
2 0 0 3 0 1 / 7 4 7 5

EIGHTH SUPPLEMENTAL INDENTURE

between

JEFFERSON COUNTY, ALABAMA

and

THE BANK OF NEW YORK

Dated as of January 1, 2003

Relating to

\$41,820,000

JEFFERSON COUNTY, ALABAMA

**Sewer Revenue Refunding Warrant
Series 2003-A**

TABLE OF CONTENTS*

to
EIGHTH SUPPLEMENTAL INDENTURE
between
JEFFERSON COUNTY, ALABAMA
and
THE BANK OF NEW YORK

| | <u>Page</u> |
|---------------|-------------|
| Parties..... | 1 |
| Recitals..... | 1 |

ARTICLE I

DEFINITIONS, FINDINGS AND USE OF PHRASES

| | | |
|-------------|--|---|
| Section 1.1 | New Definitions | 2 |
| Section 1.2 | Findings..... | 4 |
| Section 1.3 | Use of Phrases..... | 5 |
| Section 1.4 | Definitions Contained in the Original Indenture | 5 |
| Section 1.5 | References to the Parity Securities and the Indenture..... | 5 |

ARTICLE II

THE SERIES 2003-A WARRANTS

| | | |
|----------------|---|----|
| Section 2.1 | Authority Loan and Issuance of 2003-A Warrant | |
| | (a) Authority Loan Made and Accepted..... | 6 |
| | (b) Authorization and Description of the Series 2003-A Warrant..... | 6 |
| | (c) Appointment of Paying Agent for the Series 2003-A Warrant..... | 6 |
| Section 2.2(a) | Interest Rate and Method of Payment of Principal and Interest | 7 |
| Section 2.2(b) | Interest Rate and Loan Amount After Maturity..... | 7 |
| Section 2.3 | Redemption Provisions | 7 |
| Section 2.4 | Form of Series 2003-A Warrant | 7 |
| Section 2.5 | Execution and Delivery of the Series 2003-A Warrant..... | 15 |
| Section 2.6 | Application of Proceeds from Sale of the 2003-A Warrants | 15 |

*This Table of Contents appears here for reference only and should not be considered a part of this Eighth Supplemental Indenture.

ARTICLE III

CONCERNING THE RESERVE FUND

Section 3.1 Series 2003-A Warrants Not Secured by Reserve Fund.....16

ARTICLE IV

MISCELLANEOUS

Section 4.1 Confirmation of Indenture16
Section 4.2 Debt Service Fund Deposits Referable to Series 2003-A Warrants16
Section 4.3 Article and Section Captions16
Testimonium.....17
Signatures..... 17
Acknowledgments..... 18

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

RECITALS

Under and pursuant to the provisions of the aforesaid Trust Indenture (herein called the "Original Indenture"), the County has heretofore issued \$211,040,000 principal amount of Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997 (herein called the "Series 1997-A Warrants"), \$48,020,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997 (herein called the "Series 1997-B Warrants"), which are now outstanding in the principal amount of \$10,805,000, and \$52,880,000 principal amount of the Taxable Sewer Revenue Refunding Warrant, Series 1997-C, dated February 15, 1997 (herein called the "Series 1997-C Warrant"), which is now outstanding in the principal amount of \$41,820,000. The Series 1997-A Warrants, the Series 1997-B Warrants and the Series 1997-C Warrant were issued to refund certain indebtedness of the County that had been incurred to pay the costs of certain capital improvements to the County's sanitary sewer system (herein called the "System").

