
FOURTH SUPPLEMENTAL INDENTURE

between

JEFFERSON COUNTY, ALABAMA

and

THE BANK OF NEW YORK

Dated as of February 1, 2002

Relating to

\$110,000,000

JEFFERSON COUNTY, ALABAMA

**Sewer Revenue Capital Improvement Warrants
Series 2002-A**

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

RECITALS

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

Under the provisions of Article X of the Original Indenture, the County reserved the right to issue, upon compliance with the conditions precedent set forth in said Article X, additional warrants, bonds, notes or other forms of indebtedness (herein called "Additional Parity Securities"), to be secured on a parity with securities previously issued under the Indenture, for the purposes of refunding any outstanding obligations of the County issued to finance capital improvements to the System and of financing the costs of acquiring and constructing capital improvements to the System. The County has heretofore issued as Additional Parity Securities its (a) \$296,395,000 aggregate principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997 (herein called the "Series 1997-D Warrants"), (b) its \$952,695,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999 (herein called the "Series 1999-A Warrants"), and (c) its \$275,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001 (herein called the "Series 2001-A Warrants"). The Series 1997-D Warrants, the Series 1999-A Warrants and the Series 2001-A Warrants were issued under the Original Indenture, as supplemented and amended by the First Supplemental Indenture dated as of March 1, 1997 (herein called the "First Supplemental Indenture"), the Second Supplemental Indenture dated as of March 1, 1999 (herein called the "Second Supplemental Indenture"), and the Third Supplemental Indenture dated as of March 1, 2001 (herein called the "Third Supplemental Indenture"), between the County and the Trustee.

The County proposes to sell and issue the Series 2002-A Warrants hereinafter referred to in order to obtain funds to pay the costs of additional capital improvements to the System. The County

has, by proper official action and pursuant to the provisions of the Original Indenture (as heretofore supplemented), duly authorized said Series 2002-A Warrants, which are to be secured by the Original Indenture, as supplemented hereby and by the First, Second and Third Supplemental Indentures, on a parity with the outstanding Series 1997-A Warrants, Series 1997-B Warrants, Series 1997-C Warrants, Series 1997-D Warrants, Series 1999-A Warrants and Series 2001-A Warrants (herein together called the "Outstanding Parity Securities"). This Fourth Supplemental Indenture has been executed and delivered in order to specify the details with respect to said Series 2002-A Warrants and to provide for certain other matters set forth herein.

NOW, THEREFORE, THIS
FOURTH SUPPLEMENTAL INDENTURE

WITNESSETH:

It is hereby agreed among the County, the Trustee and the holders at any time of said Series 2002-A Warrants (the holders of said Series 2002-A Warrants evidencing their consent hereto by the acceptance of said Series 2002-A Warrants), each with each of the others, as follows:

ARTICLE I

DEFINITIONS, FINDINGS AND USE OF PHRASES

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

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control", when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Alternate Rate Index", when used with respect to the Remarketing Agent's failure to determine an interest rate on a required determination date for the Variable Rate Mode or the Flexible Rate Mode, means 85% of the Prime Commercial Paper A-1/P-1 (30-day) rate shown in the table captioned "Short-Term Tax-Exempt Yields" in the edition of *The Bond Buyer* (or a successor publication) published on the determination date or, if not published on such date, in the most recent published edition.

"Authorized Denominations" means (i) for Series 2002-A Warrants bearing interest at the Variable Rate or the Flexible Rate, \$100,000 or any larger amount that is a multiple of \$5,000, and (ii) for Series 2002-A Warrants bearing interest at a Term Rate, \$5,000 or any multiple thereof.

"Bank" means JPMorgan Chase Bank, together with its successors and assigns, until a Substitute Standby Purchase Agreement shall have been accepted by the Trustee, and thereafter "Bank" shall mean the provider of such Substitute Standby Purchase Agreement.

"Bank Event of Default" means an "Event of Default" as such term is defined in the Standby Purchase Agreement.

"Bank Indebtedness" means all indebtedness or obligations of the County to the Bank under the terms of the Indenture, the Bank Warrants or the Standby Purchase Agreement, whether now existing or hereafter arising.

"Bank Rate" has the meaning assigned to such term in the Standby Purchase Agreement; provided, however, that such rate shall not exceed the Cap Rate applicable to Bank Warrants.

"Bank Rate Interest Payment Date" means a date on which interest calculated according to the Bank Rate is payable with respect to a Bank Warrant.

"Bank Warrant" means a Series 2002-A Warrant owned by the Bank after purchase pursuant to the Standby Purchase Agreement.

"Bank Warrant Sale Price", when used with respect to a Bank Warrant that is remarketed, means the principal amount of such Series 2002-A Warrant plus interest accrued thereon at the Bank Rate to the date of remarketing of such Bank Warrant.

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

"Cap Rate" means (i) with respect to Series 2002-A Warrants other than Bank Warrants, 10% per annum, and (ii) with respect to Bank Warrants, 18% per annum.

"Conversion Date" means the day on which conversion from one Interest Rate Mode to a different Interest Rate Mode becomes effective.

"Costs of Issuance" means the expenses incurred by the County in connection with the issuance of the Series 2002-A Warrants, including legal, consulting, accounting and underwriting fees.

"Debt Service" means the principal, premium (if any) and interest payable on the Series 2002-A Warrants.

"Eligible Warrants", when used with respect to Tendered Warrants to be purchased pursuant to the Standby Purchase Agreement, has the meaning assigned to such term in the Standby Purchase Agreement.

"Expiration Date", when used with respect to any Standby Purchase Agreement, means the date on which the commitment of the Bank to purchase Series 2002-A Warrants actually terminates.

"Favorable Tax Opinion" means an Opinion of Counsel acceptable to the Trustee and the Bank stating in effect that the proposed action, together with any other changes with respect to the Series 2002-A Warrants made or to be made in connection with such action, will not cause interest on the Series 2002-A Warrants to become Taxable.

"Financing Documents" means the Indenture, the Remarketing Agreement and the Standby Purchase Agreement.

"Financing Participants" means the County, the Bank, the Trustee, the Remarketing Agent and the Tender Agent.

"Flexible Rate", when used with respect to any Series 2002-A Warrant in the Flexible Rate Mode, means the fixed interest rate borne by such Series 2002-A Warrant during a Flexible Rate Period.

"Flexible Rate Interest Payment Date", when used with respect to any Series 2002-A Warrant in the Flexible Rate Mode, means a date on which interest calculated at the Flexible Rate is payable on such Series 2002-A Warrant.

"Flexible Rate Mode" means the Interest Rate Mode in which a Series 2002-A Warrant bears interest at the Flexible Rate.

"Flexible Rate Period", when used with respect to any Series 2002-A Warrant in the Flexible Rate Mode, means a period established pursuant to Section 2.2(b) during which such Series 2002-A Warrant bears interest at a Flexible Rate established for such period.

"Fourth Supplemental Indenture" or "this Fourth Supplemental Indenture" means this Fourth Supplemental Indenture.

"Interest Payment Date", when used with respect to any installment of interest on a Series 2002-A Warrant, means the date specified herein and in such Series 2002-A Warrant as the fixed date on which such installment of interest is due and payable.

"Interest Rate Mode" means the Variable Rate Mode, the Flexible Rate Mode or the Term Rate Mode.

"Mandatory Tender" means a required tender of a Series 2002-A Warrant for purchase pursuant to Section 2.5.

"Mandatory Tender Date" means a date on which a Series 2002-A Warrant is to be purchased pursuant to a Mandatory Tender.

"Maturity", when used with respect to any Series 2002-A Warrant, means the date specified herein and in such Series 2002-A Warrant as the fixed date on which principal of such Series 2002-A Warrant is due and payable.

"Office of the Tender Agent" means the designated office of the Tender Agent for hand delivery of notices and other documents.

"Office of the Trustee" means the designated office of the Trustee for hand delivery of notices and other documents.

"Opinion of Counsel" means an opinion from an attorney or firm of attorneys with experience in the matters to be covered in the opinion. Except as otherwise expressly provided in this Fourth Supplemental Indenture, the attorney or attorneys rendering such opinion may be counsel for one or more of the Financing Participants.

"Optional Tender" means a tender of a Series 2002-A Warrant for purchase at the option of the Holder thereof pursuant to Section 2.4.

"Optional Tender Date" means a date on which a Series 2002-A Warrant is to be purchased pursuant to an Optional Tender.

"Post-Default Rate" means (i) when used with respect to any payment of Debt Service on any Series 2002-A Warrant, the rate specified in such Series 2002-A Warrant for overdue installments of Debt Service on such Series 2002-A Warrant, computed as provided in such Series 2002-A Warrant, (ii) when used with respect to all other payments due under this Indenture, a variable rate equal to the Trustee's prime rate plus 1%, computed on the basis of a 365 or 366-day year, as the case may be, for actual days elapsed, and (iii) when used with respect to any Bank Warrants or any amounts payable to the Bank under any of the Financing Documents, the Bank Rate plus 2%, computed on the basis of a 360-day year for the actual number of days elapsed.

"Purchase Price", when used with respect to a Tendered Warrant, means 100% of the principal amount of such Series 2002-A Warrant plus accrued interest to the Tender Date. If the Tender Date for a Series 2002-A Warrant is also an Interest Payment Date for such Series 2002-A Warrant, the interest due on such date shall not be considered part of the Purchase Price; rather, such interest shall be paid in accordance with the provisions of the Indenture governing regular interest payments.

"Regular Record Date" means (i) with respect to Series 2002-A Warrants in the Variable Rate Mode, the day immediately prior to the Variable Rate Interest Payment Date (whether or not a Business Day), (ii) with respect to Series 2002-A Warrants in the Flexible Rate Mode, the day immediately prior to the Flexible Rate Interest Payment Date (whether or not a Business Day) and (iii) with respect to Series 2002-A Warrants in the Term Rate Mode, the 15th day (whether or not a Business Day) of the month next preceding the Term Rate Interest Payment Date.

"Remarketing Agent" means J. P. Morgan Securities, Inc., or a successor Remarketing Agent that shall have become such pursuant to the applicable provisions of this Indenture.

"Remarketing Agreement" means the agreement entered into by the County and the Remarketing Agent.

"Reserve Policy" means the municipal bond debt service reserve fund policy issued by Financial Guaranty Insurance Company (the "Bond Insurer") simultaneously with the issuance of the Series 2002-A Warrants and deposited in the Reserve Fund established under the Indenture.

"Series 2002-A Insurance Policy" means the municipal bond insurance policy issued by the Bond Insurer that guarantees payment of principal of and interest on the Series 2002-A Warrants.

"Series 2002-A Issuance Costs" means the reasonable costs and expenses of issuing and selling the Series 2002-A Warrants, including, without limitation, the fees and expenses of Bond Counsel to the County, the Trustee's fees and expenses, the fees of any Rating Agency rating the Series 2002-A Warrants, bond insurance premiums, accounting fees, financial advisory fees, underwriters' commissions and discounts, the costs of printing the Official Statement for the Series 2002-A Warrants, and other usual and customary expenses.

"Series 2002-A Warrants" means the County's Sewer Revenue Capital Improvement Warrants, Series 2002-A, authorized to be issued in the aggregate principal amount of \$110,000,000.

"Standby Purchase Agreement" means that certain Standby Warrant Purchase Agreement dated as of February 1, 2002, among the Bank, the Trustee and the County, until a Substitute Standby Purchase Agreement shall have been accepted by the Trustee, and thereafter "Standby Purchase Agreement" shall mean such Substitute Standby Purchase Agreement.

"Stated Expiration Date", when used with respect to any Standby Purchase Agreement, means the date on which the obligation of the Bank to purchase Series 2002-A Warrants thereunder will expire by its terms. The Stated Expiration Date of any Standby Purchase Agreement may be extended as provided in Section 2.10(e).

"Substitute Standby Purchase Agreement" means an agreement for the purchase of Series 2002-A Warrants not remarketed that is accepted by the Trustee pursuant to the terms and conditions of Section 2.10.

"Taxable" means that for purposes of federal income taxation interest on the Series 2002-A Warrants is includible in the gross income of any Holder thereof for any reason. Interest on the Series 2002-A Warrants shall not be deemed "Taxable" because interest is includible in any calculation of income for purposes of an alternative minimum tax, a foreign branch profits tax or any other type of taxation other than the regular tax imposed on gross income.

"Tender Agent" means the Trustee, until a successor Tender Agent shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Tender Agent" shall mean such successor.

"Tender Date" means an Optional Tender Date or a Mandatory Tender Date, as the case may be.

"Tendered Warrants" means Series 2002-A Warrants tendered for purchase pursuant to the Optional or Mandatory Tender provisions of this Indenture.

"Term Rate", when used with respect to any Series 2002-A Warrant in the Term Rate Mode, means the fixed interest rate borne by such Series 2002-A Warrant during a Term Rate Period.

"Term Rate Interest Payment Date", when used with respect to any Series 2002-A Warrant in the Term Rate Mode, means a date on which interest calculated according to a Term Rate is payable on such Series 2002-A Warrant.

"Term Rate Mode" means the Interest Rate Mode in which the Series 2002-A Warrants bear interest at the Term Rate.

"Term Rate Period", when used with respect to any Series 2002-A Warrant in the Term Rate Mode, means a period established pursuant to Section 2.2(c) during which such Series 2002-A Warrant bears interest at a Term Rate established for such period.

"Unsurrendered Series 2002-A Warrant" means a Series 2002-A Warrant (or portion thereof) which is deemed purchased pursuant to the Optional or Mandatory Tender provisions hereof, but which has not been presented to the Tender Agent by the Holder thereof.

"Variable Rate", when used with respect to any Series 2002-A Warrant in the Variable Rate Mode, means the variable interest rate borne by such Series 2002-A Warrant while such Series 2002-A Warrant is in the Variable Rate Mode.

"Variable Rate Interest Payment Date", when used with respect to any Series 2002-A Warrant in the Variable Rate Mode, means a date on which interest calculated at the Variable Rate is payable on such Series 2002-A Warrant.

"Variable Rate Mode" means the Interest Rate Mode in which a Series 2002-A Warrant bears interest at the Variable Rate.

"Warrant Purchase Fund" means the fund established pursuant to Section 5.1.

"Warrant Register" means the register or registers for the registration and transfer of Parity Securities maintained by the Trustee pursuant to the Indenture.

"Wire Transfer" means payment by wire transfer to an account maintained at a bank located in the United States; provided, however, that any person entitled to receive any payment due under this Indenture by wire transfer must deliver adequate written instructions for such payment to the Trustee or Tender Agent, as the case may be.

"2002 System Improvements" means the System Improvements, the costs of which are to be financed, in whole or in part, through the issuance of the Series 2002-A Warrants.

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

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

(b) Purpose of the Series 2002-A Warrants. In order to comply with the requirements of the Consent Decree entered in those civil actions consolidated in the United States District Court, Northern District of Alabama, and styled *United States of America v. Jefferson County, Alabama, et al.*, Civil Action No. 94-G-2947-S, and *R. Allen Kipp, Jr., et al. and Cahaba River Society, Inc. v. Jefferson County, Alabama, et al.*, Civil Action No. 93-G-2492-S, and to otherwise provide for the expansion and improvement of the System, it is necessary, desirable and in the public interest for the County to issue the Series 2002-A Warrants to finance the costs of acquiring and constructing various System Improvements.

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

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

from the operation of the System except the Outstanding Parity Securities and certain related Qualified Swap transactions.

(e) Revenue Certificate. The County has provided the Trustee with a Revenue Certificate that satisfies the requirements of Section 10.2 of the Original Indenture with respect to the issuance of the Series 2002-A Warrants.

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

Section 1.4 Definitions Contained in the Original Indenture. Unless the context clearly indicates a different meaning, any words, terms or phrases that are used in this Fourth Supplemental Indenture as defined terms without being herein defined shall have the meanings respectively given them in the Original Indenture (subject to any amendments thereto made in the First, Second or Third Supplemental Indenture).

Section 1.5 References to the Parity Securities and the Indenture. The County and the Trustee acknowledge and agree that, from and after the issuance by the County of the Series 2002-A Warrants; any reference in the Original Indenture or in this Fourth Supplemental Indenture to the "Parity Securities" shall, unless the context clearly and unequivocally indicates otherwise, be construed to include the Outstanding Parity Securities, the Series 2002-A Warrants and any Additional Parity Securities hereafter issued.

