

**FIRST SUPPLEMENTAL INDENTURE** between **SHELBY COUNTY, ALABAMA**, a political subdivision of the State of Alabama (herein called the "County"), and **SOUTHTRUST BANK OF ALABAMA, NATIONAL ASSOCIATION**, a national banking association having its principal corporate trust office in the City of Birmingham, Alabama, in its capacity as Trustee under that certain Trust Indenture of the County dated as of September 1, 1988 (herein, together with its successors in trust, called the "Trustee"),

## **RECITALS**

Pursuant to the provisions of the aforesaid Trust Indenture (herein called the "Original Indenture"), the County has heretofore issued \$20,600,000 aggregate principal amount of its Sewer Revenue Warrants, Series 1988, dated September 1, 1988 (herein called the "Series 1988 Warrants"), which warrants are now outstanding in the aggregate principal amount of \$20,245,000. The Series 1988 Warrants are limited obligations of the County, payable solely out of the revenues derived by the County from the operation of its sanitary sewer system (herein called the "Sewer System"). Since the time of original issuance and delivery of the Series 1988 Warrants, the County has not received sufficient revenues from the Sewer System to make timely payments of principal of and interest on the Series 1988 Warrants, with the result that a default exists under the Original Indenture. In order to address and eliminate such default, the County and the Trustee are entering into this First Supplemental Indenture for the purposes of amending certain provisions of the Original Indenture and of providing for the exchange of the outstanding Series 1988 Warrants for new warrants containing provisions that reflect the amendments hereby made.

## **NOW, THEREFORE, THIS**

## **FIRST SUPPLEMENTAL INDENTURE**

## **WITNESSETH:**

That in consideration of the respective representations, warranties and agreements herein contained, the parties hereto agree as follows:

## **ARTICLE I**

## **DEFINITIONS AND REFERENCES**

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

10/06/1993-30761  
08:57 AM CERTIFIED  
SHELBY COUNTY JUDGE OF PROBATE  
021 MJS 58.50

Haskell Slaughter

Inst # 1993-30761

**"Clearance Account"** means the Shelby County Sewer 1993 Clearance Account that is created in Section 4.1 of this First Supplemental Indenture.

**"First Supplemental Indenture"** or **"this First Supplemental Indenture"** means this First Supplemental Indenture as it now exists and as it may from time to time be modified, supplemented or amended as permitted by Article XV of the Original Indenture.

**"Series 1988-A Warrants"** means those warrants issued by the County pursuant to the provisions of Article III of this First Supplemental Indenture for the purpose of being exchanged for the outstanding Series 1988 Warrants.

**"Special Tax"** means the special sales tax levied in the County pursuant to Act No. 93-188 of the Legislature of Alabama.

**"Supplemental Account"** means the account of the Revenue Fund created in Section 4.2 of this First Supplemental Indenture.

**Section 1.2 Definitions Contained in the Original Indenture.** Unless the context clearly indicates a different meaning, any words, terms or phrases that are used in this First Supplemental Indenture as defined terms without being herein defined shall have the same meanings respectively given them in the Original Indenture.

**Section 1.3 References to the Series 1988 Warrants and the Indenture in the Original Indenture.** The County and the Trustee acknowledge and agree that, from and after the execution and delivery of this First Supplemental Indenture, any reference in the Original Indenture to the "Series 1988 Warrants" shall, unless the context clearly and unequivocally indicates otherwise, be construed to refer to the Series 1988-A Warrants.

The County and the Trustee further acknowledge and agree that, from and after the execution and delivery of this First Supplemental Indenture, any reference herein or in the Original Indenture to the "Indenture" shall, unless the context clearly and unequivocally indicates otherwise, be construed to refer to the Original Indenture as supplemented and amended by this First Supplemental Indenture.

## **ARTICLE II**

### **REPRESENTATIONS**

**Section 2.1 Representations by the Trustee.** The Trustee makes the following representations as the basis for the respective undertakings on the part of the County and the Trustee herein contained:

- (a) The County has heretofore duly issued the Series 1988 Warrants, and they are now outstanding in the aggregate principal amount of \$20,245,000.

The outstanding Series 1988 Warrants are fully registered warrants which bear interest at the following per annum rate, payable on each March 1 and September 1, and mature or are subject to mandatory redemption on September 1 as follows:

<u>Year of Mandatory Redemption or Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate (per annum)</u>
1992	\$ 395,000	9.80%
1993	435,000	9.80
1994	475,000	9.80
1995	525,000	9.80
1996	575,000	9.80
1997	635,000	9.80
1998	695,000	9.80
1999	765,000	9.80
2000	845,000	9.80
2001	940,000	9.80
2002	1,030,000	9.80
2003	1,135,000	9.80
2004	1,245,000	9.80
2005	1,370,000	9.80
2006	1,505,000	9.80
2007	1,655,000	9.80
2008	1,820,000	9.80
2009	2,000,000	9.80
2010	2,200,000	9.80

(b) The Trustee is the paying agent for the Series 1988 Warrants. The Trustee has not been provided with sufficient moneys to effect the partial mandatory redemption of the Series 1988 Warrants that was scheduled to occur on September 1, 1992, with the result that principal of the Series 1988 Warrants in the amount of \$395,000 is now due and unpaid.

(c) The Trustee has made the regularly scheduled payments of interest on the Series 1988 Warrants through and including the payment that was due on March 1, 1992. The interest on the Series 1988 Warrants that has accrued since March 1, 1992, has not been paid. In particular, the payments of interest on the Series 1988 Warrants that were due on September 1, 1992, and March 1, 1993, have not been made and are now overdue.