Under the provisions of Article X of the Original Indenture, the County reserved the right to issue, upon compliance with the conditions precedent set forth in said Article X, additional warrants, bonds, notes or other forms of indebtedness (herein called "Additional Parity Securities"), to be secured on a parity with securities previously issued under the Original Indenture, for the purposes of refunding any outstanding obligations of the County issued to finance capital improvements to the System and for financing the costs of acquiring and constructing capital improvements to the System. The County has heretofore issued as Additional Parity Securities (a) its \$296,395,000 aggregate principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997 (herein called the "Series 1997-D Warrants"), which are now outstanding in the principal amount of \$115,740,000, (b) its \$952,695,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999 (herein called the "Series 1999-A Warrants"), which are now outstanding in the principal amount of \$506,910,000, (c) its \$275,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001 (herein called the "Series 2001-A Warrants"), which are now outstanding in the principal amount of \$176,840,000, (d) its \$110,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-A, dated March 6, 2002 (herein called the "Series 2002-A Warrants"), (e) its \$540,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-B, dated September 1, 2002 (herein called the "Series 2002-B Warrants"), (f) its \$839,500,000 aggregate principal amount of Sewer Revenue Refunding Warrants, Series 2002-C, dated October 25, 2002 (herein called the "Series 2002-C Warrants") and (g) its \$475,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-D, dated November 1, 2002 (herein called the "Series 2002-D Warrants") (collectively, the "Prior Additional Parity Securities"). Such series of Additional Parity

Securities have been issued under the Original Indenture, as supplemented and amended by the First Supplemental Indenture dated as of March 1, 1997 (herein called the "First Supplemental Indenture"), the Second Supplemental Indenture dated as of March 1, 1999 (herein called the "Second Supplemental Indenture"), the Third Supplemental Indenture dated as of March 1, 2001 (herein called the "Third Supplemental Indenture"), the Fourth Supplemental Indenture dated as of February 1, 2002 (herein called the "Fourth Supplemental Indenture"), the Fifth Supplemental Indenture dated as of September 1, 2002 (herein called the "Fifth Supplemental Indenture"), the Sixth Supplemental Indenture dated as of October 1, 2002 (herein called the "Sixth Supplemental Indenture") and the Seventh Supplemental Indenture dated November 1, 2002 (herein called the "Seventh Supplemental Indenture"), between the County and the Trustee.

The County proposes to sell and issue the Series 2003-A Warrant hereinafter referred to in connection with the refinancing of a portion of the County's outstanding indebtedness and the cancellation of the Series 1997-C Warrant. The County has, by proper official action and pursuant to the provisions of the Original Indenture (as heretofore supplemented), duly authorized said Series 2003-A Warrant, which is to be secured by the Original Indenture, as supplemented hereby and by the First, Second, Third, Fourth, Fifth, Sixth and Seventh Supplemental Indentures (collectively, the "Indenture"), on a parity with the outstanding Series 1997-A Warrants, Series 1997-B Warrants, Series 1997-C Warrant (which is to be purchased for cancellation with the proceeds of the Series 2003-A Warrant), Series 1997-D Warrants, Series 1999-A Warrants, Series 2001-A Warrants, Series 2002-A Warrants, Series 2002-B Warrants, Series 2002-C Warrants, and the Series 2002-D Warrants (herein together called the "Outstanding Parity Securities"). This Eighth Supplemental Indenture has been executed and delivered in order to specify the details with respect to said Series 2003-A Warrant and to provide for certain other matters set forth herein.

NOW, THEREFORE, THIS

EIGHTH SUPPLEMENTAL INDENTURE

WITNESSETH:

It is hereby agreed among the County, the Indenture Trustee and the holders at any time of said Series 2003-A Warrant (the holders of said warrant evidencing their consent hereto by the acceptance of said warrant), 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 Eighth Supplemental Indenture, shall have the following respective meanings:

“ADEM” means Alabama Department of Environmental Management, a department of government of the State of Alabama created pursuant to Title 22, Chapter 22A of the Code of Alabama 1975.

“Authority” means Alabama Water Pollution Control Authority, a public corporation organized and existing under the laws of the State of Alabama.

“Authority Bonds” means the Authority’s Revolving Fund Loan Refunding Bonds, Series 2003-B, dated January 1, 2003 and originally issued in the aggregate principal amount of \$52,650,000.