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

ARTICLE II

THE SERIES 2002-A WARRANTS

Section 2.1 **Specific Title and Terms.** (a) Title and Amount. The Series 2002-A Warrants shall be entitled "Sewer Revenue Capital Improvement Warrants, Series 2002-A". The aggregate principal amount of the Series 2002-A Warrants which may be authenticated and delivered and outstanding is limited to \$110,000,000.

(b) Form and Number. The Series 2002-A Warrants shall be issuable as registered warrants without coupons in Authorized Denominations. The Series 2002-A Warrants shall be numbered separately from 1 upward.

(c) Maturity. The Series 2002-A Warrants shall mature on February 1, 2042.

(d) Date. The Series 2002-A Warrants shall be dated as of the date of initial delivery of the Series 2002-A Warrants.

(e) Interest Rates. Each Series 2002-A Warrant shall bear interest at the Variable Rate, the Flexible Rate or the Term Rate, as provided in Section 2.2. Different Series 2002-A Warrants may be in different Interest Rate Modes at the same time, subject to the terms and conditions of Section 2.3 regarding conversion. All Series 2002-A Warrants shall initially be issued in the Variable Rate Mode. Any Series 2002-A Warrant may from time to time be converted to a different Interest Rate Mode, as provided in Section 2.3. In the event of any conversion that results in different Series 2002-A Warrants being in different Interest Rate Modes at the same time, the Trustee or Tender Agent shall draw upon the Standby Purchase Agreement only to effect the purchase of Series 2002-A Warrants in the Interest Rate Mode or Modes then covered by the Standby Purchase Agreement. The Trustee shall specify on each Series 2002-A Warrant certificate, in the space provided, which Interest Rate Mode is in effect with respect to such Series 2002-A Warrant. If a Flexible Rate is in effect with respect to a Series 2002-A Warrant, the Trustee shall also specify on the certificate for such Series 2002-A Warrant the Flexible Rate and the beginning and end of the Flexible Rate Period. If a Term Rate is in effect with respect to a Series 2002-A Warrant, the Trustee shall also specify on the certificate for such Series 2002-A Warrant the Term Rate and the beginning and end of the Term Rate Period.

(f) Computation of Interest Accrual. The Series 2002-A Warrants shall bear interest from their date, or the most recent date to which interest has been paid or duly provided for, at the applicable rate per annum set forth in this Article. Interest at the Variable Rate shall be computed on the basis of a 365 or 366-day year, as the case may be, for the actual number of days elapsed. Interest at the Flexible Rate shall be computed on the basis of a 365 or 366-day year for the actual number of days elapsed. Interest at the Term Rate shall be computed on the basis of a 360-day year with 12 months of 30 days each. Interest at the Bank Rate shall be computed on the basis of a 365-

day year for the actual number of days elapsed. Interest shall accrue until each Interest Payment Date.

(g) Overdue Interest. Interest shall be payable on overdue principal on the Series 2002-A Warrants and (to the extent legally enforceable) on any overdue installment of interest on the Series 2002-A Warrants at the Post-Default Rate.

(h) Interest Payment Dates. Interest shall be payable in arrears on the following dates (each such date being herein called an "Interest Payment Date"):

(1) with respect to interest on any Series 2002-A Warrant payable at the Variable Rate, on (i) the first Business Day of each month while such Series 2002-A Warrant is in the Variable Rate Mode and (ii) the effective date of conversion of such Series 2002-A Warrant from the Variable Rate Mode to another Interest Rate Mode (each such date being herein called a "Variable Rate Interest Payment Date");

(2) with respect to interest on any Series 2002-A Warrant payable at the Flexible Rate, on the last day of each Flexible Rate Period (each such date being herein called a "Flexible Rate Interest Payment Date");

(3) with respect to interest on any Series 2002-A Warrant payable at the Term Rate, (i) on February 1 and August 1 in each year and (ii) on the last day of each Term Rate Period (each such date being herein called a "Term Rate Interest Payment Date");

(4) with respect to interest on any Bank Warrant (i) on the date such Series 2002-A Warrant is purchased by the Bank pursuant to the terms of the Standby Purchase Agreement, (ii) on the first Business Day of each month while such Series 2002-A Warrant is a Bank Warrant, (iii) on the date such Series 2002-A Warrant is remarketed, and (iv) at Maturity (if such Series 2002-A Warrant remains a Bank Warrant until Maturity); and

(5) with respect to interest at the Post-Default Rate, on the date demanded.

(i) Method of Payment. Except as otherwise provided in the following subsection or in Section 7.3 hereof, payment of interest on the Series 2002-A Warrants which is due on any Interest Payment Date shall be made by check or draft mailed by the Trustee to the persons entitled thereto at their addresses appearing in the Warrant Register. Such payments of interest shall be deemed timely made if so mailed on the Interest Payment Date (or, if such Interest Payment Date is not a Business Day, on the Business Day next following such Interest Payment Date). Payment of the principal of (and premium, if any, on) the Series 2002-A Warrants and payment of accrued interest

on the Series 2002-A Warrants due upon redemption on any date other than an Interest Payment Date shall be made only upon surrender thereof at the Office of the Trustee.

(j) **Wire Transfer Payment.** Upon the written request of a Holder of Series 2002-A Warrants in an aggregate principal amount of not less than \$100,000, the Trustee will make payment of the Debt Service due on such Series 2002-A Warrants by Wire Transfer, provided that:

(1) such request contains adequate instructions for the method of payment,
and

(2) payment of the principal of (and premium, if any, on) such Series 2002-A Warrants and payment of the accrued interest on such Series 2002-A Warrants due upon redemption on any date other than an Interest Payment Date shall be made only upon surrender of such Series 2002-A Warrants to the Trustee.

Section 2.2 Determination of Interest Rates, Flexible Rate Periods and Term Rate Periods. (a) **Variable Rate.** The Variable Rate for any Series 2002-A Warrant shall be a fluctuating rate per annum determined periodically by the Remarketing Agent while such Series 2002-A Warrant is in the Variable Rate Mode, subject to the following terms and conditions:

(1) The Variable Rate with respect to any Series 2002-A Warrant shall be determined on the date of initial issuance of the Series 2002-A Warrants (the "Issue Date") or on any date of conversion to the Variable Rate Mode and on the last Business Day before each Friday while such Series 2002-A Warrant is in the Variable Rate Mode.

(2) Interest accrual at the Variable Rate determined on the Issue Date or a Conversion Date shall begin on (and shall include) the Issue Date or such Conversion Date and shall continue at such Variable Rate until (but not including) the next Thursday. Thereafter, interest accrual at the Variable Rate shall begin on each Thursday (based on the Variable Rate determined on such Thursday or, if such Thursday is not a Business Day, on the Business Day preceding such Thursday) and shall continue at such rate until the next Thursday (or, if sooner, a Conversion Date); provided, however, that if the Remarketing Agent fails to determine the Variable Rate on any such determination date, the Alternate Rate Index shall be deemed to be the rate determined.

(3) The Variable Rate with respect to a Series 2002-A Warrant shall be determined by the Remarketing Agent and shall be the lowest interest rate that would, in the opinion of the Remarketing Agent, result in the market value of such Series 2002-A Warrant being 100% of the principal amount thereof on the date of such determination, taking into account relevant market conditions and credit rating factors

as they exist on such date; provided, however, that the Variable Rate may never exceed the Cap Rate.

(4) On each Variable Rate determination date with respect to a Series 2002-A Warrant the Remarketing Agent shall give telephonic notice to the Trustee of the Variable Rate so determined. Upon the request of the Holder of a Series 2002-A Warrant or any Financing Participant, the Trustee shall confirm (by telephone and in writing, if so requested) the Variable Rate then in effect.

(b) Flexible Rate and Flexible Rate Periods. The Flexible Rate for any Series 2002-A Warrant shall be a fixed rate per annum for each Flexible Rate Period. Flexible Rate Periods and the related Flexible Rate for each such period shall be determined by the Remarketing Agent from time to time while a Series 2002-A Warrant is in the Flexible Rate Mode, subject to the following terms and conditions:

(1) The duration of each Flexible Rate Period shall be established by the Remarketing Agent on the first day of each Flexible Rate Period with the advice of the County, unless the County fails to offer such advice in a timely manner, in which case the Remarketing Agent shall establish a Flexible Rate Period of such duration as the Remarketing Agent, in its judgment, estimates is likely to provide the lowest average interest rate on the Series 2002-A Warrant while the Series 2002-A Warrant is in the Flexible Rate Mode, taking into account relevant market conditions and credit rating factors as they exist on the date of determination. The duration of each Flexible Rate Period shall be subject to the following terms and conditions:

(A) A Flexible Rate Period may be any number of days from 1 to 270.

(B) Each Flexible Rate Period must end on a Business Day, but may in no event be longer than 270 days. If the final day of a Flexible Rate Period established is not in fact a Business Day, then such Flexible Rate Period shall be deemed to extend to the next day that is a Business Day.

(C) A Flexible Rate Period may not extend beyond (i) the Maturity of such Series 2002-A Warrant, (ii) the date set for redemption of such Series 2002-A Warrant, or (iii) the date set for conversion of such Series 2002-A Warrant to a different Interest Rate Mode.

(D) The Remarketing Agent shall not establish a Flexible Rate Period extending beyond the next scheduled redemption date unless, after giving effect to the Flexible Rate Period established, the aggregate amount of Series 2002-A Warrants in the Variable Rate Mode plus the aggregate amount of Series 2002-A Warrants in the Flexible Rate Mode with a Flexible

Rate Period ending on or prior to the next scheduled redemption date is not less than the aggregate principal amount of Series 2002-A Warrants to be redeemed on such date.

(E) If any Standby Purchase Agreement is to be effective during the Flexible Rate Period, after giving effect to such Flexible Rate Period the average interest coverage requirement (as defined below in this paragraph) for all Series 2002-A Warrants must be at least five days less than the number of days of interest coverage provided by the Standby Purchase Agreement. For purposes of this paragraph, the term "interest coverage requirement" means: (i) for any Series 2002-A Warrant in the Variable Rate Mode, 34 days; (ii) for any Series 2002-A Warrant in the Flexible Rate Mode, the number of days in the Flexible Rate Period then in effect with respect to such Series 2002-A Warrant; and (iii) for any Series 2002-A Warrant in the Term Rate Mode, 185 days. In addition, for purposes of determining the average interest coverage requirement, the requirement for each Series 2002-A Warrant shall be weighted according to the principal amount of such Series 2002-A Warrant.

(F) If any Standby Purchase Agreement is to be effective during the Flexible Rate Period, the Flexible Rate Period must end at least five days before the Stated Expiration Date of the Standby Purchase Agreement.

(G) If a Flexible Rate Period is in effect when a Series 2002-A Warrant is to be purchased pursuant to the Mandatory Tender provisions of Section 2.5(a)(4) (relating to notice of an event of default under the Standby Purchase Agreement), notwithstanding the Flexible Rate Period previously established with respect to such Series 2002-A Warrant, such Flexible Rate Period shall end on such Mandatory Tender Date.

(2) The Flexible Rate with respect to a Series 2002-A Warrant for the established Flexible Rate Period shall be determined by the Remarketing Agent on the first day of such Flexible Rate Period and shall be the lowest interest rate that would, in the opinion of the Remarketing Agent, result in the market value of such Series 2002-A Warrant being 100% of the principal amount thereof on the date of determination, taking into account relevant market conditions and credit rating factors as they exist on such date; provided, however, that the Flexible Rate may never exceed the Cap Rate.

(3) Interest accrual at the Flexible Rate for any Flexible Rate Period shall begin on (and shall include) the first day of the Flexible Rate Period and shall end on (but shall not include) the last day of the Flexible Rate Period.

(4) On the first day of each Flexible Rate Period with respect to a Series 2002-A Warrant, the Remarketing Agent shall give telephonic notice to the Trustee of the Flexible Rate and the Flexible Rate Period so determined. Upon the request of the Holder of a Series 2002-A Warrant or any Financing Participant, the Trustee shall confirm (by telephone and in writing, if so requested) the Flexible Rate and the Flexible Rate Period then in effect.

(5) On the last day of each Flexible Rate Period for a Series 2002-A Warrant, a new Flexible Rate Period and Flexible Rate shall be established for such Series 2002-A Warrant in accordance with the terms of this subsection unless the County has elected to convert such Series 2002-A Warrant to another Interest Rate Mode on such date.

(6) If the Remarketing Agent fails to establish a Flexible Rate and a Flexible Rate Period as provided in this subsection, a Flexible Rate Period extending to the next Business Day shall automatically be established, and the Flexible Rate for such period shall be the Alternate Rate Index.

(c) Term Rate and Term Rate Periods. The Term Rate for any Series 2002-A Warrant shall be a fixed rate per annum determined by the Remarketing Agent for a Term Rate Period specified by the County in the notice of conversion of such Series 2002-A Warrant to the Term Rate Mode, subject to the following terms and conditions:

(1) The duration of a Term Rate Period shall be limited as follows:

(A) A Term Rate Period may be any number of days greater than 270.

(B) A Term Rate Period (other than a Term Rate Period extending to Maturity) must end on a Business Day. If the final day of a Term Rate Period specified by the County is not in fact a Business Day, then such Term Rate Period shall be deemed to extend to the next day that is a Business Day.

(C) If any Standby Purchase Agreement is to be effective during the Term Rate Period, (i) the Standby Purchase Agreement must provide for payment of interest on the Series 2002-A Warrants in an amount equal to interest at the Cap Rate for 185 days (computed on the basis of a 360-day year) and must provide for payment of the maximum redemption premium (if any) payable during the Term Rate Period, and (ii) the Term Rate Period must end at least five days before the Stated Expiration Date of the Standby Purchase Agreement.

(D) If a Term Rate Period is in effect when a Series 2002-A Warrant is to be purchased pursuant to the Mandatory Tender provisions of Section 2.5(a)(4) (relating to notice of an event of default under the Standby Purchase Agreement), notwithstanding the Term Rate Period previously established with respect to such Series 2002-A Warrant, such Term Rate Period shall end on such Mandatory Tender Date.

(2) After receipt of notice that a Term Rate is to be established with respect to any Series 2002-A Warrant, but not later than the last Business Day prior to the proposed Conversion Date, the Remarketing Agent shall determine the interest rate for the Term Rate Period, which shall be the lowest interest rate that would, in the opinion of the Remarketing Agent, result in the market value of such Series 2002-A Warrant being 100% of the principal amount thereof on the date of such determination, taking into account relevant market conditions and credit rating factors as they exist on such date, and assuming that the Term Rate Period began on such date; provided, however, that the Term Rate may not exceed the Cap Rate.

(3) Interest accrual at the Term Rate for any Term Rate Period shall begin on (and shall include) the first day of the Term Rate Period and shall end on (but shall not include) the last day of the Term Rate Period.

(4) The Remarketing Agent shall give telephonic notice to the Trustee of the Term Rate so determined, and shall promptly confirm such notice in writing. Upon the request of the Holder of a Series 2002-A Warrant or any Financing Participant, the Trustee shall confirm (by telephone and in writing, if so requested) the Term Rate so determined.

(d) Rate Determination Conclusive. The interest rates determined by the Remarketing Agent as provided in this section shall be conclusive and binding on the Financing Participants.

(e) Bank Rate. Notwithstanding the Interest Rate Mode otherwise in effect when Series 2002-A Warrants are purchased by the Bank pursuant to the Standby Purchase Agreement, Bank Warrants shall bear interest at the Bank Rate. Interest on Bank Warrants is payable to the Bank or (if applicable) to any other Bank Warrantholder (as such term is defined in the Standby Purchase Agreement), notwithstanding any provisions herein regarding the Regular Record Date or Special Record Date. Interest accrual at the Bank Rate shall begin on (and shall include) the date such Series 2002-A Warrant is purchased by the Bank pursuant to the Standby Purchase Agreement and shall end on (but shall not include) the date such Series 2002-A Warrant is remarketed pursuant to Section 2.6 or redeemed in accordance with the provisions hereof.