(d) The Trustee has heretofore withdrawn moneys from the Reserve Fund and applied such moneys for the payment of all or a portion of the principal of and interest on the Series 1988 Warrants that became due and payable on September 1, 1991, and March 1, 1992. The moneys so withdrawn



from the Reserve Fund have not been restored thereto in accordance with the requirements of the Original Indenture.

(e) On October 19, 1992, the Trustee, acting pursuant to Section 13.2 of the Original Indenture, accelerated the indebtedness evidenced by the Series 1988 Warrants and declared the outstanding Series 1988 Warrants to be immediately due and payable.

(f) As of the date of delivery of this First Supplemental Indenture, moneys and securities having the following approximate aggregate values are held on deposit in the various funds and accounts established under the Original Indenture:

<u>Name of Fund or Account</u>	<u>Approximate Aggregate Value of Moneys and Securities on Deposit</u>
Construction Fund	\$ 108,496.79
Revenue Fund Impact Fee Account	47,538.55
Revenue Fund General Account	154,320.58
Debt Service Fund	883,558.51
Operation and Maintenance Fund	-0-
Reserve Fund Limited Yield Account	3.41
Reserve Fund Unlimited Yield Account	160,038.88
Redemption Fund	127.43
Rebate Fund	-0-
Surplus Fund	-0-

### ARTICLE III

#### THE SERIES 1988-A WARRANTS

**Section 3.1 Authorization and Description of the Series 1988-A Warrants.** There is hereby authorized to be issued under the Indenture an issue or series of Parity Securities designated Sewer Revenue Warrants, Series 1988-A, limited in aggregate principal amount to \$20,245,000. The Series 1988-A Warrants shall be dated March 1, 1992, shall mature and become payable on September 1, 2010, and shall be issued as fully registered warrants, numbered from R1 upward in the order of their issuance. The Series 1988-A Warrants are being issued hereunder for the sole purpose of replacing and being exchanged for the currently outstanding Series 1988 Warrants, which will, promptly following such exchange, be cancelled by the Trustee. Subject to the succeeding provisions of this Section 3.1, the Series 1988-A Warrants shall bear interest from their date, payable on March 1, 1994, and on each September 1 and March 1 thereafter at the rate of seven percent (7.00%) per annum.

The interest on the Series 1988-A Warrants accruing during the period from March 1, 1992, to March 1, 1994 (all of such interest being herein called the "Initial Period Interest"), shall be due and payable on March 1, 1994. The County shall have the right to direct the Trustee to pay, on the first day of any calendar month prior to March 1994, any portion of the Initial Period Interest that shall have accrued as of the date of such payment. The Trustee will on any such date specified by the County effect such a partial payment of the Initial Period Interest, but only if (i) the Trustee receives a written request from the County to effect such a partial payment at least fifteen days prior to the date on which such payment is to be made and (ii) moneys in an amount sufficient to effect such payment are on deposit in the Interest Account of the Debt Service Fund as of the date of such notice from the County. Any amount of Initial Period Interest that is paid prior to March 1, 1994, in accordance with the preceding provisions of this paragraph shall be credited against and reduce the total amount of Initial Period Interest that is due to be paid on March 1, 1994.

If on any date subsequent to September 1, 1994, an Event of Default of the type described in Section 13.1(a) of the Original Indenture occurs with respect to the Series 1988-A Warrants and continues for more than thirty (30) days, then during the period beginning on the date of the initial occurrence of such Event of Default and ending on the date on which such Event of Default has been fully cured the then outstanding Series 1988-A Warrants shall bear interest at the rate of nine and eight-tenths percent (9.80%) per annum.

The principal of any Series 1988-A Warrant shall bear interest after its due date until paid at the rate of interest borne by such principal prior to maturity. Interest on the Series 1988-A Warrants shall be computed on the basis of a 360-day year of 12 consecutive 30-day months.

The principal of and the interest and premium (if any) on the Series 1988-A Warrants shall be payable in accordance with the provisions of Section 3.2 of the Original Indenture, except that in the case of any Series 1988-A Warrant originally issued in a principal amount of not less than \$100,000, the interest on such Series 1988-A Warrant, as well as the redemption price of any partial redemption of the principal thereof, may be payable as provided in a Home Office Payment Agreement with respect thereto made in accordance with the provisions of Section 3.3 of the Original Indenture.

**Section 3.2 Optional Redemption of Series 1988-A Warrants.** At the option of the County, the Series 1988-A Warrants shall be subject to redemption and payment, as a whole or in part, on any date at and for a redemption price, with respect to each Series 1988-A Warrant or portion thereof to be redeemed, equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. The redemption of Series 1988-A Warrants pursuant to this section shall comply with the applicable provisions of Article VI of the Original Indenture. Any redemption of less than all the outstanding Series 1988-A Warrants pursuant to this section shall also comply with the provisions of Section 3.4 hereof.

**Section 3.3 Scheduled Mandatory Redemption of Series 1988-A Warrants.** The Series 1988-A Warrants shall be subject to mandatory redemption on March 1, 1994, and

on September 1, 1994, and on each September 1 thereafter until and including September 1, 2009, in the following principal amounts on the following dates:

<u>Redemption Date</u>	<u>Principal Amount</u>
March 1, 1994	\$ 395,000
September 1, 1994	910,000
September 1, 1995	525,000
September 1, 1996	575,000
September 1, 1997	635,000
September 1, 1998	695,000
September 1, 1999	765,000
September 1, 2000	845,000
September 1, 2001	940,000
September 1, 2002	1,030,000
September 1, 2003	1,135,000
September 1, 2004	1,245,000
September 1, 2005	1,370,000
September 1, 2006	1,505,000
September 1, 2007	1,655,000
September 1, 2008	1,820,000
September 1, 2009	2,000,000

In the absence of prior optional redemptions of Series 1988-A Warrants, Series 1988-A Warrants in the principal amount of \$2,200,000 will remain to be paid at their stated maturity on September 1, 2010.