“Authority Indenture” means the Trust Indenture from the Authority to the Authority Trustee dated as of January 1, 2003, pursuant to which the Authority Bonds were issued.

“Authority Loan” means the loan made to the County by the Authority, the repayment of which is evidenced by the Series 2003-A Warrant.

“Authority Trustee” means J.P. Morgan Trust Company, National Association, Birmingham, Alabama, in its capacity as registrar, transfer agent and paying agent with respect to the Authority Bonds, and any successor thereto.

“Authority Trustee Prime Rate” means the rate of interest established (whether or not charged) from time to time by JPMorgan Chase Bank as its general reference rate of interest, after taking into account such factors as JPMorgan Chase Bank may from time to time deem appropriate in its sole discretion (it being understood, however, that JPMorgan Chase Bank may from time to time make various loans at rates of interest having no relationship to such general reference rate of interest).

“County” means Jefferson County, Alabama, a political subdivision of the State of Alabama, and includes its successors and assigns.

“County Commission” means the governing body of the County.

“Eighth Supplemental Indenture” means this Eighth Supplemental Indenture.

“Fiscal Year” means a fiscal year of the County, being an annual period beginning on October 1 of each calendar year and ending on September 30 of each ensuing calendar year.

“Holder” means the person in whose name the Series 2003-A Warrant is registered on the registry book of the Indenture Trustee pertaining to the Series 2003-A Warrant.

“Interest Payment Date” means each February 15 and August 15, commencing February 15, 2003.

“Loan Amount” has the meaning given in the Special Conditions Agreement.

“Minute Clerk” means the Minute Clerk of the County.

“President” means the President of the County Commission.

“Redemption Date” means any date designated by the County for redemption of the Series 2003-A Warrant, in whole or in part, in accordance with Section 2.3 hereof.

“Redemption Price” means the price at which the Series 2003-A Warrant may be redeemed.

“Resolution” means a resolution adopted by the County Commission.

“Series 1997-C Warrant” means the County's Taxable Sewer Revenue Refunding Warrant, Series 1997-C, dated February 15, 1997 and originally issued in the aggregate principal amount of \$52,880,000.

“Series 2003-A Warrant” means the County's Sewer Revenue Refunding Warrant, Series 2003-A, authorized to be issued in the aggregate principal amount of \$41,820,000.

“Special Conditions Agreement” means the Special Authority Loan Conditions Agreement among the County, the Authority and ADEM, dated as of January 1, 2003.

Section 1.2 Findings. The County Commission has ascertained and does hereby find and declare as follows:

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

(b) Purpose of the Series 2003-A Warrant. The County Commission deems it necessary, desirable and in the public interest that the County obtain the Authority Loan for the purpose of providing funds to purchase the County's Series 1997-C Warrant for cancellation. In order to evidence the repayment of the Authority Loan by the County to the Authority, the County deems it necessary, desirable and in the public interest that the Series 2003-A Warrant hereinafter authorized be issued for the purpose of evidencing the debt of the County to the Authority.

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

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

(e) Revenue Certificate. The County's Director of Finance has provided the County and the Indenture Trustee with a certificate (the "Certificate") that satisfies the requirements of Section 5.7 of the Fifth Supplemental Indenture with respect to the issuance of the Series 2003-A Warrant.

Section 1.3 Use of Phrases. "Herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter" and other equivalent words refer to this Eighth 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 Eighth Supplemental Indenture as defined terms without being herein defined shall have the meanings respectively given them in the Original Indenture (subject to any amendments thereto made herein or in the First, Second, Third, Fourth, Fifth, Sixth or Seventh Supplemental Indenture).