Section 2.3 Conversion of Interest Rate Mode. (a) Automatic Conversion to Variable Rate Mode. The Interest Rate Mode on a Series 2002-A Warrant shall automatically convert to the Variable Rate Mode (i) on the last day of a Term Rate Period, unless the Interest Rate Mode is

effectively converted on such date to the Term Rate Mode for an additional Term Rate Period or to the Flexible Rate Mode; (ii) if such Series 2002-A Warrant is a Bank Warrant, on the date such warrant is remarketed, unless the Interest Rate Mode is effectively converted on such date to another Interest Rate Mode; and (iii) on the date proposed for conversion from one Interest Rate Mode to another if the County revokes its election to effect the conversion, as permitted in Section 2.3(e), or the conditions for such conversion are not satisfied.

(b) Optional Conversion to Variable Rate Mode. At the option of the County, any Series 2002-A Warrant may be converted from the Flexible Rate Mode to the Variable Rate Mode, subject to the following terms and conditions:

(1) The County must give the other Financing Participants notice of such conversion not less than 20 days prior to the proposed Conversion Date. Such notice must specify the Conversion Date and the principal amount and the certificate number of the Series 2002-A Warrant for which the conversion is requested.

(2) Less than the entire principal amount of a Series 2002-A Warrant may be converted if both the amount converted and the remaining portion of such Series 2002-A Warrant will be in Authorized Denominations.

(3) The Conversion Date must be a Flexible Rate Interest Payment Date.

(4) On the proposed Conversion Date the Trustee must receive a Favorable Tax Opinion.

(c) Optional Conversion to Flexible Rate Mode. At the option of the County, any Series 2002-A Warrant may be converted from another Interest Rate Mode to the Flexible Rate Mode, subject to the following terms and conditions:

(1) The County must give the other Financing Participants notice of such conversion not less than 20 days prior to the proposed Conversion Date. Such notice must specify the Conversion Date and the principal amount and the certificate number of the Series 2002-A Warrant for which the conversion is requested.

(2) Less than the entire principal amount of a Series 2002-A Warrant may be converted if both the amount converted and the remaining portion of such Series 2002-A Warrant will be in Authorized Denominations.

(3) If the Series 2002-A Warrant is being converted from the Variable Rate Mode, the Conversion Date may be any Business Day. If the Series 2002-A Warrant is being converted from the Term Rate Mode, the Conversion Date must be the last day of the Term Rate Period.

(4) On the proposed Conversion Date the Trustee must receive a Favorable Tax Opinion.

(d) Optional Conversion to Term Rate Mode. At the option of the County, any Series 2002-A Warrant may be converted from another Interest Rate Mode to the Term Rate Mode, and a new Term Rate Period may be established on the Business Day following the expiration of any existing Term Rate Period with respect to a Series 2002-A Warrant, subject to the following terms and conditions:

(1) The County must give the other Financing Participants notice of such conversion not less than 20 days prior to the proposed Conversion Date. Such notice must specify (i) the Conversion Date, (ii) the principal amount and the certificate number of the Series 2002-A Warrant for which the conversion is requested, and (iii) the Term Rate Period (subject to the requirements of Section 2.2(c)).

(2) Less than the entire principal amount of a Series 2002-A Warrant may be converted if both the amount converted and the remaining portion of such Series 2002-A Warrant will be in Authorized Denominations.

(3) If the Series 2002-A Warrant is being converted from the Variable Rate Mode, the Conversion Date may be any Business Day. If the Series 2002-A Warrant is being converted from the Flexible Rate Mode, the Conversion Date must be a Flexible Rate Interest Payment Date.

(4) On the proposed Conversion Date the Trustee must receive a Favorable Tax Opinion and the Substitute Standby Purchase Agreement (if any) that was to be delivered in connection with such conversion.

(e) Revocation of Election. The County may, at its option, revoke its election to convert a Series 2002-A Warrant from one Interest Rate Mode to another Interest Rate Mode by notice delivered to the other Financing Participants before such Series 2002-A Warrant is delivered to its Holder in the new Interest Rate Mode. In addition, if a Series 2002-A Warrant is being converted to the Term Rate Mode, the election to convert shall automatically be deemed revoked if the Remarketing Agent fails to establish the Term Rate or the Trustee and the Tender Agent do not receive confirmation from the Remarketing Agent that such Series 2002-A Warrant has been remarketed in the Term Rate Mode before the close of business on the proposed Conversion Date.

(f) Mandatory Tender Notwithstanding Failed Conversion. If a notice of Mandatory Tender is given by the Tender Agent in connection with a proposed conversion of a Series 2002-A Warrant to a different Interest Rate Mode, such Series 2002-A Warrant shall be subject to a Mandatory Tender on such date notwithstanding the revocation by the County of its election to effect such conversion or the failure to satisfy the conditions for such conversion.

(g) **Automatic Conversion to Bank Rate.** Notwithstanding any conversion or attempted conversion of a Series 2002-A Warrant pursuant to this section and notwithstanding the Interest Rate Mode otherwise in effect, on the date that any Series 2002-A Warrant is purchased by the Bank pursuant to the Standby Purchase Agreement such Series 2002-A Warrant shall begin to accrue interest at the Bank Rate. If an attempted conversion of the Interest Rate Mode on any Bank Warrant is not successful or if such Bank Warrant is not remarketed on the Conversion Date, such Series 2002-A Warrant shall continue to bear interest at the Bank Rate. When any Series 2002-A Warrant ceases to be a Bank Warrant such Series 2002-A Warrant shall bear interest at the Variable Rate unless such Series 2002-A Warrant is successfully converted on such date to another Interest Rate Mode.

Section 2.4 Optional Tenders. (a) The Holder of any Series 2002-A Warrant shall have the right to tender such Series 2002-A Warrant to the Tender Agent for purchase in whole or in part on any Business Day while such Series 2002-A Warrant is in the Variable Rate Mode (but not while such Series 2002-A Warrant is in the Term Rate Mode or the Flexible Rate Mode) at a Purchase Price equal to 100% of the principal amount of the Series 2002-A Warrant (or portion thereof) tendered plus accrued interest to the specified purchase date (an "Optional Tender Date"). In order to exercise such option with respect to any Series 2002-A Warrant, the Holder thereof must deliver notice thereof to the Tender Agent and the Remarketing Agent, as provided below in this section, at least seven days prior to the proposed Optional Tender Date.

(b) Any such notice of Optional Tender must be duly executed by the Warrantholder and must specify (i) the name of the registered Holder of the Series 2002-A Warrant to be tendered for purchase, (ii) the Optional Tender Date, (iii) the certificate number and principal amount of such Series 2002-A Warrant, and (iv) the principal amount of such Series 2002-A Warrant to be purchased (provided that, if such amount is less than the entire principal amount, both the amount to be purchased and the remaining amount must be in an Authorized Denomination). Such notice may be given to the Tender Agent and the Remarketing Agent in writing or by telephone, but no such telephonic notice shall be effective unless confirmed in writing delivered to the Tender Agent and the Remarketing Agent not more than two Business Days after such telephonic notice. The written notice of Optional Tender shall be substantially as set forth in Exhibit A or in such other form as shall be acceptable to the Tender Agent.

(c) If any notice of Optional Tender specifies an Optional Tender Date that is not a Business Day, then such notice shall be deemed to specify the next following Business Day as the Optional Tender Date. Unless a notice of Optional Tender indicates that less than the entire principal amount of the Series 2002-A Warrant is being tendered for purchase, the Holder will be deemed to have tendered the Series 2002-A Warrant in its entire principal amount for purchase.

(d) Promptly after receipt of any such telephonic or written notice of Optional Tender, the Tender Agent shall deliver written notice to the Trustee, the Remarketing Agent, the County and the Bank specifying (i) the principal amount and certificate number of the Series 2002-A Warrant

for which a notice of Optional Tender has been given and (ii) the proposed Optional Tender Date therefor.

(e) Upon delivery of a written notice of Optional Tender, the election to tender shall be irrevocable and binding upon such Holder and may not be withdrawn. The Tender Agent shall, in its sole discretion, determine whether, with respect to any Series 2002-A Warrant, the Holder thereof shall have properly exercised the option to have his Series 2002-A Warrant purchased pursuant to this section.

(f) If a written notice of tender shall have been duly given with respect to any Series 2002-A Warrant, the Holder of such Series 2002-A Warrant shall deliver such Series 2002-A Warrant to the Office of the Tender Agent on the Optional Tender Date, together with all necessary endorsements for transfer. If only a portion of such Series 2002-A Warrant is to be purchased (as a result of the exercise of the Optional Tender right only with respect to such portion), the County shall execute and the Tender Agent shall authenticate and deliver to the Holder of such Series 2002-A Warrant, without service charge, a new Series 2002-A Warrant or Warrants of the same Maturity and interest rate and of any Authorized Denomination or Denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unpurchased portion of the principal amount of the Series 2002-A Warrant surrendered. Any Series 2002-A Warrant (or portion thereof) that is to be so purchased but that is not so delivered to the Tender Agent (i.e., an Unsurrendered Series 2002-A Warrant) shall nevertheless be deemed to have been tendered by the Holder thereof on the Optional Tender Date.

(g) On each Optional Tender Date, the Tender Agent shall pay to the Holder of each Series 2002-A Warrant (or portion thereof) properly tendered for purchase an amount equal to 100% of the principal amount thereof plus accrued interest, if any. Funds for payment of the Purchase Price of such Series 2002-A Warrants shall be drawn by the Tender Agent from the Warrant Purchase Fund as provided in Section 5.1 of this Fourth Supplemental Indenture.

(h) If there has been irrevocably deposited in the Warrant Purchase Fund an amount sufficient to pay the Purchase Price of any Unsurrendered Series 2002-A Warrant, such Unsurrendered Series 2002-A Warrant shall be deemed to have been tendered for purchase and purchased from the Holder thereof on such Optional Tender Date and the Holder of such Unsurrendered Series 2002-A Warrant shall not be entitled to receive interest on such Unsurrendered Series 2002-A Warrant for any period on and after the Optional Tender Date. The Tender Agent shall issue a new Series 2002-A Warrant or Warrants in the same aggregate principal amount for any Unsurrendered Series 2002-A Warrant which is not tendered for purchase on any Optional Tender Date and, upon receipt by the Tender Agent of any such Unsurrendered Series 2002-A Warrant from the Holder thereof, shall pay, or cause to be paid, the Purchase Price of such Unsurrendered Series 2002-A Warrant to the Holder thereof and cancel such Unsurrendered Series 2002-A Warrant.

(i) Anything in this Fourth Supplemental Indenture to the contrary notwithstanding, Warrantholders may not exercise their Optional Tender rights at any time when the obligation of the

Bank to purchase Series 2002-A Warrants pursuant to the Standby Purchase Agreement has been suspended or terminated in accordance with the provisions of the Standby Purchase Agreement.

Section 2.5 Mandatory Tenders. (a) The Holder of each Series 2002-A Warrant shall be required to tender such Series 2002-A Warrant to the Tender Agent for purchase on the following dates (each such date being herein called a "Mandatory Tender Date"):

- (1) each Conversion Date with respect to such Series 2002-A Warrant;
- (2) the last day of a Term Rate Period with respect to such Series 2002-A Warrant;
- (3) the last day of a Flexible Rate Period with respect to such Series 2002-A Warrant;
- (4) 15 days after the Trustee receives written notice from the Bank (i) stating that the Bank has elected to terminate the Standby Purchase Agreement, upon notice and otherwise in accordance with the provisions of such agreement, as a consequence of the occurrence under the Standby Purchase Agreement of an Event of Default of a type that provides the Bank with the right to terminate (other than immediately) its purchase commitment under said agreement and (ii) directing that the Series 2002-A Warrants be purchased pursuant to the Mandatory Tender provisions of the Indenture;
- (5) on the Business Day immediately preceding any date proposed by the County for delivery of a Substitute Standby Purchase Agreement;
- (6) five days prior to the Stated Expiration Date of the Standby Purchase Agreement; and
- (7) on the Business Day immediately preceding any date when the County proposes to cancel the Standby Purchase Agreement pursuant to Section 2.11.

If any of such dates is not a Business Day, the Mandatory Tender Date shall be the next succeeding Business Day.

(b) No notice is required for a Mandatory Tender on the last day of a Flexible Rate Period or a Mandatory Tender on the last day of a Term Rate Period. Notice of any other Mandatory Tender shall be given by the Trustee by registered or certified mail, mailed to the Holder of each affected Series 2002-A Warrant at such Holder's address appearing on the Warrant Register not less than 12 days prior to the Mandatory Tender Date. Such notice of Mandatory Tender shall

- (1) specify the Mandatory Tender Date,

(2) state the reason for the Mandatory Tender (that is, the applicable event listed in subsection (a) of this section),

(3) state the amount of such Series 2002-A Warrant subject to Mandatory Tender, and

(4) state that such Series 2002-A Warrant shall be delivered by the Holder thereof to the Office of the Tender Agent on such Mandatory Tender Date, together with all necessary endorsements for transfer, and that such Series 2002-A Warrant (or the portion thereof to be purchased) shall be purchased on such Mandatory Tender Date at a Purchase Price equal to 100% of the principal amount thereof plus accrued interest, if any, and that, if such Series 2002-A Warrant is not so delivered to the Tender Agent, such Series 2002-A Warrant (or the portion thereof to be purchased) shall nevertheless be deemed to have been tendered for purchase by the Holder thereof on the Mandatory Tender Date.

(c) Any Series 2002-A Warrant subject to Mandatory Tender shall be tendered by the Holder thereof for purchase on the Mandatory Tender Date by delivering such Series 2002-A Warrant to the Office of the Tender Agent, together with all necessary endorsements for transfer. If only a portion of such Series 2002-A Warrant is to be purchased (as a result of conversion of only a portion of such Series 2002-A Warrant to another Interest Rate Mode), the County shall execute and the Tender Agent shall authenticate and deliver to the Holder of such Series 2002-A Warrant, without service charge, a new Series 2002-A Warrant or Warrants of the same Maturity and interest rate and of any Authorized Denomination or Denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unpurchased portion of the principal amount of the Series 2002-A Warrant surrendered. Any such Series 2002-A Warrant (or portion thereof) that is to be so purchased but that is not so delivered to the Tender Agent on the Mandatory Tender Date (i.e., an Unsurrendered Series 2002-A Warrant) shall nevertheless be deemed to have been tendered for purchase by the Holder thereof on the Mandatory Tender Date.

(d) On the Mandatory Tender Date with respect to any Series 2002-A Warrant, the Tender Agent shall pay to the Holder of such Series 2002-A Warrant an amount equal to 100% of the principal amount thereof plus accrued interest, if any. Funds for payment of the Purchase Price of such Series 2002-A Warrant shall be drawn by the Tender Agent from the Warrant Purchase Fund as provided in Section 5.1 of this Fourth Supplemental Indenture.

(e) If there has been irrevocably deposited in the Warrant Purchase Fund an amount sufficient to pay the Purchase Price of any Unsurrendered Series 2002-A Warrant, such Unsurrendered Series 2002-A Warrant shall be deemed to be tendered for purchase and purchased from the Holder thereof on such Mandatory Tender Date and the Holder of such Unsurrendered Series 2002-A Warrant shall not be entitled to receive interest on such Unsurrendered Series 2002-A Warrant for any period on and after the relevant Mandatory Tender Date. The Tender Agent shall issue a new Series 2002-A Warrant or Warrants in the same aggregate principal amount for any

Unsurrendered Series 2002-A Warrant which is not tendered for purchase on any Mandatory Tender Date and, upon receipt by the Tender Agent of any such Unsurrendered Series 2002-A Warrant from the Holder thereof, shall pay, or cause to be paid, the Purchase Price of such Unsurrendered Series 2002-A Warrant to the Holder thereof and cancel such Unsurrendered Series 2002-A Warrant.

(f) After notice of a Mandatory Tender has been given by the Tender Agent with respect to any Series 2002-A Warrant, such Series 2002-A Warrant shall be subject to Mandatory Tender notwithstanding the fact that the reasons for giving such notice cease to exist or are no longer applicable.

(g) If the Trustee receives notice that an Insurer Event of Default (as such term is defined in the Standby Purchase Agreement) exists under the Standby Purchase Agreement, or that the Bank is otherwise no longer obligated to purchase Eligible Warrants under the terms of the Standby Purchase Agreement, the Trustee shall promptly notify the Holders of the Series 2002-A Warrants and the other Financing Participants that such notice has been received and that Series 2002-A Warrants tendered for purchase pursuant to the Mandatory Tender provisions of the Indenture will no longer be purchased by the Bank. The Series 2002-A Warrants shall nevertheless be subject to Mandatory Tender under such circumstances in accordance with this section, but the Purchase Price of Series 2002-A Warrants so tendered will be paid only from remarketing proceeds or funds contributed by the County.

