
FIRST SUPPLEMENTAL INDENTURE

between

JEFFERSON COUNTY, ALABAMA

and

WACHOVIA BANK, NATIONAL ASSOCIATION

Dated as of January 1, 2005

Relating to

JEFFERSON COUNTY, ALABAMA

\$200,000,000

**Limited Obligation School Warrants
Series 2005-A**

\$200,000,000

**Limited Obligation School Warrants
Series 2005-B**

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Appendix I – Form of Series 2005 Warrants

FIRST SUPPLEMENTAL INDENTURE between **JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (herein called the "County"), and **WACHOVIA BANK, NATIONAL ASSOCIATION**, a national banking association, in its capacity as successor to SouthTrust Bank, as Trustee under that certain Trust Indenture of the County dated as of December 1, 2004 (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 \$650,000,000 principal amount of Limited Obligation School Warrants, Series 2004-A, dated December 1, 2004 (herein called the "Series 2004-A Warrants"). The Series 2004-A Warrants were issued to finance a portion of the cost of a program of grants to fund capital improvements or debt retirement (such grant program being referred to herein as the "Project") for the benefit of the various boards of education located in the County. Under the provisions of the Original Indenture, the County reserved the right to issue certain Series 2004-B Warrants and Series 2004-C Warrants, to be secured on a parity with the Series 2004-A Warrants, for the purpose of financing the balance of the cost of the Project.

The County proposes to exercise its reserved right to issue said Series 2004-B Warrants and Series 2004-C Warrants through the issuance of the Series 2005-A Warrants and Series 2005-B Warrants hereinafter referred to. The County has, by proper official action and pursuant to the provisions of the Original Indenture, duly authorized said Series 2005-A Warrants and Series 2005-B Warrants, which are to be secured by the Original Indenture, as supplemented hereby, on a parity with the outstanding Series 2004-A Warrants. This First Supplemental Indenture has been executed and delivered in order to specify the details with respect to said Series 2005-A Warrants and Series 2005-B Warrants and to provide for certain other matters set forth herein.

NOW, THEREFORE, THIS

FIRST SUPPLEMENTAL INDENTURE

WITNESSETH:

It is hereby agreed among the County, the Trustee and the holders at any time of said Series 2005-A Warrants and said Series 2005-B Warrants (the holders of said warrants evidencing their consent hereto by the acceptance of said 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 First Supplemental Indenture, shall have the following respective meanings:

"Ambac Assurance" means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company.

"Closing Date" means the date on which the Series 2005 Warrants are paid for by and delivered to the Underwriter.

"Financial Guaranty Insurance Policy" means the financial guaranty insurance policy issued by Ambac Assurance insuring the payment when due of the principal of and interest on the Series 2005-A Warrants and Series 2005-B Warrants as provided therein.

"First Supplemental Indenture" or **"this First Supplemental Indenture"** means this First Supplemental Indenture.

"Initial Bank" means DEPFA BANK plc, acting through its New York Branch.

"Initial Liquidity Facility" means the Standby Warrant Purchase Agreement dated as of January 1, 2005, among the County, the Trustee and the Initial Bank, including any extensions thereof or amendments or supplements thereto.

"Issuance Costs" means the costs and expenses of issuing and selling the Series 2005 Warrants, including, without limitation, the fees and expenses of Bond Counsel to the County, the acceptance fee of the Trustee, the fees of any Rating Agency rating the Series 2005 Warrants, bond insurance premiums, fees of Liquidity Providers, accounting fees, financial advisory fees, underwriters' commissions and discounts, the costs of printing the Official Statement for the Series 2005 Warrants, and other usual and customary expenses.

"Remarketing Agent" means any remarketing agent or remarketing agents appointed pursuant to Section 6.5, and its or their successors or assigns, including, without limitation, any "market agent" or "broker-dealer" appointed in connection with Auction Rate Warrants.

"Remarketing Agreement" means each remarketing agreement with a Remarketing Agent, as from time to time amended and supplemented.

"Series 2005 Warrants" means the Series 2005-A Warrants and the Series 2005-B Warrants.

"Series 2005-A Warrants" means the County's Limited Obligation School Warrants, Series 2005-A, authorized to be issued in the aggregate principal amount of \$200,000,000.

"Series 2005-B Warrants" means the County's Limited Obligation School Warrants, Series 2005-B, authorized to be issued in the aggregate principal amount of \$200,000,000.

"Stated Maturity" means, with respect to the Series 2005-A Warrants and the Series 2005-B Warrants, January 1, 2027.

"Surety Bond" means the Surety Bond issued by Ambac Assurance guaranteeing certain payments into the Reserve Fund with respect to the Parity Securities secured thereby, as provided therein and subject to the limitations set forth therein.

"Tender Agent" means Wachovia Bank, National Association, in its separate capacity as Tender Agent for the Series 2005 Warrants, or its successors or assigns in such capacity.

"Tender Date" means a date on which a Series 2005 Warrant is to be purchased pursuant to the optional or mandatory provisions of the Indenture.

"Tendered Warrants" means Series 2005 Warrants tendered for purchase pursuant to the optional or mandatory tender provisions of the Indenture.

"Underwriter" means Raymond James & Associates, Inc.

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

(a) Reserved Right to Issue Additional Parity Securities. In the Original Indenture, the County reserved the right to issue, upon compliance with certain conditions precedent set forth therein, the Series 2004-B Warrants and Series 2004-C Warrants (as such terms are defined therein). The Series 2005-A Warrants and Series 2005-B Warrants authorized and described in this First Supplemental Indenture are being issued and delivered pursuant to that reserved right, with the change of the respective series designations being made solely for marketing and administrative convenience.

(b) Purpose of the Series 2005-A Warrants and Series 2005-B Warrants. It is desirable and in the public interest for the County to issue the Series 2005-A Warrants and Series 2005-B Warrants to finance a portion of the cost of the Project.

(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 Series 2004-A Warrants, have heretofore been issued by the County under the Indenture, and the County now has no outstanding obligations payable from the sources of payment pledged in the Indenture except the Series 2004-A Warrants.

Section 1.3 **Use of Phrases.** "Herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter" and other equivalent words refer to this First 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 First Supplemental Indenture as defined terms without being herein defined shall have the meanings respectively given them in the Original 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 2005 Warrants, any reference in the Original Indenture or in this First Supplemental Indenture to the "Parity Securities" shall, unless the context clearly and unequivocally indicates otherwise, be construed to include the Series 2004-A Warrants, the Series 2005 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 First Supplemental Indenture, any reference in the Original Indenture or in this First 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 this First Supplemental Indenture. The provisions of the Original Indenture, to the extent they are not inconsistent with the provisions hereof, shall also apply to this First Supplemental Indenture; provided that (a) references in the Original Indenture to the Series 2004-B Warrants shall be deemed to be references to the Series 2005-A Warrants, (b) references in the Original Indenture to the Series 2004-C Warrants shall be deemed to be references to the Series 2005-B Warrants, and (c) references in the Original Indenture to the Series 2004 Warrants shall be deemed to be references to the Series 2004-A Warrants, the Series 2005-A Warrants and the Series 2005-B Warrants.

ARTICLE II

AUTHORIZATION OF SERIES 2005 WARRANTS

Section 2.1 **Authorization of Series 2005 Warrants.** (a) There is hereby created and established under the Indenture a series of Parity Securities of the County, which shall be issued and designated as "Limited Obligation School Warrants, Series 2005-A" in the principal amount of \$200,000,000. In order to distinguish between Series 2005-A Warrants which are subject to

different interest rate determination methods and other features or covered by different Liquidity Facilities and to distinguish the portion of the Series 2005-A Warrants to be remarketed by any particular Remarketing Agent, the Series 2005-A Warrants may be designated and redesignated from time to time by the County in such a way as to identify one or more subseries of the Series 2005-A Warrants. Such subseries may be designated as subseries A-1, subseries A-2, or may be further redesignated as subseries A-1-A, subseries A-1-B, and so forth. Each Series 2005-A Warrant shall bear upon the face thereof such designation or redesignation, if any. In the event any portion of the Series 2005-A Warrants is designated as one or more subseries, unless the context otherwise requires, any reference to the Series 2005-A Warrants in this First Supplemental Indenture shall be deemed (to the extent applicable) to refer to each such subseries and any reference to the Liquidity Facility or the Liquidity Provider shall be deemed (to the extent applicable) to refer to the Liquidity Facility or Liquidity Provider pertaining to each such subseries.

(b) There is hereby created and established under the Indenture a series of Parity Securities of the County, which shall be issued and designated as "Limited Obligation School Warrants, Series 2005-B" in the principal amount of \$200,000,000. In order to distinguish between Series 2005-B Warrants which are subject to different interest rate determination methods and other features or covered by different Liquidity Facilities and to distinguish the portion of the Series 2005-B Warrants to be remarketed by any particular Remarketing Agent, the Series 2005-B Warrants may be designated and redesignated from time to time by the County in such a way as to identify one or more subseries of the Series 2005-B Warrants. Such subseries may be designated as subseries B-1, subseries B-2, or may be further redesignated as subseries B-1-A, subseries B-1-B, and so forth. Each Series 2005-B Warrant shall bear upon the face thereof such designation or redesignation, if any. In the event any portion of the Series 2005-B Warrants is designated as one or more subseries, unless the context otherwise requires, any reference to the Series 2005-B Warrants in this First Supplemental Indenture shall be deemed (to the extent applicable) to refer to each such subseries and any reference to the Liquidity Facility or the Liquidity Provider shall be deemed (to the extent applicable) to refer to the Liquidity Facility or Liquidity Provider pertaining to each such subseries.

(c) The Series 2005 Warrants shall be issued under this First Supplemental Indenture for the purpose of financing a portion of the cost of the Project.

(d) Series 2005 Warrants bearing a Commercial Paper Rate, a Daily Rate or a Weekly Rate shall be fully registered warrants in the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof. Series 2005 Warrants bearing an Auction Rate shall be fully registered warrants in the denomination of \$25,000 or any integral multiple thereof. Series 2005 Warrants bearing a Term Rate or a Fixed Rate shall be fully registered warrants in the denomination of \$5,000 or any integral multiple thereof.

(e) The Series 2005-A Warrants and Series 2005-B Warrants, respectively, shall be numbered consecutively from R-1 upwards as issued or as otherwise provided by the Trustee. If the Series 2005-A Warrants or Series 2005-B Warrants are redesignated to identify one or more subseries, such warrants may be numbered in accordance with such subseries designations, i.e.,

R-1-1, R-2-1 and so forth. The Series 2005 Warrants shall mature on January 1, 2027. The Series 2005 Warrants shall be initially issued in fully registered form, without coupons, and dated their date of first authentication and delivery, and thereafter shall be dated their date of authentication.

