36

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

TABLE OF CONTENTS*

to
THIRD SUPPLEMENTAL INDENTURE
between
JEFFERSON COUNTY, ALABAMA
and
THE BANK OF NEW YORK

Page

Parties 1
Recitals 1

ARTICLE I

DEFINITIONS, FINDINGS AND USE OF PHRASES

Section 1.1 New Definitions 2
Section 1.2 Findings 3
Section 1.3 Use of Phrases 4
Section 1.4 Definitions Contained in the Original Indenture 4

ARTICLE II

THE SERIES 2001-A WARRANTS

Section 2.1 Authorization and Description of the Series 2001-A Warrants and Places of Payment 5
Section 2.2 Optional Redemption of Series 2001-A Warrants 6
Section 2.3 Scheduled Mandatory Redemption of Series 2001-A Warrants 6
Section 2.4 Purchase of Series 2001-A Warrants for Retirement 8
Section 2.5 Special Provisions Respecting Partial Redemption of Series 2001-A Warrants 9

*This Table of Contents appears here for reference only and should not be considered a part of this Third Supplemental Indenture.

Section 2.6 Form of Series 2001-A Warrants 9
Section 2.7 Execution and Delivery of Series 2001-A Warrants 17
Section 2.8 Application of Proceeds from the Sale of Series 2001-A Warrants 17

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 18
Section 3.2 Creation of 2001 Construction Fund; Purposes for Which Moneys Therein May Be Expended 18
Section 3.3 Payments from the 2001 Construction Fund 19
Section 3.4 Security for 2001 Construction Fund Moneys 19
Section 3.5 Investment of 2001 Construction Fund 20

ARTICLE IV

PROVISIONS CONCERNING THE SERIES 2001-A INSURANCE POLICY

Section 4.1 Payments Under the Series 2001-A Insurance Policy 20
Section 4.2 Information to be Provided to the Bond Insurer 22
Section 4.3 Miscellaneous Special Provisions Respecting the Bond Insurer and the Series 2001-A Insurance Policy 23
Section 4.4 Miscellaneous Special Provisions Respecting the Bond Insurer and the Reserve Policy 24

ARTICLE V

MISCELLANEOUS

Section 5.1 2001 System Improvements to Constitute Part of System 26
Section 5.2 Confirmation of Indenture 26
Section 5.3 Pledge of 2001 Construction Fund 26
Section 5.4 Debt Service Fund Deposits Referable to Series 2001-A Warrants 26

Case 11-05736-TBB9 Doc 26-7 Filed 11/09/11 Entered 11/09/11 20:25:34 Desc
Exhibit Indentures - Part 7 of 24 Page 3 of 35

Section 5.5 Amendment of Due Dates for Debt Service Fund Deposits 27
Section 5.6 Book-Entry Procedures Applicable to Series 2001-A Warrants 27
Section 5.7 Valuation of Reserve Fund 29
Section 5.8 Tax Covenants 30
Section 5.9 Article and Section Captions 30

Testimonium 31
Signatures 31
Acknowledgments 32

Case 11-05736-TBB9 Doc 26-7 Filed 11/09/11 Entered 11/09/11 20:25:34 Desc
Exhibit Indentures - Part 7 of 24 Page 4 of 35

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

Case 11-05736-TBB9 Doc 26-7 Filed 11/09/11 Entered 11/09/11 20:25:34 Desc
Exhibit Indentures - Part 7 of 24 Page 5 of 35

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.

Case 11-05736-TBB9 Doc 26-7 Filed 11/09/11 Entered 11/09/11 20:25:34 Desc
Exhibit Indentures - Part 7 of 24 Page 6 of 35

"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.

Case 11-05736-TBB9 Doc 26-7 Filed 11/09/11 Entered 11/09/11 20:25:34 Desc
Exhibit Indentures - Part 7 of 24 Page 8 of 35

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

Maturity Date	Principal Amount	Interest Rate
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:

Redemption Period	Redemption Price
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:

Redemption Date	Principal Amount
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:

Redemption Date	Principal Amount
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:

Redemption Date	Principal Amount
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

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, 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

Case 11-05736-TBB9 Doc 26-7 Filed 11/09/11 Entered 11/09/11 20:25:34 Desc
Exhibit Indentures - Part 7 of 24 Page 14 of 35

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:

Redemption Period	Redemption Price
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:

Case 11-05736-TBB9 Doc 26-7 Filed 11/09/11 Entered 11/09/11 20:25:34 Desc
Exhibit Indentures - Part 7 of 24 Page 15 of 35

Redemption Date	Principal Amount
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:

Redemption Date	Principal Amount
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:

Redemption Date	Principal Amount
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

Case 11-05736-TBB9 Doc 26-7 Filed 11/09/11 Entered 11/09/11 20:25:34 Desc
Exhibit Indentures - Part 7 of 24 Page 16 of 35

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 of 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 of 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 of and 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 of 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_____
President of the County Commission

ATTEST:

Diane Downes
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]