Section 2.6 Purchase and Remarketing of Series 2002-A Warrants. (a) The Remarketing Agent will use its best efforts to remarket all Series 2002-A Warrants tendered or deemed to be tendered for purchase pursuant to the Optional or Mandatory Tender provisions hereof, subject to the provisions of subsections (g) and (h) of this section.

(b) Promptly after arranging for the remarketing of any Series 2002-A Warrant, the Remarketing Agent shall give the Tender Agent notice specifying, with respect to the purchaser of such Series 2002-A Warrant, (i) such purchaser's name, address and taxpayer identification number and (ii) the principal amount and denomination of the Series 2002-A Warrant to be purchased. In no event shall any such purchaser of remarketed Series 2002-A Warrants be the County or an Affiliate of the County. The Remarketing Agent shall make appropriate settlement arrangements with the purchaser of such remarketed Series 2002-A Warrant and shall direct such purchaser by appropriate instructions to pay the Purchase Price of such Series 2002-A Warrant to the Tender Agent. The Tender Agent shall deposit the proceeds of any such remarketing in the Warrant Purchase Fund.

(c) On the Tender Date with respect to any Series 2002-A Warrant (or portion thereof) the Tender Agent shall pay the Purchase Price to the Holder of such Series 2002-A Warrant. The Tender Agent shall pay such Purchase Price from money on deposit in the Warrant Purchase Fund; provided that the Tender Agent shall not pay the Purchase Price of any Unsurrendered Series 2002-A Warrant, unless and until the Holder of such Unsurrendered Series 2002-A Warrant presents such Unsurrendered Series 2002-A Warrant to the Tender Agent. Any Series 2002-A Warrant so

purchased by the Tender Agent shall be delivered by the Tender Agent in accordance with this section.

(d) The Tender Agent shall hold any Series 2002-A Warrant delivered to it pursuant to the Optional or Mandatory Tender provisions hereof in trust solely for the benefit of the Holder who shall have so delivered such Series 2002-A Warrant until money representing the Purchase Price of such Series 2002-A Warrant shall have been delivered to or for the account of such Holder.

(e) Any Series 2002-A Warrant purchased by the Tender Agent with money advanced under the Standby Purchase Agreement (herein referred to as a "Bank Warrant") shall be held by the Tender Agent for the benefit of the Bank, or shall be delivered to the Bank at the Bank's request, subject to the following terms and conditions:

(1) If such Bank Warrant is remarketed, the Tender Agent delivers the Bank Warrant Sale Price to the Bank and the Bank confirms to the Tender Agent that the Bank's purchase commitment with respect to such warrant under the Standby Purchase Agreement has been reinstated, then such Series 2002-A Warrant shall no longer be considered a "Bank Warrant" and the Trustee shall register such Series 2002-A Warrant as directed by the Remarketing Agent.

(2) If such Bank Warrant is purchased from the Bank by the County and the Tender Agent receives written confirmation from the Bank that the Bank Warrant Sale Price has been paid to the Bank and that the purchase commitment of the Bank with respect to such warrant under the Standby Purchase Agreement has been reinstated, then such Series 2002-A Warrant shall no longer be considered a "Bank Warrant" and the Trustee shall register and deliver such Series 2002-A Warrant as directed by the County.

(f) Any Series 2002-A Warrant purchased by the Tender Agent with money deposited in the Warrant Purchase Fund by the County shall be registered and delivered by the Trustee as directed by the County.

(g) Notwithstanding any other provision of this Fourth Supplemental Indenture, if any Series 2002-A Warrant is purchased pursuant to the Optional or Mandatory Tender provisions of this Fourth Supplemental Indenture and the Standby Purchase Agreement has expired or terminated (or will expire or terminate within 20 days after such Optional or Mandatory Tender has been effected), such Series 2002-A Warrant may not be sold or remarketed unless either (A) such Series 2002-A Warrant will be subject to a Mandatory Tender, subsequent to the date of such remarketing but prior to the expiration or termination of the Standby Purchase Agreement, and such Series 2002-A Warrant is delivered with a copy of the notice of such Mandatory Tender, or (B) (i) the Trustee and the Tender Agent receive a Favorable Tax Opinion, and (ii) the Trustee, the Tender Agent and the County receive an Opinion of Counsel stating in effect that the remarketing of such Series 2002-A

Warrant under such circumstances will not be in violation of any federal or state laws regarding registration of, or other filing in connection with the issuance or sale of, securities.

(h) Notwithstanding any other provision of this Fourth Supplemental Indenture, if the Series 2002-A Warrants are purchased pursuant to the Mandatory Tender provisions of Section 2.5(a)(4), the Series 2002-A Warrants may not be remarketed unless the Trustee and the Tender Agent receive a Favorable Tax Opinion.

(i) Any Series 2002-A Warrant remarketed that has been called for redemption shall be delivered with a copy of the redemption notice, and any Series 2002-A Warrant remarketed as to which notice of Mandatory Tender has been given shall be delivered with a copy of the notice of Mandatory Tender.

(j) Any Series 2002-A Warrant purchased pursuant to the Optional Tender or Mandatory Tender provisions of this Indenture shall not, by virtue of such purchase, be deemed paid or cancelled, but shall remain outstanding until fully paid.

Section 2.7 Form of Series 2002-A Warrants. The Series 2002-A Warrants and the certificate of authentication shall be substantially as set forth in Exhibit B, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture.

Section 2.8 Execution, Authentication, Delivery and Dating. (a) The Series 2002-A Warrants shall be executed on behalf of the County by the President of its governing body under its official seal reproduced thereon and attested by the Minute Clerk of its governing body. The signature of any of these officers on the Series 2002-A Warrants may be manual or, to the extent permitted by law, facsimile. Series 2002-A Warrants bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the County shall bind the County, notwithstanding that such individuals or any of them shall have ceased to hold such offices prior to the authentication and delivery of such Series 2002-A Warrants or shall not have held such offices at the date of such Series 2002-A Warrants.

(b) At any time and from time to time after the execution and delivery of this Fourth Supplemental Indenture, the County may deliver Series 2002-A Warrants executed by the County to the Trustee for authentication and the Trustee shall authenticate and deliver such Series 2002-A Warrants as in this Fourth Supplemental Indenture provided and not otherwise.

(c) No Series 2002-A Warrant shall be secured by, or be entitled to any lien, right or benefit under, the Indenture or be valid or obligatory for any purpose, unless there appears on such Series 2002-A Warrant a certificate of authentication substantially in the form provided for herein, executed by the Trustee by manual signature, and such certificate upon any Series 2002-A Warrant shall be conclusive evidence, and the only evidence, that such Series 2002-A Warrant has been duly authenticated and delivered hereunder.

Section 2.9 Authentication and Delivery of Series 2002-A Warrants to Original Purchasers. Upon the execution and delivery of this Fourth Supplemental Indenture, Series 2002-A Warrants in the aggregate principal amount authorized in this article may be executed by the County and delivered to the Trustee for authentication, and such Series 2002-A Warrants shall thereupon be authenticated and delivered by the Trustee to the original purchaser or purchasers thereof, upon order executed by an Authorized County Representative.

Section 2.10 Substitute Standby Purchase Agreement. (a) The County may at any time and from time to time deliver another agreement (a "Substitute Standby Purchase Agreement") to the Trustee in substitution for the Standby Purchase Agreement then held by the Trustee, provided that

(1) such Substitute Standby Purchase Agreement complies with the applicable conditions set forth in Section 2.10(b);

(2) if Bank Warrants are outstanding on the date of substitution, the Bank certifies that all conditions of the existing Standby Purchase Agreement applicable to its replacement by a Substitute Standby Purchase Agreement have been satisfied;

(3) simultaneously with the delivery of such Substitute Standby Purchase Agreement the County delivers to the Trustee any related documentation required by Section 2.10(c) (the "Related Documentation"); and

(4) the County gives the Trustee, the Tender Agent, the Remarketing Agent and the Bank 30 days' prior notice of such substitution, which notice must specify a Business Day on which such substitution will occur.

(b) Each Substitute Standby Purchase Agreement delivered to the Trustee pursuant to this section must be substantially in the same form and of the same tenor as the initial Standby Purchase Agreement, except as otherwise provided in this section.

(c) Each Substitute Standby Purchase Agreement delivered to the Trustee must be accompanied by the following (herein referred to as the "Related Documentation"), to the extent applicable:

(1) a Favorable Tax Opinion;

(2) so long as the Bond Insurer has not failed to comply with its payment obligations under the Series 2002-A Insurance Policy, the written consent of the Bond Insurer to the delivery of such Substitute Standby Purchase Agreement;

(3) an Opinion of Counsel stating in effect that such Substitute Standby Purchase Agreement is a valid and binding obligation of the County and the substitute Bank;

(4) an Opinion of Counsel acceptable to the Trustee stating in effect that such substitution complies with the applicable provisions of the Indenture; and

(5) with respect to each rating then applicable to the Series 2002-A Warrants, either (A) confirmation from the Rating Agency that issued such rating that such rating will not be withdrawn or revised as a consequence of the delivery of such Substitute Standby Purchase Agreement, or (B) certification from the County to the effect that, upon and after the delivery of such Substitute Standby Purchase Agreement, the Series 2002-A Warrants will not bear such rating and any offering materials pertaining to the Series 2002-A Warrants will reflect the absence of such rating.

(d) Any purchase of Series 2002-A Warrants that, under the terms of the Indenture, is to be made pursuant to the Standby Purchase Agreement on or prior to the effective date of a Substitute Standby Purchase Agreement shall be made under the existing Standby Purchase Agreement. At the close of business on the effective date of any Substitute Standby Purchase Agreement, the Trustee shall return the existing Standby Purchase Agreement to the County and the Bank obligated under such agreement, provided that any purchases under such existing Standby Purchase Agreement required on or prior to such date have been consummated.

(e) The Stated Expiration Date of any Standby Purchase Agreement may be extended by the Bank by delivery to the Trustee of an amendment or other document (if any) in the form required by such Standby Purchase Agreement. Such an extension shall not require the delivery of the Related Documentation required in connection with a Substitute Standby Purchase Agreement.

Section 2.11 Cancellation of Standby Purchase Agreement. (a) The County may cancel any Standby Purchase Agreement then in effect on any date specified by the County upon 30 days' prior notice to the Trustee, the Tender Agent, the Bond Insurer, the Remarketing Agent and the Bank; provided, however, that:

(1) no such cancellation may be effected unless (i) all Series 2002-A Warrants have been converted to a Term Rate for a Term Rate Period extending to their maturity or (ii) the cancellation date is for all Series 2002-A Warrants a Conversion Date, a Flexible Rate Interest Payment Date or the last day of a Term Rate Period;

(2) the County delivers to the Trustee a Favorable Tax Opinion; and

(3) the Trustee shall not cancel the Standby Purchase Agreement unless any purchases under the Standby Purchase Agreement required on or prior to the cancellation date have been consummated.

(b) The Standby Purchase Agreement may not be terminated with respect to only a portion of the Series 2002-A Warrants at the time secured thereby.

ARTICLE III

REDEMPTION OF SERIES 2002-A WARRANTS

Section 3.1 **When Series 2002-A Warrants Are Subject to Redemption.** The Series 2002-A Warrants may be redeemed prior to Maturity at the option of the County as follows:

(A) On any Interest Payment Date when a Series 2002-A Warrant is in the Variable Rate Mode, on any Flexible Rate Interest Payment Date with respect to a Series 2002-A Warrant, and on any Conversion Date with respect to a Series 2002-A Warrant, such Series 2002-A Warrant may be redeemed in whole or in part at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the date of redemption.

(B) Series 2002-A Warrants in the Term Rate Mode are not subject to optional redemption during any Term Rate Period of 5 years or less. During any Term Rate Period of more than 5 years with respect to a Series 2002-A Warrant, such Series 2002-A Warrant may be redeemed in whole or in part on or after the First Optional Call Date (as defined below) at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the date of redemption plus a redemption premium (expressed as a percentage of principal amount redeemed) equal to whichever of the following shall be applicable: 2% if the date of redemption is on or after the First Optional Call Date but prior to the first anniversary of the First Optional Call Date; 1% if the date of redemption is on or after the first anniversary of the First Optional Call Date but prior to the second anniversary of the First Optional Call Date; and without premium if the date of redemption is on or after the second anniversary of the First Optional Call Date. For any Term Rate Period of more than 5 years but not more than 10 years, the First Optional Call Date shall be the fifth anniversary of the beginning of the Term Rate Period. For any Term Rate Period of more than 10 years but not more than 20 years, the First Optional Call Date shall be the anniversary of the beginning of the Term Rate Period that is on or immediately after the midpoint of such Term Rate Period. For any Term Rate Period of more than 20 years, the First Optional Call Date shall be the tenth anniversary of the beginning of the Term Rate Period.

Section 3.2 **Election to Redeem; Notice to Trustee.** The election of the County to exercise any right of optional redemption shall be evidenced by notice to the Trustee from an Authorized County Representative. The notice of election to redeem must be received by the Trustee at least 60 days prior to the date fixed for redemption (unless a shorter notice is acceptable to the Trustee) and

shall specify (i) the principal amount of Series 2002-A Warrants to be redeemed (if less than all Series 2002-A Warrants outstanding may be redeemed pursuant to such option) and (ii) the redemption date, subject to the provisions of the Indenture with respect to the permitted period for such redemption.

Section 3.3 Selection by Trustee of Series 2002-A Warrants to be Redeemed. (a) Subject to the provisions of subsection (b) of this section, if less than all Series 2002-A Warrants are to be redeemed, the particular Series 2002-A Warrants to be redeemed shall be selected by the Trustee not less than 30 nor more than 60 days prior to the redemption date from the outstanding Series 2002-A Warrants then eligible for redemption by lot or by such other method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (in Authorized Denominations) of the principal of Series 2002-A Warrants in a denomination larger than the smallest Authorized Denomination.

(b) Notwithstanding any other provision of this Fourth Supplemental Indenture, all Bank Warrants eligible for redemption shall be redeemed before any other Series 2002-A Warrants are redeemed.

(c) The Trustee shall promptly notify the County and the Tender Agent of the Series 2002-A Warrants selected for redemption and, in the case of any Series 2002-A Warrant selected for partial redemption, the principal amount thereof to be redeemed.

(d) For all purposes of the Indenture, unless the context otherwise requires, all provisions relating to the redemption of Series 2002-A Warrants shall relate, in the case of any Series 2002-A Warrant redeemed or to be redeemed only in part, to the portion of the principal of such Series 2002-A Warrant which has been or is to be redeemed.

Section 3.4 Notice of Redemption. (a) Unless waived by the Holders of all Series 2002-A Warrants then outstanding to be redeemed, notice of redemption shall be given by registered or certified mail, mailed not less than 30 nor more than 60 days prior to the redemption date, to each Holder of Series 2002-A Warrants to be redeemed, at his address appearing in the Warrant Register.

(b) All notices of redemption shall state:

- (1) the redemption date,
- (2) the redemption price,
- (3) the principal amount of Series 2002-A Warrants to be redeemed, and, if less than all outstanding Series 2002-A Warrants are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2002-A Warrants to be redeemed,

(4) that on the redemption date the redemption price of each of the Series 2002-A Warrants to be redeemed will become due and payable and that the interest thereon shall cease to accrue from and after said date,

(5) the place or places where the Series 2002-A Warrants to be redeemed are to be surrendered for payment of the redemption price, and

(6) unless moneys or securities (or a combination thereof) sufficient to provide for the payment in full of the redemption price on the redemption date are then held by the Trustee, a statement to the effect that such redemption is conditioned upon the Trustee's receipt, in a timely manner, of the moneys required to pay the applicable redemption price and that, in the event that such moneys are not so received by the Trustee, such redemption will not occur.

(c) Notice of redemption of Series 2002-A Warrants shall be given by the County or, at the County's request, by the Trustee in the name and at the expense of the County.