(f) In addition to the redemption provisions contained in Article IX of the Original Indenture, the Series 2005 Warrants shall be redeemed at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on January 1 (or, in the case of Auction Rate Warrants, if any such January 1 is not an Interest Payment Date, then on the first Interest Payment Date subsequent thereto) in years and principal amounts (after credit as provided below) as follows:

<u>Series 2005-A Warrants</u>		<u>Series 2005-B Warrants</u>	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2007	\$ 4,550,000	2007	\$ 4,550,000
2008	5,075,000	2008	5,075,000
2009	5,225,000	2009	5,225,000
2010	5,400,000	2010	5,400,000
2011	5,575,000	2011	5,575,000
2012	5,750,000	2012	5,750,000
2013	5,950,000	2013	5,950,000
2014	6,150,000	2014	6,150,000
2015	6,350,000	2015	6,350,000
2016	6,550,000	2016	6,550,000
2017	6,775,000	2017	6,775,000
2018	6,975,000	2018	6,975,000
2019	7,225,000	2019	7,225,000
2020	7,450,000	2020	7,450,000
2021	7,700,000	2021	7,700,000
2022	7,950,000	2022	7,950,000
2023	8,200,000	2023	8,200,000
2024	8,475,000	2024	8,475,000
2025	8,750,000	2025	8,750,000
2026	36,375,000	2026	36,375,000

\$37,550,000 of the Series 2005-A Warrants will be retired at Maturity	\$37,550,000 of the Series 2005-B Warrants will be retired at Maturity
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Not less than 60 days prior to each such scheduled mandatory redemption date, the County may specify the particular subseries (if applicable) from which Series 2005 Warrants are to be called for such redemption and (if more than one subseries is so specified) the respective principal amounts

to be called for redemption from each thereof. In any such case, the particular Series 2005 Warrants (or portions thereof) within a given series or subseries to be called for redemption shall be selected by the Trustee by lot. If the County fails to make such a specification with respect to any scheduled mandatory redemption date, not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, as provided in the Original Indenture, Series 2005 Warrants or portions thereof from each series in an aggregate principal amount equal to the amount required to be redeemed and shall call such Series 2005 Warrants or portions thereof for redemption on such scheduled mandatory redemption date. In any event the County may, upon direction delivered to the Trustee not less than 60 days prior to such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of Series 2005 Warrants of a particular series scheduled for redemption on such date: (i) the principal amount of Series 2005 Warrants of the same series delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of Series 2005 Warrants of the same series previously redeemed (other than Series 2005 Warrants redeemed pursuant to this paragraph) and not previously claimed as a credit.

The Series 2005 Warrants will also be subject to mandatory redemption and payment on March 1, 2006, and on each March 1 thereafter, in accordance with the provisions of Section 9.1 of the Original Indenture providing for Excess Tax Proceeds Mandatory Redemption.

Series 2005 Warrants shall be redeemed in accordance with the foregoing mandatory redemption provisions without any requirement of consent by the County.

(g) The County hereby appoints the Trustee as Paying Agent with respect to the Series 2005 Warrants, and the Trustee hereby accepts such appointment. In so acting, the Trustee shall continue to be entitled to the benefits and protections of Article XVIII of the Original Indenture, regardless of whether acting in its role as Trustee or as Paying Agent. In its execution of this First Supplemental Indenture and other documents related to the Series 2005 Warrants, the Trustee shall be deemed to be acting in the capacity of both Trustee and Paying Agent, regardless of whether or not expressly so stated.

Section 2.2 Form of Series 2005 Warrants. The Series 2005 Warrants and the certificate of authentication shall be substantially as set forth in Appendix I, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this First Supplemental Indenture.

Section 2.3 Execution, Authentication, Delivery and Dating. (a) The Series 2005 Warrants shall be executed on behalf of the County by the President or the President Pro Tem of the Governing Body under its official seal reproduced thereon and attested by the Minute Clerk of the Governing Body. The signature of any of these officers on the Series 2005 Warrants may be manual or, to the extent permitted by law, facsimile. Series 2005 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 2005 Warrants or shall not have held such offices at the date of such Series 2005 Warrants.

(b) At any time and from time to time after the execution and delivery of this First Supplemental Indenture, the County may deliver Series 2005 Warrants executed by the County to the Trustee for authentication and the Trustee shall authenticate and deliver such Series 2005 Warrants as in this First Supplemental Indenture provided and not otherwise.

(c) No Series 2005 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 2005 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 2005 Warrant shall be conclusive evidence, and the only evidence, that such Series 2005 Warrant has been duly authenticated and delivered hereunder.

Section 2.4 Authentication and Delivery of Series 2005 Warrants to Original Purchasers. Upon the execution and delivery of this First Supplemental Indenture, Series 2005 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 2005 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.

ARTICLE III

INTEREST ON SERIES 2005 WARRANTS

Section 3.1 Interest on Series 2005 Warrants – General. (a) While Series 2005 Warrants bear interest at a Commercial Paper Rate, a Daily Rate or a Weekly Rate, interest accrued on such warrants shall be computed on the basis of a 365 or 366-day year, as applicable, for the number of days actually elapsed. While Series 2005 Warrants bear interest at a Term Rate or the Fixed Rate, interest accrued on such warrants shall be computed on the basis of a 360-day year, consisting of twelve 30-day months. While Series 2005 Warrants bear interest at an Auction Rate, interest accrued on such warrants shall be computed on the basis of a 360-day year for the number of days actually elapsed. The Series 2005 Warrants shall bear interest from the date of initial issuance thereof, payable on each Interest Payment Date. The Series 2005 Warrants issued upon transfers or exchanges of Series 2005 Warrants shall bear interest from such date of initial issuance or from the Interest Payment Date next preceding their date of authentication, unless the date of authentication is an Interest Payment Date in which case such warrants shall bear interest from such date, or unless the date of authentication is after the Record Date next preceding the next succeeding Interest Payment Date, in which case such warrants shall bear interest from such next succeeding Interest Payment Date.

(b) The Series 2005-A Warrants shall be designated as subseries A-1, A-2, A-3 and A-4, shall initially bear interest at the Auction Rate (with the following respective initial rates) and shall be issued in the following initial principal amounts:

<u>Subseries</u>	<u>Initial Principal Amount</u>	<u>Initial Interest Rates</u>
A-1	\$ 50,000,000	1.95%
A-2	50,000,000	1.95
A-3	50,000,000	2.00
A-4	50,000,000	2.00

The Series 2005-B Warrants shall initially bear interest at the Weekly Rate and shall be issued in the principal amount of \$200,000,000. The initial Liquidity Provider for the Series 2005-B Warrants shall be DEPPA BANK plc, acting through its New York Branch.

ARTICLE IV

APPLICATION OF PROCEEDS

Section 4.1 **Proceeds From Sale of Series 2005 Warrants.** The proceeds from the sale of the Series 2005 Warrants to the original purchaser or purchasers thereof shall be applied as follows:

- (i) the sum of \$5,635,914.50 shall be paid to Ambac Assurance as the premium for the Financial Guaranty Insurance Policy;
- (ii) the sum of \$588,765.94 shall be paid to Ambac Assurance as the premium for the Surety Bond;
- (iii) the sum of \$1,490,144.30 shall be paid into the Debt Service Fund, to be applied to pay interest on the Series 2005 Warrants;
- (iv) the sum of \$977,150.00 shall be paid into the Issuance Cost Account;
and
- (v) the balance shall be paid into the Grant Fund, but maintained in a separate account thereof to permit separate accounting for the proceeds of the Series 2004-A Warrants and the proceeds of the Series 2005 Warrants.

Section 4.2 **Issuance Cost Account.** There is hereby created a special account the full name of which shall be the "Series 2005 Warrants Issuance Cost Account." The Issuance Cost Account shall be maintained as a separate account until the moneys in said account shall have been

fully expended as hereinafter provided. The Trustee shall be the depository and disbursing agent for the Issuance Cost Account.

The County will apply the moneys in the Issuance Cost Account solely for payment of the Issuance Costs, as and when such costs become due and payable. The President of the Governing Body or any Authorized County Representative is hereby authorized and directed to cause the said costs to be paid, as promptly as may be feasible following the issuance of the Series 2005 Warrants, by submitting to the Trustee requisitions signed by any one of said officers directing the payment of the costs specified in said requisition.

In the event the moneys deposited in or transferred to the Issuance Cost Account are not sufficient to pay all Issuance Costs, the President of the Governing Body is hereby authorized and directed to pay, out of any other funds of the County available therefor, the remainder of such costs. If any moneys remain in the Issuance Cost Account after the payment of all costs of issuing the Series 2005 Warrants, the Trustee shall transfer such moneys to the Debt Service Fund upon receipt of a certificate signed by the President of the Governing Body or any Authorized County Representative stating that all expenses of issuing the Series 2005 Warrants, to the extent known to or anticipated by the County, have been paid in full.

ARTICLE V

PROVISIONS CONCERNING BOND INSURANCE

Section 5.1 Actions for which Consent of Ambac Assurance is Required. Any provision of the Indenture expressly recognizing or granting rights in or to Ambac Assurance may not be amended in any manner which affects the rights of Ambac Assurance hereunder without the prior written consent of Ambac Assurance. Ambac Assurance reserves the right to charge the County a fee for any consent to an amendment to the Indenture while the Financial Guaranty Insurance Policy is outstanding. Unless otherwise provided in this section, Ambac Assurance's consent shall be required in addition to Warrantholder consent, when required, for the following purposes: (i) execution and delivery of any Supplemental Indenture, (ii) removal of the Trustee and selection and appointment of any successor Trustee, and (iii) initiation or approval of any action not described in (i) or (ii) above which requires Warrantholder consent. Ambac Assurance shall be deemed to be the holder of all outstanding Series 2005 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 Parity Security). Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuation of an Event of Default, Ambac Assurance shall be entitled to control and direct the enforcement of all rights and remedies granted to the Holders of the Series 2005 Warrants or the Trustee for the benefit of such Holders under the Indenture. In addition to the foregoing, the consent of Ambac Assurance will be required in order to specify as an exception in any certificate delivered pursuant to clause (b) in the first paragraph under Extraordinary Mandatory Redemption in Section 9.1 of the Original Indenture one or more lawsuits that are then pending.

Section 5.2 Notices to be Given to Ambac Assurance. While the Financial Guaranty Insurance Policy is in effect, the County or the Trustee, as appropriate, shall furnish to Ambac Assurance:

- (a) as soon as practicable after the filing thereof, a copy of any financial statement of the County and a copy of any audit and annual report of the County;
- (b) a copy of any notice to be given to the registered owners of the Series 2005 Warrants, including, without limitation, notice of any redemption of or defeasance of Series 2005 Warrants, and any certificate rendered pursuant to the Indenture relating to the security for the Series 2005 Warrants; and
- (c) such additional information as it may reasonably request.

The Trustee will furnish the information set forth in subsection (a) above only to the extent it has said information in its possession and only after notice from Ambac Assurance that the County has failed to furnish the same to it.

