Section 5.8 **Effect of Redemption**. If the Series 2003-C Warrants have been duly called for redemption and notice of the redemption thereof has been duly given or provided for as hereinbefore provided and if money for the payment of the Series 2003-C Warrants (or of the principal amount thereof to be redeemed) and the interest to the redemption date on the Series 2003-C Warrants (or on the principal amount thereof to be redeemed), if any, and the premium, if any, thereon are held for the purpose of such payment by the Trustee, then the Series 2003-C Warrants (or the principal amount thereof to be redeemed) shall on the redemption date designated in such notice, become due and payable and interest on the Series 2003-C Warrants (or the principal amount thereof to be redeemed) so called for redemption shall cease to accrue from the redemption date and the Holder thereof shall thereafter have no rights hereunder as the Holder of such Series 2003-C Warrants (or the principal amount thereof to be redeemed) except to receive the principal amount thereof, premium, if any, thereon and interest, if any, to the redemption date.

Section 5.9 **Cancellation of Redeemed Warrants**. Any Series 2003-C Warrants surrendered or redeemed pursuant to the provisions of this Article V shall be cancelled by the Trustee.

Section 5.10 **Series 2003-C Warrants Purchased by Liquidity Provider**. Series 2003-C Warrants subject to purchase pursuant to Sections 5.2, 5.3 and 5.4 shall be deemed purchased by the Liquidity Provider in a principal amount equal to the amount of a draw on, or borrowing or payment under, the Liquidity Facility for the payment of Series 2003-C Warrants subject to purchase, upon the deposit with the Trustee or the Tender Agent, as applicable, of the proceeds of such draw on, or borrowing or payment under, the Liquidity Facility in an amount sufficient to pay the purchase price of such Series 2003-C Warrants equal to the principal amount of such Series 2003-C Warrants plus accrued and unpaid interest thereon, if any, to the date of purchase, and such Series 2003-C Warrants shall not be deemed paid and shall remain Outstanding hereunder as Bank Warrants until the Liquidity Provider has been reimbursed for such draws on, or borrowings or payments under, the Liquidity Facility to pay such purchase price. Any Series 2003-C Warrants purchased by the Liquidity Provider other than a municipal bond or financial guarantee insurance company shall become Bank Warrants, shall bear interest at the Bank Warrant Interest Rate and shall be subject to the terms and provisions of, and have all rights with respect to Bank Warrants under the applicable Liquidity Facility. Unless the Liquidity Provider shall otherwise direct, any Series 2003-C Warrants purchased by the Liquidity Provider shall be immediately registered in the name of the Liquidity Provider as a Holder (unless held through a Securities Depository, in which case the Series 2003-C Warrants shall be transferred in accordance with the procedures established by the Securities Depository) and the Liquidity Provider shall have all rights of a Holder of Series 2003-C Warrants except that such Series 2003-C Warrants purchased by a Liquidity Provider will bear interest at the Bank Rate. Pending the delivery of any such Series 2003-C Warrants to, or pursuant to the instructions of, the related purchasing Liquidity Provider, such Series 2003-C Warrants shall be held in trust by the Tender Agent. Under no circumstances shall any such Series 2003-C Warrants be released by the Tender Agent to any Person other than the purchasing Liquidity Provider unless such provider has delivered to the Tender Agent written instructions to do so, which instructions shall specify that the Liquidity Facility in question has been reinstated in an amount corresponding to the

Series 2003-C Warrant in question. In no event shall money be drawn under a Liquidity Facility to provide for the purchase of Bank Warrants or warrants owned by the County.

ARTICLE VI

SUPPORT FACILITIES

Section 6.1 **Support Facilities – General**. The County hereby agrees to maintain a Liquidity Facility meeting the requirements of this Tenth Supplemental Indenture with respect to the Series 2003-C Warrants at all times except during any Auction Rate Period, Term Rate Period or Fixed Rate Period. A Liquidity Facility meeting the criteria set forth in this Tenth Supplemental Indenture may be provided during a Term Rate Period, at the option of the County. Each time the County obtains a Liquidity Facility with respect to Series 2003-C Warrants, the County shall submit such Liquidity Facility to Moody's, if the Series 2003-C Warrants are then rated by Moody's, and to S&P, if the Series 2003-C Warrants are then rated by S&P, and to another rating agency, if the Series 2003-C Warrants are then rated by such rating agency for the purposes of obtaining a rating on such Series 2003-C Warrants. The Trustee shall be furnished with any Liquidity Facility obtained pursuant to this Section 6.1 together with evidence of any rating or ratings obtained on the Series 2003-C Warrants in connection therewith.

