent receive by 11:00 a.m., New York City time, on the Business Day immediately preceding the Effective Date, a certificate from the Remarketing Agent by telecopy, fac simile or similar means (A) authorizing the adjustment in the percentages, which shall be specified in such authorization, and (B) confirming that Bond Counsel expects to be able to give an opinion on the Effective Date to the effect that the adjustment in the percentages is authorized by Section 3.10 of the Indenture and will not have an adverse effect on the exclusion of interest on the Auction Rate Warrants from gross income for federal income tax purposes; and

(ii) the Trustee and the Auction Agent receive by 9:30 a.m., New York City time, on the Effective Date, an Opinion of Bond Counsel to the effect that the adjustment in the percentages is authorized by Section 3.10 of the Indenture and will not have an adverse effect on the exclusion of interest on the Auction Rate Warrants from gross income for federal income tax purposes.

If any of the conditions referred to in subparagraph (i) above is not met, the existing percentage used to determine the All Hold Rate and the existing Applicable Percentage used to determine the Maximum Auction Rate shall remain in effect and the rate of interest on the Auction Rate Warrants for the next succeeding Interest Period shall be determined in accordance with the Auction

Procedures. If any of the conditions referred to in subparagraph (ii) above is not met, the existing percentage used to determine the All Hold Rate and the existing Applicable Percentage used to determine the Maximum Auction Rate shall remain in effect and the rate of interest on the Auction Rate Warrants for the next succeeding Interest Period shall equal the Maximum Auction Rate on the Effective Date.

Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Indenture.

[NAME OF REMARKETING AGENT],
as Remarketing Agent

By _____
Authorized Officer

Dated: _____

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2003-B
CUSIP NO. _____**

NOTICE OF FAILURE OF CONDITIONS

NOTICE IS HEREBY GIVEN that the conditions for effecting a Change in the Interest Rate Mode to a _____ Rate have not been met.

The above-captioned warrants (the "Warrants") will not be subject to mandatory tender for purchase on [DATE] and will therefore continue to bear interest at the Current Adjustable Rate and be subject to the provisions of the Ninth Supplemental Indenture referred to below applicable while such Warrants bear interest at the Current Adjustable Rate.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Ninth Supplemental Indenture, dated as of April 1, 2003, by and between Jefferson County, Alabama and The Bank of New York, as trustee.

THE BANK OF NEW YORK, as Trustee

By _____
Title

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2003-B**

NOTICE OF PROPOSED CONVERSION TO FIXED RATE

Notice is hereby given to the registered owners of the above-captioned issue (the "Warrants") of Jefferson County, Alabama (the "County") that:

1. The County is proposing to convert the interest rate on the Warrants to a fixed interest rate (the "Fixed Rate") on _____ (the "Fixed Rate Conversion Date"). Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Ninth Supplemental Indenture dated as of April 1, 2003, between the County and The Bank of New York, as Trustee (the "Indenture"). The following statements are summaries of certain provisions of the Indenture which do not purport to be complete and are qualified in their entirety by reference to the Indenture.

2. All Warrants are subject to mandatory tender for purchase on the Fixed Rate Conversion Date at a purchase price equal to the principal amount thereof plus, in the case of a Change in the Interest Rate Mode from a Term Rate, premium, if any.

3. The Fixed Rate shall take effect only if the conditions set forth in Section 4.2 of the Indenture have been satisfied.

4. There is no right of election to retain Warrants.

5. Registered owners of Warrants are required to deliver their Warrants to the Tender Agent by no later than [Tender Agent shall insert appropriate time], New York City time, on the proposed Fixed Rate Conversion Date at the office of the Tender Agent located at _____, endorsed in blank for transfer by the registered owner thereof or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent executed in blank for transfer by the registered owner thereof (the Tender Agent being able to refuse payment with respect to any such Warrant not endorsed in blank or for which an instrument of transfer satisfactory to it has not been provided).

6. Each registered owner of Warrants who has properly tendered such Warrants in accordance with the above provisions will be paid the purchase price plus, in the case of a Change in the Interest Rate Mode from a Term Rate, premium, if any, therefor on the Fixed Rate Conversion Date and if such purchase price plus premium, if any, plus interest accrued to the Fixed Rate

Conversion Date (which interest will be paid in accordance with the Indenture) is paid, such registered owner shall have no further rights with respect to said Warrants.

7. With respect to any registered owner of Warrants who has not properly tendered such Warrants in accordance with the above provisions of this notice, (A) such registered owner's Warrants will be deemed tendered and purchased on such Fixed Rate Conversion Date at a purchase price equal to the principal amount thereof plus, in the case of a Change in the Interest Rate Mode from a Term Rate, premium, if any, (B) such registered owner will be paid interest on such Warrants on the proposed Fixed Rate Conversion Date as provided in the Indenture and will be paid such purchase price plus premium, if any, for such Warrants upon the tender of such Warrants to the Tender Agent and (C) interest on such Warrants shall cease to be payable to such registered owner from and after the proposed Fixed Rate Conversion Date, and after the proposed Fixed Rate Conversion Date such registered owner will have no rights with respect to such Warrants except to receive payment of the purchase price plus, in the case of a Change in the Interest Rate Mode from a Term Rate, premium, if any, upon tender of such Warrants to the Tender Agent.

Dated: _____

JEFFERSON COUNTY, ALABAMA

By: THE BANK OF NEW YORK, as Trustee

By _____
Authorized Representative

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2003-B**

**CERTIFICATE PURSUANT TO
SECTION 4.2(c)(ii)(2) OF THE INDENTURE**

NOTICE IS HEREBY GIVEN that, with respect to a Change in the Interest Rate Mode pursuant to Section 4.2 of the Ninth Supplemental Indenture referred to below, all of the Warrants tendered or deemed tendered have been purchased at a price equal to the principal amount thereof, with funds provided from the remarketing of such Warrants in accordance with the Remarketing Agreement or from other funds deposited with the Tender Agent, and accrued and unpaid interest, if any, plus, in the case of a Change in the Interest Rate Mode from a Term Rate, premium, if any, have been paid from money deposited with the Trustee on terms permitting the payment of such premium when due.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Ninth Supplemental Indenture, dated as of April 1, 2003, by and between Jefferson County, Alabama and The Bank of New York, as trustee.

JEFFERSON COUNTY, ALABAMA

By _____
Authorized County Representative

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2003-B**

**NOTICE OF FAILURE OF CONDITIONS
TO FIXED RATE CONVERSION**

NOTICE IS HEREBY GIVEN that the conditions for effecting a Change in the Interest Rate Mode to a Fixed Rate have not been met.

The above-captioned Warrants will therefore not be subject to mandatory tender for purchase on [DATE] and will continue to bear interest at the Current Adjustable Rate and be subject to the provisions of the Ninth Supplemental Indenture referred to below applicable while such Warrants bear interest at the Current Adjustable Rate.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Ninth Supplemental Indenture, dated as of April 1, 2003, by and between Jefferson County, Alabama and The Bank of New York, as trustee.

THE BANK OF NEW YORK, as Trustee

By _____
Title

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2003-B**

NOTICE OF ELECTION TO TENDER

Note: The substance of this Notice must be given to the Remarketing Agent by telephone at or prior to the time this Notice must be delivered.

1. The undersigned, _____, owner of the following Warrants:

Cusip Number**	Principal Amount
----------------	------------------

hereby notifies you of its election to tender such Warrants for purchase on [_____, ____], (which date shall be a Business Day) and (a) if this Warrant bears interest at a Daily Rate as defined in the Ninth Supplemental Indenture referred to below, the date of purchase shall be the date of delivery of this Notice to the Tender Agent and the Remarketing Agent if received by 11:00 a.m., New York City time, or may be any Business Day thereafter; and (b) if this Warrant bears interest at a Weekly Rate as defined in said Ninth Supplemental Indenture, the date of purchase shall be a Business Day not prior to the seventh day immediately following the date of delivery of this Notice to the Tender Agent and the Remarketing Agent.

2. If only a portion of a Warrant is being tendered, both the tendered portion and untendered portion must be authorized denominations (\$100,000 or any integral multiple of \$5,000 in excess of such amount) for Warrants bearing a Daily Rate or Weekly Rate.

3. After its execution and delivery by the undersigned, this notice will be irrevocable.

4. The person or persons to whom or to whose order the proceeds of the purchase of the above-referenced Warrants are to be paid, such person's or persons' taxpayer identification number or numbers and the address or addresses of such payee or payees is _____

which information the undersigned, under the penalties of perjury, certifies to be true, correct and complete.

**Warrant Number, if Warrants are no longer held by Securities Depository.

5. The undersigned hereby undertakes to deliver the Warrants to The Bank of New York (the "Tender Agent") no later than 11:30 a.m., New York City time, for Warrants bearing interest at the Weekly Rate, and 12:00 noon, New York City time, for Warrants bearing interest at a Daily Rate, on the date of purchase at the office of the Tender Agent located _____, endorsed in blank for transfer or accompanied by an instrument of transfer executed in blank for transfer, and acknowledges that any instrument of transfer must be in a form satisfactory to the Tender Agent and that the Tender Agent may refuse to make payment with respect to any Warrant not endorsed in blank or for which an instrument of transfer satisfactory to the Tender Agent has not been provided.

6. The undersigned hereby also assigns and transfers and directs the Tender Agent to transfer the Warrants delivered in connection herewith to the appropriate party under the terms and conditions contained in said Ninth Supplemental Indenture.

7. The undersigned acknowledges that, in the event of a failure to deliver the Warrants or in the event such Warrants are not properly delivered, such Warrants shall nevertheless be deemed tendered and purchased on the date referred to in (1) above, no interest shall accrue thereon to the undersigned from and after such date of purchase and that the undersigned shall have no rights under the Warrants or under said Ninth Supplemental Indenture except the right to receive the purchase price of the Warrants.

8. Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Ninth Supplemental Indenture, dated as of April 1, 2003, by and between Jefferson County, Alabama and The Bank of New York, as Trustee. The statements contained herein are summaries of certain provisions of said Ninth Supplemental Indenture, which summaries do not purport to be complete and are qualified in their entirety by reference to such document.

Dated: _____

Name of Owner as it is written on the face of the above-listed Warrants in every particular, without alteration, enlargement or any change whatsoever

Witness

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2003-B**

**NOTICE OF MANDATORY TENDER UPON EXPIRATION,
TERMINATION, SUBSTITUTION OR AMENDMENT
OF LIQUIDITY FACILITY
OR FAILURE TO MAINTAIN RATING**

Notice is hereby given to the registered owners of the above-captioned issue (the "Warrants") of Jefferson County, Alabama (the "County") that:

1. In accordance with the Ninth Supplemental Indenture (the "Indenture") dated as of April 1, 2003, between the County and The Bank of New York, notice is hereby given that [the Liquidity Facility issued by _____ with respect to the Warrants (the "Liquidity Facility") will expire, terminate, or be amended, or an Alternate Liquidity Facility will be substituted therefor, which expiration, termination, amendment or substitution will result in a reduction in or withdrawal of the short-term or long-term rating or both assigned to the affected Warrants by Moody's or S&P, on _____] [_____, the provider of a Liquidity Facility (the "Liquidity Facility") with respect to certain of the Warrants, has failed to maintain its ratings as specified in the Indenture] and that all Warrants covered by the Liquidity Facility, other than Bank Warrants and Warrants held by or for the account of the County, are subject to mandatory tender under the circumstances set forth in Section 5.4 of the Indenture as hereinafter set forth at a purchase price equal to the principal amount thereof.

2. Those of the Warrants covered by the Liquidity Facility are subject to mandatory tender for purchase on _____ (the "Mandatory Tender Date").

3. Holders of Warrants subject to mandatory tender for purchase on the Mandatory Tender Date shall have no right to retain their Warrants and shall be required to tender such Warrants no later than the Mandatory Tender Date as provided herein.

4. On and after the Mandatory Tender Date, the [short-term] [long term] rating on the Warrants covered by the Liquidity Facility by [insert, as appropriate: (i) Moody's and/or S&P will be _____ and/or (ii) Moody's and/or S&P may be reduced or withdrawn].

5. Registered owners of Warrants are required to deliver their Warrants to the Tender Agent on the Mandatory Tender Date at the office of the Tender Agent located at _____, endorsed in blank by the registered owner thereof or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent

executed in blank by the registered owner thereof (the Tender Agent being able to refuse to make payment with respect to any such Warrant not endorsed in blank or for which an instrument of transfer satisfactory to it has not been provided).

6. Each registered owner of Warrants who has properly tendered such Warrants in accordance with the above provisions will be paid the purchase price therefor, plus interest accrued to the Mandatory Tender Date, which interest will be paid to such registered owner in accordance with the Indenture, and if such purchase price and interest is paid, such registered owner shall have no further rights with respect to said Warrants.

7. With respect to any registered owner of Warrants who has not properly tendered such Warrants in accordance with the above provisions of this notice (A) such registered owner's Warrants will nevertheless be deemed tendered and purchased on the Mandatory Tender Date at a purchase price equal to the principal amount thereof, (B) such registered owner will be paid interest on such Warrants on the Mandatory Tender Date as provided in the Indenture and will be paid such purchase price for such Warrants upon the tender of such Warrants to the Tender Agent and (C) interest on such Warrants shall cease to be payable to such registered owner from and after the Mandatory Tender Date, and after the Mandatory Tender Date such registered owner will have no rights with respect to such Warrants except to receive payment of the purchase price upon tender of such Warrants to the Tender Agent.

8. Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Indenture. The statements contained herein are summaries of certain provisions of the Indenture which do not purport to be complete and are qualified in their entirety by reference to the Indenture.

Dated: _____

JEFFERSON COUNTY, ALABAMA

By: THE BANK OF NEW YORK, as Trustee

By _____
Authorized Officer

366433.4

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TENTH SUPPLEMENTAL INDENTURE

between

JEFFERSON COUNTY, ALABAMA

and

THE BANK OF NEW YORK

Dated as of August 1, 2003

Relating to

\$1,052,025,000

JEFFERSON COUNTY, ALABAMA

**Sewer Revenue Refunding Warrants
Series 2003-C**

C.1-J

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to

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between

JEFFERSON COUNTY, ALABAMA

and

THE BANK OF NEW YORK

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Appendix I – Form of Series 2003-C Warrants

- Exhibit A – Notice of Change to a _____ Rate
- Exhibit B-1 – Certificate Pursuant to Section 4.1(c)(i)(2) or 4.2(c)(i)(2) of the Tenth Supplemental Indenture
- Exhibit B-2 – Certificate Pursuant to Section 4.1(c)(ii) of the Tenth Supplemental Indenture
- Exhibit B-3 – Notice Regarding Establishment of New Adjustable Rate
- Exhibit B-4 – Notice of Proposed Change in Percentages Used to Determine the All Hold Rate and the Maximum Auction Rate
- Exhibit C – Notice of Failure of Conditions
- Exhibit D – Notice of Proposed Conversion to Fixed Rate
- Exhibit E – Certificate Pursuant to Section 4.2(c)(ii)(2) of the Indenture
- Exhibit F – Notice of Failure of Conditions to Fixed Rate Conversion
- Exhibit G – Notice of Election to Tender
- Exhibit H – Notice of Mandatory Tender Upon Expiration, Termination, Substitution or Amendment of Liquidity Facility or Failure to Maintain Rating

TENTH SUPPLEMENTAL INDENTURE between **JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (herein called the "County"), and **THE BANK OF NEW YORK**, a New York banking corporation, in its capacity as successor to AmSouth Bank of Alabama as Trustee under that certain Trust Indenture of the County dated as of February 1, 1997 (said banking corporation in such capacity, as well as any successor trustee under said Trust Indenture, being herein called the "Trustee"),

RECITALS

Under and pursuant to the provisions of the aforesaid Trust Indenture (herein called the "Original Indenture"), the County has heretofore issued \$211,040,000 principal amount of Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997 (herein called the "Series 1997-A Warrants"), \$48,020,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997 (herein called the "Series 1997-B Warrants"), and \$52,880,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-C, dated February 15, 1997 (herein called the "Series 1997-C Warrants"). The Series 1997-A Warrants, the Series 1997-B Warrants and the Series 1997-C Warrants were issued to refund certain indebtedness of the County that had been incurred to pay the costs of certain capital improvements to the County's sanitary sewer system (herein called the "System"). The Series 1997-A Warrants are now outstanding in the principal amount of \$82,270,000. The Series 1997-B Warrants and Series 1997-C Warrants are no longer outstanding.

Under the provisions of Article X of the Original Indenture, the County reserved the right to issue, upon compliance with the conditions precedent set forth in said Article X, additional warrants, bonds, notes or other forms of indebtedness (herein called "Additional Parity Securities"), to be secured on a parity with securities previously issued under the Indenture, for the purposes of refunding any outstanding obligations of the County issued to finance capital improvements to the System and of financing the costs of acquiring and constructing capital improvements to the System. The County has heretofore issued as Additional Parity Securities its (a) its \$296,395,000 aggregate principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997 (herein called the "Series 1997-D Warrants"), which are now outstanding in the principal amount of \$43,760,000, (b) its \$952,695,000 aggregate principal amount of Sewer Revenue Warrants, Series 1999-A, dated March 1, 1999 (herein called the "Series 1999-A Warrants"), which are now outstanding in the principal amount of \$133,590,000, (c) its \$275,000,000 aggregate principal amount of Sewer Revenue Warrants, Series 2001-A, dated March 1, 2001 (herein called the "Series 2001-A Warrants"), which are now outstanding in the principal amount of \$62,975,000, (d) its \$110,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-A, dated March 6, 2002 (herein called the "Series 2002-A Warrants"), (e) its \$540,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-B, dated September 1, 2002 (herein called the "Series 2002-B Warrants"), which are now outstanding in the principal amount of \$333,080,000, (f) its \$839,500,000 aggregate principal amount of Sewer Revenue Refunding

Warrants, Series 2002-C, dated October 25, 2002 (herein called the "Series 2002-C Warrants"), (g) its \$475,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-D, dated November 1, 2002 (herein called the "Series 2002-D Warrants"), which are now outstanding in the principal amount of \$447,220,000, (h) its \$39,325,000 principal amount Sewer Revenue Refunding Warrant, Series 2003-A (herein called the "Series 2003-A Warrant"), and (i) its \$1,155,765,000 aggregate principal amount of Sewer Revenue Refunding Warrants, Series 2003-B (herein called the "Series 2003-B Bonds"). The Series 1997-D Warrants, the Series 1999-A Warrants, the Series 2001-A Warrants, the Series 2002-A Warrants, the Series 2002-B Warrants, the Series 2002-C Warrants, the Series 2002-D Warrants, the Series 2003-A Warrant and the Series 2003-B Warrants were issued under the Original Indenture, as supplemented and amended by the First Supplemental Indenture dated as of March 1, 1997 (herein called the "First Supplemental Indenture"), the Second Supplemental Indenture dated as of March 1, 1999 (herein called the "Second Supplemental Indenture"), the Third Supplemental Indenture dated as of March 1, 2001 (herein called the "Third Supplemental Indenture"), the Fourth Supplemental Indenture dated as of February 1, 2002 (herein called the "Fourth Supplemental Indenture"), the Fifth Supplemental Indenture dated as of September 1, 2002 (herein called the "Fifth Supplemental Indenture"), the Sixth Supplemental Indenture dated as of October 1, 2002 (herein called the "Sixth Supplemental Indenture"), the Seventh Supplemental Indenture dated as of November 1, 2002 (herein called the "Seventh Supplemental Indenture"), the Eighth Supplemental Indenture dated as of January 1, 2003 (herein called the "Eighth Supplemental Indenture"), and the Ninth Supplemental Indenture dated as of April 1, 2003 (herein called the "Ninth Supplemental Indenture"), between the County and the Trustee.

The County proposes to sell and issue the Series 2003-C Warrants hereinafter referred to in order to refund certain of its previously issued sewer revenue warrants. The County has, by proper official action and pursuant to the provisions of the Original Indenture (as heretofore supplemented), duly authorized said Series 2003-C Warrants, which are to be secured by the Original Indenture, as supplemented hereby and by the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth and Ninth Supplemental Indentures, on a parity with the outstanding Series 1997-A Warrants, Series 1997-D Warrants, Series 1999-A Warrants, Series 2001-A Warrants, Series 2002-A Warrants, Series 2002-B Warrants, Series 2002-C Warrants, Series 2002-D Warrants, Series 2003-A Warrant and Series 2003-B Warrants (herein together called the "Outstanding Parity Securities"). This Tenth Supplemental Indenture has been executed and delivered in order to specify the details with respect to said Series 2003-C Warrants and to provide for certain other matters set forth herein.

NOW, THEREFORE, THIS

TENTH SUPPLEMENTAL INDENTURE

WITNESSETH:

It is hereby agreed among the County, the Trustee and the holders at any time of said Series 2003-C Warrants (the holders of said Series 2003-C Warrants evidencing their consent hereto by the acceptance of said Series 2003-C Warrants), each with each of the others, as follows:

ARTICLE I

DEFINITIONS, FINDINGS AND USE OF PHRASES

Section 1.1 **New Definitions.** Unless the context clearly indicates a different meaning, the following words and phrases, as used in this Tenth Supplemental Indenture, shall have the following respective meanings:

"Adjustable Rate" means a Commercial Paper Rate, an Auction Rate, a Daily Rate, a Weekly Rate or a Term Rate.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control", when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"After-Tax Equivalent Rate" means, on any date of determination with respect to Auction Rate Warrants during an Auction Rate Period, the interest rate per annum equal to the product of (x) the Commercial Paper/Treasury Rate on such date and (y) 1.00 minus the Statutory Corporate Tax Rate on such date.

"Agent Member" means a member of, or participant in, the Securities Depository.

"All Hold Rate" means, on any date of determination with respect to Auction Rate Warrants, the rate per annum equal to 65% (as such percentage may be adjusted pursuant to Section 3.10) of the lesser of (i) the Index on such date and (ii) the After-Tax Equivalent Rate on such date; provided, however, that in no event shall such All Hold Rate exceed the maximum rate, if any, permitted by applicable law.

"Alternate Credit Facility" means any Credit Facility obtained pursuant to the provisions of Section 6.3 in substitution for or in addition to an existing Credit Facility or Facilities. An Alternate Credit Facility shall be an insurance policy or instrument that provides for the payment when due of principal and interest on the Series 2003-C Warrants to substantially the same extent as the initial Policy.

"Alternate Liquidity Facility" means any Liquidity Facility obtained pursuant to the provisions of Section 6.2 in replacement of an existing Liquidity Facility.

"Applicable Percentage" means, on any date of determination, the percentage determined as set forth below (as such percentage may be adjusted, with the consent of the affected Bond Insurer, for Auction Rate Warrants pursuant to Section 3.10) based on the prevailing long-term rating of the Auction Rate Warrants in effect at the close of business on the Business Day immediately preceding such date of determination:

<u>Prevailing Rating</u>	<u>Applicable Percentage</u>
AAA/Aaa	125%
AA/Aa	150%
A/A	200%
BBB/Baa	250%
Below BBB/Baa	275%

For purposes of this definition, the "prevailing long-term rating" of the Auction Rate Warrants will be (a) AAA/Aaa if the Auction Rate Warrants have a rating of AAA by S&P and a rating of Aaa by Moody's, or the equivalent of such ratings by a substitute rating agency or agencies selected as provided below, (b) if not AAA/Aaa, then AA/Aa if the Auction Rate Warrants have a rating of AA- or better by S&P and a rating of Aa3 or better by Moody's, or the equivalent of such ratings by a substitute rating agency or agencies selected as provided below, (c) if not AAA/Aaa or AA/Aa, then A/A if the Auction Rate Warrants have a rating of A- or better by S&P and a rating of A3 or better by Moody's, or the equivalent of such ratings by a substitute rating agency or agencies selected as provided below, (d) if not AAA/Aaa, AA/Aa or A/A, then BBB/Baa if the Auction Rate Warrants have a rating of BBB- or better by S&P and a rating of Baa3 or better by Moody's, or the equivalent of such ratings by a substitute rating agency or agencies selected as provided below, and (e) if not AAA/Aaa, AA/Aa, A/A or BBB/Baa, then below BBB/Baa, whether or not the Auction Rate Warrants are rated by any securities rating agency.

If (x) the Auction Rate Warrants are rated by a rating agency or agencies other than Moody's or S&P and (y) the County has delivered to the Trustee and the Auction Agent an instrument designating one or two of such rating agencies to replace Moody's or S&P, or both, then for purposes of the definition of "prevailing rating" Moody's or S&P, or both, will be deemed to have been replaced in accordance with such instrument; provided, however, that such instrument must be accompanied by the consent of the Remarketing Agent. For purposes of this definition, S&P's rating categories of AAA, AA-, A- and BBB-, and Moody's rating categories of Aaa, Aa3, A3 and Baa3, refer to and include the respective rating categories correlative thereto in the event that either or both of such rating agencies have changed or modified their generic rating categories. If the prevailing ratings for the Series 2003-C Warrants are split between the categories set forth above, the lower rating will determine the prevailing rating.

"Auction" means each periodic implementation of the Auction Procedures for Auction Rate Warrants.

"Auction Agency Agreement" means the Auction Agency Agreement dated May 1, 2003, entered into between the County and the Auction Agent with respect to the Auction Rate Warrants, as from time to time amended and supplemented.

"Auction Agent" means any entity appointed as such pursuant to Section 10.7 and its successors and assigns.

"Auction Date" means, with respect to each Auction Period, the last Tuesday of the immediately preceding Auction Period, in the case of the Series 2003-C-1 through C-5 Warrants, and the last Wednesday of the immediately preceding Auction Period, in the case of the Series 2003-C-6 through C-10 Warrants (or such other day that the Remarketing Agent shall establish as the Auction Date therefor pursuant to Section 3.5); provided that, if such day is not a Business Day, the Auction Date shall be the next succeeding Business Day.

"Auction Period" means a Standard Auction Period applicable to the Series 2003-C Warrants, provided that each Auction Period shall begin on an Interest Payment Date and end on, but exclude, the next succeeding Interest Payment Date.

"Auction Procedures" means with respect to Auction Rate Warrants the procedures set forth in Sections 3.6 through 3.9.

"Auction Rate" means, with respect to Auction Rate Warrants and each Auction Period for such Auction Rate Warrants, the rate of interest per annum determined for the Warrants pursuant to Article III, which shall not in any case exceed the Maximum Auction Rate.

"Auction Rate Period" means any period during which Series 2003-C Warrants bear interest at an Auction Rate determined pursuant to the implementation of Auction Procedures established under Article III, which period shall commence on the effective date of a Change in the Interest Rate Mode to an Auction Rate and shall extend through the day immediately preceding the earlier of (a) the effective date of a Change in the Interest Rate Mode, (b) the Fixed Rate Conversion Date or (c) the Stated Maturity.

"Auction Rate Period Record Date" means, with respect to each Interest Payment Date during an Auction Rate Period, the Business Day next preceding such Interest Payment Date.

"Auction Rate Warrants" means, with respect to an Auction Rate Period, any Series 2003-C Warrants or subseries of Series 2003-C Warrants which bear the Auction Rate determined pursuant to Article III.

"Authorized Denominations" means (i) for Series 2003-C Warrants bearing interest at the Weekly Rate, the Daily Rate or the Commercial Paper Rate, \$100,000 or any larger amount that is a multiple of \$5,000, (ii) for Series 2003-C Warrants bearing interest at the Auction Rate, \$25,000 or any integral multiple thereof, and (iii) for Series 2003-C Warrants bearing interest at a Term Rate or a Fixed Rate, \$5,000 or any multiple thereof.

"Available Auction Rate Warrants" means, with respect to Auction Rate Warrants, Available Auction Rate Warrants as defined in Section 3.8.

"Bank Warrant" or **"Bank Warrants"** means any Series 2003-C Warrant or Warrants purchased by a Liquidity Provider (or any permitted assignee) pursuant to any Liquidity Facility (other than a surety bond or another instrument issued by a municipal bond or financial guarantee insurance company) for so long as it remains a Bank Warrant pursuant to such facility.

"Bank Warrant Interest Rate" or **"Bank Rate"**, at any date of determination, has the meaning ascribed thereto in any Liquidity Facility (other than a surety bond or another instrument issued by a municipal bond or financial guarantee insurance company), provided that the Bank Warrant Interest Rate shall in no event exceed 18% per annum.

"Beneficial Owner" means, with respect to Auction Rate Warrants, a customer of a Broker-Dealer who is listed on the records of that Broker Dealer as a holder of the Auction Rate Warrants.

"Bid" means, with respect to Auction Rate Warrants, Bid as defined in Section 3.6.

"Bidder" means, with respect to Auction Rate Warrants, Bidder as defined in Section 3.6.

"Bond Insurer" means Financial Guaranty or FSA, as in the context may be appropriate.

"Broker-Dealer" means any broker-dealer (as defined in the Securities Exchange Act of 1934, as amended), commercial bank or other entity permitted by law to perform the functions required of a Broker-Dealer set forth in the Auction Procedures (i) that is an Agent Member (or an affiliate of an Agent Member), (ii) that has been selected by the Auction Agent with the consent of the Remarketing Agent, and (iii) that has entered into a Broker-Dealer Agreement with the Auction Agent that remains effective.

"Broker-Dealer Agreement" means each agreement applicable to Auction Rate Warrants between a Broker-Dealer and the Auction Agent pursuant to which such Broker-Dealer, among other things, agrees to participate in Auctions as set forth in the Auction Procedures, as from time to time amended and supplemented.

"Calculation Period" means (a) during any Commercial Paper Rate Period, the period from and including the effective date of the Change in the Interest Rate Mode to a Commercial Paper Rate Period to but not including any day not more than 270 days thereafter which is a day immediately

preceding a Business Day established by the Remarketing Agent pursuant to Section 3.2; (b) during any Daily Rate Period, the period from and including a Business Day to but not including the next succeeding Business Day; (c) during any Weekly Rate Period, initially the period from and including the effective date of the Change in the Interest Rate Mode to a Weekly Period to and including the following Wednesday (but not less than two days) and, thereafter, the period from and including the Thursday of each week to and including the following Wednesday; provided, however, that, if such Thursday is not a Business Day, the next succeeding Calculation Period shall begin on the Business Day next succeeding such Thursday and shall end on the day before the next succeeding Calculation Period; and (d) during any Term Rate Period, any period of not less than 270 days from and including a Business Day to and including any day (established by the County pursuant to Section 4.1(a)) not later than the day prior to the Stated Maturity of the Series 2003-C Warrants.

"Change in the Interest Rate Mode" means any change in the method of determining the interest rate borne by Series 2003-C Warrants pursuant to Section 4.1 or 4.2.

"Change of Preference Law" means any amendment to the Code or other statute enacted by the Congress of the United States or any temporary, proposed or final regulation promulgated by the United States Treasury, after the date hereof which (a) changes or would change any deduction, credit or other allowance allowable in computing liability for any federal tax with respect to, or (b) imposes, or would impose, reduces or would reduce, or increases or would increase any federal tax (including, but not limited to, preference or excise taxes) upon, any interest earned by any Holder of warrants of the same character as the Series 2003-C Warrants the interest on which is excluded from federal gross income under Section 103 of the Code.

"Closing Date" means the date on which the Series 2003-C Warrants are paid for by and delivered to the Underwriters.

"Commercial Paper Dealers" means J.P. Morgan Securities, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, or their respective affiliates or successors, provided that any such entity is a commercial paper dealer and, if not, as replaced by a Substitute Commercial Paper Dealer.

"Commercial Paper Period Record Date" means, with respect to each Interest Payment Date for a Commercial Paper Rate Period, the Business Day next preceding such Interest Payment Date.

"Commercial Paper Rate" means, with respect to each Calculation Period during a Commercial Paper Rate Period, a rate of interest equal to the rate of interest per annum, established and certified to the Trustee (with a copy to the County and the Tender Agent) by the Remarketing Agent no later than 9:30 a.m. (New York City time) on and as of the first day of such Calculation Period as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such day to remarket the Series 2003-C Warrants in a secondary

market transaction at a price equal to the principal amount thereof; provided that such rate of interest shall not exceed 10% per annum.

"Commercial Paper Rate Period" means any period of not more than 270 days during which Series 2003-C Warrants bear interest at one or more Commercial Paper Rates, which period shall commence on the effective date of a Change in the Interest Rate Mode to a Commercial Paper Rate mode and extend through the day immediately preceding the earliest of (a) the effective date of another Change in the Interest Rate Mode, (b) the Fixed Rate Conversion Date or (c) the Stated Maturity of Series 2003-C Warrants.

"Commercial Paper/Treasury Rate" means, on any date of determination with respect to Auction Rate Warrants, (i) in the case of any Auction Period of less than 49 days, the interest equivalent of the 30-day rate, (ii) in the case of any Auction Period of 49 days or more but less than 70 days, the interest equivalent of the 60-day rate, (iii) in the case of any Auction Period of 70 days or more but less than 85 days, the arithmetic average of the interest equivalent of the 60-day and 90-day rates, (iv) in the case of any Auction Period of 85 days or more but less than 99 days, the interest equivalent of the 90-day rate; (v) in the case of any Auction Period of 99 days or more but less than 120 days, the arithmetic average of the interest equivalent of the 90-day and 120-day rates, (vi) in the case of any Auction Period of 120 days or more but less than 141 days, the interest equivalent of the 120-day rate, (vii) in the case of any Auction Period of 141 days or more but less than 162 days, the arithmetic average of the interest equivalent of the 120-day and 180-day rates, (viii) in the case of any Auction Period of 162 days or more but less than 183 days, the interest equivalent of the 180-day rate, and (ix) in the case of any Auction Period of 183 days or more, the Treasury Rate for such Auction Period. The foregoing rates shall in all cases, except with respect to the Treasury Rate, be rates on commercial paper placed on behalf of issuers whose corporate bonds are rated "AA" by S&P, or the equivalent of such rating by S&P, as made available on a discount basis or otherwise by the Federal Reserve Bank of New York for the Business Day immediately preceding such date of determination, or in the event that the Federal Reserve Bank of New York does not make available any such rate, then the arithmetic average of such rates, as quoted on a discount basis or otherwise, by the Commercial Paper Dealers, to the Auction Agent for the close of business on the Business Day immediately preceding such date of determination.

If any Commercial Paper Dealer does not quote a commercial paper rate required to determine the Commercial Paper/Treasury Rate, the Commercial Paper/Treasury Rate shall be determined on the basis of a commercial paper quotation or quotations furnished by the remaining Commercial Paper Dealer or Dealers and any Substitute Commercial Paper Dealer or Dealers selected by the County to provide such quotation or quotations not being supplied by any Commercial Paper Dealer or Dealers, as the case may be, or if the County does not select any such Substitute Commercial Paper Dealer or Dealers, by the remaining Commercial Paper Dealer or Dealers. For purposes of this definition, the "interest equivalent" of a rate stated on a discount basis (a "discount rate") for commercial paper of a given day's maturity shall be equal to the product of (A) 100 times (B) the quotient (rounded upwards to the next higher one-thousandth (.001) of 1%) of (x) the discount rate (expressed in decimals) divided by (y) the difference between (1) 1.00 and (2) a fraction the

numerator of which shall be the product of the discount rate (expressed in decimals) times the number of days in which such commercial paper matures and the denominator of which shall be 360.

"Commission" means the Securities and Exchange Commission.

"Computation Date" means each date which is one Business Day prior to any Determination Date.

"Credit Facility" means any bond insurance policy or other instrument that provides for the payment when due of principal and interest on the Series 2003-C Warrants or any subseries thereof.

"Current Adjustable Rate" means the interest rate or rates borne by Series 2003-C Warrants immediately prior to a Change in the Interest Rate Mode or the establishment of the Fixed Rate.

"Daily Period Record Date" means, with respect to each Interest Payment Date for a Daily Rate Period, the Business Day next preceding such Interest Payment Date.

"Daily Rate" means, with respect to each Calculation Period during a Daily Rate Period, a rate of interest equal to the rate of interest per annum established and certified to the Trustee (with a copy to the County and the Tender Agent) by the Remarketing Agent no later than 9:30 a.m. (New York City time) on and as of the first day of such Calculation Period as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such day to remarket Series 2003-C Warrants in a secondary market transaction at a price equal to the principal amount thereof plus accrued interest thereon; provided that such rate of interest shall not exceed 10% per annum.

"Daily Rate Period" means any period during which the Series 2003-C Warrants bear interest at a Daily Rate, which period shall commence on the effective date of the Change in the Interest Rate Mode to a Daily Rate and extend through the day immediately preceding the earlier of (a) the effective date of another Change in the Interest Rate Mode, (b) the Fixed Rate Conversion Date, and (c) the Stated Maturity of Series 2003-C Warrants.

"Determination Date" or **"date of determination"** means, for any Calculation Period (other than the Calculation Period or Periods commencing on and including the Closing Date), the first Business Day occurring during such Calculation Period.

"Existing Holder" means, with respect to Auction Rate Warrants, a Broker-Dealer that is listed as a holder of Auction Rate Warrants in the records of the Auction Agent.

"Failure to Deposit" means any failure to deposit into the Debt Service Fund on or before an Interest Payment Date for Auction Rate Warrants an amount sufficient to pay in full the interest and principal (if any) becoming due and payable on such warrants on such date.

"FGIC-Insured Warrants" means those of the Series 2003-C Warrants initially issued as subseries 2003-C-1 through 2003-C-8.

"FGIC Policy" means the municipal bond insurance policy issued by Financial Guaranty on the Closing Date insuring the payment when due of the principal of and interest on the FGIC-Insured Warrants as provided therein.

"Financial Guaranty" means Financial Guaranty Insurance Company, or any successor thereto or assignee thereof.

"Fixed Rate" means, with respect to the Fixed Rate Conversion Date for any Series 2003-C Warrants, the rate of interest per annum established and certified to the Trustee (with a copy to the County and the Tender Agent) by the Remarketing Agent no later than 9:30 a.m. (New York City time) on and as of such date as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such date to remarket the Series 2003-C Warrants in a secondary market transaction at a price equal to the principal amount thereof; provided that such rate of interest shall not exceed 12% per annum.

"Fixed Rate Conversion Date" shall have the meaning set forth in Section 4.2.

"Fixed Rate Period" means the period, if any, during which Series 2003-C Warrants bear interest at a Fixed Rate, which period shall commence on the Fixed Rate Conversion Date therefor and extend to the Stated Maturity therefor.

"Fixed Rate Record Date" means, with respect to each Interest Payment Date for the Fixed Rate Period, the fifteenth day of the calendar month next preceding such Interest Payment Date.

"FSA" means Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto or assignee thereof.

"FSA-Insured Warrants" means those of the Series 2003-C Warrants initially issued as subseries 2003-C-9 and 2003-C-10.

"FSA Policy" means the municipal bond insurance policy issued by FSA on the Closing Date insuring the scheduled payment when due of the principal of and interest on the FSA-Insured Warrants as provided therein.

"Hold Order" means, with respect to the Auction Rate Warrants, Hold Order as defined in Section 3.6.

"Index" means (i) with respect to Auction Rate Warrants in any Auction Period of thirty-five (35) days or less, the One Month LIBOR Rate, and (ii) with respect to any Auction Rate Warrants in an Auction Period greater than thirty-five (35) days, the Treasury Rate for securities

having a maturity which most closely approximates the length of the Auction Period. If either rate is unavailable, the Index for the Auction Rate Warrants shall be an index or rate agreed to by all Broker-Dealers and consented to by the County and the affected Bond Insurer.

"Interest Payment Date," for any particular Series 2003-C Warrant, means:

(a) for each Commercial Paper Rate Period, the Business Day immediately succeeding any Calculation Period, and for any Calculation Period of more than 180 days, also the Business Day immediately following the 180th day of such Calculation Period;

(b) during an Auction Rate Period (i) for an Auction Period of 91 days or less, the Business Day immediately succeeding such Auction Period and (ii) for an Auction Period of more than 91 days, each 13th Thursday after the first day of such Auction Period and the Business Day immediately succeeding such Auction Period;

(c) for each Daily Rate Period, the first Business Day of each month;

(d) for each Weekly Rate Period, the first Business Day of each month;

(e) for each Term Rate Period, (i) the first day of the sixth calendar month following the month in which the first day of such Term Rate Period occurred, (ii) each anniversary of the date so determined, (iii) each anniversary of the first day of the first month of such Term Rate Period, and (iv) the Business Day immediately succeeding such Term Rate Period;

(f) for the Fixed Rate Period, the February 1 or August 1 next succeeding the Fixed Rate Conversion Date and each February 1 and August 1 thereafter; but if the February 1 or August 1 next succeeding the Fixed Rate Conversion Date occurs less than 21 days after the Fixed Rate Conversion Date, the first Interest Payment Date shall be the second such date following the Fixed Rate Conversion Date;

(g) the Fixed Rate Conversion Date;

(h) any day on which Series 2003-C Warrants are subject to mandatory tender for purchase pursuant to Section 5.3 or 5.4 or redemption pursuant to Section 5.1;

(i) the Stated Maturity of the Series 2003-C Warrants; and

(j) with respect to Bank Warrants, the first Business Day of each month and the date on which such Bank Warrants are remarketed and cease to be Bank Warrants;

but if any such date, other than a date specified in clause (e), (f) or (i) above, determined in any of the foregoing clauses is not a Business Day, the Interest Payment Date shall be the next succeeding day which is a Business Day. If a date specified in clause (e), (f) or (i) above is not a Business Day, the Interest Payment Date shall be the next succeeding day which is a Business Day and the payment on such postponed Interest Payment Date shall include interest accrued only to the originally scheduled Interest Payment Date.

"Interest Rate Mode" means the method of determining the interest rate applicable to Series 2003-C Warrants as provided in this Tenth Supplemental Indenture.

"Issuance Costs" means the costs and expenses of issuing and selling the Series 2003-C Warrants, including, without limitation, the fees and expenses of Bond Counsel to the County, the acceptance fee of the Trustee, the fees of any Rating Agency rating the Series 2003-C Warrants, bond insurance premiums, accounting fees, financial advisory fees, underwriters' commissions and discounts, the costs of printing the Official Statement for the Series 2003-C Warrants, and other usual and customary expenses.

"Liquidity Facility" means an agreement for the purchase of Series 2003-C Warrants not remarketed that is accepted by the Trustee pursuant to the terms and conditions of the Indenture and that conforms to the requirements of the applicable Bond Insurer.

"Liquidity Facility Amendment" shall have the meaning set forth in Section 6.2(a).

"Liquidity Provider" means each provider of a Liquidity Facility.

"Maximum Auction Rate" means on any Auction Date the lesser of 18% or the following: (i) in all cases other than as provided in (ii) or (iii) below, the interest rate per annum equal to the Applicable Percentage of the higher of the After-Tax Equivalent Rate and the Index, as each is determined on such date with respect to a Standard Auction Period; (ii) with respect to any change in an Auction Period and/or the Standard Auction Period pursuant to Section 3.4, including any automatic reversion to a Standard Auction Period pursuant to Section 3.3, the interest rate per annum equal to the highest of (a) the Applicable Percentage of the higher of the After-Tax Equivalent Rate and the Index, as each is determined on such date with respect to a Standard Auction Period, (b) the Applicable Percentage of the higher of the After-Tax Equivalent Rate and the Index, as each is determined on such date with respect to the Auction Period which is proposed to be established and (c) the Applicable Percentage of the higher of the After-Tax Equivalent Rate and the Index, as each is determined on such date with respect to the Auction Period in effect immediately prior to such proposed change in the Auction Period; or (iii) with respect to any Change in the Interest Rate Mode from an Auction Rate pursuant to Section 4.1 or any change from an Auction Rate to a Fixed Rate pursuant to Section 4.2, the interest rate per annum equal to the higher of (a) the Applicable Percentage of the higher of the After-Tax Equivalent Rate and the Index, as each is determined on such date with respect to a Standard Auction Period and (b) the Applicable Percentage of the higher

of the After-Tax Equivalent Rate and the Index, as each is determined on such date with respect to the Auction Period in effect immediately prior to such proposed change.

"Notice of Election to Tender" means the notice given by a Holder of Series 2003-C Warrants pursuant to Section 5.2.

"Notice of Fee Rate Change" means a notice of a change in the Auction Agent Fee Rate (as defined in the Auction Agency Agreement) or the Broker-Dealer Fee Rate (as defined in the Auction Agency Agreement) given to the Auction Agent and the Trustee at the time of any Change in the Interest Rate Mode to an Auction Rate.

"One Month LIBOR Rate" means, as of any date of determination, the offered rate for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 a.m., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

"Option to Convert" means the County's right and option to convert the rate of interest payable on Series 2003-C Warrants from an Adjustable Rate to a Fixed Rate as provided in Section 4.2.

"Order" means, with respect to Auction Rate Warrants, an Order as defined in Section 3.6.

"Overdue Rate" means on any date of determination 300% of the Index on such date of determination; provided that in no event shall the Overdue Rate exceed the maximum rate, if any, permitted by applicable law.

"Potential Beneficial Owner" means, with respect to any Auction Rate Warrants, a customer of a Broker-Dealer that is not a Beneficial Owner of Auction Rate Warrants but that wishes to purchase Auction Rate Warrants, or that is a Beneficial Owner of Auction Rate Warrants that wishes to purchase an additional principal amount of Auction Rate Warrants.

"Potential Holder" means a Broker-Dealer that is not an Existing Holder or that is an Existing Holder that wishes to become an Existing Holder of an additional principal amount of Auction Rate Warrants.