The County will permit Ambac Assurance to discuss the affairs, finances and accounts of the County or any information Ambac Assurance may reasonably request regarding the security for the Series 2005 Warrants with appropriate officers of the County. The Trustee or the County, as appropriate, will permit Ambac Assurance to have access to and to make copies of all books and records relating to the Series 2005 Warrants at any reasonable time; provided, however, that Ambac Assurance shall seek documents from the Trustee only to the extent that the County has refused to furnish the same or said documents are not in the possession of the County.

Notwithstanding any other provision of the Indenture, the Trustee shall immediately notify Ambac Assurance if at any time there are insufficient moneys to make any payments of principal or interest as required and immediately upon the occurrence of any Event of Default of which it is required to take notice under the Indenture.

Section 5.3 Payment Procedure Pursuant to Financial Guaranty Insurance Policy. As long as the Financial Guaranty Insurance Policy shall be in full force and effect, the County and the Trustee agree to comply with the following provisions:

- (a) At least one Business Day prior to each Interest Payment Date for the Series 2005 Warrants, the Trustee will determine whether there will be sufficient moneys in the Indenture funds to pay the principal of and interest on the Series 2005 Warrants becoming due on such Interest Payment Date. If the Trustee determines that there will be insufficient moneys in the Indenture funds to pay such principal of and interest on the Series 2005 Warrants on such interest payment date, the Trustee shall so notify Ambac Assurance. Such notice shall specify the amount of the anticipated deficiency, the Series 2005 Warrants to which such deficiency is applicable and whether such Series 2005 Warrants will be deficient as to principal

or interest, or both. If the Trustee has not so notified Ambac Assurance at least one Business Day prior to an Interest Payment Date, Ambac Assurance will make payments of principal or interest due on the Series 2005 Warrants on or before the first Business Day next following the date on which Ambac Assurance shall have received notice of nonpayment from the Trustee.

(b) The Trustee shall, after giving notice to Ambac Assurance as provided in (a) above, make available to Ambac Assurance and, at Ambac Assurance's direction, to The Bank of New York, as insurance trustee for Ambac Assurance or any successor insurance trustee (the "Insurance Trustee"), the registration books of the County maintained by the Trustee and all records relating to the funds and accounts maintained under the Indenture.

(c) The Trustee shall provide Ambac Assurance and the Insurance Trustee with a list of registered owners of Series 2005 Warrants entitled to receive principal or interest payments from Ambac Assurance under the terms of the Financial Guaranty Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered owners of Series 2005 Warrants entitled to receive full or partial interest payments from Ambac Assurance and (ii) to pay principal of Series 2005 Warrants surrendered to the Insurance Trustee by the registered owners of Series 2005 Warrants entitled to receive full or partial principal payments from Ambac Assurance.

(d) The Trustee shall, at the time it provides notice to Ambac Assurance pursuant to (a) above, notify registered owners of Series 2005 Warrants entitled to receive payment of principal thereof or interest thereon from Ambac Assurance (i) as to the fact of such entitlement, (ii) that Ambac Assurance will remit to them all or a part of the interest payments next coming due upon proof of Warrantholder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner's right to payment, (iii) that should they be entitled to receive full payment of principal from Ambac Assurance, they must surrender their Series 2005 Warrants (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Series 2005 Warrants to be registered in the name of Ambac Assurance) for payment to the Insurance Trustee, and not the Trustee, and (iv) that should they be entitled to receive partial payment of principal from Ambac Assurance, they must surrender their Series 2005 Warrants for payment thereof first to the Trustee, who shall note on such Series 2005 Warrants the portion of the principal paid by the Trustee, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) In the event that the Trustee has notice that any payment of principal of or interest on a Series 2005 Warrant which has become due for payment and

which is made to a Warrantholder by or on behalf of the County has been deemed a preferential transfer and theretofore recovered from its registered owner 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 Ambac Assurance is notified pursuant to (a) above, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee shall furnish to Ambac Assurance its records evidencing the payments of principal of and interest on the Series 2005 Warrants which have been made by the Trustee and subsequently recovered from registered owners and the dates on which such payments were made.

(f) In addition to those rights granted Ambac Assurance under the Indenture, Ambac Assurance shall, to the extent it makes payment of principal of or interest on Series 2005 Warrants, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Financial Guaranty Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to the claims for past due interest, the Trustee shall note Ambac Assurance's rights as subrogee on the registration books of the County maintained by the Trustee upon receipt from Ambac Assurance of proof of the payment of interest thereon to the registered owners of the Series 2005 Warrants, and (ii) in the case of subrogation as to claims for past due principal, the Trustee shall note Ambac Assurance's rights as subrogee on the registration books of the County maintained by the Trustee upon surrender of the Series 2005 Warrants by the registered owners thereof together with proof of the payment of principal thereof.

Section 5.4 Series 2005 Warrants Paid by Ambac Assurance Deemed Outstanding. In the event that the principal or interest due on the Series 2005 Warrants shall be paid by Ambac Assurance pursuant to the Financial Guaranty Insurance Policy, the Series 2005 Warrants shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the County, and the lien of the Indenture and all covenants, agreements and other obligations of the County to the registered owners shall continue to exist and shall run to the benefit of Ambac Assurance, and Ambac Assurance shall be subrogated to the rights of such registered owners.

Section 5.5 Payment Procedure Pursuant to the Surety Bond. As long as the Surety Bond is in full force and effect, the Trustee agrees to comply with the following provisions:

(a) In the event and to the extent that moneys on deposit in the Debt Service Fund and Redemption Fund, plus all amounts on deposit in and credited to the Reserve Fund in excess of the amount of the Surety Bond, are insufficient to pay the amount of principal and interest coming due, then upon the later of: (i) one (1) day after receipt by the General Counsel of Ambac Assurance of a demand for payment in the form attached to the Surety Bond as Attachment 1 (the "Demand for

Payment"), duly executed by the Trustee certifying that payment due under the Indenture has not been made to the Trustee; or (ii) the payment date of the Parity Securities as specified in the Demand for Payment presented by the Trustee to the General Counsel of Ambac Assurance, Ambac Assurance will make a deposit of funds in an account with the Trustee or its successor, in New York, New York, sufficient for the payment to the Trustee, of amounts which are then due to the Trustee under the Indenture (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage, as defined in the Surety Bond; provided, however, that in the event that the amount on deposit in, or credited to, the Reserve Fund, in addition to the amount available under the Surety Bond, includes amounts available under a letter of credit, insurance policy, surety bond or other such funding instrument (the "Additional Funding Instrument"), draws on the Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency.

(b) The Trustee shall, after submitting to Ambac Assurance the Demand for Payment as provided in (a) above, make available to Ambac Assurance all records relating to the funds and accounts maintained under the Indenture.

(c) The Trustee shall, upon receipt of moneys received from the draw on the Surety Bond, as specified in the Demand for Payment, credit the Reserve Fund to the extent of moneys received pursuant to such Demand.

(d) The Reserve Fund shall be replenished in the following priority: (i) principal and interest on the Surety Bond and on the Additional Funding Instrument (if any) shall be paid from first available Education Tax Proceeds on a pro rata basis; (ii) after all such amounts are paid in full, amounts necessary to fund the Reserve Fund to the required level, after taking into account the amounts available under the Surety Bond and the Additional Funding Instrument (if any) shall be deposited from next available Education Tax Proceeds.

ARTICLE VI

MISCELLANEOUS

Section 6.1 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 Education Tax Proceeds and the other moneys pledged to secure the payment of the Parity Securities.

Section 6.2 Debt Service Fund Deposits Referable to Series 2005 Warrants. In order to provide funds for the payment of the principal of and the interest on the Series 2005 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 2005 Warrants, an amount equal to the interest becoming due with respect to the then outstanding Series 2005 Warrants on such Interest Payment Date (subject to reduction to the extent of any moneys then available that were deposited into such fund pursuant to Section 4.1(iii)); and

(2) on or before January 1, 2007, and on or before each January 1 thereafter until and including January 1, 2027, an amount equal to the principal amount of Series 2005 Warrants maturing or subject to mandatory redemption on each such date; and

(3) with respect to any Auction Rate Warrants for which the Standard Auction Period is long than thirty-five (35) days, on or before the first Business Day of each month, the amount of accrued, but unpaid, interest on such warrants for the immediately preceding month.

The Debt Service Fund deposits required by this Section 6.2 shall be in addition to the deposits respecting the Series 2004-A Warrants required by the Original Indenture.

Section 6.3 Book-Entry Procedures Applicable to Series 2005 Warrants. (a) Except as provided in Section 6.3(c) hereof, the registered owner of all of the Series 2005 Warrants shall be The Depository Trust Company ("DTC") and the Series 2005 Warrants shall be registered in the name of Cede & Co., as nominee of DTC. Payment of interest for any Series 2005 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 2005 Warrants shall be initially issued in the form of a single authenticated fully registered warrant for each separate series or subseries, each with a stated maturity of January 1, 2027. Upon initial issuance, the ownership of such Series 2005 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 2005 Warrants registered in its name for the purposes of payment of the principal or redemption price of or interest on such Series 2005 Warrants, selecting such Series 2005 Warrants or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders of Series 2005 Warrants under the Indenture, registering the transfer of Series 2005 Warrants, obtaining any consent or other action to be taken by Holders of Series 2005 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 2005 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 2005 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 2005 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 2005 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 2005 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 2005 Warrants; or the authority for any consent given or other action taken by DTC as the Holder of Series 2005 Warrants. The Trustee shall pay all principal of and premium, if any, and interest on the Series 2005 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 2005 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 2005 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 2005 Warrants in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 2005 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 2005 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 2005 Warrants to any DTC participant having Series 2005 Warrants credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2005 Warrants.

(d) Notwithstanding any other provision of the Indenture to the contrary, so long as any Series 2005 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 2005 Warrant and all notices with respect to such Series 2005 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 2005 Warrants and accepted by DTC. Without limitation of the foregoing, so long as any Series 2005 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 2005 Warrants.

(e) In connection with any notice or other communication to be provided to Holders of the Series 2005 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 2005 Warrants, so long as any Series 2005 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 6.3 and any other provision of the Indenture or the forms of Series 2005 Warrants, the provisions of this Section 6.3 shall govern so long as warrant certificates have not been issued to the Holders of the Series 2005 Warrants other than DTC in accordance with Section 6.3(c) hereof.

Section 6.4 Tax Covenants. The County recognizes that the Holders of the Series 2005 Warrants from time to time will have accepted them on, and paid therefor a price which reflects, the understanding that interest on the Series 2005 Warrants is excluded from gross income for federal income tax purposes under the laws in force at the time the Series 2005 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 2005 Warrants becoming includable in gross income for purposes of federal income taxation, (ii) that it will use the "proceeds" of the Series 2005 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 2005 Warrants, will not cause the Series 2005 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 2005 Warrants or any other funds of the County to be used, directly or indirectly, in a manner which would result in any Series 2005 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 2005 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 2005 Warrants.