Each Series 1988-A Warrant (or portion of the principal thereof) called for such mandatory redemption shall be redeemed at and for a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, and such redemption shall be effected in accordance with the applicable provisions of Article VI of the Original Indenture and Section 3.4 hereof. Not later than forty-five (45) days preceding each date on which mandatory redemptions of Series 1988-A Warrants are required by this section, the Trustee will take such actions as are necessary under the provisions of Article VI of the Original Indenture to redeem the principal amount of Series 1988-A Warrants required to be redeemed on such scheduled redemption date.

If less than all the outstanding Series 1988-A Warrants are redeemed pursuant to the provisions of Section 3.2 hereof, or if less than all the outstanding Series 1988-A Warrants are purchased by the County and surrendered to the Trustee for cancellation pursuant to the provisions of Section 3.5 hereof, the principal amount of Series 1988-A Warrants so redeemed or surrendered for cancellation, as the case may be, shall be credited first against the principal amount of Series 1988-A Warrants scheduled to be retired at their final maturity (assuming that all mandatory redemptions required by this section shall be made as scheduled) and then in inverse chronological order against the mandatory redemptions of Series 1988-A Warrants required by this section, and unless and until all the Series 1988-A Warrants shall have been paid in full, no such redemption or surrender of less than all the Series 1988-A Warrants



shall have the effect of extending or postponing the redemption date of any redemption of Series 1988-A Warrants required by this section or of reducing the principal amount of Series 1988-A Warrants required by this section to be redeemed on such date.

**Section 3.4 Special Provisions Respecting Partial Redemption of Series 1988-A Warrants.** The principal of any Series 1988-A Warrants shall be redeemed only in the amount of \$5,000 or any integral multiple thereof. If less than all the Series 1988-A Warrants are to be called for redemption on any single redemption date, the Trustee shall assign a number or other unique designation to each \$5,000 in principal amount of the Series 1988-A Warrants then outstanding and select by lot, from among all such numbers or other unique designations associated with the Series 1988-A Warrants then outstanding, numbers or other unique designations representing an aggregate principal amount equal to the principal amount of the Series 1988-A Warrants to be so called for redemption, whereupon there shall be called for redemption an amount of the unpaid principal of each Series 1988-A Warrant equal to the principal amount represented by the numbers or other unique designations related thereto that were so selected.

**Section 3.5 Delivery of Series 1988-A Warrants by the County for Cancellation.** The Trustee shall cancel any Series 1988-A Warrants from time to time purchased by the County and surrendered to the Trustee for cancellation and destruction.

**Section 3.6 Form of Series 1988-A Warrants.** The Series 1988-A Warrants and the Trustee's authentication certificate and the form of assignment and related signature guaranty applicable thereto shall be in substantially the following forms, respectively, with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof:

[Form of Series 1988-A Warrant]

No. R \_\_\_\_\_

\$ \_\_\_\_\_

**UNITED STATES OF AMERICA**

**STATE OF ALABAMA**

**SHELBY COUNTY, ALABAMA**

**SEWER REVENUE WARRANT**  
**Series 1988-A**

**CUSIP**  
\_\_\_\_\_

Subject to prior payment and other provisions as herein provided

SHELBY COUNTY, ALABAMA, a political subdivision of the State of Alabama (herein called the "County"), hereby acknowledges itself indebted to, and orders and directs the County Treasurer (or such other officer of the County who is at the time responsible for the disbursement of County moneys) to pay to \_\_\_\_\_, or registered assigns, to whom the County acknowledges itself indebted as herein set out, solely out of the revenues hereinafter referred to, the principal sum of

**D O L L A R S**

(or such lesser amount then unpaid), on September 1, 2010, with interest on the unpaid principal balance hereof from the date hereof until the maturity hereof at the rate of 7.00% per annum (computed on the basis of a 360-day year of twelve consecutive 30-day months), payable on March 1, 1994, and semiannually thereafter on each March 1 and September 1 until the due date hereof; provided, however, that a portion of the interest on this warrant that shall become due and payable on March 1, 1994, may be paid prior to said date in accordance with the provisions of the First Supplemental Indenture hereinafter referred to. If on any date subsequent to September 1, 1994, a default in the timely payment of the principal of and interest on this warrant occurs and continues for more than thirty (30) days, then during the period beginning on the date of the initial occurrence of such default and ending on the date on which such default has been fully cured the then outstanding Series 1988-A Warrants shall bear interest at the rate of 9.80% per annum.

The principal of and the premium (if any) on this warrant shall be payable in lawful money of the United States of America at the principal corporate trust office of SouthTrust Bank of Alabama, National Association, Birmingham, Alabama, or its successors as Trustee under the Indenture hereinafter referred to, and the interest on this warrant shall be remitted, by said Trustee, by check or draft mailed or otherwise delivered to the then registered holder hereof at the address shown on the registry books of the said Trustee;



provided, however, that in case this warrant is initially issued in a principal amount of not less than \$100,000, the said Trustee will, at the request of the holder hereof, enter into a special payment agreement with such holder providing for the payment of the interest hereon and the redemption price of any partial redemption of the principal hereof at a place and in a manner other than as described above, but such special payment agreement shall be subject to the terms and conditions specified in the said Indenture. The principal of this warrant shall bear interest from its due date until paid at the per annum rate shown above. 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).