Section 1.5 References to the Parity Securities and the Indenture. The County and the Indenture Trustee acknowledge and agree that, from and after the issuance by the County of the Series 2003-A Warrant, any reference in the Original Indenture, in the First Supplemental Indenture, in the Second Supplemental Indenture, in the Third Supplemental Indenture, in the Fourth Supplemental Indenture, in the Fifth Supplemental Indenture, in the Sixth Supplemental Indenture, in the Seventh Supplemental Indenture or in this Eighth Supplemental to the "Parity Securities" shall, unless the context clearly and unequivocally indicates otherwise, be construed to include the Outstanding Parity Securities, the Series 2003-A Warrant and any Additional Parity Securities hereafter issued.

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

ARTICLE II

THE SERIES 2003-A WARRANT

Section 2.1 Authority Loan and Issuance of Series 2003-A Warrant. (a) Authority Loan Made and Accepted. In consideration of the mutual promises made in the Special Conditions Agreement, in this Eighth Supplemental Indenture and in the Series 2003-A Warrant, and subject to the terms and conditions of each thereof, the County, by the delivery of the Series 2003-A Warrant, accepts the Authority Loan that the Authority has, upon delivery to it of the Series 2003-A Warrant, made available in the Loan Amount, in the manner and to the extent specified in the Special Conditions Agreement.

(b) Authorization and Description of the Series 2003-A Warrant. For the purpose of evidencing repayment of the Authority Loan made to the County by the Authority, there is hereby authorized to be issued under the Indenture one fully registered Sewer Revenue Refunding Warrant, Series 2003-A, in the aggregate principal amount of \$41,820,000. The Series 2003-A Warrant shall be dated January 8, 2003 and shall mature and become payable on February 15 in the following principal installments in the following years:

| Year (February 15) | Principal |
|-------------------------------|------------------|
| 2003 | \$2,495,000 |
| 2004 | 2,595,000 |
| 2005 | 2,705,000 |
| 2006 | 2,815,000 |
| 2007 | 2,935,000 |
| 2008 | 3,055,000 |
| 2009 | 3,180,000 |
| 2010 | 3,310,000 |
| 2011 | 3,450,000 |
| 2012 | 3,590,000 |
| 2013 | 3,740,000 |
| 2014 | 3,895,000 |
| 2015 | 4,055,000 |

The Series 2003-A Warrant shall be issued pursuant to the Constitution and laws of the State of Alabama, including particularly Chapter 28 of Title 11 of the Code of Alabama 1975, as amended. The Series 2003-A Warrant shall be initially issued as a single warrant in an authorized denomination (\$5,000 or any integral multiple thereof) and registered in the name of the Authority.

(c) Appointment of Paying Agent for the Series 2003-A Warrant. The County hereby appoints the Indenture Trustee as Paying Agent with respect to the Series 2003-A Warrant, and the Indenture Trustee hereby accepts such appointment. In so acting, the Indenture Trustee shall continue to be entitled to the benefits and protections of Article XIV of the Original Indenture, regardless of whether acting in its role as Indenture Trustee or as Paying Agent. In its execution of this Eighth Supplemental Indenture and other documents related to the Series 2003-A Warrant, the

Indenture Trustee shall be deemed to be acting in the capacity of both Indenture Trustee and Paying Agent, regardless of whether or not expressly so stated.

Section 2.2 (a) Interest Rate and Method of Payment of Principal and Interest. The Series 2003-A Warrant shall bear interest from August 15, 2002 until the respective maturities of the installments of principal at the rate of 3.10% per annum (computed on the basis of a 360 day year of twelve consecutive 30-day months). Such interest shall be payable semiannually on each February 15 and August 15, commencing February 15, 2003 until and at the final maturity of the Series 2003-A Warrant. Payment of the principal of and interest on the Series 2003-A Warrant shall be payable in lawful money of the United States of America by check or draft mailed by the Indenture Trustee to the lawful Holder of the Series 2003-A Warrant at the address shown on the registry books of the Indenture Trustee pertaining to the Series 2003-A Warrant; provided, that so long as the Authority is the registered Holder of the Series 2003-A Warrant, payment of the principal of and the interest on the Series 2003-A Warrant shall be made by the Indenture Trustee to the Authority in accordance with directions given to the Indenture Trustee by the Authority. The final principal payment shall be made by the Indenture Trustee only upon presentation of the original Series 2003-A Warrant to the Indenture Trustee for cancellation. Interest on the Series 2003-A Warrant shall be deemed timely paid if mailed to then registered holder on or before the interest payment date with respect to which such payment is made or, if such interest payment date is not a business day, then on or before the first business day following such interest payment date. All payments by the County or the Indenture Trustee to the person in whose name the Series 2003-A Warrant is registered shall to the extent thereof fully discharge and satisfy all liability for the same. Any transferee of the Series 2003-A Warrant shall take said warrant subject to all payments of principal and interest in fact made with respect thereto.