Section 6.5 Remarketing Agent. Raymond James & Associates, Inc., is hereby appointed as the initial Remarketing Agent for the Series 2005-B Warrants. Such initial Remarketing Agent shall serve as such under the terms and provisions hereof and of the Remarketing Agreement for the Series 2005-B Warrants. The County may appoint additional Remarketing Agents and successors to any thereof to serve as such under the provisions hereof and of a Remarketing Agreement. The Remarketing Agent for the Series 2005-B Warrants or any subseries of Series 2005-B Warrants, including any successor appointed pursuant thereto, shall be authorized by law to perform all the duties imposed upon it by the Indenture and the applicable Remarketing Agreement. Any additional or successor Remarketing Agent shall be appointed by the County. Any such additional or successor Remarketing Agent shall execute an instrument wherein it agrees to be bound by the provisions of the applicable Remarketing Agreement.

Any Remarketing Agent for the Series 2005-B Warrants or any subseries of Series 2005-B Warrants may be removed (i) at any time by the Trustee acting at the direction of the owners of at least 66-2/3% of the aggregate principal amount of the Series 2005-B Warrants outstanding at the time or (ii) upon 30 days' notice, by an instrument signed by the County and filed with such Remarketing Agent, the Trustee, the Tender Agent and the issuer of any Support Facility; provided that, if there shall not be more than one Remarketing Agent serving as such for the Series 2005-B Warrants or any subseries of Series 2005-B Warrants, no such removal referred to in clause (i) or (ii) shall take effect until the appointment of a successor Remarketing Agent for the Series 2005-B Warrants or subseries of Series 2005-B Warrants. The Remarketing Agent for the Series 2005-B Warrants or any subseries of Series 2005-B Warrants may resign upon 30 days' written notice delivered to the County, the Trustee, the Tender Agent and the issuer of any Support Facility; provided that if there is only one Remarketing Agent, the resignation of the Remarketing Agent shall not be effective until a successor Remarketing Agent has been appointed and accepted such appointment.

If there shall be more than one Remarketing Agent serving as such, the County may designate one such Remarketing Agent as "Remarketing Representative" to act on behalf of all Remarketing Agents for the Series 2005-B Warrants or any subseries of Series 2005-B Warrants, and each other Remarketing Agent shall agree in writing to accept the determinations of such Remarketing Representative.

Section 6.6 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 First 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 any entity then serving as a Liquidity Provider.

(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 6.7 Appointment of Auction Agent; Qualifications of Auction Agent, Resignation; Removal. The Bank of New York is hereby appointed Auction Agent for the Series 2005-A Warrants. The Auction Agent shall evidence its acceptance of such appointment by entering into the Auction Agency Agreement with the County. The Auction Agent shall be (a) a bank or trust company duly organized under the laws of the United States of America or any state or territory thereof having its principal place of business in the Borough of Manhattan, in the City of New York and having a combined capital stock, surplus and undivided profits of at least \$25,000,000 or (b) a member of the National Association of Securities Dealers, Inc., having a capitalization of at least \$25,000,000 and, in either case, authorized by law to perform all the duties imposed upon it under the Auction Agency Agreement. The Auction Agent may at any time resign and be discharged of the duties and obligations created by this First Supplemental Indenture by giving at least 90 days notice to the Trustee, the County and the Remarketing Agent. During the Auction Rate Period, the Auction Agent may be removed at any time by the County by an instrument signed by the County and filed with the Auction Agent, the Remarketing Agent and the Trustee upon at least 90 days notice; provided that, if required by the Remarketing Agent, an agreement in substantially the form of the Auction Agency Agreement shall be entered into with a successor Auction Agent.

Section 6.8 Several Capacities. Anything in this First Supplemental Indenture to the contrary notwithstanding, the same entity may serve as Trustee, Support Facility Issuer, Tender Agent, Auction Agent and Remarketing Agent hereunder, and in any other combination of such capacities, to the extent permitted by law.

Section 6.9 Notices to Rating Agencies. The Trustee shall promptly furnish to each Rating Agency that maintains a rating with respect to the Series 2005 Warrants notice of (i) receipt of any notice from the County proposing delivery of an Alternate Liquidity Facility, (ii) any change of the Trustee, the Remarketing Agent or the Tender Agent, (iii) any change or amendment of the Indenture, (iv) the expiration, termination, extension or renewal of the term of the Liquidity Facility, (v) the redemption by the County of any Series 2005 Warrants prior to maturity, (vi) any event resulting in a mandatory tender of the Series 2005 Warrants, (vii) any acceleration of the maturity of the Series 2005 Warrants, or (viii) receipt of notice of the County's intent to establish a trust for the payment of the Series 2005 Warrants in accordance with the defeasance provisions of the Original Indenture. In addition, the County will, if requested to do so, furnish to the Rating Agencies any other information that may be reasonably requested in order to maintain the ratings then assigned to the Series 2005 Warrants. The Rating Agencies maintaining ratings on the Series 2005 Warrants on the date of initial delivery of the Series 2005 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
Attention: Municipal Structured Surveillance

Section 6.10 Special Provisions Concerning the Initial Bank. So long as the Initial Bank is the Liquidity Provider, the following provisions shall be applicable:

- (i) any moneys held in the Warrant Purchase Fund shall not be invested so long as the Initial Liquidity Facility remains in effect;
- (ii) any separate account of the Warrant Purchase Fund established to hold moneys advanced pursuant to a Liquidity Facility shall be named and known as the Liquidity Facility Proceeds Account;
- (iii) any moneys advanced by the Initial Bank pursuant to the Initial Liquidity Facility that are not used to purchase Tendered Warrants on the date of receipt by the Tender Agent shall be returned to the Initial Bank on the same Business Day;
- (iv) no conversion from one Interest Rate Mode to another will be effective without the prior written consent of the Initial Bank, which consent will not be unreasonably withheld; and

(v) the Initial Bank will have the right to direct the County to convert the Series 2005-B Warrants to the Fixed Rate Mode if at any time the Initial Bank is required to hold Bank Warrants for a period, without interruption, of one year or longer.

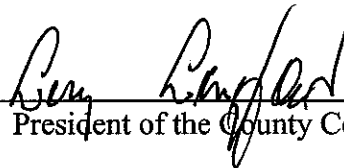
Section 6.11 Miscellaneous Amendments to Original Indenture. (a) In the third paragraph of Section 14.4 of the Original Indenture, "March 1, 2007" is hereby changed to "March 1, 2006."

(b) In the definition of "Auction Date" in the Original Indenture, the "last Thursday" is hereby changed to the "last Wednesday."

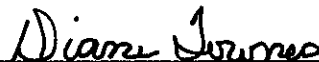
Section 6.12 Article and Section Captions. The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

IN WITNESS WHEREOF, the County has caused this First 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 First Supplemental Indenture to be attested by the Minute Clerk of the Governing Body, and the Trustee has caused this First Supplemental Indenture to be executed in its corporate name and behalf, has caused its corporate seal to be hereunto affixed and has caused this First Supplemental Indenture to be attested, by its duly authorized officers, all in seven (7) 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 January 1, 2005, although actually executed and delivered on February 2, 2005.

JEFFERSON COUNTY, ALABAMA

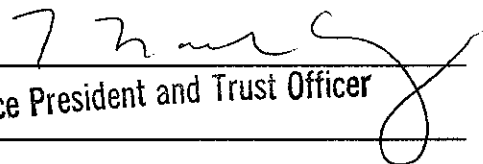
By 
President of the County Commission

ATTEST:

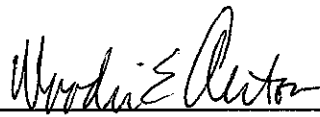

Minute Clerk of the
County Commission

[SEAL]

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Successor Trustee under the Trust Indenture of
Jefferson County, Alabama, dated as of December 1,
2004

By 
Its Vice President and Trust Officer

ATTEST:


Its Vice President and Trust Officer


[SEAL]

STATE OF ALABAMA)
 :
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that LARRY LANGFORD, 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 2nd day of February, 2005.

[NOTARIAL SEAL]



Notary Public


My Commission Expires: 05/28/08

STATE OF ALABAMA)
 :
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that Frank Caley, whose name as Vice President and Trust Officer of WACHOVIA BANK, NATIONAL ASSOCIATION, a national banking association acting in its capacity as Trustee under the Trust Indenture of Jefferson County, Alabama, dated as of December 1, 2004, 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 association in its capacity as Trustee as aforesaid.

GIVEN under my hand and official seal of office, this 2nd day of February, 2005.

[NOTARIAL SEAL]



Notary Public

My Commission Expires: 05/28/08

APPENDIX I

**FORM OF AUCTION RATE
SERIES 2005-A WARRANTS**

No. R- _____

\$ _____

UNITED STATES OF AMERICA

STATE OF ALABAMA

JEFFERSON COUNTY, ALABAMA

LIMITED OBLIGATION SCHOOL WARRANT

Series 2005-A

SUBSERIES DESIGNATION

2005-A-

MATURITY DATE	DATE OF INITIAL DELIVERY	INTEREST RATE	CUSIP
January 1, 2027	February 2, 2005	Auction Rate	472653 _____

JEFFERSON 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 of the County to pay to Cede & Co., or registered assigns, solely out of the revenues hereinafter referred to, the principal sum of

D O L L A R S

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 principal hereof shall become due and payable at the Auction Rate, as hereinafter provided. Series 2005-A Warrants bearing interest at an interest rate other than the Auction Rate shall be evidenced by a different warrant form containing certain terms and provisions specifically applicable to such warrants (which special terms and provisions are not contained herein).

Interest at the Auction Rate shall be computed on the basis of a 360-day year for the actual number of days elapsed.

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"): (i) for an Auction Period of 91 days or less, the Business Day immediately succeeding such Auction Period and (ii) for an Auction Period of more than 91 days, each 13th Friday after the first day of such Auction Period and the Business Day immediately succeeding such Auction Period.

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 Business Day next preceding any Interest Payment Date. 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 2005-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 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 \$200,000,000 and designated Limited Obligation School Warrants, Series 2005-A (herein called the "Series 2005-A Warrants"). The Series 2005-A Warrants have been issued under a Trust Indenture dated as of December 1, 2004, as supplemented and amended by a First Supplemental Indenture dated as of January 1, 2005 (herein together called the "Indenture"), between the County and Wachovia Bank, National Association (as successor to SouthTrust Bank), Birmingham, Alabama, as Trustee (herein, in such capacity, together with its successors in trust, called the "Trustee"). The County has also issued under the Indenture \$650,000,000 aggregate principal amount of its Limited Obligation School Warrants, Series 2004-A (herein called the "Series 2004-A Warrants"), and \$200,000,000 aggregate principal amount of its Limited Obligation School Warrants, Series 2005-B (herein called the "Series 2005-B Warrants"). The Series 2004-A Warrants, the Series 2005-A Warrants and the Series 2005-B Warrants are herein

together called the "Series 2004/2005 Warrants." Any capitalized term used in this warrant without being defined herein shall have the meaning assigned to such term in the Indenture.