Section 3.5 Deposit of Redemption Price. On or before the applicable redemption date, an amount of money sufficient to pay the redemption price of all the Series 2002-A Warrants which are to be redeemed on that date shall be deposited with the Trustee. Such money shall be held in trust in the Debt Service Fund (or in another trust fund established for such purpose) for the benefit of the persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

Section 3.6 Series 2002-A Warrants Payable on Redemption Date. (a) Notice of redemption having been given as aforesaid, the Series 2002-A Warrants to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the County shall default in the payment of the redemption price) such Series 2002-A Warrants shall cease to bear interest. Upon surrender of any such Series 2002-A Warrant for redemption in accordance with said notice, such Series 2002-A Warrant shall be paid by the County at the redemption price. Installments of interest due on or prior to the redemption date shall be payable to the Holders of the Series 2002-A Warrants registered as such on the relevant record dates according to the terms of such Series 2002-A Warrants and the provisions of the Indenture.

(b) If any Series 2002-A Warrant called for redemption shall not be paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the redemption date at the Post-Default Rate.

Section 3.7 Series 2002-A Warrants Redeemed in Part. Unless otherwise provided herein, any Series 2002-A Warrant which is to be redeemed only in part shall be surrendered at the Office of the Trustee with all necessary endorsements for transfer, and the County shall execute and the Trustee shall authenticate and deliver to the Holder of such Series 2002-A Warrant, without service charge, a new Series 2002-A Warrant or Series 2002-A Warrants of the same Maturity and interest rate and of any Authorized Denomination or Denominations as requested by such Holder in

aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Series 2002-A Warrant surrendered.

ARTICLE IV

APPLICATION OF PROCEEDS

Section 4.1 Proceeds From Sale of Series 2002-A Warrants. The proceeds from the sale of the Series 2002-A Warrants to the original purchaser or purchasers thereof (net of underwriter's discount) shall be applied as follows:

- (i) the sum of \$797,037.27 shall be paid to the Bond Insurer as the premium for the Series 2002-A Insurance Policy;
- (ii) the sum of \$111,320.00 shall be paid to the Bond Insurer as the premium for the Reserve Policy;
- (iii) the amount necessary for payment of the initial fee due under the Standby Purchase Agreement shall be paid to the Bank; and
- (iv) the balance shall be deposited in the 2002 Construction Fund.

Section 4.2 Agreement to Construct 2002 System Improvements. The County will proceed continuously and with reasonable dispatch with the acquisition, construction and installation of the various System Improvements that constitute part of the County's Sanitary Sewer Capital Improvement Program. The County will complete the acquisition, construction and installation of the 2002 System Improvements, including the acquisition of such real estate (and interests therein) as may be necessary therefor, as soon as may be practicable, delays incident to strikes, riots, acts of God and the public enemy and similar acts beyond the reasonable control of the County only excepted. The County will promptly pay, as and when due, all expenses incurred in said acquisition, construction and installation.

Section 4.3 Creation of 2002 Construction Fund; Purposes for Which Moneys Therein May Be Expended. There is hereby created a special trust fund, the full name of which shall be the "Jefferson County Sewer System 2002 Construction Fund," for the purpose of providing funds for the acquisition, construction and installation of the 2002 System Improvements. The Trustee shall be and remain the depository, custodian and disbursing agent for the 2002 Construction Fund. The moneys in the 2002 Construction Fund shall be paid out from time to time by the Trustee for the following purposes only and only upon presentation of requisitions as described in Section 4.4 hereof:

- (a) payment of Series 2002-A Issuance Costs;

(b) payment of the reasonable expenses and charges of the Trustee in connection with the 2002 Construction Fund;

(c) payment for labor, services, materials, supplies and equipment furnished in acquiring, constructing and installing the 2002 System Improvements;

(d) payment of the costs of acquiring any real estate (including easements and other interests therein) for the construction or installation thereon of any part or parts of the 2002 System Improvements; and

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

Section 4.4 Payments from the 2002 Construction Fund. All requisitions for disbursements from the 2002 Construction Fund shall be signed by an Authorized County Representative and shall (a) state the amount required to be paid and the name and address of the Person to whom payment is to be made, (b) describe in reasonable detail the particular Improvement Cost or issuance expense to be paid, and (c) certify that the purpose for which such payment is to be made is a purpose for which 2002 Construction Fund moneys are authorized under the Fourth Supplemental Indenture to be expended.

In addition to the documents required by this section the Trustee may require as a condition precedent to any disbursement further evidence with respect thereto or with respect to the application of any moneys previously disbursed or as to the correctness of any statement made in any requisition. Upon the written request of the Holders of at least ten percent (10%) of the aggregate principal amount of the Parity Securities, the Trustee shall require such evidence. The Trustee shall, however, be under no duty to require such evidence unless so requested. The Trustee shall not be liable for any misapplication of moneys in the 2002 Construction Fund if disbursed pursuant to the provisions of this section and without actual knowledge that such disbursement constituted a misapplication of funds.

Section 4.5 Security for 2002 Construction Fund Moneys. The moneys at any time on deposit in the 2002 Construction Fund shall be and at all times remain public funds impressed with a trust for the purposes specified in Section 4.3 hereof. The Trustee shall at all times keep the moneys on deposit in the 2002 Construction Fund continuously secured, for the benefit of the County and the Holders of the Parity Securities, either

(a) by holding on deposit, as collateral security, Federal Obligations, or other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency, having a market value (exclusive of accrued interest) not less than the amount of moneys on deposit in the 2002 Construction Fund, or

(b) if the furnishing of security in the manner provided by the foregoing clause (a) of this section is not permitted by the then applicable law and regulations, then in such other manner as may be required or permitted by the then applicable state and federal laws and regulations respecting the security for, or granting a preference in the case of, the deposit of trust funds;

provided, however, that it shall not be necessary for the Trustee so to secure any portion of the moneys on deposit in the 2002 Construction Fund (i) that is invested in Federal Obligations or pursuant to an agreement described in clause (v) of the definition of "Eligible Investments" in the Original Indenture, or (ii) that is insured by the Federal Deposit Insurance Corporation or any agency of the United States of America that may succeed to its functions.

Section 4.6 Investment of 2002 Construction Fund. As promptly as practicable following the execution and delivery of this Fourth Supplemental Indenture and from time to time thereafter, the County will furnish to the Trustee a written certificate stating the approximate dates when the moneys on deposit in the 2002 Construction Fund will be needed for the various purposes for which such fund is being created. Promptly after receipt of each such certificate, the Trustee will, at the direction of the County and to the extent practicable, cause the 2002 Construction Fund moneys to be invested in Eligible Investments having stated maturities in such amounts and at such times, prior to or corresponding with the amounts and dates specified in said certificate, as to make available from the 2002 Construction Fund cash moneys sufficient to meet the needs of the 2002 Construction Fund as specified in said certificate. Any such certificate may contain either specific or general instructions from the County as to the kind of Eligible Investments in which the presently unneeded moneys in the 2002 Construction Fund are to be invested, and the Trustee will comply with such instructions to the extent that they are not inconsistent with the applicable provisions hereof; provided that the County shall not direct the Trustee to make any investment of moneys in the 2002 Construction Fund that would result in any of the Parity Securities being considered "arbitrage bonds" within the meaning of Section 103(b)(2) and Section 148 of the Code and the applicable regulations thereunder. In the event of any such investment, the securities in which such moneys are so invested, together with all income derived therefrom, shall become a part of the 2002 Construction Fund to the same extent as if they were moneys originally deposited therein. The Trustee may at any time and from time to time sell or otherwise convert into cash any such securities, whereupon the net proceeds therefrom shall become a part of the 2002 Construction Fund. The Trustee shall be fully protected in making any such investment, sale or conversion in accordance with the provisions of this section. In any determination of the amount of moneys at any time forming a part of the 2002 Construction Fund, all such securities in which any portion of the 2002 Construction Fund is at the time so invested shall be included therein at their then market value.

Notwithstanding any other provisions of the Indenture, the Trustee shall not be responsible for (i) determining whether or not any investment of moneys in the 2002 Construction Fund (or in any of the other Indenture Funds) complies with the limitations imposed by Section 148 of the Code and the regulations thereunder or (ii) calculating the amount of, or making any payment of, any rebate due to the United States of America.

ARTICLE V

WARRANT PURCHASE FUND

Section 5.1 **Warrant Purchase Fund.** (a) There is hereby established a special trust fund which shall be designated the "Jefferson County Sewer System Series 2002-A Warrant Purchase Fund". The Tender Agent shall be the depository, custodian and disbursing agent for the Warrant Purchase Fund.

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

(1) the proceeds of any remarketing of Series 2002-A Warrants by the Remarketing Agent,

(2) money received by the Tender Agent from the Bank pursuant to the Standby Purchase Agreement with respect to the Purchase Price of Eligible Warrants payable on the related Tender Date,

(3) all other money required to be deposited in the Warrant Purchase Fund pursuant to the Indenture, and

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

(c) The Tender Agent is hereby authorized and directed to withdraw sufficient money from the Warrant Purchase Fund to pay the Purchase Price of Series 2002-A Warrants due on any Tender Date.

(d) Funds for the payment of the Purchase Price of Series 2002-A Warrants shall be derived from the following sources in the order of priority indicated:

(1) **First**, proceeds from the remarketing of Series 2002-A Warrants.

(2) **Second**, money advanced under the Standby Purchase Agreement.

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

Not later than one hour before the applicable notice deadline under the Standby Purchase Agreement, the Tender Agent shall determine the amount of remarketing proceeds already on deposit in the Warrant Purchase Fund and shall advise the Trustee of such amount. After such determination, the Trustee shall give the notice to the Bank required under the Standby Purchase Agreement for purchase of Eligible Warrants on such Tender Date for which remarketing proceeds are not available.

Any money advanced under the Standby Purchase Agreement shall be held in a separate, segregated account in the Warrant Purchase Fund and shall not be commingled with other money in the Warrant Purchase Fund. Such money shall be used only to pay the Purchase Price of Eligible Warrants.

(e) On each Tender Date money in the Warrant Purchase Fund from any source other than the Standby Purchase Agreement remaining after payment of the Purchase Price of all Series 2002-A Warrants (or after segregating money for such purpose as provided in Section 5.2) shall be applied by the Tender Agent for the following purposes in the order of priority indicated:

(1) **First**, the Tender Agent shall reimburse the Bank, prior to the close of business on such Tender Date, for the amount advanced under the Standby Purchase Agreement for payment of the Purchase Price of Series 2002-A Warrants.

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

(f) If proceeds from the remarketing of the Series 2002-A Warrants are deposited in the Warrant Purchase Fund after such Tender Date, such proceeds shall be applied as provided in subsection (e) of this section.

(g) Any moneys held in the Warrant Purchase Fund may be invested only in Federal Obligations that mature not later than the earlier of (i) thirty (30) days after the date of making such investment or (ii) the date on which such moneys will be needed to pay the Purchase Price of any Series 2002-A Warrants.

Section 5.2 Money for Warrant Purchases to be Held in Trust; Repayment of Unclaimed Money. (a) If money is on deposit in the Warrant Purchase Fund on any Tender Date sufficient to pay the Purchase Price of the Series 2002-A Warrants to be paid on such Tender Date, but the Holder of any Unsurrendered Warrant fails to deliver such warrant to the Tender Agent for payment of such Purchase Price on such Tender Date, the Tender Agent shall segregate and hold in trust for the benefit of the person entitled thereto money sufficient to pay such Purchase Price due and payable on such Series 2002-A Warrant on such Tender Date. Money so segregated and held in trust shall not be a part of the Trust Estate and shall not be invested, but shall constitute a separate trust fund for the benefit of the persons entitled to such Purchase Price.

(b) Any money held in trust by the Tender Agent for the payment of the Purchase Price of any Series 2002-A Warrant pursuant to subsection (a) of this section and remaining unclaimed for three years after such Purchase Price has become due and payable shall be paid to the County upon request of an Authorized County Representative; and the Holder of such Series 2002-A Warrant shall thereafter, as an unsecured general creditor, look only to the County for payment thereof, and all liability of the Tender Agent with respect to such trust money, and all liability of the County with respect thereto, shall thereupon cease; provided, however, that the Tender Agent, before being required to make any such payment to the County, may at the expense of the County cause to be published once, in a newspaper of general circulation in the city where the Office of the Tender Agent

is located, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be paid to the County.

ARTICLE VI

PROVISIONS CONCERNING THE SERIES 2002-A INSURANCE POLICY

Section 6.1 Payments Under the Series 2002-A Insurance Policy. (a) If, on the Business Day preceding any Interest Payment Date for the Series 2002-A Warrants, there is not on deposit with the Trustee sufficient moneys available to pay all principal of and interest on the Series 2002-A Warrants due on such date, the Trustee shall immediately notify the Bond Insurer and State Street Bank and Trust Company, N.A., New York, New York, or its successor as the Bond Insurer's Fiscal Agent (the "Fiscal Agent"), of the amount of such deficiency. If, by said Interest Payment Date, the County has not provided the amount of such deficiency, the Trustee shall simultaneously make available to the Bond Insurer and to the Fiscal Agent the registration books for the Series 2002-A Warrants maintained by the Trustee. In addition:

(i) the Trustee shall provide the Bond Insurer with a list of the Holders of the Series 2002-A Warrants entitled to receive principal or interest payments from the Bond Insurer under the terms of the Series 2002-A Insurance Policy and shall make arrangements for the Bond Insurer and its Fiscal Agent (1) to mail checks or drafts to the Holders of Series 2002-A Warrants entitled to receive full or partial interest payments from the Bond Insurer and (2) to pay principal of the Series 2002-A Warrants surrendered to the Fiscal Agent by the Holders thereof entitled to receive full or partial principal payments from the Bond Insurer; and

(ii) the Trustee shall, at the time it makes the registration books available to the Bond Insurer, notify Holders entitled to receive payment of principal of or interest on the Series 2002-A Warrants from the Bond Insurer (1) as to the fact of such entitlement, (2) that the Bond Insurer will remit to them all or part of the interest payments coming due subject to the terms of the Series 2002-A Insurance Policy, (3) that, except as provided in paragraph (b) below, in the event that any Holder of Series 2002-A Warrants is entitled to receive full payment of principal from the Bond Insurer, such Holder must tender his Series 2002-A Warrant to the Fiscal Agent with the instrument of transfer in the form provided on the Series 2002-A Warrant executed in the name of the Bond Insurer, and (4) that, except as provided in paragraph (b) below, in the event that such Holder is entitled to receive partial payment of principal from the Bond Insurer, such Holder must tender his Series 2002-A Warrant for payment first to the Trustee, which shall note on such Series 2002-A Warrant the portion of principal paid by the Trustee, and then, with an acceptable form of assign-

ment executed in the name of the Bond Insurer, to the Fiscal Agent, which will then pay the unpaid portion of principal to the Holder subject to the terms of the Series 2002-A Insurance Policy.

(b) In the event that the Trustee has notice that any payment of principal of or interest on a Series 2002-A Warrant has been recovered from a Holder thereof pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time it provides notice to the Bond Insurer, notify all Holders of Series 2002-A Warrants that, in the event that any such Holder's payment is so recovered, such Holder will be entitled to payment from the Bond Insurer to the extent of such recovery, and the Trustee shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the Series 2002-A Warrants which have been made by the Trustee and subsequently recovered from Holders, and the dates on which such payments were made.

(c) The Bond Insurer shall, to the extent it makes payment of principal of or interest on the Series 2002-A Warrants, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 2002-A Insurance Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books maintained by the Trustee upon receipt from the Bond Insurer of proof of the payment of interest thereon to the Holders of such Series 2002-A Warrants and (2) in the case of subrogation as to claims for past due principal, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books for the Series 2002-A Warrants maintained by the Trustee upon receipt of proof of the payment of principal thereof to the Holders of such Series 2002-A Warrants. Notwithstanding anything in the Indenture or the Series 2002-A Warrants to the contrary, the Trustee shall make payment of such past due interest and past due principal directly to the Bond Insurer to the extent that the Bond Insurer is a subrogee with respect thereto.

Section 6.2 Information to be Provided to the Bond Insurer. The County shall provide the Bond Insurer with the following information:

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

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

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

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

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

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

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

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

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

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

(vi) results of any annual engineering inspections.

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

Section 6.3 Miscellaneous Special Provisions Respecting the Bond Insurer and the Series 2002-A Insurance Policy. (a) In determining whether a payment default has occurred or whether a payment on the Series 2002-A Warrants has been made under the Indenture, no effect shall be given to payments made under the Series 2002-A Insurance Policy.