(b) Interest Rate and Loan Amount after Maturity. Each installment of principal and interest on the Series 2003-A Warrant shall bear interest from its due date until paid at a per annum rate of interest equal to 2% above the Authority Trustee Prime Rate, such interest to be computed daily. In addition, in the event that it shall be necessary for the Authority to withdraw moneys on deposit in the Bond Proceeds Account of the Debt Service Reserve Fund created (and as defined) in the Authority Indenture in order to prevent a default in the payment of the Authority Bonds as a result of the default on the part of the County in the payment of any amount due hereunder, the amount so withdrawn by the Authority from the Bond Proceeds Account of the Debt Service Reserve Fund shall be added to the amount of the Authority Loan and shall bear interest until paid at the Authority Trustee Prime Rate or the maximum rate permitted by law, whichever is less.

Section 2.3 Redemption Provisions. The principal installments of the Series 2003-A Warrant shall be subject to redemption and prepayment at the option of the County, prior to their respective maturities, as a whole or in part, on any date, in inverse order of the maturities of the principal installments, at and for a redemption price equal to the principal amount redeemed plus accrued interest thereon to the redemption date selected by the County. Any redemption or prepayment of the Series 2003-A Warrant shall be effected in the manner provided in Article VI of the Original Indenture.

Section 2.4 Form of Series 2003-A Warrant. The Series 2003-A Warrant and the Indenture Trustee's Authentication Certificate applicable thereto shall be in substantially the

following form, with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof.

UNITED STATES OF AMERICA
STATE OF ALABAMA

JEFFERSON COUNTY, ALABAMA

SEWER REVENUE REFUNDING WARRANT, SERIES 2003-A

Jefferson County, Alabama, a political subdivision of the State of Alabama (the "Issuer"), for value received, hereby acknowledges that it is indebted to, and hereby orders the County Treasurer to pay to, Alabama Water Pollution Control Authority (the "Authority"), or registered assigns, solely out of the revenues hereinafter referred to, in the principal sum of

FORTY-ONE MILLION EIGHT HUNDRED TWENTY THOUSAND DOLLARS
(\$41,820,000)

in principal installments on February 15 in the following respective years and principal amounts:

| Year (February 15) | Principal |
|-------------------------------|------------------|
| 2003 | \$2,495,000 |
| 2004 | 2,595,000 |
| 2005 | 2,705,000 |
| 2006 | 2,815,000 |
| 2007 | 2,935,000 |
| 2008 | 3,055,000 |
| 2009 | 3,180,000 |
| 2010 | 3,310,000 |
| 2011 | 3,450,000 |
| 2012 | 3,590,000 |
| 2013 | 3,740,000 |
| 2014 | 3,895,000 |
| 2015 | 4,055,000 |

with interest on the then unpaid principal balance hereof from August 15, 2002 at the rate of 3.10% per annum, first payable on February 15, 2003, and on each August 15 and February 15 thereafter.

