STATE OF ALABAMA			
COUNTY OF SHELBY)		

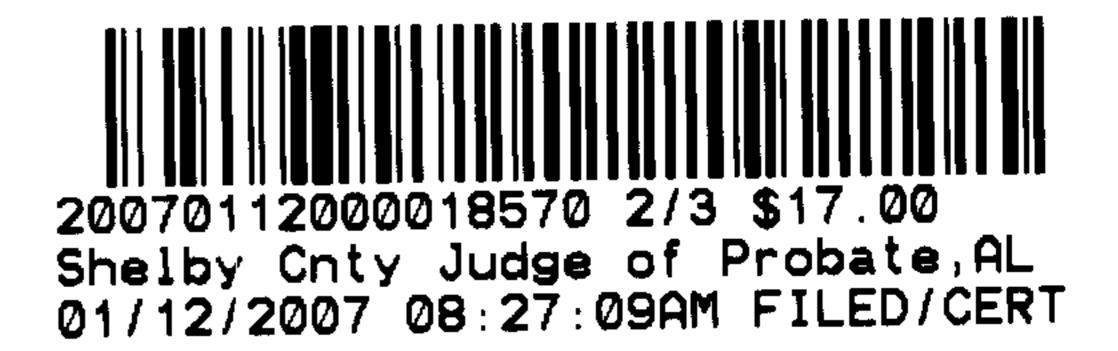
NOTICE OF STATUTORY MORTGAGE LIEN

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"), as trustee (the "Trustee"), as supplemented and amended by a First Supplemental Trust Indenture dated as of February 1, 1997 (the "First Supplemental Indenture"), a Second Supplemental Trust Indenture dated as of February 1, 2003 (the "Second Supplemental Indenture") and a Fourth Supplemental Trust Indenture dated as of June 1, 2004 (the "Third Supplemental Indenture"). The Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and the Fourth Supplemental Indenture are herein together called the "Indenture". The Fourth Supplemental Indenture authorizes the issuance of \$7,140,000 principal amount of water 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 treatment plants, 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 (the "Series 2006 Bonds") are issued in the form of fully registered bonds designated Water Revenue Bonds, Series 2006, dated November 1, 2006, 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:

Year of Maturity	Amount Maturing	Interest Rate	Year of Maturity	Amount Maturing	Interest Rate
2012	\$530,000	3.60%	2019	\$ 740,000	3.75%
2015	850,000	3.55	2020	770,000	3.80
2016	665,000	3.60	2022	1,630,000	4.00
2017	690,000	3.65	2023	550,000	4.00
2018	715,000	3.70		•	

4. The Series 2006 Bonds are being issued on a parity of lien with the Issuer's outstanding Water Revenue Bonds, Series 2003, dated February 1,2003 (the "Series 2003 Bonds") and Water Revenue Refunding Bonds, Series 2004, dated June 1, 2004 (the "Series 2004 Bonds"). 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 Series 2003 Bonds, Series 2004 Bonds and Series 2006 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 Series 2003 Bonds, Series 2004 Bonds and Series 2006 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 27% day of November, 2006.

ALABASTER WATER BOARD

Chairman of the Board of Directors

Attest:

Secretary

20070112000018570 3/3 \$17.00 20070112000018570 of Probate; AL Shelby Cnty Judge of Probate; AL 01/12/2007 08:27:09AM FILED/CERT

STATE OF ALABAMA

SHELBY COUNTY

I, Jake, a Notary Public in and for said County in said State, hereby certify that Gene Sanders 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 27 day of November, 2006.

Notary Public

AFFIX NOTARIAL SEAL

My commission expires: _/308

This instrument was prepared by:

James L. Birchall
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