"Purchase Price" means the purchase price of Series 2003-C Warrants tendered or deemed tendered for purchase pursuant to Section 5.2, 5.3 or 5.4 of this Tenth Supplemental Indenture, consisting of the principal amount of such Series 2003-C Warrants plus accrued and unpaid interest, if any, and premium, if any.

"Record Date" means each Commercial Paper Period Record Date during a Commercial Paper Rate Period, each Auction Rate Period Record Date during an Auction Rate Period, each Daily Period Record Date during a Daily Rate Period, each Weekly Period Record Date during a Weekly

Rate Period, each Term Period Record Date during a Term Rate Period and each Fixed Rate Record Date during the Fixed Rate Period.

"Remarketing Agent" means any remarketing agent or remarketing agents appointed pursuant to the Indenture, and its or their successors or assigns, including, without limitation, any "market agent" or "broker-dealer" appointed in connection with Auction Rate Warrants.

"Remarketing Agreement" means each remarketing agreement with a Remarketing Agent, as from time to time amended and supplemented.

"Securities Depository" means The Depository Trust Company and its nominees, successors and assigns or if (i) the then Securities Depository resigns from its functions as depository of the Series 2003-C Warrants or (ii) the County discontinues use of the then Securities Depository pursuant to Section 10.3, any other securities depository (and its nominees), which agrees to follow the procedures required to be followed by a Securities Depository in connection with the Series 2003-C Warrants and which is selected by the County, with the consent of the Trustee, the Auction Agent and the Remarketing Agent.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Sell Order" means, with respect to Auction Rate Warrants, a Sell Order as defined in Section 3.6.

"Series 2003-C Warrants" means the County's Sewer Revenue Refunding Warrants, Series 2003-C, authorized to be issued in the aggregate principal amount of \$1,052,025,000.

"Standard Auction Period" initially means an Auction Period of thirty-five (35) days, and, after the establishment of a different Standard Auction Period pursuant to Section 3.4, shall mean such different Standard Auction Period; provided that, so long as the Standard Auction Period is 35 days and ends initially on a Tuesday (or a Wednesday in the case of the Series 2003-C-6 through C-10 Warrants), in the event the last Tuesday (or Wednesday, if applicable) of the Auction Period is not a Business Day, with the result that the Auction Date is the next succeeding Business Day, the Standard Auction Period following such Auction Date shall be reduced to a shorter number of days so that the last day of the Auction Period following such Auction Date is the fifth Tuesday (or Wednesday, if applicable) following such Auction Date.

"Stated Maturity" means, with respect to the Series 2003-C Warrants, February 1, 2042.

"Statutory Corporate Tax Rate" means, as of any date of determination, the highest tax rate bracket (expressed in decimals) now or thereafter applicable in each taxable year on the taxable income of every corporation as set forth in Section 11 of the Code or any successor section without regard to any minimum additional tax provision or provisions regarding changes in rates during a

taxable year, which on the date hereof is 35%. Any change in the Statutory Corporate Tax Rate shall be evidenced by a certificate of an Authorized County Representative and delivered to the Trustee.

"Submission Deadline" means 1:00 p.m., New York City time, on the applicable Auction Date or such other time on the Auction Date by which Broker-Dealers are required to submit Orders to the Auction Agent as specified by the Auction Agent from time to time.

"Submitted Bid" means, with respect to Auction Rate Warrants, a Submitted Bid as defined in Section 3.8.

"Submitted Hold Order" means, with respect to Auction Rate Warrants, a Submitted Hold Order as defined in Section 3.8.

"Submitted Order" means, with respect to Auction Rate Warrants, a Submitted Order as defined in Section 3.8.

"Submitted Sell Order" means, with respect to Auction Rate Warrants, a Submitted Sell Order as defined in Section 3.8.

"Substitute Commercial Paper Dealer" means Lehman Brothers Inc., or its affiliates or successors, if such person is a commercial paper dealer, provided that no such person nor any of its affiliates or successors shall be the same entity as the initial Commercial Paper Dealer.

"Substitute U.S. Government Securities Dealer" means the dealer or dealers in U.S. government securities specified by the County at any time when the initial U.S. Government Securities Dealer is unable or unwilling to perform in such capacity hereunder, provided that any such substitute shall be a dealer in U.S. government securities and shall not be the same entity as the initial U.S. Government Securities Dealer.

"Sufficient Clearing Bids" means, with respect to Auction Rate Warrants, Sufficient Clearing Bids as defined in Section 3.8.

"Support Facility" means each Credit Facility and each Liquidity Facility in effect at the time of determination.

"Support Facility Issuer" means the provider of any Support Facility.

"Tender Agent" means The Bank of New York, in its separate capacity as Tender Agent for the Series 2003-C Warrants, or its successors or assigns in such capacity.

"Tender Date" means an Optional Tender Date or a Mandatory Tender Date, as the case may be.

"Tendered Warrants" means Series 2003-C Warrants tendered for purchase pursuant to the Optional or Mandatory Tender provisions of this Indenture.

"Tenth Supplemental Indenture" or **"this Tenth Supplemental Indenture"** means this Tenth Supplemental Indenture.

"Term Period Record Date" means, with respect to each Interest Payment Date for a Term Rate Period, the fifteenth day of the calendar month next preceding such Interest Payment Date.

"Term Rate" means, with respect to each Calculation Period for a Term Rate Period, a rate of interest equal to the rate of interest per annum established and certified to the Trustee (with a copy to the County and the Tender Agent) by the Remarketing Agent no later than 9:30 a.m. (New York City time) on and as of the first day of such Calculation Period as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such day to remarket Series 2003-C Warrants in a secondary market transaction at a price equal to the principal amount thereof; provided that such rate of interest shall not exceed 12% per annum.

"Term Rate Period" means any period during which Series 2003-C Warrants bear interest at a Term Rate which period shall commence with the effective date of the Change in the Interest Rate Mode to a Term Rate and shall extend through the day immediately preceding the earlier of (a) the effective date of a succeeding Change in the Interest Rate Mode and (b) the Stated Maturity of the Series 2003-C Warrants.

"Terminating Event" means any event or events under the terms of a Support Facility or any agreement providing for the issuance of such Support Facility (provided such Support Facility is not a financial guaranty insurance policy) which would cause the termination or expiration of such Support Facility but would specifically allow for the mandatory tender of Series 2003-C Warrants pursuant to Section 5.4 with a draw on or borrowing or payment under such Support Facility prior to such termination or expiration.

"Treasury Rate" means, on any date, (i) the yield, calculated in accordance with prevailing industry convention, of the rate on the most recently auctioned direct obligations of the U.S. Government having a maturity at the time of issuance of 364 days or less with a remaining maturity closest to the length of the applicable Auction Period, as quoted in The Wall Street Journal on such date for the Business Day next preceding such date; or (ii) in the event that any such rate is not published in The Wall Street Journal, then the bond equivalent yield, calculated in accordance with prevailing industry convention, as calculated by reference to the arithmetic average of the bid price quotations of the most recently auctioned direct obligation of the U.S. Government having a maturity at the time of issuance of 364 days or less with a remaining maturity closest to the length of such Auction Period, based on bid price quotations on such date obtained by the Auction Agent from at least three U.S. Government Securities Dealers. If any U.S. Government Securities Dealer does not quote a rate required to determine the Treasury Rate, the Treasury Rate shall be determined on the basis of the quotation or quotations furnished by the remaining U.S. Government Securities Dealer

or Dealers and any Substitute U.S. Government Securities Dealer or Dealers selected by the County to provide such rate or rates not being supplied by any U.S. Government Securities Dealer or Dealers, as the case may be, or, if the County does not select any such Substitute U.S. Government Securities Dealer or Dealers, by the remaining U.S. Government Securities Dealer or Dealers.

"U.S. Government Securities Dealer" means J. P. Morgan Securities, Inc., or, in lieu thereof, its affiliates or successors, provided that any such entity is a U.S. Government securities dealer.

"Warrant Purchase Fund" means the fund established pursuant to Section 8.1.

"Weekly Period Record Date" means, with respect to each Interest Payment Date for a Weekly Rate Period, the Business Day next preceding such Interest Payment Date.

"Weekly Rate" means, with respect to each Calculation Period during a Weekly Rate Period, a rate of interest equal to the rate of interest per annum established and certified to the Trustee (with a copy to the County and the Tender Agent) by the Remarketing Agent no later than 9:30 a.m. (New York City time) on and as of the first day of such Calculation Period as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such day to remarket Series 2003-C Warrants in a secondary market transaction at a price equal to the principal amount thereof plus accrued interest thereon; provided that such rate of interest shall not exceed 10% per annum.

"Weekly Rate Period" means any period during which Series 2003-C Warrants bear interest at a Weekly Rate, which period shall commence with the effective date of a Change in the Interest Rate Mode to the Weekly Rate and shall extend through the day immediately preceding the earlier of (a) the effective date of another Change in the Interest Rate Mode and (b) the Stated Maturity of Series 2003-C Warrants.

"Winning Bid Rate" means, with respect to Auction Rate Warrants, the Winning Bid Rate as defined in Section 3.8.

Section 1.2 **Findings.** The Governing Body has ascertained and does hereby find and declare as follows:

(a) Purposes for which Additional Parity Securities may be Issued. In the Original Indenture, the County has reserved the right to issue, upon compliance with the conditions precedent set forth therein, additional warrants, bonds, notes or other obligations that are secured on a parity with the Outstanding Parity Securities, as respects the pledge of the revenues derived by the County from the operation of the System, for the purposes of financing the costs of constructing or acquiring any System Improvements and refunding or retiring all or any portion of any one or more series of Parity Securities then outstanding under the Indenture or any other obligations of the County issued to finance System Improvements.

(b) Purpose of the Series 2003-C Warrants. It is desirable and in the public interest for the County to issue the Series 2003-C Warrants to refund certain of its previously issued Parity Securities, namely, (i) \$4,210,000 principal amount of those of the Series 1997-A Warrants that mature on February 1, 2005, \$2,635,000 principal amount of those of the Series 1997-A Warrants that mature on February 1, 2006, \$3,970,000 principal amount of those of the Series 1997-A Warrants that mature on February 1, 2017, \$5,175,000 principal amount of those of the Series 1997-A Warrants that mature on February 1, 2018, and \$6,550,000 principal amount of those of the Series 1997-A Warrants that mature on February 1, 2019, (ii) those of the Series 1997-D Warrants that mature on February 1, 2017, and February 1, 2018, (iii) \$133,590,000 principal amount of those of the Series 1999-A Warrants that mature on February 1, 2033, (iv) those of the Series 2001-A Warrants that mature on February 1, 2021, and February 1, 2034, \$7,140,000 principal amount of those of the Series 2001-A Warrants that mature on February 1, 2031, and \$29,960,000 principal amount of those of the Series 2001-A Warrants that mature on February 1, 2041, (v) the Series 2002-B Warrants that mature on February 1, 2038, \$191,850,000 principal amount of those of the Series 2002-B Warrants that mature on February 1, 2041, and \$91,230,000 principal amount of those of the Series 2002-B Warrants that mature on February 1, 2042, and (vi) those of the Series 2002-D Warrants that mature on February 1 in the years 2022 through 2027 (inclusive), 2032 and 2042, and \$127,420,000 principal amount of those of the Series 2002-D Warrants that mature on February 1, 2038 (herein together called the "Refundable Warrants").

(c) No Default. No Event of Default and no event which, with the giving of notice or the passage of time or both, would constitute such an Event of Default, has occurred and is continuing.

(d) Additional Parity Securities Previously Issued. No Parity Securities, other than the Outstanding Parity Securities, have heretofore been issued by the County under the Indenture, and the County now has no outstanding obligations payable from the revenues derived by the County from the operation of the System except the Outstanding Parity Securities and certain related Qualified Swap transactions.

Section 1.3 **Use of Phrases.** "Herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter" and other equivalent words refer to this Tenth Supplemental Indenture as an entirety and not solely to the particular portion thereof in which any such word is used. The terms used herein include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders.

Section 1.4 **Definitions Contained in the Original Indenture.** Unless the context clearly indicates a different meaning, any words, terms or phrases that are used in this Tenth Supplemental Indenture as defined terms without being herein defined shall have the meanings respectively given them in the Original Indenture (subject to any amendments thereto made in the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth or Ninth Supplemental Indenture).

Section 1.5 References to the Parity Securities and the Indenture. The County and the Trustee acknowledge and agree that, from and after the issuance by the County of the Series 2003-C Warrants, any reference in the Original Indenture or in this Tenth Supplemental Indenture to the "Parity Securities" shall, unless the context clearly and unequivocally indicates otherwise, be construed to include the Outstanding Parity Securities, the Series 2003-C Warrants and any Additional Parity Securities hereafter issued.

The County and the Trustee further acknowledge and agree that, from and after the execution and delivery of this Tenth Supplemental Indenture, any reference in the Original Indenture or in this Tenth Supplemental Indenture to the "Indenture" shall, unless the context clearly and unequivocally indicates otherwise, be construed to refer to the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture, the Ninth Supplemental Indenture and this Tenth Supplemental Indenture. The provisions of the Original Indenture (as heretofore supplemented and amended), to the extent they are not inconsistent with the provisions hereof, shall also apply to this Tenth Supplemental Indenture.

ARTICLE II

AUTHORIZATION OF SERIES 2003-C WARRANTS

Section 2.1 Authorization of Series 2003-C Warrants. (a) There is hereby created and established under the Indenture a series of Parity Securities of the County, which shall be issued and designated as "Sewer Revenue Refunding Warrants, Series 2003-C" in the principal amount of \$1,052,025,000. In order to distinguish between Series 2003-C Warrants which are subject to different interest rate determination methods and other features or covered by different Liquidity Facilities and to distinguish the portion of the Series 2003-C Warrants to be remarketed by any particular Remarketing Agent, the Series 2003-C Warrants may be designated and redesignated from time to time by the County in such a way as to identify one or more subseries of the Series 2003-C Warrants. Such subseries may be designated as subseries C-1, subseries C-2, or may be further redesignated as subseries C-1-A, subseries C-1-B, and so forth. Each Series 2003-C Warrant shall bear upon the face thereof such designation or redesignation, if any. In the event any portion of the Series 2003-C Warrants is designated as one or more subseries, unless the context otherwise requires, any reference to the Series 2003-C Warrants in this Tenth Supplemental Indenture shall be deemed (to the extent applicable) to refer to each such subseries and any reference to the Liquidity Facility or the Liquidity Provider shall be deemed (to the extent applicable) to refer to the Liquidity Facility or Liquidity Provider pertaining to each such subseries.

(b) The Series 2003-C Warrants shall be issued under this Tenth Supplemental Indenture for the purpose of refunding the Refundable Warrants.

(c) Series 2003-C Warrants bearing a Commercial Paper Rate, a Daily Rate or a Weekly Rate shall be fully registered warrants in the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof. Series 2003-C Warrants bearing an Auction Rate shall be fully registered warrants in the denomination of \$25,000 or any integral multiple thereof. Series 2003-C Warrants bearing a Term Rate or a Fixed Rate shall be fully registered warrants in the denomination of \$5,000 or any integral multiple thereof.

(d) The Series 2003-C Warrants shall be numbered consecutively from R-1 upwards as issued or as otherwise provided by the Trustee. If the Series 2003-C Warrants are redesignated to identify one or more subseries, the Series 2003-C Warrants may be numbered in accordance with such subseries designations, i.e., R-1-1, R-2-1 and so forth. The Series 2003-C Warrants shall mature on February 1, 2042. The Series 2003-C Warrants shall be initially issued in fully registered form, without coupons, and dated their date of first authentication and delivery, and thereafter shall be dated their date of authentication.

(e) The County hereby appoints the Trustee as Paying Agent with respect to the Series 2003-C Warrants, and the Trustee hereby accepts such appointment. In so acting, the Trustee shall continue to be entitled to the benefits and protections of Article XIV of the Original Indenture, regardless of whether acting in its role as Trustee or as Paying Agent. In its execution of this Tenth Supplemental Indenture and other documents related to the Series 2003-C Warrants, the Trustee shall be deemed to be acting in the capacity of both Trustee and Paying Agent, regardless of whether or not expressly so stated.

Section 2.2 Form of Series 2003-C Warrants. The Series 2003-C Warrants and the certificate of authentication shall be substantially as set forth in Appendix I, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Tenth Supplemental Indenture.

Section 2.3 Execution, Authentication, Delivery and Dating. (a) The Series 2003-C Warrants shall be executed on behalf of the County by the President or the President Pro Tem of the Governing Body under its official seal reproduced thereon and attested by the Minute Clerk of the Governing Body. The signature of any of these officers on the Series 2003-C Warrants may be manual or, to the extent permitted by law, facsimile. Series 2003-C Warrants bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the County shall bind the County, notwithstanding that such individuals or any of them shall have ceased to hold such offices prior to the authentication and delivery of such Series 2003-C Warrants or shall not have held such offices at the date of such Series 2003-C Warrants.

(b) At any time and from time to time after the execution and delivery of this Tenth Supplemental Indenture, the County may deliver Series 2003-C Warrants executed by the County to the Trustee for authentication and the Trustee shall authenticate and deliver such Series 2003-C Warrants as in this Tenth Supplemental Indenture provided and not otherwise.

(c) No Series 2003-C Warrant shall be secured by, or be entitled to any lien, right or benefit under, the Indenture or be valid or obligatory for any purpose, unless there appears on such Series 2003-C Warrant a certificate of authentication substantially in the form provided for herein, executed by the Trustee by manual signature, and such certificate upon any Series 2003-C Warrant shall be conclusive evidence, and the only evidence, that such Series 2003-C Warrant has been duly authenticated and delivered hereunder.

Section 2.4 Authentication and Delivery of Series 2003-C Warrants to Original Purchasers. Upon the execution and delivery of this Tenth Supplemental Indenture, Series 2003-C Warrants in the aggregate principal amount authorized in this article may be executed by the County and delivered to the Trustee for authentication, and such Series 2003-C Warrants shall thereupon be authenticated and delivered by the Trustee to the original purchaser or purchasers thereof, upon order executed by an Authorized County Representative.

ARTICLE III

INTEREST ON SERIES 2003-C WARRANTS

Section 3.1 Interest on Series 2003-C Warrants – General. (a) While Series 2003-C Warrants bear interest at a Commercial Paper Rate, a Daily Rate or a Weekly Rate, interest accrued on such warrants shall be computed on the basis of a 365 or 366-day year, as applicable, for the number of days actually elapsed. While Series 2003-C Warrants bear interest at a Term Rate or the Fixed Rate, interest accrued on such warrants shall be computed on the basis of a 360-day year, consisting of twelve 30-day months. While Series 2003-C Warrants bear interest at an Auction Rate, interest accrued on such warrants shall be computed on the basis of a 360-day year for the number of days actually elapsed. The Series 2003-C Warrants shall bear interest from the date of initial issuance thereof payable on each Interest Payment Date. The Series 2003-C Warrants issued upon transfers or exchanges of Series 2003-C Warrants shall bear interest from such date of initial issuance or from the Interest Payment Date next preceding their date of authentication, unless the date of authentication is an Interest Payment Date in which case such warrants shall bear interest from such date, or unless the date of authentication is after the Record Date next preceding the next succeeding Interest Payment Date, in which case such warrants shall bear interest from such next succeeding Interest Payment Date.

(b) The Series 2003-C Warrants shall initially bear interest at the Auction Rate (with the following respective initial rates) and shall be issued in the following subseries with the following initial principal amounts:

<u>Subseries</u>	<u>Initial Principal Amount</u>	<u>Initial Interest Rates</u>
C-1	\$ 110,000,000	0.90%
C-2	110,000,000	0.90
C-3	110,000,000	0.90
C-4	110,000,000	1.00
C-5	117,000,000	1.00
C-6	87,500,000	0.90
C-7	87,500,000	0.90
C-8	88,000,000	0.90
C-9	116,000,000	1.00
C-10	116,025,000	0.90

From and after any Change in the Interest Rate Mode pursuant to Section 4.1 or 4.2, the Series 2003-C Warrants or any subseries thereof shall bear interest determined in accordance with the provisions of this Tenth Supplemental Indenture pertaining to the new Adjustable Rate or at the Fixed Rate, as the case may be. Series 2003-C Warrants shall bear interest for each Calculation Period, Auction Period or Fixed Rate Period at the rate of interest per annum for such Calculation Period, Auction Period or Fixed Rate Period established in accordance with this Tenth Supplemental Indenture. From and after a Fixed Rate Conversion Date, the affected Warrants shall bear interest at the Fixed Rate until their Stated Maturity. Interest shall be payable on each Interest Payment Date by check mailed to the registered owner at his or her address as it appears on the registration books kept by the Trustee pursuant to the Indenture at the close of business on the applicable Record Date; provided, that (i) while the Securities Depository or its nominee is the registered owner of any Series 2003-C Warrants, all payments of principal of, premium, if any, and interest on such warrants shall be paid to the Securities Depository or its nominee by wire transfer, (ii) if the Securities Depository, or its nominee, is no longer the registered owner of any Series 2003-C Warrants, prior to and including the Fixed Rate Conversion Date, interest on such warrants shall be payable to any registered owner of at least one million dollars (\$1,000,000) in aggregate principal amount of such warrants, by wire transfer, upon written notice received by the Trustee at least five Business Days prior to the applicable Record Date, from such registered owner containing the wire transfer address (which shall be in the continental United States) to which such registered owner wishes to have such wire directed and (iii) during a Commercial Paper Rate Period, interest shall be payable on the Series 2003-C Warrants bearing interest at a Commercial Paper Rate only upon presentation and surrender thereof to the Tender Agent upon purchase thereof pursuant to Section 5.3(b) and if such presentation and surrender are made by 2:00 p.m. (New York City time) such payment shall be by wire transfer. If and to the extent that there shall be a default in the payment of the interest due on any Interest Payment Date, such interest shall cease to be payable to the person in whose name each Series 2003-C Warrant was registered on such applicable Record Date and shall be payable, when and if paid, to the person in whose name each Series 2003-C Warrant is registered at the close of business on the record date fixed therefor by the Trustee, which shall be the fifth Business Day next preceding the date of the proposed payment, which also shall be a Business Day. Except as provided

above, payment of the principal of, and premium, if any, on all Series 2003-C Warrants shall be made upon the presentation and surrender of such warrants at the principal office of the Trustee as the same shall become due and payable. The principal of and premium, if any, and interest on the Series 2003-C Warrants shall be payable in lawful money of the United States of America.

(c) At or prior to 9:30 a.m. (New York City time) on the Determination Date for each Calculation Period or at or prior to 3:00 p.m. (New York City time) on each Auction Date, the applicable Remarketing Agent or the Auction Agent, as the case may be, shall determine the interest rate for such Calculation Period or Auction Period and shall make available to the County, the Trustee, the Tender Agent and each issuer of a Support Facility the interest rate determined on such Determination Date or Auction Date.

(d) If for any reason on any Determination Date (A) any rate of interest or a Calculation Period and related Commercial Paper Rate is not determined by the applicable Remarketing Agent, (B) no Remarketing Agent is serving as such hereunder or (C) the rate so determined is held to be invalid or unenforceable by a final judgment of a court of competent jurisdiction, (i) during any Daily Rate Period, the interest rate for the Calculation Period with respect to such Determination Date shall be the last interest rate in effect, or, if a Daily Rate is not determined by the Remarketing Agent hereunder for five or more consecutive Business Days, on the next and each succeeding Determination Date, the Daily Rate shall be a rate per annum equal to 80% of the latest 30-day dealer taxable commercial paper rate published by the Federal Reserve Bank of New York on or immediately before such Determination Date, (ii) during any Weekly Rate Period, the interest rate for the Calculation Period with respect to such Determination Date shall be the last interest rate in effect, or, if a Weekly Rate is not determined by the Remarketing Agent for two or more consecutive Calculation Periods, the Weekly Rate shall be equal to 85% of the latest 30-day dealer taxable commercial paper rate published by the Federal Reserve Bank of New York on or before the day next preceding such Determination Date, (iii) during any Term Rate Period, the interest rate per annum for the Calculation Period with respect to such Determination Date shall be equal to 85% of the rate listed in the table most recently circulated by the United States Treasury Department known as "Table [applicable dates shown on the most recent Table], Maximum Interest Rate Payable on United States Treasury Certificates of Indebtedness, Notes and Bonds – State and Local Government Series Subscribed for During Period [applicable dates shown on the most recent Table]" or any substantially equivalent table circulated by the United States Treasury Department for the maturity most closely approximating the Calculation Period, and (iv) during any Commercial Paper Rate Period, the Calculation Period with respect to such Determination Date and related Commercial Paper Rate shall be (A) a Calculation Period which shall consist of the period from and including the prior Interest Payment Date to, but excluding the first Business Day of the following calendar month, and thereafter each period from and including the first Business Day of the calendar month to but excluding the first Business Day of the following calendar month, and (B) a Commercial Paper Rate equal to 85% of the interest rate applicable to 90-day United States Treasury Bills determined on the basis of the average per annum discount rate at which such 90-day Treasury Bills shall have been sold at the most recent Treasury auction within the 30 days next preceding such Calculation Period, or if there shall have been no such auction within the 30 days next preceding

such Calculation Period, a Commercial Paper Rate equal to the rate of interest during the immediately preceding Calculation Period. In any instance in which Series 2003-C Warrants are tendered for purchase in accordance with the Indenture but not remarketed or purchased, such warrants shall bear interest, from such tender date until the next Determination Date on which a new rate is established, at a variable rate equal to the Bond Buyer Seven Day General Market Index (non-AMT) plus 25 basis points. The rate of interest or Calculation Period and related Commercial Paper Rate shall be established pursuant to this subsection (e) until the Remarketing Agent again determines the rate of interest or Calculation Period and related Commercial Paper Rate in accordance with this Tenth Supplemental Indenture. The County shall select any person otherwise meeting the qualifications of Section 10.5 to obtain, calculate and prepare any of the information required by, and to notify the Trustee of any of the determinations made pursuant to, this subsection (e).

(e) The determination of any rate of interest by the Remarketing Agent in accordance with this Tenth Supplemental Indenture or by the Auction Agent in accordance with the Auction Procedures applicable to Auction Rate Warrants or the establishment of Calculation Periods or Auction Periods by the Remarketing Agent as provided in this Tenth Supplemental Indenture shall be conclusive and binding upon the County, the Trustee, the Tender Agent, the Remarketing Agent, the Auction Agent, each issuer of a Support Facility, and the registered and beneficial owners of the Series 2003-C Warrants. Failure of the Remarketing Agent, the Trustee, the Tender Agent, the Auction Agent, or the Securities Depository or any Securities Depository participant to give any of the notices described in this Tenth Supplemental Indenture, or any defect therein, shall not affect the interest rate to be borne by any of the Series 2003-C Warrants or the applicable Calculation Period or Auction Period nor in any way change the rights of the registered owners of the Series 2003-C Warrants to tender their Warrants for purchase or to have them redeemed in accordance with this Tenth Supplemental Indenture. The Trustee shall be fully protected in relying on the most recent rate in effect if it has not received timely notice of any interest rate change.

(f) Except as otherwise set forth above, interest on the Series 2003-C Warrants shall be paid to the registered owner thereof at his or her address as it appears on the registration books kept by the Trustee pursuant to the Indenture at the close of business on the applicable Record Date. No transfer or exchange of Series 2003-C Warrants shall be required to be made by the Trustee after a Record Date until the next succeeding Interest Payment Date.

(g) Except as otherwise provided in this subsection (g), the Trustee shall calculate and notify the Tender Agent of the amount of interest due and payable on each Interest Payment Date or other date on which interest is payable and on each purchase date by 10:00 a.m. (1:00 p.m. during a Daily Rate Period) on the Business Day next preceding such Interest Payment Date or other date or purchase date, as the case may be. In preparing such calculation the Trustee may rely on calculations or other services provided by the Remarketing Agent, the Auction Agent or any person or persons selected by the Trustee in its discretion, or by the County pursuant to subsection (e). During a Commercial Paper Rate Period, the Remarketing Agent shall notify the Trustee, the Tender Agent and the County of the amount of interest due and payable on each Interest Payment Date by

10:00 a.m. on the Business Day next preceding such Interest Payment Date. During an Auction Rate Period, the Auction Agent shall notify the Trustee at least seven days prior to each Interest Payment Date of the Auction Rate and the aggregate amount of interest payable on such Interest Payment Date.

(h) Anything herein to the contrary notwithstanding, in no event shall the interest rate borne by any Series 2003-C Warrant exceed the maximum rate allowable by applicable law.

Section 3.2 Commercial Paper Rate. During any Commercial Paper Rate Period, at or prior to 9:30 a.m. (New York City time) on the Determination Date for each Calculation Period, the Remarketing Agent shall determine the Calculation Period and related Commercial Paper Rate, and shall notify the Trustee and the County of the Calculation Period. In determining each such Calculation Period, the Remarketing Agent shall take the following factors into account: (i) existing short-term taxable and tax-exempt market rates and indices of such short-term rates, (ii) the existing market supply and demand for short-term tax-exempt securities, (iii) existing yield curves for short-term and long-term tax-exempt securities or obligations having a credit rating that is comparable to the Series 2003-C Warrants, (iv) general economic conditions, (v) economic and financial factors present in the securities industry that may affect or that may be relevant to the Series 2003-C Warrants, and (vi) any information available to the Remarketing Agent pertaining to the County regarding any events or anticipated events which could have a direct impact on the marketability of or interest rate on the Series 2003-C Warrants. The Remarketing Agent shall select the Calculation Period and the applicable Commercial Paper Rate that, together with all other Calculation Periods and related Commercial Paper Rates, in the sole judgment of the Remarketing Agent, will result in the lowest overall borrowing cost on the Series 2003-C Warrants or are otherwise in the best financial interests of the County, as determined in consultation with the County. Any Calculation Period established hereunder for any Series 2003-C Warrants may not extend beyond the Fixed Rate Conversion Date, the expiration date of the Liquidity Facility securing such warrants or the day prior to the Stated Maturity of such warrants.

The County may place such limitations upon the establishment of Calculation Periods as may be set forth in a written direction from the County, which direction must be received by the Trustee and the Remarketing Agent prior to 10:00 a.m. (New York City time) on the day prior to any Determination Date to be effective on such date, but only if the Trustee receives an Opinion of Bond Counsel to the effect that such action is authorized by this Tenth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Series 2003-C Warrants from gross income for federal income tax purposes.

Section 3.3 Auction Rate Period – Auction Rate: Auction Period – General. (a) During any Auction Rate Period, the Series 2003-C Warrants shall bear interest at the Auction Rate determined as set forth in this Section 3.3 and Sections 3.4 through 3.10. The Auction Rate for any initial Auction Period immediately after any Change in the Interest Rate Mode to an Auction Rate for an Auction Rate Period shall be the rate of interest per annum determined and certified to the Trustee (with a copy to the County) by the Remarketing Agent on a date not later than the effective

date of such Change in the Interest Rate Mode as the minimum rate of interest which, in the opinion of the Remarketing Agent, would be necessary as of such date to market Auction Rate Warrants in a secondary market transaction at a price equal to the principal amount thereof; provided that such interest rate shall not exceed 110% of the sum of the Index and .50% per annum. For any other Auction Period, the Auction Rate shall be the rate of interest per annum that results from implementation of the Auction Procedures. If on any Auction Date, the Auction Agent shall fail to take any action necessary to determine, or takes any action which effectively prevents the determination of, a rate of interest pursuant to the Auction Procedures, the Auction Rate for the next succeeding Auction Period shall equal the Maximum Auction Rate as provided in clause (i) of the definition thereof on and as of such Auction Date and such Auction Period shall have a length of 7 days. Determination of the Auction Rate pursuant to the Auction Procedures for affected Series 2003-C Warrants shall be suspended upon a Change in the Interest Rate Mode or the occurrence of a payment default with respect to such warrants that is not cured by the related Bond Insurer. Upon the occurrence of such a payment default that is not cured on or before any Auction Date, no Auction will be held, all Submitted Bids and Submitted Sell Orders shall be rejected, the existence of Sufficient Clearing Bids shall be of no effect and the Auction Rate for the next succeeding Auction Period shall equal the Maximum Auction Rate on and as of such Auction Date. The Auction Rate for any Auction Period or remaining portion thereof following the occurrence of such a payment default that is not cured shall be equal to the Overdue Rate as determined on and as of the immediately preceding Auction Date. The Overdue Rate shall be redetermined by the Remarketing Agent on each Auction Date.

(b) Auction Periods may be established pursuant to Section 3.4 at any time unless a payment default has occurred and has not been cured or waived. Each Auction Period shall be a Standard Auction Period unless a different Auction Period is established pursuant to Section 3.4 and each Auction Period which immediately succeeds a non-Standard Auction Period shall be a Standard Auction Period unless a different Auction Period is established pursuant to Section 3.4.

Section 3.4 Auction Rate Period – Auction Rate Warrants: Change of Auction Period by County. (a) During an Auction Rate Period, the County may change the length of a single Auction Period or the Standard Auction Period for any series by means of a written notice delivered at least 10 days prior to the Auction Date for such Auction Period to the Trustee, the Remarketing Agent, the Auction Agent and the Securities Depository in substantially the form furnished to the Trustee and the Auction Agent at the time of a Change in the Interest Rate Mode to an Auction Rate. Any Auction Period or Standard Auction Period established by the County pursuant to this Section 3.4 may not exceed 365 days in duration. If such Auction Period will be less than 35 days, such notice shall be effective only if it is accompanied by a written statement of the Trustee, the Remarketing Agent, the Auction Agent and the Securities Depository to the effect that they are capable of performing their duties hereunder and under the Remarketing Agreement and the Auction Agency Agreement with respect to such Auction Period. If such Auction Period will be less than 7 days, such notice shall be effective only if it is accompanied by the written consent to such new Auction Period of the Bond Insurer for the particular subseries of Series 2003-C Warrants for which such change will be effective. If such notice specifies a change in the length of the Standard

Auction Period, such notice shall be effective only if it is accompanied by the written consent of the Remarketing Agent to such change. The length of an Auction Period or the Standard Auction Period may not be changed pursuant to this Section 3.4 unless Sufficient Clearing Bids existed at both the Auction immediately preceding the date the notice of such change was given and the Auction immediately preceding such changed Auction Period.

(b) The change in length of an Auction Period or the Standard Auction Period shall take effect only if (A) the Trustee and the Auction Agent receive, by 11:00 a.m. (New York City time) on the Business Day immediately preceding the Auction Date for such Auction Period, a certificate from the County by telecopy, facsimile, or similar means in substantially the form furnished to the Trustee and the Auction Agent at the time of a Change in the Interest Rate Mode to an Auction Rate authorizing the change in the Auction Period or the Standard Auction Period, which shall be specified in such certificate, and confirming that Bond Counsel expects to be able to give an Opinion of Bond Counsel referred to in (D) below on the first day of such Auction Period, (B) the Trustee shall not have delivered to the Auction Agent by 12:00 noon (New York City time) on the Auction Date for such Auction Period notice that a Failure to Deposit has occurred, (C) Sufficient Clearing Bids exist at the Auction on the Auction Date for such Auction Period, and (D) the Trustee and the Auction Agent receive by 9:30 a.m. (New York City time) on the first day of such Auction Period, an opinion of Bond Counsel to the effect that the change in the Auction Period or the Standard Auction Period is authorized by this Tenth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on such Series 2003-C Warrants from gross income for federal income tax purposes. If the condition referred to in (A) above is not met, the Auction Rate for the next succeeding Auction Period shall be determined pursuant to the Auction Procedures and the next succeeding Auction Period shall be a Standard Auction Period. If any of the conditions referred to in (B), (C) or (D) above is not met, the Auction Rate for the next succeeding Auction Period shall equal the Maximum Auction Rate as determined as of such Auction Date and such Auction Period shall have a length of 7 days.

Section 3.5 Auction Rate Period – Auction Rate Warrants: Change of Auction Date by Remarketing Agent. During an Auction Rate Period, the Remarketing Agent, with the written consent of the County, may change, in order to conform with then-current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date, the Auction Date for all future Auction Periods to a different day, so long as the first such Auction Date will be a Business Day in the calendar week in which the next succeeding Auction Date is then scheduled to occur. If a change in an Auction Date is undertaken in conjunction with a change in an Auction Period and the conditions for the establishment of such change in Auction Period are not met, the Auction Date may be, and the next succeeding Auction Period may be adjusted to end on, a Business Day in the calendar week in which such Auction Date was scheduled to occur and such Auction Period was scheduled to end to accommodate the change in the Auction Date. The Remarketing Agent shall deliver a written notice of its determination to change an Auction Date at least 10 days prior to the Auction Date immediately preceding such Auction Date to the County, the Trustee, the Auction Agent and the Securities Depository which shall state (i) the determination of the Remarketing Agent to change the

Auction Date, (ii) the new Auction Date and (iii) the date on which such Auction Date shall be changed. If, as a result of any proposed change in the Auction Date, any Auction Period would be less than 28 days in duration, such notice shall be effective only if it is accompanied by a written statement of the Auction Agent, the Trustee, the Remarketing Agent and the Securities Depository to the effect that they are capable of performing their duties hereunder and under the Remarketing Agreement and Auction Agency Agreement with respect to any such Auction Period. In no event shall any Standard Auction Period be less than seven days.

Section 3.6 Auction Rate Period – Auction Rate Warrants: Orders by Beneficial Owners and Potential Beneficial Owners. (a) Prior to the Submission Deadline on each Auction Date during the Auction Rate Period, the following orders may be submitted:

(i) each Beneficial Owner of Auction Rate Warrants may submit to the Broker-Dealer by telephone or otherwise information as to:

(1) the principal amount of Outstanding Auction Rate Warrants, if any, held by such Beneficial Owner which such Beneficial Owner desires to continue to hold without regard to the Auction Rate for the next succeeding Auction Period;

(2) the principal amount of Outstanding Auction Rate Warrants, if any, held by such Beneficial Owner which such Beneficial Owner offers to sell if the Auction Rate for the next succeeding Auction Period shall be less than the rate per annum specified by such Beneficial Owner; and/or

(3) the principal amount of Outstanding Auction Rate Warrants, if any, held by such Beneficial Owner which such Beneficial Owner offers to sell without regard to the Auction Rate for the next succeeding Auction Period;

(ii) one or more Broker-Dealers may contact Potential Beneficial Owners by telephone or otherwise to determine the principal amount of Auction Rate Warrants which each such Potential Beneficial Owner offers to purchase if the Auction Rate for the next succeeding Auction Period shall not be less than the interest rate per annum specified by such Potential Beneficial Owner.

For the purposes hereof, the communication to a Broker-Dealer of information referred to in clause (i)(1), (i)(2) or (i)(3) or clause (ii) above is hereinafter referred to as an "Order" and collectively as "Orders" and each Beneficial Owner and each Potential Beneficial Owner placing an Order is hereinafter referred to as a "Bidder" and collectively as "Bidders"; an Order containing the information referred to in clause (i)(1) above is hereinafter referred to as a "Hold Order" and collectively as "Hold Orders"; an Order containing the information referred to in clause (i)(2) or clause (ii) above is hereinafter referred to as a "Bid" and collectively as "Bids"; and an Order

containing the information referred to in clause (i)(3) above is hereinafter referred to as a "Sell Order" and collectively as "Sell Orders". The submission by a Broker-Dealer of an Order to the Auction Agent shall likewise be referred to herein as an "Order" and collectively as "Orders" and an Existing Holder or Potential Holder who places an Order with the Auction Agent or on whose behalf an Order is placed with the Auction Agent shall likewise be referred to herein as a "Bidder" and collectively as "Bidders."

(b) (i) Subject to the provisions of Section 3.7, a Bid by a Beneficial Owner or an Existing Holder shall constitute an irrevocable offer to sell:

(1) the principal amount of Outstanding Auction Rate Warrants specified in such Bid if the Auction Rate determined on such Auction Date shall be less than the interest rate per annum specified therein; or

(2) such principal amount or a lesser principal amount of Outstanding Auction Rate Warrants to be determined as set forth in subsection (a)(iv) of Section 3.9 if the Auction Rate determined on such Auction Date shall be equal to the interest rate per annum specified therein; or

(3) such principal amount of Outstanding Auction Rate Warrants if the interest rate per annum specified therein shall be higher than the Maximum Auction Rate, or such principal amount or a lesser principal amount of Outstanding Auction Rate Warrants to be determined as set forth in subsection (b)(iii) of Section 3.9 if such specified rate shall be higher than the Maximum Auction Rate and Sufficient Clearing Bids do not exist.

(ii) Subject to the provisions of Section 3.7, a Sell Order by a Beneficial Owner or an Existing Holder shall constitute an irrevocable offer to sell:

(1) the principal amount of Outstanding Auction Rate Warrants specified in such Sell Order; or

(2) such principal amount or a lesser principal amount of Outstanding Auction Rate Warrants as set forth in subsection (b)(iii) of Section 3.9 if Sufficient Clearing Bids do not exist.

(iii) Subject to the provisions of Section 3.7, a Bid by a Potential Beneficial Owner or a Potential Holder shall constitute an irrevocable offer to purchase:

(1) the principal amount of Outstanding Auction Rate Warrants specified in such Bid if the Auction Rate determined on such Auction Date shall be higher than the rate specified therein; or

(2) such principal amount or a lesser principal amount of Outstanding Auction Rate Warrants as set forth in subsection (a)(v) of Section 3.9 if the Auction Rate determined on such Auction Date shall be equal to such specified rate.

Section 3.7 Auction Rate Period – Auction Rate Warrants: Submission of Orders by Broker-Dealers to Auction Agent. (a) During an Auction Rate Period each Broker-Dealer shall submit in writing to the Auction Agent prior to the Submission Deadline on each Auction Date, all Orders obtained by such Broker-Dealer, designating itself (unless otherwise permitted by the County) as an Existing Holder in respect of the principal amount of Auction Rate Warrants subject to Orders submitted or deemed submitted to it by Potential Beneficial Owners, and shall specify with respect to each such Order:

(i) the name of the Bidder placing such Order (which shall be the Broker-Dealer (unless otherwise permitted by the County));

(ii) the aggregate principal amount of Auction Rate Warrants that are subject to such Order;

(iii) to the extent that such Bidder is an Existing Holder:

(1) the principal amount of Auction Rate Warrants, if any, subject to any Hold Order placed by such Existing Holder;

(2) the principal amount of Auction Rate Warrants, if any, subject to any Bid placed by such Existing Holder and the rate specified in such Bid; and

(3) the principal amount of Auction Rate Warrants, if any, subject to any Sell Order placed by such Existing Holder; and

(iv) to the extent such Bidder is a Potential Holder, the principal amount of Auction Rate Warrants subject to any Bid by such Potential Holder and the rate specified in such Bid.

(b) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest one thousandth (.001) of 1%.

(c) If an Order or Orders covering all or a portion of Outstanding Auction Rate Warrants held by an Existing Holder is not submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing

Holder covering the principal amount of Outstanding Auction Rate Warrants held by such Existing Holder and not subject to Orders submitted to the Auction Agent.

(d) Neither the County, the Trustee nor the Auction Agent shall be responsible for any failure of a Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Holder, Beneficial Owner, Potential Holder or Potential Beneficial Owner.

(e) If any Existing Holder submits through a Broker-Dealer to the Auction Agent one or more Orders covering in the aggregate more than the principal amount of Outstanding Auction Rate Warrants held by such Existing Holder, such Orders shall be considered valid as follows and in the following order of priority:

(i) all Hold Orders shall be considered valid, but only up to and including the principal amount of Auction Rate Warrants held by such Existing Holder, and, if the aggregate principal amount of Auction Rate Warrants subject to such Hold Orders exceeds the aggregate principal amount of Outstanding Auction Rate Warrants held by such Existing Holder, the aggregate principal amount of Auction Rate Warrants subject to each such Hold Order shall be reduced pro rata to cover the aggregate principal amount of Outstanding Auction Rate Warrants held by such Existing Holder;

(ii) (1) any Bid shall be considered valid up to and including the excess of the principal amount of Outstanding Auction Rate Warrants held by such Existing Holder over the aggregate principal amount of Auction Rate Warrants subject to any Hold Orders referred to in paragraph (i) above;

(2) subject to clause (1) above, if more than one Bid with the same rate is submitted on behalf of such Existing Holder and the aggregate principal amount of Outstanding Auction Rate Warrants subject to such Bids is greater than such excess, such Bids shall be considered valid up to and including the amount of such excess, and, the principal amount of Auction Rate Warrants subject to each Bid with the same rate shall be reduced pro rata to cover the principal amount of Auction Rate Warrants equal to such excess;

(3) subject to clauses (1) and (2) above, if more than one Bid with different rates is submitted on behalf of such Existing Holder, such Bids shall be considered valid in the ascending order of their respective rates until the highest rate is reached at which such excess exists and then at such rate up to and including the amount of such excess; and

(4) in any such event, the aggregate principal amount of Outstanding Auction Rate Warrants, if any, subject to any portion of Bids not valid under this paragraph (ii) shall be treated as the subject of a Bid by a Potential Holder at the rate therein specified; and

(iii) all Sell Orders shall be considered valid up to and including the excess of the principal amount of Outstanding Auction Rate Warrants held by such Existing Holder over the aggregate principal amount of Auction Rate Warrants subject to valid Hold Orders referred to in paragraph (i) of this subsection (e) and valid Bids referred to in paragraph (ii) of this subsection (e).