Section 6.2 **Liquidity Facility**. (a) At any time that Series 2003-C Warrants bear interest at an Adjustable Rate (other than an Auction Rate or a Term Rate), the County shall, and at any time that Series 2003-C Warrants bear interest at a Term Rate, the County may, provide for the delivery to the Trustee of a Liquidity Facility that is issued by a financial institution with a long term debt rating of at least A from S&P or Moody's and that supports ratings at least the equivalent of A-1 from S&P and V-MIG1 from Moody's. The form of such Liquidity Facility shall be approved in writing by the Bond Insurer so long as the Bond Insurer has not denied in writing its obligations under the Policy and is not in payment default under the Policy. The Liquidity Facility shall satisfy the definition of "Liquidity Facility" herein and shall be, in case of an Alternate Liquidity Facility, the same as the Liquidity Facility it replaces in all respects material to the security for the Series 2003-C Warrants; provided that (i) the expiration date of such Liquidity Facility shall be a date not earlier than 364 days from its date of issuance (or the length of the Calculation Period with respect to any Series 2003-C Warrant bearing interest at a Term Rate to which such Liquidity Facility applies, if longer), subject to earlier termination upon the occurrence of (a) a Terminating Event or another event of default under the Liquidity Facility or the related reimbursement agreement or other corresponding agreement pursuant to which such Liquidity Facility is issued, (b) the issuance of an Alternate Liquidity Facility, (c) payment in full of the Outstanding Series 2003-C Warrants which are secured by such Liquidity Facility or (d) a Change in the Interest Rate Mode to an Auction Rate, a Commercial Paper Rate, a Term Rate or a Fixed Rate; and (ii) if, between the effective date of a Liquidity Facility and the effective date of an Alternate Liquidity Facility, there occurs a Change in the Interest Rate Mode with respect to some or all of the Series 2003-C Warrants, such Alternate Liquidity Facility shall comply with the requirements applicable to a Liquidity Facility in effect with

respect to the new Interest Rate Mode with respect to the Series 2003-C Warrants so affected. On or prior to the date of the delivery of an Alternate Liquidity Facility or an amendment to a Liquidity Facility (other than an amendment which only extends the expiration date of an existing Liquidity Facility) (a "Liquidity Facility Amendment") to the Trustee, the County shall furnish to the Trustee and the related Bond Insurer (a) an opinion of Bond Counsel stating that the delivery of such Alternate Liquidity Facility or Liquidity Facility Amendment to the Trustee is authorized under this Tenth Supplemental Indenture and complies with the terms hereof and (b) written confirmation from S&P, if the Series 2003-C Warrants are then rated by S&P, and from Moody's, if the Series 2003-C Warrants are then rated by Moody's, and from another rating agency, if the Series 2003-C Warrants are then rated by such rating agency, to the effect that such rating agency has reviewed the proposed Alternate Liquidity Facility or Liquidity Facility Amendment and that the substitution of the proposed Alternate Liquidity Facility for the existing Liquidity Facility or the delivery of the Liquidity Facility Amendment will not result in a reduction or withdrawal of its long- or short-term rating of the Series 2003-C Warrants below the rating of S&P or Moody's or such other rating agency, as the case may be, then in effect with respect to the Series 2003-C Warrants.

