

STATE OF ALABAMA

COUNTY OF SHELBY

NOTICE OF STATUTORY MORTGAGE LIEN

Notice is hereby given, pursuant to Section 11-89B-4 of Title 11 of the CODE OF ALABAMA 1975, as follows:

1. The governing body of Alabaster Water Board (formerly known as Alabaster Water and Gas Board) (the "Issuer") has heretofore authorized a Trust Indenture dated September 1, 1994 (the "Original Indenture") between the Board and SouthTrust Bank of Alabama, National Association, as trustee (the "Trustee"), as supplemented and amended by a First Supplemental Trust Indenture dated as of February 1, 1997 (the "First Supplemental Indenture") (the Original Indenture, as supplemented and amended by the First Supplemental Indenture is hereinafter referred to as 'the "Indenture") authorizing the issuance of \$3,965,000 principal amount of revenue bonds of the Issuer under the provisions of Title 11, Chapter 50, Article 9 of the CODE OF ALABAMA 1975, for the purpose of acquiring improvements to a water works plant and distribution system for the Issuer.

2. The said system consists of facilities owned by the Issuer for the production, treatment, transmission and sale of water in the City of Alabaster, Alabama and surrounding territory, including wells, water pumping and treatment facilities, water storage facilities, mains, services, meters, valves, hydrants, and appurtenant facilities, and real property and interests therein.

3. The said bonds are issued in the form of fully registered bonds designated Water Revenue Bonds, Series 1997, dated February 1, 1997, bearing interest at the following rates per annum, payable on March 1 and September 1 in each year, and maturing on September 1 as to principal in the following principal amounts in the following years:

Inst # 1997-09741

03/31/1997-09741
10:45 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
003 MCD 14.50

Inst # 1997-09741

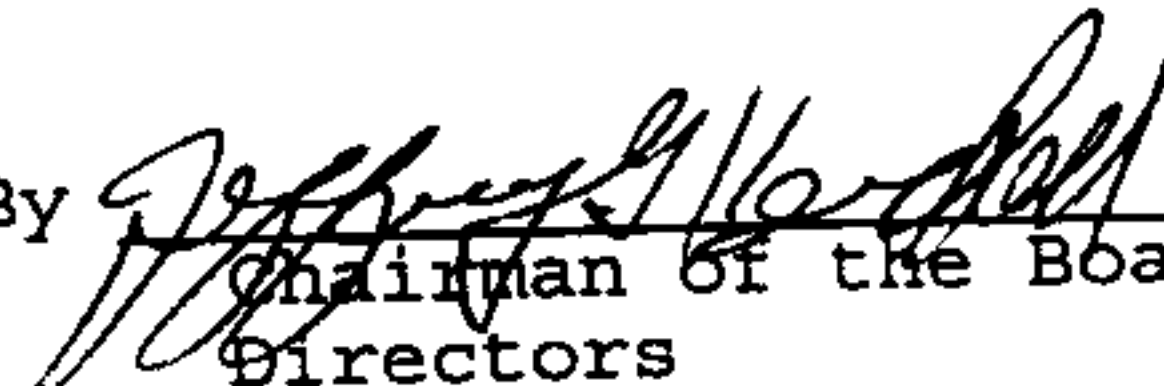
Series 1997 Bonds

<u>Year of Maturity</u>	<u>Principal Amount Maturing</u>	<u>Applicable Interest Rate</u>
1998	\$195,000	3.65%
1999	200,000	4.00
2000	210,000	4.10
2001	215,000	4.20
2002	225,000	4.30
2003	235,000	4.40
2004	245,000	4.50
2005	260,000	4.60
2006	270,000	4.70
2007	280,000	4.80
2008	295,000	4.90
2009	310,000	5.00
2010	325,000	5.10
2011	340,000	5.20
2012	360,000	5.30

4. By virtue of the said laws of the State of Alabama and the proceedings authorizing the issuance of the aforesaid Bonds, a statutory mortgage lien on the said water system, including any replacements or extensions thereof and improvements or additions thereto, has been created in favor of the holders of the said Bonds and in favor of the holders of bonds hereafter issued in lieu of the said Bonds, and in favor of the holders of any bonds heretofore or hereafter issued pursuant to the aforesaid proceedings on a parity of lien with the Bonds, and the said water system shall remain subject to such statutory mortgage lien until payment in full of the principal of and the interest on all such bonds, or until moneys sufficient for the payment of the principal thereof and interest thereon have been deposited in trust for the payment thereof.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be executed in its name and on its behalf by the Chairman of the Board of Directors, and attested by its Secretary, and its corporate seal to be hereunto affixed, on this 28 day of FEBRUARY, 1997.

ALABASTER WATER BOARD

By 
Chairman of the Board of
Directors

S E A L

Attest: 
Secretary

STATE OF ALABAMA

Shelby COUNTY

I, Kathy A. Palmer, a Notary Public in and for said County in said State, hereby certify that Jeffrey G. Kendall whose name as Chairman of the Board of Directors of Alabaster Water Board, a public corporation, is signed to the foregoing notice and who is known to me, acknowledged before me on this day that, being informed of the contents of such notice, he, as such officer and with full authority, executed the same voluntarily as and for the act of the said corporation.

GIVEN under my hand and seal this the 28th day of February, 1997.

Kathy A. Palmer
Notary Public

AFFIX
NOTARIAL SEAL

My commission expires: 1-3-2000

This instrument was prepared by:

James L. Birchall
WALSTON, WELLS, ANDERSON & BAINS, LLP
505 20th Street North, Suite 500
Birmingham, Alabama 35203

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