Reference is hereby made to the Indenture for a more complete description of the rights of the owners of the Series 2004/2005 Warrants 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. A copy of the Indenture is on file at the office of the Trustee.

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.

Interest Rate Provisions

THE AUCTION PERIOD, THE AUCTION RATE, THE SELECTION OF THE METHOD OF DETERMINING THE RATE AND DATES OF PAYMENT OF INTEREST ON THE SERIES 2005-A WARRANTS BEARING THE AUCTION RATE AND THE AUCTION PROCEDURES RELATED THERETO WILL BE DETERMINED UPON THE TERMS AND CONDITIONS, INCLUDING REQUIRED NOTICES THEREOF TO THE OWNERS, DESCRIBED IN THE INDENTURE, TO WHICH PROVISIONS SPECIFIC REFERENCE IS HEREBY MADE AND ALL OF WHICH PROVISIONS ARE HEREBY SPECIFICALLY INCORPORATED HEREIN BY REFERENCE.

During any Auction Rate Period, the affected Series 2005-A Warrants shall bear interest at an Auction Rate. The initial Auction Rate for the initial Auction Period for each affected subseries of the Series 2005-A Warrants shall be as set forth in the Indenture. After the expiration of the initial Auction Period for each such subseries of Series 2005-A Warrants, each Auction Period immediately succeeding such initial Auction Period shall be a Standard Auction Period. The Auction Rate for any initial Auction Period immediately after any Change in the Interest Rate Mode to an Auction Rate for an Auction Rate Period, shall be the rate of interest per annum certified to the Trustee by the Remarketing Agent on a date not later than the effective date of such Change in the Interest Rate Mode as the minimum rate of interest which, in the opinion of the Remarketing Agent, would be necessary as of such date to market Auction Rate Warrants in a secondary market transaction at a price equal to the principal amount thereof. For any other Auction Period, the Auction Rate shall be the rate of interest per annum that results from implementation of the Auction Procedures set forth in the Indenture.

Series 2005-A Warrants may also bear interest to but not including the Fixed Rate Conversion Date at one of the following interest rates (each, an "Adjustable Rate") at the times and in the manner set forth in the Indenture: a Commercial Paper Rate, a Daily Rate, a Weekly Rate or a Term Rate.

Conversion of Interest Rate Modes

Prior to the Fixed Rate Conversion Date, all or any portion of Series 2005-A Warrants shall cease to bear interest at the Adjustable Rate then borne by such warrants and shall bear interest at such different Adjustable Rate as shall be specified by the County, or, if so specified by the County, the interest rate applicable to all Series 2005-A Warrants may be converted to a Fixed Rate specified in accordance with the terms and subject to the conditions set forth in the Indenture.

If any condition to the establishment of a different Adjustable Rate or Rates is not met on any date, then the mandatory tender that is scheduled to occur in connection with such conversion shall not take place, and this Series 2005-A Warrant shall continue to bear interest at the Adjustable Rate then borne by this Series 2005-A Warrant and be subject to all provisions of the Indenture applicable thereto while this Series 2005-A Warrant bears interest at such Adjustable Rate.

Fixed Rate

On a Fixed Rate Conversion Date, the affected Series 2005-A Warrants shall cease to bear interest at the Adjustable Rate then borne by such Series 2005-A Warrants and shall bear interest at the Fixed Rate until maturity, upon the election by the County to exercise its Option to Convert (as defined in the Indenture). The Fixed Rate means the rate of interest per annum established and certified to the Trustee by the Remarketing Agent no later than 12:00 noon (New York City time) on and as of the Fixed Rate Conversion Date as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such date to remarket the affected Series 2005-A Warrants in a secondary market transaction at a price equal to the principal amount thereof, not to exceed 12% per annum. The Fixed Rate shall be established in accordance with the terms and subject to the conditions set forth in the Indenture. Anything in the Indenture to the contrary notwithstanding, in no event shall the interest rate borne by any Series 2005-A Warrant exceed the maximum rate allowable by applicable law.

If any condition to the establishment of the Fixed Rate is not met on the proposed Fixed Rate Conversion Date, the mandatory tender that is scheduled to occur in connection with such conversion shall not take place, and this Series 2005-A Warrant shall continue to bear interest at the Adjustable Rate then borne by this warrant and be subject to the provisions of the Indenture applicable while this Series 2005-A Warrant bears interest at such Adjustable Rate.

If Series 2005-A Warrants begin to bear interest at the Fixed Rate as provided above, the interest rate on such Series 2005-A Warrants may not thereafter be changed to an Adjustable Rate.

Mandatory Tenders

Upon a Change in the Interest Rate Mode (including, without limitation, a change to the Fixed Rate on the Fixed Rate Conversion Date), the Series 2005-A Warrants shall be subject to

mandatory tender for purchase in accordance with the Indenture on the effective date of such Change in the Interest Rate Mode, at a price equal to the principal amount thereof.

General Tender Provisions

If interest has been paid on the Series 2005-A Warrants, or an amount sufficient to pay interest thereon has been deposited in the Debt Service Fund, or an amount sufficient to pay accrued interest thereon, if any, has been set aside in the Warrant Purchase Fund and the purchase price equal to the principal of, and premium, if any, on the Series 2005-A Warrants shall be available in the Warrant Purchase Fund for payment of Series 2005-A Warrants subject to tender for purchase pursuant to the Indenture, and if a registered owner fails to deliver or does not properly deliver the Series 2005-A Warrants to the Tender Agent for which a Notice of Election to Tender has been properly filed or which are subject to mandatory tender for purchase on the purchase date therefor, such Series 2005-A Warrants shall nevertheless be deemed tendered and purchased on the date established for the purchase thereof, interest on such Series 2005-A Warrants shall cease to be payable to the former registered owners thereof from and after the date of purchase and such former registered owners shall have no rights under the Indenture as the registered owners of such Series 2005-A Warrants, except the right to receive the purchase price of and interest to the purchase date, if any, on such Series 2005-A Warrants upon delivery thereof to the Tender Agent in accordance with the provisions of the Indenture. The payment of Series 2005-A Warrants tendered upon the election of the registered owner shall be subject to delivery of such Series 2005-A Warrants duly endorsed in blank for transfer or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent executed in blank for transfer at the principal office of the Tender Agent at or prior to 11:30 a.m. for Series 2005-A Warrants bearing interest at a Weekly Rate and 12:00 noon for Series 2005-A Warrants bearing interest at a Daily Rate (New York City time), on a specified purchase date. The Tender Agent may refuse to make payment with respect to any Series 2005-A Warrants tendered for purchase pursuant to the Indenture not endorsed in blank or for which an instrument of transfer satisfactory to the Tender Agent has not been provided.

Redemption

In the manner and with the effect provided in the Indenture, the Series 2005-A Warrants will be subject to redemption prior to maturity as follows:

Optional Redemption. For any Auction Rate Period, the affected Series 2005-A Warrants shall be subject to redemption at the option of the County on the Business Day immediately preceding each Auction Date, as a whole or in part, at the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

Scheduled Mandatory Redemption. The Series 2005-A Warrants shall be redeemed at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on January 1 (or, in the case of Auction Rate Warrants, if any such January 1

is not an Interest Payment Date, then on the first Interest Payment Date subsequent thereto) in years and principal amounts (after credit as provided below) as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2007	\$ 4,550,000	2017	\$ 6,775,000
2008	5,075,000	2018	6,975,000
2009	5,225,000	2019	7,225,000
2010	5,400,000	2020	7,450,000
2011	5,575,000	2021	7,700,000
2012	5,750,000	2022	7,950,000
2013	5,950,000	2023	8,200,000
2014	6,150,000	2024	8,475,000
2015	6,350,000	2025	8,750,000
2016	6,550,000	2026	36,375,000

\$37,550,000 of the Series 2005-A Warrants
will be retired at Maturity

Not less than 60 days prior to each such scheduled mandatory redemption date, the County may specify the particular subseries from which Series 2005-A Warrants are to be called for such redemption and (if more than one subseries is so specified) the respective principal amounts to be called for redemption from each thereof. In any such case, the particular Series 2005-A Warrants (or portions thereof) within a given subseries to be called for redemption shall be selected by the Trustee by lot. If the County fails to make such a specification with respect to any scheduled mandatory redemption date, not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, as provided in the Indenture, Series 2005-A Warrants or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such Series 2005-A Warrants or portions thereof for redemption on such scheduled mandatory redemption date. In any event the County may, upon direction delivered to the Trustee not less than 60 days prior to such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of Series 2005-A Warrants scheduled for redemption on such date: (i) the principal amount of Series 2005-A Warrants delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of Series 2005-A Warrants previously redeemed (other than Series 2005-A Warrants redeemed pursuant to this paragraph) and not previously claimed as a credit.

Extraordinary Mandatory Redemption. The Series 2004/2005 Warrants will be subject to mandatory redemption as a whole (a) on December 1, 2006, or any date prior thereto, in the event that the County delivers to the Trustee a certificate to the effect that a final judgment has been entered by a court of competent jurisdiction, from which no further appeal exists, which judgment

contains or constitutes a legal determination (i) that the County lacks the power to issue the Series 2004/2005 Warrants or that the Series 2004/2005 Warrants are otherwise invalid for any reason whatsoever or (ii) that the pledge made in the Indenture is not valid and binding, or (b) on December 1, 2006, in the event that the County fails to deliver to the Trustee on or before October 20, 2006, a certificate signed by an authorized representative of the County to the effect that no litigation (other than certain possible exceptions permitted by the Indenture) is then pending in any court, state or federal, attacking or in any way questioning (1) the validity or legality of the Series 2004/2005 Warrants or any of the authorizing proceedings therefor or (2) the validity and binding effect of the pledge made in the Indenture.

The redemption price for each Series 2004/2005 Warrant redeemed pursuant to the provisions of the preceding paragraph shall be the sum of (A) the principal amount of such Series 2004-A Warrant (or, in the case of any Series 2004/2005 Warrant initially offered and sold at a price that reflected an original issue discount, the issue price of such Series 2004/2005 Warrant increased by the portion of such discount accrued as of the date fixed for redemption), (B) the interest accrued thereon to the date fixed for redemption, and (C) in the case of any Series 2004/2005 Warrant initially offered and sold at a price that included an original issue premium, the unamortized portion of such premium as of the date fixed for redemption. The specific amount of any such redemption price shall be calculated in accordance with the provisions of the Indenture.

Excess Tax Proceeds Mandatory Redemption. The Series 2005-A Warrants and Series 2005-B Warrants will be subject to mandatory redemption and payment on March 1, 2006, and on each March 1 thereafter, to the extent of any moneys (rounded to the next smaller integral multiple of \$5,000) accumulated in the Redemption Fund as of the 60th day prior to each such date, with those to be redeemed to be selected as provided in the Indenture. The redemption price for each Series 2005-A Warrant or Series 2005-B Warrant (or portion thereof) called for redemption pursuant to the provisions of this paragraph shall be equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption.