This warrant is one of a duly authorized issue or series of warrants authorized to be issued in the aggregate principal amount of \$20,245,000 and designated Sewer Revenue Warrants, Series 1988-A (herein called the "Series 1988-A Warrants"). The Series 1988-A Warrants have been issued under a Trust Indenture dated as of September 1, 1988 (herein called the "Original Indenture"), between the County and SouthTrust Bank of Alabama, National Association, 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 August 1, 1993 (herein called the "First Supplemental Indenture"). The Original Indenture, as supplemented and amended by the First Supplemental Indenture, is herein called the "Indenture." The Series 1988-A Warrants are payable solely out of, and are secured by a pledge of, the revenues derived from the operation of the County's sanitary sewer system (herein called the "Sewer System") and certain other moneys held by the Trustee under the Indenture. The County is authorized by the Indenture to issue thereunder, upon the terms and conditions therein specified, additional parity securities, without express limit as to principal amount, on a parity of pledge with the Series 1988-A Warrants (the Series 1988-A Warrants and all such additional parity securities being herein together called the "Parity Securities"). The principal of and the interest on the Parity Securities are payable solely out of revenues derived from the operation of the Sewer System and certain other moneys held by the Trustee under the Indenture, and payment of said principal and interest is secured, pro rata and without priority of one Parity Security over another or of the Parity Securities of any one series over the Parity Securities of any other, by a valid pledge of the revenues and other moneys out of which they are payable.

The Series 1988-A Warrants are subject to redemption prior to their respective maturities as follows:

(1) The Series 1988-A Warrants are subject to redemption and prepayment prior to maturity, at the option of the County, as a whole or in part (but only in installments of \$5,000 or any integral multiple thereof, and if less than all the Series 1988-A Warrants are to be redeemed, those called for redemption shall be selected by lot) on any date, such redemption, whether in whole or in part, to be at and for a redemption price, with respect to each Series 1988-A Warrant or portion thereof called for redemption, equal to the principal amount thereof plus accrued interest to the date fixed for redemption.

(2) The Series 1988-A Warrants are subject to mandatory redemption on March 1, 1994, and on September 1, 1994, and on each September 1 there-

after until and including September 1, 2009, in the following principal amounts on the following dates:

<u>Redemption Date</u>	<u>Principal Amount</u>
March 1, 1994	\$ 395,000
September 1, 1994	910,000
September 1, 1995	525,000
September 1, 1996	575,000
September 1, 1997	635,000
September 1, 1998	695,000
September 1, 1999	765,000
September 1, 2000	845,000
September 1, 2001	940,000
September 1, 2002	1,030,000
September 1, 2003	1,135,000
September 1, 2004	1,245,000
September 1, 2005	1,370,000
September 1, 2006	1,505,000
September 1, 2007	1,655,000
September 1, 2008	1,820,000
September 1, 2009	2,000,000

The Series 1988-A Warrants called for such mandatory redemption shall be selected by the Trustee by lot and shall be redeemed at and for a redemption price, with respect to each such Series 1988-A Warrant (or portion thereof) to be redeemed, equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

The Indenture requires that written notice of the call for redemption of this warrant (or portion of the principal hereof) be forwarded by United States registered or certified mail to the registered holder of this warrant, not less than thirty (30) or more than sixty (60) days prior to the date fixed for redemption. In the event that less than all the outstanding principal of this warrant is to be redeemed, the registered holder hereof shall surrender this warrant to the Trustee in exchange for a new Series 1988-A Warrant of like tenor herewith except in a principal amount equal to the unredeemed portion of this warrant. In the case of a warrant initially issued in a principal amount of not less than \$100,000, however, the Indenture provides that the holder of such warrant may enter into a special payment agreement with the Trustee which will permit the redemption price of any partial redemption of the principal thereof to be paid to the holder without the surrender or presentation of such warrant to the Trustee, but such special payment agreement shall require in such case that the holder endorse thereon, or on a record of partial redemption appertaining thereto, the payment of the portion of the principal thereof so redeemed, all as more particularly specified in the Indenture. Upon the giving of notice of redemption in accordance with the provisions of the Indenture, the Series 1988-A Warrants (or principal portions thereof) so called for redemption and prepayment shall become due and payable on the date specified in such notice, anything herein or in the Indenture to the contrary notwithstanding, and the holders



thereof shall then and there surrender them for prepayment, and all future interest on the Series 1988-A Warrants (or principal portions thereof) so called for redemption shall cease to accrue after the date specified in such notice, whether or not such Series 1988-A Warrants are so presented.

Reference is hereby made to the Indenture for a description of the nature and extent of the security afforded thereby, the rights and duties of the County and the Trustee with respect thereto, the rights of the holders of the Parity Securities and the terms and conditions on which additional series of Parity Securities may be issued. The Indenture provides, inter alia, (a) that the holder of this warrant shall have no right to enforce the provisions of the Indenture except as provided therein and then only for the equal and pro rata benefit of the holders of all the Parity Securities, and (b) that if this warrant shall not be presented for payment when due (whether by maturity or otherwise) and if funds sufficient for such payment shall have been made available to the Trustee therefor, all liability of the County to the holder of such warrant and all rights of such holder against the County under such warrant or under the Indenture shall cease and terminate and that the sole right of such holder shall thereafter be against the said funds so made available, which the Trustee is required to set aside and hold, subject to any applicable escheat or other similar law, for the benefit of such holder. The Indenture also provides that the County and the Trustee, with the written consent of the holders of a majority in principal amount of the Parity Securities then outstanding, may at any time and from time to time amend the Indenture or any indenture supplemental thereto, provided that no such amendment shall (1) without the consent of the holder of each Parity Security affected, reduce the principal of, the rate of interest on, or the premium (if any) payable on redemption of, any Parity Security, or (2) without the consent of the holders of all the Parity Securities then outstanding, extend the maturity of any installment of principal of or interest on any of the Parity Securities, make any change in any mandatory redemption schedule with respect to any series of the Parity Securities, create a lien or charge on the revenues from the Sewer System ranking prior to or (except in connection with the issuance of additional Parity Securities under the Indenture) on a parity with the lien or charge thereon contained in the Indenture, effect a preference or priority of any Parity Security over any other Parity Security or reduce the aggregate principal amount of Parity Securities the holders of which are required to consent to any such amendment.