Principal and interest on this Warrant are payable in lawful money of the United States of America by check or draft mailed by The Bank of New York (the "Trustee"), to the then registered holder hereof at the address shown on the registry books of the Trustee pertaining to this Warrant; provided, that so long as the Authority is the registered holder of this Warrant, the payments of principal of and interest on this Warrant shall be made in accordance with directions given to the Trustee by the Authority. Notwithstanding anything to the contrary herein, the final payment of principal with respect to this Warrant shall be made by the Trustee only upon presentation of this Warrant to the Trustee for cancellation. Interest on this Warrant shall be deemed timely paid if mailed to the then registered holder on or before the interest payment date with respect to which such payment is made or, if such interest payment date is not a business day, then on or before the first business day following such interest payment date. The Eighth Supplemental Indenture provides that all payments by the Issuer or the Trustee to the person in whose name this Warrant is registered shall to the extent thereof fully discharge and satisfy all liability for the same. Any transferee of this Warrant takes it subject to all payments of principal and interest in fact made with respect hereto.

This warrant is one of a duly authorized issue or series of warrants authorized to be issued in the aggregate principal amount of \$41,820,000 and designated Sewer Revenue Refunding Warrant, Series 2003-A (herein called the "Warrant"). The Warrant has been issued, on a parity with the Outstanding Parity Securities hereinafter referred to, under a Trust Indenture dated as of February 1, 1997 (herein called the "Original Indenture"), between the Issuer and The Bank of New York, Birmingham, Alabama, as Trustee (herein, in such capacity, together with its successors in trust, called the "Trustee"), as supplemented and amended by a First Supplemental Indenture dated as of March 1, 1997 (herein called the "First Supplemental Indenture"), by a Second Supplemental Indenture dated as of March 1, 1999 (herein called the "Second Supplemental Indenture"), by a Third Supplemental Indenture dated as of March 1, 2001 (herein called the "Third Supplemental Indenture"), by a Fourth Supplemental Indenture dated as of February 1, 2002 (herein called the "Fourth Supplemental Indenture"), by a Fifth Supplemental Indenture dated as of September 1, 2002 (herein called the "Fifth Supplemental Indenture"), by a Sixth Supplemental Indenture dated as of October 1, 2002 (herein called the "Sixth Supplemental Indenture"), by a Seventh Supplemental Indenture dated as of November 1, 2002 (herein called the "Seventh Supplemental Indenture") and by an Eighth Supplemental Indenture between the Issuer and the Trustee dated as of January 1, 2003 (herein called the "Eighth Supplemental Indenture"). The Issuer has heretofore issued under the Original Indenture, as supplemented and amended by the First, Second, Third, Fourth, Fifth, Sixth and Seventh Supplemental Indentures, (i) \$211,040,000 principal amount of its Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997, (ii) \$48,020,000 principal amount of its Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997, (iii) \$52,880,000 principal amount of its Taxable Sewer Revenue Refunding Warrant, Series 1997-C (which is to be purchased for cancellation with the proceeds of the Warrant), dated February 15, 1997, (iv) \$296,395,000 principal amount of its Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997, (v) \$952,695,000 principal amount of its Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999, (vi) \$275,000,000 principal amount of its Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001, (vii) \$110,000,000

principal amount of its Sewer Revenue Capital Improvement Warrants, Series 2002-A, dated March 6, 2002, (viii) \$540,000,000 principal amount of its Sewer Revenue Capital Improvement Warrants, Series 2002-B, dated September 1, 2002, (ix) \$839,500,000 principal amount of its Sewer Revenue Refunding Warrants, Series 2002-C, dated October 25, 2002, and (x) \$475,000,000 principal amount of its Sewer Revenue Capital Improvement Warrants, Series 2002-D, dated November 1, 2002 (all of which warrants that are outstanding being herein together called the "Outstanding Parity Securities"). As used herein, the term "Indenture" means the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture and the Eighth Supplemental Indenture.

The principal installments of the Warrant shall be subject to redemption and prepayment at the option of the Issuer, prior to their respective maturities, as a whole or in part, on any date, in inverse order of the maturities of the principal installments, at and for a redemption price equal to the principal amount redeemed plus accrued interest thereon to the date fixed for redemption. Any redemption or prepayment of the Warrant shall be effected in the manner provided in the Original Indenture.