(f) If more than one Bid for Auction Rate Warrants is submitted on behalf of any Potential Holder, each Bid submitted shall be a separate Bid for Auction Rate Warrants with the rate and principal amount therein specified.

(g) Any Bid or Sell Order submitted by an Existing Holder covering an aggregate principal amount of Auction Rate Warrants not equal to \$25,000 or an integral multiple thereof shall be rejected and shall be deemed a Hold Order. Any Bid submitted by a Potential Holder covering an aggregate principal amount of Auction Rate Warrants not equal to \$25,000 or an integral multiple thereof shall be rejected.

(h) Any Bid submitted by an Existing Holder or a Beneficial Owner specifying a rate lower than the All Hold Rate shall be treated as a Bid specifying the All Hold Rate and will not be accepted if submitted by a Potential Beneficial Owner or a Potential Holder.

Section 3.8 Auction Rate Period – Auction Rate Warrants: Determination of Sufficient Clearing Bids, Winning Bid Rate and Auction Rate. (a) During an Auction Rate Period not earlier than the Submission Deadline on each Auction Date, the Auction Agent shall assemble all valid Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to as a "Submitted Hold Order," a "Submitted Bid" or a "Submitted Sell Order," as the case may be, or as a "Submitted Order") and shall determine:

(i) the excess of the total principal amount of Outstanding Auction Rate Warrants over the aggregate principal amount of Outstanding Auction Rate Warrants subject to Submitted Hold Orders (such excess being hereinafter referred to as the "Available Auction Rate Warrants"); and

(ii) from the Submitted Orders whether the aggregate principal amount of Outstanding Auction Rate Warrants subject to Submitted Bids by Potential Holders specifying one or more rates equal to or lower than the Maximum Auction Rate exceeds or is equal to the sum of:

(1) the aggregate principal amount of Outstanding Auction Rate Warrants subject to Submitted Bids by Existing Holders specifying one or more rates higher than the Maximum Auction Rate; and

(2) the aggregate principal amount of Outstanding Auction Rate Warrants subject to Submitted Sell Orders

(in the event of such excess or such equality (other than because the sum of the principal amounts of Auction Rate Warrants in clauses (A) and (B) above is zero because all of the Outstanding Auction Rate Warrants are subject to Submitted Hold Orders), such Submitted Bids by Potential Holders are hereinafter referred to collectively as "Sufficient Clearing Bids"); and

(iii) if Sufficient Clearing Bids exist, the lowest rate specified in the Submitted Bids (the "Winning Bid Rate") which if:

(1) (a) each Submitted Bid from Existing Holders specifying such lowest rate and (b) all other Submitted Bids from Existing Holders specifying lower rates were rejected, thus entitling such Existing Holders to continue to hold the principal amount of Auction Rate Warrants that are the subject of such Submitted Bids; and

(2) (a) each Submitted Bid from Potential Holders specifying such lowest rate and (b) all other Submitted Bids from Potential Holders specifying lower rates were accepted,

would result in such Existing Holders described in clause (1) above continuing to hold an aggregate principal amount of Outstanding Auction Rate Warrants which, when added to the aggregate principal amount of Outstanding Auction Rate Warrants to be purchased by such Potential Holders described in clause (2) above, would equal not less than the Available Auction Rate Warrants.

(b) Promptly after the Auction Agent has made the determinations pursuant to subsection (a) of this Section 3.8, the Auction Agent, by telecopy or facsimile shall advise the County, the Trustee and the Broker-Dealers of the Maximum Auction Rate and the components thereof on the Auction Date and, based on such determinations, the Auction Rate for the next succeeding Auction Period as follows:

(i) if Sufficient Clearing Bids exist, the Auction Rate for the next succeeding Auction Period therefor shall be equal to the Winning Bid Rate so determined;

(ii) if Sufficient Clearing Bids do not exist (other than because all of the Outstanding Auction Rate Warrants are the subject of Submitted Hold Orders), the

Auction Rate for the next succeeding Auction Period therefor shall be equal to the Maximum Auction Rate; and

(iii) if all of the Auction Rate Warrants are subject to Submitted Hold Orders, the Auction Rate for the next succeeding Auction Period therefor shall be equal to the All Hold Rate.

Section 3.9 Auction Rate Period – Auction Rate Warrants: Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocation of Auction Rate Warrants.

During an Auction Rate Period, Existing Holders shall continue to hold the principal amounts of Auction Rate Warrants that are subject to Submitted Hold Orders, and, based on the determinations made pursuant to subsection (a) of this Section 3.9, the Submitted Bids and Submitted Sell Orders shall be accepted or rejected, and the Auction Agent shall take such other actions as are set forth below:

(a) If Sufficient Clearing Bids exist, all Submitted Sell Orders shall be accepted and, subject to the provisions of paragraphs (e) and (f) of this Section 3.9, Submitted Bids shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(i) Existing Holders' Submitted Bids specifying any rate that is higher than the Winning Bid Rate shall be accepted, thus requiring each such Existing Holder to sell the aggregate principal amount of Auction Rate Warrants subject to such Submitted Bids;

(ii) Existing Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be rejected, entitling each such Existing Holder to continue to hold the aggregate principal amount of Auction Rate Warrants subject to such Submitted Bids;

(iii) Potential Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Potential Holder to purchase the aggregate principal amount of Auction Rate Warrants subject to such Submitted Bids;

(iv) each Existing Holder's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be rejected, thus entitling such Existing Holder to continue to hold the aggregate principal amount of Auction Rate Warrants subject to such Submitted Bid, unless the aggregate principal amount of Outstanding Auction Rate Warrants subject to all such Submitted Bids shall be greater than the principal amount of Auction Rate Warrants (the "remaining principal amount") equal to the excess of Available Auction Rate Warrants over the aggregate principal amount of the Auction Rate Warrants subject to Submitted Bids described in paragraphs (ii) and

(iii) of this subsection (a), in which event such Submitted Bid of such Existing Holder shall be rejected in part, and such Existing Holder shall be entitled to continue to hold the principal amount of Auction Rate Warrants subject to such Submitted Bid, but only in an amount equal to the principal amount of Auction Rate Warrants obtained by multiplying the remaining principal amount by a fraction, the numerator of which shall be the principal amount of Outstanding Auction Rate Warrants held by such Existing Holder subject to such Submitted Bid and the denominator of which shall be the sum of the principal amounts of Auction Rate Warrants subject to such Submitted Bids made by all such Existing Holders that specified a rate equal to the Winning Bid Rate; and

(v) each Potential Holder's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be accepted but only in an amount equal to the principal amount of Auction Rate Warrants obtained by multiplying the excess of the Available Auction Rate Warrants over the aggregate principal amount of Auction Rate Warrants subject to Submitted Bids described in paragraphs (ii), (iii) and (iv) of this subsection (a) by a fraction the numerator of which shall be the aggregate principal amount of Auction Rate Warrants subject to such Submitted Bid of such Potential Holder and the denominator of which shall be the sum of the principal amount of Outstanding Auction Rate Warrants subject to Submitted Bids made by all such Potential Holders that specified a rate equal to the Winning Bid Rate.

(b) If Sufficient Clearing Bids do not exist (other than because all of the Outstanding Auction Rate Warrants are subject to Submitted Hold Orders), subject to the provisions of subsection (e) of this Section 3.9, Submitted Orders shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(i) Existing Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Auction Rate shall be rejected, thus entitling each such Existing Holder to continue to hold the aggregate principal amount of Auction Rate Warrants subject to such Submitted Bids;

(ii) Potential Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Auction Rate shall be accepted, thus requiring each such Potential Holder to purchase the aggregate principal amount of Auction Rate Warrants subject to such Submitted Bids; and

(iii) each Existing Holder's Submitted Bid specifying any rate that is higher than the Maximum Auction Rate and the Submitted Sell Order of each Existing Holder shall be accepted, thus entitling each Existing Holder that submitted any such Submitted Bid or Submitted Sell Order to sell the Auction Rate Warrants subject to such Submitted Bid or Submitted Sell Order, but in both cases only in an amount equal to the aggregate principal amount of Auction Rate Warrants obtained

by multiplying the aggregate principal amount of Auction Rate Warrants subject to Submitted Bids described in paragraph (ii) of this subsection (b) by a fraction, the numerator of which shall be the aggregate principal amount of Outstanding Auction Rate Warrants held by such Existing Holder subject to such Submitted Bid or Submitted Sell Order and the denominator of which shall be the aggregate principal amount of Outstanding Auction Rate Warrants subject to all such Submitted Bids and Submitted Sell Orders.

(c) If all Outstanding Auction Rate Warrants are subject to Submitted Hold Orders, all Submitted Bids shall be rejected.

(d) If (i) the Auction Agent shall fail to take any action necessary to determine, or shall take any action which effectively prevents the determination of, an interest rate pursuant to the Auction Procedures or (ii) the conditions set forth in subsection (b) of Section 3.4 to effect a change in the Auction Period are not met, all Submitted Bids and Submitted Sell Orders shall be rejected and the existence of Sufficient Clearing Bids shall be of no effect.

(e) If, as a result of the procedures described in subsection (a) or (b) of this Section 3.9, any Existing Holder would be entitled or required to sell, or any Potential Holder would be required to purchase, a principal amount of Auction Rate Warrants that is not equal to \$25,000 or an integral multiple thereof, the Auction Agent shall, in such manner as, in its sole discretion, it shall determine, round up or down the principal amount of such Auction Rate Warrants to be purchased or sold by any Existing Holder or Potential Holder so that the principal amount purchased or sold by each Existing Holder or Potential Holder shall be equal to \$25,000 or an integral multiple thereof.

(f) If, as a result of the procedures described in subsection (a) of this Section 3.9, any Potential Holder would be entitled or required to purchase less than \$25,000 in aggregate principal amount of Auction Rate Warrants, the Auction Agent shall, in such manner as, in its sole discretion, it shall determine, allocate Auction Rate Warrants for purchase among Potential Holders so that only Auction Rate Warrants in principal amounts of \$25,000 or an integral multiple thereof are purchased by any Potential Holder, even if such allocation results in one or more of such Potential Holders not purchasing any Auction Rate Warrants.

(g) Based on the results of each Auction, the Auction Agent shall determine the aggregate principal amount of Auction Rate Warrants to be purchased and the aggregate principal amount of Auction Rate Warrants to be sold by Potential Holders and Existing Holders and, with respect to each Potential Holder and Existing Holder, to the extent that such aggregate principal amount of Auction Rate Warrants to be sold differs from such aggregate principal amount of Auction Rate Warrants to be purchased, determine to which other Potential Holder(s) or Existing Holder(s) they shall deliver, or from which other Potential Holder(s) or Existing Holder(s) they shall receive, as the case may be, Auction Rate Warrants.

(h) The County may not submit an Order in any Auction.

Section 3.10 Auction Rate Period – Auction Rate Warrants: Adjustment in Percentage. (a) During an Auction Rate Period, the Remarketing Agent may adjust the percentage used in determining the All Hold Rate and the Applicable Percentages used in determining the Maximum Auction Rate if any such adjustment is necessary, in the judgment of the Remarketing Agent, to reflect any Change of Preference Law such that the All Hold Rate and Maximum Auction Rate shall have substantially equal market values before and after such Change of Preference Law. In making any such adjustment, the Remarketing Agent shall take the following factors, as in existence both before and after such Change of Preference Law, into account: (i) short-term taxable and tax-exempt market rates and indices of such short-term rates, (ii) the market supply and demand for short-term tax-exempt securities, (iii) yield curves for tax-exempt securities or obligations having a credit rating that is comparable to the Series 2003-C Warrants, (iv) general economic conditions and (v) economic and financial factors present in the securities industry that may affect or that may be relevant to the Series 2003-C Warrants.

(b) The Remarketing Agent shall communicate its determination to adjust the percentage used in determining the All Hold Rate and the Applicable Percentages used in determining the Maximum Auction Rate pursuant to subsection (a) hereof by means of a written notice delivered at least 5 days prior to the Auction Date on which the Remarketing Agent desires to effect the change to the County, the Trustee and the Auction Agent in substantially the form attached hereto as Exhibit B-4. Such notice is required to state the determination of the Remarketing Agent to change such percentages and the date such adjustment is proposed to take effect (which date shall be an Auction Date). Prior to delivery of the notice described in this section, the Remarketing Agent shall have received written approval of the County (which approval shall not be unreasonably withheld) to such change. The notice described in this section shall be effective only if it is accompanied by the form of opinion that Bond Counsel expects to be able to give on such Auction Date to the effect that such adjustment is authorized by this Tenth Supplemental Indenture and will not have an adverse effect on the exclusion of interest on the Auction Rate Warrants from gross income for federal income tax purposes. The Auction Agent is required to mail notice thereof to the Existing Holders within two Business Days of receipt thereof.

(c) An adjustment in the percentage used in determining the All Hold Rate and the Applicable Percentages used in determining the Maximum Auction Rate shall take effect on an Auction Date only if (A) the Trustee and the Auction Agent receive, by 11:00 a.m. (New York City time) on the Business Day immediately preceding such Auction Date, a certificate from the Remarketing Agent by telecopy, facsimile or similar means, (i) authorizing the adjustment of the percentage used in determining the All Hold Rate and the Applicable Percentages used in determining the Maximum Auction Rate which shall be specified in such authorization, and (ii) confirming that Bond Counsel expects to be able to give an opinion on such Auction Date to the effect that the adjustment in the percentage used in determining the All Hold Rate and the Applicable Percentages used in determining the Maximum Auction Rate is authorized by this Tenth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Auction Rate Warrants from gross income for federal income tax purposes, and (B) the Trustee and the Auction Agent receive by 9:30 a.m. (New York City time) on

such Auction Date, an Opinion of Bond Counsel to the effect that the adjustment in the percentage used in determining the All Hold Rate and the Applicable Percentages used in determining the Maximum Auction Rate is authorized by this Tenth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Auction Rate Warrants from gross income for federal income tax purposes. If the condition referred to in (A) above is not met, the existing percentage used in determining the All Hold Rate and the Applicable Percentages used in determining the Maximum Auction Rate shall remain in effect and the Auction Rate for the next succeeding Auction Period shall be determined pursuant to the Auction Procedures. If the condition referred to in (B) above is not met, the existing percentage used in determining the All Hold Rate and the Applicable Percentages used in determining the Maximum Auction Rate shall remain in effect and the Auction Rate for the next succeeding Auction Period shall equal the Maximum Auction Rate as determined on such Auction Date (in which case such next succeeding Auction Period shall have a length of 7 days).

ARTICLE IV

CHANGES IN THE ADJUSTABLE RATE

Section 4.1 Optional Conversion by County. (a) Prior to the Fixed Rate Conversion Date, at the times specified below, the Series 2003-C Warrants, in whole or in part, shall cease to bear interest at the Adjustable Rate then borne by the Series 2003-C Warrants and shall bear interest at such different Adjustable Rate as shall be specified by the County in a written notice delivered at least 30 days prior to the proposed effective date of the Change in the Interest Rate Mode to the Trustee, the Remarketing Agent, any Securities Depository, the Bond Insurer and the Tender Agent (and to the Auction Agent if such Change in the Interest Rate Mode is to or from an Auction Rate) in substantially the form attached hereto as, or containing substantially the information contained in, the applicable version of Exhibit A. A Change in the Interest Rate Mode to a different Adjustable Rate may only be effected on the last Interest Payment Date for a Daily Rate Period, a Weekly Rate Period, an Auction Rate Period, or a Term Rate Period, and a Change in the Interest Rate Mode from a Commercial Paper Rate to a different Adjustable Rate may only take effect on the Interest Payment Date immediately following the last day of a Calculation Period. A notice of a Change in the Interest Rate Mode pursuant to this Section 4.1(a) shall be effective only if it is accompanied by the form of opinion that Bond Counsel expects to be able to give on the proposed effective date of such Change in the Interest Rate Mode to the effect that such Change in the Interest Rate Mode is authorized by this Tenth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on such Series 2003-C Warrants from gross income for federal income tax purposes.

In the case of any Change in the Interest Rate Mode to a Term Rate, the notice required by this section shall specify the length of the Calculation Period and, unless otherwise specified, such Calculation Period shall thereafter apply to the Series 2003-C Warrants as to which such change is occurring until the earliest to occur of (i) the Fixed Rate Conversion Date pursuant to Section 4.2,

or (ii) a Change in the Interest Rate Mode effected pursuant to this Section 4.1 or (iii) the Stated Maturity of the Series 2003-C Warrants. Any change in the Calculation Period during a Term Rate Period shall be deemed a Change in the Interest Rate Mode pursuant to this Section 4.1 and may not be made unless all the requirements of a Change in the Interest Rate Mode pursuant to this Section 4.1 are met.

(b) The Trustee shall mail, or cause the Tender Agent to mail, the notice received pursuant to subsection (a) of this Section 4.1 on or before the third Business Day after receipt thereof to the Holders of the Series 2003-C Warrants.

(c) A Change in the Interest Rate Mode to another Adjustable Rate shall be effective pursuant to subsection (a) of this Section 4.1 only if

(i) with respect to any Change in the Interest Rate Mode from an Auction Rate to another Adjustable Rate, the Trustee and the Auction Agent shall receive:

(1) a certificate of an Authorized County Representative by no later than the seventh day prior to the effective date of such Change in the Interest Rate Mode stating (A) that a written agreement between the County and the Remarketing Agent to remarket such Series 2003-C Warrants on such effective date at a price of 100% of the principal amount thereof has been entered into, which agreement (i) may be subject to such reasonable terms and conditions agreed to by the Remarketing Agent which in the judgment of the Remarketing Agent reflect the current market standards regarding investment banking risk and (ii) must include a provision requiring payment by the Remarketing Agent in same-day funds for any Auction Rate Warrant, tendered or deemed tendered; and (B) that a Liquidity Facility that conforms to the requirements of the affected Bond Insurer is in effect or has been obtained by the County with respect to those of the Series 2003-C Warrants to be converted from an Auction Rate to another Adjustable Rate and shall be in effect on or prior to the date of such Change in the Interest Rate Mode and thereafter for a period of at least 364 days;

(2) by 11:00 a.m. (New York City time) on the second Business Day prior to the effective date of such Change in the Interest Rate Mode by telecopy, facsimile or other similar means, a certificate in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit B-1 hereto, from the County (x) authorizing the establishment of the new Adjustable Rate, (y) confirming that Bond Counsel expects to be able to give an opinion on the effective date of such Change in the Interest Rate Mode to the effect that such Change in the Interest Rate Mode is authorized by this Tenth Supplemental Indenture, is permitted

under the Act and will not have an adverse effect on the exclusion of interest on the Series 2003-C Warrants from gross income for federal income tax purposes and (z) confirming that any necessary amendment to this Tenth Supplemental Indenture necessary to provide for the application of moneys available under the Liquidity Facility have been agreed to by the parties hereto and will be in effect prior to the Change in the Interest Rate Mode; and

(3) by 4:00 p.m. (New York City time) on the effective date of such Change in the Interest Rate Mode by telecopy, facsimile or other similar means, a certificate in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit B-3 hereto, from the County that all of the Auction Rate Warrants during an Auction Rate Period tendered or deemed tendered have been purchased at a price equal to the principal amount thereof with funds provided from the remarketing of such Series 2003-C Warrants in accordance with the Remarketing Agreement, and that accrued and unpaid interest, if any, and premium, if any, on the Series 2003-C Warrants shall have been paid pursuant to the Indenture from funds deposited with the Trustee;

(ii) with respect to any Change in the Interest Rate Mode to a Commercial Paper Rate, an Auction Rate or a Term Rate, the Trustee (and the Auction Agent in the case of any Change in the Interest Rate Mode to an Auction Rate) shall receive by 4:00 p.m., New York City time, on the effective date of such Change in the Interest Rate Mode, a certificate in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit B-2, from an Authorized County Representative that all of the Series 2003-C Warrants tendered or deemed tendered have been purchased at a price equal to the principal amount thereof, with funds provided from the remarketing of such Series 2003-C Warrants in accordance with the Remarketing Agreement or from other funds deposited with the Tender Agent (other than proceeds from a draw on a Liquidity Facility), and that accrued and unpaid interest, if any, and premium, if any, have been paid in accordance with the Indenture from funds deposited with the Trustee;

(iii) with respect to any Change in the Interest Rate Mode, the Trustee (and the Auction Agent in the case of any Change in the Interest Rate Mode to an Auction Rate) shall receive, by 10:30 a.m. (New York City time) on the effective date of such Change in the Interest Rate Mode, an Opinion of Bond Counsel to the effect that such Change in the Interest Rate Mode is authorized by this Tenth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Series 2003-C Warrants from gross income for federal income tax purposes;

(iv) with respect to any Change in the Interest Rate Mode to an Adjustable Rate (other than to an Auction Rate or, unless the County elects to provide a Liquidity Facility, a Term Rate), a Liquidity Facility that applies to all Series 2003-C Warrants subject to such change and that meets the requirements of this Tenth Supplemental Indenture has been delivered to the Trustee not less than one Business Day prior to the effective date of such Change in the Interest Rate Mode and is, by its terms, in effect prior to such effective date; and

(v) with respect to any Change in the Interest Rate Mode, the Trustee shall receive written confirmation from S&P, if the Series 2003-C Warrants are then rated by S&P, and from Moody's, if the Series 2003-C Warrants are then rated by Moody's, to the effect that such Change in Interest Rate Mode will not result in a reduction or withdrawal of its long- or short-term (if a Liquidity Facility will be in effect following such conversion) rating of the Series 2003-C Warrants below the rating of S&P or Moody's, as the case may be, then in effect with respect to the Series 2003-C Warrants.

If any of the conditions referred to in (c)(i)(1) or (c)(i)(2) above is not met with respect to any Change in the Interest Rate Mode for any Series 2003-C Warrants from an Auction Rate, the Auction Rate for the next succeeding Auction Period shall be determined pursuant to the Auction Procedures applicable to Auction Rate Warrants. If the condition referred to in (c)(i)(3) above is not met with respect to any Change in the Interest Rate Mode for any Series 2003-C Warrants from an Auction Rate, the Auction Rate for the next succeeding Auction Period for such Series 2003-C Warrants shall be equal to the Maximum Auction Rate as determined on the date the condition is not met, or the Auction Date for the current Auction Period for such Series 2003-C Warrants, if later. If any of the conditions referred to in (iii), (iv) or (v) above is not met with respect to any Change in the Interest Rate Mode for any Series 2003-C Warrants from an Auction Rate, the Auction Rate for the next succeeding Auction Period for such Series 2003-C Warrants shall equal the Maximum Auction Rate as determined on the date the condition is not met, or the Auction Date for the current Auction Period for such Series 2003-C Warrants, if later, and such next succeeding Auction Period shall have a length of 7 days. If any of the conditions referred to in (ii), (iii), (iv) or (v) above is not met with respect to any other Change in the Interest Rate Mode for any Series 2003-C Warrants, such warrants shall continue to bear interest at the Current Adjustable Rate and be subject to the provisions of this Tenth Supplemental Indenture applicable thereto while such Series 2003-C Warrants bear interest at such Current Adjustable Rate. If any of the foregoing conditions for a Change in the Interest Rate Mode is not met (other than with respect to any contemplated change from an Auction Rate), the Trustee shall mail, or cause the Tender Agent to mail to the County and the Holders notice thereof in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit C within three Business Days after the failure to meet any of such conditions.

Section 4.2 Optional Conversion to Fixed Rate. (a) The rate of interest per annum which Series 2003-C Warrants will bear, in whole or in part, may be fixed, at the option of the County, for the balance of the term thereof. In the event the County exercises its Option to Convert,

the selected Series 2003-C Warrants shall cease to bear interest at the Adjustable Rate then borne by the Series 2003-C Warrants and shall bear interest at the Fixed Rate until maturity, subject to the terms and conditions hereof (the date on which the Fixed Rate shall take effect being herein called the "Fixed Rate Conversion Date"). The Option to Convert may be exercised at any time through a written notice given by the County at least 30 days prior to the proposed Fixed Rate Conversion Date to the Trustee, any Securities Depository, the Tender Agent, the Bond Insurer and the Remarketing Agent (and to the Auction Agent if such Change in Interest Rate Mode to a Fixed Rate is from an Auction Rate) in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit D. The Fixed Rate Conversion Date may only be the last Interest Payment Date for a Daily Rate Period, a Weekly Rate Period, an Auction Rate Period or a Term Rate Period, as applicable, and a Change in the Interest Rate Mode from a Commercial Paper Rate to the Fixed Rate may only take effect on the Interest Payment Date immediately following the last day of a Calculation Period. A notice of conversion to a Fixed Rate shall be effective only if it is accompanied by the form of opinion that Bond Counsel expects to give on the Fixed Rate Conversion Date to the effect that the establishment of the Fixed Rate is authorized by this Tenth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on such Series 2003-C Warrants from gross income for federal income tax purposes.

(b) The Trustee shall mail, or cause the Tender Agent to mail, the notice received pursuant to subsection (a) of this Section 4.2 on or before the third Business Day after receipt thereof to the Holders.

(c) The Fixed Rate shall take effect only if

(i) with respect to a change to the Fixed Rate from an Auction Rate, the Trustee and the Auction Agent shall receive:

(1) a certificate of an Authorized County Representative by no later than the tenth day prior to the Fixed Rate Conversion Date stating that a written agreement has been entered into by the County and the Remarketing Agent to remarket the Series 2003-C Warrants affected on the Fixed Rate Conversion Date at a price of not less than 100% of the principal amount thereof, which written agreement (i) may be subject to reasonable terms and conditions imposed by the Remarketing Agent which in the judgment of the Remarketing Agent reflect current market standards regarding investment banking risk and (ii) must include a provision requiring payment by the Remarketing Agent in same-day funds for any Auction Rate Warrants tendered or deemed tendered; and

(2) by 11:00 a.m. (New York City time) on the second Business Day prior to the Fixed Rate Conversion Date, by telecopy, facsimile or other similar means, a certificate in substantially the form attached hereto

as, or containing substantially the information contained in, Exhibit B-1 hereto, from the County (y) authorizing the establishment of the Fixed Rate and (z) confirming that Bond Counsel expects to be able to give an opinion on the Fixed Rate Conversion Date to the effect that the change to the Fixed Rate is authorized by this Tenth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Series 2003-C Warrants from gross income for federal income tax purposes; and

(ii) with respect to any change to a Fixed Rate, the Trustee (and the Auction Agent in the case of any change to a Fixed Rate from an Auction Rate) receives on the Fixed Rate Conversion Date:

(1) by 10:30 a.m. (New York City time) an Opinion of Bond Counsel to the effect that the conversion to the Fixed Rate is authorized by this Tenth Supplemental Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Series 2003-C Warrants from gross income for federal income tax purposes; and

(2) by 4:00 p.m. (New York City time) a certificate in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit E from an Authorized County Representative that all of the Series 2003-C Warrants tendered or deemed tendered have been purchased at a price equal to the principal amount thereof with funds provided from the remarketing of such Series 2003-C Warrants in accordance with the Remarketing Agreement or from other funds deposited with the Tender Agent (other than proceeds from a draw on a Liquidity Facility), and that accrued and unpaid interest, if any, has been or shall be paid in accordance with the Indenture from funds deposited with the Trustee (other than proceeds from a draw on a Liquidity Facility), and that the premium, if any, has been paid from funds deposited with the Trustee on terms permitting payment of such premium when due.

(iii) If any of the conditions referred to in (i) above are not met with respect to any change to a Fixed Rate for any Series 2003-C Warrants from an Auction Rate, the Auction Rate for the next succeeding Auction Period shall be determined pursuant to the Auction Procedures applicable to the Auction Rate Warrants. If the conditions referred to in (ii) above are not met with respect to any change to a Fixed Rate for any Series 2003-C Warrants from an Auction Rate, the Auction Rate for the next succeeding Auction Period shall be equal to the Maximum Auction Rate on the date the condition is not met or the Auction Date for the current Auction Period for such Series 2003-C Warrants, if later. If the conditions referred to in (ii) above are not met with respect to any change from any other Adjustable

Rate to a Fixed Rate for any Series 2003-C Warrants, the Series 2003-C Warrants shall continue to bear interest at the Current Adjustable Rate and be subject to the provisions of this Tenth Supplemental Indenture applicable thereto while the Series 2003-C Warrants bear interest at such Current Adjustable Rate. If any of the foregoing conditions to the establishment of the Fixed Rate (other than with respect to any attempted change from an Auction Rate to a Fixed Rate) are not met, the Trustee shall mail, or cause the Tender Agent to mail, to the County and the Holders, notice thereof in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit F within three Business Days after the failure to meet any of said conditions.

(d) If the Series 2003-C Warrants commence to bear interest at the Fixed Rate as provided in this Section 4.2, the interest rate on such Series 2003-C Warrants may not thereafter be changed to an Adjustable Rate.

Section 4.3 Conversion Generally. (a) In the event of a Change in the Interest Rate Mode on less than all the Series 2003-C Warrants to or from an Auction Rate, the minimum aggregate principal amount of Series 2003-C Warrants that continue to bear, or are adjusted to bear, interest at an Auction Rate for an Auction Rate Period, shall not be less than \$10,000,000.

(b) Upon any Change in the Interest Rate Mode or upon any change to a new Calculation Period or Periods during a Commercial Paper Rate Period, the Remarketing Agent and the Trustee shall take all steps necessary to comply with any agreement entered into with a Securities Depository or its nominee with respect to such Change in the Interest Rate Mode or such change to a new Calculation Period or Periods during a Commercial Paper Rate Period, including, without limitation, the purchase (at the expense of the County) and designation of sufficient CUSIP numbers to comply with the requirements of such Securities Depository following any such Change in the Interest Rate Mode or such change to a new Calculation Period or Periods during a Commercial Paper Rate Period.

(c) If the interest rate on less than all Series 2003-C Warrants of a particular subseries is to be converted to a new Adjustable Rate pursuant to Section 4.1 or to a Fixed Rate pursuant to Section 4.2, the particular Series 2003-C Warrants of such subseries to be converted shall be chosen by the Trustee, or the Trustee shall direct the Tender Agent to so choose, in such manner as the Trustee or Tender Agent in its discretion may deem proper; provided, however, that the portion of any Series 2003-C Warrant to be converted shall be in an Authorized Denomination for the Interest Rate Mode to which such Series 2003-C Warrant is being converted (and the portion of any such Series 2003-C Warrants that is not being converted shall be in an Authorized Denomination for the Interest Rate Mode then applicable thereto). If it is determined that a portion, but not all, of any Series 2003-C Warrant is to be converted, then upon notice of such conversion pursuant to the Indenture, the Holders of such Series 2003-C Warrants shall forthwith surrender such Series 2003-C Warrants to the Tender Agent for (1) payment of the purchase price (including the premium, if any, and accrued and unpaid interest to the date fixed for conversion) of the portions thereof chosen for

conversion and (2) exchange for a new Series 2003-C Warrant or Warrants in the aggregate principal amount of the balance of the principal of such Series 2003-C Warrants not subject to conversion. If the Holder of any such Series 2003-C Warrant shall fail to present such Series 2003-C Warrant to the Tender Agent, for payment and exchange as aforesaid, such Series 2003-C Warrant shall, nevertheless, become due and payable on the date fixed for conversion to the extent of the portion thereof chosen for such conversion (and to that extent only).

ARTICLE V

REDEMPTION AND PURCHASE OF SERIES 2003-C WARRANTS

Section 5.1 **Redemption.**

Optional Redemption. The Series 2003-C Warrants shall be subject to redemption, in whole or in part, at the option of the County, upon its written request delivered to the Trustee not less than forty-five (45) days (thirty (30) days for Series 2003-C Warrants bearing interest at an Adjustable Rate) prior to the date selected for redemption, from the proceeds of a draw on or payment under a Support Facility (if available for such purpose), and any other money held by the Trustee and available to be applied to the redemption of Series 2003-C Warrants as provided in this Section 5.1:

(a) For any Commercial Paper Rate Period, such Series 2003-C Warrants shall be subject to redemption (i) on each Interest Payment Date for such Commercial Paper Rate Period, as a whole or in part, at the principal amount thereof, and (ii) on any Business Day, as a whole or in part, at the principal amount thereof plus accrued interest, if any, to the date fixed for redemption.

(b) For any Auction Rate Period, such Series 2003-C Warrants shall be subject to redemption on the Business Day immediately preceding each Auction Date, as a whole or in part, at the principal amount thereof plus accrued interest, if any, to the date fixed for redemption.

(c) For any Daily Rate Period, such Series 2003-C Warrants shall be subject to redemption on any Business Day, as a whole or in part, at the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

(d) For any Weekly Rate Period, such Series 2003-C Warrants shall be subject to redemption on any Business Day, as a whole or in part, at the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

(e) For any Term Rate Period and after the Fixed Rate Conversion Date, such Series 2003-C Warrants shall be subject to redemption in whole or in part on

any Business Day on or after the tenth anniversary of the commencement of such Term Rate Period or the Fixed Rate Conversion Date, as the case may be. The redemption price shall be equal to the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

Scheduled Mandatory Redemption. The Series 2003-C Warrants shall be redeemed at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on February 1 (or, in the case of Auction Rate Warrants, if any such February 1 is not an Interest Payment Date, then on the first Interest Payment Date subsequent thereto) in years and principal amounts (after credit as provided below) as follows:

<u>FSA-Insured Warrants</u>		<u>FGIC-Insured Warrants</u>	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2009	\$ 2,700,000	2029	\$ 11,700,000
2010	2,800,000	2030	87,000,000
2011	2,900,000	2031	90,500,000
2012	3,025,000	2032	22,500,000
2013	3,150,000	2033	23,400,000
2014	3,275,000	2034	24,350,000
2015	3,400,000	2035	25,325,000
2016	3,550,000	2036	26,325,000
2017	28,675,000	2038	102,250,000
2018	30,850,000	2039	105,700,000
2019	9,500,000	2040	112,950,000
2020	3,025,000	2041	98,550,000
2021	3,125,000		
2022	4,875,000		
2023	18,675,000		
2024	19,425,000		
2025	20,200,000		
2026	18,975,000		
2027	19,725,000		
2028	20,525,000		
2029	9,650,000		

\$89,450,000 of the
FGIC-Insured Warrants will be
retired at Maturity

Not less than 60 days prior to each such scheduled mandatory redemption date, the County may specify the particular subseries from which Series 2003-C Warrants referable to each Bond Insurer are to be called for such redemption and (if more than one subseries is so specified) the respective principal amounts to be called for redemption from each thereof. In any such case, the particular Series 2003-C Warrants (or portions thereof) within a given subseries to be called for redemption shall be selected by the Trustee by lot. If the County fails to make such a specification with respect to any scheduled mandatory redemption date, not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, as provided in Section 5.6 hereof, Series 2003-C Warrants or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such Series 2003-C Warrants or portions thereof for redemption on such scheduled mandatory redemption date. In any event the County may, upon direction delivered to the Trustee not less than 60 days prior to such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of Series 2003-C Warrants scheduled for redemption on such date: (i) the principal amount of Series 2003-C Warrants delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of Series 2003-C Warrants previously redeemed (other than Series 2003-C Warrants redeemed pursuant to this paragraph) and not previously claimed as a credit.

Series 2003-C Warrants shall be redeemed in accordance with the foregoing mandatory redemption provisions without any requirement of consent by the County.

Section 5.2 Tender for and Purchase upon Election of Holder. (a) During any Daily Rate Period or Weekly Rate Period, any Series 2003-C Warrant bearing interest at a Daily Rate or Weekly Rate (other than any Bank Warrant or any Series 2003-C Warrant held by or for the benefit of the County), or portion thereof in a principal amount equal to an Authorized Denomination (so long as the principal amount not purchased is an Authorized Denomination), shall be purchased on the demand of the Holder thereof on any Business Day at a price equal to the principal amount thereof plus accrued interest, if any, to (but not including) the date of purchase, upon delivery to the Tender Agent and the Remarketing Agent at their respective principal offices, by the close of business on any Business Day of a Notice of Election to Tender in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit G; provided, however, that the substance of such Notice of Election to Tender must also be given telephonically to the Remarketing Agent prior to or simultaneously with delivery of such written Notice of Election to Tender to the Remarketing Agent. The date on which such Series 2003-C Warrant shall be purchased shall, at the request of the Holder thereof, (i) if the Series 2003-C Warrant then bears interest at a Daily Rate, be the date of delivery of such Notice of Election to Tender if such Notice of Election to Tender is delivered to the Tender Agent and the Remarketing Agent by 11:00 a.m. (New York City time) on such date or may be any Business Day thereafter, and (ii) if the Series 2003-C Warrant then bears interest at a Weekly Rate, shall be a Business Day not prior to the 7th day next succeeding the date of the delivery of such Notice of Election to Tender to the Tender Agent and the Remarketing Agent.

(b) Immediately upon receipt of a Notice of Election to Tender delivered pursuant to the provisions of this Section 5.2, the Tender Agent shall notify, or cause to be notified, the Trustee, the Remarketing Agent and, upon request, the County, by telephone, promptly confirmed in writing, of such receipt, specifying the contents thereof.

(c) Any Notice of Election to Tender shall be irrevocable.

(d) The right of a Holder to optionally tender a Series 2003-C Warrant to the Tender Agent pursuant to this Section 5.2 shall terminate after conversion of the Interest Rate Mode to a Commercial Paper Rate, an Auction Rate, a Term Rate or a Fixed Rate with respect to such Series 2003-C Warrant. Furthermore, any Series 2003-C Warrant tendered for purchase pursuant to the terms of Section 5.2 after the date notice of redemption or mandatory tender is given shall not be remarketed except to a purchaser who agrees at the time of such purchase to tender such Series 2003-C Warrant for redemption or purchase on the applicable redemption or mandatory tender date.

Section 5.3 Mandatory Tender for Purchase upon Change in the Interest Rate Mode and on a Business Day Following Certain Calculations. (a) Upon a Change in the Interest Rate Mode (including any change to the Fixed Rate on the Fixed Rate Conversion Date), the Series 2003-C Warrants bearing an Auction Rate, a Daily Rate, a Weekly Rate, a Term Rate or a Commercial Paper Rate shall be subject to mandatory tender for purchase in accordance with the terms hereof, on the effective date of such Change in the Interest Rate Mode at a price equal to the principal amount thereof.

(b) For any Term Rate Period or Commercial Paper Rate Period, the Series 2003-C Warrants shall be subject to mandatory tender for purchase in accordance with the terms hereof on the Business Day immediately following each Calculation Period, at a price equal to the principal amount thereof.

(c) Notice of mandatory tender for purchase upon a Change in the Interest Rate Mode to an Adjustable Rate shall be in substantially the form attached hereto as, or contain substantially the information contained in, the applicable form of Exhibit A. Notice of mandatory tender for purchase upon a Change in the Interest Rate Mode to the Fixed Rate shall be in substantially the form attached hereto as, or contain substantially the information contained in, Exhibit D.

(d) Any such notice of mandatory tender for purchase required by this Section 5.3 shall be given by the Trustee in the name of the County, or the Trustee shall cause the Tender Agent to give such notice in the name of the County (with copies thereof to be given to the Remarketing Agent, the County, the Tender Agent and, in the case of Auction Rate Warrants, the Auction Agent), by first-class mail to the Holders of the Series 2003-C Warrants subject to purchase at their addresses shown on the books of registry.

(e) Bank Warrants are not subject to mandatory tender for purchase pursuant to this Section 5.3.

(f) In the event the conditions to a change in the Interest Rate Mode set forth in Sections 4.1 or 4.2 are not met prior to the applicable mandatory tender date, such mandatory tender shall not take place with respect to the Series 2003-C Warrants for which notice of mandatory tender has been given, and such Series 2003-C Warrants will continue to bear interest as set forth in the last paragraph of Section 4.1(c) or in Section 4.2(c)(iii), as applicable. The Trustee shall send notice in the form of Exhibits C or F, as applicable to the Holders of such Series 2003-C Warrants.

Section 5.4 Mandatory Tender for Purchase Upon Expiration, Termination, Substitution or Amendment of any Liquidity Facility. (a) Except as otherwise set forth in the last sentence of this subsection (a), the Series 2003-C Warrants shall be subject to mandatory tender for purchase at a price equal to the principal amount thereof, (i) on the second Business Day immediately preceding the substitution of an Alternate Liquidity Facility for an existing Liquidity Facility or the effective date of a Liquidity Facility Amendment which results in either case in a reduction or withdrawal of the short-term or long-term rating assigned to such Series 2003-C Warrants, as further described in Section 6.2(b), (ii) on the first anniversary of the initial failure by the Liquidity Provider to maintain its short-term ratings (unless sooner restored) as specified in Section 6.2(c), and (iii) on the second Business Day immediately preceding the date of expiration or termination of any Liquidity Facility (other than a termination that results from an event that permits termination of such Liquidity Facility without notice), unless on or prior to the 45th day prior to such date of expiration or termination or the effective date of such Liquidity Facility Amendment or such first anniversary of the initial failure of the Liquidity Provider to maintain its short-term ratings the County has furnished to the Trustee (a) an agreement by the Liquidity Provider to extend such Liquidity Facility in the case of an expiration, or (b) an Alternate Liquidity Facility in replacement of the expiring, terminating or amended Liquidity Facility or the Liquidity Facility whose Liquidity Provider has so failed to maintain its short-term ratings together with the confirmation of ratings referred to in Section 6.2(a). No tender for purchase of any Series 2003-C Warrants shall be required pursuant to this Section 5.4 if the Fixed Rate Conversion Date shall have occurred on a date prior to such date of expiration, termination, substitution or the effective date of a Liquidity Facility Amendment.

(b) Notice of the mandatory tender for purchase pursuant to this Section 5.4 shall be given on or prior to the 30th day (or, in the case of any termination, such lesser number of days as may be practicable under the terms of the Liquidity Facility then in effect) before the expiration, termination, substitution or amendment date or the 30th day prior to the date of the first anniversary referred to in clause (ii) of subsection (a) of this Section 5.4 by the Trustee in the name of the County (with copies thereof given to the County, the Remarketing Agent, each issuer of a Support Facility and the Tender Agent) by first-class mail to the Holders of the Series 2003-C Warrants subject to mandatory tender for purchase at their addresses shown on the books of registry. Such notice shall be in substantially the form attached hereto as, or contain substantially the information contained in, Exhibit H. Such notice may also state, if applicable, that such mandatory tender will not occur if the Trustee receives, on or before the date that is five (5) days preceding the mandatory tender date, an Alternate Liquidity Facility in replacement of the expiring, terminating or amended Liquidity

Facility or of the Liquidity Facility whose Liquidity Provider failed to maintain the ratings required hereby, together with the confirmation of ratings referred to in Section 6.2(a).

(c) Bank Warrants or Series 2003-C Warrants held by or for the account of the County are not subject to mandatory tender for purchase pursuant to this Section 5.4.

Section 5.5 General Provisions Applicable to Mandatory and Optional Tenders for Purchase of Series 2003-C Warrants. (a) If interest has been paid on the Series 2003-C Warrants, or an amount sufficient to pay interest thereon has been deposited in the Debt Service Fund, or an amount sufficient to pay accrued interest thereon, if any, has been set aside in the Warrant Purchase Fund, and the purchase price equal to the principal of, and premium, if any, on the Series 2003-C Warrants shall be available in the Warrant Purchase Fund for payment of Series 2003-C Warrants subject to tender for purchase pursuant to Section 5.2, 5.3 or 5.4, and if any Holder fails to deliver or does not properly deliver the Series 2003-C Warrants to the Tender Agent for which a Notice of Election to Tender has been properly filed or which are subject to mandatory tender for purchase on the purchase date therefor, such Series 2003-C Warrants shall nevertheless be deemed tendered and purchased on the date established for the purchase thereof, interest on such Series 2003-C Warrants shall cease to be payable to the former Holders thereof from and after the date of purchase and such former Holders shall have no rights hereunder as the registered owners of such Series 2003-C Warrants, except the right to receive the purchase price of and interest to the purchase date, if any, on such Series 2003-C Warrants upon delivery thereof to the Tender Agent in accordance with the provisions hereof.

The purchaser of any Series 2003-C Warrants remarketed by the Remarketing Agent shall be the registered owner of such Series 2003-C Warrants; or, if the Series 2003-C Warrants are registered in the name of the Securities Depository or its nominee, any such purchaser shall be the beneficial owner of such Series 2003-C Warrants. To the extent Series 2003-C Warrants are purchased with the proceeds of a payment under a Liquidity Facility, the issuer of such Liquidity Facility shall be treated as the owner of such Series 2003-C Warrants. While Series 2003-C Warrants are held by or for the benefit of a Liquidity Provider, the Trustee shall not effect payment under such Liquidity Facility to pay principal, interest or premium on such Series 2003-C Warrants.

The payment of Series 2003-C Warrants pursuant to Section 5.2, 5.3 or 5.4 shall be subject to delivery of such Series 2003-C Warrants duly endorsed in blank for transfer or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent executed in blank for transfer at the principal office of the Tender Agent at or prior to 10:00 a.m. (11:30 a.m. for Series 2003-C Warrants bearing interest at a Weekly Rate and 12:00 noon for Series 2003-C Warrants bearing interest at a Daily Rate and being purchased pursuant to Section 5.2) (New York City time), on a specified purchase date. The Tender Agent may refuse to make payment with respect to any Series 2003-C Warrants tendered for purchase pursuant to Section 5.2, 5.3 or 5.4 not endorsed in blank or for which an instrument of transfer satisfactory to the Tender Agent has not been provided.