(b) The Bond Insurer shall receive immediate notice of any default in payment of principal of or interest on the Series 2002-A Warrants and notice of any other Event of Default known to the Trustee within 30 days of the Trustee's knowledge thereof.

(c) The Trustee shall, if and to the extent that there are no other available moneys held under the Indenture, use moneys in the 2002 Construction Fund to pay principal of or interest on the Series 2002-A Warrants.

(d) For all purposes of Article XIII of the Original Indenture, except the giving of notice of default to Holders of Series 2002-A Warrants, the Bond Insurer shall be deemed to be the sole holder of the Series 2002-A Warrants it has insured for so long as it has not failed to comply with its payment obligations under the Series 2002-A Insurance Policy.

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

(f) The Bond Insurer shall be treated as a party in interest and as a party entitled to (i) notify the Trustee of the occurrence of an Event of Default and (ii) request the Trustee to intervene in judicial proceedings that affect the Series 2002-A Warrants or the security therefor.

(g) Any amendment or supplement to the Indenture shall be subject to the prior written consent of the Bond Insurer. The Bond Insurer shall be deemed to be the holder of all outstanding Series 2002-A Warrants for the purpose of consenting to any proposed amendment or supplement to the Indenture (except for any such amendment or supplement that, under the provisions of the Indenture, requires the consent of the Holder of each outstanding Series 2002-A Warrant). Any rating agency rating any of the Series 2002-A Warrants must receive notice of each amendment or supplement hereafter executed and a copy thereof at least fifteen days in advance of its execution or adoption.

(h) Without the prior written consent of the Bank, neither the County nor the Trustee shall take any of the following actions, or consent to or approve the taking of any such actions by any other party: the surrender, cancellation, termination, amendment or modification in any material respect of the Series 2002-A Insurance Policy, or the substitution of an entity other than Financial Guaranty as the insurer of the timely payment of the principal of and interest on the Series 2002-A Warrants.

(i) So long as the Bond Insurer has not failed to comply with its payment obligations under the Series 2002-A Insurance Policy, the Trustee shall not accelerate the maturity of the Series 2002-A Warrants without the prior written consent of the Bond Insurer.

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

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

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

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

Section 6.4 Special Provisions Respecting the Bond Insurer and the Standby Purchase Agreement. (a) If at any time the long-term ratings for the debt obligations of the Bank providing the then effective Standby Purchase Agreement drop below "A-" (in the case of the rating assigned by Standard & Poor's) or "A3" (in the case of the rating assigned by Moody's), the County will, if requested in writing to do so by the Bond Insurer, with a copy to the Trustee, and within sixty (60) days of its receipt of such request in writing, replace such then effective Standby Purchase Agreement with a Substitute Standby Purchase Agreement acceptable to and approved by the Bond Insurer and in compliance with the requirements of Section 2.10 hereof.

(b) To the extent that the Pledged Revenues are pledged to secure the payment and performance by the County of its obligations under the initial Standby Purchase Agreement or any Substitute Standby Purchase Agreement, the County hereby agrees that such pledge in favor of the Bank shall be on a parity with the pledge made in the Indenture to secure the payment of principal of and interest on Parity Securities only to the extent that such pledge in favor of the Bank secures the payment of (i) the periodic commitment fee payable to the Bank (including any and all accrued interest thereon) and (ii) the principal of and interest on Bank Warrants. All other amounts owed under the Standby Purchase Agreement shall be payable on a subordinated basis to payment of principal and interest on the Parity Securities, replenishment of any debt service reserve fund and payment of the fees of the Trustee.

(c) The County and the Trustee hereby agree that, upon receipt of notice of the occurrence of either of the following events, the Series 2002-A Warrants will be converted in accordance with the provisions of Section 2.3(d) to the Term Rate Mode for a Term Rate Period extending until the maturity date of the Series 2002-A Warrants:

(i) the termination of the Standby Purchase Agreement as a result of the occurrence of an event of default under the Standby Purchase Agreement that, under the provisions thereof, either (A) causes such agreement to terminate immediately or (B) provides the Bank with the right to terminate its purchase commitment under such agreement upon the delivery of a specified notice to the Trustee; or

(ii) thirty (30) days prior to the termination or expiration date of the then effective Standby Purchase Agreement (if, by such date, either (x) no Substitute

Standby Purchase Agreement has been obtained by the County and approved by the Bond Insurer or (y) no short-term bond ratings that are to be effective after the termination or expiration date of the then effective Standby Purchase Agreement and that are acceptable to the Bond Insurer have been obtained).

Upon the occurrence of any of the events described in either (i) or (ii), the Trustee is hereby directed and authorized to take such actions, in the name and on behalf of the County, as shall be necessary or appropriate to cause such conversion of the Series 2002-A Warrants to the Term Rate Mode in accordance with the provisions of the Fourth Supplemental Indenture.

Any conversion to the Term Rate Mode pursuant to this subsection (c) will be on terms and at a fixed interest rate that will permit the effective remarketing of all then outstanding Series 2002-A Warrants (including Bank Warrants) at par. If such a remarketing cannot be effected on such terms, the Series 2002-A Warrants shall continue to bear interest at a Variable Rate until such time as such a conversion to the Term Rate Mode and related remarketing can be effected. The parties agree that the Remarketing Agent will be directed to attempt such a remarketing of fixed rate Series 2002-A Warrants on a weekly basis until either (I) the specified conversion and related remarketing are accomplished or (II) the Bond Insurer consents to the discontinuation of such efforts.

The Holder of each Series 2002-A Warrant required to be tendered hereunder shall tender such Series 2002-A Warrant in accordance with the provisions of Section 2.5 hereof. The Trustee shall comply with the procedures set forth in Section 2.3(d) and Section 2.5 hereof.

ARTICLE VII

MISCELLANEOUS

Section 7.1 Confirmation of Indenture. All the terms, covenants and conditions of the Indenture are hereby in all things confirmed, and they shall remain in full force and effect. Further, the County does hereby confirm the pledge made in the Indenture with respect to the revenues derived from all properties now or hereafter constituting a part of the System, including specifically, without limiting the generality of the foregoing, all properties acquired as a part of the System since the execution and delivery of the Original Indenture.

For the purposes specified in Section 2.1 of the Original Indenture, the County does hereby grant, bargain, sell and convey, assign, transfer and pledge to and with the Trustee the moneys deposited in the 2002 Construction Fund, together with any investments and reinvestments of such moneys and the income or proceeds thereof; subject, however, to the disbursement of all moneys at any time held in the 2002 Construction Fund for application in accordance with the provisions of this Fourth Supplemental Indenture.

Section 7.2 Debt Service Fund Deposits Referable to Series 2002-A Warrants. In order to provide funds for the payment of the principal of and the interest on the Series 2002-A Warrants, there shall be transferred or paid into the Debt Service Fund, out of moneys held in the Revenue Account, the following amounts at the following times:

(1) on or before each Interest Payment Date with respect to the Series 2002-A Warrants, an amount equal to the interest becoming due with respect to the then outstanding Series 2002-A Warrants on such Interest Payment Date; and

(2) on or before February 1, 2042, an amount equal to the principal amount of Series 2002-A Warrants maturing on such date.

The Debt Service Fund deposits required by this Section 7.2 shall be in addition to the deposits respecting the Outstanding Parity Securities required by the Original Indenture and by the First, Second and Third Supplemental Indentures.

Section 7.3 Book-Entry Procedures Applicable to Series 2002-A Warrants. (a) Except as provided in Section 7.3(c) hereof, the registered owner of all of the Series 2002-A Warrants shall be The Depository Trust Company ("DTC") and the Series 2002-A Warrants shall be registered in the name of Cede & Co., as nominee of DTC. Payment of interest for any Series 2002-A Warrant registered as of a Record Date in the name of Cede & Co. shall be made by wire transfer to the account of Cede & Co. on the Interest Payment Date at the address indicated on the Record Date for Cede & Co. in the registry books of the County kept by the Trustee.

(b) The Series 2002-A Warrants shall be initially issued in the form of a single authenticated fully registered warrant in the principal amount of \$110,000,000 and with a stated maturity of February 1, 2042. Upon initial issuance, the ownership of such Series 2002-A Warrant shall be registered in the registry book of the County kept by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee and the County may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2002-A Warrants registered in its name for the purposes of payment of the principal or redemption price of or interest on such Series 2002-A Warrants, selecting such Series 2002-A Warrants or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders of Series 2002-A Warrants under the Indenture, registering the transfer of Series 2002-A Warrants, obtaining any consent or other action to be taken by Holders of Series 2002-A Warrants and for all other purposes whatsoever; and neither the Trustee nor the County shall be affected by any notice to the contrary. Neither the Trustee nor the County shall have any responsibility or obligation to any DTC participant, any Person claiming a beneficial ownership interest in the Series 2002-A Warrants under or through DTC or any DTC participant, or any other Person which is not shown on the registration books of the County kept by the Trustee as being a Holder of Series 2002-A Warrants. The County and the Trustee shall have no responsibility with respect to the accuracy of any records maintained by DTC, Cede & Co. or any DTC participant with respect to any ownership interest in the Series 2002-A Warrants; the payment by DTC or any DTC participant to any beneficial owner of any amount in respect of the principal or redemption price of

or interest on the Series 2002-A Warrants; the delivery to any DTC participant or any beneficial owner of any notice which is permitted or required to be given to Holders of the Series 2002-A Warrants under the Indenture; the selection by DTC or any DTC participant of any Person to receive payment in the event of a partial redemption of the Series 2002-A Warrants; or the authority for any consent given or other action taken by DTC as the Holder of Series 2002-A Warrants. The Trustee shall pay all principal of and premium, if any, and interest on the Series 2002-A Warrants only to Cede & Co., as nominee of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to the principal of and premium, if any, and interest on such Series 2002-A Warrants to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co. and direction to effect such change on the registry books maintained by the Trustee, the term "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(c) In the event the County determines that it is in the best interest of the beneficial owners of the Series 2002-A Warrants that they be able to obtain warrant certificates, the County may notify DTC and the Trustee of the availability through DTC of warrant certificates. In such event, the Trustee shall issue, transfer and exchange warrant certificates as requested by DTC and any other Holders of Series 2002-A Warrants in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 2002-A Warrants at any time by giving notice to the County and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the County and Trustee shall be obligated to deliver warrant certificates as described in the Indenture. In the event warrant certificates are issued to Holders of the Series 2002-A Warrants other than DTC, the provisions of Article V of the Original Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the County and the Trustee to do so, the County and the Trustee will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2002-A Warrants to any DTC participant having Series 2002-A Warrants credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2002-A Warrants.

(d) Notwithstanding any other provision of the Indenture to the contrary, so long as any Series 2002-A Warrant is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such Series 2002-A Warrant and all notices with respect to such Series 2002-A Warrant shall be made and given to DTC as provided in the Representation Letter to be signed by the County and the Trustee on or prior to the date of issuance and delivery of the Series 2002-A Warrants and accepted by DTC. Without limitation of the foregoing, so long as any Series 2002-A Warrant is registered in the name of Cede & Co., as nominee of DTC, the Trustee shall send a copy of any notice of redemption by overnight delivery not less than thirty (30) days before the redemption date to DTC, but such mailing shall not be a condition precedent to such redemption and failure to so mail any such notice (or failure of DTC to advise any DTC participant, or any DTC participant to notify the beneficial owner, of any such notice or its

content or effect) shall not affect the validity of the proceedings for the redemption of the Series 2002-A Warrants.

(e) In connection with any notice or other communication to be provided to Holders of the Series 2002-A Warrants pursuant to the Indenture by the County or the Trustee with respect to any consent or other action to be taken by Holders of the Series 2002-A Warrants, so long as any Series 2002-A Warrant is registered in the name of Cede & Co., as nominee of DTC, the County or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

(f) In the event of any inconsistency between the provisions of this Section 7.3 and any other provision of the Indenture or the forms of Series 2002-A Warrants, the provisions of this Section 7.3 shall govern so long as warrant certificates have not been issued to the Holders of the Series 2002-A Warrants other than DTC in accordance with Section 7.3(c) hereof.

Section 7.4 Tax Covenants. The County recognizes that the Holders of the Series 2002-A Warrants from time to time will have accepted them on, and paid therefor a price which reflects, the understanding that interest on the Series 2002-A Warrants is excluded from gross income for federal income tax purposes under the laws in force at the time the Series 2002-A Warrants shall have been delivered. In this connection the County covenants (i) that it will not take any action or omit to take any action if the taking of such action or the failure to take such action, as the case may be, will result in the interest on any of the Series 2002-A Warrants becoming includable in gross income for purposes of federal income taxation, (ii) that it will use the "proceeds" of the Series 2002-A Warrants and any other funds of the County in such a manner that the use thereof, as reasonably expected by the County at the time of issuance of the Series 2002-A Warrants, will not cause the Series 2002-A Warrants to be "arbitrage bonds" under Section 103(b)(2) and Section 148 of the Code and the regulations thereunder and (iii) that it will satisfy the requirements of Section 148(f) of the Code and the applicable regulations thereunder. The County further covenants and agrees that it will not permit at any time any "proceeds" of the Series 2002-A Warrants or any other funds of the County to be used, directly or indirectly, in a manner which would result in any Series 2002-A Warrant being classified as a "private activity bond" within the meaning of Section 141(a) of the Code. The officers and employees of the County shall execute and deliver from time to time, on behalf of the County, such certificates, instruments and documents as shall be deemed necessary or advisable to evidence compliance by the County with said Section 103(b)(2) and Section 148 and the regulations thereunder with respect to the use of the proceeds of the Series 2002-A Warrants. Such certificates, instruments and documents may contain such stipulations as shall be necessary or advisable in connection with the stated purpose of this section and the foregoing provisions hereof, and the County hereby covenants and agrees to comply with the provisions of any such stipulations throughout the term of the Series 2002-A Warrants.

Section 7.5 Concerning Defeasance of Series 2002-A Warrants. For all purposes of the Indenture (including Section 16.1 of the Original Indenture), Series 2002-A Warrants in the

Flexible Rate Mode or the Variable Rate Mode will be considered as fully paid only if the cash or Permitted Defeasance Obligations (or the combination thereof) held by the Trustee for the payment thereof will be sufficient to provide for the full payment of the principal of such Series 2002-A Warrants and interest thereon at the Cap Rate until the earlier of the maturity date for such Series 2002-A Warrants or any date on which such Series 2002-A Warrants have been called for redemption in accordance with their terms.

Section 7.6 Remarketing Agent. (a) The County has appointed J.P. Morgan Securities, Inc., as the initial Remarketing Agent to act in such capacity in accordance with the terms of this Indenture. Any notice to the Remarketing Agent pursuant to the provisions of the Indenture shall be sent to the following address or, if permitted by the provisions hereof, transmitted to the following facsimile number (unless and until a different address or facsimile number is specified in writing to the Trustee):

J. P. Morgan Securities, Inc.
270 Park Avenue, 7th Floor
New York, New York 10017
(facsimile): (212) 834-6737

(b) The initial Remarketing Agent and any successor Remarketing Agent shall signify its acceptance of such appointment and its assumption of the duties and obligations imposed upon it by this Indenture by execution and delivery of an agreement satisfactory to the County, the Bank and the Trustee.

(c) The Remarketing Agent shall be authorized by law to perform all the duties imposed upon it by this Indenture.

(d) The Remarketing Agent may resign at any time by giving 30 days' notice to the County, the Trustee and the Bank.

(e) The County may, with the consent of the Bank, remove the Remarketing Agent at any time upon 30 days' notice to the Remarketing Agent; provided, however, that if the Remarketing Agent is unable to satisfy its obligations under this Indenture because it has declared bankruptcy or is insolvent, the Remarketing Agent may be removed immediately.

(f) If the Remarketing Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Remarketing Agent for any cause, the County shall, with the consent of the Bank and the Trustee, promptly appoint a successor Remarketing Agent.

(g) The Trustee shall give notice to Series 2002-A Warrantholders of each resignation and each removal of the Remarketing Agent and each appointment of a successor Remarketing Agent.

(h) Compensation of the Remarketing Agent shall be paid directly by the County as provided in the Remarketing Agreement.

Section 7.7 Concerning the Tender Agent. (a) The County has appointed the Trustee to serve as the initial Tender Agent. The Trustee shall signify its acceptance of such appointment and its assumption of the duties and obligations imposed on it as Tender Agent by its execution and delivery of this Fourth Supplemental Indenture.