Procedure for Redemption. If less than all of the outstanding Series 2005-A Warrants are to be called for redemption, the Series 2005-A Warrants (or principal portions thereof) to be redeemed shall be selected by the Trustee by lot in the principal amounts designated to the Trustee by the County or otherwise as required by the Indenture. In the event any of the Series 2005-A Warrants are called for redemption, the Trustee shall give notice, in the name of the County, of the redemption of such Warrants, which notice shall state that on the redemption date the Series 2005-A Warrants to be redeemed shall cease to bear interest. Such notice shall be given by mailing a copy thereof by registered or certified mail at least fifteen (15) days prior to the date fixed for redemption to the holders of the Series 2005-A Warrants to be redeemed at the addresses shown on the registration books of the Trustee; provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of the redemption of any of the Series 2005-A Warrants for which notice was properly given. Any Series 2005-A Warrants which have been duly selected for redemption and which are deemed to be paid in accordance with the Indenture shall cease to bear

interest on the date fixed for redemption and shall thereafter cease to be entitled to any lien, benefit or security under the Indenture.

If at any time of mailing of notice of an optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Series 2005-A Warrants called for redemption, such notice may state that it is conditional, that is, subject to the deposit of moneys sufficient for the redemption with the Trustee on or prior the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Under the Indenture, the Series 2004/2005 Warrants are payable solely from, and secured by a pledge of, (i) the proceeds from that certain sales tax and that certain use tax levied by the County pursuant to Section 40-12-4 of the Code of Alabama 1975, as amended, and Ordinance No. 1769 adopted by the governing body of the County on December 16, 2004, and (ii) certain amounts held in funds and accounts established under the Indenture. 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 Series 2004/2005 Warrants with respect to the pledge of the aforesaid revenues and other amounts (the Series 2004/2005 Warrants and all such additional securities being herein together called the "Parity Securities").

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 taxation or from any source whatsoever, except the payments and amounts described in this warrant and the Indenture. Except for the proceeds from the aforesaid sales tax and use tax and certain 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 on this warrant.

The transfer of this warrant shall be registered upon the registration books kept at the principal corporate office of the Trustee, at the written request of the holder hereof or his attorney duly authorized in writing, upon surrender of this warrant at said office, together with a written instrument of transfer satisfactory to the Trustee duly executed by the holder hereof or his duly authorized attorney. Upon payment of any required tax or other governmental charge, this warrant may, upon the surrender hereof at the principal corporate trust office of the Trustee, be exchanged for an equal aggregate principal amount of Series 2005-A Warrants of the same maturity in any other authorized denominations.

The Trustee shall not be required to transfer or exchange this warrant during the period of fifteen days next preceding any interest payment date with respect hereto. 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 thirty days next preceding the date fixed for such redemption and prepayment.

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

With certain exceptions as provided therein, the Indenture may be modified or amended only with the consent of the holders of a majority in aggregate principal amount of all Parity Securities outstanding under the Indenture.

Reference is hereby made to the Indenture, a copy of which is on file with the Trustee, for the provisions thereof concerning the nature and extent of the rights, duties and obligations of the County, the Trustee and the holders of the Parity Securities. The registered holder of this warrant, by the acceptance hereof, is deemed to have agreed and consented to the terms and provisions of the Indenture.

The County and the Trustee may deem and treat the person in whose name this warrant is registered as the absolute owner hereof for all purposes, whether or not any principal of or interest on this warrant is overdue, and neither the County nor the Trustee shall be affected by any notice to the contrary.

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

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

This warrant shall not be entitled to any right or benefit under the Indenture, or be valid or become obligatory for any purpose, until this warrant shall have been authenticated by the execution by the Trustee, in its capacity as paying agent for the Series 2005-A Warrants, of the certificate of authentication inscribed hereon.

IN WITNESS WHEREOF, the County has caused this warrant to be executed in its name and behalf by the President of its County Commission, has caused its official seal to be hereunto affixed, has caused the signature of the aforesaid President to be attested by the Minute Clerk of its County Commission, and has caused this warrant to be dated February 2, 2005.

JEFFERSON COUNTY, ALABAMA

By _____
President of the County Commission

ATTEST:

Minute Clerk of the
County Commission

[S E A L]

AUTHENTICATION CERTIFICATE

DATE OF AUTHENTICATION: February 2, 2005

This warrant is one of the Series 2005-A Warrants described in the within-mentioned Trust Indenture.

**WACHOVIA BANK,
NATIONAL ASSOCIATION,
as Trustee**

By _____
Its Authorized Signatory

STATEMENT OF INSURANCE

Financial Guaranty Insurance Policy No. _____ (the "Policy") with respect to payments due for principal of and interest on this Warrant has been issued by Ambac Assurance Corporation ("Ambac Assurance"). The Policy has been delivered to The Bank of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Ambac Assurance or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Warrant acknowledges and consents to the subrogation rights of Ambac Assurance as more fully set forth in the Policy.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within warrant and hereby irrevocably constitutes and appoints _____ attorney, with full power of substitution in the premises, to transfer the within warrant on the books kept for registration thereof by the within-mentioned Trustee.

Dated this _____ day of _____, _____.

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

Signature guaranteed:

(Bank, Trust Company or Firm)*

By _____
(Authorized Officer)

Medallion Number: _____

*Signature(s) must be guaranteed by an eligible guarantor institution which is a member of a recognized signature guarantee program, i.e., Securities Transfer Agents Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP), or New York Stock Exchange Medallion Signature Program (MSP).

**FORM OF
SERIES 2005-B WARRANTS**

No. R- _____

\$ _____

UNITED STATES OF AMERICA

STATE OF ALABAMA

JEFFERSON COUNTY, ALABAMA

**LIMITED OBLIGATION SCHOOL WARRANT
Series 2005-B**

MATURITY DATE	DATE OF INITIAL DELIVERY	INTEREST RATE	CUSIP
January 1, 2027	February 2, 2005	Weekly Rate	472653 ____

JEFFERSON 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 of the County to pay to Cede & Co., or registered assigns, solely out of the revenues hereinafter referred to, the principal sum of

D O L L A R S

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 principal hereof shall become due and payable at the Daily Rate, the Weekly Rate, the Commercial Paper Rate, the Term Rate, the Fixed Rate or the Auction Rate, as hereinafter provided. Series 2005-B Warrants bearing interest at an Auction Rate shall be evidenced by a different warrant form containing certain terms and provisions specifically applicable to such warrants (which special terms and provisions are not contained herein).

Interest at the Daily Rate or the Weekly 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 Commercial Paper Rate shall be computed on the basis of a 365-day year for the actual number of days elapsed.

Interest at the Term Rate or the Fixed 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) for each Commercial Paper Rate Period, the Business Day immediately succeeding any Calculation Period, and for any Calculation Period of more than 180 days, also the Business Day immediately following the 180th day of such Calculation Period;

(2) during an Auction Rate Period (i) for an Auction Period of 91 days or less, the Business Day immediately succeeding such Auction Period and (ii) for an Auction Period of more than 91 days, each 13th Friday after the first day of such Auction Period and the Business Day immediately succeeding such Auction Period;

(3) for each Daily Rate Period, the first Business Day of each month thereof;

(4) for each Weekly Rate Period, the first Business Day of each month thereof;

(5) for each Term Rate Period, (i) the first day of the sixth calendar month following the month in which the first day of such Term Rate Period occurred, (ii) each anniversary of the date so determined, (iii) each anniversary of the first day of the first month of such Term Rate Period, and (iv) the Business Day immediately succeeding such Term Rate Period;

(6) for the Fixed Rate Period, the January 1 or July 1 next succeeding the Fixed Rate Conversion Date and each January 1 and July 1 thereafter; but if the January 1 or July 1 next succeeding the Fixed Rate Conversion Date occurs less than 21 days after the Fixed Rate Conversion Date, the first Interest Payment Date shall be the second such date following the Fixed Rate Conversion Date;

(7) the Fixed Rate Conversion Date;

(8) any day on which Series 2005-B Warrants are subject to mandatory tender for purchase or redemption pursuant to the Indenture;

(9) the Stated Maturity of the Series 2005-B Warrants; and

(10) with respect to Bank Warrants, the first Business Day of each month and the date on which such Bank Warrants are remarketed and cease to be Bank Warrants.

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 Business Day next preceding any Interest Payment Date for Series 2005-B Warrants in the Daily Rate Mode, the Weekly Rate Mode or the Commercial Paper Rate Mode, or the 15th day (whether or not a Business Day) of the month next preceding any Interest Payment Date for Series 2005-B Warrants in the Term Rate Mode or Fixed 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 2005-B 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 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 \$200,000,000 and designated Limited Obligation School Warrants, Series 2005-B (herein called the "Series 2005-B Warrants"). The Series 2005-B Warrants have been issued under a Trust Indenture dated as of December 1, 2004, as supplemented and amended by a First Supplemental Indenture dated as of January 1, 2005 (herein together called the "Indenture"), between the County and Wachovia Bank, National Association (as successor to SouthTrust Bank), Birmingham, Alabama, as Trustee (herein, in such capacity, together with its successors in trust, called the "Trustee"). The County has also issued under the Indenture \$650,000,000 aggregate principal amount of its Limited Obligation School Warrants, Series 2004-A (herein called the "Series 2004-A Warrants"), and \$200,000,000 aggregate principal amount of its Limited Obligation School Warrants, Series 2005-A (herein called the "Series 2005-A Warrants"). The Series 2004-A Warrants, the Series 2005-A Warrants and the Series 2005-B Warrants are herein together called the "Series 2004/2005 Warrants." Any capitalized term used in this warrant without being defined herein shall have the meaning assigned to such term in the Indenture.

Reference is hereby made to the Indenture for a more complete description of the rights of the owners of the Series 2004/2005 Warrants 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. A copy of the Indenture is on file at the office of the Trustee.

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 County, the Trustee and DEPFA BANK plc, acting through its New York Branch (the "Bank"), have entered into a Standby Warrant Purchase Agreement dated as of January 1, 2005, whereby, subject to the conditions specified therein, the Bank has agreed to purchase any Series 2005-B Warrant that is not remarketed after a tender of such warrant for purchase pursuant to the optional or mandatory tender provisions of the Indenture. Series 2005-B Warrants purchased by the Bank (referred to in the Indenture as "Bank Warrants") bear interest at a separate interest rate applicable only to Bank Warrants, as provided in said Standby Purchase Agreement. **Upon the occurrence of certain events described in said Standby Purchase Agreement, the Bank's obligation to purchase Series 2005-B Warrants under said Standby Purchase Agreement will be terminated or suspended.** The Indenture provides for delivery of an Alternate Liquidity Facility on the terms and conditions contained in the Indenture. The initial Standby Warrant Purchase Agreement and any Alternate Liquidity Facility delivered to the Trustee pursuant to the Indenture are herein referred to as the "Liquidity Facility".

A copy of the initial Standby Purchase Agreement is on file at the office of the Trustee, and reference is hereby made to such instrument for a description of the respective rights thereunder of the Holders of the Series 2005-B Warrants, the Trustee, the County and the Bank.