(b) The purchase price of Series 2003-C Warrants subject to tender for purchase pursuant to Section 5.2, 5.3 or 5.4 in an aggregate principal amount of at least one million dollars (\$1,000,000) shall be payable in immediately available funds or by wire transfer upon written notice from the Holder thereof containing the wire transfer address (which shall be in the continental United States) to which such Holder wishes to have such wire directed, if such written notice is received by the Tender Agent not less than five Business Days prior to the related purchase date.

(c) To the extent that a Liquidity Facility is required to be in effect, Series 2003-C Warrants tendered for purchase may not be purchased by the County from the Remarketing Agent upon a remarketing of Series 2003-C Warrants pursuant to the Remarketing Agreement.

(d) If a Liquidity Facility is in effect with respect to any Series 2003-C Warrants, the Trustee shall, in accordance with the provisions of this Section 5.5, request a payment under the Liquidity Facility in accordance with its terms to enable the Trustee to effect a deposit of the proceeds of the Liquidity Facility into the Warrant Purchase Fund in an amount necessary to effect full and timely payment of the Purchase Price of all Series 2003-C Warrants for which such Liquidity Facility is in effect and for which remarketing proceeds are not available. The Remarketing Agent shall notify the Tender Agent and the Trustee, at or prior to 11:00 a.m. (New York City time) on a specified purchase date, of the amount of the proceeds of the related remarketing, and shall specify whether remarketing proceeds (excluding any such proceeds from the County) equal to the full amount of the Purchase Price payable on such purchase date will be available on such purchase date for the payment of such Purchase Price, and, if the amount of such remarketing proceeds that will be available on such purchase date for the payment of such Purchase Price shall not be equal to the full amount of the Purchase Price payable on such purchase date, such notice shall specify the amount of the deficiency. By 11:15 a.m. (New York City time) on such purchase date, the Remarketing Agent shall pay to the Tender Agent, for deposit in the Warrant Purchase Fund, an aggregate amount of such remarketing proceeds equal to the amount stated in such notice to be available on such purchase date for the payment of such Purchase Price. If the Remarketing Agent fails to provide such notice to the Tender Agent and Trustee prior to 11:00 a.m. (New York City time), or fails to make such payment to the Tender Agent prior to 11:15 a.m. (New York City time), the Trustee shall be required to request a draw or payment under the Liquidity Facility for the difference between the amount received from the Remarketing Agent and the Purchase Price of Series 2003-C Warrants to be purchased. In no event shall the Trustee request a draw or payment under a Liquidity Facility to provide for the purchase of Series 2003-C Warrants other than those to which such facility is applicable.

(e) The purchase price of any Series 2003-C Warrant tendered for purchase shall be paid solely from remarketing proceeds or moneys provided under the related Liquidity Facility. The County will not be otherwise obligated to pay such purchase price. If moneys from the specified sources are not available to purchase a tendered Series 2003-C Warrant, such warrant will bear interest from such tender date until the next Determination Date on which a new rate is established at a variable rate equal to The Bond Buyer Seven Day General Market Index (non-AMT) plus 25 basis points.

Section 5.6 Selection of Series 2003-C Warrants to be Redeemed. A redemption of Series 2003-C Warrants shall be a redemption of the whole or of any part of the Series 2003-C Warrants from any funds available for that purpose in a principal amount equal to an Authorized Denomination (so long as the principal amount not redeemed is an Authorized Denomination). If less than all Series 2003-C Warrants shall be redeemed, the particular Series 2003-C Warrants to be redeemed shall be chosen by the Trustee, or the Trustee shall direct the Tender Agent to so choose, as hereinafter provided. If less than all the Series 2003-C Warrants shall be called for redemption under any provision of this Tenth Supplemental Indenture permitting such partial redemption, the particular Series 2003-C Warrants or portions of Series 2003-C Warrants to be redeemed shall be selected (a) first, from Bank Warrants, (b) second, from Series 2003-C Warrants for which the Tender Agent has received, prior to such selection, a Notice of Election to Tender requiring the Tender Agent to purchase such Series 2003-C Warrants on the date on which the Series 2003-C Warrants being selected are to be redeemed and (c) third, from all other Series 2003-C Warrants then Outstanding, by lot or pro rata by the Trustee or, upon direction of the Trustee, the Tender Agent, in such manner as the Trustee or Tender Agent in its discretion may deem proper; provided, however, that (i) the portion of the principal amount of any Series 2003-C Warrant to be outstanding shall be in a principal amount equal to an Authorized Denomination for the type of interest rate to be borne by the Series 2003-C Warrants, and (ii) in selecting Series 2003-C Warrants for redemption, the Trustee or Tender Agent may treat each Series 2003-C Warrant as representing the number of Series 2003-C Warrants obtained by dividing the principal amount of such Series 2003-C Warrant into units based on the Authorized Denominations for the type of interest rate then borne by the Series 2003-C Warrants and the type of interest rate to be borne by the Series 2003-C Warrants following such redemption, in such manner as the Trustee or Tender Agent in its discretion may deem proper. If it is determined that part, but not all, of the principal amount of any Series 2003-C Warrant is to be redeemed, then upon notice of redemption of such part, the holder of such Series 2003-C Warrant shall forthwith surrender such Series 2003-C Warrant to the Trustee for (i) payment of the redemption price (including the premium, if any, and accrued and unpaid interest, if any, to the date fixed for redemption) of such part so called for redemption and (ii) exchange for a new Series 2003-C Warrant or Warrants in aggregate principal amount equal to the aggregate principal amount of the balance of the principal of such Series 2003-C Warrant not subject to redemption. If the holder of any such Series 2003-C Warrant of a denomination greater than the applicable minimum Authorized Denomination for the type of interest rate then borne by the Series 2003-C Warrants shall fail to present such Series 2003-C Warrant, such Series 2003-C Warrant shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the portion thereof subject to such redemption (and to that extent only). Notwithstanding the foregoing, so long as the Series 2003-C Warrants are maintained in book-entry form, selection of Series 2003-C Warrants for redemption shall be made by the Securities Depository in accordance with the procedures established by the Securities Depository.

Section 5.7 Notice of Redemption. (a) Except as otherwise provided in this Tenth Supplemental Indenture, notice of redemption shall be given by mailing a copy of the redemption notice by first-class mail at least 30 days (15 days for Series 2003-C Warrants bearing interest at an Adjustable Rate) prior to the date fixed for redemption to the Auction Agent during the Auction Rate

Period and to the Holders of the Series 2003-C Warrants to be redeemed at the addresses shown on the registration books maintained by the Trustee.

(b) The Trustee shall not be required to transfer or exchange Series 2003-C Warrants during any period beginning at the opening of business 15 days before the day of mailing of a notice of redemption and ending at the close of business on the day fixed for redemption; provided, however, that the foregoing shall not apply during a Daily Rate Period, a Weekly Rate Period, a Commercial Paper Rate Period or an Auction Rate Period.

(c) Each notice of redemption shall state: (i) the full title of the Series 2003-C Warrants to be redeemed, the redemption date, the place of redemption and the redemption price payable upon such redemption; (ii) that the interest on the Series 2003-C Warrants, or on the principal amount thereof to be redeemed, shall cease to accrue from and after such redemption date and (iii) that on said date there will become due and payable on the Series 2003-C Warrants the principal amount thereof to be redeemed and the interest accrued on such principal amount to the redemption date, if any, and the premium, if any, thereon. Each notice of redemption mailed to a Holder of the Series 2003-C Warrants shall, if less than the entire principal amount thereof is to be redeemed, also state the principal amount thereof and the distinctive numbers of the Series 2003-C Warrants to be redeemed and that such Series 2003-C Warrants must be surrendered to the Trustee in exchange for the payment of the principal amount thereof to be redeemed, premium, if any, and accrued interest, if any, and the issuance of a new Series 2003-C Warrant equaling in principal amount that portion of the principal amount not to be redeemed of the Series 2003-C Warrants to be surrendered. The failure to give notice to any Holder of a Series 2003-C Warrant or any defects in such notice shall not affect the proceedings for the redemption of the Series 2003-C Warrants for which notice has been given.

In the event notice of redemption is given by the Trustee with respect to Auction Rate Warrants, the Trustee shall include in such notice of redemption delivered to the Securities Depository an instruction to the Securities Depository prepared by the County to (x) determine on the Publication Date (which shall be the date that is three Business Days after the Auction Date next preceding such redemption date) the Securities Depository participants whose Securities Depository positions will be redeemed and the principal amount of such Auction Rate Warrants to be redeemed from each such position (the "Securities Depository Redemption Information") and (y) notify the Auction Agent immediately after such determination of the positions of the Securities Depository participants in such Auction Rate Warrants immediately prior to such Auction settlement, the position of the Securities Depository participants in such Auction Rate Warrants immediately following such Auction settlement, and the Securities Depository Redemption Information.

(d) If at any time of mailing of notice of an optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Series 2003-C Warrants called for redemption, such notice shall state that it is conditional, that is, subject to the deposit of moneys sufficient for the redemption with the Trustee on or prior the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Section 5.8 Effect of Redemption. If the Series 2003-C Warrants have been duly called for redemption and notice of the redemption thereof has been duly given or provided for as hereinbefore provided and if money for the payment of the Series 2003-C Warrants (or of the principal amount thereof to be redeemed) and the interest to the redemption date on the Series 2003-C Warrants (or on the principal amount thereof to be redeemed), if any, and the premium, if any, thereon are held for the purpose of such payment by the Trustee, then the Series 2003-C Warrants (or the principal amount thereof to be redeemed) shall on the redemption date designated in such notice, become due and payable and interest on the Series 2003-C Warrants (or the principal amount thereof to be redeemed) so called for redemption shall cease to accrue from the redemption date and the Holder thereof shall thereafter have no rights hereunder as the Holder of such Series 2003-C Warrants (or the principal amount thereof to be redeemed) except to receive the principal amount thereof, premium, if any, thereon and interest, if any, to the redemption date.

Section 5.9 Cancellation of Redeemed Warrants. Any Series 2003-C Warrants surrendered or redeemed pursuant to the provisions of this Article V shall be cancelled by the Trustee.

Section 5.10 Series 2003-C Warrants Purchased by Liquidity Provider. Series 2003-C Warrants subject to purchase pursuant to Sections 5.2, 5.3 and 5.4 shall be deemed purchased by the Liquidity Provider in a principal amount equal to the amount of a draw on, or borrowing or payment under, the Liquidity Facility for the payment of Series 2003-C Warrants subject to purchase, upon the deposit with the Trustee or the Tender Agent, as applicable, of the proceeds of such draw on, or borrowing or payment under, the Liquidity Facility in an amount sufficient to pay the purchase price of such Series 2003-C Warrants equal to the principal amount of such Series 2003-C Warrants plus accrued and unpaid interest thereon, if any, to the date of purchase, and such Series 2003-C Warrants shall not be deemed paid and shall remain Outstanding hereunder as Bank Warrants until the Liquidity Provider has been reimbursed for such draws on, or borrowings or payments under, the Liquidity Facility to pay such purchase price. Any Series 2003-C Warrants purchased by the Liquidity Provider other than a municipal bond or financial guarantee insurance company shall become Bank Warrants, shall bear interest at the Bank Warrant Interest Rate and shall be subject to the terms and provisions of, and have all rights with respect to Bank Warrants under the applicable Liquidity Facility. Unless the Liquidity Provider shall otherwise direct, any Series 2003-C Warrants purchased by the Liquidity Provider shall be immediately registered in the name of the Liquidity Provider as a Holder (unless held through a Securities Depository, in which case the Series 2003-C Warrants shall be transferred in accordance with the procedures established by the Securities Depository) and the Liquidity Provider shall have all rights of a Holder of Series 2003-C Warrants except that such Series 2003-C Warrants purchased by a Liquidity Provider will bear interest at the Bank Rate. Pending the delivery of any such Series 2003-C Warrants to, or pursuant to the instructions of, the related purchasing Liquidity Provider, such Series 2003-C Warrants shall be held in trust by the Tender Agent. Under no circumstances shall any such Series 2003-C Warrants be released by the Tender Agent to any Person other than the purchasing Liquidity Provider unless such provider has delivered to the Tender Agent written instructions to do so, which instructions shall specify that the Liquidity Facility in question has been reinstated in an amount corresponding to the

Series 2003-C Warrant in question. In no event shall money be drawn under a Liquidity Facility to provide for the purchase of Bank Warrants or warrants owned by the County.

ARTICLE VI

SUPPORT FACILITIES

Section 6.1 Support Facilities – General. The County hereby agrees to maintain a Liquidity Facility meeting the requirements of this Tenth Supplemental Indenture with respect to the Series 2003-C Warrants at all times except during any Auction Rate Period, Term Rate Period or Fixed Rate Period. A Liquidity Facility meeting the criteria set forth in this Tenth Supplemental Indenture may be provided during a Term Rate Period, at the option of the County. Each time the County obtains a Liquidity Facility with respect to Series 2003-C Warrants, the County shall submit such Liquidity Facility to Moody's, if the Series 2003-C Warrants are then rated by Moody's, and to S&P, if the Series 2003-C Warrants are then rated by S&P, and to another rating agency, if the Series 2003-C Warrants are then rated by such rating agency for the purposes of obtaining a rating on such Series 2003-C Warrants. The Trustee shall be furnished with any Liquidity Facility obtained pursuant to this Section 6.1 together with evidence of any rating or ratings obtained on the Series 2003-C Warrants in connection therewith.

Section 6.2 Liquidity Facility. (a) At any time that Series 2003-C Warrants bear interest at an Adjustable Rate (other than an Auction Rate or a Term Rate), the County shall, and at any time that Series 2003-C Warrants bear interest at a Term Rate, the County may, provide for the delivery to the Trustee of a Liquidity Facility that is issued by a financial institution with a long term debt rating of at least A from S&P or Moody's and that supports ratings at least the equivalent of A-1 from S&P and V-MIG1 from Moody's. The form of such Liquidity Facility shall be approved in writing by the Bond Insurer so long as the Bond Insurer has not denied in writing its obligations under the Policy and is not in payment default under the Policy. The Liquidity Facility shall satisfy the definition of "Liquidity Facility" herein and shall be, in case of an Alternate Liquidity Facility, the same as the Liquidity Facility it replaces in all respects material to the security for the Series 2003-C Warrants; provided that (i) the expiration date of such Liquidity Facility shall be a date not earlier than 364 days from its date of issuance (or the length of the Calculation Period with respect to any Series 2003-C Warrant bearing interest at a Term Rate to which such Liquidity Facility applies, if longer), subject to earlier termination upon the occurrence of (a) a Terminating Event or another event of default under the Liquidity Facility or the related reimbursement agreement or other corresponding agreement pursuant to which such Liquidity Facility is issued, (b) the issuance of an Alternate Liquidity Facility, (c) payment in full of the Outstanding Series 2003-C Warrants which are secured by such Liquidity Facility or (d) a Change in the Interest Rate Mode to an Auction Rate, a Commercial Paper Rate, a Term Rate or a Fixed Rate; and (ii) if, between the effective date of a Liquidity Facility and the effective date of an Alternate Liquidity Facility, there occurs a Change in the Interest Rate Mode with respect to some or all of the Series 2003-C Warrants, such Alternate Liquidity Facility shall comply with the requirements applicable to a Liquidity Facility in effect with

respect to the new Interest Rate Mode with respect to the Series 2003-C Warrants so affected. On or prior to the date of the delivery of an Alternate Liquidity Facility or an amendment to a Liquidity Facility (other than an amendment which only extends the expiration date of an existing Liquidity Facility) (a "Liquidity Facility Amendment") to the Trustee, the County shall furnish to the Trustee and the related Bond Insurer (a) an opinion of Bond Counsel stating that the delivery of such Alternate Liquidity Facility or Liquidity Facility Amendment to the Trustee is authorized under this Tenth Supplemental Indenture and complies with the terms hereof and (b) written confirmation from S&P, if the Series 2003-C Warrants are then rated by S&P, and from Moody's, if the Series 2003-C Warrants are then rated by Moody's, and from another rating agency, if the Series 2003-C Warrants are then rated by such rating agency, to the effect that such rating agency has reviewed the proposed Alternate Liquidity Facility or Liquidity Facility Amendment and that the substitution of the proposed Alternate Liquidity Facility for the existing Liquidity Facility or the delivery of the Liquidity Facility Amendment will not result in a reduction or withdrawal of its long- or short-term rating of the Series 2003-C Warrants below the rating of S&P or Moody's or such other rating agency, as the case may be, then in effect with respect to the Series 2003-C Warrants.

(b) If the County delivers an Alternate Liquidity Facility in substitution for a Liquidity Facility or a Liquidity Facility Amendment which will result in a reduction in or withdrawal of the short-term or long-term rating (or both) assigned to such Series 2003-C Warrants by Moody's or S&P or such other rating agency as a result of the Alternate Liquidity Facility or Liquidity Facility Amendment, all Series 2003-C Warrants (unless the Series 2003-C Warrants bear interest at an Auction Rate or Fixed Rate) shall be subject to mandatory tender for purchase pursuant to Section 5.4. It shall be a condition to the delivery of such an Alternate Liquidity Facility or Liquidity Facility Amendment that the Opinion of Bond Counsel referred to in the preceding paragraph be obtained. The County shall deliver notice to the Trustee of the substitution of an Alternate Liquidity Facility or the delivery of a Liquidity Facility Amendment which will result in a reduction or withdrawal in the short-term or long-term ratings assigned to the Series 2003-C Warrants pursuant to this Section 6.2 at least 45 days before the date of substitution or amendment.

(c) If the Liquidity Provider of a Liquidity Facility should fail to maintain short-term ratings equivalent to A-1 from S&P and P-1 from Moody's, and such Liquidity Provider is not replaced within 12 months, all Series 2003-C Warrants secured by such Liquidity Facility shall be subject to mandatory tender for purchase pursuant to Section 5.4. The County shall require the Liquidity Provider to promptly notify the Trustee that the short-term ratings of the Liquidity Provider have been reduced below the levels described in the preceding sentence.

(d) In any instance in which the Trustee accepts a new Liquidity Facility, or an amendment to an existing Liquidity Facility, under such circumstances that a mandatory tender of the Series 2003-C Warrants covered or to be covered by such Liquidity Facility is not required, the Trustee shall mail a written notice (including the provider, amount and expected effective date) of such Liquidity Facility (and the related substitution), or such amendment, to the Holders of the affected Series 2003-C Warrants at least 15 days prior to the effective date of such new Liquidity Facility or such amendment.

Section 6.3 Alternate Credit Facility. The County may, at its option and consistent with this section, obtain an Alternate Credit Facility in substitution for or in addition to the initial Policy or other Alternate Credit Facility. On or prior to the date of delivery of such Alternate Credit Facility, the County shall deliver to the Trustee (a) an opinion of Bond Counsel stating that the delivery of such Alternate Credit Facility to the Trustee is authorized under this Tenth Supplemental Indenture and complies with the terms hereof and (b) in the case of a substitution or addition of a Credit Facility, written confirmation from S&P, if the Series 2003-C Warrants are then rated by S&P, and from Moody's, if the Series 2003-C Warrants are then rated by Moody's, and from another rating agency, if the Series 2003-C Warrants are then rated by such rating agency, to the effect that such rating agency has reviewed the proposed Alternate Credit Facility and that the substitution of the proposed Alternate Credit Facility for the existing Credit Facility (or proposed addition of a Credit Facility) will not, by itself, result in a reduction or withdrawal of its long- or short-term rating of the Series 2003-C Warrants below the rating of S&P or Moody's or such other rating agency, as the case may be, then in effect with respect to the Series 2003-C Warrants. If any such substitution or addition occurs, or any Credit Facility is surrendered, cancelled, terminated, amended or modified in any material respect, when there is a Liquidity Facility in effect with respect to the Series 2003-C Warrants or any Bank Warrants are outstanding, or prior to the conversion of the interest rate for all of the Series 2003-C Warrants to the Fixed Rate, the prior written consents of the Liquidity Facility Provider and the related liquidity agent (if any institution is then serving in that capacity) shall be required with respect to the substitution of the Policy or Alternate Credit Facility with such Alternate Credit Facility, or for the addition of a new Credit Facility, or for any such surrender, cancellation, termination, amendment or modification of such Credit Facility. In any instance in which an Alternate Credit Facility is delivered to the Trustee or any Credit Facility is surrendered, cancelled, terminated, amended or modified in any material respect, the Trustee shall mail a written notice of such action to the Holders of the affected Series 2003-C Warrants, with such notice to be mailed (a) at least 15 days prior to the effective date of any such Alternate Credit Facility or (b) as soon as practicable in the case of any surrender, cancellation, termination, amendment or modification in any material respect of any existing Credit Facility.

Section 6.4 Maintenance and Performance of Credit Facilities. The County covenants (i) to maintain at all times a Credit Facility for Series 2003-C Warrants with respect to which a Liquidity Facility is in effect and (ii) to use its best efforts to cause each issuer of a Credit Facility to comply at all times with its obligations thereunder.

ARTICLE VII

APPLICATION OF PROCEEDS

Section 7.1 Proceeds From Sale of Series 2003-C Warrants. The proceeds from the sale of the Series 2003-C Warrants to the original purchaser or purchasers thereof shall be applied as follows:

- (i) the sum of \$12,624,179.10 shall be paid to Financial Guaranty as the premium for the FGIC Policy;
- (ii) the sum of \$3,852,937.16 shall be paid to FSA as the premium for the FSA Policy;
- (iii) the sum of \$956,533,786.59 shall be paid into the escrow fund established by the County to provide for the payment and redemption of the Refunded Warrants;
- (iv) the sum of \$71,259,695.88 shall be paid into the Initial Series 2003-C Account of the Debt Service Fund provided for in Section 10.2;
- (v) the sum of \$4,059,396.31 shall be paid to J.P. Morgan Securities Inc. as payment of its underwriting fee and related expenses;
- (vi) the sum of \$1,328,400.00 shall be paid to Banc of America Securities LLC as payment of its underwriting fee and related expenses; and
- (vii) the balance shall be deposited in the Issuance Cost Account.

Section 7.2 Issuance Cost Account. There is hereby created a special account the full name of which shall be the "Series 2003-C Warrants Issuance Cost Account." The Issuance Cost Account shall be maintained as a separate account until the moneys in said account shall have been fully expended as hereinafter provided. The Trustee shall be the depository and disbursing agent for the Issuance Cost Account.

The County will apply the moneys in the Issuance Cost Account solely for payment of the Issuance Costs, as and when such costs become due and payable. The President of the Governing Body or any Authorized County Representative is hereby authorized and directed to cause the said costs to be paid, as promptly as may be feasible following the issuance of the Series 2003-C Warrants, by submitting to the Trustee requisitions signed by any one of said officers directing the payment of the costs specified in said requisition.

In the event the moneys deposited in or transferred to the Issuance Cost Account are not sufficient to pay all Issuance Costs, the President of the Governing Body is hereby authorized and directed to pay, out of any other funds of the County available therefor, the remainder of such costs. If any moneys remain in the Issuance Cost Account after the payment of all costs of issuing the Series 2003-C Warrants, the Trustee shall transfer such moneys to the Debt Service Fund upon receipt of a certificate signed by the President of the Governing Body or any Authorized County Representative stating that all expenses of issuing the Series 2003-C Warrants, to the extent known to or anticipated by the County, have been paid in full.

ARTICLE VIII

WARRANT PURCHASE FUND

Section 8.1 **Warrant Purchase Fund.** (a) There is hereby established a special trust fund which shall be designated the "Jefferson County Sewer System Series 2003-C Warrant Purchase Fund". The Tender Agent shall be the depository, custodian and disbursing agent for the Warrant Purchase Fund. Separate accounts shall be maintained within the Warrant Purchase Fund for each subseries of the Series 2003-C Warrants. So long as separate subseries exist, references in this Article VIII to deposits into and disbursements from the Warrant Purchase Fund shall be deemed to refer to each of the particular subseries accounts and the particular Liquidity Facility, remarketing efforts and Series 2003-C Warrants related thereto. In no event shall moneys derived from a Liquidity Facility applicable to a particular subseries be deposited into an account referable to a different subseries.

(b) There shall be deposited in the Warrant Purchase Fund, as and when received:

(1) the proceeds of any remarketing of Series 2003-C Warrants by the Remarketing Agent,

(2) money received by the Tender Agent from the Liquidity Provider pursuant to the Liquidity Facility with respect to the Purchase Price of Series 2003-C Warrants payable on the related purchase date, and

(3) all other money received by the Tender Agent when accompanied by directions that such money is to be deposited in the Warrant Purchase Fund.

(c) The Tender Agent is hereby authorized and directed to withdraw sufficient money from the Warrant Purchase Fund to pay the Purchase Price of Series 2003-C Warrants due on any purchase date.

(d) Funds for the payment of the Purchase Price of Series 2003-C Warrants shall be derived from the following sources in the order of priority indicated:

(1) **First**, proceeds from the remarketing of Series 2003-C Warrants.

(2) **Second**, money advanced under the Liquidity Facility.

(3) **Third**, any other money on deposit in the Warrant Purchase Fund.

Any money advanced under the Liquidity Facility shall be held in a separate, segregated account in the Warrant Purchase Fund and shall not be commingled with other money in the Warrant Purchase Fund. Such money shall be used only to pay the Purchase Price of Series 2003-C Warrants.

(e) On each purchase date money in the Warrant Purchase Fund from any source other than the Liquidity Facility remaining after payment of the Purchase Price of all Series 2003-C Warrants (or after segregating money for such purpose as provided in Section 8.2) shall be applied by the Tender Agent for the following purposes in the order of priority indicated:

(1) **First**, the Tender Agent shall reimburse the Liquidity Provider, prior to the close of business on such date, for the amount advanced under the Liquidity Facility for payment of the Purchase Price of Series 2003-C Warrants.

(2) **Second**, the balance, if any, shall be paid to the County.

(f) If proceeds from the remarketing of the Series 2003-C Warrants are deposited in the Warrant Purchase Fund after such purchase date, such proceeds shall be applied as provided in subsection (e) of this section.

(g) Any moneys held in the Warrant Purchase Fund may be invested only in Federal Obligations (other than Treasury Receipts) that mature not later than the earlier of (i) thirty (30) days after the date of making such investment or (ii) the date on which such moneys will be needed to pay the Purchase Price of any Series 2003-C Warrants.

Section 8.2 Money for Warrant Purchases to be Held in Trust; Repayment of Unclaimed Money. (a) If money is on deposit in the Warrant Purchase Fund on any purchase date sufficient to pay the Purchase Price of the Series 2003-C Warrants to be paid on such date, but the Holder of any Series 2003-C Warrant fails to deliver such warrant to the Tender Agent for payment of such Purchase Price on such date, the Tender Agent shall segregate and hold in trust for the benefit of the person entitled thereto money sufficient to pay such Purchase Price due and payable on such Series 2003-C Warrant on such purchase date. Money so segregated and held in trust shall not be a part of the Trust Estate and shall not be invested, but shall constitute a separate trust fund for the benefit of the persons entitled to such Purchase Price.

(b) Any money held in trust by the Tender Agent for the payment of the Purchase Price of any Series 2003-C Warrant pursuant to subsection (a) of this section and remaining unclaimed for three years after such Purchase Price has become due and payable shall be paid to the County upon request of an Authorized County Representative; and the Holder of such Series 2003-C Warrant shall thereafter, as an unsecured general creditor, look only to the County for payment thereof, and all liability of the Tender Agent with respect to such trust money, and all liability of the County with respect thereto, shall thereupon cease; provided, however, that the Tender Agent, before being required to make any such payment to the County, may at the expense of the County cause to be published once, in a newspaper of general circulation in the city where the Office of the Tender Agent is located, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be paid to the County.

ARTICLE IX

PROVISIONS CONCERNING BOND INSURANCE

Section 9.1 Payments Under the FGIC Policy. (a) If, on the Business Day preceding any Interest Payment Date for the FGIC-Insured Warrants, there is not on deposit with the Trustee sufficient moneys available to pay all principal of and interest on the FGIC-Insured Warrants due on such date, the Trustee shall immediately notify Financial Guaranty and U.S. Bank Trust National Association, or its successor as Financial Guaranty's Fiscal Agent (the "Fiscal Agent"), of the amount of such deficiency. If, by said Interest Payment Date, the County has not provided the amount of such deficiency, the Trustee shall simultaneously make available to Financial Guaranty and to the Fiscal Agent the registration books for the FGIC-Insured Warrants maintained by the Trustee. In addition:

(i) the Trustee shall provide Financial Guaranty with a list of the Holders of the FGIC-Insured Warrants entitled to receive principal or interest payments from Financial Guaranty under the terms of the FGIC Policy and shall make arrangements for Financial Guaranty and its Fiscal Agent (1) to mail checks or drafts to the Holders of FGIC-Insured Warrants entitled to receive full or partial interest payments from Financial Guaranty and (2) to pay principal of the FGIC-Insured Warrants surrendered to the Fiscal Agent by the Holders thereof entitled to receive full or partial principal payments from Financial Guaranty; and

(ii) the Trustee shall, at the time it makes the registration books available to Financial Guaranty, notify Holders entitled to receive payment of principal of or interest on the FGIC-Insured Warrants from Financial Guaranty (1) as to the fact of such entitlement, (2) that Financial Guaranty will remit to them all or part of the interest payments coming due subject to the terms of the FGIC Policy, (3) that, except as provided in paragraph (b) below, in the event that any Holder of FGIC-Insured Warrants is entitled to receive full payment of principal from Financial Guaranty, such Holder must tender his FGIC-Insured Warrant to the Fiscal Agent with the instrument of transfer in the form provided on the FGIC-Insured Warrant executed in the name of Financial Guaranty, and (4) that, except as provided in paragraph (b) below, in the event that such Holder is entitled to receive partial payment of principal from Financial Guaranty, such Holder must tender his FGIC-Insured Warrant for payment first to the Trustee, which shall note on such FGIC-Insured Warrant the portion of principal paid by the Trustee, and then, with an acceptable form of assignment executed in the name of Financial Guaranty, to the Fiscal Agent, which will then pay the unpaid portion of principal to the Holder subject to the terms of the FGIC Policy.

(b) In the event that the Trustee has notice that any payment of principal of or interest on a FGIC-Insured Warrant has been recovered from a Holder thereof pursuant to the United States

Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time it provides notice to Financial Guaranty, notify all Holders of FGIC-Insured Warrants that, in the event that any such Holder's payment is so recovered, such Holder will be entitled to payment from Financial Guaranty to the extent of such recovery, and the Trustee shall furnish to Financial Guaranty its records evidencing the payments of principal of and interest on the FGIC-Insured Warrants which have been made by the Trustee and subsequently recovered from Holders, and the dates on which such payments were made.

(c) Financial Guaranty shall, to the extent it makes payment of principal of or interest on the FGIC-Insured Warrants, become subrogated to the rights of the recipients of such payments in accordance with the terms of the FGIC Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Trustee shall note Financial Guaranty's rights as subrogee on the registration books maintained by the Trustee upon receipt from Financial Guaranty of proof of the payment of interest thereon to the Holders of such FGIC-Insured Warrants and (2) in the case of subrogation as to claims for past due principal, the Trustee shall note Financial Guaranty's rights as subrogee on the registration books for the FGIC-Insured Warrants maintained by the Trustee upon receipt of proof of the payment of principal thereof to the Holders of such FGIC-Insured Warrants. Notwithstanding anything in the Indenture or the FGIC-Insured Warrants to the contrary, the Trustee shall make payment of such past due interest and past due principal directly to Financial Guaranty to the extent that Financial Guaranty is a subrogee with respect thereto.

Section 9.2 Information to be Provided to Financial Guaranty. The County shall provide Financial Guaranty with the following information:

(a) within 180 days after the end of each Fiscal Year of the County, a copy of the County's budget for the then current Fiscal Year, a copy of the County's annual audited financial statements for the most recently completed Fiscal Year, a statement of the amount on deposit in the Reserve Fund as of the last valuation and, if not presented in the audited financial statements, a statement of the net revenues pledged to payment of the Parity Securities for the most recently completed Fiscal Year;

(b) the Official Statement or other disclosure document, if any, prepared in connection with the issuance of additional debt instruments payable from the System Revenues, whether or not such instruments constitute Additional Parity Securities, within 30 days after the sale thereof;

(c) notice of any draw upon, or any deficiency due to market fluctuation in the amount on deposit in, the Reserve Fund;

(d) notice of the redemption, other than mandatory sinking fund redemption, of any of the Parity Securities, including the principal amount, maturities and CUSIP numbers thereof

(e) simultaneously with the delivery of the County's annual audited financial statements:

(i) the number of System users as of the end of the most recently completed Fiscal Year;

(ii) notification of the withdrawal of any System user responsible for 5% or more of System Revenues since the last reporting date;

(iii) any significant plant retirements or expansions planned or undertaken in the System's service area since the last reporting date;

(iv) maximum and average daily System usage for the most recently completed Fiscal Year;

(v) any updated capital plans for expansion and improvement projects; and

(vi) results of any annual engineering inspections.

(f) such additional information as Financial Guaranty may reasonably request from time to time.

Section 9.3 Miscellaneous Special Provisions Respecting Financial Guaranty and the FGIC Policy. (a) In determining whether a payment default has occurred or whether a payment on the FGIC-Insured Warrants has been made under the Indenture, no effect shall be given to payments made under the FGIC Policy.

(b) Financial Guaranty shall receive immediate notice of any default in payment of principal of or interest on the FGIC-Insured Warrants and notice of any other Event of Default known to the Trustee within 30 days of the Trustee's knowledge thereof.

(c) For all purposes of Article XIII of the Original Indenture, except the giving of notice of default to Holders of FGIC-Insured Warrants, Financial Guaranty shall be deemed to be the sole holder of the FGIC-Insured Warrants it has insured for so long as it has not failed to comply with its payment obligations under the FGIC Policy.

(d) No resignation or removal of the Trustee shall become effective until a successor has been appointed and has accepted the duties of Trustee. Financial Guaranty shall be furnished with written notice of the resignation or removal of the Trustee and the appointment of any successor thereto.

(e) Financial Guaranty shall be treated as a party in interest and as a party entitled to (i) notify the Trustee of the occurrence of an Event of Default and (ii) request the Trustee to intervene in judicial proceedings that affect the FGIC-Insured Warrants or the security therefor.

(f) Any amendment or supplement to the Indenture (other than a supplement that provides solely for the issuance of Additional Parity Securities and makes no other substantive amendments) shall be subject to the prior written consent of Financial Guaranty. Financial Guaranty shall be deemed to be the holder of all outstanding FGIC-Insured Warrants for the purpose of consenting to any proposed amendment or supplement to the Indenture (except for any such amendment or supplement that, under the provisions of the Indenture, requires the consent of the Holder of each outstanding FGIC-Insured Warrant). Any rating agency rating any of the FGIC-Insured Warrants must receive notice of each amendment or supplement hereafter executed and a copy thereof at least fifteen days in advance of its execution or adoption.

(g) Financial Guaranty shall be provided with a full transcript of all proceedings relating to the execution of any Supplemental Indenture hereafter executed.

(h) Any notices to Financial Guaranty or the Fiscal Agent pursuant to the Indenture shall be sent to the following addresses (unless and until different addresses are specified in writing to the County and the Trustee):

Financial Guaranty Insurance Company
125 Park Avenue
New York, New York 10017
Attention: General Counsel

State Street Bank and Trust Company, N.A.
61 Broadway
New York, New York 10006
Attention: Corporate Trust Department

Section 9.4 Claims Upon the FSA Policy and Payments by and to FSA. If, on the third business day prior to the related scheduled interest payment date or principal payment date ("Payment Date"), there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the FSA-Insured Warrants due on such Payment Date, the Trustee shall give notice to FSA and to its designated agent (if any) ("FSA's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such business day. If, on the second business

day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the FSA-Insured Warrants due on such Payment Date, the Trustee shall make a claim under the FSA Policy and give notice to FSA and FSA's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the FSA-Insured Warrants and the amount required to pay principal of the FSA-Insured Warrants, confirmed in writing to FSA and FSA's Fiscal Agent by 12:00 noon, New York City time, on such second business day by filling in the form of Notice of Claim and Certificate delivered with the FSA Policy.

In the event the claim to be made is for a mandatory sinking fund redemption installment, upon receipt of the moneys due, the Trustee shall authenticate and deliver to affected Warrantheolders who surrender their FSA-Insured Warrants a new FSA-Insured Warrant or Warrants in an aggregate principal amount equal to the unredeemed portion of the FSA-Insured Warrants surrendered. The Trustee shall designate any portion of payment of principal on FSA-Insured Warrants paid by FSA, whether by virtue of mandatory sinking fund redemption, maturity or the advancement of maturity, on its books as a reduction in the principal amount of FSA-Insured Warrants registered to the then current Warrantheolder, whether DTC or its nominee or otherwise, and shall issue a replacement FSA-Insured Warrant to FSA, registered in the name of Financial Security Assurance Inc., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement FSA-Insured Warrant shall have no effect on the amount of principal or interest payable by the County on any FSA-Insured Warrant or the subrogation rights of FSA.

The Trustee shall keep a complete and accurate record of all funds deposited by FSA into the Policy Payments Account and the allocation of such funds to payment of interest on and principal paid in respect of any FSA-Insured Warrant. FSA shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the FSA Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Warrantheolders referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the FSA Policy in trust on behalf of Warrantheolders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Warrantheolders in the same manner as principal and interest payments are to be made with respect to the FSA-Insured Warrants under the sections hereof regarding payment of Warrants. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee.

Any funds remaining in the Policy Payments Account following a Payment Date shall promptly be remitted to FSA.

Section 9.5 Miscellaneous Special Provisions Respecting FSA and the FSA Policy.

(a) The succeeding provisions of this Section 9.5 shall be applicable and govern so long and only so long as the FSA Policy remains in effect, notwithstanding anything to the contrary set forth in other sections of the Indenture.

(b) FSA shall be deemed to be the sole Holder of the FSA-Insured Warrants insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Holders of the FSA-Insured Warrants insured by it are entitled to take pursuant to the article of the Indenture pertaining to defaults and remedies and the article of the Indenture pertaining to the duties and obligations of the Trustee.

(c) The maturity of FSA-Insured Warrants shall not be accelerated without the consent of FSA, and in the event the maturity of the FSA-Insured Warrants is accelerated, FSA may elect, in its sole discretion, to pay accelerated principal and interest accrued on such principal to the date of acceleration (to the extent unpaid by the County) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, FSA's obligations under the FSA Policy with respect to such FSA-Insured Warrants shall be fully discharged.

(d) No grace period for a covenant default shall exceed 30 days, nor be extended for more than 60 days, without prior written consent of FSA. No grace period shall be permitted for payment defaults.

(e) FSA shall be included as a third party beneficiary to the Indenture and shall be deemed to be the Bond Insurer for all purposes thereof with respect to the FSA-Insured Warrants.

(f) Upon the occurrence of an extraordinary optional or special mandatory redemption in part, the selection of FSA-Insured Warrants to be redeemed shall be subject to the approval of FSA.

(g) In the case of any FSA-Insured Warrants covered by a Liquidity Facility, FSA shall have the right to direct the County to convert such warrants, in accordance with the provisions of the Indenture, to the Fixed Rate Mode or the Auction Rate Mode in the event of the occurrence and continuation of any of the following: (i) a failure of the related Liquidity Facility Provider to purchase Series 2003-C Warrants in accordance with the provisions of its Liquidity Facility; (ii) the expiration or termination of such Liquidity Facility without replacement by an Alternate Liquidity Facility; (iii) FSA-Warrants are held as Bank Warrants pursuant to any such Liquidity Facility for an uninterrupted period of 45 days or longer; or (iv) FSA-Warrants held as Bank Warrants pursuant to any such Liquidity Facility bear interest at the maximum rate permitted thereby for an uninterrupted period of at least 30 days.

(h) In the case of any FSA-Insured Warrants in the Auction Rate Mode, FSA shall have the right to direct the County to convert such warrants, in accordance with the provisions of the Indenture, to the Fixed Rate Mode in the event that such Auction Rate Warrants bear interest at the Maximum Auction Rate or the Overdue Rate for the lesser of 60 consecutive days or two consecutive interest rate periods.

(i) Without the prior written consent of FSA, the County may not convert any FSA-Insured Warrants to a Term Rate without providing a Liquidity Facility that conforms to FSA's requirements.

(j) No modification or amendment to the Indenture (other than a supplement that provides solely for the issuance of Additional Parity Securities and makes no other substantive amendments) may become effective except upon obtaining the prior written consent of FSA. FSA shall be deemed to be the Holder of all outstanding FSA-Insured Warrants for the purpose of consenting to any proposed modification, amendment or supplement to the Indenture (except for any such modification, amendment or supplement that, under the provisions of the Indenture, requires the consent of the Holder of each outstanding FSA-Insured Warrant). Copies of any modification or amendment to the Indenture shall be sent to Moody's Investors Service, Inc. at least ten days prior to the effective date thereof.

(k) The rights granted to FSA under the Indenture to request, consent to or direct any action are rights granted to FSA in consideration of its issuance of the FSA Policy. Any exercise by FSA of such rights is merely an exercise of FSA's contractual rights and shall not be construed or deemed to be taken for the benefit or on behalf of the Warranholders nor does such action evidence any position of FSA, positive or negative, as to whether Warranholder consent is required in addition to consent of FSA.

(l) Rights of FSA to direct or consent to County, Trustee or Warranholder actions under the Indenture shall be suspended during any period in which FSA is in default in its payment obligations under the FSA Policy (except to the extent of amounts previously paid by FSA and due and owing to FSA) and shall be of no force or effect in the event the FSA Policy is no longer in effect or FSA asserts that the FSA Policy is not in effect or FSA shall have provided written notice that it waives such rights.

(m) Amounts paid by FSA under the FSA Policy shall not be deemed paid for purposes of the Indenture and shall remain outstanding and continue to be due and owing until paid by the County in accordance with the Indenture.

(n) The Indenture shall not be discharged unless all amounts due or to become due to FSA have been paid in full or duly provided for.

(o) The County and the Trustee shall take such action as is required from time to time under applicable law to perfect or otherwise preserve the priority of the pledge of the trust estate.

(p) FSA shall, to the extent it makes any payment of principal or interest on the FSA-Insured Warrants, become subrogated to the rights of the recipients of such payments in accordance with the terms of the FSA Policy.

(q) The County shall pay or reimburse FSA any and all charges, fees, costs and expenses which FSA may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in the Indenture, (ii) the pursuit of any remedies under the Indenture or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture whether or not executed or completed, (iv) the violation by the County of any law, rule or regulation, or any judgment, order or decree applicable to it or (v) any litigation or other dispute in connection with the Indenture or the transactions contemplated thereby, other than amounts resulting from the failure of FSA to honor its obligations under the FSA Policy. FSA reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture.

(r) Payments required to be made to FSA shall be payable solely from the trust estate and shall be paid (i) prior to an Event of Default, to the extent not paid from the Debt Service Fund, after required deposits to the Reserve Fund and (ii) after an Event of Default, with respect to amounts other than principal and interest on the FSA-Insured Warrants, on the same priority as payments to the Trustee for expenses. The obligations to FSA shall survive discharge or termination of the Indenture.

(s) The County hereby covenants that, until the payment of all FSA-Insured Warrants, the sum of

(i) the aggregate principal amount of all then outstanding Variable Rate Securities (other than any Variable Rate Securities for which a then-effective floating-to-fixed Qualified Swap has been designated), and

(ii) the aggregate principal amount of Parity Securities for which then-effective fixed-to-floating Qualified Swaps have been designated,

will not exceed 30% of the aggregate principal amount of all then outstanding Parity Securities.

(t) The County covenants, for so long as the FSA-Insured Warrants remain outstanding, not to dispose of any part of the System with a value in excess of \$10,000,000 unless the following conditions are satisfied: (i) FSA shall have received an opinion of an independent engineer that the property to be disposed of is not necessary to the operation of the System and that the Net Revenues Available For Debt Service in the prior year, on a pro forma basis after giving effect to such disposition, would have been sufficient to satisfy the rate covenant in such prior Fiscal Year, (ii) the unenhanced ratings of the System's indebtedness would not be reduced as a result of such disposition, and (iii) if the property to be disposed of in any one year would exceed 10% of the total depreciated value of the System, FSA shall have consented thereto.

(u) FSA shall be entitled to pay principal or interest on the FSA-Insured Warrants that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the County (as such terms are defined in the FSA Policy) and any amounts due on the FSA-Insured Warrants as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not FSA has received a Notice of Nonpayment (as such terms are defined in the FSA Policy) or a claim upon the FSA Policy.

(v) The notice address of FSA is: Financial Security Assurance Inc., 350 Park Avenue, New York, New York 10022-6022, Attention: Managing Director -- Surveillance; Re: Policy No. 28550-N, Telephone: (212) 826-0100; Telecopier: (212) 339-3556. In each case in which a notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(w) FSA shall be provided with the following information:

- (i) Annual audited financial statements within 150 days after the end of the County's fiscal year and the County's annual budget within 30 days after the approval thereof;
- (ii) Notice of any draw upon the Reserve Fund within two business days after knowledge thereof other than (i) withdrawals of amounts in excess of the debt service reserve requirement and (ii) withdrawals in connection with a refunding of Warrants;
- (iii) Notice of any default known to the Trustee or the County within five business days after knowledge thereof;
- (iv) Prior notice of the advance refunding or redemption of any of the FSA-Insured Warrants, including the principal amount, maturities and CUSIP numbers thereof;
- (v) Notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto;
- (vi) Notice of the commencement of any proceeding by or against the County commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");
- (vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the FSA-Insured Warrants;

- (viii) A full original transcript of all proceedings relating to the execution of any amendment or supplement to the Indenture; and
- (ix) All reports, notices and correspondence to be delivered under the terms of the Indenture.