(b) Any successor Tender Agent shall signify its acceptance of such appointment and its assumption of the duties and obligations imposed upon it by the Indenture by execution and delivery of an agreement satisfactory to the Trustee, the County and the Bank.

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

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

(e) If the Tender Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Tender Agent for any cause, the County shall, with the consent of the Trustee and the Bank, appoint a successor Tender Agent.

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

(g) Compensation of the Tender Agent shall be paid directly by the County.

(h) The provisions of the Indenture shall be applicable to any Tender Agent.

Section 7.8 Clarification of Condition Precedent to Issuance of Additional Parity Securities. For purposes of any Revenue Certificate or Revenue Forecast prepared and delivered to the Trustee in connection with the issuance of a series of Additional Parity Securities, the date for determining Maximum Annual Debt Service may be any date that occurs during the period of thirty (30) days that immediately precedes the issuance date for such series of Additional Parity Securities (provided that, in any event, the debt service on such series of Additional Parity Securities shall be taken into account and included in calculating Maximum Annual Debt Service).

Section 7.9 Notices to Rating Agencies. The Trustee shall promptly furnish to each Rating Agency that maintains a rating with respect to the Series 2002-A Warrants notice of (i) receipt

of any notice from the County proposing delivery of a Substitute Standby Purchase Agreement, (ii) any change of the Trustee, the Remarketing Agent or the Tender Agent, (iii) any change or amendment of the Financing Documents, (iv) the expiration, termination, extension or renewal of the term of the Standby Purchase Agreement, (v) the redemption by the County of any Series 2002-A Warrants prior to maturity, (vi) receipt of notice of the County's intent to have the Standby Purchase Agreement cancelled pursuant to Section 2.11, (vii) any conversion of the Interest Rate Mode applicable to the Series 2002-A Warrants to the Term Rate Mode or the Flexible Rate Mode, (viii) any other event resulting in a Mandatory Tender of the Series 2002-A Warrants, (ix) any acceleration of the maturity of the Series 2002-A Warrants, or (x) receipt of notice of the County's intent to establish a trust for the payment of the Series 2002-A Warrants in accordance with the defeasance provisions of the Original Indenture. The Rating Agencies maintaining ratings on the Series 2002-A Warrants on the date of initial delivery of the Series 2002-A Warrants and the addresses for notices to such Rating Agencies are as follows:

Moody's Investors Service
99 Church Street
New York, New York 10007

Standard & Poor's Ratings Services
55 Water Street
New York, New York 10041-0003

Section 7.10 References to Bank When Standby Purchase Agreement is not in Effect. Any provision of the Indenture to the contrary notwithstanding, at any time when no Standby Purchase Agreement is in effect and all indebtedness of the County to the Bank under the Standby Purchase Agreement has been fully paid, all references to the Bank shall be deemed omitted and no consent or approval of the Bank shall be required for any action taken under the Indenture.

Section 7.11 Certain Notices to Bank. The Trustee shall provide the Bank with written notice of any failure by the Bond Insurer to comply with its payment obligations under the Series 2002-A Insurance Policy. Any notice to the Bank pursuant to the provisions of the Indenture shall be sent to the following address (unless and until a different address is specified in writing to the Trustee):

JPMorgan Chase Bank
270 Park Avenue
New York, New York 10017
Attention: Michael Mak

Section 7.12 Article and Section Captions. The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

IN WITNESS WHEREOF, the County has caused this Fourth Supplemental Indenture to be executed in its name and behalf by the President of the Governing Body, has caused its official seal to be hereunto affixed and has caused this Fourth Supplemental Indenture to be attested by the Minute Clerk of the Governing Body, and the Trustee has caused this Fourth Supplemental Indenture to be executed in its corporate name and behalf, has caused its corporate seal to be hereunto affixed and has caused this Fourth Supplemental Indenture to be attested, by its duly authorized officers, all in eight(8) counterparts, each of which shall be deemed an original, and the County and the Trustee have caused this Fourth Supplemental Indenture to be dated as of February 1, 2002, although actually executed and delivered on March 6, 2002.

JEFFERSON COUNTY, ALABAMA

By *Gary White*
President of the County Commission

ATTEST:

Diane Younger
Minute Clerk of the
County Commission

[SEAL]

THE BANK OF NEW YORK, as Trustee under the
Trust Indenture of Jefferson County, Alabama, dated
as of February 1, 1997

By *Ray L. Jones*
Its *VP*

ATTEST:

Robin Foster
Its *Assistant Treasurer*

[SEAL]

STATE OF ALABAMA)
:)
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that GARY WHITE, whose name as President of the County Commission of JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the within instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said county.

GIVEN under my hand and official seal of office, this 28th day of February, 2002.

[NOTARIAL SEAL]

Mark E. Gell
Notary Public

My Commission Expires: 6/17/02

STATE OF ALABAMA)
:)
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that GARY L. JONES, whose name as Vice President of THE BANK OF NEW YORK, a New York banking corporation acting in its capacity as Trustee under the Trust Indenture of Jefferson County, Alabama, dated as of February 1, 1997, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the within instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said banking corporation in its capacity as Trustee as aforesaid.

GIVEN under my hand and official seal of office, this 5th day of MARCH, 2002.

[NOTARIAL SEAL]

Maurice McWenmont
Notary Public

My Commission Expires: 7.24.04

EXHIBIT A

OPTIONAL TENDER NOTICE

The Bank of New York,
as Tender Agent
Attn: Corporate Trust Administration

Birmingham, Alabama _____

J.P. Morgan Securities, Inc.
as Remarketing Agent

Re: Jefferson County, Alabama
Sewer Revenue Capital Improvement Warrants
Series 2002-A

The undersigned is the registered owner of the following Series 2002-A Warrant, which is part of the above-referenced issue of Series 2002-A Warrants:

Certificate Number: _____
Principal Amount: _____

The undersigned hereby elects to have (check one as appropriate, and be certain to designate the principal amount tendered, if less than the entire amount):

_____ the entire principal amount

_____ \$ _____ of the principal amount of such Series 2002-A Warrant
(Note: If such amount is less than the entire principal amount, both the amount to be purchased and the remaining amount must be an Authorized Denomination, as defined in the Indenture)

purchased on the following date (specify a business day that is at least 7 days after notice of tender is delivered to the Tender Agent):

[Optional Tender Date]

THE UNDERSIGNED ACKNOWLEDGES THAT THIS ELECTION IS IRREVOCABLE AND BINDING ON THE UNDERSIGNED AND CANNOT BE WITHDRAWN.

Dated: _____

Print or Type

Name(s) of Warrantholder(s)

Address

Telephone Number

Signature

(The name(s) and signature(s) must correspond exactly to the name appearing on the registration books maintained by the Tender Agent)

Signature Guaranteed:

(Bank or Trust Company)

By

(Authorized Officer)

EXHIBIT B

FORM OF SERIES 2002-A WARRANTS

No. ____

UNITED STATES OF AMERICA

STATE OF ALABAMA

JEFFERSON COUNTY

SEWER REVENUE CAPITAL IMPROVEMENT WARRANT

SERIES 2002-A

MATURITY DATE	DATE OF INITIAL DELIVERY	INTEREST RATE
February 1, 2042		*
BEGINNING OF RATE PERIOD	END OF RATE PERIOD	CUSIP
		472682 ____

JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama (the "County"), for value received, hereby acknowledges itself indebted to and orders and directs the County Treasurer of the County to pay to

or registered assigns, upon presentation and surrender hereof, solely out of the revenues hereinafter referred to, the principal sum of

DOLLARS

on the Maturity Date specified above and to pay interest hereon from the date of initial delivery of this warrant, or the most recent date to which interest has been paid or duly provided for, until the

*The Trustee is to insert one of the following, as appropriate: "Variable Rate", "Flexible Rate - ____%", or "Term Rate - ____%".

principal hereof shall become due and payable at the Variable Rate, the Flexible Rate, or the Term Rate, as hereinafter provided.

Interest at the Variable Rate shall be computed on the basis of a 365 or 366-day year, as the case may be, for the actual number of days elapsed. Interest at the Flexible Rate shall be computed on the basis of a 365-day year for the actual number of days elapsed. Interest at the Term Rate shall be computed on the basis of a 360-day year with 12 months of 30 days each.

Interest shall be payable (but solely out of the revenues hereinafter described) on overdue principal on this warrant and (to the extent legally enforceable) on any overdue installment of interest on this warrant at the rate of interest last applicable to this warrant when such overdue principal or interest became delinquent.

Interest on this warrant shall be payable in arrears on the following dates (each such date being herein called an "Interest Payment Date"):

(1) with respect to interest payable at the Variable Rate, on (i) the first Business Day of each month, and (ii) the effective date of conversion of such Series 2002-A Warrant from the Variable Rate Mode to another Interest Rate Mode (each such date being herein called a "Variable Rate Interest Payment Date");

(2) with respect to interest payable at the Flexible Rate, on the last day of each Flexible Rate Period (each such date being herein called a "Flexible Rate Interest Payment Date"); and

(3) with respect to interest payable at the Term Rate, (i) on February 1 and August 1 in each year, and (ii) on the last day of each Term Rate Period (each such date being herein called a "Term Rate Interest Payment Date").

If any Interest Payment Date is not a Business Day, the interest due on such date shall be payable on the next succeeding Business Day with the same effect as if payment was made on such Interest Payment Date.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture hereinafter referred to, be paid to the person in whose name this warrant is registered at the close of business on the Regular Record Date for such interest, which shall be the day next preceding any Variable Rate Interest Payment Date for Series 2002-A Warrants in the Variable Rate Mode, the date next preceding any Flexible Rate Interest Payment Date for Series 2002-A Warrants in the Flexible Rate Mode, or the 15th day (whether or not a Business Day) of the month next preceding any Term Rate Interest Payment Date for Series 2002-A Warrants in the Term Rate Mode. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered Holder on such Regular Record Date, and shall be paid to the person in whose name this warrant is registered at the close of business on a Special Record Date for the

payment of such defaulted interest to be fixed by the Trustee, notice of such Special Record Date being given to Holders of the Series 2002-A Warrants not less than 10 days prior to such Special Record Date.

Payment of principal, premium (if applicable) and interest on this warrant and payment of the Purchase Price of this warrant due upon Optional or Mandatory Tender shall be made by the applicable method specified in the Indenture. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

This warrant is one of a duly authorized issue or series of warrants authorized to be issued in the aggregate principal amount of \$110,000,000 and designated Sewer Revenue Capital Improvement Warrants, Series 2002-A (the "Series 2002-A Warrants"). The Series 2002-A Warrants have been issued, on a parity with the Outstanding Parity Securities hereinafter referred to, under a Trust Indenture dated as of February 1, 1997 (the "Original Indenture"), between the County and The Bank of New York, Birmingham, Alabama, as Trustee (herein, in such capacity, together with its successors in trust, called the "Trustee"), as supplemented and amended by a First Supplemental Indenture dated as of March 1, 1997 (the "First Supplemental Indenture"), by a Second Supplemental Indenture dated as of March 1, 1999 (the "Second Supplemental Indenture"), by a Third Supplemental Indenture dated as of March 1, 2001 (the "Third Supplemental Indenture"), and by a Fourth Supplemental Indenture dated as of February 1, 2002 (the "Fourth Supplemental Indenture"). The County has heretofore issued under the Original Indenture, as supplemented and amended by the First, Second and Third Supplemental Indentures, \$211,040,000 principal amount of its Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997, \$48,020,000 principal amount of its Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997, \$52,880,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-C, dated February 15, 1997, \$296,395,000 principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997, \$952,695,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999, and \$275,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001 (all of which are herein together called the "Outstanding Parity Securities"). As used herein, the term "Indenture" means the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and the Fourth Supplemental Indenture. Reference is hereby made to the Indenture for a more complete description of the rights of the owners of the Series 2002-A Warrants and of the Trustee and of the County with respect to the County's sanitary sewer system (herein called the "System") and the revenues therefrom, the terms and conditions upon which the Series 2002-A Warrants are issued, and the terms and conditions upon which any Additional Parity Securities may be issued under the Indenture. Each owner of this warrant, by the acceptance hereof, shall be deemed to assent to the provisions of the Indenture.

The County, the Trustee and JPMorgan Chase Bank (the "Bank") have entered into a Standby Warrant Purchase Agreement dated as of February 1, 2002, whereby, subject to the conditions specified therein, the Bank has agreed to purchase any Series 2002-A Warrant that is not remarketed

after a tender of such warrant for purchase pursuant to the optional or mandatory tender provisions of the Fourth Supplemental Indenture. Series 2002-A Warrants purchased by the Bank (referred to in the Fourth Supplemental Indenture as "Bank Warrants") bear interest at a separate interest rate applicable only to Bank Warrants, as provided in the Fourth Supplemental Indenture and said Standby Purchase Agreement. **Upon the occurrence of certain events described in said Standby Purchase Agreement, the Bank's obligation to purchase Series 2002-A Warrants under said Standby Purchase Agreement will be terminated or suspended.** The Fourth Supplemental Indenture provides for delivery of a Substitute Standby Purchase Agreement on the terms and conditions contained in the Indenture. The initial Standby Warrant Purchase Agreement and any substitute therefor delivered to the Trustee pursuant to the Indenture are herein referred to as the "Standby Purchase Agreement".

Copies of the Indenture and the initial Standby Purchase Agreement are on file at the Office of the Trustee, and reference is hereby made to such instruments for a description of the properties pledged and assigned, the nature and extent of the security, the respective rights thereunder of the Holders of the Series 2002-A Warrants, the Trustee, the County and the Bank, and the terms upon which the Series 2002-A Warrants are, and are to be, authenticated and delivered.

J.P. Morgan Securities, Inc. has been appointed as "Remarketing Agent" pursuant to the Indenture. The Indenture permits the County, with the consent of the Bank, to remove such Remarketing Agent and appoint a successor, subject to certain terms and conditions specified in the Indenture. The Indenture also permits the Remarketing Agent to resign without prior notice to Warrantholders.

The Trustee will serve as the initial Tender Agent under the Indenture until a successor is appointed in accordance with the terms of the Indenture.

The Indenture provides that the Trustee shall serve as Trustee with respect to the Series 2002-A Warrants.

Interest Rates

Each Series 2002-A Warrant shall bear interest at the Variable Rate, the Flexible Rate or the Term Rate, as described below. The Trustee shall specify on each warrant certificate, in the space provided, which Interest Rate Mode is in effect with respect to such Series 2002-A Warrant. If a Flexible Rate is in effect with respect to a Series 2002-A Warrant, the Trustee shall also specify on the certificate for such Series 2002-A Warrant the Flexible Rate and the beginning and end of the Flexible Rate Period. If a Term Rate is in effect with respect to such Series 2002-A Warrant, the Trustee shall also specify on the certificate for such Series 2002-A Warrant the Term Rate and the beginning and end of the Term Rate Period.

Variable Rate

The Variable Rate for any Series 2002-A Warrant shall be a fluctuating rate per annum determined periodically by the Remarketing Agent while such Series 2002-A Warrant is in the Variable Rate Mode. The Variable Rate shall be determined on the date of conversion to the Variable Rate Mode and on the last Business Day before each Friday while such Series 2002-A Warrant is in the Variable Rate Mode. Interest accrual at the Variable Rate so determined shall begin on (and shall include) each Thursday or the Conversion Date, and shall end on (but shall not include) the following Thursday (or, if sooner, a Conversion Date); provided, however, that if the Remarketing Agent fails to determine the Variable Rate on any such determination date, the Alternate Rate Index specified by the Indenture shall be deemed to be the rate determined.

The Variable Rate with respect to a Series 2002-A Warrant shall be determined by the Remarketing Agent and shall be the lowest interest rate that would, in the opinion of the Remarketing Agent, result in the market value of such Series 2002-A Warrant being 100% of the principal amount thereof on the date of such determination, taking into account relevant market conditions and credit rating factors as they exist on such date; provided, however, that the Variable Rate may never exceed the Cap Rate. The term "Cap Rate" means (i) with respect to Series 2002-A Warrants other than Bank Warrants, 10% per annum, and (ii) with respect to Bank Warrants, 18% per annum.

Upon the request of any Warrantholder, the Trustee shall confirm (by telephone and in writing, if so requested) the Variable Rate then in effect.