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

It is hereby certified that all conditions, actions and things required by the constitution and laws of Alabama to exist, be performed and happen precedent to or in the issuance of this warrant exist, have been performed and have happened in due and legal form.



The Series 1988-A Warrants are issuable only as fully registered warrants (without coupons) in the denomination of \$5,000 or any integral multiple thereof. Provision is made in the Indenture for the exchange of the Series 1988-A Warrants for a like aggregate principal amount of Series 1988-A Warrants of the same maturity and in authorized denominations, all upon the terms and subject to the conditions set forth in the Indenture.

This warrant is transferable by the registered holder hereof, in person or by authorized attorney, only on the books of the Trustee and only upon surrender of this warrant to the Trustee for cancellation, and upon any such transfer a new Series 1988-A Warrant of like tenor hereof will be issued to the transferee in exchange therefor, all as more particularly described in the Indenture. Each holder, by receiving or accepting this warrant, shall consent and agree and shall be estopped to deny that, insofar as the County and the Trustee are concerned, this warrant may be transferred only in accordance with the provisions of the Indenture. Any transferee of this warrant takes it subject to all payments of principal and interest in fact made with respect hereto.

The Trustee shall not be required to transfer or exchange this warrant during the period of fifteen (15) days next preceding any interest payment date; and, in the event that this warrant (or any principal portion hereof) is duly called for redemption and prepayment, the Trustee shall not be required to transfer or exchange this warrant during the period of forty-five (45) days next preceding the date fixed for such redemption and prepayment.

Execution by the Trustee of its authentication certificate hereon is essential to the validity hereof and is conclusive of the due issue hereof under the Indenture.

IN WITNESS WHEREOF, the County has caused this warrant to be executed in its name and behalf with the facsimile signature of the Chairman of the Shelby County Commission, has caused a facsimile of its official seal to be hereunto imprinted, has caused the signature of the aforesaid Chairman to be attested by the Clerk of said County Commission, who has caused a facsimile of her signature to be imprinted hereon, and has caused this warrant to be dated March 1, 1992.

SHELBY COUNTY, ALABAMA

By \_\_\_\_\_  
Chairman of the  
County Commission

ATTEST:

\_\_\_\_\_  
Clerk of the  
County Commission

[ S E A L ]

[Form of Trustee's Authentication Certificate]

DATE OF AUTHENTICATION: \_\_\_\_\_

The within warrant is one of those described in the within-mentioned Trust Indenture.

SOUTHTRUST BANK OF ALABAMA,  
NATIONAL ASSOCIATION

By \_\_\_\_\_  
Its Authorized Officer

[Form of Assignment]

For value received \_\_\_\_\_ hereby sell(s), assign(s), and transfer(s) unto \_\_\_\_\_ the within warrant and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney, with full power of substitution in the premises, to transfer this warrant on the books of the within-mentioned Trustee.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

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

[Form of Signature Guaranty]

Signature Guaranteed:

\_\_\_\_\_  
(Bank, Trust Company or Firm)

By \_\_\_\_\_  
(Authorized Officer)

**Section 3.7 Execution and Delivery of the Series 1988-A Warrants.** The Series 1988-A Warrants shall be forthwith executed and delivered to the Trustee and shall be authenticated and delivered by the Trustee to the respective Holders of the outstanding Series 1988 Warrants in principal amounts that correspond to the respective principal amounts of the Series 1988 Warrants registered in the names of such Holders; provided, however, (i) that the Trustee shall not authenticate any of the Series 1988-A Warrants unless and until it has received from each Holder of outstanding Series 1988 Warrants a written consent to the execution and delivery of this First Supplemental Indenture and the amendments to the provisions of the Original Indenture hereby effected and (ii) that the Trustee shall not deliver any Series 1988-A Warrants to a current Holder of Series 1988 Warrants until all of the Series 1988 Warrants owned by such Holder have been surrendered to the Trustee [it being understood and agreed, however, that, from and after the Trustee's receipt of all of the written consents referred to in the preceding clause (i), each of the Holders of the Series 1988 Warrants shall be bound by the provisions of this First Supplemental Indenture and the provisions of the Series 1988 Warrants shall be deemed to be amended to conform to the provisions of the Series 1988-A Warrants, irrespective of whether or not all of the Series 1988 Warrants are surrendered for exchange as provided herein]. All Series 1988 Warrants surrendered for exchange pursuant to this Section 3.7 shall be cancelled by the Trustee upon its receipt thereof.