(b) If the County delivers an Alternate Liquidity Facility in substitution for a Liquidity Facility or a Liquidity Facility Amendment which will result in a reduction in or withdrawal of the short-term or long-term rating (or both) assigned to such Series 2003-C Warrants by Moody's or S&P or such other rating agency as a result of the Alternate Liquidity Facility or Liquidity Facility Amendment, all Series 2003-C Warrants (unless the Series 2003-C Warrants bear interest at an Auction Rate or Fixed Rate) shall be subject to mandatory tender for purchase pursuant to Section 5.4. It shall be a condition to the delivery of such an Alternate Liquidity Facility or Liquidity Facility Amendment that the Opinion of Bond Counsel referred to in the preceding paragraph be obtained. The County shall deliver notice to the Trustee of the substitution of an Alternate Liquidity Facility or the delivery of a Liquidity Facility Amendment which will result in a reduction or withdrawal in the short-term or long-term ratings assigned to the Series 2003-C Warrants pursuant to this Section 6.2 at least 45 days before the date of substitution or amendment.

(c) If the Liquidity Provider of a Liquidity Facility should fail to maintain short-term ratings equivalent to A-1 from S&P and P-1 from Moody's, and such Liquidity Provider is not replaced within 12 months, all Series 2003-C Warrants secured by such Liquidity Facility shall be subject to mandatory tender for purchase pursuant to Section 5.4. The County shall require the Liquidity Provider to promptly notify the Trustee that the short-term ratings of the Liquidity Provider have been reduced below the levels described in the preceding sentence.

(d) In any instance in which the Trustee accepts a new Liquidity Facility, or an amendment to an existing Liquidity Facility, under such circumstances that a mandatory tender of the Series 2003-C Warrants covered or to be covered by such Liquidity Facility is not required, the Trustee shall mail a written notice (including the provider, amount and expected effective date) of such Liquidity Facility(and the related substitution), or such amendment, to the Holders of the affected Series 2003-C Warrants at least 15 days prior to the effective date of such new Liquidity Facility or such amendment.

Section 6.3 **Alternate Credit Facility**. The County may, at its option and consistent with this section, obtain an Alternate Credit Facility in substitution for or in addition to the initial Policy or other Alternate Credit Facility. On or prior to the date of delivery of such Alternate Credit Facility, the County shall deliver to the Trustee (a) an opinion of Bond Counsel stating that the delivery of such Alternate Credit Facility to the Trustee is authorized under this Tenth Supplemental Indenture and complies with the terms hereof and (b) in the case of a substitution or addition of a Credit Facility, written confirmation from S&P, if the Series 2003-C Warrants are then rated by S&P, and from Moody's, if the Series 2003-C Warrants are then rated by Moody's, and from another rating agency, if the Series 2003-C Warrants are then rated by such rating agency, to the effect that such rating agency has reviewed the proposed Alternate Credit Facility and that the substitution of the proposed Alternate Credit Facility for the existing Credit Facility (or proposed addition of a Credit Facility) will not, by itself, result in a reduction or withdrawal of its long- or short-term rating of the Series 2003-C Warrants below the rating of S&P or Moody's or such other rating agency, as the case may be, then in effect with respect to the Series 2003-C Warrants. If any such substitution or addition occurs, or any Credit Facility is surrendered, cancelled, terminated, amended or modified in any material respect, when there is a Liquidity Facility in effect with respect to the Series 2003-C Warrants or any Bank Warrants are outstanding, or prior to the conversion of the interest rate for all of the Series 2003-C Warrants to the Fixed Rate, the prior written consents of the Liquidity Facility Provider and the related liquidity agent (if any institution is then serving in that capacity) shall be required with respect to the substitution of the Policy or Alternate Credit Facility with such Alternate Credit Facility, or for the addition of a new Credit Facility, or for any such surrender, cancellation, termination, amendment or modification of such Credit Facility. In any instance in which an Alternate Credit Facility is delivered to the Trustee or any Credit Facility is surrendered, cancelled, terminated, amended or modified in any material respect, the Trustee shall mail a written notice of such action to the Holders of the affected Series 2003-C Warrants, with such notice to be mailed (a) at least 15 days prior to the effective date of any such Alternate Credit Facility or (b) as soon as practicable in the case of any surrender, cancellation, termination, amendment or modification in any material respect of any existing Credit Facility.