Flexible Rate and Flexible Rate Periods

The Flexible Rate for any Series 2002-A Warrant shall be a fixed rate per annum for each Flexible Rate Period. Flexible Rate Periods and the related Flexible Rate for each such period shall be determined by the Remarketing Agent from time to time while a Series 2002-A Warrant is in the Flexible Rate Mode. The duration of each Flexible Rate Period shall be established by the Remarketing Agent on the first day of each Flexible Rate Period with the advice of the County, unless the County fails to offer such advice in a timely manner, in which case the Remarketing Agent shall establish a Flexible Rate Period of such duration as the Remarketing Agent, in its judgment, estimates is likely to provide the lowest average interest rate on the Series 2002-A Warrant while such Series 2002-A Warrant is in the Flexible Rate Mode, taking into account relevant market conditions and credit rating factors as they exist on the date of determination.

Each Flexible Rate Period may be any number of days from 1 to 270, subject to the terms and conditions contained in the Indenture; provided, however, that if a Flexible Rate Period is in effect when a Series 2002-A Warrant is to be purchased pursuant to the Mandatory Tender provisions relating to notice of an event of default under the Standby Purchase Agreement, the related Flexible Rate Period with respect to such Series 2002-A Warrant shall end on such Mandatory Tender Date.

The Flexible Rate with respect to a Series 2002-A Warrant for the established Flexible Rate Period shall be determined by the Remarketing Agent on the first day of such Flexible Rate Period and shall be the lowest interest rate that would, in the opinion of the Remarketing Agent, result in the market value of such Series 2002-A Warrant being 100% of the principal amount thereof on the date of determination, taking into account relevant market conditions and credit rating factors as they exist on such date; provided, however, that the Flexible Rate may never exceed the Cap Rate.

Term Rate and Term Rate Periods

The Term Rate for any Series 2002-A Warrant shall be a fixed rate per annum determined by the Remarketing Agent for a Term Rate Period specified by the County in the notice of conversion of such Series 2002-A Warrant to the Term Rate Mode. Each Term Rate Period may be any number of days greater than 270, subject to the terms and conditions of the Indenture; provided, however, that if a Term Rate is in effect when a Series 2002-A Warrant is to be purchased pursuant to the Mandatory Tender provisions relating to notice of an event of default under the Standby Purchase Agreement, the related Term Rate Period with respect to such Series 2002-A Warrant shall end on the Mandatory Tender Date.

Not later than the last Business Day prior to the date proposed for conversion of a Series 2002-A Warrant to the Term Rate Mode, the Remarketing Agent shall determine the interest rate for the Term Rate Period, which shall be the lowest interest rate that would, in the opinion of the Remarketing Agent, result in the market value of such Series 2002-A Warrant being 100% of the principal amount thereof on the date of such determination, taking into account relevant market conditions and credit rating factors as they exist on such date, and assuming that the Term Rate Period began on such date; provided, however, that the Term Rate may not exceed the Cap Rate.

Conversion of Interest Rate Modes

The County may effect a conversion of the Interest Rate Mode on a Series 2002-A Warrant at its option, subject to certain terms and conditions contained in the Indenture. No such conversion is permitted during a Flexible Rate Period or a Term Rate Period. On any Conversion Date the Series 2002-A Warrant to be converted must be purchased pursuant to the Mandatory Tender provisions of the Indenture referred to below. If a notice of Mandatory Tender is given by the Tender Agent in connection with a proposed conversion of a Series 2002-A Warrant to a different Interest Rate Mode, such Series 2002-A Warrant shall be subject to a Mandatory Tender on such date notwithstanding the revocation of the election to effect such conversion or the failure to satisfy the conditions for such conversion.

Optional Tender

The Holder of any Series 2002-A Warrant shall have the right to tender such Series 2002-A Warrant to the Tender Agent for purchase in whole or in part (but, if in part, only in an Authorized Denomination) on any Business Day while such Series 2002-A Warrant is in the Variable Rate Mode

(but not while such Series 2002-A Warrant is in the Term Rate Mode or the Flexible Rate Mode), at a Purchase Price equal to 100% of the principal amount of the Series 2002-A Warrant (or portion thereof) tendered plus accrued interest to the specified purchase date (an "Optional Tender Date"). In order to exercise such option with respect to any Series 2002-A Warrant, the Holder thereof must deliver notice thereof to the Tender Agent and the Remarketing Agent, as provided below, at least seven days prior to the proposed Optional Tender Date.

Any such notice of Optional Tender must be duly executed by the Warrantholder and must specify (i) the name of the registered Holder of the Series 2002-A Warrant to be tendered for purchase, (ii) the Optional Tender Date, (iii) the certificate number and principal amount of such Series 2002-A Warrant, and (iv) the principal amount of such Series 2002-A Warrant to be purchased (provided that, if such amount is less than the entire principal amount, both the amount to be purchased and the amount remaining must be in an Authorized Denomination). Such notice may be given to the Tender Agent and the Remarketing Agent in writing or by telephone, but no such telephonic notice shall be effective unless confirmed in writing delivered to the Tender Agent and the Remarketing Agent not more than two Business Days after such telephonic notice. A form of the Optional Tender Notice may be obtained from the Tender Agent upon request.

If any notice of Optional Tender specifies an Optional Tender Date that is not a Business Day, then such notice shall be deemed to specify the next following Business Day as the Optional Tender Date. Unless a notice of Optional Tender indicates that less than the entire principal amount of the Series 2002-A Warrant is being tendered for purchase, the Holder will be deemed to have tendered the Series 2002-A Warrant in its entire principal amount for purchase.

Upon delivery of a written notice of Optional Tender, the election to tender shall be irrevocable and binding upon such Holder and may not be withdrawn.

If a written notice of Optional Tender shall have been duly given with respect to any Series 2002-A Warrant, the Holder of such Series 2002-A Warrant shall deliver such Series 2002-A Warrant to the Office of the Tender Agent on the Optional Tender Date, together with all necessary endorsements for transfer. If only a portion of such Series 2002-A Warrant is to be purchased (as a result of the exercise of the Optional Tender right only with respect to such portion), the County shall execute and the Tender Agent shall authenticate and deliver to the Holder of such Series 2002-A Warrant, without service charge, a new Series 2002-A Warrant or Warrants of the same Maturity and interest rate and of any Authorized Denomination or Denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unpurchased portion of the principal amount of the Series 2002-A Warrant surrendered. Any Series 2002-A Warrant (or portion thereof) that is to be so purchased but that is not so delivered to the Tender Agent (i.e., an Unsurrendered Series 2002-A Warrant) shall nevertheless be deemed to have been tendered by the Holder thereof on the Optional Tender Date.

If there has been irrevocably deposited in the Warrant Purchase Fund an amount sufficient to pay the Purchase Price of any Unsurrendered Series 2002-A Warrant, such Unsurrendered Series

2002-A Warrant shall be deemed to have been tendered for purchase and purchased from the Holder thereof on such Optional Tender Date and the Holder of such Unsurrendered Series 2002-A Warrant shall not be entitled to receive interest on such Unsurrendered Series 2002-A Warrant for any period on and after the Optional Tender Date.

Anything in this warrant or the Indenture to the contrary notwithstanding, Warrantholders may not exercise their Optional Tender rights at any time when the obligation of the Bank to purchase Series 2002-A Warrants pursuant to the Standby Purchase Agreement has been suspended or terminated in accordance with the provisions of such agreement.

Mandatory Tender

The Holder of each Series 2002-A Warrant shall be required to tender such Series 2002-A Warrant to the Tender Agent for purchase on the following dates (each such date being herein called a "Mandatory Tender Date"):

- (1) each Conversion Date with respect to such Series 2002-A Warrant;
- (2) the last day of a Term Rate Period with respect to such Series 2002-A Warrant;
- (3) the last day of a Flexible Rate Period with respect to such Series 2002-A Warrant;
- (4) 15 days after the Trustee receives written notice from the Bank (i) stating that the Bank has elected to terminate the Standby Purchase Agreement, upon notice and otherwise in accordance with the provisions of such agreement, as a consequence of the occurrence under the Standby Purchase Agreement of an Event of Default of a type that provides the Bank with the right to terminate (other than immediately) its purchase commitment under said agreement and (ii) directing that the Series 2002-A Warrants be purchased pursuant to the Mandatory Tender provisions of the Indenture;
- (5) on the Business Day immediately preceding any date proposed by the County for delivery of a Substitute Standby Purchase Agreement;
- (6) five days prior to the Stated Expiration Date of the Standby Purchase Agreement; and
- (7) on the Business Day immediately preceding any date when the County proposes to cancel the Standby Purchase Agreement pursuant to applicable provisions of the Indenture.

If any of such dates is not a Business Day, the Mandatory Tender Date shall be the next succeeding Business Day.

No notice is required for a Mandatory Tender on the last day of a Flexible Rate Period or the last day of a Term Rate Period. Notice of any other Mandatory Tender shall be given by the Trustee by registered or certified mail, mailed to the Holder of the affected Series 2002-A Warrant at the address of such Holder appearing on the Warrant Register not less than 12 days prior to the Mandatory Tender Date. Such notice of Mandatory Tender shall, among other things, specify the Mandatory Tender Date.

Any Series 2002-A Warrant subject to Mandatory Tender shall be tendered by the Holder thereof for purchase on the Mandatory Tender Date, by delivering such Series 2002-A Warrant to the Office of the Tender Agent, together with all necessary endorsements for transfer. If only a portion of such Series 2002-A Warrant is to be purchased (as a result of conversion of only a portion of such Series 2002-A Warrant to another Interest Rate Mode), the County shall execute and the Tender Agent shall authenticate and deliver to the Holder of such Series 2002-A Warrant, without service charge, a new Series 2002-A Warrant or Warrants of the same Maturity and interest rate and of any Authorized Denomination or Denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unpurchased portion of the principal amount of the Series 2002-A Warrant surrendered. Any such Series 2002-A Warrant (or portion thereof) that is to be so purchased but that is not so delivered to the Tender Agent on the Mandatory Tender Date (i.e., an Unsurrendered Series 2002-A Warrant) shall nevertheless be deemed to have been tendered for purchase by the Holder thereof on the Mandatory Tender Date.

If there has been irrevocably deposited in the Warrant Purchase Fund an amount sufficient to pay the Purchase Price of any Unsurrendered Series 2002-A Warrant, such Unsurrendered Series 2002-A Warrant shall be deemed to be tendered for purchase and purchased from the Holder thereof on such Mandatory Tender Date and the Holder of such Unsurrendered Series 2002-A Warrant shall not be entitled to receive interest on such Unsurrendered Series 2002-A Warrant for any period on and after the relevant Mandatory Tender Date.

After notice of a Mandatory Tender has been given by the Tender Agent with respect to any Series 2002-A Warrant, such Series 2002-A Warrant shall be subject to Mandatory Tender notwithstanding the fact that the reasons for giving such notice cease to exist or are no longer applicable.

Redemption

In the manner and with the effect provided in the Indenture, the Series 2002-A Warrants will be subject to redemption prior to Maturity at the option of the County as follows:

- (a) On any Interest Payment Date when a Series 2002-A Warrant is in the Variable Rate Mode, on any Flexible Rate Interest Payment Date with respect to a Series 2002-A Warrant, and on any Conversion Date with respect to a Series 2002-A

Warrant, such Series 2002-A Warrant may be redeemed in whole or in part at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the date of redemption.

(b) Series 2002-A Warrants in the Term Rate Mode are not subject to optional redemption during any Term Rate Period of 5 years or less. During any Term Rate Period of more than 5 years with respect to a Series 2002-A Warrant, such Series 2002-A Warrant may be redeemed in whole or in part on or after the First Optional Call Date (as defined below) at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the date of redemption plus a redemption premium (expressed as a percentage of principal amount redeemed) equal to whichever of the following shall be applicable: 2% if the date of redemption is on or after the First Optional Call Date but prior to the first anniversary of the First Optional Call Date; 1% if the date of redemption is on or after the first anniversary of the First Optional Call Date but prior to the second anniversary of the First Optional Call Date; and without premium if the date of redemption is on or after the second anniversary of the First Optional Call Date. For any Term Rate Period of more than 5 years but not more than 10 years, the First Optional Call Date shall be the fifth anniversary of the beginning of the Term Rate Period. For any Term Rate Period of more than 10 years but not more than 20 years, the First Optional Call Date shall be the anniversary of the beginning of the Term Rate Period that is on or immediately after the midpoint of such Term Rate Period. For any Term Rate Period of more than 20 years, the First Optional Call Date shall be the tenth anniversary of the beginning of the Term Rate Period.

Subject to the provisions of the Indenture requiring the redemption of all Bank Warrants eligible for redemption before any other eligible Series 2002-A Warrants are redeemed, if less than all Series 2002-A Warrants are to be redeemed, the particular Series 2002-A Warrants to be redeemed shall be selected by the Trustee from the outstanding Series 2002-A Warrants then eligible for redemption by lot or by such other method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (in Authorized Denominations) of the principal of Series 2002-A Warrants in a denomination larger than the smallest Authorized Denomination.

Upon any partial redemption of any Series 2002-A Warrant, the same shall, except as otherwise permitted by the Indenture, be surrendered in exchange for one or more new Series 2002-A Warrants in authorized form for the unredeemed portion of principal. Series 2002-A Warrants (or portions thereof as aforesaid) for whose redemption and payment provision is made in accordance with the Indenture shall thereupon cease to be entitled to the lien of the Indenture and shall cease to bear interest from and after the date fixed for redemption.

Any redemption shall be made upon at least 30 days' notice in the manner and upon the terms and conditions provided in the Indenture.

Under the Indenture, the Outstanding Parity Securities and the Series 2002-A Warrants are equally and ratably secured by a pledge of certain revenues from the System that remain after the payment of the expenses of operating and maintaining the System. Upon compliance with certain conditions specified in the Indenture, the County may issue additional securities (without limitation as to principal amount) that are secured by the Indenture on a parity with the Outstanding Parity Securities and the Series 2002-A Warrants with respect to the pledge of the aforesaid revenues from the System.

The Indenture permits the amendment of the Series 2002-A Warrants and the Indenture, and waivers of past defaults under such instruments and the consequences of such defaults, in certain circumstances without consent of Warrantholders and in other circumstances with the consent of all Warrantholders or a specified percentage of Warrantholders. Any such consent or waiver by the Holder of this warrant shall be conclusive and binding upon such Holder and upon all future Holders of this warrant and of any warrant issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this warrant.

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

As provided in the Indenture and subject to certain limitations therein set forth, this warrant is transferable on the Warrant Register maintained at the Office of the Trustee, upon surrender of this warrant for transfer at the Office of the Trustee, together with all necessary endorsements for transfer, and thereupon one or more new Series 2002-A Warrants of the same Maturity and interest rate, of any Authorized Denominations and for a like aggregate principal amount, will be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein set forth, the Series 2002-A Warrants are exchangeable for other Series 2002-A Warrants of the same Maturity and interest rate, of any Authorized Denominations and of a like aggregate principal amount, as requested by the Holder surrendering the same.

No service charge shall be made for any transfer or exchange hereinbefore referred to, but the County may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The County and the Trustee may treat the person in whose name this warrant is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this warrant is overdue, and neither the County nor the Trustee shall be affected by notice to the contrary.

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

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

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this warrant shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the County has caused this warrant to be duly executed under its official seal.

JEFFERSON COUNTY, ALABAMA

By _____
President of the County Commission

ATTEST:

Minute Clerk of the County Commission

[S E A L]

CERTIFICATE OF AUTHENTICATION

This is one of the Series 2002-A Warrants referred to in the within-mentioned Indenture.

Date of authentication: _____, 2002.

THE BANK OF NEW YORK,
as Trustee

By _____
Authorized Officer

ASSIGNMENT

For value received, _____ hereby sell(s), assign(s) and transfer(s) unto _____ this warrant and hereby irrevocably constitute(s) and appoint(s) _____ attorney to transfer this warrant on the books of the within named County at the office of the within named Trustee, with full power of substitution in the premises.

Dated: _____

NOTE: The name signed to this assignment must correspond with the name of the payee written on the face of the within warrant in all respects, without alteration, enlargement or change whatsoever.

Signature Guaranteed:

(Bank or Trust Company)

By _____
(Authorized Officer)

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