Raymond James & Associates, Inc., has been appointed pursuant to the Indenture as the initial Remarketing Agent for the Series 2005-B Warrants. 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.

Interest Rates

Each Series 2005-B Warrant will bear interest to but not including the Fixed Rate Conversion Date at one of the following interest rates (each, an "Adjustable Rate"): a Commercial Paper Rate, an Auction Rate, a Daily Rate, a Weekly Rate or a Term Rate. Each Adjustable Rate (other than an Auction Rate) for each Calculation Period applicable to such Adjustable Rate shall be equal to the lesser of (i) 10% per annum (12% per annum in the case of the Term Rate) and (ii) the rate of interest per annum established and certified to the Trustee by the Remarketing Agent no later than 9:30 a.m. (New York City time) on and as of the first day of such Calculation Period as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as

of such first day to remarket the Series 2005-B Warrants in a secondary market transaction at a price equal to the principal amount thereof plus accrued interest thereon, if any, except as otherwise provided in the Indenture. Anything in the Indenture to the contrary notwithstanding, in no event shall the interest rate borne by any Series 2005-B Warrant exceed the maximum rate allowable by applicable law. The term "Business Day" means any day other than a Saturday, Sunday or other day on which the New York Stock Exchange or banks are authorized or obligated by law or executive order to close in New York, New York, or any city in which is located the principal corporate trust office of the Trustee or the office of a Liquidity Provider at which demands for a payment under the Liquidity Facility will be made.

Commercial Paper Rate Periods

During any Commercial Paper Rate Period, at or prior to 9:30 a.m. (New York City time) on the Determination Date for each Calculation Period, the Remarketing Agent shall determine the Calculation Period and related Commercial Paper Rate. In determining each such Calculation Period, the Remarketing Agent shall take into account factors set forth in the Indenture. The Remarketing Agent shall select the Calculation Period and the applicable Commercial Paper Rate that, together with all other Calculation Periods and related Commercial Paper Rates, in the sole judgment of the Remarketing Agent, will result in the lowest overall borrowing cost on the Series 2005-B Warrants being remarketed or are otherwise in the best financial interests of the County, as determined in consultation with the County. Any Calculation Period established under the Indenture may not extend beyond the Fixed Rate Conversion Date, the expiration date of the then effective Liquidity Facility or the day prior to the maturity date of the Series 2005-B Warrants. The County may place limitations upon the establishment of such Calculation Periods in accordance with the Indenture.

Calculation Periods

As used in connection with the Series 2005-B Warrants, the term "Calculation Period" means (a) upon a Change in the Interest Rate Mode to the Commercial Paper Rate Mode, any period or periods during a Commercial Paper Rate Period, from and including a Business Day to and including any day not more than 270 days thereafter which is a day immediately preceding a Business Day established by the Remarketing Agent pursuant to the Indenture; (b) during any Daily Rate Period, the period from and including a Business Day to but not including the next succeeding Business Day; (c) during any Weekly Rate Period, the period from and including the effective date of the Change in the Interest Rate Mode to and including the following Wednesday (but not less than two days) and, thereafter, the period from and including the Thursday of each week to and including the following Wednesday; provided, however, that, if such Thursday is not a Business Day, the next succeeding Calculation Period shall begin on the Business Day next succeeding such Thursday and shall end on the day before the next succeeding Calculation Period; and (d) during any Term Rate Period, any period of not less than 270 days from and including a Business Day to and including any day (established by the County pursuant to the Indenture) not later than the day prior to the maturity date of the Series 2005-B Warrants.

Conversion of Interest Rate Modes

Prior to the Fixed Rate Conversion Date, all or any portion of Series 2005-B Warrants shall cease to bear interest at the Adjustable Rate then borne by such warrants and shall bear interest at such different Adjustable Rate as shall be specified by the County, or, if so specified by the County, the interest rate applicable to all Series 2005-B Warrants may be converted to a Fixed Rate specified in accordance with the terms and subject to the conditions set forth in the Indenture.

If any condition to the establishment of a different Adjustable Rate or Rates is not met on any date, then the mandatory tender that is scheduled to occur in connection with such conversion shall not take place, and this Series 2005-B Warrant shall continue to bear interest at the Adjustable Rate then borne by this Series 2005-B Warrant and be subject to all provisions of the Indenture applicable thereto while this Series 2005-B Warrant bears interest at such Adjustable Rate.

Fixed Rate

On a Fixed Rate Conversion Date, the affected Series 2005-B Warrants shall cease to bear interest at the Adjustable Rate then borne by such Series 2005-B Warrants and shall bear interest at the Fixed Rate until maturity, upon the election by the County, to exercise its Option to Convert. The Fixed Rate means the rate of interest per annum established and certified to the Trustee by the Remarketing Agent no later than 12:00 noon (New York City time) on and as of the Fixed Rate Conversion Date as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such date to remarket the affected Series 2005-B Warrants in a secondary market transaction at a price equal to the principal amount thereof, not to exceed 12% per annum. The Fixed Rate shall be established in accordance with the terms and subject to the conditions set forth in the Indenture. Anything in the Indenture to the contrary notwithstanding, in no event shall the interest rate borne by any Series 2005-B Warrant exceed the maximum rate allowable by applicable law.

If any condition to the establishment of the Fixed Rate is not met on the proposed Fixed Rate Conversion Date, the mandatory tender that is scheduled to occur in connection with such conversion shall not take place, and this Series 2005-B Warrant shall continue to bear interest at the Adjustable Rate then borne by this warrant and be subject to the provisions of the Indenture applicable while this Series 2005-B Warrant bears interest at such Adjustable Rate.

If Series 2005-B Warrants begin to bear interest at the Fixed Rate as provided above, the interest rate on such Series 2005-B Warrants may not thereafter be changed to an Adjustable Rate.

Optional Tender

During any Daily Rate Period or Weekly Rate Period, any Series 2005-B Warrant or portion thereof in a principal amount equal to an authorized denomination (so long as the principal amount not purchased is an authorized denomination) shall be purchased upon the demand of the registered

owner thereof, on any Business Day at a price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase, upon delivery to the Tender Agent and the Remarketing Agent at their respective principal offices, by the close of business on any Business Day of a Notice of Election to Tender (the substance of which notice must also be given telephonically to the Remarketing Agent prior to or simultaneously with the delivery of such written notice). The date on which such Series 2005-B Warrant shall be purchased shall, at the request of the registered owner, (i) if the Series 2005-B Warrant then bears interest at a Daily Rate, be the date of delivery of such notice if such notice is delivered to the Tender Agent and the Remarketing Agent by 11:00 a.m. (New York City time) on such date or may be any Business Day thereafter, and (ii) if the Series 2005-B Warrant then bears interest at a Weekly Rate, shall be a Business Day not prior to the 7th day next succeeding the date of the delivery of such notice to the Tender Agent and the Remarketing Agent.

Mandatory Tenders

Change in the Interest Rate Mode. Upon a Change in the Interest Rate Mode (including, without limitation, a change to the Fixed Rate on the Fixed Rate Conversion Date), the Series 2005-B Warrants shall be subject to mandatory tender for purchase in accordance with the Indenture on the effective date of such Change in the Interest Rate Mode, at a price equal to the principal amount thereof.

Business Day Following Calculation Periods. Series 2005-B Warrants bearing a Commercial Paper Rate or a Term Rate shall be subject to mandatory tender for purchase in accordance with the Indenture on the Business Day immediately following each Calculation Period at a price equal to the principal amount thereof.

Expiration, Termination, Substitution or Amendment of any Liquidity Facility. Except as otherwise set forth in the last sentence of this paragraph, the Series 2005-B Warrants shall be subject to mandatory tender for purchase at a price equal to the principal amount thereof, (i) on the second Business Day immediately preceding the substitution of an Alternate Liquidity Facility for an existing Liquidity Facility or the effective date of a Liquidity Facility Amendment which results in a reduction or withdrawal of the short-term or long-term rating assigned to the Series 2005-B Warrants, as further described in the Indenture, (ii) on the first anniversary of the Liquidity Provider's initial failure to maintain its rating (unless sooner restored) as specified in the Indenture, and (iii) on the second Business Day immediately preceding the date of expiration or termination of any Liquidity Facility (other than a termination that results from an event that permits termination of such Liquidity Facility without notice), unless on or prior to the 45th day prior to such date of expiration or termination or the effective date of such Liquidity Facility Amendment or such first anniversary of the initial failure of the Liquidity Provider to maintain its short-term ratings the County has furnished to the Trustee (a) an agreement by the Liquidity Provider to extend such Liquidity Facility in the case of an expiration or (b) an Alternate Liquidity Facility in replacement of the expiring or terminating Liquidity Facility or the Liquidity Facility whose Liquidity Provider has so failed to maintain its short-term ratings, together with confirmation of ratings of the Series 2005-B Warrants

in accordance with the Indenture. No tender for purchase of any Series 2005-B Warrant as a result of the expiration, termination, substitution or amendment of the Liquidity Facility shall be required pursuant to the Indenture if the Fixed Rate Conversion Date shall have occurred with respect to such Series 2005-B Warrants on a date prior to such date of expiration, termination or substitution, or the effective date of a Liquidity Facility Amendment.

General Tender Provisions

If interest has been paid on the Series 2005-B Warrants, or an amount sufficient to pay interest thereon has been deposited in the Debt Service Fund, or an amount sufficient to pay accrued interest thereon, if any, has been set aside in the Warrant Purchase Fund and the purchase price equal to the principal of, and premium, if any, on the Series 2005-B Warrants shall be available in the Warrant Purchase Fund for payment of Series 2005-B Warrants subject to tender for purchase pursuant to the Indenture, and if a registered owner fails to deliver or does not properly deliver the Series 2005-B Warrants to the Tender Agent for which a Notice of Election to Tender has been properly filed or which are subject to mandatory tender for purchase on the purchase date therefor, such Series 2005-B Warrants shall nevertheless be deemed tendered and purchased on the date established for the purchase thereof, interest on such Series 2005-B Warrants shall cease to be payable to the former registered owners thereof from and after the date of purchase and such former registered owners shall have no rights under the Indenture as the registered owners of such Series 2005-B Warrants, except the right to receive the purchase price of and interest to the purchase date, if any, on such Series 2005-B Warrants upon delivery thereof to the Tender Agent in accordance with the provisions of the Indenture. The payment of Series 2005-B Warrants tendered upon the election of the registered owner shall be subject to delivery of such Series 2005-B Warrants duly endorsed in blank for transfer or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent executed in blank for transfer at the principal office of the Tender Agent at or prior to 11:30 a.m. for Series 2005-B Warrants bearing interest at a Weekly Rate and 12:00 noon for Series 2005-B Warrants bearing interest at a Daily Rate (New York City time), on a specified purchase date. The Tender Agent may refuse to make payment with respect to any Series 2005-B Warrants tendered for purchase pursuant to the Indenture not endorsed in blank or for which an instrument of transfer satisfactory to the Tender Agent has not been provided.