Section 6.4 **Maintenance and Performance of Credit Facilities.** The County covenants (i) to maintain at all times a Credit Facility for Series 2003-C Warrants with respect to which a Liquidity Facility is in effect and (ii) to use its best efforts to cause each issuer of a Credit Facility to comply at all times with its obligations thereunder.

ARTICLE VII

APPLICATION OF PROCEEDS

Section 7.1 **Proceeds From Sale of Series 2003-C Warrants.** The proceeds from the sale of the Series 2003-C Warrants to the original purchaser or purchasers thereof shall be applied as follows:

(i) the sum of $12,624,179.10 shall be paid to Financial Guaranty as the premium for the FGIC Policy;

(ii) the sum of $3,852,937.16 shall be paid to FSA as the premium for the FSA Policy;

(iii) the sum of $956,533,786.59 shall be paid into the escrow fund established by the County to provide for the payment and redemption of the Refunded Warrants;

(iv) the sum of $71,259,695.88 shall be paid into the Initial Series 2003-C Account of the Debt Service Fund provided for in Section 10.2;

(v) the sum of $4,059,396.31 shall be paid to J.P. Morgan Securities Inc. as payment of its underwriting fee and related expenses;

(vi) the sum of $1,328,400.00 shall be paid to Banc of America Securities LLC as payment of its underwriting fee and related expenses; and

(vii) the balance shall be deposited in the Issuance Cost Account.

Section 7.2 **Issuance Cost Account**. There is hereby created a special account the full name of which shall be the "Series 2003-C Warrants Issuance Cost Account." The Issuance Cost Account shall be maintained as a separate account until the moneys in said account shall have been fully expended as hereinafter provided. The Trustee shall be the depository and disbursing agent for the Issuance Cost Account.

The County will apply the moneys in the Issuance Cost Account solely for payment of the Issuance Costs, as and when such costs become due and payable. The President of the Governing Body or any Authorized County Representative is hereby authorized and directed to cause the said costs to be paid, as promptly as may be feasible following the issuance of the Series 2003-C Warrants, by submitting to the Trustee requisitions signed by any one of said officers directing the payment of the costs specified in said requisition.

In the event the moneys deposited in or transferred to the Issuance Cost Account are not sufficient to pay all Issuance Costs, the President of the Governing Body is hereby authorized and directed to pay, out of any other funds of the County available therefor, the remainder of such costs. If any moneys remain in the Issuance Cost Account after the payment of all costs of issuing the Series 2003-C Warrants, the Trustee shall transfer such moneys to the Debt Service Fund upon receipt of a certificate signed by the President of the Governing Body or any Authorized County Representative stating that all expenses of issuing the Series 2003-C Warrants, to the extent known to or anticipated by the County, have been paid in full.

ARTICLE VIII

WARRANT PURCHASE FUND

Section 8.1 **Warrant Purchase Fund.** (a) There is hereby established a special trust fund which shall be designated the "Jefferson County Sewer System Series 2003-C Warrant Purchase Fund". The Tender Agent shall be the depository, custodian and disbursing agent for the Warrant Purchase Fund. Separate accounts shall be maintained within the Warrant Purchase Fund for each subseries of the Series 2003-C Warrants. So long as separate subseries exist, references in this Article VIII to deposits into and disbursements from the Warrant Purchase Fund shall be deemed to refer to each of the particular subseries accounts and the particular Liquidity Facility, remarketing efforts and Series 2003-C Warrants related thereto. In no event shall moneys derived from a Liquidity Facility applicable to a particular subseries be deposited into an account referable to a different subseries.

(b) There shall be deposited in the Warrant Purchase Fund, as and when received:

(1) the proceeds of any remarketing of Series 2003-C Warrants by the Remarketing Agent,

(2) money received by the Tender Agent from the Liquidity Provider pursuant to the Liquidity Facility with respect to the Purchase Price of Series 2003-C Warrants payable on the related purchase date, and

(3) all other money received by the Tender Agent when accompanied by directions that such money is to be deposited in the Warrant Purchase Fund.

(c) The Tender Agent is hereby authorized and directed to withdraw sufficient money from the Warrant Purchase Fund to pay the Purchase Price of Series 2003-C Warrants due on any purchase date.