(x) No contract shall be entered into nor any action taken by which the rights of FSA or security for or sources of payment of the FSA-Insured Warrants may be impaired or prejudiced except upon obtaining the prior written consent of FSA.

ARTICLE X

MISCELLANEOUS

Section 10.1 Confirmation of Indenture. All the terms, covenants and conditions of the Indenture are hereby in all things confirmed, and they shall remain in full force and effect. Further, the County does hereby confirm the pledge made in the Indenture with respect to the revenues derived from all properties now or hereafter constituting a part of the System, including specifically, without limiting the generality of the foregoing, all properties acquired as a part of the System since the execution and delivery of the Original Indenture.

Section 10.2 Debt Service Fund Deposits Referable to Series 2003-C Warrants. In order to provide funds for the payment of the principal of and the interest on the Series 2003-C Warrants, there shall be transferred or paid into the Debt Service Fund, out of moneys held in the Revenue Account, the following amounts at the following times:

(1) on or before each Interest Payment Date with respect to the Series 2003-C Warrants, an amount equal to the interest becoming due with respect to the then outstanding Series 2003-C Warrants on such Interest Payment Date; and

(2) on or before February 1, 2009, and on or before each February 1 thereafter until and including February 1, 2042, an amount equal to the principal amount of Series 2003-C Warrants maturing or subject to mandatory redemption on each such date; and

(3) with respect to any Auction Rate Warrants for which the Standard Auction Period is long than thirty-five (35) days, on or before the first Business Day of each month, the amount of accrued, but unpaid, interest on such warrants for the immediately preceding month.

The Debt Service Fund deposits required by this Section 10.2 shall be in addition to the deposits respecting the Outstanding Parity Securities required by the Original Indenture and by the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth and Ninth Supplemental Indentures.

There is hereby created as part of the Debt Service Fund a new account, namely, the Initial Series 2003-C Account. The Trustee shall be and remain the depository, custodian and disbursing agent for such account. The County hereby directs the Trustee (which direction is hereby acknowledged by the Trustee) to invest the moneys deposited in the Initial Series 2003-C Account in the following United States Treasury securities of the State and Local Government Series:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
February 1, 2004	\$ 13,792,329	0.95%
August 1, 2004	14,182,040	1.09
February 1, 2005	14,334,090	1.23
August 1, 2005	14,422,245	1.48
February 1, 2006	14,528,969	1.77

Moneys in such account shall be applied on the following dates and in the following amounts to make payments owed by the County with respect to the Qualified Swaps designated with respect to the Series 2003-C Warrants:

<u>Payment Date</u>	<u>Amount</u>
February 1, 2004	\$ 14,168,965.79
August 1, 2004	14,657,550.82
February 1, 2005	14,657,550.82
August 1, 2005	14,657,550.82
February 1, 2006	14,657,550.82

Immediately after the issuance of the Series 2003-C Warrants, the Trustee shall value the cash and investments held in the Reserve Fund and, to the extent that such aggregate value is greater than the then applicable Reserve Fund Requirement (i.e., \$218,357,126.40), shall transfer such excess amount into the Initial Series 2003-C Account. The moneys so transferred, and investment earnings thereon, shall be applied until spent to make payments (other than those provided for in the preceding paragraph) owed by the County with respect to the said Qualified Swaps designated with respect to the Series 2003-C Warrants.

Section 10.3 Book-Entry Procedures Applicable to Series 2003-C Warrants. (a) Except as provided in Section 10.3(c) hereof, the registered owner of all of the Series 2003-C Warrants shall be The Depository Trust Company ("DTC") and the Series 2003-C Warrants shall be registered in the name of Cede & Co., as nominee of DTC. Payment of interest for any Series 2003-C Warrant

registered as of a Record Date in the name of Cede & Co. shall be made by wire transfer to the account of Cede & Co. on the Interest Payment Date at the address indicated on the Record Date for Cede & Co. in the registry books of the County kept by the Trustee.

(b) The Series 2003-C Warrants shall be initially issued in the form of a single authenticated fully registered warrant for each separate subseries, each with a stated maturity of February 1, 2042. Upon initial issuance, the ownership of such Series 2003-C Warrant shall be registered in the registry book of the County kept by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee and the County may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2003-C Warrants registered in its name for the purposes of payment of the principal or redemption price of or interest on such Series 2003-C Warrants, selecting such Series 2003-C Warrants or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders of Series 2003-C Warrants under the Indenture, registering the transfer of Series 2003-C Warrants, obtaining any consent or other action to be taken by Holders of Series 2003-C Warrants and for all other purposes whatsoever; and neither the Trustee nor the County shall be affected by any notice to the contrary. Neither the Trustee nor the County shall have any responsibility or obligation to any DTC participant, any Person claiming a beneficial ownership interest in the Series 2003-C Warrants under or through DTC or any DTC participant, or any other Person which is not shown on the registration books of the County kept by the Trustee as being a Holder of Series 2003-C Warrants. The County and the Trustee shall have no responsibility with respect to the accuracy of any records maintained by DTC, Cede & Co. or any DTC participant with respect to any ownership interest in the Series 2003-C Warrants; the payment by DTC or any DTC participant to any beneficial owner of any amount in respect of the principal or redemption price of or interest on the Series 2003-C Warrants; the delivery to any DTC participant or any beneficial owner of any notice which is permitted or required to be given to Holders of the Series 2003-C Warrants under the Indenture; the selection by DTC or any DTC participant of any Person to receive payment in the event of a partial redemption of the Series 2003-C Warrants; or the authority for any consent given or other action taken by DTC as the Holder of Series 2003-C Warrants. The Trustee shall pay all principal of and premium, if any, and interest on the Series 2003-C Warrants only to Cede & Co., as nominee of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to the principal of and premium, if any, and interest on such Series 2003-C Warrants to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co. and direction to effect such change on the registry books maintained by the Trustee, the term "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(c) In the event the County determines that it is in the best interest of the beneficial owners of the Series 2003-C Warrants that they be able to obtain warrant certificates, the County may notify DTC and the Trustee of the availability through DTC of warrant certificates. In such event, the Trustee shall issue, transfer and exchange warrant certificates as requested by DTC and any other Holders of Series 2003-C Warrants in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 2003-C Warrants at any time by giving notice to the County and the Trustee and discharging its responsibilities with respect thereto under

applicable law. Under such circumstances (if there is no successor securities depository), the County and Trustee shall be obligated to deliver warrant certificates as described in the Indenture. In the event warrant certificates are issued to Holders of the Series 2003-C Warrants other than DTC, the provisions of Article V of the Original Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the County and the Trustee to do so, the County and the Trustee will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2003-C Warrants to any DTC participant having Series 2003-C Warrants credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2003-C Warrants.

(d) Notwithstanding any other provision of the Indenture to the contrary, so long as any Series 2003-C Warrant is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such Series 2003-C Warrant and all notices with respect to such Series 2003-C Warrant shall be made and given to DTC as provided in the Representation Letter to be signed by the County and the Trustee on or prior to the date of issuance and delivery of the Series 2003-C Warrants and accepted by DTC. Without limitation of the foregoing, so long as any Series 2003-C Warrant is registered in the name of Cede & Co., as nominee of DTC, the Trustee shall send a copy of any notice of redemption by overnight delivery not less than thirty (30) days before the redemption date to DTC, but such mailing shall not be a condition precedent to such redemption and failure to so mail any such notice (or failure of DTC to advise any DTC participant, or any DTC participant to notify the beneficial owner, of any such notice or its content or effect) shall not affect the validity of the proceedings for the redemption of the Series 2003-C Warrants.

(e) In connection with any notice or other communication to be provided to Holders of the Series 2003-C Warrants pursuant to the Indenture by the County or the Trustee with respect to any consent or other action to be taken by Holders of the Series 2003-C Warrants, so long as any Series 2003-C Warrant is registered in the name of Cede & Co., as nominee of DTC, the County or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

(f) In the event of any inconsistency between the provisions of this Section 10.3 and any other provision of the Indenture or the forms of Series 2003-C Warrants, the provisions of this Section 10.3 shall govern so long as warrant certificates have not been issued to the Holders of the Series 2003-C Warrants other than DTC in accordance with Section 10.3(c) hereof.

Section 10.4 Tax Covenants. The County recognizes that the Holders of the Series 2003-C Warrants from time to time will have accepted them on, and paid therefor a price which reflects, the understanding that interest on the Series 2003-C Warrants is excluded from gross income for federal income tax purposes under the laws in force at the time the Series 2003-C Warrants shall have been delivered. In this connection the County covenants (i) that it will not take

any action or omit to take any action if the taking of such action or the failure to take such action, as the case may be, will result in the interest on any of the Series 2003-C Warrants becoming includable in gross income for purposes of federal income taxation, (ii) that it will use the "proceeds" of the Series 2003-C Warrants and any other funds of the County in such a manner that the use thereof, as reasonably expected by the County at the time of issuance of the Series 2003-C Warrants, will not cause the Series 2003-C Warrants to be "arbitrage bonds" under Section 103(b)(2) and Section 148 of the Code and the regulations thereunder and (iii) that it will satisfy the requirements of Section 148(f) of the Code and the applicable regulations thereunder. The County further covenants and agrees that it will not permit at any time any "proceeds" of the Series 2003-C Warrants or any other funds of the County to be used, directly or indirectly, in a manner which would result in any Series 2003-C Warrant being classified as a "private activity bond" within the meaning of Section 141(a) of the Code. The officers and employees of the County shall execute and deliver from time to time, on behalf of the County, such certificates, instruments and documents as shall be deemed necessary or advisable to evidence compliance by the County with said Section 103(b)(2) and Section 148 and the regulations thereunder with respect to the use of the proceeds of the Series 2003-C Warrants. Such certificates, instruments and documents may contain such stipulations as shall be necessary or advisable in connection with the stated purpose of this section and the foregoing provisions hereof, and the County hereby covenants and agrees to comply with the provisions of any such stipulations throughout the term of the Series 2003-C Warrants.

Section 10.5 Amendment of Definition of Maximum Annual Debt Service. Notwithstanding anything to the contrary contained in the Original Indenture or any of the supplements thereto, in order to provide, for purposes of determining Maximum Annual Debt Service, for the calculation of debt service on any Parity Securities to which multiple Qualified Swaps have been designated, the definition of Maximum Annual Debt Service is hereby amended to read as follows, with such amendment to be effective immediately upon the delivery of this Tenth Supplemental Indenture:

"Maximum Annual Debt Service" means the maximum amount payable in a Fiscal Year as principal of and interest on the Parity Securities then outstanding and, if applicable, any Additional Parity Securities with respect to which a Revenue Certificate or Revenue Forecast (as those terms are defined and used in Section 10.2 of the Original Indenture) is prepared and delivered, subject to the following assumptions and adjustments:

(a) that the principal amount of any such securities required by the terms thereof to be redeemed or prepaid during any Fiscal Year shall, for purposes of this definition, be considered as maturing in the Fiscal Year during which such redemption or prepayment is required and not in the Fiscal Year in which their stated maturity or due date occurs;

(b) for purposes of determining the amounts of principal and interest due in any Fiscal Year on any Parity Securities that constitute Tender Indebtedness, the options or obligations of the owners of such Parity Securities to tender the same for

purchase or payment prior to their stated maturity or maturities shall be treated as a principal maturity occurring on the first date on which owners of such Parity Securities may or are required to tender such Parity Securities for purchase or payment, except that any such option or obligation to tender Parity Securities shall be ignored and not treated as a principal maturity, and such Parity Securities shall be deemed to mature in accordance with their stated maturity schedule, if such Parity Securities are rated in one of the two highest long-term rating categories (without reference to gradations such as "plus" or "minus") by at least two Rating Agencies or such Parity Securities are rated in the highest short-term, note or commercial paper rating categories (without reference to gradations such as "plus" or "minus") by at least two Rating Agencies;

(c) the interest rate on any Variable Rate Securities subsequent to the date of calculation shall be assumed to be the lowest of (A) the maximum rate of interest that may be applicable to such Parity Securities, under the provisions thereof, (B) for so long as any hedging agreement that establishes a cap rate for such Parity Securities is in effect, such cap rate, and (C) the highest of (i) the actual interest rate on the date of calculation, or if the Variable Rate Securities in question are not yet outstanding, the initial rate (if established and binding), (ii) if the Variable Rate Securities in question have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) (x) if interest on the Variable Rate Securities in question is excludable from gross income under the applicable provisions of the Code, the average of the various rates published as the BMA Municipal Swap Index (or comparable index if no longer published) during the ten year period ending on the last day of the month immediately preceding the date of determination, plus fifty (50) basis points, or (y) if interest on such Variable Rate Securities is not so excludable, the interest rate on direct U.S. Treasury obligations with comparable maturities;

(d) the debt service payable with respect to any Parity Securities for which the County has entered into a Qualified Swap pursuant to which the County has agreed to make payments calculated by reference to a fixed rate of interest shall be calculated as if the Parity Securities bore interest at such fixed rate during the term of such Qualified Swap;

(e) the debt service payable with respect to any Parity Securities for which the County has entered into a Qualified Swap pursuant to which the County has agreed to make payments calculated by reference to variable interest rates shall be calculated as if the Parity Securities in question bore interest, during the term of such Qualified Swap, at a rate equal to the lowest of (A) for so long as any hedging agreement that establishes a cap rate with respect to such Qualified Swap remains in effect, such cap rate, or (B) the highest of (i) the actual rate of such Qualified Swap on the date of calculation, or if such Qualified Swap is not yet in effect, the initial

rate (if established and binding), (ii) if the Qualified Swap has been in effect for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) (x) if interest on the Parity Securities to which such Qualified Swap is referable is excludable from gross income under the applicable provisions of the Code, the average of the various rates published as the BMA Municipal Swap Index (or comparable index if no longer published) during the ten year period ending on the last day of the month immediately preceding the date of determination, plus fifty (50) basis points, or (y) if interest on such Parity Securities is not so excludable, the interest rate on direct U.S. Treasury obligations with comparable maturities;

(f) in any instance in which more than one Qualified Swap has been designated with respect to certain Parity Securities, for any period of time during which such multiple Qualified Swaps are scheduled to be in effect, the debt service payable with respect to such Parity Securities shall be calculated as if they bore interest during such period at the highest of the interest rates that, under the provisions of the preceding clauses (d) and (e), would be used as the basis for calculating debt service with respect to such Parity Securities if only one of such Qualified Swaps were in effect;

(g) if, at the time that such calculation is made, the County has entered into any Qualified Basis Swaps (other than any such swaps that have been previously terminated), then the annual debt service for any Fiscal Year during which one or more of such Qualified Basis Swaps is scheduled to be in effect shall (in addition to the adjustments described in other provisions of this definition) be increased or decreased, as the case may be, by the amount derived from aggregating the respective Basis Swap Adjustments for all of the Qualified Basis Swaps that are scheduled to be in effect at any time during such Fiscal Year;

(h) there shall be excluded any principal of or interest on any Parity Securities to the extent there are available and held in escrow or under a trust agreement (i) moneys sufficient to pay such principal or interest, (ii) Permitted Defeasance Obligations which, if the principal thereof and the interest thereon are paid according to their tenor, will produce moneys sufficient to pay such principal of interest, or (iii) both moneys and such Permitted Defeasance Obligations which together will produce funds sufficient to pay such principal or interest; and

(i) the County may assume that all or any portion of outstanding Parity Securities that are subject to optional redemption provisions will be redeemed in one or more installments that are consistent with such provisions and may adjust the expected payment schedule with respect to such Parity Securities to reflect such assumed redemptions.

In any case where, for purposes of determining Maximum Annual Debt Service, a portion of the principal of any Parity Securities is to be excluded, there shall also be excluded interest on the principal so excluded.

Section 10.6 Amendment of Conditions Precedent to Issuance of Additional Parity Securities. Notwithstanding anything to the contrary contained in the Indenture, the County shall not be required to deliver a Revenue Certificate or Revenue Forecast to the Trustee in connection with the issuance of a series of Additional Parity Securities for refunding purposes if, in lieu thereof, the County delivers to the Trustee a certificate signed by the County's Director of Finance or an Independent Investment Advisor stating either (A) (i) that the Maximum Annual Debt Service immediately after the issuance of such Additional Parity Securities will not be greater than the Maximum Annual Debt Service immediately prior to the issuance of such Additional Parity Securities and (ii) that the total debt service expected to be due and payable on such Additional Parity Securities will be less than the total debt service that would be due and payable after the issuance date of such Additional Parity Securities on those of the Parity Securities being refunded if such refunding did not occur or (B) that the debt service payable in each Fiscal Year with respect to all Parity Securities that will be outstanding after the issuance of such Additional Parity Securities will not be greater than the debt service payable in such Fiscal Year with respect to all Parity Securities outstanding immediately prior to the issuance of such Additional Parity Securities.

Section 10.7 Remarketing Agent. The County may appoint Remarketing Agents and successors to any thereof to serve as such under the provisions hereof and of a Remarketing Agreement. The Remarketing Agent for the Series 2003-C Warrants or any subseries of Series 2003-C Warrants, including any successor appointed pursuant thereto, shall be a member of the National Association of Securities Dealers, Inc., having a capitalization of at least \$25,000,000 and shall be authorized by law to perform all the duties imposed upon it by this Tenth Supplemental Indenture and the applicable Remarketing Agreement. Any additional or successor Remarketing Agent shall be appointed by the County with the consent of the applicable Bond Insurer. Any such additional or successor Remarketing Agent shall execute an instrument wherein it agrees to be bound by the provisions of the applicable Remarketing Agreement. Each Remarketing Agent shall be qualified as provided in the third sentence of this paragraph, and shall be rated at least Baa3 and/or P-3 or an equivalent rating by Moody's or otherwise be acceptable to Moody's.

Any Remarketing Agent for the Series 2003-C Warrants or any subseries of Series 2003-C Warrants may be removed (i) at any time by the Trustee acting at the direction of the Bond Insurer (which shall specify a performance-based reason for such direction) or the owners of at least 66-2/3% of the aggregate principal amount of the Series 2003-C Warrants outstanding at the time or (ii) upon 30 days' notice, by an instrument signed by the County and filed with such Remarketing Agent, the Trustee, the Tender Agent and the issuer of any Support Facility; provided that, if there shall not be more than one Remarketing Agent serving as such for the Series 2003-C Warrants or any subseries of Series 2003-C Warrants, no such removal referred to in clause (i) or (ii) shall take effect until the appointment of a successor Remarketing Agent for the Series 2003-C Warrants or subseries of Series 2003-C Warrants. The Remarketing Agent for the Series 2003-C Warrants or

any subseries of Series 2003-C Warrants may resign upon 30 days' written notice delivered to the County, the Trustee, the Tender Agent and the issuer of any Support Facility; provided that if there is only one Remarketing Agent, the resignation of the Remarketing Agent shall not be effective until a successor Remarketing Agent has been appointed and accepted such appointment.

If there shall be more than one Remarketing Agent serving as such, the County may designate one such Remarketing Agent as "Remarketing Representative" to act on behalf of all Remarketing Agents for the Series 2003-C Warrants or any subseries of Series 2003-C Warrants, and each other Remarketing Agent shall agree in writing to accept the determinations of such Remarketing Representative.

Section 10.8 Concerning the Tender Agent. (a) The County has appointed the Trustee to serve as the initial Tender Agent. The Trustee shall signify its acceptance of such appointment and its assumption of the duties and obligations imposed on it as Tender Agent by its execution and delivery of this Tenth Supplemental Indenture.

(b) Any successor Tender Agent shall signify its acceptance of such appointment and its assumption of the duties and obligations imposed upon it by the Indenture by execution and delivery of an agreement satisfactory to the Trustee, the County and the Bank.

(c) The Tender Agent may resign at any time by giving 30 days' notice to the County, the Trustee and the Bank; provided, however, that no such resignation shall become effective until a successor Tender Agent has been appointed and has accepted its duties and obligations hereunder.

(d) The County may, with the consent of the Trustee (if the existing Tender Agent is other than the Trustee) and the Bank, remove the Tender Agent by giving 30 days' notice to the Tender Agent; provided, however, that no such removal shall be effective until a successor Tender Agent has been appointed and has accepted its duties and obligations hereunder.

(e) If the Tender Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Tender Agent for any cause, the County shall, with the consent of the Trustee and the Bank, appoint a successor Tender Agent.

(f) Any successor Tender Agent shall (i) be a commercial bank with trust powers or a trust company, (ii) have a combined capital and surplus of at least \$50,000,000, and (iii) be subject to supervision and examination by federal or state authority.

(g) Compensation of the Tender Agent shall be paid directly by the County.

(h) The provisions of the Indenture shall be applicable to any Tender Agent.

Section 10.9 Appointment of Auction Agent; Qualifications of Auction Agent, Resignation; Removal. The Bank of New York is hereby appointed Auction Agent for the Series 2003-C

Warrants. The Auction Agent shall evidence its acceptance of such appointment by entering into the Auction Agency Agreement with the County. The Auction Agent shall be (a) a bank or trust company duly organized under the laws of the United States of America or any state or territory thereof having its principal place of business in the Borough of Manhattan, in the City of New York and having a combined capital stock, surplus and undivided profits of at least \$25,000,000 or (b) a member of the National Association of Securities Dealers, Inc., having a capitalization of at least \$25,000,000 and, in either case, authorized by law to perform all the duties imposed upon it under the Auction Agency Agreement. The Auction Agent may at any time resign and be discharged of the duties and obligations created by this Tenth Supplemental Indenture by giving at least 90 days notice to the Trustee, the County and the Remarketing Agent. During the Auction Rate Period, the Auction Agent may be removed at any time by the County or the related Bond Insurer by an instrument signed by the County or such Bond Insurer and filed with the Auction Agent, the Remarketing Agent and the Trustee upon at least 90 days notice; provided that, if required by the Remarketing Agent, an agreement in substantially the form of the Auction Agency Agreement shall be entered into with a successor Auction Agent; and provided further that any direction by the Bond Insurer to remove the Auction Agent shall specify a performance-based reason for such removal.

Section 10.10 Several Capacities. Anything in this Tenth Supplemental Indenture to the contrary notwithstanding, the same entity may serve as Trustee, Support Facility Issuer, Tender Agent, Auction Agent and Remarketing Agent hereunder, and in any other combination of such capacities, to the extent permitted by law.

Section 10.11 Concerning Defeasance of Series 2003-C Warrants. For all purposes of the Indenture (including Section 16.1 of the Original Indenture), Series 2003-C Warrants bearing interest at a Commercial Paper Rate, a Daily Rate Mode or a Weekly Rate will be considered as fully paid only if the cash or Permitted Defeasance Obligations (or the combination thereof) held by the Trustee for the payment thereof will be sufficient to provide for the full payment of the principal of such Series 2003-C Warrants and interest thereon at the maximum rate applicable thereto until the earlier of the maturity date for such Series 2003-C Warrants or any date on which said Series 2003-C Warrants have been called for redemption or tender in accordance with their terms.

Section 10.12 Concerning Successors to Trustee. In addition to any other requirements contained in the Indenture, any successor Trustee appointed pursuant to Section 14.8 of the Original Indenture shall (i) be a commercial bank with trust powers or a trust company, (ii) have a combined capital and surplus of at least \$50,000,000, and (iii) be subject to supervision and examination by federal or state authority.

Section 10.13 Notices to Rating Agencies. The Trustee shall promptly furnish to each Rating Agency that maintains a rating with respect to the Series 2003-C Warrants notice of (i) receipt of any notice from the County proposing delivery of a Liquidity Facility, (ii) any change of the Trustee, the Remarketing Agent or the Tender Agent, (iii) any change or amendment of the Indenture, (iv) the expiration, termination, extension or renewal of the term of the Liquidity Facility, (v) the redemption by the County of any Series 2003-C Warrants prior to maturity, (vi) any event

resulting in a mandatory tender of the Series 2003-C Warrants, (vii) any acceleration of the maturity of the Series 2003-C Warrants, or (viii) receipt of notice of the County's intent to establish a trust for the payment of the Series 2003-C Warrants in accordance with the defeasance provisions of the Original Indenture. The Rating Agencies maintaining ratings on the Series 2003-C Warrants on the date of initial delivery of the Series 2003-C Warrants and the addresses for notices to such Rating Agencies are as follows:

Moody's Investors Service
99 Church Street
New York, New York 10007

Standard & Poor's Ratings Services
55 Water Street
New York, New York 10041-0003
Attention: Municipal Structured Surveillance

Section 10.14 Article and Section Captions. The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

IN WITNESS WHEREOF, the County has caused this Tenth Supplemental Indenture to be executed in its name and behalf by the President of the Governing Body, has caused its official seal to be hereunto affixed and has caused this Tenth Supplemental Indenture to be attested by the Minute Clerk of the Governing Body, and the Trustee has caused this Tenth Supplemental Indenture to be executed in its corporate name and behalf, has caused its corporate seal to be hereunto affixed and has caused this Tenth Supplemental Indenture to be attested, by its duly authorized officers, all in eight (8) counterparts, each of which shall be deemed an original, and the County and the Trustee have caused this Tenth Supplemental Indenture to be dated as of August 1, 2003, although actually executed and delivered on August 7, 2003.

JEFFERSON COUNTY, ALABAMA

By *Ray Bonfield*
President of the County Commission

ATTEST:

Diane Jounes
Minute Clerk of the
County Commission

[SEAL]

THE BANK OF NEW YORK, as Successor Trustee
under the Trust Indenture of Jefferson County,
Alabama, dated as of February 1, 1997

By: The Bank of New York Trust Company
of Florida, N.A., its Agent

By *Cary Z...*
Its VICE PRESIDENT

ATTEST:

Christa S Pearson
Its Assistant Treasurer

[SEAL]

APPENDIX I

**FORM OF SERIES 2003-C WARRANTS
OTHER THAN SERIES 2003-C WARRANTS
IN AUCTION RATE MODE**

No. ____

UNITED STATES OF AMERICA

STATE OF ALABAMA

JEFFERSON COUNTY

SEWER REVENUE REFUNDING WARRANT

SERIES 2003-C

SUBSERIES DESIGNATION
[insert if applicable]

MATURITY DATE	DATE OF INITIAL DELIVERY	INTEREST RATE
February 1, 2042		*
BEGINNING OF RATE PERIOD	END OF RATE PERIOD	CUSIP
		472682 ____

JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama (the "County"), for value received, hereby acknowledges itself indebted to and orders and directs the County Treasurer of the County to pay to

or registered assigns, upon presentation and surrender hereof, solely out of the revenues hereinafter referred to, the principal sum of

D O L L A R S

*The Trustee is to insert one of the following, as appropriate: "Daily Rate", "Weekly Rate", "Commercial Paper Rate – ____%," "Term Rate – ____%" or "Fixed Rate – ____%".

on the Maturity Date specified above and to pay interest hereon from the date of initial delivery of this warrant, or the most recent date to which interest has been paid or duly provided for, until the principal hereof shall become due and payable at the Daily Rate, the Weekly Rate, the Commercial Paper Rate, the Term Rate, the Fixed Rate or the Auction Rate, as hereinafter provided. Series 2003-C Warrants bearing interest at an Auction Rate shall be evidenced by a different warrant form containing certain terms and provisions specifically applicable to such warrants (which special terms and provisions are not contained herein).

Interest at the Daily Rate or the Weekly Rate shall be computed on the basis of a 365 or 366-day year, as the case may be, for the actual number of days elapsed. Interest at the Commercial Paper Rate shall be computed on the basis of a 365-day year for the actual number of days elapsed. Interest at the Term Rate or the Fixed Rate shall be computed on the basis of a 360-day year with 12 months of 30 days each.

Interest shall be payable (but solely out of the revenues hereinafter described) on overdue principal on this warrant and (to the extent legally enforceable) on any overdue installment of interest on this warrant at the rate of interest last applicable to this warrant when such overdue principal or interest became delinquent.

Interest on this warrant shall be payable in arrears on the following dates (each such date being herein called an "Interest Payment Date"):

(1) for each Commercial Paper Rate Period, the Business Day immediately succeeding any Calculation Period, and for any Calculation Period of more than 180 days, also the Business Day immediately following the 180th day of such Calculation Period;

(2) during an Auction Rate Period (i) for an Auction Period of 91 days or less, the Business Day immediately succeeding such Auction Period and (ii) for an Auction Period of more than 91 days, each 13th Thursday after the first day of such Auction Period and the Business Day immediately succeeding such Auction Period;

(3) for each Daily Rate Period, the first Business Day of each month thereof;

(4) for each Weekly Rate Period, the first Business Day of each month thereof;

(5) for each Term Rate Period, (i) the first day of the sixth calendar month following the month in which the first day of such Term Rate Period occurred, (ii) each anniversary of the date so determined, (iii) each anniversary of the first day of the first month of such Term Rate Period, and (iv) the Business Day immediately succeeding such Term Rate Period;

(6) for the Fixed Rate Period, the February 1 or August 1 next succeeding the Fixed Rate Conversion Date and each February 1 and August 1 thereafter; but if the February 1 or August 1 next succeeding the Fixed Rate Conversion Date occurs less than 21 days after the Fixed Rate Conversion Date, the first Interest Payment Date shall be the second such date following the Fixed Rate Conversion Date;

(7) the Fixed Rate Conversion Date;

(8) any day on which Series 2003-C Warrants are subject to mandatory tender for purchase pursuant to Section 5.3 or 5.4 of the Tenth Supplemental Indenture or redemption pursuant to Section 5.1 of the Tenth Supplemental Indenture;

(9) the Stated Maturity of the Series 2003-C Warrants; and

(10) with respect to Bank Warrants, the first Business Day of each month and the date on which such Bank Warrants are remarketed and cease to be Bank Warrants.

If any Interest Payment Date is not a Business Day, the interest due on such date shall be payable on the next succeeding Business Day with the same effect as if payment was made on such Interest Payment Date.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture hereinafter referred to, be paid to the person in whose name this warrant is registered at the close of business on the Regular Record Date for such interest, which shall be the Business Day next preceding any Interest Payment Date for Series 2003-C Warrants in the Daily Rate Mode, the Weekly Rate Mode or the Commercial Paper Rate Mode, or the 15th day (whether or not a Business Day) of the month next preceding any Interest Payment Date for Series 2003-C Warrants in the Term Rate Mode or Fixed Rate Mode. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered Holder on such Regular Record Date, and shall be paid to the person in whose name this warrant is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice of such Special Record Date being given to Holders of the Series 2003-C Warrants not less than 10 days prior to such Special Record Date.

Payment of principal, premium (if applicable) and interest on this warrant and payment of the Purchase Price of this warrant due upon optional or mandatory tender shall be made by the applicable method specified in the Indenture. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

This warrant is one of a duly authorized issue or series of warrants authorized to be issued in the aggregate principal amount of \$1,052,025,000 and designated Sewer Revenue Refunding Warrants, Series 2003-C (the "Series 2003-C Warrants"). The Series 2003-C Warrants have been issued, on a parity with the Outstanding Parity Securities hereinafter referred to, under a Trust Indenture dated as of February 1, 1997 (the "Original Indenture"), between the County and The Bank of New York, Birmingham, Alabama, as Trustee (herein, in such capacity, together with its successors in trust, called the "Trustee"), as supplemented and amended by a First Supplemental Indenture dated as of March 1, 1997 (the "First Supplemental Indenture"), by a Second Supplemental Indenture dated as of March 1, 1999 (the "Second Supplemental Indenture"), by a Third Supplemental Indenture dated as of March 1, 2001 (the "Third Supplemental Indenture"), by a Fourth Supplemental Indenture dated as of February 1, 2002 (the "Fourth Supplemental Indenture"), by a Fifth Supplemental Indenture dated as of September 1, 2002 (the "Fifth Supplemental Indenture"), by a Sixth Supplemental Indenture dated as of October 1, 2002 (the "Sixth Supplemental Indenture"), by a Seventh Supplemental Indenture dated as of November 1, 2002 (the "Seventh Supplemental Indenture"), by an Eighth Supplemental Indenture dated as of January 1, 2003 (the "Eighth Supplemental Indenture"), by a Ninth Supplemental Indenture dated as of April 1, 2003 (the "Ninth Supplemental Indenture"), and by a Tenth Supplemental Indenture dated as of August 1, 2003 (the "Tenth Supplemental Indenture"). The County has heretofore issued under the Original Indenture, as supplemented and amended by the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth and Ninth Supplemental Indentures, (i) \$211,040,000 principal amount of its Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997, (ii) \$296,395,000 principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997, (iii) \$952,695,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999, (iv) \$275,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001, (v) \$110,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-A, dated March 6, 2002, (vi) \$540,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-B, dated September 1, 2002, (vii) \$839,500,000 principal amount of Sewer Revenue Refunding Warrants, Series 2002-C, dated October 25, 2002, (viii) \$475,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-D, dated November 1, 2002, (ix) \$41,820,000 principal amount Sewer Revenue Refunding Warrant, Series 2003-A, dated January 9, 2003, and (x) \$1,155,765,000 principal amount Sewer Revenue Refunding Warrants, Series 2003-B (all of said warrants which are now outstanding being herein together called the "Outstanding Parity Securities"). As used herein, the term "Indenture" means the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture, the Ninth Supplemental Indenture and the Tenth Supplemental Indenture. Reference is hereby made to the Indenture for a more complete description of the rights of the owners of the Series 2003-C Warrants and of the Trustee and of the County with respect to the County's sanitary sewer system (herein called the "System") and the revenues therefrom, the terms and conditions upon which the Series 2003-C Warrants are issued, and the terms and conditions upon which any Additional Parity Securities may be

issued under the Indenture. Each owner of this warrant, by the acceptance hereof, shall be deemed to assent to the provisions of the Indenture.

The County, the Trustee and _____ (the "Bank") have entered into a Standby Warrant Purchase Agreement dated as of _____, whereby, subject to the conditions specified therein, the Bank has agreed to purchase any Series 2003-C Warrant of the subseries of which this warrant is a part that is not remarketed after a tender of such warrant for purchase pursuant to the optional or mandatory tender provisions of the Tenth Supplemental Indenture. Series 2003-C Warrants purchased by the Bank (referred to in the Tenth Supplemental Indenture as "Bank Warrants") bear interest at a separate interest rate applicable only to Bank Warrants, as provided in said Standby Purchase Agreement. **Upon the occurrence of certain events described in said Standby Purchase Agreement, the Bank's obligation to purchase Series 2003-C Warrants under said Standby Purchase Agreement will be terminated or suspended.** The Tenth Supplemental Indenture provides for delivery of an Alternate Liquidity Facility on the terms and conditions contained in the Indenture. The initial Standby Warrant Purchase Agreement and any Alternate Liquidity Facility delivered to the Trustee pursuant to the Indenture are herein referred to as the "Liquidity Facility".

Copies of the Indenture and the initial Standby Purchase Agreement are on file at the Office of the Trustee, and reference is hereby made to such instruments for a description of the revenues pledged and assigned, the nature and extent of the security, the respective rights thereunder of the Holders of the Series 2003-C Warrants, the Trustee, the County and the Bank, and the terms upon which the Series 2003-C Warrants are, and are to be, authenticated and delivered.

_____ has been appointed pursuant to the Indenture as the initial Remarketing Agent for the subseries of the Series 2003-C Warrants of which this warrant is a part. The Indenture permits the County, with the consent of the Bank, to remove such Remarketing Agent and appoint a successor, subject to certain terms and conditions specified in the Indenture. The Indenture also permits the Remarketing Agent to resign without prior notice to Warrantholders.

The Trustee will serve as the initial Tender Agent under the Indenture until a successor is appointed in accordance with the terms of the Indenture.

Interest Rates

Each Series 2003-C Warrant will bear interest to but not including the Fixed Rate Conversion Date at one of the following interest rates (each, an "Adjustable Rate"): a Commercial Paper Rate, an Auction Rate, a Daily Rate, a Weekly Rate or a Term Rate. Each Adjustable Rate (other than an Auction Rate) for each Calculation Period applicable to such Adjustable Rate shall be equal to the lesser of (i) 10% per annum (12% per annum in the case of the Term Rate) and (ii) the rate of interest per annum established and certified to the Trustee by the Remarketing Agent no later than 9:30 a.m. (New York City time) on and as of the first day of such Calculation Period as the minimum rate of

interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such first day to remarket the Series 2003-C Warrants in a secondary market transaction at a price equal to the principal amount thereof plus accrued interest thereon, if any, except as otherwise provided in the Indenture. Anything in the Indenture to the contrary notwithstanding, in no event shall the interest rate borne by any Series 2003-C Warrant exceed the maximum rate allowable by applicable law. The term "Business Day" means any day other than a Saturday, Sunday or other day on which the New York Stock Exchange or banks are authorized or obligated by law or executive order to close in New York, New York, or any city in which is located the principal corporate trust office of the Trustee or the office of a Liquidity Provider at which demands for a payment under the Liquidity Facility will be made.

Commercial Paper Rate Periods

During any Commercial Paper Rate Period, at or prior to 9:30 a.m. (New York City time) on the Determination Date for each Calculation Period, the Remarketing Agent shall determine the Calculation Period and related Commercial Paper Rate. In determining each such Calculation Period, the Remarketing Agent shall take into account factors set forth in the Indenture. The Remarketing Agent shall select the Calculation Period and the applicable Commercial Paper Rate that, together with all other Calculation Periods and related Commercial Paper Rates, in the sole judgment of the Remarketing Agent, will result in the lowest overall borrowing cost on the Series 2003-C Warrants being remarketed or are otherwise in the best financial interests of the County, as determined in consultation with the County. Any Calculation Period established under the Tenth Supplemental Indenture may not extend beyond the Fixed Rate Conversion Date, the expiration date of the then effective Liquidity Facility or the day prior to the maturity date of the Series 2003-C Warrants. The County may place limitations upon the establishment of such Calculation Periods in accordance with the Tenth Supplemental Indenture.

Calculation Periods

As used in connection with the Series 2003-C Warrants, the term "Calculation Period" means (a) upon a Change in the Interest Rate Mode to the Commercial Paper Rate Mode, any period or periods during a Commercial Paper Rate Period, from and including a Business Day to and including any day not more than 270 days thereafter which is a day immediately preceding a Business Day established by the Remarketing Agent pursuant to the Indenture; (b) during any Daily Rate Period, the period from and including a Business Day to but not including the next succeeding Business Day; (c) during any Weekly Rate Period, the period from and including the effective date of the Change in the Interest Rate Mode to and including the following Wednesday (but not less than two days) and, thereafter, the period from and including the Thursday of each week to and including the following Wednesday; provided, however, that, if such Thursday is not a Business Day, the next succeeding Calculation Period shall begin on the Business Day next succeeding such Thursday and shall end on the day before the next succeeding Calculation Period; and (d) during any Term Rate Period, any period of not less than 270 days from and including a Business Day to and including any

day (established by the County pursuant to the Indenture) not later than the day prior to the maturity date of the Series 2003-C Warrants.

Conversion of Interest Rate Modes

Prior to the Fixed Rate Conversion Date, all or any portion of Series 2003-C Warrants shall cease to bear interest at the Adjustable Rate then borne by such warrants and shall bear interest at such different Adjustable Rate as shall be specified by the County, or, if so specified by the County, the interest rate applicable to all Series 2003-C Warrants may be converted to a Fixed Rate specified in accordance with the terms and subject to the conditions set forth in the Tenth Supplemental Indenture.

If any condition to the establishment of a different Adjustable Rate or Rates is not met on any date, then the mandatory tender that is scheduled to occur in connection with such conversion shall not take place, and this Series 2003-C Warrant shall continue to bear interest at the Adjustable Rate then borne by this Series 2003-C Warrant and be subject to all provisions of the Indenture applicable thereto while this Series 2003-C Warrant bears interest at such Adjustable Rate.

Fixed Rate

On a Fixed Rate Conversion Date, the affected Series 2003-C Warrants shall cease to bear interest at the Adjustable Rate then borne by such Series 2003-C Warrants and shall bear interest at the Fixed Rate until maturity, upon the election by the County, to exercise its Option to Convert (as defined in the Tenth Supplemental Indenture). The Fixed Rate means the rate of interest per annum established and certified to the Trustee by the Remarketing Agent no later than 12:00 noon (New York City time) on and as of the Fixed Rate Conversion Date as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such date to remarket the affected Series 2003-C Warrants in a secondary market transaction at a price equal to the principal amount thereof, not to exceed 12% per annum. The Fixed Rate shall be established in accordance with the terms and subject to the conditions set forth in the Tenth Supplemental Indenture. Anything in the Indenture to the contrary notwithstanding, in no event shall the interest rate borne by any Series 2003-C Warrant exceed the maximum rate allowable by applicable law.

If any condition to the establishment of the Fixed Rate is not met on the proposed Fixed Rate Conversion Date, the mandatory tender that is scheduled to occur in connection with such conversion shall not take place, and this Series 2003-C Warrant shall continue to bear interest at the Adjustable Rate then borne by this warrant and be subject to the provisions of the Indenture applicable while this Series 2003-C Warrant bears interest at such Adjustable Rate.

If Series 2003-C Warrants begin to bear interest at the Fixed Rate as provided above, the interest rate on such Series 2003-C Warrants may not thereafter be changed to an Adjustable Rate.

Optional Tender

During any Daily Rate Period or Weekly Rate Period, any Series 2003-C Warrant or portion thereof in a principal amount equal to an authorized denomination (so long as the principal amount not purchased is an authorized denomination) shall be purchased upon the demand of the registered owner thereof, on any Business Day at a price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase, upon delivery to the Tender Agent and the Remarketing Agent at their respective principal offices, by the close of business on any Business Day of a Notice of Election to Tender (the substance of which notice must also be given telephonically to the Remarketing Agent prior to or simultaneously with the delivery of such written notice). The date on which such Series 2003-C Warrant shall be purchased shall, at the request of the registered owner, (i) if the Series 2003-C Warrant then bears interest at a Daily Rate, be the date of delivery of such notice if such notice is delivered to the Tender Agent and the Remarketing Agent by 11:00 a.m. (New York City time) on such date or may be any Business Day thereafter, and (ii) if the Series 2003-C Warrant then bears interest at a Weekly Rate, shall be a Business Day not prior to the 7th day next succeeding the date of the delivery of such notice to the Tender Agent and the Remarketing Agent.

Mandatory Tenders

Change in the Interest Rate Mode. Upon a Change in the Interest Rate Mode (including, without limitation, a change to the Fixed Rate on the Fixed Rate Conversion Date), the Series 2003-C Warrants shall be subject to mandatory tender for purchase in accordance with the Tenth Supplemental Indenture on the effective date of such Change in the Interest Rate Mode, at a price equal to the principal amount thereof.

Business Day Following Calculation Periods. Series 2003-C Warrants bearing a Commercial Paper Rate or a Term Rate shall be subject to mandatory tender for purchase in accordance with the Tenth Supplemental Indenture on the Business Day immediately following each Calculation Period at a price equal to the principal amount thereof.

Expiration, Termination, Substitution or Amendment of any Liquidity Facility. Except as otherwise set forth in the last sentence of this paragraph, the Series 2003-C Warrants shall be subject to mandatory tender for purchase at a price equal to the principal amount thereof, (i) on the second Business Day immediately preceding the substitution of an Alternate Liquidity Facility for an existing Liquidity Facility or the effective date of a Liquidity Facility Amendment which results in a reduction or withdrawal of the short-term or long-term rating assigned to the Series 2003-C Warrants, as further described in Section 6.2(b) of the Tenth Supplemental Indenture, (ii) on the first anniversary of the Liquidity Provider's initial failure to maintain its rating (unless sooner restored) as specified in Section 6.2(c) of the Tenth Supplemental Indenture, and (iii) on the second Business Day immediately preceding the date of expiration or termination of any Liquidity Facility (other than a termination that results from an event that permits termination of such Liquidity Facility without

notice), unless on or prior to the 45th day prior to such date of expiration or termination or the effective date of such Liquidity Facility Amendment or such first anniversary of the initial failure of the Liquidity Provider to maintain its short-term ratings the County has furnished to the Trustee (a) an agreement by the Liquidity Provider to extend such Liquidity Facility in the case of an expiration or (b) an Alternate Liquidity Facility in replacement of the expiring or terminating Liquidity Facility or the Liquidity Facility whose Liquidity Provider has so failed to maintain its short-term ratings, together with confirmation of ratings of the Series 2003-C Warrants in accordance with the Tenth Supplemental Indenture. No tender for purchase of any Series 2003-C Warrant as a result of the expiration, termination, substitution or amendment of the Liquidity Facility shall be required pursuant to the Tenth Supplemental Indenture if the Fixed Rate Conversion Date shall have occurred with respect to such Series 2003-C Warrants on a date prior to such date of expiration, termination or substitution, or the effective date of a Liquidity Facility Amendment.