Redemption

In the manner and with the effect provided in the Indenture, the Series 2005-B Warrants will be subject to redemption prior to maturity as follows:

Optional Redemption. The Series 2005-B Warrants shall be subject to redemption at the option of the County:

(a) For any Commercial Paper Rate Period applicable to Series 2005-B Warrants, such warrants shall be subject to redemption (i) on each Interest Payment Date for such Commercial Paper Rate Period, as a whole or in part, at the principal amount thereof, and (ii) on any Business Day, as

a whole or in part, at the principal amount thereof plus accrued interest, if any, to the date fixed for redemption.

(b) For any Daily Rate Period applicable to Series 2005-B Warrants, such warrants shall be subject to redemption on the first Business Day of any calendar month, as a whole or in part, at the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

(c) For any Weekly Rate Period applicable to Series 2005-B Warrants, such warrants shall be subject to redemption on the first Business Day of any calendar month, as a whole or in part, at the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

(d) For any Term Rate Period and after the Fixed Rate Conversion Date applicable to Series 2005-B Warrants, such warrants shall be subject to redemption in whole or in part on any Business Day on or after the tenth anniversary of the commencement of such Term Rate Period or the Fixed Rate Conversion Date, as the case may be. The redemption price shall be equal to the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

Scheduled Mandatory Redemption. The Series 2005-B Warrants shall be redeemed at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on January 1 (or, in the case of Auction Rate Warrants, if any such January 1 is not an Interest Payment Date, then on the first Interest Payment Date subsequent thereto) in years and principal amounts (after credit as provided below) as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2007	\$ 4,550,000	2017	\$ 6,775,000
2008	5,075,000	2018	6,975,000
2009	5,225,000	2019	7,225,000
2010	5,400,000	2020	7,450,000
2011	5,575,000	2021	7,700,000
2012	5,750,000	2022	7,950,000
2013	5,950,000	2023	8,200,000
2014	6,150,000	2024	8,475,000
2015	6,350,000	2025	8,750,000
2016	6,550,000	2026	36,375,000

\$37,550,000 of the Series 2005-B Warrants
will be retired at Maturity

Not less than 60 days prior to each such scheduled mandatory redemption date, the County may specify the particular subseries from which Series 2005-B Warrants are to be called for such redemption and (if more than one subseries is so specified) the respective principal amounts to be

called for redemption from each thereof. In any such case, the particular Series 2005-B Warrants (or portions thereof) within a given subseries to be called for redemption shall be selected by the Trustee by lot. If the County fails to make such a specification with respect to any scheduled mandatory redemption date, not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, as provided in the Indenture, Series 2005-B Warrants or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such Series 2005-B Warrants or portions thereof for redemption on such scheduled mandatory redemption date. In any event the County may, upon direction delivered to the Trustee not less than 60 days prior to such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of Series 2005-B Warrants scheduled for redemption on such date: (i) the principal amount of Series 2005-B Warrants delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of Series 2005-B Warrants previously redeemed (other than Series 2005-B Warrants redeemed pursuant to this paragraph) and not previously claimed as a credit.

Extraordinary Mandatory Redemption. The Series 2004/2005 Warrants will be subject to mandatory redemption as a whole (a) on December 1, 2006, or any date prior thereto, in the event that the County delivers to the Trustee a certificate to the effect that a final judgment has been entered by a court of competent jurisdiction, from which no further appeal exists, which judgment contains or constitutes a legal determination (i) that the County lacks the power to issue the Series 2004/2005 Warrants or that the Series 2004/2005 Warrants are otherwise invalid for any reason whatsoever or (ii) that the pledge made in the Indenture is not valid and binding, or (b) on December 1, 2006, in the event that the County fails to deliver to the Trustee on or before October 20, 2006, a certificate signed by an authorized representative of the County to the effect that no litigation (other than certain possible exceptions permitted by the Indenture) is then pending in any court, state or federal, attacking or in any way questioning (1) the validity or legality of the Series 2004/2005 Warrants or any of the authorizing proceedings therefor or (2) the validity and binding effect of the pledge made in the Indenture.

The redemption price for each Series 2004/2005 Warrant redeemed pursuant to the provisions of the preceding paragraph shall be the sum of (A) the principal amount of such Series 2004-A Warrant (or, in the case of any Series 2004/2005 Warrant initially offered and sold at a price that reflected an original issue discount, the issue price of such Series 2004/2005 Warrant increased by the portion of such discount accrued as of the date fixed for redemption), (B) the interest accrued thereon to the date fixed for redemption, and (C) in the case of any Series 2004/2005 Warrant initially offered and sold at a price that included an original issue premium, the unamortized portion of such premium as of the date fixed for redemption. The specific amount of any such redemption price shall be calculated in accordance with the provisions of the Indenture.

Excess Tax Proceeds Mandatory Redemption. The Series 2005-A Warrants and Series 2005-B Warrants will be subject to mandatory redemption and payment on March 1, 2006, and on each March 1 thereafter, to the extent of any moneys (rounded to the next smaller integral multiple

of \$5,000) accumulated in the Redemption Fund as of the 60th day prior to each such date, with those to be redeemed to be selected as provided in the Indenture. The redemption price for each Series 2005-A Warrant or Series 2005-B Warrant (or portion thereof) called for redemption pursuant to the provisions of this paragraph shall be equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption.

Procedure for Redemption. If less than all of the outstanding Series 2005-B Warrants are to be called for redemption, the Series 2005-B Warrants (or principal portions thereof) to be redeemed shall be selected by the Trustee by lot in the principal amounts designated to the Trustee by the County or otherwise as required by the Indenture. In the event any of the Series 2005-B Warrants are called for redemption, the Trustee shall give notice, in the name of the County, of the redemption of such Warrants, which notice shall state that on the redemption date the Series 2005-B Warrants to be redeemed shall cease to bear interest. Such notice shall be given by mailing a copy thereof by registered or certified mail at least fifteen (15) days prior to the date fixed for redemption to the holders of the Series 2005-B Warrants to be redeemed at the addresses shown on the registration books of the Trustee; provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of the redemption of any of the Series 2005-B Warrants for which notice was properly given. Any Series 2005-B Warrants which have been duly selected for redemption and which are deemed to be paid in accordance with the Indenture shall cease to bear interest on the date fixed for redemption and shall thereafter cease to be entitled to any lien, benefit or security under the Indenture.

If at any time of mailing of notice of an optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Series 2005-B Warrants called for redemption, such notice may state that it is conditional, that is, subject to the deposit of moneys sufficient for the redemption with the Trustee on or prior the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Under the Indenture, the Series 2004/2005 Warrants are payable solely from, and secured by a pledge of, (i) the proceeds from that certain sales tax and that certain use tax levied by the County pursuant to Section 40-12-4 of the Code of Alabama 1975, as amended, and Ordinance No. 1769 adopted by the governing body of the County on December 16, 2004, and (ii) certain amounts held in funds and accounts established under the Indenture. 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 Series 2004/2005 Warrants with respect to the pledge of the aforesaid revenues and other amounts (the Series 2004/2005 Warrants and all such additional securities being herein together called the "Parity Securities").

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 taxation or from any source whatsoever, except the payments and amounts described in this warrant and the Indenture. Except for the proceeds from the aforesaid sales tax and use tax and certain 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 on this warrant.

The transfer of this warrant shall be registered upon the registration books kept at the principal corporate office of the Trustee, at the written request of the holder hereof or his attorney duly authorized in writing, upon surrender of this warrant at said office, together with a written instrument of transfer satisfactory to the Trustee duly executed by the holder hereof or his duly authorized attorney. Upon payment of any required tax or other governmental charge, this warrant may, upon the surrender hereof at the principal corporate trust office of the Trustee, be exchanged for an equal aggregate principal amount of Series 2005-B Warrants of the same maturity in any other authorized denominations.

The Trustee shall not be required to transfer or exchange this warrant during the period of fifteen days next preceding any interest payment date with respect hereto. 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 thirty days next preceding the date fixed for such redemption and prepayment.

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

With certain exceptions as provided therein, the Indenture may be modified or amended only with the consent of the holders of a majority in aggregate principal amount of all Parity Securities outstanding under the Indenture.

Reference is hereby made to the Indenture, a copy of which is on file with the Trustee, for the provisions thereof concerning the nature and extent of the rights, duties and obligations of the County, the Trustee and the holders of the Parity Securities. The registered holder of this warrant, by the acceptance hereof, is deemed to have agreed and consented to the terms and provisions of the Indenture.

The County and the Trustee may deem and treat the person in whose name this warrant is registered as the absolute owner hereof for all purposes, whether or not any principal of or interest on this warrant is overdue, and neither the County nor the Trustee shall be affected by any notice to the contrary.

It is hereby certified, recited and declared that all acts, conditions and things required by the constitution and laws of the State of Alabama to exist, to have happened and to have been performed,

precedent to and in the execution and delivery of the Indenture and the issuance of this warrant, do exist, have happened and have been performed in regular and due form as required by law.

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

This warrant shall not be entitled to any right or benefit under the Indenture, or be valid or become obligatory for any purpose, until this warrant shall have been authenticated by the execution by the Trustee, in its capacity as paying agent for the Series 2005-B Warrants, of the certificate of authentication inscribed hereon.

IN WITNESS WHEREOF, the County has caused this warrant to be executed in its name and behalf by the President of its County Commission, has caused its official seal to be hereunto affixed, has caused the signature of the aforesaid President to be attested by the Minute Clerk of its County Commission, and has caused this warrant to be dated February 2, 2005.

JEFFERSON COUNTY, ALABAMA

By _____
President of the County Commission

ATTEST:

Minute Clerk of the
County Commission

[S E A L]

AUTHENTICATION CERTIFICATE

DATE OF AUTHENTICATION: February 2, 2005

This warrant is one of the Series 2005-B Warrants described in the within-mentioned Trust Indenture.

WACHOVIA BANK,
NATIONAL ASSOCIATION,
as Trustee

By _____
Its Authorized Signatory

STATEMENT OF INSURANCE

Financial Guaranty Insurance Policy No. _____ (the "Policy") with respect to payments due for principal of and interest on this Warrant has been issued by Ambac Assurance Corporation ("Ambac Assurance"). The Policy has been delivered to The Bank of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Ambac Assurance or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Warrant acknowledges and consents to the subrogation rights of Ambac Assurance as more fully set forth in the Policy.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within warrant and hereby irrevocably constitutes and appoints _____ attorney, with full power of substitution in the premises, to transfer the within warrant on the books kept for registration thereof by the within-mentioned Trustee.

Dated this _____ day of _____, _____.

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

Signature guaranteed:

(Bank, Trust Company or Firm)*

By _____
(Authorized Officer)

Medallion Number: _____

*Signature(s) must be guaranteed by an eligible guarantor institution which is a member of a recognized signature guarantee program, i.e., Securities Transfer Agents Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP), or New York Stock Exchange Medallion Signature Program (MSP).