(d) Funds for the payment of the Purchase Price of Series 2003-C Warrants shall be derived from the following sources in the order of priority indicated:

(1) **First,** proceeds from the remarketing of Series 2003-C Warrants.

(2) **Second,** money advanced under the Liquidity Facility.

(3) **Third,** any other money on deposit in the Warrant Purchase Fund.

Any money advanced under the Liquidity Facility shall be held in a separate, segregated account in the Warrant Purchase Fund and shall not be commingled with other money in the Warrant Purchase Fund. Such money shall be used only to pay the Purchase Price of Series 2003-C Warrants.

(e) On each purchase date money in the Warrant Purchase Fund from any source other than the Liquidity Facility remaining after payment of the Purchase Price of all Series 2003-C Warrants (or after segregating money for such purpose as provided in Section 8.2) shall be applied by the Tender Agent for the following purposes in the order of priority indicated:

(1) **First,** the Tender Agent shall reimburse the Liquidity Provider, prior to the close of business on such date, for the amount advanced under the Liquidity Facility for payment of the Purchase Price of Series 2003-C Warrants.

(2) **Second,** the balance, if any, shall be paid to the County.

(f) If proceeds from the remarketing of the Series 2003-C Warrants are deposited in the Warrant Purchase Fund after such purchase date, such proceeds shall be applied as provided in sub-section (e) of this section.

(g) Any moneys held in the Warrant Purchase Fund may be invested only in Federal Obligations (other than Treasury Receipts) that mature not later than the earlier of (i) thirty (30) days after the date of making such investment or (ii) the date on which such moneys will be needed to pay the Purchase Price of any Series 2003-C Warrants.

Section 8.2 **Money for Warrant Purchases to be Held in Trust; Repayment of Unclaimed Money.** (a) If money is on deposit in the Warrant Purchase Fund on any purchase date sufficient to pay the Purchase Price of the Series 2003-C Warrants to be paid on such date, but the Holder of any Series 2003-C Warrant fails to deliver such warrant to the Tender Agent for payment of such Purchase Price on such date, the Tender Agent shall segregate and hold in trust for the benefit of the person entitled thereto money sufficient to pay such Purchase Price due and payable on such Series 2003-C Warrant on such purchase date. Money so segregated and held in trust shall not be a part of the Trust Estate and shall not be invested, but shall constitute a separate trust fund for the benefit of the persons entitled to such Purchase Price.

(b) Any money held in trust by the Tender Agent for the payment of the Purchase Price of any Series 2003-C Warrant pursuant to subsection (a) of this section and remaining unclaimed for three years after such Purchase Price has become due and payable shall be paid to the County upon request of an Authorized County Representative; and the Holder of such Series 2003-C Warrant shall thereafter, as an unsecured general creditor, look only to the County for payment thereof, and all liability of the Tender Agent with respect to such trust money, and all liability of the County with respect thereto, shall thereupon cease; provided, however, that the Tender Agent, before being required to make any such payment to the County, may at the expense of the County cause to be published once, in a newspaper of general circulation in the city where the Office of the Tender Agent is located, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be paid to the County.

ARTICLE IX

PROVISIONS CONCERNING BOND INSURANCE

Section 9.1 **Payments Under the FGIC Policy.** (a) If, on the Business Day preceding any Interest Payment Date for the FGIC-Insured Warrants, there is not on deposit with the Trustee sufficient moneys available to pay all principal of and interest on the FGIC-Insured Warrants due on such date, the Trustee shall immediately notify Financial Guaranty and U.S. Bank Trust National Association, or its successor as Financial Guaranty's Fiscal Agent (the "Fiscal Agent"), of the amount of such deficiency. If, by said Interest Payment Date, the County has not provided the amount of such deficiency, the Trustee shall simultaneously make available to Financial Guaranty and to the Fiscal Agent the registration books for the FGIC-Insured Warrants maintained by the Trustee. In addition:

(i) the Trustee shall provide Financial Guaranty with a list of the Holders of the FGIC-Insured Warrants entitled to receive principal or interest payments from Financial Guaranty under the terms of the FGIC Policy and shall make arrangements for Financial Guaranty and its Fiscal Agent (1) to mail checks or drafts to the Holders of FGIC-Insured Warrants entitled to receive full or partial interest payments from Financial Guaranty and (2) to pay principal of the FGIC-Insured Warrants surrendered to the Fiscal Agent by the Holders thereof entitled to receive full or partial principal payments from Financial Guaranty; and

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

(b) In the event that the Trustee has notice that any payment of principal of or interest on a FGIC-Insured Warrant has been recovered from a Holder thereof pursuant to the United States

Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time it provides notice to Financial Guaranty, notify all Holders of FGIC-Insured Warrants that, in the event that any such Holder's payment is so recovered, such Holder will be entitled to payment from Financial Guaranty to the extent of such recovery, and the Trustee shall furnish to Financial Guaranty its records evidencing the payments of principal of and interest on the FGIC-Insured Warrants which have been made by the Trustee and subsequently recovered from Holders, and the dates on which such payments were made.

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

Section 9.2 **Information to be Provided to Financial Guaranty.** The County shall provide Financial Guaranty with the following information:

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

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

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

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

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

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

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

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

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

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

(vi) results of any annual engineering inspections.

(f) such additional information as Financial Guaranty may reasonably request from time to time.

Section 9.3 **Miscellaneous Special Provisions Respecting Financial Guaranty and the FGIC Policy.** (a) In determining whether a payment default has occurred or whether a payment on the FGIC-Insured Warrants has been made under the Indenture, no effect shall be given to payments made under the FGIC Policy.

(b) Financial Guaranty shall receive immediate notice of any default in payment of principal of or interest on the FGIC-Insured Warrants and notice of any other Event of Default known to the Trustee within 30 days of the Trustee's knowledge thereof.

(c) For all purposes of Article XIII of the Original Indenture, except the giving of notice of default to Holders of FGIC-Insured Warrants, Financial Guaranty shall be deemed to be the sole holder of the FGIC-Insured Warrants it has insured for so long as it has not failed to comply with its payment obligations under the FGIC Policy.

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

(e) Financial Guaranty shall be treated as a party in interest and as a party entitled to (i) notify the Trustee of the occurrence of an Event of Default and (ii) request the Trustee to intervene in judicial proceedings that affect the FGIC-Insured Warrants or the security therefor.

(f) Any amendment or supplement to the Indenture (other than a supplement that provides solely for the issuance of Additional Parity Securities and makes no other substantive amendments) shall be subject to the prior written consent of Financial Guaranty. Financial Guaranty shall be deemed to be the holder of all outstanding FGIC-Insured Warrants for the purpose of consenting to any proposed amendment or supplement to the Indenture (except for any such amendment or supplement that, under the provisions of the Indenture, requires the consent of the Holder of each outstanding FGIC-Insured Warrant). Any rating agency rating any of the FGIC-Insured Warrants must receive notice of each amendment or supplement hereafter executed and a copy thereof at least fifteen days in advance of its execution or adoption.

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

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

Financial Guaranty Insurance Company
125 Park Avenue
New York, New York 10017
Attention: General Counsel

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

Section 9.4 **Claims Upon the FSA Policy and Payments by and to FSA.** If, on the third business day prior to the related scheduled interest payment date or principal payment date ("Payment Date"), there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the FSA-Insured Warrants due on such Payment Date, the Trustee shall give notice to FSA and to its designated agent (if any) ("FSA's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such business day. If, on the second business

day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the FSA-Insured Warrants due on such Payment Date, the Trustee shall make a claim under the FSA Policy and give notice to FSA and FSA's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the FSA-Insured Warrants and the amount required to pay principal of the FSA-Insured Warrants, confirmed in writing to FSA and FSA's Fiscal Agent by 12:00 noon, New York City time, on such second business day by filling in the form of Notice of Claim and Certificate delivered with the FSA Policy.