**ARTICLE IV**

**AMENDMENT OF CERTAIN PROVISIONS OF  
ARTICLE X OF THE ORIGINAL INDENTURE**

**Section 4.1 Clearance Account.** There is hereby created a special account, the name of which shall be the "Shelby County Sewer 1993 Clearance Account," for the purpose of providing for the use and disposition of moneys and securities held, as of the date of delivery of this First Supplemental Indenture, in the various Funds established under the Original Indenture. The Trustee shall be and remain the depository, custodian and disbursing



agent for the Clearance Account. Simultaneously with the execution and delivery of this First Supplemental Indenture, the Trustee (i) shall transfer to the Clearance Account, from the various Funds established under the Original Indenture, moneys in the aggregate amount of \$1,100,000 and (ii) shall deposit and retain in the Debt Service Fund all other moneys and securities then held in the various Funds established under the Original Indenture.

The moneys on deposit in the Clearance Account shall be used for the purposes of paying Operating Expenses (including the fees and expenses of the Trustee and the fees and expenses of counsel to the Trustee, counsel to the County, bond counsel to the County and counsel to any one or more of the Holders of the Series 1988 Warrants) and of paying the costs of acquiring, constructing or installing Capital Improvements (including the reimbursement of the County for moneys paid for either or both of such purposes subsequent to April 15, 1993 — the date of enactment of the act which authorized the Governing Body to levy the Special Tax). The moneys in the Clearance Account shall be disbursed by the Trustee from time to time for either or both of the aforesaid purposes, but only upon receipt of a requisition signed by an Authorized County Representative and stating, with respect to each such payment, the following:

- (a) the amount requested to be paid;
- (b) the name and address of the Person (which may be the County) to whom such payment is due;
- (c) the purpose for which the moneys disbursed pursuant to such requisition are to be expended;
- (d) that the purpose for which such payment is to be made is one for which Clearance Account moneys are authorized in this First Supplemental Indenture to be expended; and
- (e) that the payment requested in such requisition has not formed the basis for any previous requisition for the disbursement of moneys in the Clearance Account.

The Trustee will keep and maintain adequate records pertaining to the Clearance Account and all moneys received therein and disbursed therefrom. The Clearance Account shall be completely closed when all of the moneys deposited therein have been disbursed therefrom in accordance with the provisions of the preceding paragraph. At the time of such closing, the Trustee will file with the County an accounting of all moneys received into and disbursed from the Clearance Account. The Trustee shall be fully protected in making withdrawals and payments out of the Clearance Account for the purposes specified in this Section 4.1 upon presentation to it of requisitions complying with the requirements set forth herein.

The Trustee will, to the extent practicable, cause any Clearance Account moneys not then needed for the payment of Operating Expenses or the costs of acquiring, constructing or installing Capital Improvements to be invested in such Eligible Investments as the County may request through a written certificate signed by an Authorized County Representative if such request is not inconsistent with the applicable provisions hereof. In the event that moneys in the Clearance Account are invested pursuant to the provisions hereof, the Eligible Investments in which such moneys are so invested, together with all income derived

therefrom, shall become a part of the Clearance Account to the same extent as if they were moneys originally deposited therein. The Trustee shall convert any such investments into cash if such sale or conversion is necessary to provide for payment of a requisition presented to it pursuant to the provisions of this Section 4.1 and shall, upon written request of an Authorized County Representative, sell or otherwise convert any such investments into cash. The net proceeds from any such sale or conversion shall become a part of the Clearance Account. 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 Clearance Account, all Eligible Investments in which any portion of the Clearance Account is at the time so invested shall be included therein at their then market value.

**Section 4.2 Additional Provisions Respecting the Revenue Fund.** The "Shelby County Sewer Gross Revenue Fund" created under the Original Indenture shall be continued and maintained, from and after the date of delivery of this First Supplemental Indenture, in accordance with the succeeding provisions of this Section 4.2. On the date of delivery of this First Supplemental Indenture, (a) the Impact Fee Account forming a part of the Revenue Fund shall be terminated and closed and (b) a new account, the name of which shall be the Supplemental Account, shall be created as a part of the Revenue Fund.

Moneys shall be deposited into and withdrawn from the respective accounts of the Revenue Fund as follows:

(1) Supplemental Account. There shall be deposited in the Supplemental Account, from time to time, such proceeds of the Special Tax as the Governing Body may designate to be used for the payment of principal of and interest on the Series 1988-A Warrants. On or before the last Business Day of each month, moneys on deposit in the Supplemental Account shall be transferred into the following Funds in the following order to the extent of the sufficiency thereof:

(i) into the Interest Account of the Debt Service Fund, the amount required by the provisions of the second paragraph of Section 10.2 of the Original Indenture to be so transferred [provided that no transfer to the Interest Account pursuant to this clause (i) shall be made prior to the month of March 1994];

(ii) into the Principal Account of the Debt Service Fund, the amount required by the provisions of the second paragraph of Section 10.2 of the Original Indenture to be so transferred [provided that no transfer to the Principal Account pursuant to this clause (ii) shall be made prior to the month of September 1994];

(iii) into the Interest Account and the Principal Account, in that order, an amount equal to any Deficiency therein;



(iv) into the Reserve Fund, an amount equal to any Deficiency in the Reserve Fund; and

(v) into the Redemption Fund, the balance.

(2) General Account. There shall be deposited into the General Account all of the Pledged Gross Revenues. On or before the last Business Day of each calendar month, moneys on deposit in the General Account shall be transferred to the following Funds and in the following order, to the extent of the sufficiency thereof:

(i) into the Operation and Maintenance Fund, the amounts required to be deposited in the Current Account thereof and the Reserve Account thereof;

(ii) into the Interest Account of the Debt Service Fund, to the extent of any Deficiency therein;

(iii) into the Principal Account of the Debt Service Fund, to the extent of any Deficiency therein;

(iv) into the Reserve Fund, to the extent of any Deficiency therein;

(v) into the Improvement Fund, to the extent of any required payment thereto or to satisfy any Deficiency therein; and

(vi) into the Surplus Fund, the balance.