General Tender Provisions

If interest has been paid on the Series 2003-C Warrants, or an amount sufficient to pay interest thereon has been deposited in the Debt Service Fund, or an amount sufficient to pay accrued interest thereon, if any, has been set aside in the Warrant Purchase Fund and the purchase price equal to the principal of, and premium, if any, on the Series 2003-C Warrants shall be available in the Warrant Purchase Fund for payment of Series 2003-C Warrants subject to tender for purchase pursuant to the Tenth Supplemental Indenture, and if a registered owner fails to deliver or does not properly deliver the Series 2003-C Warrants to the Tender Agent for which a Notice of Election to Tender has been properly filed or which are subject to mandatory tender for purchase on the purchase date therefor, such Series 2003-C Warrants shall nevertheless be deemed tendered and purchased on the date established for the purchase thereof, interest on such Series 2003-C Warrants shall cease to be payable to the former registered owners thereof from and after the date of purchase and such former registered owners shall have no rights under the Indenture as the registered owners of such Series 2003-C Warrants, except the right to receive the purchase price of and interest to the purchase date, if any, on such Series 2003-C Warrants upon delivery thereof to the Tender Agent in accordance with the provisions of the Tenth Supplemental Indenture. The payment of Series 2003-C Warrants tendered upon the election of the registered owner shall be subject to delivery of such Series 2003-C Warrants duly endorsed in blank for transfer or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent executed in blank for transfer at the principal office of the Tender Agent at or prior to 11:30 a.m. for Series 2003-C Warrants bearing interest at a Weekly Rate and 12:00 noon for Series 2003-C Warrants bearing interest at a Daily Rate (New York City time), on a specified purchase date. The Tender Agent may refuse to make payment with respect to any Series 2003-C Warrants tendered for purchase pursuant to the Tenth Supplemental Indenture not endorsed in blank or for which an instrument of transfer satisfactory to the Tender Agent has not been provided.

Redemption

In the manner and with the effect provided in the Indenture, the Series 2003-C Warrants will be subject to redemption prior to Maturity as follows:

Optional Redemption. The Series 2003-C Warrants shall be subject to redemption at the option of the County:

(a) For any Commercial Paper Rate Period applicable to Series 2003-C Warrants, such warrants shall be subject to redemption (i) on each Interest Payment Date for such Commercial Paper Rate Period, as a whole or in part, at the principal amount thereof, and (ii) on any Business Day, as a whole or in part, at the principal amount thereof plus accrued interest, if any, to the date fixed for redemption.

(b) For any Daily Rate Period applicable to Series 2003-C Warrants, such warrants shall be subject to redemption on any Business Day, as a whole or in part, at the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

(c) For any Weekly Rate Period applicable to Series 2003-C Warrants, such warrants shall be subject to redemption on any Business Day, as a whole or in part, at the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

(d) For any Term Rate Period and after the Fixed Rate Conversion Date applicable to Series 2003-C Warrants, such warrants shall be subject to redemption in whole or in part on any Business Day on or after the tenth anniversary of the commencement of such Term Rate Period or the Fixed Rate Conversion Date, as the case may be. The redemption price shall be equal to the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

(e) The Series 2003-C-8 Warrants shall be subject to redemption, in whole or in part, from such maturity or maturities as shall be specified by the County, on February 1, 2010, and on any date thereafter, at the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

Scheduled Mandatory Redemption. The Series 2003-C Warrants initially issued as subseries 2003-C-9 and 2003-C-10 (the "FSA-Insured Warrants") shall be redeemed at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on February 1 (or, in the case of Auction Rate Warrants, if any such February 1 is not an Interest Payment Date, then on the first Interest Payment Date subsequent thereto) in years and principal amounts (after credit as provided below) as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2009	\$ 2,700,000	2020	\$ 3,025,000
2010	2,800,000	2021	3,125,000
2011	2,900,000	2022	4,875,000
2012	3,025,000	2023	18,675,000
2013	3,150,000	2024	19,425,000
2014	3,275,000	2025	20,200,000
2015	3,400,000	2026	18,975,000
2016	3,550,000	2027	19,725,000
2017	28,675,000	2028	20,525,000
2018	30,850,000	2029	9,650,000
2019	9,500,000		

Not less than 60 days prior to each such scheduled mandatory redemption date, the County may specify the particular subseries from which FSA-Insured Warrants are to be called for such redemption and (if more than one subseries is so specified) the respective principal amounts to be called for redemption from each thereof. In any such case, the particular FSA-Insured Warrants (or portions thereof) within a given subseries to be called for redemption shall be selected by the Trustee by lot. If the County fails to make such a specification with respect to any scheduled mandatory redemption date, not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, as provided in the Tenth Supplemental Indenture, FSA-Insured Warrants or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such FSA-Insured Warrants or portions thereof for redemption on such scheduled mandatory redemption date. In any event the County may, upon direction delivered to the Trustee not less than 60 days prior to such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of FSA-Insured Warrants scheduled for redemption on such date: (i) the principal amount of FSA-Insured Warrants delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of FSA-Insured Warrants previously redeemed (other than FSA-Insured Warrants redeemed pursuant to this paragraph) and not previously claimed as a credit.

The Series 2003-C Warrants initially issued as subseries 2003-C-1 through 2003-C-8 (the "FGIC-Insured Warrants") shall be redeemed at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on February 1 (or, in the case of Auction Rate Warrants, if any such February 1 is not an Interest Payment Date, then on the first Interest Payment Date subsequent thereto) in years and principal amounts (after credit as provided below) as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2029	\$ 11,700,000	2035	\$ 25,325,000
2030	87,000,000	2036	26,325,000
2031	90,500,000	2037	102,250,000
2032	22,500,000	2038	105,700,000
2033	23,400,000	2039	112,950,000
2034	24,350,000	2040	98,550,000

\$89,450,000 of the FGIC-Insured Warrants
will be retired at Maturity

Not less than 60 days prior to each such scheduled mandatory redemption date, the County may specify the particular subseries from which FGIC-Insured Warrants are to be called for such redemption and (if more than one subseries is so specified) the respective principal amounts to be called for redemption from each thereof. In any such case, the particular FGIC-Insured Warrants (or portions thereof) within a given subseries to be called for redemption shall be selected by the Trustee by lot. If the County fails to make such a specification with respect to any scheduled mandatory redemption date, not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, as provided in the Tenth Supplemental Indenture, FGIC-Insured Warrants or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such FGIC-Insured Warrants or portions thereof for redemption on such scheduled mandatory redemption date. In any event the County may, upon direction delivered to the Trustee not less than 60 days prior to such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of FGIC-Insured Warrants scheduled for redemption on such date: (i) the principal amount of FGIC-Insured Warrants delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of FGIC-Insured Warrants previously redeemed (other than FGIC-Insured Warrants redeemed pursuant to this paragraph) and not previously claimed as a credit.

Procedure for Redemption. In the event any of the Series 2003-C Warrants are called for redemption, the Trustee shall give notice of the redemption of such warrants, which notice shall specify the full title, including the subseries, if any, of the Series 2003-C Warrants, the redemption date, the place of redemption and the redemption price payable upon such redemption; that the interest on the Series 2003-C Warrants, or on the principal amount thereof to be redeemed, shall cease to accrue from and after such redemption date; and that on such date there will become due and payable on the Series 2003-C Warrants, the principal amount thereof to be redeemed and the interest accrued on such principal amount to the redemption date, if any, and the premium, if any, thereon. Each notice of redemption mailed to the Holder of a Series 2003-C Warrant to be redeemed

shall, if less than the entire principal amount thereof is to be redeemed, also state the principal amount thereof and the distinctive numbers of the Series 2003-C Warrants to be redeemed and that such warrant must be surrendered to the Trustee in exchange for the payment of the principal amount thereof to be redeemed, premium, if any, thereon, and accrued interest, if any, thereon, and the issuance of a new Series 2003-C Warrant equaling in principal amount that portion of the principal amount not to be redeemed of the Series 2003-C Warrant to be surrendered.

Except as otherwise provided in the Tenth Supplemental Indenture, notice of redemption shall be given by mailing a copy of the redemption notice by first-class mail at least 30 days (15 days for Series 2003-C Warrants bearing interest at an Adjustable Rate) prior to the date fixed for redemption to the registered owners of the Series 2003-C Warrants to be redeemed at the addresses shown on the registration books maintained by the Trustee; provided, however, that failure to give notice to any Holder of a Series 2003-C Warrant, or any defects in such notice, shall not affect the proceedings for the redemption of the Series 2003-C Warrants for which notice has been given.

If at any time of mailing of notice of an optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Series 2003-C Warrants called for redemption, such notice may state that it is conditional, that is, subject to the deposit of moneys sufficient for the redemption with the Trustee on or prior the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Under the Indenture, the Outstanding Parity Securities and the Series 2003-C Warrants are equally and ratably secured by a pledge of certain revenues from the System that remain after the payment of the expenses of operating and maintaining the System. Upon compliance with certain conditions specified in the Indenture, the County may issue additional securities (without limitation as to principal amount) that are secured by the Indenture on a parity with the Outstanding Parity Securities and the Series 2003-C Warrants with respect to the pledge of the aforesaid revenues from the System.

The Indenture permits the amendment of the Series 2003-C Warrants and the Indenture, and waivers of past defaults under such instruments and the consequences of such defaults, in certain circumstances without consent of Warrantholders and in other circumstances with the consent of all Warrantholders or a specified percentage of Warrantholders. Any such consent or waiver by the Holder of this warrant shall be conclusive and binding upon such Holder and upon all future Holders of this warrant and of any warrant issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this warrant.

The Holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

As provided in the Indenture and subject to certain limitations therein set forth, this warrant is transferable on the Warrant Register maintained at the Office of the Trustee, upon surrender of this warrant for transfer at the Office of the Trustee, together with all necessary endorsements for transfer, and thereupon one or more new Series 2003-C Warrants of the same Maturity, subseries and interest rate, of any Authorized Denominations and for a like aggregate principal amount, will be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein set forth, the Series 2003-C Warrants are exchangeable for other Series 2003-C Warrants of the same Maturity, subseries and interest rate, of any Authorized Denominations and of a like aggregate principal amount, as requested by the Holder surrendering the same.

No service charge shall be made for any transfer or exchange hereinbefore referred to, but the County may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The County and the Trustee may treat the person in whose name this warrant is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this warrant is overdue, and neither the County nor the Trustee shall be affected by notice to the contrary.

No covenant or agreement contained in this warrant or the Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of the County, and neither any member of the governing body of the County nor any officer executing this warrant shall be liable personally on this warrant or be subject to any personal liability or accountability by reason of the issuance of this warrant.

Any terms used herein which are defined in the Indenture shall have the respective meanings set forth in the Indenture.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this warrant do exist, have happened and have been performed in due time, form and manner as required by law.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this warrant shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the County has caused this warrant to be duly executed under its official seal.

JEFFERSON COUNTY, ALABAMA

By _____
President of the County Commission

ATTEST:

Minute Clerk of the County Commission

[S E A L]

CERTIFICATE OF AUTHENTICATION

This is one of the Series 2003-C Warrants referred to in the within-mentioned Indenture.

Date of authentication: _____, _____.

THE BANK OF NEW YORK,
as Trustee

By _____
Authorized Officer

ASSIGNMENT

For value received, _____ hereby sell(s), assign(s) and transfer(s) unto _____ this warrant and hereby irrevocably constitute(s) and appoint(s) _____ attorney to transfer this warrant on the books of the within named County at the office of the within named Trustee, with full power of substitution in the premises.

Dated: _____

NOTE: The name signed to this assignment must correspond with the name of the payee written on the face of the within warrant in all respects, without alteration, enlargement or change whatsoever.

Signature Guaranteed:

(Bank or Trust Company)

By _____
(Authorized Officer)

**FORM OF SERIES 2003-C WARRANTS
IN AUCTION RATE MODE**

No. ____

UNITED STATES OF AMERICA

STATE OF ALABAMA

JEFFERSON COUNTY

SEWER REVENUE REFUNDING WARRANT

SERIES 2003-C

SUBSERIES DESIGNATION
[insert if applicable]

MATURITY DATE

DATE OF INITIAL DELIVERY

INTEREST RATE

February 1, 2042

Auction Rate

CUSIP

472682 ____

JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama (the "County"), for value received, hereby acknowledges itself indebted to and orders and directs the County Treasurer of the County to pay to

or registered assigns, upon presentation and surrender hereof, solely out of the revenues hereinafter referred to, the principal sum of

D O L L A R S

on the Maturity Date specified above and to pay interest hereon from the date of initial delivery of this warrant, or the most recent date to which interest has been paid or duly provided for, until the principal hereof shall become due and payable at the Auction Rate, as hereinafter provided. Series 2003-C Warrants bearing interest at an interest rate other than the Auction Rate shall be evidenced by a different warrant form containing certain terms and provisions specifically applicable to such warrants (which special terms and provisions are not contained herein).

Interest at the Auction Rate shall be computed on the basis of a 360-day year for the actual number of days elapsed.

Interest shall be payable (but solely out of the revenues hereinafter described) on overdue principal on this warrant and (to the extent legally enforceable) on any overdue installment of interest on this warrant at the rate of interest last applicable to this warrant when such overdue principal or interest became delinquent.

Interest on this warrant shall be payable in arrears on the following dates (each such date being herein called an "Interest Payment Date"): (i) for an Auction Period of 91 days or less, the Business Day immediately succeeding such Auction Period and (ii) for an Auction Period of more than 91 days, each 13th Thursday after the first day of such Auction Period and the Business Day immediately succeeding such Auction Period.

If any Interest Payment Date is not a Business Day, the interest due on such date shall be payable on the next succeeding Business Day with the same effect as if payment was made on such Interest Payment Date.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture hereinafter referred to, be paid to the person in whose name this warrant is registered at the close of business on the Regular Record Date for such interest, which shall be the Business Day next preceding any Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered Holder on such Regular Record Date, and shall be paid to the person in whose name this warrant is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice of such Special Record Date being given to Holders of the Series 2003-C Warrants not less than 10 days prior to such Special Record Date.

Payment of principal, premium (if applicable) and interest on this warrant and payment of the Purchase Price of this warrant due upon mandatory tender shall be made by the applicable method specified in the Indenture. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

This warrant is one of a duly authorized issue or series of warrants authorized to be issued in the aggregate principal amount of \$1,052,025,000 and designated Sewer Revenue Refunding Warrants, Series 2003-C (the "Series 2003-C Warrants"). The Series 2003-C Warrants have been issued, on a parity with the Outstanding Parity Securities hereinafter referred to, under a Trust Indenture dated as of February 1, 1997 (the "Original Indenture"), between the County and The Bank of New York, Birmingham, Alabama, as Trustee (herein, in such capacity, together with its successors in trust, called the "Trustee"), as supplemented and amended by a First Supplemental Indenture dated as of March 1, 1997 (the "First Supplemental Indenture"), by a Second Supplemental Indenture dated

as of March 1, 1999 (the "Second Supplemental Indenture"), by a Third Supplemental Indenture dated as of March 1, 2001 (the "Third Supplemental Indenture"), by a Fourth Supplemental Indenture dated as of February 1, 2002 (the "Fourth Supplemental Indenture"), by a Fifth Supplemental Indenture dated as of September 1, 2002 (the "Fifth Supplemental Indenture"), by a Sixth Supplemental Indenture dated as of October 1, 2002 (the "Sixth Supplemental Indenture"), by a Seventh Supplemental Indenture dated as of November 1, 2002 (the "Seventh Supplemental Indenture"), by an Eighth Supplemental Indenture dated as of January 1, 2003 (the "Eighth Supplemental Indenture"), by a Ninth Supplemental Indenture dated as of April 1, 2003 (the "Ninth Supplemental Indenture"), and by a Tenth Supplemental Indenture dated as of August 1, 2003 (the "Tenth Supplemental Indenture"). The County has heretofore issued under the Original Indenture, as supplemented and amended by the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth and Ninth Supplemental Indentures, (i) \$211,040,000 principal amount of its Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997, (ii) \$296,395,000 principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997, (iii) \$952,695,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999, (iv) \$275,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001, (v) \$110,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-A, dated March 6, 2002, (vi) \$540,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-B, dated September 1, 2002, (vii) \$839,500,000 principal amount of Sewer Revenue Refunding Warrants, Series 2002-C, dated October 25, 2002, (viii) \$475,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-D, dated November 1, 2002, (ix) \$41,820,000 principal amount Sewer Revenue Refunding Warrant, Series 2003-A, dated January 9, 2003 and (x) \$1,155,765,000 principal amount Sewer Revenue Refunding Warrants, Series 2003-B (all of said warrants which are now outstanding being herein together called the "Outstanding Parity Securities"). As used herein, the term "Indenture" means the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture, the Ninth Supplemental Indenture and the Tenth Supplemental Indenture. Reference is hereby made to the Indenture for a more complete description of the rights of the owners of the Series 2003-C Warrants and of the Trustee and of the County with respect to the County's sanitary sewer system (herein called the "System") and the revenues therefrom, the terms and conditions upon which the Series 2003-C Warrants are issued, and the terms and conditions upon which any Additional Parity Securities may be issued under the Indenture. Each owner of this warrant, by the acceptance hereof, shall be deemed to assent to the provisions of the Indenture. A copy of the Indenture is on file at the Office of the Trustee.

The Trustee will serve as the initial Tender Agent under the Indenture until a successor is appointed in accordance with the terms of the Indenture.

Interest Rate Provisions

THE AUCTION PERIOD, THE AUCTION RATE, THE SELECTION OF THE METHOD OF DETERMINING THE RATE AND DATES OF PAYMENT OF INTEREST ON THE SERIES 2003-C WARRANTS BEARING THE AUCTION RATE AND THE AUCTION PROCEDURES RELATED THERETO WILL BE DETERMINED UPON THE TERMS AND CONDITIONS, INCLUDING REQUIRED NOTICES THEREOF TO THE OWNERS, DESCRIBED IN THE INDENTURE, TO WHICH PROVISIONS SPECIFIC REFERENCE IS HEREBY MADE AND ALL OF WHICH PROVISIONS ARE HEREBY SPECIFICALLY INCORPORATED HEREIN BY REFERENCE.

During any Auction Rate Period, the affected Series 2003-C Warrants shall bear interest at an Auction Rate. The initial Auction Rate for the initial Auction Period for each affected subseries of the Series 2003-C Warrants shall be as set forth in the Indenture. After the expiration of the initial Auction Period for each such subseries of Series 2003-C Warrants, each Auction Period immediately succeeding such initial Auction Period shall be a Standard Auction Period. The Auction Rate for any initial Auction Period immediately after any Change in the Interest Rate Mode to an Auction Rate for an Auction Rate Period, shall be the rate of interest per annum certified to the Trustee by the Remarketing Agent on a date not later than the effective date of such Change in the Interest Rate Mode as the minimum rate of interest which, in the opinion of the Remarketing Agent, would be necessary as of such date to market Auction Rate Warrants in a secondary market transaction at a price equal to the principal amount thereof. For any other Auction Period, the Auction Rate shall be the rate of interest per annum that results from implementation of the Auction Procedures. The Auction Procedures are set forth in Article III of the Tenth Supplemental Indenture.

Series 2003-C Warrants may also bear interest to but not including the Fixed Rate Conversion Date at one of the following interest rates (each, an "Adjustable Rate") at the times and in the manner set forth in the Indenture: a Commercial Paper Rate, a Daily Rate, a Weekly Rate or a Term Rate.

Conversion of Interest Rate Modes

Prior to the Fixed Rate Conversion Date, all or any portion of Series 2003-C Warrants shall cease to bear interest at the Adjustable Rate then borne by such warrants and shall bear interest at such different Adjustable Rate as shall be specified by the County, or, if so specified by the County, the interest rate applicable to all Series 2003-C Warrants may be converted to a Fixed Rate specified in accordance with the terms and subject to the conditions set forth in the Tenth Supplemental Indenture.

If any condition to the establishment of a different Adjustable Rate or Rates is not met on any date, then the mandatory tender that is scheduled to occur in connection with such conversion shall not take place, and this Series 2003-C Warrant shall continue to bear interest at the Adjustable Rate

then borne by this Series 2003-C Warrant and be subject to all provisions of the Indenture applicable thereto while this Series 2003-C Warrant bears interest at such Adjustable Rate.

Fixed Rate

On a Fixed Rate Conversion Date, the affected Series 2003-C Warrants shall cease to bear interest at the Adjustable Rate then borne by such Series 2003-C Warrants and shall bear interest at the Fixed Rate until maturity, upon the election by the County, to exercise its Option to Convert (as defined in the Tenth Supplemental Indenture). The Fixed Rate means the rate of interest per annum established and certified to the Trustee by the Remarketing Agent no later than 12:00 noon (New York City time) on and as of the Fixed Rate Conversion Date as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such date to remarket the affected Series 2003-C Warrants in a secondary market transaction at a price equal to the principal amount thereof, not to exceed 12% per annum. The Fixed Rate shall be established in accordance with the terms and subject to the conditions set forth in the Tenth Supplemental Indenture. Anything in the Indenture to the contrary notwithstanding, in no event shall the interest rate borne by any Series 2003-C Warrant exceed the maximum rate allowable by applicable law.

If any condition to the establishment of the Fixed Rate is not met on the proposed Fixed Rate Conversion Date, the mandatory tender that is scheduled to occur in connection with such conversion shall not take place, and this Series 2003-C Warrant shall continue to bear interest at the Adjustable Rate then borne by this warrant and be subject to the provisions of the Indenture applicable while this Series 2003-C Warrant bears interest at such Adjustable Rate.

If Series 2003-C Warrants begin to bear interest at the Fixed Rate as provided above, the interest rate on such Series 2003-C Warrants may not thereafter be changed to an Adjustable Rate.

Mandatory Tenders

Upon a Change in the Interest Rate Mode (including, without limitation, a change to the Fixed Rate on the Fixed Rate Conversion Date), the Series 2003-C Warrants shall be subject to mandatory tender for purchase in accordance with the Tenth Supplemental Indenture on the effective date of such Change in the Interest Rate Mode, at a price equal to the principal amount thereof.

General Tender Provisions

If interest has been paid on the Series 2003-C Warrants, or an amount sufficient to pay interest thereon has been deposited in the Debt Service Fund, or an amount sufficient to pay accrued interest thereon, if any, has been set aside in the Warrant Purchase Fund and the purchase price equal to the principal of, and premium, if any, on the Series 2003-C Warrants shall be available in the Warrant Purchase Fund for payment of Series 2003-C Warrants subject to tender for purchase pursuant to the Tenth Supplemental Indenture, and if a registered owner fails to deliver or does not

properly deliver the Series 2003-C Warrants to the Tender Agent for which a Notice of Election to Tender has been properly filed or which are subject to mandatory tender for purchase on the purchase date therefor, such Series 2003-C Warrants shall nevertheless be deemed tendered and purchased on the date established for the purchase thereof, interest on such Series 2003-C Warrants shall cease to be payable to the former registered owners thereof from and after the date of purchase and such former registered owners shall have no rights under the Indenture as the registered owners of such Series 2003-C Warrants, except the right to receive the purchase price of and interest to the purchase date, if any, on such Series 2003-C Warrants upon delivery thereof to the Tender Agent in accordance with the provisions of the Tenth Supplemental Indenture. The payment of Series 2003-C Warrants tendered upon the election of the registered owner shall be subject to delivery of such Series 2003-C Warrants duly endorsed in blank for transfer or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent executed in blank for transfer at the principal office of the Tender Agent at or prior to 11:30 a.m. for Series 2003-C Warrants bearing interest at a Weekly Rate and 12:00 noon for Series 2003-C Warrants bearing interest at a Daily Rate (New York City time), on a specified purchase date. The Tender Agent may refuse to make payment with respect to any Series 2003-C Warrants tendered for purchase pursuant to the Tenth Supplemental Indenture not endorsed in blank or for which an instrument of transfer satisfactory to the Tender Agent has not been provided.

Redemption

In the manner and with the effect provided in the Indenture, the Series 2003-C Warrants will be subject to redemption prior to Maturity as follows:

Optional Redemption. For any Auction Rate Period, the affected Series 2003-C Warrants shall be subject to redemption at the option of the County on the Business Day immediately preceding each Auction Date, as a whole or in part, at the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

Scheduled Mandatory Redemption. The Series 2003-C Warrants initially issued as subseries 2003-C-9 and 2003-C-10 (the "FSA-Insured Warrants") shall be redeemed at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on February 1 (or, in the case of Auction Rate Warrants, if any such February 1 is not an Interest Payment Date, then on the first Interest Payment Date subsequent thereto) in years and principal amounts (after credit as provided below) as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2009	\$ 2,700,000	2020	\$ 3,025,000
2010	2,800,000	2021	3,125,000
2011	2,900,000	2022	4,875,000
2012	3,025,000	2023	18,675,000
2013	3,150,000	2024	19,425,000
2014	3,275,000	2025	20,200,000
2015	3,400,000	2026	18,975,000
2016	3,550,000	2027	19,725,000
2017	28,675,000	2028	20,525,000
2018	30,850,000	2029	9,650,000
2019	9,500,000		

Not less than 60 days prior to each such scheduled mandatory redemption date, the County may specify the particular subseries from which FSA-Insured Warrants are to be called for such redemption and (if more than one subseries is so specified) the respective principal amounts to be called for redemption from each thereof. In any such case, the particular FSA-Insured Warrants (or portions thereof) within a given subseries to be called for redemption shall be selected by the Trustee by lot. If the County fails to make such a specification with respect to any scheduled mandatory redemption date, not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, as provided in the Tenth Supplemental Indenture, FSA-Insured Warrants or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such FSA-Insured Warrants or portions thereof for redemption on such scheduled mandatory redemption date. In any event the County may, upon direction delivered to the Trustee not less than 60 days prior to such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of FSA-Insured Warrants scheduled for redemption on such date: (i) the principal amount of FSA-Insured Warrants delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of FSA-Insured Warrants previously redeemed (other than FSA-Insured Warrants redeemed pursuant to this paragraph) and not previously claimed as a credit.

The Series 2003-C Warrants initially issued as subseries 2003-C-1 through 2003-C-8 (the "FGIC-Insured Warrants") shall be redeemed at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on February 1 (or, in the case of Auction Rate Warrants, if any such February 1 is not an Interest Payment Date, then on the first Interest Payment Date subsequent thereto) in years and principal amounts (after credit as provided below) as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2029	\$ 11,700,000	2035	\$ 25,325,000
2030	87,000,000	2036	26,325,000
2031	90,500,000	2037	102,250,000
2032	22,500,000	2038	105,700,000
2033	23,400,000	2039	112,950,000
2034	24,350,000	2040	98,550,000

\$89,450,000 of the FGIC-Insured Warrants
will be retired at Maturity

Not less than 60 days prior to each such scheduled mandatory redemption date, the County may specify the particular subseries from which FGIC-Insured Warrants are to be called for such redemption and (if more than one subseries is so specified) the respective principal amounts to be called for redemption from each thereof. In any such case, the particular FGIC-Insured Warrants (or portions thereof) within a given subseries to be called for redemption shall be selected by the Trustee by lot. If the County fails to make such a specification with respect to any scheduled mandatory redemption date, not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, as provided in the Tenth Supplemental Indenture, FGIC-Insured Warrants or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such FGIC-Insured Warrants or portions thereof for redemption on such scheduled mandatory redemption date. In any event the County may, upon direction delivered to the Trustee not less than 60 days prior to such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of FGIC-Insured Warrants scheduled for redemption on such date: (i) the principal amount of FGIC-Insured Warrants delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of FGIC-Insured Warrants previously redeemed (other than FGIC-Insured Warrants redeemed pursuant to this paragraph) and not previously claimed as a credit.

Procedure for Redemption. In the event any of the Series 2003-C Warrants are called for redemption, the Trustee shall give notice of the redemption of such warrants, which notice shall specify the full title, including the subseries, if any, of the Series 2003-C Warrants, the redemption date, the place of redemption and the redemption price payable upon such redemption; that the interest on the Series 2003-C Warrants, or on the principal amount thereof to be redeemed, shall cease to accrue from and after such redemption date; and that on such date there will become due and payable on the Series 2003-C Warrants, the principal amount thereof to be redeemed and the interest accrued on such principal amount to the redemption date, if any, and the premium, if any, thereon. Each notice of redemption mailed to the Holder of a Series 2003-C Warrant to be redeemed

shall, if less than the entire principal amount thereof is to be redeemed, also state the principal amount thereof and the distinctive numbers of the Series 2003-C Warrants to be redeemed and that such warrant must be surrendered to the Trustee in exchange for the payment of the principal amount thereof to be redeemed, premium, if any, thereon, and accrued interest, if any, thereon, and the issuance of a new Series 2003-C Warrant equaling in principal amount that portion of the principal amount not to be redeemed of the Series 2003-C Warrant to be surrendered.

Except as otherwise provided in the Tenth Supplemental Indenture, notice of redemption shall be given by mailing a copy of the redemption notice by first-class mail at least 30 days (15 days for Series 2003-C Warrants bearing interest at an Adjustable Rate) prior to the date fixed for redemption to the registered owners of the Series 2003-C Warrants to be redeemed at the addresses shown on the registration books maintained by the Trustee; provided, however, that failure to give notice to any Holder of a Series 2003-C Warrant, or any defects in such notice, shall not affect the proceedings for the redemption of the Series 2003-C Warrants for which notice has been given.

If at any time of mailing of notice of an optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Series 2003-C Warrants called for redemption, such notice may state that it is conditional, that is, subject to the deposit of moneys sufficient for the redemption with the Trustee on or prior the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Under the Indenture, the Outstanding Parity Securities and the Series 2003-C Warrants are equally and ratably secured by a pledge of certain revenues from the System that remain after the payment of the expenses of operating and maintaining the System. Upon compliance with certain conditions specified in the Indenture, the County may issue additional securities (without limitation as to principal amount) that are secured by the Indenture on a parity with the Outstanding Parity Securities and the Series 2003-C Warrants with respect to the pledge of the aforesaid revenues from the System.

The Indenture permits the amendment of the Series 2003-C Warrants and the Indenture, and waivers of past defaults under such instruments and the consequences of such defaults, in certain circumstances without consent of Warrantholders and in other circumstances with the consent of all Warrantholders or a specified percentage of Warrantholders. Any such consent or waiver by the Holder of this warrant shall be conclusive and binding upon such Holder and upon all future Holders of this warrant and of any warrant issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this warrant.

The Holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

As provided in the Indenture and subject to certain limitations therein set forth, this warrant is transferable on the Warrant Register maintained at the Office of the Trustee, upon surrender of this warrant for transfer at the Office of the Trustee, together with all necessary endorsements for transfer, and thereupon one or more new Series 2003-C Warrants of the same Maturity, subseries and interest rate, of any Authorized Denominations and for a like aggregate principal amount, will be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein set forth, the Series 2003-C Warrants are exchangeable for other Series 2003-C Warrants of the same Maturity, subseries and interest rate, of any Authorized Denominations and of a like aggregate principal amount, as requested by the Holder surrendering the same.

No service charge shall be made for any transfer or exchange hereinbefore referred to, but the County may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The County and the Trustee may treat the person in whose name this warrant is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this warrant is overdue, and neither the County nor the Trustee shall be affected by notice to the contrary.

No covenant or agreement contained in this warrant or the Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of the County, and neither any member of the governing body of the County nor any officer executing this warrant shall be liable personally on this warrant or be subject to any personal liability or accountability by reason of the issuance of this warrant.

Any terms used herein which are defined in the Indenture shall have the respective meanings set forth in the Indenture.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this warrant do exist, have happened and have been performed in due time, form and manner as required by law.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this warrant shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the County has caused this warrant to be duly executed under its official seal.

JEFFERSON COUNTY, ALABAMA

By _____
President of the County Commission

ATTEST:

Minute Clerk of the County Commission

[S E A L]

CERTIFICATE OF AUTHENTICATION

This is one of the Series 2003-C Warrants referred to in the within-mentioned Indenture.

Date of authentication: _____, _____.

THE BANK OF NEW YORK,
as Trustee

By _____
Authorized Officer

ASSIGNMENT

For value received, _____ hereby sell(s), assign(s) and transfer(s) unto _____ this warrant and hereby irrevocably constitute(s) and appoint(s) _____ attorney to transfer this warrant on the books of the within named County at the office of the within named Trustee, with full power of substitution in the premises.

Dated: _____

NOTE: The name signed to this assignment must correspond with the name of the payee written on the face of the within warrant in all respects, without alteration, enlargement or change whatsoever.

Signature Guaranteed:

(Bank or Trust Company)

By _____
(Authorized Officer)

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2003-C
CUSIP NO. _____**

NOTICE OF CHANGE TO A _____ RATE

Notice is hereby given to the registered owners of \$ _____ of the above-captioned issue (the "Warrants") of Jefferson County, Alabama (the "County") that:

1. In accordance with the Tenth Supplemental Indenture relating to the Warrants (the "Indenture"), dated as of August 1, 2003, between the County and The Bank of New York (the "Trustee"), subject to the conditions hereinafter set forth, if any, the interest rate on the Warrants (or such lesser principal amount thereof as may be specified in an attachment hereto) will be changed to a _____ Rate. Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Indenture. The following statements are summaries of certain provisions of the Indenture which do not purport to be complete and are qualified in their entirety by reference to the Indenture.

2. The _____ Rate will be effective from and after _____ (the "Effective Date").

3. The Warrants are subject to mandatory tender on the Effective Date at a purchase price equal to the principal amount thereof.

4. The proposed Change in the Interest Rate Mode shall take effect only if the applicable conditions set forth in Article IV of the Indenture have been satisfied.

5. Registered owners of Warrants are required to deliver their Warrants to the Tender Agent at The Bank of New York, _____, New York, New York _____ no later than [Tender Agent to insert proper time], New York City time, on the Effective Date endorsed in blank by the registered owner thereof or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent executed for transfer in blank by the registered owner thereof (the Tender Agent being able to refuse to make payment with respect to any such Warrant not endorsed in blank or for which an instrument of transfer satisfactory to it has not been provided).

6. Each registered owner of Warrants who has properly tendered such Warrants in accordance with the above provisions will be paid the purchase price therefor on the Effective Date

and, if such purchase price is paid, such registered owner shall have no further rights with respect to said Warrants.

7. Holders of Warrants subject to mandatory tender shall have no right to retain such Warrants and shall be required to tender such Warrants on the date established for the mandatory tender for purchase thereof.

8. With respect to any registered owner of Warrants who has not properly tendered such Warrants in accordance with the above provisions of this notice, (A) such registered owner's Warrants will be deemed tendered and purchased on the Effective Date at a purchase price equal to the principal amount thereof, (B) such registered owner will be paid interest on such Warrants on the Effective Date as provided in the Indenture and will be paid such purchase price for such Warrants upon the tender of such Warrants to the Tender Agent and (C) interest on such Warrants shall cease to be payable to such registered owner from and after the Effective Date, and after the Effective Date such registered owner will have no rights with respect to such Warrants except to receive payment of the purchase price equal to the principal amount thereof upon tender of such Warrants to the Tender Agent.

Dated: _____

JEFFERSON COUNTY, ALABAMA

By: THE BANK OF NEW YORK, as Trustee

By _____
Authorized Representative

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2003-C
CUSIP NO. ____**

**CERTIFICATE PURSUANT TO
SECTION [4.1(c)(i)(2) or 4.2(c)(i)(2)] OF THE
TENTH SUPPLEMENTAL INDENTURE**

NOTICE IS HEREBY GIVEN to The Bank of New York, as Trustee for the above-captioned issue (the "Warrants") [and to The Bank of New York as Auction Agent, if applicable] that Jefferson County, Alabama (the "County") hereby authorizes the establishment of a _____ Rate.

Notice is also hereby given that the County has obtained confirmation that (a) Bond Counsel expects to be able to give its opinion on the effective date of the Change in the Interest Rate Mode to the effect that the change to the _____ Rate is authorized by the Tenth Supplemental Indenture referred to below, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Warrants from gross income for federal income tax purposes, and (b) any amendments to the Tenth Supplemental Indenture referred to below necessary to provide for the application of moneys available under the Liquidity Facility have been agreed to by the parties hereto and will be in effect prior to the Change in the Interest Rate Mode.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Tenth Supplemental Indenture relating to the above-captioned Warrants, dated as of August 1, 2003, by and between the County and The Bank of New York, as trustee.

JEFFERSON COUNTY, ALABAMA

By _____
Authorized County Representative

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2003-C
CUSIP NO. ____**

**CERTIFICATE PURSUANT TO
SECTION [4.1(c)(ii)] OF THE
TENTH SUPPLEMENTAL INDENTURE**

NOTICE IS HEREBY GIVEN to The Bank of New York, as Trustee for the above-captioned issue (the "Warrants") [and to The Bank of New York, as Auction Agent, if applicable] that with respect to a Change in the Interest Rate Mode pursuant to Section 4.1 of the Tenth Supplemental Indenture referred to below all of the Warrants tendered or deemed tendered have been purchased at a price equal to the principal amount thereof with funds provided from the remarketing of such Warrants in accordance with the Remarketing Agreement or from other funds deposited with the Tender Agent, and that accrued and unpaid interest, if any, and premium, if any, have been paid from money deposited with the Trustee.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Tenth Supplemental Indenture, dated as of August 1, 2003, by and between Jefferson County, Alabama and The Bank of New York, as trustee.

JEFFERSON COUNTY, ALABAMA

By _____
Authorized County Representative

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2003-C
CUSIP NO. _____**

**NOTICE REGARDING ESTABLISHMENT OF
NEW ADJUSTABLE RATE**

NOTICE IS HEREBY GIVEN to The Bank of New York, as Trustee for the above-captioned issue (the "Warrants") [and to The Bank of New York, as Auction Agent, if applicable] that with respect to a Change in the Interest Rate Mode pursuant to Section 4.1 of the Tenth Supplemental Indenture referred to below all of the Auction Rate Warrants during an Auction Rate Period tendered or deemed tendered have been purchased at a price equal to the principal amount thereof with funds provided from the remarketing of such Auction Rate Warrants in accordance with the Remarketing Agreement, and that accrued and unpaid interest, if any, and premium, if any, on the Warrants have been paid pursuant to the Indenture from funds deposited with the Trustee.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Tenth Supplemental Indenture, dated as of August 1, 2003, by and between Jefferson County, Alabama, and The Bank of New York, as trustee.

JEFFERSON COUNTY, ALABAMA

By _____
Authorized County Representative

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2003-C**

**NOTICE OF PROPOSED CHANGE IN PERCENTAGES
USED TO DETERMINE THE
ALL HOLD RATE AND THE MAXIMUM AUCTION RATE**

NOTICE IS HEREBY GIVEN THAT [Name of Remarketing Agent], as Remarketing Agent for the above-referenced issue, proposes to change the percentage used to determine the All Hold Rate and the Applicable Percentage used to determine the Maximum Auction Rate to reflect a Change in Preference Law in accordance with the Tenth Supplemental Indenture relating to the Warrants (the "Indenture"), dated as of August 1, 2003, between the County and The Bank of New York (the "Trustee"). Assuming the conditions set forth below are met, such change will be effective on _____ (the "Effective Date").

[Insert a description of the changes in the percentages.]

An adjustment in such percentages shall take effect only if:

(i) the Trustee and the Auction Agent receive by 11:00 a.m., New York City time, on the Business Day immediately preceding the Effective Date, a certificate from the Remarketing Agent by telecopy, facsimile or similar means (A) authorizing the adjustment in the percentages, which shall be specified in such authorization, and (B) confirming that Bond Counsel expects to be able to give an opinion on the Effective Date to the effect that the adjustment in the percentages is authorized by Section 3.10 of the Indenture and will not have an adverse effect on the exclusion of interest on the Auction Rate Warrants from gross income for federal income tax purposes; and

(ii) the Trustee and the Auction Agent receive by 9:30 a.m., New York City time, on the Effective Date, an Opinion of Bond Counsel to the effect that the adjustment in the percentages is authorized by Section 3.10 of the Indenture and will not have an adverse effect on the exclusion of interest on the Auction Rate Warrants from gross income for federal income tax purposes.

If any of the conditions referred to in subparagraph (i) above is not met, the existing percentage used to determine the All Hold Rate and the existing Applicable Percentage used to determine the Maximum Auction Rate shall remain in effect and the rate of interest on the Auction Rate Warrants

for the next succeeding Interest Period shall be determined in accordance with the Auction Procedures. If any of the conditions referred to in subparagraph (ii) above is not met, the existing percentage used to determine the All Hold Rate and the existing Applicable Percentage used to determine the Maximum Auction Rate shall remain in effect and the rate of interest on the Auction Rate Warrants for the next succeeding Interest Period shall equal the Maximum Auction Rate on the Effective Date.

Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Indenture.

[NAME OF REMARKETING AGENT],
as Remarketing Agent

By _____
Authorized Officer

Dated: _____

B-4-2

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2003-C
CUSIP NO. _____**

NOTICE OF FAILURE OF CONDITIONS

NOTICE IS HEREBY GIVEN that the conditions for effecting a Change in the Interest Rate Mode to a _____ Rate have not been met.

The above-captioned warrants (the "Warrants") will not be subject to mandatory tender for purchase on [DATE] and will therefore continue to bear interest at the Current Adjustable Rate and be subject to the provisions of the Tenth Supplemental Indenture referred to below applicable while such Warrants bear interest at the Current Adjustable Rate.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Tenth Supplemental Indenture, dated as of August 1, 2003, by and between Jefferson County, Alabama and The Bank of New York, as trustee.

THE BANK OF NEW YORK, as Trustee

By _____
Title

JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2003-C

NOTICE OF PROPOSED CONVERSION TO FIXED RATE

Notice is hereby given to the registered owners of the above-captioned issue (the "Warrants") of Jefferson County, Alabama (the "County") that:

1. The County is proposing to convert the interest rate on the Warrants to a fixed interest rate (the "Fixed Rate") on _____ (the "Fixed Rate Conversion Date"). Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Tenth Supplemental Indenture dated as of August 1, 2003, between the County and The Bank of New York, as Trustee (the "Indenture"). The following statements are summaries of certain provisions of the Indenture which do not purport to be complete and are qualified in their entirety by reference to the Indenture.

2. All Warrants are subject to mandatory tender for purchase on the Fixed Rate Conversion Date at a purchase price equal to the principal amount thereof plus, in the case of a Change in the Interest Rate Mode from a Term Rate, premium, if any.

3. The Fixed Rate shall take effect only if the conditions set forth in Section 4.2 of the Indenture have been satisfied.

4. There is no right of election to retain Warrants.

5. Registered owners of Warrants are required to deliver their Warrants to the Tender Agent by no later than [Tender Agent shall insert appropriate time], New York City time, on the proposed Fixed Rate Conversion Date at the office of the Tender Agent located at _____, endorsed in blank for transfer by the registered owner thereof or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent executed in blank for transfer by the registered owner thereof (the Tender Agent being able to refuse payment with respect to any such Warrant not endorsed in blank or for which an instrument of transfer satisfactory to it has not been provided).

6. Each registered owner of Warrants who has properly tendered such Warrants in accordance with the above provisions will be paid the purchase price plus, in the case of a Change in the Interest Rate Mode from a Term Rate, premium, if any, therefor on the Fixed Rate Conversion Date and if such purchase price plus premium, if any, plus interest accrued to the Fixed Rate

Conversion Date (which interest will be paid in accordance with the Indenture) is paid, such registered owner shall have no further rights with respect to said Warrants.

7. With respect to any registered owner of Warrants who has not properly tendered such Warrants in accordance with the above provisions of this notice, (A) such registered owner's Warrants will be deemed tendered and purchased on such Fixed Rate Conversion Date at a purchase price equal to the principal amount thereof plus, in the case of a Change in the Interest Rate Mode from a Term Rate, premium, if any, (B) such registered owner will be paid interest on such Warrants on the proposed Fixed Rate Conversion Date as provided in the Indenture and will be paid such purchase price plus premium, if any, for such Warrants upon the tender of such Warrants to the Tender Agent and (C) interest on such Warrants shall cease to be payable to such registered owner from and after the proposed Fixed Rate Conversion Date, and after the proposed Fixed Rate Conversion Date such registered owner will have no rights with respect to such Warrants except to receive payment of the purchase price plus, in the case of a Change in the Interest Rate Mode from a Term Rate, premium, if any, upon tender of such Warrants to the Tender Agent.

Dated: _____

JEFFERSON COUNTY, ALABAMA

By: THE BANK OF NEW YORK, as Trustee

By _____
Authorized Representative

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2003-C**

**CERTIFICATE PURSUANT TO
SECTION 4.2(c)(ii)(2) OF THE INDENTURE**

NOTICE IS HEREBY GIVEN that, with respect to a Change in the Interest Rate Mode pursuant to Section 4.2 of the Tenth Supplemental Indenture referred to below, all of the Warrants tendered or deemed tendered have been purchased at a price equal to the principal amount thereof, with funds provided from the remarketing of such Warrants in accordance with the Remarketing Agreement or from other funds deposited with the Tender Agent, and accrued and unpaid interest, if any, plus, in the case of a Change in the Interest Rate Mode from a Term Rate, premium, if any, have been paid from money deposited with the Trustee on terms permitting the payment of such premium when due.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Tenth Supplemental Indenture, dated as of August 1, 2003, by and between Jefferson County, Alabama and The Bank of New York, as trustee.

JEFFERSON COUNTY, ALABAMA

By _____
Authorized County Representative

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2003-C**

**NOTICE OF FAILURE OF CONDITIONS
TO FIXED RATE CONVERSION**

NOTICE IS HEREBY GIVEN that the conditions for effecting a Change in the Interest Rate Mode to a Fixed Rate have not been met.

The above-captioned Warrants will therefore not be subject to mandatory tender for purchase on [DATE] and will continue to bear interest at the Current Adjustable Rate and be subject to the provisions of the Tenth Supplemental Indenture referred to below applicable while such Warrants bear interest at the Current Adjustable Rate.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Tenth Supplemental Indenture, dated as of August 1, 2003, by and between Jefferson County, Alabama and The Bank of New York, as trustee.