Under the Indenture, the Outstanding Parity Securities and the Warrant are equally and ratably secured by a pledge of certain revenues from the sanitary sewer system of the Issuer (herein, as it may at any time exist, called the "System") that remain after the payment of the expenses of operating and maintaining the System. Upon compliance with certain conditions specified in the Indenture, the Issuer may issue additional securities (without limitation as to principal amount) that are secured by the Indenture on a parity with the Outstanding Parity Securities and the Warrant with respect to the pledge of the aforesaid revenues from the System (the Outstanding Parity Securities, the Warrant 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 revenues from the System and the other moneys that may be held by the Trustee under the Indenture, no property of the Issuer 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 Issuer, or any other public corporation, subdivision or agency of the State of Alabama or the Issuer, is pledged to the payment of the principal of or the interest or premium (if any) on this warrant.

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 an 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 Issuer, 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 Issuer 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 Issuer nor the Trustee shall be affected by any notice to the contrary.

It is hereby certified and recited that the indebtedness evidenced and ordered paid by this warrant is lawfully due without condition, abatement or offset of any description; that this warrant has been registered in the manner provided by law; that all conditions, actions and things required by the constitution and laws of the State of Alabama to exist, be performed or happen precedent to and in the execution and delivery of the Indenture and in the issuance of this warrant do exist, have been performed and have happened; and that the indebtedness evidenced and ordered paid by this warrant, together with all other indebtedness of the Issuer, was at the time the same was created and is now within every debt and other limitation prescribed by the constitution and laws of the State of Alabama.

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 Warrant 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.

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 Issuer in his individual capacity, and neither the members of the governing body of the Issuer, 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 Warrant, of the certificate of authentication inscribed hereon.

IN WITNESS WHEREOF, the Issuer has caused this Warrant to be executed in its name and on its behalf by the President of its County Commission, has caused its official seal to be hereunto affixed and attested by the Minute Clerk of the County Commission, each of said officers being hereunto duly authorized, and has caused this Warrant to be dated January 8, 2003.

JEFFERSON COUNTY, ALABAMA

By: _____
President of the County Commission

[SEAL]

ATTEST:

By: _____
Minute Clerk of the County Commission

Registration Certificate

This warrant is the Warrant described in the within mentioned Indenture and was registered in the name of the above-registered owner this ____ day of _____, 2003.

THE BANK OF NEW YORK

By: _____
Its Authorized Officer

Assignment

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

DATED this ___ day of _____, _____.

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

Signature
guaranteed: _____

(Bank, Trust Company, or Firm*)

By: _____
(Authorized Officer)

Its 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).

Section 2.5 Execution and Delivery of the Series 2003-A Warrant. The Series 2003-A Warrant shall be executed on behalf of the County by the President of the County Commission and attested by the Minute Clerk of the County Commission, and the seal of the County shall be impressed on the Series 2003-A Warrant. Signatures on the Series 2003-A Warrant by persons who are officers or officials of the County at the times such signatures were written or printed shall continue to be effective although such persons cease to be such officers or officials prior to the delivery of the Series 2003-A Warrant. After execution and attestation of the Series 2003-A Warrant, the Series 2003-A Warrant shall forthwith be delivered to the Indenture Trustee and shall be authenticated and delivered by the Indenture Trustee from time to time upon receipt by the Indenture Trustee of instructions from the County.

Section 2.6 Application of Proceeds from Sale of the Series 2003-A Warrant. The entire proceeds derived by the County from the Authority Loan (evidenced by the Series 2003-A Warrant) shall be applied to effect the purchase for cancellation of the Series 1997-C Warrant.

ARTICLE III

CONCERNING THE RESERVE FUND

Section 3.1 Series 2003-A Warrant Not Secured by Reserve Fund. The Series 2003-A Warrant shall not be secured by the Reserve Fund created pursuant to Section 11.3 of the Original Indenture.