For purposes of the provisions of the preceding paragraph, (A) a Deficiency with respect to the Interest Account of the Debt Service Fund shall be deemed to exist until all of the Initial Period Interest has been paid or moneys are held in said Interest Account in an amount sufficient to pay all then unpaid Initial Period Interest, (B) a Deficiency with respect to the Principal Account of the Debt Service Fund shall be deemed to exist until the mandatory redemptions of Series 1988-A Warrants scheduled for March 1, 1994, and September 1, 1994, have been effected or moneys are held in said Principal Account in an amount sufficient to pay the principal amounts due to be paid on such dates and then unpaid, and (c) a Deficiency with respect to the Reserve Fund shall be deemed to exist at any time when the amount on deposit therein is less than \$2,024,500.

**Section 4.3 Additional Provisions Respecting the Reserve Fund.** From and after the delivery of this First Supplemental Indenture, the Reserve Fund established under the Original Indenture shall no longer consist of two separate accounts. The maximum amount to be held in the Reserve Fund with respect to the Series 1988-A Warrants shall be \$2,024,500, which shall consist of moneys transferred to the Reserve Fund from the Revenue Fund pursuant to Section 4.2 of this First Supplemental Indenture.



**Section 4.4 Termination of Rebate Fund.** The Rebate Fund created under the Original Indenture is hereby terminated and closed.

## **ARTICLE V**

### **MISCELLANEOUS PROVISIONS**

**Section 5.1 Termination of Construction Fund.** As provided in Section 4.1 hereof, simultaneously with the execution and delivery of this First Supplemental Indenture, all moneys and securities then held in the Construction Fund shall be transferred to the Clearance Account. Thereupon, the Construction Fund shall be terminated and closed.

**Section 5.2 Special Provision Respecting Rate Covenant.** Following the execution and delivery of this First Supplemental Indenture, a failure by the County to satisfy the requirements of Section 11.5 of the Original Indenture shall not constitute an Event of Default under the Indenture. If, however, an Event of Default occurs and the Trustee appoints a receiver, pursuant to Section 13.2 of the Original Indenture, to administer and operate the Sewer System, such receiver shall have the power and authority to make such changes to the rates and charges imposed for sewer service supplied from the Sewer System as such receiver considers to be necessary and appropriate, so long as such changes do not result in rates and charges for such sewer service that exceed the requirements specified in Section 11.5 of the Original Indenture.

**Section 5.3 Tax Covenants.** The County covenants (i) that it will not take or omit to take any action which may cause the interest on any of the Series 1988-A Warrants to be included in gross income for purposes of federal income taxation, (ii) that it will use the "proceeds" of the Series 1988-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 1988-A Warrants, would not cause the Series 1988-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, with respect to the Series 1988-A Warrants, the rebate requirement of Section 148(f) of the Code and the regulations thereunder. 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 said Section 148 and the regulations thereunder with respect to the use of the proceeds of the Series 1988-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 1988-A Warrants.

**Section 5.4 Termination of Acceleration; Non-Waiver of Future Events of Default.** All defaults and Events of Default occurring prior to the execution and delivery of

this First Supplemental Indenture under the terms of the Original Indenture are hereby waived, discharged and terminated and the acceleration of the principal of and interest on the Series 1988 Warrants is hereby annulled, rescinded and terminated. Anything contained in this First Supplemental Indenture to the contrary notwithstanding, the County shall be obligated to comply with its obligations arising under the Indenture following the date of execution and delivery of this First Supplemental Indenture and, except as otherwise specifically provided herein, nothing herein contained shall constitute a waiver of, or shall prevent the occurrence of, any Event of Default under the Indenture arising as a consequence of the failure of the County to comply with its obligations arising under the Indenture following the date of execution and delivery of this First Supplemental Indenture.

**Section 5.5 Confirmation of Original Indenture.** As supplemented and amended by this First Supplemental Indenture, the Original Indenture is in all things and respects hereby ratified and confirmed.

**Section 5.6 First Supplemental Indenture Governed by Alabama Law.** This First Supplemental Indenture shall in all respects be governed by and construed in accordance with the laws of the State of Alabama.


**Section 5.7 Severability.** In the event that any provision hereof shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 5.8 Article and Section Captions.** The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

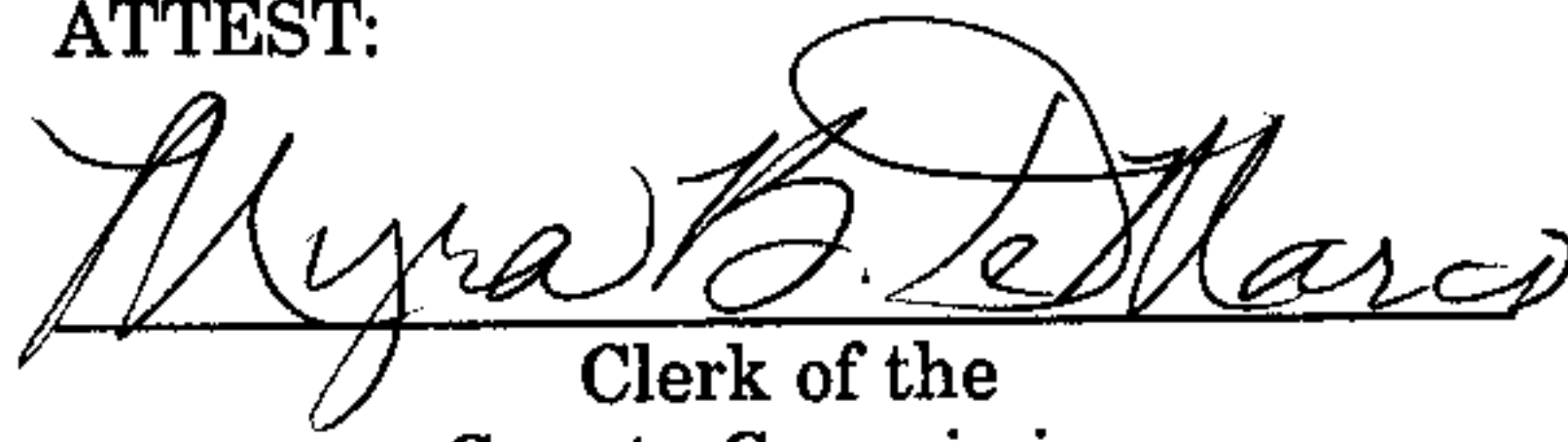
IN WITNESS WHEREOF, the County has caused this First Supplemental Indenture to be executed in its name and behalf by the Chairman of the Governing Body, has caused its official seal to be hereunto affixed and has caused this First Supplemental Indenture to be attested by the Clerk of the Governing Body,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