THE BANK OF NEW YORK, as Trustee

By _____
Title

JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2003-C

NOTICE OF ELECTION TO TENDER

Note: The substance of this Notice must be given to the Remarketing Agent by telephone at or prior to the time this Notice must be delivered.

1. The undersigned, _____, owner of the following Warrants:

Cusip Number*	Principal Amount
---------------	------------------

hereby notifies you of its election to tender such Warrants for purchase on [_____, ____], (which date shall be a Business Day) and (a) if this Warrant bears interest at a Daily Rate as defined in the Tenth Supplemental Indenture referred to below, the date of purchase shall be the date of delivery of this Notice to the Tender Agent and the Remarketing Agent if received by 11:00 a.m., New York City time, or may be any Business Day thereafter; and (b) if this Warrant bears interest at a Weekly Rate as defined in said Tenth Supplemental Indenture, the date of purchase shall be a Business Day not prior to the seventh day immediately following the date of delivery of this Notice to the Tender Agent and the Remarketing Agent.

2. If only a portion of a Warrant is being tendered, both the tendered portion and untendered portion must be authorized denominations (\$100,000 or any integral multiple of \$5,000 in excess of such amount) for Warrants bearing a Daily Rate or Weekly Rate.

3. After its execution and delivery by the undersigned, this notice will be irrevocable.

4. The person or persons to whom or to whose order the proceeds of the purchase of the above-referenced Warrants are to be paid, such person's or persons' taxpayer identification number or numbers and the address or addresses of such payee or payees is _____

which information the undersigned, under the penalties of perjury, certifies to be true, correct and complete.

*Warrant Number, if Warrants are no longer held by Securities Depository.

5. The undersigned hereby undertakes to deliver the Warrants to The Bank of New York (the "Tender Agent") no later than 11:30 a.m., New York City time, for Warrants bearing interest at the Weekly Rate, and 12:00 noon, New York City time, for Warrants bearing interest at a Daily Rate, on the date of purchase at the office of the Tender Agent located _____, endorsed in blank for transfer or accompanied by an instrument of transfer executed in blank for transfer, and acknowledges that any instrument of transfer must be in a form satisfactory to the Tender Agent and that the Tender Agent may refuse to make payment with respect to any Warrant not endorsed in blank or for which an instrument of transfer satisfactory to the Tender Agent has not been provided.

6. The undersigned hereby also assigns and transfers and directs the Tender Agent to transfer the Warrants delivered in connection herewith to the appropriate party under the terms and conditions contained in said Tenth Supplemental Indenture.

7. The undersigned acknowledges that, in the event of a failure to deliver the Warrants or in the event such Warrants are not properly delivered, such Warrants shall nevertheless be deemed tendered and purchased on the date referred to in (1) above, no interest shall accrue thereon to the undersigned from and after such date of purchase and that the undersigned shall have no rights under the Warrants or under said Tenth Supplemental Indenture except the right to receive the purchase price of the Warrants.

8. Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Tenth Supplemental Indenture, dated as of August 1, 2003, by and between Jefferson County, Alabama and The Bank of New York, as Trustee. The statements contained herein are summaries of certain provisions of said Tenth Supplemental Indenture, which summaries do not purport to be complete and are qualified in their entirety by reference to such document.

Dated: _____

Name of Owner as it is written on the face of the above-listed Warrants in every particular, without alteration, enlargement or any change whatsoever

Witness

JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2003-C

NOTICE OF MANDATORY TENDER UPON EXPIRATION,
TERMINATION, SUBSTITUTION OR AMENDMENT
OF LIQUIDITY FACILITY
OR FAILURE TO MAINTAIN RATING

Notice is hereby given to the registered owners of the above-captioned issue (the "Warrants") of Jefferson County, Alabama (the "County") that:

1. In accordance with the Tenth Supplemental Indenture (the "Indenture") dated as of August 1, 2003, between the County and The Bank of New York, notice is hereby given that [the Liquidity Facility issued by _____ with respect to the Warrants (the "Liquidity Facility") will expire, terminate, or be amended, or an Alternate Liquidity Facility will be substituted therefor, which expiration, termination, amendment or substitution will result in a reduction in or withdrawal of the short-term or long-term rating or both assigned to the affected Warrants by Moody's or S&P, on _____] [_____, the provider of a Liquidity Facility (the "Liquidity Facility") with respect to certain of the Warrants, has failed to maintain its ratings as specified in the Indenture] and that all Warrants covered by the Liquidity Facility, other than Bank Warrants and Warrants held by or for the account of the County, are subject to mandatory tender under the circumstances set forth in Section 5.4 of the Indenture as hereinafter set forth at a purchase price equal to the principal amount thereof.

2. Those of the Warrants covered by the Liquidity Facility are subject to mandatory tender for purchase on _____ (the "Mandatory Tender Date").

3. Holders of Warrants subject to mandatory tender for purchase on the Mandatory Tender Date shall have no right to retain their Warrants and shall be required to tender such Warrants no later than the Mandatory Tender Date as provided herein.

4. On and after the Mandatory Tender Date, the [short-term] [long term] rating on the Warrants covered by the Liquidity Facility by [insert, as appropriate: (i) Moody's and/or S&P will be _____ and/or (ii) Moody's and/or S&P may be reduced or withdrawn].

5. Registered owners of Warrants are required to deliver their Warrants to the Tender Agent on the Mandatory Tender Date at the office of the Tender Agent located at _____, endorsed in blank by the registered owner

thereof or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent executed in blank by the registered owner thereof (the Tender Agent being able to refuse to make payment with respect to any such Warrant not endorsed in blank or for which an instrument of transfer satisfactory to it has not been provided).

6. Each registered owner of Warrants who has properly tendered such Warrants in accordance with the above provisions will be paid the purchase price therefor, plus interest accrued to the Mandatory Tender Date, which interest will be paid to such registered owner in accordance with the Indenture, and if such purchase price and interest is paid, such registered owner shall have no further rights with respect to said Warrants.

7. With respect to any registered owner of Warrants who has not properly tendered such Warrants in accordance with the above provisions of this notice (A) such registered owner's Warrants will nevertheless be deemed tendered and purchased on the Mandatory Tender Date at a purchase price equal to the principal amount thereof, (B) such registered owner will be paid interest on such Warrants on the Mandatory Tender Date as provided in the Indenture and will be paid such purchase price for such Warrants upon the tender of such Warrants to the Tender Agent and (C) interest on such Warrants shall cease to be payable to such registered owner from and after the Mandatory Tender Date, and after the Mandatory Tender Date such registered owner will have no rights with respect to such Warrants except to receive payment of the purchase price upon tender of such Warrants to the Tender Agent.

8. Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Indenture. The statements contained herein are summaries of certain provisions of the Indenture which do not purport to be complete and are qualified in their entirety by reference to the Indenture.

Dated: _____

JEFFERSON COUNTY, ALABAMA

By: THE BANK OF NEW YORK, as Trustee

By _____
Authorized Officer

376059.4

State of Alabama - Jefferson County
I certify this instrument filed on:

2003 AUG 13 P.M. 14:36

Recorded and \$	Mtg. Tax
and \$	Deed Tax and Fee Amt.
\$ 333.00	Total \$ 333.00

MICHAEL F. BOLIN, Judge of Probate

H-2

STATE OF ALABAMA - JEFFERSON COUNTY
I hereby certify that no mortgage tax or deed tax has
been collected on this instrument.

Michael F. Bolin
Judge of Probate

" No Tax Collected "



200312/5530

ELEVENTH SUPPLEMENTAL INDENTURE between **JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (herein called the "County"), and **THE BANK OF NEW YORK**, a New York banking corporation, in its capacity as successor to AmSouth Bank of Alabama as Trustee under that certain Trust Indenture of the County dated as of February 1, 1997 (said Trust Indenture, in the form initially delivered, being herein called the "Original Indenture" and said banking corporation in such capacity, as well as any successor trustee under said Trust Indenture, being herein called the "Trustee"),

RECITALS

The County has heretofore entered into certain interest rate swap transactions that are hereinafter more specifically identified (such transactions being referred to herein collectively as the "Original Transactions"). Each of the Original Transactions has been designated as a Qualified Swap with respect to certain of the County's outstanding Parity Securities.

In order to improve the efficiency of the Original Transactions as hedges for the respective Parity Securities to which such transactions have been designated, the County is entering into certain additional interest rate swap transactions (herein called the "Supplemental Transactions"). The County and the Trustee are entering into the Eleventh Supplemental Indenture in order to (i) clarify the status of the Supplemental Transactions for purposes of the Indenture, (ii) provide for the use and expenditure of cash received by the County at the time of the closing of the Supplemental Transactions and (iii) provide for certain other changes to the Original Indenture deemed necessary or desirable by the County and not inconsistent with the terms thereof.

NOW, THEREFORE, THIS

ELEVENTH SUPPLEMENTAL INDENTURE

WITNESSETH:

It is hereby agreed between the County and the Trustee as follows:

Section 1. **New Definitions.** Unless the context clearly indicates a different meaning, the following words and phrases, as used in this Supplemental Indenture (or any Supplemental Indentures hereafter delivered), shall have the following respective meanings:

"Original Transactions" means the Original 2002-A Transaction, the Original 2002-C Transaction and the Original 2003-B Transaction.

"Original 2002-A Transaction" means the interest rate swap transaction heretofore designated as a Qualified Swap with respect to the Series 2002-A Warrants.

C.1-K

"Original 2002-C Transaction" means the interest rate swap transaction heretofore designated as a Qualified Swap with respect to the Series 2002-C Warrants.

"Original 2003-B Transaction" means the interest rate swap transaction heretofore designated as a Qualified Swap with respect to the Series 2003-B Warrants.

"Subordinate Debt Obligations" means any warrants, bonds or other debt instruments issued by the County and secured by the pledge of those Pledged Revenues that are pledged in Section 3 of this Supplemental Indenture.

"Supplemental Transactions" means the Supplemental 2002-A Transaction, the Supplemental 2002-C Transaction and the Supplemental 2003-B Transaction.

"Supplemental Transactions Fund" means the special fund created in Section 6 of this Supplemental Indenture.

"Supplemental Transactions Initial Payments" means those initial cash payments to be made to the County pursuant to the Supplemental Transactions on or prior to June 30, 2004.

"Supplemental 2002-A Transaction" means the interest rate swap transaction described in and evidenced by the transaction confirmation attached to this Supplemental Indenture as Exhibit A.

"Supplemental 2002-C Transaction" means the interest rate swap transaction described in and evidenced by the transaction confirmation attached to this Supplemental Indenture as Exhibit B.

"Supplemental 2003-B Transaction" means the interest rate swap transaction described in and evidenced by the transaction confirmations attached to this Supplemental Indenture as Exhibit C.

"Swap Termination Payments" means any payment due to be made by the County to a Qualified Swap Provider as a result or consequence of an early termination of a Qualified Swap.

Terms not otherwise defined herein shall have the meaning set forth in the Original Indenture (subject to any amendments thereto made herein or in earlier Supplemental Indentures). As used herein, the term "Indenture" means the Original Indenture, as supplemented and amended by this Supplemental Indenture and by the various Supplemental Indentures heretofore delivered by the County.

Section 2. **Amendment of Certain Definitions.** Notwithstanding anything to the contrary contained in the Original Indenture or any of the supplements thereto, the definitions of Qualified Basis Swap and Qualified Swap are hereby amended to read as follows:

"Qualified Basis Swap" means a Basis Swap that has been designated as, and that otherwise qualifies as, a Qualified Swap only pursuant to the provisions of subparagraph (B) of the definition of Qualified Swap. Any financial arrangement that is designated as, and qualifies as, a Qualified Swap pursuant to the provisions of subparagraph (A) of the definition of Qualified Swap will not constitute or be regarded as a Qualified Basis Swap for any purposes of the Indenture.

"Qualified Swap" means

(A) with respect to a series of Parity Securities or any portion thereof, any financial arrangement

(i) that is entered into by the County with an entity that is a Qualified Swap Provider at the time of the execution and delivery of the documents governing such arrangement;

(ii) that provides (a) that the County shall pay to such entity an amount based on the interest accruing at a fixed rate on a notional amount equal to all or a portion of the principal amount of the outstanding Parity Securities of such series, and that such entity shall pay to the County an amount based on the interest accruing on the same notional amount, at either a variable rate of interest or a fixed rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by the Parity Securities), or that one shall pay to the other any net amount due under such arrangement, or (b) that the County shall pay to such entity an amount based on the interest accruing on a notional amount equal to all or a portion of the principal amount of the outstanding Parity Securities of such series at a variable rate of interest as set forth in the arrangement and that such entity shall pay to the County an amount based on interest accruing on the same notional amount at an agreed fixed rate, or that one shall pay to the other any net amount due under such arrangement; and

(iii) which has been designated in writing to the Trustee by the County as a Qualified Swap with respect to any of the Parity Securities, or

(B) any Basis Swap (x) that is entered into by the County with an entity that is a Qualified Swap Provider at the time of execution and delivery of the documents governing such transaction and (y) that has been designated in writing to the Trustee by the County as a Qualified Swap (provided, however, that any such designation may be made and deemed effective only if, immediately following the

making of such designation, the aggregate notional amount for all Qualified Basis Swaps is not greater than 50% of the aggregate principal amount of all Parity Securities then outstanding).

For purposes of subparagraph (A) of the preceding paragraph, if the County enters into multiple financial arrangements (each with a Qualified Swap Provider) and the net payments and receipts by the County from such transactions, when considered on a combined basis, satisfy the requirements of either (ii)(a) or (ii)(b) of such subparagraph (A), then the County may, if it obtains the written consent of the Bond Insurers to such action, designate such transactions to the Trustee on a combined basis as a Qualified Swap with respect to any of the Parity Securities, with the result that each such financial arrangement shall be a Qualified Swap for purposes of the Indenture and such transactions, when considered on a combined basis, shall be treated as a single Qualified Swap for purposes of calculating Maximum Annual Debt Service. In any instance in which multiple transactions are designated on a combined basis as a Qualified Swap in accordance with the preceding sentence, if one of such transactions is terminated prior to the termination of the other component of such combined Qualified Swap, then the transaction that remains in effect will constitute a Qualified Swap, from and after the date of such termination, if and only if such remaining transaction independently satisfies, at the time of such termination, the requirements of the Indenture for designation as a Qualified Swap.

In addition to the foregoing requirements, no agreement that documents a financial arrangement designated as a Qualified Swap (or as a component of a Qualified Swap) may contain a provision that allows for early termination of such financial arrangement, other than at the option of the County, as a consequence of events relating solely to the credit of the related Qualified Swap Provider.

Section 3. Subordinate Pledge. In order to secure the payment of Swap Termination Payments and the principal of and the interest and premium (if any) on any Subordinate Debt Obligations, the County does hereby grant, bargain, sell and convey, assign, transfer and pledge to and with the Trustee the Trust Estate, provided that the pledge hereby made is in all respects subject and subordinate to the pledge made in Section 2.1 of the Original Indenture. In no event shall the pledge hereby made be construed, applied or enforced in a manner that diminishes or otherwise adversely affects the security provided for the Holders of the Parity Securities by the pledge made in Section 2.1 of the Original Indenture.

Section 4. Amendments Related to Subordinate Pledge. The following sections set forth in the Original Indenture are hereby amended as follows:

(a) Section 11.1 of the Original Indenture is hereby amended by changing the second paragraph of such section to read as follows:

On or before the last Business Day of each calendar month, the County will apply the moneys in the Revenue Account for the payment of all Operating Expenses

that are then due and that were incurred during the then-current or in any then-preceding calendar month. On or before the various dates specified in Sections 11.2 through 11.5 of the Original Indenture and Section 5.8 of the Fifth Supplemental Indenture, the County will apply the moneys in the Revenue Account that remain after payment of Operating Expenses for payment into the Debt Service Fund, the Reserve Fund, the Subordinate Debt Fund, the Rate Stabilization Fund and the Depreciation Fund, in the order named, in such amounts as are required by the Indenture to be paid therein on or before the pertinent dates specified in the aforesaid sections, to the respective extents provided in such sections and to the extent that moneys on deposit in the Revenue Account are sufficient therefor; provided, however, that if on any such date on which moneys would otherwise be deposited in the Subordinate Debt Fund no Subordinate Debt Obligations are outstanding, the County shall apply, or shall cause the Trustee to apply, moneys in the Revenue Account, in an amount up to the maximum amount that could otherwise have been deposited in the Subordinate Debt Fund, for the direct payment, to the Persons entitled thereto, of any Swap Termination Payments then due and payable. If at any such time more than one Swap Termination Payment is then due and payable, such Swap Termination Payments shall be payable from such available moneys on a *pari passu* basis.

(b) Section 11.6 of the Original Indenture is hereby amended by changing the first paragraph of such section to read as follows:

After making the transfers and payments required by Sections 11.1 through 11.5 of the Original Indenture and Section 5.8 of the Fifth Supplemental Indenture, and after making good any delinquency or deficit existing in the Debt Service Fund or the Reserve Fund by reason of withdrawals therefrom or the failure during any prior period to pay the amounts respectively required to be paid with respect thereto by the provisions of Sections 11.2 and 11.3 of the Original Indenture, the balance remaining in the Revenue Account on each February 15 and each August 15 shall be deemed "surplus revenues" and may be withdrawn from the Revenue Account by the County and used for any lawful purpose related to the County's ownership and operation of the System (subject, however, to the effect of the pledge of such moneys made in Section 3 of the Eleventh Supplemental Indenture).

(c) Section 13.3(b) of the Original Indenture is hereby amended by removing the paragraph thereunder entitled "Second" and replacing it with the following:

Second. The payment of the following obligations, if any, on a *pari passu* basis:

- (i) Swap Termination Payments then due and payable;
- and

(ii) the principal and interest then due and unpaid upon the Subordinate Debt Obligations, if any; and

Third. The surplus, if any, to the County or to whomsoever may be entitled thereto.

Section 5. **Agreements Concerning Subordinate Debt Fund.** (a) The County and the Trustee hereby agree (i) that Swap Termination Payments are obligations that may be secured by and paid from the Subordinate Debt Fund and (ii) that, for purposes of determining at any time the maximum amount that the County may pay or cause to be paid from the Revenue Account into such fund, the amount then owed with respect to any Swap Termination Payment shall be deemed to be the aggregate amount becoming due and payable with respect to such obligation during the then next succeeding six months.

(b) At any time when any Subordinate Debt Obligations are outstanding, the County will transfer, or cause to be transferred, from the Revenue Account to the Subordinate Debt Fund amounts to provide for the payment of debt service on such Subordinate Debt Obligations and any Swap Termination Payments that are due and payable, when and to the extent permitted by the provisions of the Indenture.

(c) At any time when any Subordinate Debt Obligations are outstanding, the County covenants and agrees to cause the Trustee to, and the Trustee hereby agrees that it shall, make disbursements from the Subordinate Debt Fund to pay Swap Termination Payments that are due and payable and debt service payments on Subordinate Debt Obligations as such payments become due; provided, however, that if on any February 15 or August 15 the amount held in the Subordinate Debt Fund is not sufficient to pay in full all of the obligations payable from such fund that are then due or that are scheduled to become due during the then next succeeding six months, then such available moneys shall be allocated among the respective obligations payable from such fund on a proportionate basis (based upon the respective amounts due to be paid on such obligations within such six month period beginning on and including such February 15 or August 15, as the case may be).

(d) The Trustee shall act as custodian and depository for the Subordinate Debt Fund. At all times when any Subordinate Debt Obligations are outstanding, such fund shall be regarded as an Indenture Fund and a component of the Trust Estate.

Section 6. **Supplemental Transactions Fund.** There is hereby created a special fund, the full name of which shall be the "Supplemental Transactions Initial Payments Fund," which fund shall contain three separate accounts, namely, the 2002-A Account, the 2002-C Account and the 2003-B Account. The Supplemental Transactions Fund shall be maintained as a separate fund until the moneys in said fund shall have been fully expended as hereinafter provided. The Trustee shall be the depository and disbursing agent for the Supplemental Transactions Fund and for each account forming a part thereof. For purposes hereof, the 2002-A Account shall be referable to the Supplemental 2002-A Transaction and the Series 2002-A Warrants, the 2002-C Account shall be

referable to the Supplemental 2002-C Transaction and the Series 2002-C Warrants and the 2003-B Account shall be referable to the Supplemental 2003-B Transaction and the Series 2003-B Warrants.

The County shall deposit into each account of the Supplemental Transactions Fund those Supplemental Transactions Initial Payments derived from the transaction to which such account is referable. The County shall apply the moneys held in each account of the Supplemental Transactions Fund only (a) to pay the costs of System Improvements or (b) to pay debt service becoming due on or before June 22, 2005, with respect to the Parity Securities to which such account is referable, to the extent that such payment is not already provided for from other sources. The President of the Governing Body or any Authorized County Representative is hereby authorized and directed to cause the said moneys to be applied from time to time for a permitted purpose by submitting to the Trustee requisitions signed by any one of said officers directing the payment of the items specified in said requisition. Pending the expenditure thereof, the moneys in the Supplemental Transactions Fund may be invested, pursuant to the County's instructions, in Eligible Investments at a yield (taking into account the effect of any yield reduction payments to the Internal Revenue Service) not exceeding the yield on the Parity Securities to which such moneys are referable. The Trustee has no responsibility for making yield computations or otherwise determining whether or not the County is in compliance with the requirements of the preceding sentence.


Section 7. **Severability.** In the event any provision hereof is 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 has caused this Eleventh Supplemental Indenture to be executed in its name and behalf by the President of the Governing Body, has caused its official seal to be hereunto affixed and has caused Eleventh Supplemental Indenture to be attested by the Minute Clerk of the Governing Body, and the Trustee has caused this Eleventh Supplemental Indenture to be executed in its corporate name and behalf, has caused its corporate seal to be hereunto affixed and has caused this Eleventh Supplemental Indenture to be attested, by its duly authorized officers, all in six (6) counterparts, each of which shall be deemed an original, and the County and the Trustee have caused this Eleventh Supplemental Indenture to be dated as of May 1, 2004, although actually executed and delivered on June 22, 2004.

JEFFERSON COUNTY, ALABAMA

By 
President of the County Commission

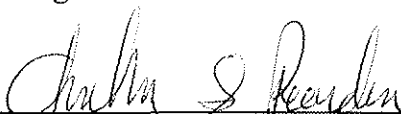
ATTEST:


Minute Clerk of the
County Commission


[SEAL]

THE BANK OF NEW YORK, as Successor Trustee
under the Trust Indenture of Jefferson County,
Alabama, dated as of February 1, 1997

By: The Bank of New York Trust Company, N.A.,
its Agent

By 
Its Assistant Vice President

ATTEST:


Its Assistant Treasurer

[SEAL]

STATE OF ALABAMA)
 :
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that LARRY LANGFORD, whose name as President of the County Commission of JEFFERSON COUNTY, ALABAMA, a political subdivision 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 county.

GIVEN under my hand and official seal of office, this 22nd day of June, 2004.

[NOTARIAL SEAL]

Maureen M. Dumot
Notary Public

My Commission Expires: 7.24.04

STATE OF ALABAMA)
 :
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that Christopher S. Rearden, whose name as Assistant Vice President of THE BANK OF NEW YORK TRUST COMPANY, N.A., a national banking association acting as agent for THE BANK OF NEW YORK, a New York banking corporation acting in its capacity as Trustee under the Trust Indenture of Jefferson County, Alabama, dated as of February 1, 1997, 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 banking association in its capacity as Trustee as aforesaid.

GIVEN under my hand and official seal of office, this 22nd day of June, 2004.

[NOTARIAL SEAL]

Maureen M. Dumot
Notary Public

My Commission Expires: 7.24.04

398128.2

EXHIBIT A

BEAR STEARNS

BEAR STEARNS CAPITAL MARKETS INC.

383 MADISON AVENUE
NEW YORK, NEW YORK 10179
(212) 272-2000

CONFIRMATION

DATE: June 10, 2004

TO: Jefferson County, Alabama
ATTENTION: Director of Finance
TELEPHONE: (205) 325 5055
FACSIMILE: (205) 325-5841

FROM: Derivatives Documentation
TELEPHONE: 212-272-4163
FACSIMILE: 212-272-9594

SUBJECT: Fixed Income Derivatives Confirmation

REFERENCE NUMBER(S): **CXNE135464- In connection with the Series 2002A Warrants**

The purpose of this letter agreement is to confirm the terms and conditions of the Transaction entered into on the Trade Date specified below (the "Transaction") between Bear Stearns Capital Markets Inc. ("BSCM") and Jefferson County, Alabama ("Counterparty"). This letter agreement constitutes the sole and complete "Confirmation," as referred to in the Master Agreement specified below, with respect to this Transaction.

This Confirmation is subject to and incorporates the *2000 Definitions* ("the "Definitions"), each as published by the International Swaps and Derivatives Association, Inc. ("ISDA"). This Confirmation supplements, forms a part of and is subject to the ISDA Master Agreement dated as of May 1, 2004 between BSCM and Counterparty (the agreement, as amended and supplemented from time to time, being referred to herein as the "Master Agreement"). All provisions contained in, or incorporated by reference to, the Master Agreement shall govern the Transaction referenced in this Confirmation except as expressly modified herein. In the event of any inconsistency between this Confirmation and the Definitions or Master Agreement, this Confirmation shall prevail.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

Premium Amount: BSCM will pay USD 11,088,000 on June 23, 2004 in connection with this Transaction.

Reference Number: CXNE135464

Jefferson County, Alabama

June 10, 2004

Page 2 of 6

Notional Amount: USD 110,000,000.
Trade Date: June 10, 2004
Effective Date: June 24, 2004
Termination Date: February 1, 2042 (such date shall be subject to adjustment in accordance with the Business Day Convention).

Counterparty Floating Amounts:

Counterparty Floating Rate

Payer Payment Dates: The first day of each month during the Term of this Transaction, commencing July 1, 2004, subject to adjustment in accordance with the Business Day Convention.

Counterparty Floating Rate

Payer Period End Dates: The first day of each month during the Term of this Transaction, commencing July 1, 2004, not subject to adjustment in accordance with the Business Day Convention.

Counterparty Relevant
Rate for the initial

Reset Date: The Floating Rate Option determined on the Wednesday immediately preceding the Effective Date (or if such Wednesday is not a Business Day, on the next Business Day); such rate shall be effective from and including the Effective Date to but excluding the next succeeding Reset Date.

Floating Rate Option: BMA Municipal Swap Index™ (formerly, the PSA Municipal Swap Index™, as defined in the *ISDA 1992 Municipal Counterparties Definitions* (the "1992 Definitions")); provided however, that if the BMA Municipal Swap Index™ is no longer available, the Floating Rate Option shall be deemed to be the Kenny 7-day High Grade Index as computed by Kenny Information Systems, Inc., and provided, further however, that if the Kenny 7-day High Grade Index is no longer available, the Calculation Agent, acting in good faith shall select or calculate a comparable index, which shall be deemed to be the Floating Rate Option.

Spread: None

Floating Rate
Day Count Fraction: Actual/Actual

Determination Dates: Each Wednesday from and including the Wednesday immediately following the Effective Date (or, if the Effective Date is a Wednesday, the Effective Date), subject in any case, to adjustment in accordance with the Following Business Day Convention.

Reset Dates: The Effective Date and each Thursday of each week during the Term of this Transaction, subject to adjustment in accordance with the Following Business Day Convention.

The Relevant Rate for any Reset Date means the rate of the Floating Rate Option as published on the Determination Date preceding the relevant Reset Date; or in the event that the Determination Date occurs on the same day as the Reset Date, the rate of the Floating Rate Option as published on the Determination Date which occurs on such Reset Date.

Compounding: Inapplicable

Method of Averaging: Weighted Average

BSCM Floating Amounts:

BSCM Floating Rate Payer
Payment Dates: The first day of each month during the Term of this Transaction, commencing July 1, 2004, subject to adjustment in accordance with the Business Day Convention.

BSCM Floating Rate Payer
Period End Dates: The first day of each month during the Term of this Transaction, commencing July 1, 2004, not subject to adjustment in accordance with the Business Day Convention.

BSCM Floating Rate for
initial Calculation Period: To be determined.

BSCM Floating Rate
Option: 56% of USD-LIBOR-BBA plus the Spread.

Designated Maturity 1 month

- Spread: 49 basis points.
- Floating Rate Day
Count Fraction: Actual/360
- Reset Dates: The Effective Date and the first day of each month during the
Term of this Transaction, subject to adjustment in accordance
with the Business Day Convention.
- Compounding: Inapplicable
- Business Days: New York and London
- Business Day Convention: Modified Following
- Calculation Agent: BSCM
3. Account Details/Settlements: **Payments to BSCM:**
Citibank, N.A., New York
ABA Number: 021-0000-89, for the account of
Bear, Stearns & Co. Inc.
Account Number: 0925-3186, for further credit to
Bear Stearns Capital Markets Inc.
Sub-account Number: 101-90012-1-1
Attention: Matthew J. Redshaw
- Payments to Counterparty:**
Amsouth Bank, N.A.
Account Number. 0017541387
ABA Number: 062000019, for further credit of
Jefferson County General Fund Primary Liquidity
4. Contact Names at BSCM:
Rate Fixings: Derivatives Operations- 347-643-1840
Payments: Derivatives Operations- 347-643-1842
Confirmation and
ISDA Queries: Derivatives Documentation- 212-272-4163

Fees:

At the request of the Counterparty, BSCM will pay the following fees to the following parties in connection with this transaction:

- (i) \$124,000.00 to Chambers Dunhill Rubin & Co., as swap advisor to the Counterparty;
- (ii) \$25,000.00 to National Bank Commerce of Birmingham, as financial advisor to the Counterparty;
- (iii) \$39,000.00 to Katten Muchin Zavis Rosenman, as special tax counsel to the Counterparty;
- (iv) \$39,000.00 to Haskell Slaughter Young and Rediker, LLC, as bond counsel to the Counterparty;
- (v) \$8,000.00 to Maynard, Cooper & Gale, P.C., as counsel to the financial advisor;
- (vi) \$15,000.00 to Financial Guaranty Insurance Company for legal counsel fees;
- (vii) \$5,000 to Financial Security Assurance for legal counsel fees; and
- (viii) \$5,000 to XL Capital Assurance for legal counsel fees.

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


Counterparty hereby agrees to check this Confirmation and to confirm that the foregoing correctly sets forth the terms of the Transaction by signing in the space provided below and returning to BSCM a facsimile of the fully-executed Confirmation to 212/272-4933. For inquiries please contact **Cindy Ashmore** by telephone at 212/272-4163. Originals will be provided for your execution upon your request.

Reference Number: CXNE135464
Jefferson County, Alabama
June 10, 2004
Page 6 of 6

We are very pleased to have executed this Transaction with you and we look forward to completing other transactions with you in the near future.

Very truly yours,

BEAR STEARNS CAPITAL MARKETS INC.

By: 
Name: Anne Michele Kuhns
Title: Managing Director

JEFFERSON COUNTY, ALABAMA


By: 
Name: Larry Langford
Title: President of County Commission
(Authorized Signatory)

EXHIBIT B

BEAR STEARNS

BEAR STEARNS CAPITAL MARKETS INC.

383 MADISON AVENUE
NEW YORK, NEW YORK 10179
(212) 272-2000

CONFIRMATION

DATE: June 10, 2004

TO: Jefferson County, Alabama
ATTENTION: Director of Finance
TELEPHONE: (205) 325 5055
FACSIMILE: (205) 325-5841

FROM: Derivatives Documentation
TELEPHONE: 212-272-4163
FACSIMILE: 212-272-9594

SUBJECT: Fixed Income Derivatives Confirmation

REFERENCE NUMBER(S): CXNE135466- In connection with the Series 2002C
Warrants

The purpose of this letter agreement is to confirm the terms and conditions of the Transaction entered into on the Trade Date specified below (the "Transaction") between Bear Stearns Capital Markets Inc. ("BSCM") and Jefferson County, Alabama ("Counterparty" or "County"). This letter agreement constitutes the sole and complete "Confirmation," as referred to in the Master Agreement specified below, with respect to this Transaction.

This Confirmation is subject to and incorporates the *2000 Definitions* ("the "Definitions"), each as published by the International Swaps and Derivatives Association, Inc. ("ISDA"). This Confirmation supplements, forms a part of and is subject to the ISDA Master Agreement dated as of May 1, 2004 between BSCM and Counterparty (the agreement, as amended and supplemented from time to time, being referred to herein as the "Master Agreement"). All provisions contained in, or incorporated by reference to, the Master Agreement shall govern the Transaction referenced in this Confirmation except as expressly modified herein. In the event of any inconsistency between this Confirmation and the Definitions or Master Agreement, this Confirmation shall prevail.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

Premium Amount: BSCM will pay USD 7,000,000 on June 23, 2004 in connection with this Transaction.

G:\com\jen\Confirms\Jefferson County Series 2002C

Notional Amount: (i) USD 824,700,000 for the initial Calculation Period, and
(ii) thereafter the amount as detailed in the Schedule of
Notional Amounts attached hereto.

Trade Date: June 10, 2004

Effective Date: February 1, 2011

Termination Date: February 1, 2040 (such date shall be subject to adjustment
in accordance with the Business Day Convention).

Counterparty Floating Amounts:

Counterparty Floating Rate

Payer Payment Dates: The first day of each month during the Term of this
Transaction, commencing March 1, 2011, subject to
adjustment in accordance with the Business Day Convention.

Counterparty Floating Rate

Payer Period End Dates: The first day of each month during the Term of this
Transaction, commencing March 1, 2011, subject to
adjustment in accordance with the Business Day Convention.

**Counterparty Floating Rate
for initial Calculation**

Period: To be determined.

**Counterparty Floating
Rate Option:**

67% of USD-LIBOR-BBA.

Designated Maturity 1 month

**Floating Rate Day
Count Fraction:**

Actual/360

Reset Dates:

The Effective Date and the first day of each month during the
Term of this Transaction, subject to adjustment in accordance
with the Business Day Convention.

Compounding:

Inapplicable

BSCM Floating Amounts:

BSCM Floating Rate Payer

Payment Dates: The first day of each month during the Term of this Transaction, commencing March 1, 2011, subject to adjustment in accordance with the Business Day Convention.

BSCM Floating Rate Payer

Period End Dates: The first day of each month during the Term of this Transaction, commencing March 1, 2011, subject to adjustment in accordance with the Business Day Convention.

BSCM Floating Rate for initial Calculation Period: To be determined.

BSCM Floating Rate

Option: 56% of USD-LIBOR-BBA plus the Spread.

Designated Maturity 1 month

Spread: 49 basis points.

Floating Rate Day

Count Fraction: Actual/360

Reset Dates:

The Effective Date and the first day of each month during the Term of this Transaction, subject to adjustment in accordance with the Business Day Convention.

Compounding:

Inapplicable

Business Days: New York and London

Business Day Convention: Modified Following

Calculation Agent: BSCM

3. **Account Details/Settlements:** **Payments to BSCM:**
Citibank, N.A., New York
ABA Number: 021-0000-89, for the account of
Bear, Stearns & Co. Inc.
Account Number: 0925-3186, for further credit to
Bear Stearns Capital Markets Inc.
Sub-account Number: 101-90012-1-1
Attention: Matthew J. Redshaw

Payments to Counterparty:

Amsouth Bank, N.A.

Account Number. 0017541387

ABA Number: 062000019, for further credit of
Jefferson County General Fund Primary Liquidity

Fees:

At the request of the Counterparty, BSCM will pay the following fees to the following parties in connection with this transaction:

- (i) \$488,000.00 to Chambers Dunhill Rubin & Co., as swap advisor to the Counterparty;
- (ii) \$97,000.00 to National Bank Commerce of Birmingham, as financial advisor to the Counterparty;
- (iii) \$151,000.00 to Katten Muchin Zavis Rosenman, as special tax counsel to the Counterparty;
- (iv) \$151,000.00 to Haskell Slaughter Young and Rediker, LLC, as bond counsel to the Counterparty; and
- (v) \$33,000.00 Maynard, Cooper & Gale, P.C., as counsel to the financial advisor.

4. Pursuant to Section 5 (b) (iii) of the Master Agreement, the following Additional Termination Event shall apply to the Transaction (or a portion thereof as the case maybe):

The giving of written notice by the Counterparty to BSFP no later than 5 Business Days prior to any day (the "Optional Termination Date") which Counterparty elects, in its sole discretion, to terminate the Transaction in whole or in part.

If the foregoing Additional Termination Event occurs, then (i) Counterparty will be deemed to be the sole Affected Party, and (ii) the Transaction (or a portion thereof in the case of a partial termination) shall be deemed to be the sole Affected Transaction. In addition, if the Optional Termination Date occurs, any amounts owed (the "Optional Termination Amount") by either party shall be paid on the Optional Termination Date and shall be determined as follows:

BSFP shall determine the Optional Termination Amount in accordance with Section 6 of the Agreement, assuming Market Quotation and Second Method apply. In addition, the amount will reflect the day on which such Optional Termination Amount shall be paid.

Counterparty will not designate an Optional Termination Event if, in connection with such Optional Termination Event, an Optional Termination Payment would be payable by Counterparty to BSFP unless Counterparty provides evidence reasonably satisfactory to BSFP that: (i) such Optional Termination Payment will be made by Counterparty on the Optional

Termination Date, and (ii) such Optional Termination Payment will not cause Counterparty to be in violation of, or in default of, any material obligation under any material agreement of Counterparty.

In the event the Counterparty elects to terminate this Transaction in whole, once the Optional Termination Amount has been paid by the appropriate party, the parties shall have no remaining obligations under this Transaction. If the Counterparty elects to terminate this Transaction in part, the parties agree to amend the Schedule of Notional Amounts attached hereto to reflect such partial termination.

5. Qualified Swap; Additional Termination Event.

(a) Reference is made to the Eleventh Supplemental Indenture, dated as of May 1, 2004 (the "Eleventh Supplemental Indenture"), between the County and The Bank of New York, as Trustee, amending and supplementing the Trust Indenture between said parties, dated as of February 1, 1997, as previously supplemented and amended (such Trust Indenture, as supplemented and amended by the First through Eleventh Supplemental Indentures, the "Indenture"). Capitalized terms used in paragraph (b) below and not otherwise defined shall have the meanings set forth in the Indenture.

(b) The County will designate the Transaction described herein and the Original Series 2002C Transaction (the "Related Transaction"), on a combined basis as a "Qualified Swap" pursuant to paragraph (A) of the definition thereof contained in the Eleventh Supplemental Indenture, with such combined designation to be made as permitted by the last paragraph of such definition. In that regard, the County hereby agrees that (i) it shall notify BSCM immediately upon receipt of any notice of early termination received by the County with respect to such Related Transaction or upon any election by the County to terminate such Related Transaction or any portion thereof prior to its stated term, and (ii) prior to the termination of all or any portion of such Related Transaction (whether upon early termination or in accordance with its terms), the County will (to the extent that it has the right and power to do so) take all action necessary to continue the treatment of this Transaction as a "Qualified Swap" under the terms of the Indenture, whether independently or in combination with another swap transaction with any other Qualified Swap Provider, including, if necessary, reducing the Notional Amount of this Transaction pursuant to the optional termination provisions set forth in Section 4 of this Confirmation. In the event and to the extent that such continued treatment of this transaction as a Qualified Swap cannot be achieved or is not accomplished to the satisfaction of BSCM (which may request and rely upon an opinion of counsel with respect to such treatment), such failure shall be an Additional Termination Event with respect to this Transaction, with the County as the sole Affected Party.

Reference Number: CXNE135466
Jefferson County, Alabama
June 10, 2004
Page 6 of 7

6. Contact Names at BSCM: Rate Fixings: Derivatives Operations- 347-643-1840
Payments: Derivatives Operations- 347-643-1842
Confirmation and
ISDA Queries: Derivatives Documentation- 212-272-4163

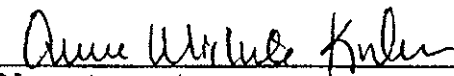
This Confirmation may be executed in several counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

Counterparty hereby agrees to check this Confirmation and to confirm that the foregoing correctly sets forth the terms of the Transaction by signing in the space provided below and returning to BSCM a facsimile of the fully-executed Confirmation to 212/272-4933. For inquiries please contact **Cindy Ashmore** by telephone at 212/272-4163. Originals will be provided for your execution upon your request.

We are very pleased to have executed this Transaction with you and we look forward to completing other transactions with you in the near future.

Very truly yours,

BEAR STEARNS CAPITAL MARKETS INC.

By: 
Name: Anne Michele Kuhns
Title: Managing Director

JEFFERSON COUNTY, ALABAMA

By: 
Name: Larry Kingford
Title: President of County Commission
(Authorized Signatory)

Reference Number: CXNE135466

Jefferson County, Alabama

June 10, 2004

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SCHEDULE OF NOTIONAL AMOUNTS

(all such dates subject to adjustment in accordance with the Modified Following Business Day Convention)

<u>From and including</u>	<u>To but excluding</u>	<u>Applicable Notional Amount</u>
Effective Date	02/01/12	824,700,000
02/01/12	02/01/13	821,300,000
02/01/13	02/01/14	817,700,000
02/01/14	02/01/15	814,000,000
02/01/15	02/01/16	810,100,000
02/01/16	02/01/17	806,100,000
02/01/17	02/01/18	801,900,000
02/01/18	02/01/19	797,500,000
02/01/19	02/01/20	792,900,000
02/01/20	02/01/21	788,200,000
02/01/21	02/01/22	783,200,000
02/01/22	02/01/23	750,000,000
02/01/23	02/01/24	717,900,000
02/01/24	02/01/25	684,650,000
02/01/25	02/01/26	649,850,000
02/01/26	02/01/27	613,550,000
02/01/27	02/01/28	575,650,000
02/01/28	02/01/29	572,050,000
02/01/29	02/01/30	565,950,000
02/01/30	02/01/31	559,550,000
02/01/31	02/01/32	552,850,000
02/01/32	02/01/33	548,650,000
02/01/33	02/01/34	544,350,000
02/01/34	02/01/35	460,550,000
02/01/35	02/01/36	369,650,000
02/01/36	02/01/37	275,050,000
02/01/37	02/01/38	176,300,000
02/01/38	02/01/39	73,300,000
02/01/39	Termination Date	70,350,000

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EXHIBIT C

BEAR STEARNS

BEAR STEARNS CAPITAL MARKETS INC.

383 MADISON AVENUE
NEW YORK, NEW YORK 10179
(212) 272-2000

CONFIRMATION

DATE: June 10, 2004

TO: Jefferson County, Alabama
ATTENTION: Director of Finance
TELEPHONE: (205) 325 5055
FACSIMILE: (205) 325-5841

FROM: Derivatives Documentation
TELEPHONE: 212-272-4163
FACSIMILE: 212-272-9594

SUBJECT: Fixed Income Derivatives Confirmation

REFERENCE NUMBER(S): **CXNE135465 In connection with the Series 2003B Warrants**

The purpose of this letter agreement is to confirm the terms and conditions of the Transaction entered into on the Trade Date specified below (the "Transaction") between Bear Stearns Capital Markets Inc. ("BSCM") and Jefferson County, Alabama ("Counterparty" or "County"). This letter agreement constitutes the sole and complete "Confirmation," as referred to in the Master Agreement specified below, with respect to this Transaction.

This Confirmation is subject to and incorporates the *2000 Definitions* ("the "Definitions"), each as published by the International Swaps and Derivatives Association, Inc. ("ISDA"). This Confirmation supplements, forms a part of and is subject to the ISDA Master Agreement dated as of May 1, 2004 between BSCM and Counterparty (the agreement, as amended and supplemented from time to time, being referred to herein as the "Master Agreement"). All provisions contained in, or incorporated by reference to, the Master Agreement shall govern the Transaction referenced in this Confirmation except as expressly modified herein. In the event of any inconsistency between this Confirmation and the Definitions or Master Agreement, this Confirmation shall prevail.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

Premium Amount: BSCM will pay USD 4,625,000 on June 23, 2004 in connection with this Transaction.

Reference Number: **CXNE135465**

Jefferson County, Alabama

June 10, 2004

Page 2 of 7

Notional Amount: (i) USD 633,078,000.00 for the initial Calculation Period, and
(ii) thereafter the amount as detailed in the Schedule of Notional Amounts attached hereto.

Trade Date: June 10, 2004

Effective Date: August 1, 2012

Termination Date: February 1, 2042 (such date shall be subject to adjustment in accordance with the Business Day Convention).

Counterparty Floating Amounts:

Counterparty Floating Rate

Payer Payment Dates: The first day of each month during the Term of this Transaction, commencing September 1, 2012, subject to adjustment in accordance with the Business Day Convention.

Counterparty Floating Rate

Payer Period End Dates: The first day of each month during the Term of this Transaction, commencing September 1, 2012, subject to adjustment in accordance with the Business Day Convention.

Counterparty Floating Rate

for initial Calculation

Period: To be determined.

Counterparty Floating

Rate Option: 67% of USD-LIBOR-BBA.

Designated Maturity 1 month

Floating Rate Day

Count Fraction: Actual/360

Reset Dates:

The Effective Date and the first day of each month during the Term of this Transaction, subject to adjustment in accordance with the Business Day Convention.

Compounding:

Inapplicable

BSCM Floating Amounts:

BSCM Floating Rate Payer

Payment Dates: The first day of each month during the Term of this Transaction, commencing September 1, 2012, subject to adjustment in accordance with the Business Day Convention.