In the event the claim to be made is for a mandatory sinking fund redemption installment, upon receipt of the moneys due, the Trustee shall authenticate and deliver to affected Warrantholders who surrender their FSA-Insured Warrants a new FSA-Insured Warrant or Warrants in an aggregate principal amount equal to the unredeemed portion of the FSA-Insured Warrants surrendered. The Trustee shall designate any portion of payment of principal on FSA-Insured Warrants paid by FSA, whether by virtue of mandatory sinking fund redemption, maturity or the advancement of maturity, on its books as a reduction in the principal amount of FSA-Insured Warrants registered to the then current Warrantholder, whether DTC or its nominee or otherwise, and shall issue a replacement FSA-Insured Warrant to FSA, registered in the name of Financial Security Assurance Inc., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement FSA-Insured Warrant shall have no effect on the amount of principal or interest payable by the County on any FSA-Insured Warrant or the subrogation rights of FSA.

The Trustee shall keep a complete and accurate record of all funds deposited by FSA into the Policy Payments Account and the allocation of such funds to payment of interest on and principal paid in respect of any FSA-Insured Warrant. FSA shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the FSA Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Warrantholders referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the FSA Policy in trust on behalf of Warrantholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Warrantholders in the same manner as principal and interest payments are to be made with respect to the FSA-Insured Warrants under the sections hereof regarding payment of Warrants. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee.

Any funds remaining in the Policy Payments Account following a Payment Date shall promptly be remitted to FSA.

Section 9.5 **Miscellaneous Special Provisions Respecting FSA and the FSA Policy.** (a) The succeeding provisions of this Section 9.5 shall be applicable and govern so long and only so long as the FSA Policy remains in effect, notwithstanding anything to the contrary set forth in other sections of the Indenture.

(b) FSA shall be deemed to be the sole Holder of the FSA-Insured Warrants insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Holders of the FSA-Insured Warrants insured by it are entitled to take pursuant to the article of the Indenture pertaining to defaults and remedies and the article of the Indenture pertaining to the duties and obligations of the Trustee.

(c) The maturity of FSA-Insured Warrants shall not be accelerated without the consent of FSA, and in the event the maturity of the FSA-Insured Warrants is accelerated, FSA may elect, in its sole discretion, to pay accelerated principal and interest accrued on such principal to the date of acceleration (to the extent unpaid by the County) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, FSA's obligations under the FSA Policy with respect to such FSA-Insured Warrants shall be fully discharged.

(d) No grace period for a covenant default shall exceed 30 days, nor be extended for more than 60 days, without prior written consent of FSA. No grace period shall be permitted for payment defaults.

(e) FSA shall be included as a third party beneficiary to the Indenture and shall be deemed to be the Bond Insurer for all purposes thereof with respect to the FSA-Insured Warrants.

(f) Upon the occurrence of an extraordinary optional or special mandatory redemption in part, the selection of FSA-Insured Warrants to be redeemed shall be subject to the approval of FSA.

(g) In the case of any FSA-Insured Warrants covered by a Liquidity Facility, FSA shall have the right to direct the County to convert such warrants, in accordance with the provisions of the Indenture, to the Fixed Rate Mode or the Auction Rate Mode in the event of the occurrence and continuation of any of the following: (i) a failure of the related Liquidity Facility Provider to purchase Series 2003-C Warrants in accordance with the provisions of its Liquidity Facility; (ii) the expiration or termination of such Liquidity Facility without replacement by an Alternate Liquidity Facility; (iii) FSA-Warrants are held as Bank Warrants pursuant to any such Liquidity Facility for an uninterrupted period of 45 days or longer; or (iv) FSA-Warrants held as Bank Warrants pursuant to any such Liquidity Facility bear interest at the maximum rate permitted thereby for an uninterrupted period of at least 30 days.

(h) In the case of any FSA-Insured Warrants in the Auction Rate Mode, FSA shall have the right to direct the County to convert such warrants, in accordance with the provisions of the Indenture, to the Fixed Rate Mode in the event that such Auction Rate Warrants bear interest at the Maximum Auction Rate or the Overdue Rate for the lesser of 60 consecutive days or two consecutive interest rate periods.

(i) Without the prior written consent of FSA, the County may not convert any FSA-Insured Warrants to a Term Rate without providing a Liquidity Facility that conforms to FSA's requirements.