Supplemental Indenture to be executed in its name and behalf, has caused its seal to be hereunto affixed and has caused this First Supplemental Indenture to be attested, by its duly authorized officers, all in six (6) counterparts, each of which shall be deemed an original, and the County and the Trustee have caused this First Supplemental Indenture to be dated as of August 1, 1993, although actually delivered on August 23, 1993.

SHELBY COUNTY, ALABAMA

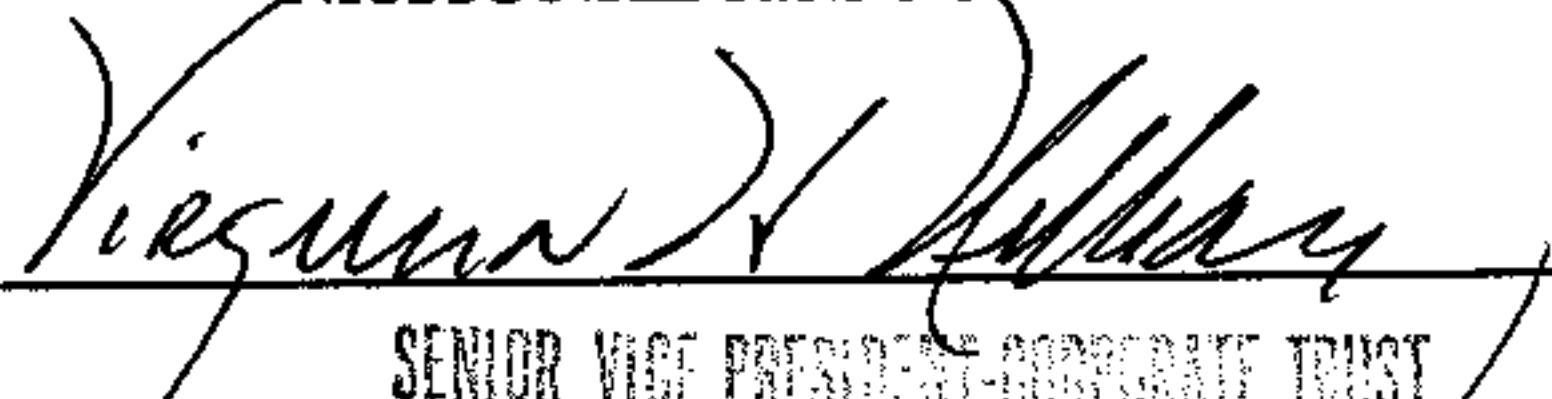
By   
Chairman of the  
County Commission

ATTEST:


  
Clerk of the  
County Commission

[SEAL]

SOUTHTRUST BANK OF ALABAMA,  
NATIONAL ASSOCIATION

By   
Its SENIOR VICE PRESIDENT-CORPORATE TRUST

ATTEST:

  
Its VICE PRESIDENT - CORPORATE TRUST

[SEAL]



STATE OF ALABAMA     )  
                              :  
JEFFERSON COUNTY     )

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that W. Paul Yeager, whose name as Chairman of the County Commission of Shelby County, Alabama, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the said instrument, 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 23rd day of August, 1993.

[ NOTARIAL SEAL ]

Sarahlyn M. Hodges  
Notary Public aka Sarahlyn Martin

My Commission Expires: MY COMMISSION EXPIRES MAY 18, 1994

STATE OF ALABAMA     )  
                              :  
JEFFERSON COUNTY     )

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that Virginia E. Williams, whose name as SENIOR VICE PRESIDENT CORPORATE TRUST of SOUTHTRUST BANK OF ALABAMA, NATIONAL ASSOCIATION, a national banking association acting in its capacity as Trustee under that certain Trust Indenture from Shelby County, Alabama, dated as of September 1, 1988, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the said instrument, she, as such officer and with full authority, executed the same voluntarily for and as the act of said banking association acting in its capacity as trustee as aforesaid.

GIVEN under my hand and official seal of office, this 23rd day of August, 1993.

[ NOTARIAL SEAL ]

Sarahlyn M. Hodges  
Notary Public aka Sarahlyn Martin

My Commission Expires: MY COMMISSION EXPIRES MAY 18, 1994

Inst # 1993-30761

10/06/1993-30761  
08:57 AM CERTIFIED  
21  
SHELBY COUNTY JUDGE OF PROBATE  
021 MJS 58.50