BSCM Floating Rate Payer

Period End Dates: The first day of each month during the Term of this Transaction, commencing September 1, 2012, subject to adjustment in accordance with the Business Day Convention.

BSCM Floating Rate for initial Calculation Period: To be determined.

BSCM Floating Rate

Option: 56% of USD-LIBOR-BBA plus the Spread.

Designated Maturity 1 month

Spread: 49 basis points.

Floating Rate Day

Count Fraction: Actual/360

Reset Dates: The Effective Date and the first day of each month during the Term of this Transaction, subject to adjustment in accordance with the Business Day Convention.

Compounding: Inapplicable

Business Days: New York and London

Business Day Convention: Modified Following

Calculation Agent: BSCM

3. Account Details/Settlements: **Payments to BSCM:**
Citibank, N.A., New York
ABA Number: 021-0000-89, for the account of
Bear, Stearns & Co. Inc.
Account Number: 0925-3186, for further credit to
Bear Stearns Capital Markets Inc.
Sub-account Number: 101-90012-1-1
Attention: Matthew J. Redshaw

Payments to Counterparty:
Amsouth Bank, N.A.
Account Number. 0017541387
ABA Number: 062000019, for further credit of
Jefferson County General Fund Primary Liquidity

Fees: At the request of the Counterparty BSCM will pay the following fees to the following parties in connection with this transaction:

- (i) \$344,250.00 to Chambers Dunhill Rubin & Co., as swap advisor to the Counterparty;
 - (ii) \$69,250.00 to National Bank Commerce of Birmingham, as financial advisor to the Counterparty;
 - (iii) \$107,500.00 to Katten Muchin Zavis Rosenman, as special tax counsel to the Counterparty;
 - (iv) \$107,500.00 to Haskell Slaughter Young & Rediker, LLC, as bond counsel to the Counterparty; and
 - (v) \$22,750.00 to Maynard, Cooper & Gale, P.C., as counsel to the financial advisor.
4. Pursuant to Section 5 (b) (iii) of the Master Agreement, the following Additional Termination Event shall apply to the Transaction (or a portion thereof as the case maybe):

The giving of written notice by the Counterparty to BSFP no later than 5 Business Days prior to any day (the "Optional Termination Date") which Counterparty elects, in its sole discretion, to terminate the Transaction in whole or in part.

If the foregoing Additional Termination Event occurs, then (i) Counterparty will be deemed to be the sole Affected Party, and (ii) the Transaction (or a portion thereof in the case of a partial termination) shall be deemed to be the sole Affected Transaction. In addition, if the Optional Termination Date occurs, any amounts owed (the "Optional Termination Amount") by either party shall be paid on the Optional Termination Date and shall be determined as follows:

BSFP shall determine the Optional Termination Amount in accordance with Section 6 of the Agreement, assuming Market Quotation and Second Method apply. In addition, the amount will reflect the day on which such Optional Termination Amount shall be paid.

Counterparty will not designate an Optional Termination Event if, in connection with such Optional Termination Event, an Optional Termination Payment would be payable by Counterparty to BSFP unless Counterparty provides evidence reasonably satisfactory to BSFP that: (i) such Optional Termination Payment will be made by Counterparty on the Optional Termination Date, and (ii) such Optional Termination Payment will not cause Counterparty to be in violation of, or in default of, any material obligation under any material agreement of Counterparty.

In the event the Counterparty elects to terminate this Transaction in whole, once the Optional Termination Amount has been paid by the appropriate party, the parties shall have no remaining obligations under this Transaction. If the Counterparty elects to terminate this Transaction in part, the parties agree to amend the Schedule of Notional Amounts attached hereto to reflect such partial termination.

5. Qualified Swap; Additional Termination Event.

(a) Reference is made to the Eleventh Supplemental Indenture, dated as of May 1, 2004 (the "Eleventh Supplemental Indenture"), between the County and The Bank of New York, as Trustee, amending and supplementing the Trust Indenture between said parties, dated as of February 1, 1997, as previously supplemented and amended (such Trust Indenture, as supplemented and amended by the First through Eleventh Supplemental Indentures, the "Indenture"). Capitalized terms used in paragraph (b) below and not otherwise defined shall have the meanings set forth in the Indenture.

(b) The County will designate the Transaction described herein and the Original Series 2003B Transaction (the "Related Transaction"), on a combined basis as a "Qualified Swap" pursuant to paragraph (A) of the definition thereof contained in the Eleventh Supplemental Indenture, with such combined designation to be made as permitted by the last paragraph of such definition. In that regard, the County hereby agrees that (i) it shall notify the BSCM immediately upon receipt of any notice of early termination received by the County with respect to such Related Transaction or upon any election by the County to terminate such Related Transaction or any portion thereof prior to its stated term, and (ii) prior to the termination of all or any portion of such Related Transaction (whether upon early termination or in accordance with its terms), the County will (to the extent that it has the right and power to do so) take all action necessary to continue the treatment of this Transaction as a "Qualified Swap" under the terms of the Indenture, whether independently or in combination with another swap transaction with any other Qualified Swap Provider, including, if necessary, reducing the Notional

Reference Number: CXNE135465

Jefferson County, Alabama

June 10, 2004

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SCHEDULE OF NOTIONAL AMOUNTS

(all such dates subject to adjustment in accordance with the Modified Following Business Day Convention)

<u>From and including</u>	<u>To but excluding</u>	<u>Applicable Notional Amount</u>
Effective Date	02/01/13	633,078,000.00
02/01/13	02/01/14	629,156,000.00
02/01/14	02/01/15	625,094,000.00
02/01/15	02/01/16	620,875,000.00
02/01/16	02/01/17	616,500,000.00
02/01/17	02/01/18	611,953,000.00
02/01/18	02/01/19	607,234,000.00
02/01/19	02/01/20	588,891,000.00
02/01/20	02/01/21	565,281,000.00
02/01/21	02/01/22	542,125,000.00
02/01/22	02/01/23	531,062,000.00
02/01/23	02/01/24	518,687,000.00
02/01/24	02/01/25	504,875,000.00
02/01/25	02/01/26	489,469,000.00
02/01/26	02/01/27	471,141,000.00
02/01/27	02/01/28	450,828,000.00
02/01/28	02/01/29	412,016,000.00
02/01/29	02/01/30	373,109,000.00
02/01/30	02/01/31	369,687,000.00
02/01/31	02/01/32	366,141,000.00
02/01/32	02/01/33	321,625,000.00
02/01/33	02/01/34	275,437,000.00
02/01/34	02/01/35	272,641,000.00
02/01/35	02/01/36	269,734,000.00
02/01/36	02/01/37	266,719,000.00
02/01/37	02/01/38	247,844,000.00
02/01/38	02/01/39	231,344,000.00
02/01/39	02/01/40	154,359,000.00
02/01/40	02/01/41	121,844,000.00
02/01/41	Termination Date	34,266,000.00

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BANK OF AMERICA, N.A.

TO: Jefferson County, Alabama
Suite 810
716 Dr. Richard A. Arrington Jr. Boulevard North
Birmingham, Alabama 35203

ATTN: Steve Saylor
Finance Director

TEL: 205-325-5055

FAX: 205-325-5841

FROM: Bank of America, N.A.
233 S. Wacker Drive, Suite 2800
Chicago, IL 60606

DATE: 10JUN04 (Revised 21JUN04)

Our Reference Number: 3603194

Internal Tracking Numbers: 13118085

**THIS CONFIRMATION SUPERSEDES AND REPLACES ANY AND ALL
CONFIRMATIONS PREVIOUSLY SENT TO YOU IN RESPECT OF THIS
TRANSACTION**

Dear Sir/Madam,

The purpose of this letter agreement is to confirm the terms and conditions of the Transaction entered into between Jefferson County, Alabama and Bank of America, N.A. (each a "party" and together "the parties") on the Trade Date specified below (the "Transaction"). This letter agreement constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified in paragraph 1 below (the "Agreement").

The definitions and provisions contained in the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., (the "Definitions") are incorporated into this Confirmation. In the event of any inconsistency between the Definitions and this Confirmation, this Confirmation will govern.

1. This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of October 18, 2002, as amended and supplemented from time to time, between the parties. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

In this Confirmation "Party A" means Bank of America, N.A. and "Party B" means Jefferson County, Alabama.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

Notional Amount:	USD 379,847,000.00
Trade Date:	10JUN04
Effective Date:	01AUG12
Termination Date:	01FEB42
Amortization:	Applicable (See Schedule A attached hereto)
Upfront Fee:	On 24JUN04, subject to adjustment in accordance with the Modified Following Business Day, Party A shall pay an upfront fee of USD 2,775,000.00 to Party B

Floating Amounts:

Floating Rate Payer:	Party B
Floating Rate Payer Payment Dates:	The 1 st of each month, commencing 01SEP12 and ending on the Termination Date, subject to adjustment in accordance with the Modified Business Day Convention. Period End Dates subject to Modified Following Business Day Convention.
Floating Rate for initial Calculation Period:	To be set
Floating Rate Option:	67.00 per cent of USD-LIBOR-BBA
Designated Maturity:	1 month
Spread:	None
Floating Rate Day Count Fraction:	Act/360
Reset Dates:	First day of each Calculation Period
Compounding:	Inapplicable

Business Days: New York and London

Floating Amounts:

Floating Rate Payer: Party A

Floating Rate Payer
Payment Dates: The 1st of each month, commencing 01SEP12 and ending on the Termination Date, subject to adjustment in accordance with the Modified Business Day Convention. Period End Dates subject to Modified Following Business Day Convention.

Floating Rate for initial
Calculation Period: to be set

Floating Rate Option: 56.00 per cent of USD-LIBOR-BBA

Designated Maturity: 1 month

Spread: Plus 0.49000 per cent

Floating Rate Day Count
Fraction: Act/360

Reset Dates: First day of each Calculation Period

Compounding: Inapplicable

Business Days: New York and London

Calculation Agent: Party A

3. Other Provisions:

Fee: On or after 24JUN04, Party A shall pay (a) the broker fee of USD 168,750.00 to CDR Financial Products, Inc. (b) the legal fee of USD 52,500.00 to Katten Muchin Zavis Rosenman (c) the legal fee of USD 52,500.00 to Haskell Slaughter Young & Rediker, LLC (d) the legal fee of USD 11,250.00 to Maynard, Cooper & Gale, P.C. and (e) the broker fee of USD 33,750.00 to National Bank of Commerce of Birmingham.

4. Additional Disclosure:

Party A will make a payment to Wilhelm Resource Company, Inc. for services rendered to Party A in connection with this transaction. Prior to making such payment, the amount will be disclosed to Party B in a letter as well as via facsimile.

5. Qualified Swap; Additional Termination Event.

(a) Reference is made to the Eleventh Supplemental Indenture, dated as of May 1, 2004 (the "Eleventh Supplemental Indenture"), between the County and The Bank of New York, as Trustee, amending and supplementing the Trust Indenture between said parties, dated as of February 1, 1997, as previously supplemented and amended (such Trust Indenture, as supplemented and amended by the First through Eleventh Supplemental Indentures, the "Indenture"). Capitalized terms used in paragraph (b) below and not otherwise defined shall have the meanings set forth in the Indenture.

(b) The County will designate the Transaction described herein and the Original Series 2003B Transaction (the "Related Transaction"), on a combined basis as a "Qualified Swap" pursuant to paragraph (A) of the definition thereof contained in the Eleventh Supplemental Indenture, with such combined designation to be made as permitted by the last paragraph of such definition. In that regard, the County hereby agrees that (i) it shall notify the Counterparty immediately upon receipt of any notice of early termination received by the County with respect to such Related Transaction or upon any election by the County to terminate such Related Transaction or any portion thereof prior to its stated term, and (ii) prior to the termination of all or any portion of such Related Transaction (whether upon early termination or in accordance with its terms), the County will (to the extent that it has the right and power to do so) take all action necessary to continue the treatment of this Transaction as a "Qualified Swap" under the terms of the Indenture, whether independently or in combination with another swap transaction with any other Qualified Swap Provider, including, if necessary, reducing the Notional Amount of this Transaction. In the event and to the extent that such continued treatment of this transaction as a Qualified Swap cannot be achieved or is not accomplished to the satisfaction of the Counterparty (which may request and rely upon an opinion of counsel with respect to such treatment), such failure shall be an Additional Termination Event with respect to this Transaction, with the County as the sole Affected Party.

6. Account Details:

Account for
payments to
Party A:

USD

NAME: BANK OF AMERICA NA
CITY: NEW YORK
ABA #: 026009593
ATTN: BOFAUS3N

NAME: BANK OF AMERICA NA
 CITY: CHARLOTTE
 ACCT: 6550219386
 ATTN: RATE DERIVATIVE SETTLEMENTS
 ATTN: BOFAUS6SGDS

Account for
 payments to
 Party B:

USD

NAME: AMSOUTH BANK
 CITY: BIRMINGHAM
 ABA #: 062000019

NAME: AMSOUTH BANK
 ACCT: 0017541387
 ATTN: FFC: 699523015 JEFFCO, AL BA SWAP

7. Offices:

The Office of
 Party A for
 this
 Transaction Charlotte, NC

Please send reset notices to fax no. 312-234-3603
 is:

The Office of
 Party B for
 this
 Transaction Birmingham, Alabama

is:

8. Time of Dealing:

The time of dealing will be confirmed by Party A upon written request.

Please confirm that the foregoing correctly sets forth the terms and conditions of our agreement by returning via telecopier an executed copy of this Confirmation to the attention of Global Derivative Operations (fax no. (+1 312) 234 3603).

Bank of America, N.A.

Accepted and confirmed as of the date first written:

Jefferson County, Alabama

JMP

Mary Beth Knight

Authorized Signatory
MARY BETH KNIGHT
ASST. VICE PRESIDENT

Larry Langford

Name: Larry Langford
Title: President of County Commission

SCHEDULE OF NOTIONAL AMOUNTS

(all such dates subject to adjustment in accordance with the Modified Following Business Day Convention)

<u>From and including</u>	<u>To but excluding</u>	<u>Applicable Notional Amount</u>
Effective Date	02/01/13	379,847,000
02/01/13	02/01/14	377,494,000
02/01/14	02/01/15	375,056,000
02/01/15	02/01/16	372,525,000
02/01/16	02/01/17	369,900,000
02/01/17	02/01/18	367,172,000
02/01/18	02/01/19	364,341,000
02/01/19	02/01/20	353,334,000
02/01/20	02/01/21	339,169,000
02/01/21	02/01/22	325,275,000
02/01/22	02/01/23	318,638,000
02/01/23	02/01/24	311,213,000
02/01/24	02/01/25	302,925,000
02/01/25	02/01/26	293,681,000
02/01/26	02/01/27	282,684,000
02/01/27	02/01/28	270,497,000
02/01/28	02/01/29	247,209,000
02/01/29	02/01/30	223,866,000
02/01/30	02/01/31	221,813,000
02/01/31	02/01/32	219,684,000
02/01/32	02/01/33	192,975,000
02/01/33	02/01/34	165,263,000
02/01/34	02/01/35	163,584,000
02/01/35	02/01/36	161,841,000
02/01/36	02/01/37	160,031,000
02/01/37	02/01/38	148,706,000
02/01/38	02/01/39	138,806,000
02/01/39	02/01/40	92,616,000
02/01/40	02/01/41	73,106,000
02/01/41	02/01/42	20,559,000

TOTAL P.07

IN THE CIRCUIT COURT OF JEFFERSON COUNTY, ALABAMA

THE BANK OF NEW YORK MELLON,)
 as Indenture Trustee,)
)
 Plaintiff,)
)
 v.)
)
 JEFFERSON COUNTY, ALABAMA, et al.,)
)
 Defendants.)

CIVIL ACTION NUMBER:
 CV-2009-02318

ORDER

This matter was submitted to the Court for adjudication of the claims of Plaintiff, The Bank of New York Mellon, as Indenture Trustee (the “Trustee”), seeking against Jefferson County, Alabama (the “County”) and the County Commissioners the appointment of a receiver and other relief. The Court, in the granting of Plaintiff’s “Motion for Partial Summary Judgment,” has before it several complex issues. The Court is of the opinion that the parties have mutual interests and a common objective. The common objective being the meeting of Jefferson County’s obligations in the instant case while preserving the County’s ability to grow and prosper.

The Court is of the opinion that bankruptcy is not a feasible alternative. Jefferson County in order to progress, must have access to capital markets. It is ironic that the sewer system that is the subject of this lawsuit and so much controversy is also a reason for optimism. The sewer system as infrastructure is for the most part state of the art and has much underutilized capacity. Access to capital markets is a requirement for the successful utilization of underutilized capacity. Bankruptcy would deny Jefferson County access to capital markets. It is apparent that bankruptcy would be catastrophic for the Plaintiff.

Capital markets abhor default and demand payment. Consequently it is important for the Plaintiff to be made whole or as nearly so as reasonably possible. In order to accomplish this, additional net revenues must be generated by the Jefferson County Sewer System. The Court is not unaware that demand for sewer services is not price inelastic. Consequently hikes in sewer usage rates must be reasonable and carefully implemented so as not to result in decreased demand for sewer services. In addition to raising rates for sewer usage, it is entirely possible that other avenues for generating additional net revenues may exist.

Accordingly and upon consideration of the entire record in this case, the record in the Federal Action,¹ and the arguments of counsel, the Court makes the following findings of fact and conclusions of law:

1. This Court has subject matter jurisdiction.
2. The Trustee has standing to bring this lawsuit.
3. The Trustee has met all preconditions to bringing this lawsuit against the Defendants. Alabama Code § 11-28-6 exempts the Trustee's claims from the requirements of Alabama Code §§ 6-5-20, 11-12-5, 11-12-6, and 11-12-8.
4. The County has defaulted on its obligations owed to the Trustee and the Parity Security Holders by Defendants' failure to make payments when due and to comply with certain obligations and covenants in the Indenture,² which defaults have put the Parity Security Holders' investments at risk.

¹ *The Bank of New York Mellon, as Indenture Trustee, et. al. v. Jefferson County, Alabama, et. al.*, Case No.: 2:08-CV-01703-RDP in the United States District Court for the Northern District of Alabama.

² The Parity Securities are governed by an Original Trust Indenture and eleven Supplemental Indentures (the Original Trust Indenture as supplemented from time to time, the "Indenture").

5. Separate Events of Default³ have occurred and are continuing under §13.1(a) of the Indenture as a result of the County's failure to make \$515,942,500 in rapidly amortizing principal redemption payments due on June 2, 2008, August 1, 2008, October 1, 2008, January 1, 2009, February 20, 2009, April 1, 2009, July 1, 2009, October 1, 2009, January 1, 2010, April 1, 2010, and July 1, 2010.

6. An Event of Default has occurred and is continuing under §13.1(b) of the Indenture as a result of the County's failure to comply with the Rate Covenant set forth in §12.5(b) of the Indenture. The exceptions set forth in §12.5(b) have not been met by the County.

7. Separate Events of Default have occurred and are continuing under §13.1(c) of the Indenture as a result of the County's failure to comply with its covenants set forth in §§12.5(a) and 12.5(b) of the Indenture to set rates and charges for services furnished by the System in an amount sufficient to provide for all interest, premium and principal payments when due and the County's failure to timely cure such defaults after notice thereof from the Trustee.

8. An Event of Default has occurred and is continuing under §13.1(c) of the Indenture as a result of the County's failure to comply with its covenants set forth in §11.1 of the Indenture including the requirement that the County deposit System Revenues as required by the Indenture and the County's failure to timely cure such defaults after notice thereof from the Trustee.

9. An Event of Default has occurred and is continuing under §13.1(c) of the Indenture as a result of the County's failure to comply with its covenants set forth in §11.3 of the Indenture including the requirement that the County satisfy the Reserve Fund Requirement and the County's failure to timely cure such defaults after notice thereof from the Trustee.

³ Capitalized terms shall have the meaning given them in the Indenture unless otherwise set forth herein.

10. An Event of Default has occurred and is continuing under §13.1(c) of the Indenture as a result of the County's failure to comply with its covenants set forth in §11.11 of the Indenture including the requirement that the County deposit System Revenues as required by the Indenture and the County's failure to timely cure such defaults after notice thereof from the Trustee.

11. Events of Default have occurred and are continuing under §13.1(c) of the Indenture as a result of the County's failure to comply with its covenants set forth in §12.2 of the Indenture including the requirement to maintain separate books and records pertaining to the System and to provide the Trustee with unaudited financial statements within ninety days after the close of the fiscal year and to provide audited financial statements to the Trustee within 180 days after the close of the fiscal year and the County's failure to timely cure such defaults after notice thereof from the Trustee.

12. Events of Default have occurred and are continuing under §13.1(c) of the Indenture as a result of the County's failure to comply with its covenants set forth in §12.5(c) of the Indenture to implement yearly increases in the rates and charges in an amount sufficient to comply with the Rate Covenant and the County's failure to timely cure such defaults after notice thereof from the Trustee.

13. The Trustee has a first priority lien on all funds of the System in its possession, the System Revenues (other than revenues derived from the Sewer Tax and any other tax revenues that constitute System Revenues) that remain after the payment of Operating Expenses, all monies from whatever source derived that are required by the Indenture to be deposited from time to time in the Debt Service Fund and the Reserve Fund, together with any investments and reinvestments of such monies and the income for proceeds thereof, and any and all other monies,

rights and properties of every kind or description which have been or hereafter may be sold, transferred, conveyed, assigned, hypothecated, endorsed, deposited, pledged, mortgaged, granted or delivered to, or deposited with Trustee by the County or anyone on its part as additional security for payment of all or any specified series of Parity Securities, or which pursuant to any of the provisions of the Indenture may come into possession or control of the Trustee as such additional security, in each case as security for the Parity Securities and the performance by the County of the covenants set forth in the Indenture (collectively the "Trust Estate").

14. Section 13.2(c) of the Indenture provides that the Trustee is entitled, as a matter of strict right, upon the order of a court of competent jurisdiction, to the appointment of a receiver upon the occurrence and continuation of any single Event of Default.

15. Section 13.2(c) of the Indenture, which provides for the appointment of a receiver to administer and operate the System with power to fix and charge rates and collect revenues sufficient to provide for the payment of the Parity Securities and any other obligations outstanding against the System or the revenues thereof and for the payment of expenses of operating and maintaining the System and with power to apply the income and revenues of the System in conformity with the Act and the Indenture, is valid and enforceable under Alabama law. The County and its taxpayers and citizens are precluded from challenging the validity of the covenants in and provisions of the Indenture by the order of the Jefferson County Circuit Court entered August 24, 2001, which order validated the provisions of the Indenture and the Parity Securities.

16. The Court has reviewed all of the evidence before it, including the parties' extensive stipulations, documentary evidence, deposition transcripts, and all of the evidence from the proceedings before Judge Proctor in the Federal Action. Based upon the totality of this

evidence, the Court finds that the facts and equities weigh in favor of appointing a receiver and that equity will not be served by refusing to enforce the Indenture as written. The Court has considered the appropriate factors under Alabama law and specifically finds that the Trustee has presented sufficient evidence to support the appointment of a receiver.

17. Upon review of the entire record before this Court, this Court finds that the evidence is undisputed that: the Trustee has a clear legal right to be protected by the appointment of a receiver; the Trustee has no other adequate remedy at law; the Trustee and the Parity Security Holders that it represents have suffered and continue to suffer irreparable harm by the loss of the System Revenues and Net Revenues Available for Debt Service that the System could generate, but is not currently generating; the County has failed to abide by the terms of the Indenture and has failed to operate the Sewer System in an economical, efficient and proper manner; and the public interest and the ends of justice will be best served by the appointment of a receiver.

18. The Court finds that a receiver will be able to stabilize the System finances and will also be able to implement significant operational improvements and efficiencies that will generate more System Revenues and more Net Revenues Available for Debt Service than Defendants have previously produced.

19. Unless a receiver is appointed, the failure of the Defendants to operate the System to generate revenues sufficient to provide for the payment of the Parity Securities and other obligations outstanding against the System, and for the payment of expenses of operating and maintaining the System will reduce the overall value of the Trustee's collateral and result in further irreparable harm to the Trustee and the Parity Security Holders.

20. The Trustee has proved its entitlement to the appointment of a receiver to ensure the economic and efficient operation of the System. The Court finds that the Trustee has met all requirements for the appointment of a receiver as set out in

- a. the Indenture;
- b. Alabama Code § 6-6-620; and
- c. the controlling legal standards in this State.

21. Because the Court is appointing a receiver after a final hearing on the merits, Alabama law does not require the Trustee to post a bond. *See Tsimpides v. Hare*, 123 So. 2d 109, 110 (Ala. 1960).

22. John S. Young, Jr. LLC, a Delaware limited liability company (“JSY”), is qualified to serve as receiver of the System, and John S. Young, Jr., has agreed to remain the majority member, and to serve as the chief executive officer of JSY for so long as JSY is serving as receiver of the System pursuant to the order of this Court.

23. Notwithstanding anything contained herein, the terms and conditions of the Indenture, the municipal bond insurance policies, and any related documents (the “Indenture Documents”), and the rights, property, powers, authority, and assets conferred therein remain in full force and effect. Nothing contained in this Order shall act to divest, in any way, the Trustee of any collateral, property, or asset under the control of the Trustee, or enjoin or otherwise prohibit the Trustee from pursuing any remedies as provided in the Indenture Documents. Nothing contained in this Order shall relieve the County of any obligation or liability under any existing judgment, order or decree.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED as follows:

1. John S. Young, Jr. LLC (“JSY”) is hereby appointed receiver over the System (as hereinafter defined) (the “Receiver”). The purpose of the receivership is to operate and administer the System in an economical and efficient manner in compliance with the terms and conditions of the Indenture to the extent possible, and subject to applicable state and federal law. To that end, the Receiver is hereby granted the full power and authority to effectively administer, operate, and protect the System.

2. The Receiver is hereby appointed to administer and operate the System, and the Receiver is specifically vested with the power to fix and charge rates and to collect revenues sufficient to provide for the payment of the Parity Securities and any other obligations outstanding against the System or the revenues thereof and for the payment of expenses of operating and maintaining the System and with the power to apply the income and revenues of the System in conformity with the Act and the Indenture. By this Order, this Court intends to and hereby does grant to the Receiver full power and authority to administer and operate the System, subject to the Consent Decree,⁴ applicable state and federal laws and the terms of the Indenture. The Receiver's powers include but are not limited to the following:

- a. The sole and exclusive right and authority to take complete and exclusive possession, control and custody of the System in order to operate and administer the System and to perform all acts necessary or desirable to administer and operate the System in the ordinary course of business.

⁴ The decree entered into in those civil actions consolidated in the United States District Court, Northern District of Alabama, and styled *United States of America v. Jefferson County, Alabama, et al.*, Civil Action No. 94-G2947-S, and *R. Allen Kipp, Jr., et al. and Cahaba River Society, Inc. v. Jefferson County, Alabama, et al.*, Civil Action No. 93-G-2492-S (the “Consent Decree”), 33 U.S.C. § 1251 *et seq.* (the Clean Water Act), and all NPDES permits.

- b. The sole and exclusive right and authority to implement operational efficiencies and revenue enhancement programs, that the Receiver, in its business judgment, may deem necessary for the administration or the operation of the System.
- c. The sole and exclusive right and authority to fix and charge rates and charges for services furnished by the System, to collect revenues sufficient to provide for the payment of the Parity Securities and any other obligations outstanding against the System or the revenues thereof and for the payment of expenses of operating and maintaining the System and to apply the income and revenues of the System in conformity with this Order, the Act and the Indenture, and to make reasonable reductions in the System's Operating Expenses, that the Receiver, in its business judgment, may deem necessary for the administration or the operation of the System.
- d. The sole and exclusive right to receive, collect, take possession of, and preserve all accounts, incomes, profits, and other revenues generated from and by the System, that the Receiver, in its business judgment, may deem necessary for the administration or the operation of the System.
- e. The sole and exclusive right and authority to terminate or modify any currently existing written or oral contract of the County (other than the Indenture Documents and the Parity Securities) and to assume and assign any such contract, to the extent the Receiver, in its business judgment, may deem necessary for the administration or operation of the System. Any

damages resulting from the termination or modification of a contract will be paid with System Revenues.

- f. The sole and exclusive right and authority to enter into new contracts on behalf of the County for goods or services, that the Receiver, in its business judgment, may deem necessary for the administration or operation of the System.
- g. The sole and exclusive right and authority to file, investigate, institute, prosecute, defend, compromise, adjust or intervene in any action or proceeding, legal, equitable or otherwise, before this Court, or any other appropriate court, agency or tribunal, that the Receiver, in its sole business judgment, may deem necessary for the administration or operation of the System.
- h. The right and authority to investigate and determine the nature and extent of prior expenditures may have been improperly classified as Operating Expenses, to take all reasonable and necessary action to have such expenses properly classified, and to investigate and determine whether System Revenues have been deposited as required by the Indenture and to take all reasonable and necessary action to recover System Revenues that have not been properly deposited, that the Receiver, in its sole business judgment, may deem necessary for the administration or operation of the System.
- i. The sole and exclusive right and authority to require the County to provide County employees to work for the System, as the Receiver, in its business judgment, may deem necessary for the administration or operation of the

System (the "System Staff"). The System shall reimburse the County for all compensation and benefits earned by the System Staff working for the System in this proceeding. The Receiver and the System shall not, for any purpose, be deemed the employer of any System Employee, who shall remain employees of the County. Any claim of a System Staff against the Receiver or the System shall be subject to the liability limitations set forth in this Order.

- j. The sole and exclusive right and authority to hire, discharge, manage and control System Staff, as the Receiver, in its business judgment, may deem necessary for the administration or operation of the System.
- k. The sole and exclusive right and authority, to enter into contracts for any insurance as the Receiver, in its business judgment, may deem necessary for the administration or operation of the System.
- l. The sole and exclusive right and authority to engage professionals, which may include but is not limited to American Water Works Company and its affiliated companies (collectively "American"), communication consultants, investment bankers, consultants, brokers, accountants, forensic and investigative accountants, engineers, licensed wastewater operators and attorneys and other service providers (collectively, the "Professionals and Service Providers"), as it may deem necessary in its business judgment to assist the Receiver in the performance of its duties as necessary during the period of the receivership.

- m. The Receiver's compensation for its services under this Order, not including any fee or expense of any broker, auctioneer, attorney, accountant or Professional and Service Provider retained by the Receiver, shall be five hundred dollars (\$500.00) per hour with respect to the time devoted by John S. Young, Jr. to the work of the Receiver, not to exceed ten hours per day, plus the Receiver's reasonable and necessary out-of-pocket expenses directly related to the performance of its duties; including, but not limited to, local housing, meals, travel, local transportation, and transportation to and from the chief executive officer's primary residence. The Receiver shall file with this Court on a monthly basis an application for approval of the Receiver's fees and expenses during the pendency of the receivership and serve copies upon the County and the Trustee. If no objection is filed with this Court by the County or the Trustee within ten days of the service of the application, the Receiver shall be paid the fees and expenses covered by the application from System Revenues as an Operating Expense, subject to this Court's approval of the fees and expenses.
- n. Each of the Professional and Service Providers shall file with this Court on a monthly basis a fee application for approval of their respective fees and expenses during the pendency of the receivership and serve copies upon the County and the Trustee. If no objection is filed with this Court by the County, the Trustee or the Receiver within ten days of the service of a fee application, the Receiver shall pay the respective Professional and Service Provider the fees and expenses covered by the application from System

Revenues as an Operating Expense, subject to this Court's approval of the fees and expenses.

- o. The right and authority to submit applications for grants or other funding through state or federal programs, as the Receiver, in its business judgment, may deem necessary for the administration or operation of the System.
- p. The right and authority to request from the Trustee disbursements of funds of the System then on deposit with the Trustee and available under the Indenture for capital expenditures for use by the Receiver for the preservation or enhancement of the System as contemplated by the Capital Improvement Budget prepared by the Receiver in accordance with Section 8 hereafter of this Order, as the Receiver, in its business judgment, may deem necessary for the administration or operation of the System. Upon a request of the Receiver certifying that the expenditure of funds requested to be disbursed is for the preservation or enhancement of the System, the Trustee shall disburse funds available for capital expenditures under the Indenture to the Receiver unless otherwise ordered by the Court.

3. The Receiver shall have the right and authority to generally, do, execute, and perform any other act, deed, matter or thing whatsoever that the Receiver, in its business judgment, reasonably believes ought to be done, executed, or performed, for the administration or operation of the System.

4. Upon entry of this Order and its acceptance of the office, the Receiver is directed and empowered to take from the County all rights and powers of the County that the Receiver, in its business judgment, may deem necessary for the administration or operation of the System.

The System as used herein shall mean any and all funds of the County from the System, including federal and state grants in respect of the System and property which is used in or related to the System, including but not limited to:

- a. any and all real, or personal property used in or related to the maintenance and operation of the System, including but not limited to all mains, laterals, collectors, transmission mains, outfalls, pumping stations, sewage disposal plants, sewage treatment plants, equipment, fixtures, machinery, motor vehicles, automobiles, trucks, other rolling stock, leasehold improvements, construction work in progress, supplies, raw materials, inventory, goods, work in process, parts, computers, computer software, (including all documentation and source codes with respect thereto, and licenses and leases), telecommunication systems, fixtures, furniture, furnishings, office equipment, all tangible property furnished by or used in connection with, as well as all rights, easements and franchises appurtenant thereto, (collectively, the "Physical Assets");
- b. any and all cash, cash equivalents, bank accounts, deposit accounts, credits, prepaid expenses, deposits, deferred charges, advance payments, security deposits, prepaid items, funds (including the County's rights to all Funds, as defined in the Indenture), securities, investment accounts, accounts receivable, notes, notes receivable, mortgages, security interests, income, that portion of the County general fund to the extent that it consists of receipts and revenues (including payments received from customers) on account of or related to the System, System Revenues, the "Jefferson County

System Revenue Account,” and including amounts received by the County as (a) grants or borrowed funds for improvements or extensions to the System, (b) deposits or payments by contractors to offset the cost of extensions or new connections, and (c) customer deposits to ensure payment for utility services whether or not held in a separate account or accounts pending use thereof for the said purposes, insurance claims, insurance proceeds and any and all other rights to receive payments and/or property used in, generated from or related to the administration, maintenance and operation of the System as well as all rights, interests, licenses and franchises related thereto (collectively, the “Cash Equivalent Assets”);

- c. any and all records, documents, operating data and/or electronically stored information (the “ESI”) and computer operating systems in which the ESI is stored, in the possession, custody or control of the County, related to or used in the administration, maintenance or operation of the System thereof (collectively, the “System Records”); and
- d. any and all of the internet domain names, post office box numbers, telephone and facsimile numbers, and other listings and numbers used by the System (collectively, the “Contact Information Assets”).

Collectively, the assets of the System set forth in this paragraph are hereinafter referred to as the “Assets.” For the avoidance of doubt, if any Physical Asset, System Record, or Contact Information Asset is used in or related to the System, but whose primary purpose is with respect to operations of the County unrelated to the System, then the Receiver’s rights to the use, control and management of such Assets shall be governed by Section 16 hereafter of this Order.

5. The Receiver shall post a bond with the Clerk of this Court in the amount of one hundred thousand dollars (\$100,000) within ten (10) business days of the entry of this Order. The expense of the bond shall be payable by the Receiver from the System Revenues.

6. The Parties shall have no authority to administer or operate the business and affairs of the System, which authority by this Order is vested solely and exclusively in the Receiver. Without limiting the generality of the foregoing, the Parties shall have no authority to make or commit to any expenditure of funds or resources of the System, which authority shall reside exclusively with the Receiver.

7. Upon notice of this Order any person or entity, or any employee or agent of such person or entity, shall be deemed to be required to comply with all of the terms of this Order until the Court shall have relieved such person from the terms of this Order by subsequent order.

8. The duties and responsibilities of the Receiver shall include the following:

- a. The Receiver shall use its reasonable best efforts to cause the System to comply with the requirements imposed on the County by the Consent Decree.
- b. The Receiver shall make an accounting and keep accurate records concerning the System, including the actual revenues collected and expenses paid each month, and make such records available to the Trustee, the County, and the Court during normal business hours and upon reasonable notice.
- c. The Receiver shall permit the Trustee or Defendants and its or their agents and independent contractors to inspect fully the Assets, the System's

accounts, and all books and records, including records as to the maintenance of any Assets during normal business hours and upon reasonable notice.

- d. The Receiver shall annually propose a capital improvements budget, the amount of which shall not exceed \$25,000,000 per year without further express approval by this Court.
- e. The Receiver shall consult with Bond Counsel and make reasonable efforts to operate the System so that the tax-exempt status of the Parity Securities is maintained and preserved, to the extent that condition exists today.

9. The County is ordered immediately to deliver over to the Receiver: (a) full access to all System Records, including but not limited to any ESI; and (b) full and exclusive control over all Cash Equivalent Assets, including all authorizations or other documentation necessary or desirable for the Receiver to exercise full and exclusive control over the Cash Equivalent Assets. The Receiver shall have the absolute right, but not the duty, to change any accounts or other investment funds in which the Cash Equivalent Assets are currently maintained to any other account or fund if such change is in compliance with the terms of the Indenture, as the Receiver, in its business judgment, may deem necessary for the administration or operation of the System.

10. The Receiver shall have full and sole control over all Assets, as defined above, including all authorizations or other documentation, as the Receiver, in its business judgment, may deem necessary for the administration or operation of the System. The Receiver's administration and operation of the System shall not diminish the duties and cooperation required of the Defendants by this Order.

11. Any expenditures authorized by this Order for the administration and operation of the System (other than any expenditure chargeable to a capital account or that would be

characterized as an extraordinary item) and any and all expenses of the Receiver arising out of or related to the Receiver's administration or operation of the System or the implementation of this Order shall be paid from the System Revenues as Operating Expenses. Costs and expenses of the Receiver shall not be a general indebtedness or pledge of the full faith and credit of the County or a claim on the taxing power of the County or charge against any debt limit imposed on the County by the constitution or law of the State of Alabama.

12. The Receiver shall not have the authority, absent express order of this Court, to sell or otherwise dispose of the System or any single Asset.

13. The Parties along with their agents, employees, officials, officers and successors shall fully cooperate with the Receiver and the receivership in all matters related to this Order and the Receiver's administration and operation of the System, including the Parties executing all documents, providing all authorizations and taking any other action that the Receiver, in its business judgment, may deem necessary for the administration or operation of the System.

14. The Defendants are specifically enjoined from taking any action, other than in this Court or by appeal of this Order, which would interfere with the Receiver's administering and operating of the System or the Assets or remove any of the Assets from the control of the Receiver.

15. Unless otherwise requested by the Receiver, the County shall continue to maintain all insurance on the System required by the Indenture; provided, however, all premiums for such insurance to the extent relating to the System shall be Operating Expenses, as provided in the Indenture.

16. Unless and to the extent the Receiver notifies the County that the County shall not do so, the County shall continue to provide to the System all services that the County has

provided to the System since the execution and delivery of the Indenture, and shall do so with no less frequency, quality, quantity or timeliness (the "Historic Services"). If and to the extent that the Receiver notifies the County that it shall discontinue or diminish any of the Historic Services, the County shall comply with its request. If the Receiver elects to have the County continue to provide Historic Services for the System, the County shall continue to provide them at a reasonable cost. All reasonable costs of Historic Services shall constitute Operating Expenses, as provided in the Indenture.

17. The Receiver and its officers, agents, servants, attorneys, members, managers, directors, shareholders, representatives, employees, successors and assigns and any other Professional and Service Provider (jointly and severally with the Receiver, the "Receiver Affiliates") engaged by the Receiver shall owe duties only to the System and to this Court and shall not owe any duty, directly or indirectly, to the Plaintiff, the Defendants or any other party.

18. The Receiver Affiliates shall not have personal liability for any liabilities of the System or obligations incurred pursuant to the terms of this Order or any other order of this Court. In the event that any such liability or obligation is at any time asserted against the Receiver Affiliates on account of any claimed liability of, through or under the System, any order of this Court or the County, the Receiver may use System Revenues to contest any such claimed liability and to pay, compromise, settle or discharge same on terms reasonably satisfactory to the Receiver. Such expenditures shall constitute Operating Expenses. The Receiver shall in no event be required to use personal funds or any other funds for such purpose. The County shall enjoy the same protections afforded the Receiver pursuant to this Order with respect to any claims of liability asserted against the County for actions of the Receiver.

19. The Receiver Affiliates shall perform the duties and obligations imposed on them by this Order with reasonable diligence and care under the circumstances. Neither the Receiver nor any Receiver Affiliate shall be personally liable to the County or to any third party except for such of its or their own acts as shall constitute fraudulent or willful misconduct determined by a final, nonappealable order of this Court. Except as aforesaid, the Receiver and the Receiver Affiliates shall be defended, held harmless and indemnified from time to time from the System's Revenues against any and all losses, claims, costs, expenses and liabilities (including legal fees, costs and expenses), and any costs of defending any action, suit, proceeding or investigation to which the Receiver or the Receiver Affiliates' may be subject by reason of their execution in good faith of their duties under this Order or any other order of this Court; provided, however, such indemnity shall be payable from the System Revenues and shall not be a general indebtedness or pledge of the full faith and credit of the County or a claim on the taxing power of the County or charge against any debt limit imposed on the County by the constitution or law of the State of Alabama. The Receiver may obtain for the Receiver's benefit, the benefit of the Receiver Affiliates and the benefit of the System, at the reasonable expense of the System, insurance against claims for liability, damage awards and settlements. Such expenditures shall constitute Operating Expenses.

20. Any claim brought against the Receiver, System, or any Receiver Affiliate by any third party related in any way to the System or the administration, operation or control of the System by the Receiver (the "Receiver Claims") shall be filed in this Court. In addition, subject to orders of courts of superior jurisdiction to this Court, no judgment of a party other than the Trustee shall be enforced against the Assets absent further order of this Court..

21. As an appointee of this Court and in carrying out the orders of this Court, the Receiver and the Receiver Affiliates shall have the same judicial immunity as this Court possesses. Furthermore, the Receiver and the Receiver Affiliates are not and shall not be considered public officials or public employees for any purpose, notwithstanding any other provision of this Order to the contrary.

22. This Order shall not prohibit nor be construed to prohibit the Receiver or any Receiver Affiliate from performing work for third parties that is not related to the System.

23. The System and the Assets shall be subject to and liable for only such local and state taxes as the County would have been liable for in its operation of the System or the Assets.

24. The Receiver may only be removed by order of this Court upon appropriate motion, notice and hearing, after a showing, by clear and convincing evidence, of good cause by the Plaintiff or the Defendants.

25. Starting thirty (30) days after the entry of this Order, and within twenty (20) days after the end of each calendar month thereafter, the Receiver shall file with this Court monthly reports concerning the financial results of the operations of the System.

26. The Receiver may seek direction from this Court on any matter related to this Order, including but not limited to, relief from or modification of the provisions of this Order. The Receiver may also seek such further orders of this Court as it deems necessary or expedient to carry out its duties and responsibilities under this Order.

27. At the completion of its duties set forth in this Order, the Receiver may file a motion seeking to terminate its position and to be discharged of its responsibilities as Receiver and the Court supervision of the System. The Receiver may resign and be discharged of its responsibilities at any time by giving ninety (90) days' prior written notice to this Court. Upon

the satisfaction and discharge of all indebtedness and obligations secured under the Indenture, the Court shall enter an Order, as appropriate, terminating the receivership.

28. Until the Receiver is discharged and this receivership terminated, the Court retains jurisdiction of this matter for the following purposes:

- a. to amend, supplement, or delete any provision of this Order;
- b. to enforce compliance with or to punish violation of this Order; and
- c. to order any additional actions or remedies as may be appropriate or reasonably necessary.

29. The County shall give the Receiver prompt notice of all investigations, claims or potential claims, and actions now pending or later brought against the County related to the System.

IT IS FURTHER ORDERED as follows:

30. The Trustee's Motion for Partial Summary Judgment is hereby **GRANTED**. The Defendants' Cross Motion for Summary Judgment is hereby **DENIED**.

31. The Trustee is awarded a money judgment against the County in the amount of \$515,942,500.11; provided, however, (i) recourse in the enforcement of this judgment shall be limited to the Trust Estate, (ii) this judgment shall not constitute a general indebtedness or pledge of the full faith and credit of the County or a claim on the taxing power of the County or charge against any debt limit imposed on the County by the constitution or law of the State of Alabama, and (iii) the money judgment lien shall not effect the priority of the lien of the Indenture in favor of the Trustee under the Indenture, which shall be first and prior to the lien of the money judgment.


32. On or before the last business day of each calendar month, the Receiver shall pay to the Trustee all System Revenues and other funds of the System then in its possession that

remain after the payment of Operating Expenses, less any operating reserve as the Receiver, in its business judgment, may deem necessary for the administration or operation of the System and as approved by the Trustee.

33. The reversal or modification on appeal of this Order shall not affect the validity of any actions taken in good faith by the Receiver or any Receiver Affiliate, the payment of compensation to which the Receiver or any Receiver Affiliate is entitled, or the payment of expenses incurred by the Receiver or a Receiver Affiliate pursuant to the terms of this Order.

34. This Order shall be immediately effective upon its entry and shall continue until further order of this Court.

SO ORDERED this 22nd day of September, 2010.



Albert L. Johnson, Circuit Judge