ARTICLE IV

MISCELLANEOUS

Section 4.1 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 lien of the Indenture on all revenues, properties and rights now constituting part of the Trust Estate, including specifically, without limiting the generality of the foregoing, all revenues derived from properties acquired as a part of the System since the execution and delivery of the Original Indenture.

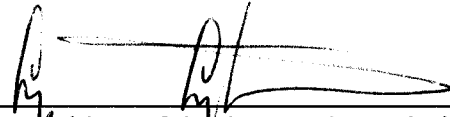
Section 4.2 Debt Service Fund Deposits Referable to the Series 2003-A Warrant. In order to provide funds for the payment of the principal of and the interest on the Series 2003-A Warrant, there shall be created the "Series 2003-A Sewer Revenue Refunding Warrant Account" within the Debt Service Fund to provide for payment of the principal of and interest on the Series 2003-A Warrant when due. There shall be transferred or paid into the Series 2003-A Sewer Revenue Refunding Warrant Account, out of moneys held in the Revenue Account, on or before February 15, 2003, and on or before each August 15 and February 15 thereafter, until the principal of and interest on the Series 2003-A Warrant shall have been paid in full, the sum of (i) the interest that will mature on the Series 2003-A Warrant on such February 15 or August 15, as the case may be, plus (ii) the principal installment that will mature on the Series 2003-A Warrant on such February 15.

The Debt Service Fund deposits required by this Section 4.2 shall be in addition to the deposits respecting the Outstanding Parity Securities required by the Original Indenture and by earlier Supplemental Indentures.

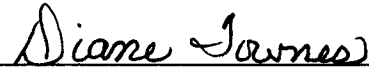
Section 4.3 Article and Section Captions. The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

IN WITNESS WHEREOF, the County has caused this Eighth Supplemental Indenture to be executed in its name and on its behalf by the President of its County Commission, has caused its official seal to be hereunto affixed and has caused this Eighth Supplemental Indenture to be attested by the Minute Clerk of its County Commission, and the Indenture Trustee has caused this Eighth Supplemental Indenture to be executed in its corporate name and behalf, has caused its corporate seal to be hereunto affixed and has caused this Eighth Supplemental Indenture to be attested, by its duly authorized officers, all in counterparts, each of which shall be deemed an original, and the County and the Indenture Trustee have caused this Eighth Supplemental Indenture to be dated as of January 1, 2003, although actually executed and delivered on January 10, 2003.

JEFFERSON COUNTY, ALABAMA

By 
President of the County Commission

ATTEST:


Minute Clerk of the
County Commission

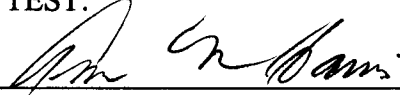
[SEAL]

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

By: The Bank of New York Trust Company
of Florida, N.A., Its Agent

By 
Its VICE PRESIDENT

ATTEST:


Its vice President

[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 10th day of January, 2003.

[NOTARIAL SEAL]

Marilyn K. Sherriff
Notary Public

My Commission Expires: 9/26/03

STATE OF ALABAMA)
:
JEFFERSON COUNTY)

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

GIVEN under my hand and official seal of office, this 10th day of January, 2003.

[NOTARIAL SEAL]

Marilyn K. Sherriff
Notary Public

My Commission Expires: 9/26/03

State of Alabama - Jefferson County
I certify this instrument filed on:

2003 JAN 17 A.M. 11:38

Recorded and \$ Mtg. Tax

and \$ Deed Tax and Fee Amt.
\$ 55.50 Total \$ 55.50
MICHAEL F. BOLIN, Judge of Probate



200301/7475

STATE OF ALABAMA - JEFFERSON COUNTY
I hereby certify that no mortgage tax or deed tax has
been collected on this instrument.
Michael F. Bolin
Judge of Probate
"No Tax Collected"