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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.

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]

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 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]

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 $ Mtg. Tax
and $ 83.00 Deed Tax and Fee Amt.
$ Total $ 83.00
GEORGE R. REYNOLDS, Judge of Probate

165129.2

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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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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.

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NOW, THEREFORE, THIS

FIRST 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 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-

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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.

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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:

Maturity Date	Principal Amount	Interest Rate
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:

Redemption Period	Redemption Price
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:

Redemption Date	Principal Amount
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

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, 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

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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:

Redemption Period	Redemption Price
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:

Redemption Date	Principal Amount
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:

Redemption Date	Principal Amount
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.

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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]

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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

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(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

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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.

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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.

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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 Warrantholders 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 Warrantholders 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 Warrantholders 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 Warrantholder is entitled to receive full payment of principal from the Bond Insurer, such Warrantholder 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 Warrantholder is entitled to receive partial payment of principal from the Bond Insurer, such Warrantholder 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 Warrantholder subject to the terms of the Series 1997-D Insurance Policy.

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(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;

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(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

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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

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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

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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

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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

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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 _____
President of the County Commission

ATTEST:

_____
Minute Clerk of the
County Commission

[S E A L]

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

By _____

Its ASSISTANT VICE PRESIDENT AND CORPORATE TRUST OFFICER

ATTEST:

_____

Its SENIOR VICE PRESIDENT AND CORPORATE TRUST OFFICER

[S E A L]

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]

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 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]

Notary Public

My Commission Expires: 2/17/99

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