(j) No modification or amendment to the Indenture (other than a supplement that provides solely for the issuance of Additional Parity Securities and makes no other substantive amendments) may become effective except upon obtaining the prior written consent of FSA. FSA shall be deemed to be the Holder of all outstanding FSA-Insured Warrants for the purpose of consenting to any proposed modification, amendment or supplement to the Indenture (except for any such modification, amendment or supplement that, under the provisions of the Indenture, requires the consent of the Holder of each outstanding FSA-Insured Warrant). Copies of any modification or amendment to the Indenture shall be sent to Moody's Investors Service, Inc. at least ten days prior to the effective date thereof.

(k) The rights granted to FSA under the Indenture to request, consent to or direct any action are rights granted to FSA in consideration of its issuance of the FSA Policy. Any exercise by FSA of such rights is merely an exercise of FSA's contractual rights and shall not be construed or deemed to be taken for the benefit or on behalf of the Warrantholders nor does such action evidence any position of FSA, positive or negative, as to whether Warrantholder consent is required in addition to consent of FSA.

(l) Rights of FSA to direct or consent to County, Trustee or Warrantholder actions under the Indenture shall be suspended during any period in which FSA is in default in its payment obligations under the FSA Policy (except to the extent of amounts previously paid by FSA and due and owing to FSA) and shall be of no force or effect in the event the FSA Policy is no longer in effect or FSA asserts that the FSA Policy is not in effect or FSA shall have provided written notice that it waives such rights.

(m) Amounts paid by FSA under the FSA Policy shall not be deemed paid for purposes of the Indenture and shall remain outstanding and continue to be due and owing until paid by the County in accordance with the Indenture.

(n) The Indenture shall not be discharged unless all amounts due or to become due to FSA have been paid in full or duly provided for.

(o) The County and the Trustee shall take such action as is required from time to time under applicable law to perfect or otherwise preserve the priority of the pledge of the trust estate.

(p) FSA shall, to the extent it makes any payment of principal or interest on the FSA-Insured Warrants, become subrogated to the rights of the recipients of such payments in accordance with the terms of the FSA Policy.

(q) The County shall pay or reimburse FSA any and all charges, fees, costs and expenses which FSA may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in the Indenture, (ii) the pursuit of any remedies under the Indenture or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture whether or not executed or completed, (iv) the violation by the County of any law, rule or regulation, or any judgment, order or decree applicable to it or (v) any litigation or other dispute in connection with the Indenture or the transactions contemplated thereby, other than amounts resulting form the failure of FSA to honor its obligations under the FSA Policy. FSA reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture.

(r) Payments required to be made to FSA shall be payable solely from the trust estate and shall be paid (i) prior to an Event of Default, to the extent not paid from the Debt Service Fund, after required deposits to the Reserve Fund and (ii) after an Event of Default, with respect to amounts other than principal and interest on the FSA-Insured Warrants, on the same priority as payments to the Trustee for expenses. The obligations to FSA shall survive discharge or termination of the Indenture.

(s) The County hereby covenants that, until the payment of all FSA-Insured Warrants, the sum of

(i) the aggregate principal amount of all then outstanding Variable Rate Securities (other than any Variable Rate Securities for which a then-effective floating-to-fixed Qualified Swap has been designated), and

(ii) the aggregate principal amount of Parity Securities for which then-effective fixed-to-floating Qualified Swaps have been designated,

will not exceed 30% of the aggregate principal amount of all then outstanding Parity Securities.

(t) The County covenants, for so long as the FSA-Insured Warrants remain outstanding, not to dispose of any part of the System with a value in excess of $10,000,000 unless the following conditions are satisfied: (i) FSA shall have received an opinion of an independent engineer that the property to be disposed of is not necessary to the operation of the System and that the Net Revenues Available For Debt Service in the prior year, on a pro forma basis after giving effect to such disposition, would have been sufficient to satisfy the rate covenant in such prior Fiscal Year, (ii) the unenhanced ratings of the System's indebtedness would not be reduced as a result of such disposition, and (iii) if the property to be disposed of in any one year would exceed 10% of the total depreciated value of the System, FSA shall have consented thereto.